

**RICHEMONT**  
**PRESS RELEASE FOR IMMEDIATE RELEASE**

**19 JANUARY 2009**

**INTERIM MANAGEMENT STATEMENT FOR THE THREE MONTHS ENDED 31 DECEMBER 2008**

Richemont presents its interim management statement for the three months ended 31 December 2008.

**Sales by business area**

	Oct-Dec 2008	Oct-Dec 2007	Movement at	
	€ m	€ m	Constant rates <sup>(1)</sup>	Actual rates <sup>(1)</sup>
Jewellery Maisons	800	863	- 12 %	- 7 %
Specialist watchmakers	404	426	- 11 %	- 5 %
Writing instrument Maisons	187	221	- 17 %	- 15 %
Leather and accessories Maisons	83	87	- 10 %	- 5 %
Other businesses	78	76	- 6 %	+ 3 %
<b>Total sales</b>	<b>1 552</b>	<b>1 673</b>	<b>- 12 %</b>	<b>- 7 %</b>

(1) See appendix 2 for details of exchange rates used

**Interim Management Statement**

This statement is intended to provide investors with an overview of trading performance and any significant developments in the Group, not full quarterly financial reporting. Accordingly, no figures in respect of operating or attributable profit are provided in this report.

The information contained in this report has not been audited.

**Overview**

Sales during the three months to December were 7 per cent lower than in the prior year with underlying sales decreasing by 12 per cent at constant exchange rates. All regions reported lower underlying sales, although positive exchange rate effects resulted in modest growth at actual exchange rates in the Asia-Pacific region and in Japan.

The trend worsened over the quarter, with sales in December 12 per cent lower than the prior year at actual exchange rates. The Group's sales in the USA were down by 24 per cent in euro terms in December.

The sales decrease in the important third quarter of the financial year follows sales growth in the first six months of 10 per cent. Consequently, overall sales for the nine months ended 31 December 2008 increased by 3 per cent at actual exchange rates. Further details of cumulative sales are attached at Appendix 1.

For some years now we have expressed our concerns about global financial stability. We feared and cautioned that wrongly priced credit could lead to a global crisis. The full extent to which the financial sector assumed known and, more importantly, unknown and unquantifiable risks is fast becoming apparent. This excess leverage, assumed over many years and at the instigation of many activist shareholders and investment bankers, now has to be unwound with panic measures and unseemly haste.

Thus, since October, the real economy has begun to experience dramatic repercussions from the financial crisis. Demand for luxury goods, as in other sectors of the economy, has fallen dramatically and Richemont is currently facing the toughest market conditions since its formation 20 years ago.

Given the current economic climate and the uncertainties facing us, we see no cause for optimism. We must assume that there will be no significant recovery in the foreseeable future and plan accordingly to cope with this situation. Fortunately your company has acted conservatively. We have a strong balance sheet and Maisons that have withstood several depressions and wars over the centuries. Management is committed to take the necessary steps to not only see the difficult times through but to emerge stronger.

### Jewellery Maisons

The Group's Jewellery Maisons reported a 12 per cent decrease in underlying sales during the period. Cartier reported lower sales and Van Cleef & Arpels, following very strong growth earlier in the year, reported marginally lower sales.

### Specialist watchmakers

Sales by the Group's specialist watchmakers decreased by 5 per cent at actual exchange rates following growth of 12 per cent in the first half of the financial year. The impact of the Roger Dubuis acquisition on the three months' sales was immaterial.

### Writing instrument Maisons

The writing instrument Maisons reported a 17 per cent sales decline at constant exchange rates.

### Leather and accessories Maisons

Both Alfred Dunhill and Lancel reported lower sales during the period in all regions.

### Other businesses

Sales of the Group's other businesses included the positive impact of acquisitions of component manufacturers made in the second half of last year. Chloé reported lower sales during the period.

## Sales by geographic region

	Oct-Dec 2008 € m	Oct-Dec 2007 € m	Movement at	
			Constant rates	Actual rates
Europe	689	753	- 9 %	- 8 %
Asia-Pacific	395	378	- 2 %	+ 4 %
Americas	250	327	- 28 %	- 24 %
Japan	218	215	- 18 %	+ 1 %
<b>Total sales</b>	<b>1 552</b>	<b>1 673</b>	<b>- 12 %</b>	<b>- 7 %</b>

### Europe

The 8 per cent decrease at actual exchange rates reflected the deepening recession in Western European markets. Sales in the Middle East continued to grow.

### Asia-Pacific

Sales in the Asia-Pacific region represented 25 per cent of Group sales during the quarter. The region saw sales growth at actual exchange rates, albeit at a lower rate than that seen over the last 3 years. Sales in mainland China increased by 24 per cent at constant exchange rates during the period.

