RICHEMONT

PRESS RELEASE FOR IMMEDIATE RELEASE

12 November 2010

Richemont, the Swiss luxury goods group, announces its unaudited consolidated results for the six month period ended 30 September 2010

Financial highlights

- Sales increased by 37 per cent to € 3 259 million, or by 27 per cent at constant exchange rates
- Excluding the impact of NET-A-PORTER.COM, sales increased by 22 per cent at constant exchange rates
- Operating profit increased by 95 per cent to € 760 million
- Cash flow generated from operations was € 598 million compared to € 321 million in 2009

Key financial data (unaudited)	6 months ended 30 September		
In millions of euros, unless indicated	2010	2009	Change
Sales	3 259	2 379	+ 37 %
Gross profit	2 113	1 464	+ 44 %
Gross margin (%)	64.8	61.5	+ 330 bps
Operating profit	760	390	+ 95 %
Operating margin (%)	23.3	16.4	+ 695 bps
Profit for the period	644	344	+ 87 %
Earnings per share, diluted basis (€)	1.144	0.621	+ 84 %
Cash flow generated from operations	598	321	+ € 277 m
Net cash position	1 882	902	+ € 980 m

Executive Chairman and Chief Executive Officer's commentary

The good performance achieved by Richemont in the first half of this year has been driven by a marked improvement in all business areas and across all geographies compared to the depressed levels seen last year. Richemont's Maisons were able to benefit fully from this improved trading environment, further enhancing their leading positions in jewellery, watchmaking, writing instruments and accessories. The geographic reach of the businesses, linked to the Group's efficient logistics infrastructure, has allowed the Group to report a substantial increase in profit for the period, demonstrating the operating leverage of its business model.

Richemont's financial position continues to be extremely strong: notwithstanding the acquisition of NET-A-PORTER.COM, the dividend payment and share buy-back transactions, the Group's net cash position was unchanged at some € 1.9 billion.

The robust sales momentum that the Group has seen for several months has continued through to the end of October; sales for the month were 36 per cent above those of October 2009 at actual exchange rates. At constant exchange rates and excluding the positive impact of the NET-A-PORTER.COM acquisition, they were 25 per cent higher.

For the second half of the financial year, we expect the high rate of growth in sales seen in the year to date to slow as a consequence of exchange rate movements and the more challenging prior year comparatives.

Our Maisons, with their outstanding creativity and exclusivity, are well placed to benefit from the universal appeal of European luxury goods. Their distribution networks and manufacturing resources will be further developed to meet growing customer demand in both growth and established markets.

Johann Rupert
Executive Chairman and Chief Executive Officer

Compagnie Financière Richemont SA
Geneva, 12 November 2010

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Financial Review

Sales

Sales for the six months ended 30 September 2010 increased by 37 per cent at actual exchange rates. At constant exchange rates and excluding the impact of the acquisition of NET-A-PORTER.COM in April 2010, sales increased by 22 per cent. The strong growth in sales reflected, in part, the low comparative figures reported in the prior period, when reported Group sales decreased by 15 per cent.

Further details of sales by region, distribution channel and business area are given in the Review of Operations on pages 5 to 8.

Gross profit

The gross margin percentage increased by 3.3 percentage points to 64.8 per cent of sales. The higher margin primarily results from the much better levels of manufacturing capacity utilisation compared to the prior period and higher sales due to the weakening euro, partly offset by the relative strengthening of the Swiss franc during the period. The Swiss franc is of particular importance to the cost of sales as the majority of the Group's manufacturing facilities are located in Switzerland. The improvement in the gross margin percentage, combined with the significant increase in the value of sales, generated an increase of 44 per cent in gross profit.

Operating profit

Operating profit increased by 95 per cent, reflecting the significant increase in gross profit and continuing cost control. As a consequence, the operating margin increased by 695 basis points to 23.3 per cent in the period under review.

The Group's management of costs limited the increase in net operating expenses to 26 per cent overall. The significant increase in actual terms included the impacts of better trading, the relative weakening of the euro compared to the prior period, and the impact of NET-A-PORTER.COM. Selling and distribution expenses were 27 per cent higher, reflecting the three factors above and the additional costs of the expansion of the boutique network, particularly in the Asia-Pacific region. Communication expenses increased by 29 per cent, but represented just 8 per cent of sales, a relatively low figure compared with average full-year rates. Administration costs growth largely reflected new business acquisitions and exchange rate effects: underlying administration cost growth was limited to 4 per cent.

