

RICHEMONT

COMPANY ANNOUNCEMENT

17 JANUARY 2020

TRADING UPDATE FOR THE THIRD QUARTER ENDED 31 DECEMBER 2019

Financial highlights

- Sales in the quarter increased by 6% at actual exchange rates and by 4% at constant exchange rates compared to the prior year period, both including and excluding Online Distributors
- Strong growth in Europe and the Americas; Asia Pacific up low-single digit, with strong double digit increases in China and Korea more than offsetting a marked contraction in Hong Kong SAR, China – all at actual exchange rates
- High-single digit progression in retail and online retail sales, outperforming muted wholesale sales growth at actual exchange rates
- Sales increases across most business areas at actual exchange rates, led by robust performance from the Jewellery Maisons

	October- December 2019 €m	October- December 2018 €m	Change at constant exchange rates versus prior period (%)	Change at actual exchange rates versus prior period (%)
Sales by region				
Europe	1 263	1 147	+9%	+10%
Asia Pacific	1 429	1 389	+2%	+3%
Americas	874	801	+5%	+9%
Japan	341	344	-7%	-1%
Middle East and Africa	249	234	+3%	+6%
Sales by distribution channel				
Retail	2 212	2 049	+5%	+8%
Online retail	747	694	+5%	+8%
Wholesale	1 186	1 164	–	+2%
Royalty income	11	8	+37%	+38%
Sales by business area				
Jewellery Maisons	2 162	1 985	+6%	+9%
Specialist Watchmakers	818	790	+2%	+4%
Online Distributors	670	638	+2%	+5%
Other	522	525	-3%	-1%
Inter-segment eliminations	-16	-23	-35%	-30%
Total Sales	4 156	3 915	+4%	+6%

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Review of trading in the three month period ended 31 December 2019 at constant exchange rates versus the prior year period

During the quarter under review, sales progressed by 4%, with growth in all regions except Japan. Sales in Europe grew by 9%, benefiting from favourable comparative numbers and strong sales in most markets. Sales in Asia Pacific increased by 2%, driven by strong double digit sales growth in China and Korea, which more than offset a severe sales contraction in Hong Kong SAR, China and contrasted performances in other Asian markets. Sales in the Americas rose by 5%, led by good performances in the US that compensated for declines in other markets. The 3% sales increase in the Middle East and Africa reflected a good performance of retail (both online and offline) and favourable comparative numbers in a soft economic environment. Sales in Japan decreased by 7%, impacted by lower tourist spending given a comparatively stronger Japanese yen and the October 2019 value added tax increase that benefited first half sales.

The retail channel posted a 5% increase in sales, notwithstanding the negative impact of temporary store closures in Hong Kong SAR, China during most of the period under review. Sales were particularly noteworthy in China. The online retail channel saw a mid-single digit sales progression, with strong demand in the US. Sales in the wholesale channel were broadly in line with the prior year period, reflecting good performance of franchise stores, notably in Korea, partly offset by the impact of ongoing cautious watch inventory management and distribution optimisation initiatives which have now reached completion.

The 6% sales progression at Jewellery Maisons was broad-based, driven by jewellery and watches across collections. The performance of Cartier, Van Cleef & Arpels and Buccellati was particularly noteworthy given the negative impact of Hong Kong SAR, China. Sales grew in all regions except Japan. The Specialist Watchmakers registered modest sales growth, notwithstanding a challenging situation in Hong Kong SAR, China, with higher sales in directly operated boutiques and wholesale sales broadly in line with the prior year period. At the Online Distributors, an increasingly competitive pricing environment in online retail and disruption caused by storm damage to MR PORTER's Landriano warehouse facilities limited sales growth to 2%. The Group's other businesses recorded a 3% decline in sales, reflecting challenging trading conditions for our Fashion & Accessories Maisons with the exception of Peter Millar which continued to show strong momentum in the US.