### Americas

The decline in consumer confidence had a significant impact on regional sales. The 28 per cent decrease in sales at constant exchange rates was only partly offset by positive exchange rate movements.

### Japan

The Japanese market for luxury goods generally continues to decline. Flat sales in euro terms reflected significant positive exchange rate movements. In yen terms, the value of sales decreased by 18 per cent.

### Sales by distribution channel

At actual exchange rates, the Group's retail sales decreased by 5 per cent and wholesale sales decreased by 9 per cent.

### Financial position

The Group's net cash position at 31 December 2008 amounted to € 642 million, a decrease of € 285 million compared to the position at 30 September 2008. This decrease primarily reflected the € 351 million transferred to Reinet Investments S.C.A. ('Reinet') pursuant to the Group restructuring detailed below and capital expenditure, offset by seasonal net cash inflows in respect of operations.

### Richemont restructuring

On 20 October 2008, the Group's luxury businesses were separated from its investments in British American Tobacco plc ('BAT') and other non-luxury interests. The BAT and non-luxury interests were transferred to Richemont unitholders by way of a detwinning of the shares of Compagnie Financière Richemont SA ('CFR') and the participation certificates issued by Richemont SA.

CFR is now a focused luxury goods business and no longer has any interest in BAT. However, in accordance with International Financial Reporting Standards, CFR's consolidated results for the full year will include six months and 20 days of attributable profit from the former investment in BAT.

Further information about the restructuring can be found on the Group's website ([www.richemont.com](http://www.richemont.com)) and on Reinet's website ([www.reinet.com](http://www.reinet.com)).

#### **Financial calendar**

CFR's results for the current financial year will be announced in mid-May 2009.

The CFR annual general meeting will be held in Geneva on Wednesday 9 September 2009.

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## Appendix 1

### Sales by business area for the nine months ended 31 December

	April-Dec 2008 € m	April-Dec 2007 € m	Movement at	
			Constant rates <sup>(1)</sup>	Actual rates <sup>(1)</sup>
Jewellery Maisons	2 220	2 139	+ 6 %	+ 4 %
Specialist watchmakers	1 198	1 133	+ 7 %	+ 6 %
Writing instrument Maisons	473	505	- 5 %	- 6 %
Leather and accessories Maisons	213	224	- 4 %	- 5 %
Other businesses	248	220	+ 12 %	+ 13 %
<b>Total sales</b>	<b>4 352</b>	<b>4 221</b>	<b>+ 5 %</b>	<b>+ 3 %</b>

### Sales by geographic region for the nine months ended 31 December

	April-Dec 2008 € m	April-Dec 2007 € m	Movement at	
			Constant rates <sup>(1)</sup>	Actual rates <sup>(1)</sup>
Europe	1 948	1 845	+ 7 %	+ 6 %
Asia-Pacific	1 124	990	+ 17 %	+ 14 %
Americas	747	833	- 6 %	- 10 %
Japan	533	553	- 11 %	- 4 %
<b>Total sales</b>	<b>4 352</b>	<b>4 221</b>	<b>+ 5 %</b>	<b>+ 3 %</b>

(1) See appendix 2 for details of exchange rates used

## Appendix 2

### Foreign exchange rates

Average rates against the euro	April-December	April-December
	<u>2008</u>	<u>2007</u>
United States dollar	1.46	1.39
Japanese yen	150.03	162.85
Swiss franc	1.58	1.65
Pound sterling	0.81	0.69

Actual exchange rates for the period are calculated using the average daily closing rates against the euro.

In terms of sales at constant exchange rates, average exchange rates for the year ended 31 March 2008 are used to convert local currency sales into euros for the current three-month period, the current nine-month period and comparative figures. Exchange rate translation effects are thereby eliminated from the reported sales performance.

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## Notes for editors

Richemont owns a portfolio of leading international brands or 'Maisons', which are managed independently of one another, recognising their individuality and uniqueness. The businesses operate in five areas: **Jewellery Maisons**, being Cartier and Van Cleef & Arpels; **Specialist watchmakers**, which is made up of Jaeger-LeCoultre, Piaget, IWC, Baume & Mercier, Vacheron Constantin, Officine Panerai, A. Lange & Söhne and Roger Dubuis; **Writing instrument Maisons**, being Montblanc and Montegrappa; **Leather and accessories Maisons**, being Alfred Dunhill and Lancel; and **Other businesses**, which includes, specifically, Chloé as well as other smaller Maisons and watch component manufacturing activities for third parties.