Profit for the period

Profit for the period increased by 87 per cent to € 644 million and included the following significant factors:

- Net finance costs amounting to € 120 million, primarily due to non-cash currency translation losses on net financial assets as a result of a stronger Swiss franc against the euro. The majority of the Group's financial assets are euro-denominated cash and liquid bond funds held by a Swiss franc entity. Upon translation, there was no effect on the Group's equity position.
- A € 102 million accounting gain relating to the acquisition of NET-A-PORTER.COM. This one-off gain, representing the revaluation of the Group's former equity accounted interest in that business, is reported within the Group's share of the post-tax results of associated companies.
- An effective taxation rate of 15.4 per cent, reflecting the anticipated full-year rate.

Earnings per share increased by 84 per cent to 1.144 on a diluted basis. To comply with the South African practice of providing headline earnings per share ('HEPS') data, the relevant figure for headline earnings for the period ended 30 September 2010 would be € 540 million (2009: € 347 million). Diluted HEPS for the period was € 0.956 (2009: € 0.627). Further details regarding earnings per share and HEPS may be found in note 7 of the Group's consolidated interim financial statements.

Cash flow

Cash flow generated from operations for the period was € 598 million. Compared to the prior period, the additional € 277 million generated from operations stemmed from operating profit. The Group's absorption of cash for working capital during the period was higher than the prior period, when manufacturing output was being reduced.

Net acquisitions of tangible fixed assets amounted to € 74 million, reflecting selected investments in the Group's network of boutiques and manufacturing facilities. Free cash flow in the period, being net cash generated from operating activities after all capital expenditure, amounted to € 390 million.

The 2010 dividend, at CHF 0.35 per share, was paid to shareholders net of withholding tax in September. The withholding tax was remitted to the Swiss authorities in October.

Significant investing activities during the period included the acquisition of a controlling interest in NET-A-PORTER.COM.

During the period under review, the Group initiated a new share buy-back programme and purchased some 5 million 'A' shares through the market at a cost of € 108 million. The gross cost of these purchases was partly offset by proceeds from the exercise of stock options by executives.

Financial structure and balance sheet

Fixed assets, including tangible and intangible assets, increased by € 401 million during the six-month period. The increase largely reflects the acquisition of NET-A-PORTER.COM and increases in the Group's boutique network.

Inventories at the end of September amounted to € 2 536 million. This figure represents 18 months of gross inventories and compares with 20 months at September 2009. The improvement in the rate of stock turn reflects both the improved trading conditions and the measures previously taken to limit inventory growth within the Group. Notwithstanding these positive effects, the increase in the value of inventories partly reflects NET-A-PORTER.COM, the strengthening of the Swiss franc and the normal seasonal build-up of inventories at the end of the period during positive trading conditions.

At 30 September 2010, the Group's net cash position amounted to € 1 882 million and was in line with the position at 31 March 2010. The Group's net cash position includes short-term liquid bond funds as well as cash, cash equivalents and all borrowings. Liquid bond funds and cash balances were primarily denominated in euros, whereas borrowings were spread across the principal currencies of the countries in which the Group has significant operations. Borrowings reflect the financing of net operating assets in the countries concerned.

Shareholders' equity amounted to € 6 328 million, net of the cost of repurchased treasury shares and related instruments. At 30 September 2010, the Group held some 23 million treasury shares, representing some 5 per cent of the total number of the 'A' shares in issue, as well as options to acquire a further 10 million 'A' shares.

Richemont's financial structure remains very strong, with shareholders' equity representing 70 per cent of total equity and liabilities.

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1. Sales by region

in € millions	30 September 2010	30 September 2009	Movement at: Constant exchange rates*	Movement at: Actual exchange rates
Europe	1 260	995	+ 23 %	+ 27 %
Asia-Pacific	1 157	771	+ 36 %	+ 50 %
Americas	489	325	+ 37 %	+ 51 %
Japan	353	288	+ 4 %	+ 23 %
	3 259	2 379	+ 27 %	+ 37 %

*Note: movements at constant exchange rates are calculated translating underlying sales in local currencies into euros in both the current year and the comparative year at the average exchange rates applicable for the financial year ended 31 March 2010.

Europe

Europe remains the most important region for the Group, accounting for 38 per cent of overall sales. The strong momentum benefited from purchases made by locals as well as by customers from growth markets. Growth also resumed in Russia and the Middle East, albeit at a lower rate. The 27 per cent sales growth in the region also included the impact of exchange rate effects from non-euro denominated countries and the integration of NET-A-PORTER.COM. Nevertheless, at constant exchange rates and excluding the impact of NET-A-PORTER.COM, sales would have increased by 16 per cent.