The Group's net cash position at 31 December 2019 amounted to € 2.4 billion (2018: € 2.3 billion).

Trading in the nine month period ended 31 December 2019

Sales over the nine month period to December increased by 8% at actual exchange rates and by 5% at constant exchange rates, broadly in line with the trend seen in the first six months of the financial year. They are presented in Appendix 1a.

As a reminder, sales for the prior year period included eight months of sales for YOOX NET-A-PORTER GROUP and seven months of sales for Watchfinder & Co.

Corporate calendar

The Group's results for the current financial year will be announced on Friday, 15 May 2020, and its annual general meeting will be held on Wednesday, 9 September 2020 in Geneva.

About Richemont

Richemont owns a portfolio of leading international 'Maisons' which are recognised for their distinctive heritage, craftsmanship and creativity. The Group operates in four business areas: Jewellery Maisons, namely Buccellati, Cartier, Van Cleef & Arpels; Specialist Watchmakers, namely A. Lange & Söhne, Baume & Mercier, IWC Schaffhausen, Jaeger-LeCoultre, Panerai, Piaget, Roger Dubuis and Vacheron Constantin; Online Distributors, namely YOOX NET-A-PORTER GROUP (NET-A-PORTER, MR PORTER, YOOX, THE OUTNET) and Watchfinder & Co.; and Other, mostly Fashion & Accessories Maisons, including Alaïa, Chloé, dunhill, Montblanc and Peter Millar.

For the financial year ended 31 March 2019, Richemont reported sales of € 13 989 million, operating profit of € 1 943 million and profit for the year of € 2 787 million.

Richemont 'A' shares are listed on the SIX Swiss Exchange, Richemont's primary listing, and are included in the Swiss Market Index ('SMI') of leading stocks. Richemont South African Depository Receipts are listed in Johannesburg, Richemont's secondary listing.

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Disclaimer

The financial information contained in this announcement is unaudited.

This document contains forward-looking statements as that term is defined in the United States Private Securities Litigation Reform Act of 1995. Such forward-looking statements are not guarantees of future performance. Richemont's forward-looking statements are based on management's current expectations and assumptions regarding the Company's business and performance, the economy and other future conditions and forecasts of future events, circumstances and results.

As with any projection or forecast, forward-looking statements are inherently susceptible to uncertainty and changes in circumstances. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are outside the Group's control. Richemont does not undertake to update, nor does it have any obligation to provide updates of or to revise, any forward-looking statements.

Appendix 1a: Sales for the nine months ended 31 December 2019

	April-December 2019 €m	April-December 2018* €m	Change at constant exchange rates versus prior period (%)	Change at actual exchange rates versus prior period (%)
Sales by region				
Europe	3 484	3 218	+8%	+8%
Asia Pacific	4 158	3 937	+4%	+6%
Americas	2 221	2 014	+6%	+10%
Japan	988	878	+5%	+13%
Middle East and Africa	702	676	–	+4%
Sales by distribution channel				
Retail	6 020	5 606	+5%	+7%
Online retail	2 007	1 653	+19%	+21%
Wholesale	3 493	3 435	-1%	+2%
Royalty income	33	29	+15%	+14%
Sales by business area				
Jewellery Maisons	5 898	5 439	+6%	+8%
Specialist Watchmakers	2 385	2 340	–	+2%
Online Distributors	1 849	1 531	+18%	+21%
Other	1 463	1 460	-2%	–
Inter-segment eliminations	-42	-47	-13%	-11%
Total Sales	11 553	10 723	+5%	+8%

*YOOX NET-A-PORTER GROUP and Watchfinder & Co. have been consolidated in the Group's financial statements since 1 May and 1 June 2018 respectively

Appendix 1b: Foreign exchange rates

	April-December 2019	April-December 2018
Average exchange rates against the euro		
United States dollar	1.11	1.17
Japanese yen	121	129
Swiss franc	1.11	1.15
Renminbi	7.75	7.80

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 2019 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.