Asia-Pacific

The Asia-Pacific region now represents 36 per cent of Group sales. Bearing in mind the relatively robust comparative figures, the strong growth of 50 per cent was broad-based, reflecting the Maisons' continued expansion of their distribution networks and their leading positions in that region.

Americas

The Americas region reported strong growth, albeit compared to very weak comparative figures. The strengthening of the dollar relative to the euro further contributed to the reported sales growth. The Americas region represented 15 per cent of Group sales. This growth has occurred despite the planned reduction in wholesale accounts.

Japan

In euro terms, sales increased by 23 per cent, largely due to the significant appreciation of the yen. Yen-denominated sales increased by 4 per cent. The weak performance in the Japanese market reflects the challenging conditions for luxury businesses there in general, although the return to growth was welcome.

2. Sales by distribution channel

in € millions	30 September 2010	30 September 2009	Movement at: Constant exchange rates*	Movement at: Actual exchange rates
Retail	1 522	1 035	+ 35%	+ 47%
Wholesale	1 737	1 344	+ 20%	+ 29%
	3 259	2 379	+ 27%	+ 37%

*Note: movements at constant exchange rates are calculated translating underlying sales in local currencies into euros in both the current year and the comparative year at the average exchange rates applicable for the financial year ended 31 March 2010.

Retail

Overall retail sales, which include directly operated stores and NET-A-PORTER.COM, increased by 47 per cent, well above growth in wholesale sales. As a result, retail now represents 47 per cent of the Group's sales, a historical high. Excluding NET-A-PORTER.COM, retail sales increased by 24 per cent at constant exchange rates, reflecting growth in all regions.

During the current period, the overall retail network of Group-owned boutiques increased to 855 boutiques. Store openings were primarily in growth markets.

Wholesale

The Group's wholesale business, including sales to franchise partners, which suffered during the comparative period due to de-stocking by business partners, reported strong growth. The 29 per cent growth was achieved despite the impact of a reduction in the number of points of sale in some key markets, most notably in the United States.

3. Sales and operating results by business area

Jewellery Maisons

in € millions	30 September 2010	30 September 2009	Change
Sales	1 619	1 222	+ 32 %
Operating results	541	349	+ 55 %
Operating margin	33.4 %	28.6 %	+ 491 bps

The Jewellery Maisons' sales increased by 32 per cent overall, with stronger growth in the Maisons' own boutique networks. Sales of high jewellery pieces were good and the more accessible jewellery ranges also performed well. Sales of watches, from *Calibre de Cartier* editions in precious metals to classic models in steel, were very strong, benefiting from the Maison's position in premium watchmaking. Cartier's leading position in growth and established markets provided a base for double-digit sales growth, albeit against weak comparatives.

Van Cleef & Arpels also saw double-digit sales growth during the period. Due to the Maison's relatively high exposure to Europe and the US, the comparative sales growth was lower than the business area as a whole.

Specialist Watchmakers

in € millions	30 September 2010	30 September 2009	Change
Sales	901	655	+ 38 %
Operating results	259	133	+ 95 %
Operating margin	28.8 %	20.3 %	+ 845 bps

Sales by the Group's specialist watchmakers are made principally to third party retailers. In the comparative period, many such retailers prudently sought to reduce their inventories, given the impact of the financial crisis which began in September 2008 on their own businesses. Consequently, orders were significantly curtailed and sales by the Group's specialist watchmakers in the period to September 2009 decreased by 17 per cent. In the period under review, with its more favourable trading environment, sales growth was relatively high and was further augmented by positive exchange rate effects. All Maisons performed well above the expected results.

Despite the negative impact of the stronger Swiss franc on the cost of sales, the operating margin increased to 29 per cent of sales. Results in the comparative period included a one-off charge relating to the Roger Dubuis business amounting to € 13 million.

Writing instrument Maison

in € millions	30 September 2010	30 September 2009	Change
Sales	303	238	+ 28 %
Operating result	48	29	+ 66 %
Operating margin	15.8 %	12.2 %	+ 366 bps

Montblanc's sales increased by 28 per cent, reflecting the Maison's leading position in China and good demand for its range of writing instruments, watches and accessories. Sales in the comparative period were particularly weak, reflecting Montblanc's exposure to the US and Europe and an 'aspirational' clientele more sensitive to economic slowdowns.

3. Sales and operating results by business area, continued

Other businesses

in € millions	30 September 2010	30 September 2009	Change
Sales	436	264	+ 65 %
Operating results	(19)	(28)	+ 32 %
Operating margin	(4.4) %	(10.6) %	+ 629 bps

The ‘Other’ segment now includes NET-A-PORTER.COM as well as the Group’s Fashion and Accessories businesses and the Group’s watch component manufacturing activities.

The € 19 million loss in ‘Other’ businesses can be primarily attributed to the Group’s watch component manufacturing activities. Richemont’s Fashion & Accessories Maisons saw double-digit sales growth and generated profits of € 7 million against losses of € 9 million in the comparative period.

Corporate costs

in € millions	30 September 2010	30 September 2009	Change
Corporate costs	(69)	(93)	- 25 %
Central support services	(75)	(68)	+ 11 %
Other operating income/(expense), net	6	(25)	n/a

Corporate costs represent the costs of central management, marketing support and other central functions, known as central support services, as well as other expenses and income which are not allocated to specific business areas, including foreign exchange hedging gains and losses. Central support service expenses increased by € 7 million, largely due to the strength of the Swiss franc. Other operating expenses included gains of € 13 million relating to the Group’s exchange rate hedging programme, which are reported within gross profit. In the comparative period, equivalent exchange rate hedging losses amounted to € 19 million.

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The Group’s consolidated statements of comprehensive income, of cash flows and of financial position are presented in Appendix 1. Richemont’s unaudited consolidated interim financial statements for the period may be found on the Group’s website at http://www.richemont.com/investor-relations/results-presentations.html.

Richard Lepeu, Deputy Chief Executive Officer

Gary Saage, Chief Financial Officer

Presentation

The results will be presented via a live internet webcast on 12 November 2010, starting at 09:00 (CET). The direct link will be available from 08:00 (CET) at: http://www.richemont.com

- Live listen-only telephone connection: call one of these numbers 10 minutes before the start of the presentation:
  - Europe: +41 91 610 56 00
  - USA: +1 866 291 4166
  - UK: +44 203 059 5862
  - South Africa: 0800 992 635 (toll free)
- An archived video webcast of the presentation will be available from:

  http://www.richemont.com/investor-relations/results-presentations.html
- A transcript of the presentation will be available from:

  http://www.richemont.com/investor-relations/results-presentations.html

Interim Report

The Richemont 2010 Interim Report will be published on or around 30 November 2010 and will be available for download from the Group's website; copies may be obtained from the Company's registered office or by contacting the Company via the website at http://www.richemont.com/contact.html

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Statutory Information

'A' shares issued by Compagnie Financière Richemont SA are listed and traded on the SIX Swiss Exchange, (Reuters "CFR.VX" / Bloomberg "CFR:VX" / ISIN CH0045039655) and are included in the Swiss Market Index ('SMI') of leading stocks. The Swiss 'Valorennummer' is 4503965.

South African depository receipts in respect of Richemont 'A' shares are traded on the Johannesburg stock exchange operated by JSE Limited (Reuters "CFRJ.J" / Bloomberg "CFR:SJ" / ISIN CH0045159024).

The closing price of the Richemont 'A' share on 30 September 2010 was CHF 47.31 and the market capitalisation of the Group's 'A' shares on that date was CHF 24 696 million. Over the preceding six month period, the highest closing price of the 'A' share was CHF 47.31 (30 September 2010), and the lowest closing price of the 'A' share was CHF 35.65 (1 July 2010).

Appendix 1

Consolidated statement of comprehensive income

	Six months to 30 September 2010 € m	Six months to 30 September 2009 € m
Sales	3 259	2 379
Cost of sales	(1 146)	(915)
Gross profit	2 113	1 464
Selling and distribution expenses	(761)	(598)
Communication expenses	(264)	(204)
Administrative expenses	(314)	(259)
Other operating (expense) / income	(14)	(13)
Operating profit	760	390
Finance costs	(160)	(37)
Finance income	40	61
Share of post-tax profit of associated undertakings including gain on disposal	102	2
Profit before taxation	742	416
Taxation	(98)	(71)
Profit from continuing operations	644	345
Discontinued operations (net of tax)	-	(1)
Profit for the period	644	344
Other comprehensive income:		
Currency translation adjustments	327	2
Cashflow hedges		
- net gains	41	34
- reclassification to profit or loss	(13)	20
Other comprehensive income, net of tax	355	56
Total comprehensive income	999	400
Profit attributable to:		
Owners of the parent company	646	344
Non-controlling interest	(2)	-
	644	344
Total comprehensive income attributable to:		
Owners of the parent company	1 000	400
Non-controlling interest	(1)	-
	999	400
Earnings per share attributable to owners of the parent company during the period (expressed in € per share)		
Basic:		
- from continuing operations	1.171	0.624
- from discontinued operations	-	(0.002)
	1.171	0.622
Diluted:		
- from continuing operations	1.144	0.623
- from discontinued operations	-	(0.002)
	1.144	0.621

Consolidated statement of cash flows

	Six months to 30 September 2010 € m	Six months to 30 September 2009 € m
Operating profit	760	389
Depreciation and impairment of property, plant and equipment	99	87
Amortisation and impairment of other intangible assets	40	25
Increase in provisions	41	7
Decrease in retirement benefit obligations	-	(1)
Non-cash items	6	42
(Increase)/decrease in inventories	(144)	57
Increase in trade debtors	(134)	(131)
Increase in other receivables and prepayments	(84)	(27)
Increase/(decrease) in current and long-term operating liabilities	14	(127)
Cash flow generated from operations	598	321
Interest received	7	9
Interest paid	(12)	(15)
Other investment income	4	6
Taxation paid	(112)	(59)
Net cash generated from operating activities	485	262
Cash flows from investing activities		
Acquisition of subsidiary undertakings and other businesses, net of cash acquired	(227)	(20)
Proceeds from disposal of subsidiary undertakings and other businesses, net of cash disposed	(3)	-
Acquisition of associated undertakings	-	(4)
Acquisition of property, plant and equipment	(75)	(50)
Proceeds from disposal of property, plant and equipment	1	2
Acquisition of intangible assets	(21)	(12)
Proceeds from disposal of intangible assets	-	1
Investment in short-term bond funds	(939)	(2)
Proceeds from disposal of short-term bond funds	937	120
Acquisition of other non-current assets	(8)	(7)
Proceeds from disposal of other non-current assets	17	66
Net cash (used in) / generated from investing activities	(318)	94
Cash flows from financing activities		
Proceeds from borrowings	66	171
Repayment of borrowings	(207)	(203)
Dividends paid	(92)	(71)
Payment for treasury shares	(108)	(155)
Proceeds from sale of treasury shares	17	38
Capital element of finance lease payments	(2)	(2)
Net cash used in financing activities	(326)	(222)
Net change in cash and cash equivalents	(159)	134
Cash and cash equivalents at beginning of period	940	1 363
Reclassification of short-term bond funds	-	(956)
Exchange gains on cash and cash equivalents	33	3
Cash and cash equivalents at end of period	814	544

Consolidated statement of financial position

	30 September 2010	31 March 2010 re-presented	31 March 2009 re-presented
Assets	€ m	€ m	€ m
Non-current assets			
Property, plant and equipment	1 181	1 160	1 169
Goodwill	443	164	155
Other intangible assets	326	225	231
Investments in associated undertakings	8	24	14
Deferred income tax assets	327	315	305
Financial assets held at fair value through profit or loss	87	88	143
Other non-current assets	200	187	172
	2 572	2 163	2 189
Current assets			
Inventories	2 536	2 260	2 422
Trade and other receivables	817	626	672
Derivative financial instruments	90	13	18
Prepayments	122	84	80
Assets of disposal groups held for sale	-	-	11
Financial assets held at fair value through profit or loss	1 340	1 339	-
Cash at bank and on hand	1 649	1 258	2 032
	6 554	5 580	5 235
Total assets	9 126	7 743	7 424
Equity and liabilities			
Equity			
Share capital	334	334	334
Treasury shares	(336)	(248)	(195)
Hedge and share option reserves	249	194	90
Cumulative translation adjustment reserve	749	423	124
Retained earnings	5 332	4 956	4 480
Total shareholders' equity	6 328	5 659	4 833
Non-controlling interest	21	2	3
Total equity	6 349	5 661	4 836
Liabilities			
Non-current liabilities			
Borrowings	139	340	90
Deferred income tax liabilities	43	27	78
Retirement benefit obligations	39	39	39
Provisions	89	54	39
Other long-term financial liabilities	144	17	34
	454	477	280
Current liabilities			
Trade and other payables	642	574	545
Current income tax liabilities	220	230	172
Borrowings	45	3	188
Derivative financial instruments	67	79	123
Provisions	105	105	117
Accruals and deferred income	321	242	218
Short-term loans	88	54	276
Bank overdrafts	835	318	669
	2 323	1 605	2 308
Total liabilities	2 777	2 082	2 588
Total equity and liabilities	9 126	7 743	7 424