RICHEMONT

PRESS RELEASE FOR IMMEDIATE RELEASE

11 November 2011

Richemont, the Swiss luxury goods group, announces its unaudited consolidated results for the six month period ended 30 September 2011

Financial highlights

- Sales increased by 29 % to € 4 214 million, or by 36 % at constant exchange rates
- Solid growth across all segments, regions and channels
- Operating profit increased by 41 % to € 1 075 million
- Profit for the period increased by 10 % to € 709 million, reflecting the impact of a one-time gain in the comparative period
- Consistent cash flow from operations of € 606 million

Key financial data (unaudited)	**6 months ended 30 September**		
In millions of euros, unless indicated	**2011**	2010	Change
Sales	**€ 4 214 m**	€ 3 259 m	+ 29 %
Gross profit	**€ 2 665 m**	€ 2 113 m	+ 26 %
Gross margin	**63.2 %**	64.8 %	- 160 bps
Operating profit	**€ 1 075 m**	€ 760 m	+ 41 %
Operating margin	**25.5 %**	23.3%	+ 220 bps
Profit for the period	**€ 709 m**	€ 644 m	+ 10 %
Earnings per share, diluted basis	**€ 1.266**	€ 1.144	+ 11 %
Cash flow generated from operations	**€ 606 m**	€ 598 m	+ € 8 m
Net cash position	**€ 2 596 m**	€ 1 882 m	+ € 714 m

Executive Chairman and Chief Executive Officer's commentary

We are pleased to report a solid performance in the first half of this year. Our Maisons were able to benefit from a favourable trading environment to enhance their positions in jewellery, watchmaking and accessories.

The rate of increase in net profit was lower than the increase in operating profit primarily due to a one-off gain in the comparable period.

Richemont's financial position continues to be strong: the Group's net cash position is € 2.6 billion.

The sales trend of the first six months of the year has continued through to the end of October; sales for the month were 28 % above those of October 2010 at actual exchange rates. At constant exchange rates, they were 26 % higher, with good momentum in both the retail and wholesale sales channels.

For the second half of the financial year, we face both the impact of global economic problems on the luxury goods industry in general, and the demanding comparative figures against which Group sales will be measured. Notwithstanding these challenges and based on the Group's performance for the year to date, operating profit for the full year is expected to be significantly higher than last year. Moreover, the creativity of our Maisons and the responsiveness of our colleagues, our confidence in our business model and the strength of our balance sheet will enable us to continue to invest in our businesses for the long-term, despite the very worrying world economic environment.

Johann Rupert
Executive Chairman and Chief Executive Officer

Compagnie Financière Richemont SA
Geneva, 11 November 2011

***

Financial Review

Sales

Sales in the six-month period increased by 29 % at actual exchange rates. At constant exchange rates, sales increased by 36 %. The growth in sales reflected, in particular, buoyant sales in the Group's own retail network bolstered by very strong demand in the Asia-Pacific and Americas regions. 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

Gross profit rose by 26 %, although the gross margin percentage was 160 basis points lower at 63.2 % of sales. Several factors caused the decrease in the gross margin percentage, including adverse currency movements affecting sales, the strengthening of the Swiss franc and, as expected, the impact of Net-a-Porter.

The challenges posed by adverse currency movements were partially offset by price increases at both the retail and wholesale levels, evidencing the Maisons' pricing power, as well as the benefits of realising a growing proportion of sales through the Maisons' own boutiques. Additionally, gains recognised as a result of the hedging programme amounted to € 70 million and added 166 basis points to the gross percentage.

The stronger Swiss franc is of particular importance to the cost of sales as the majority of the Group's manufacturing facilities are located in Switzerland.

Compared with the Group's other Maisons, Net-a-Porter's gross margin percentage is well below the average reflecting its distinct business model as an online retailer of fashion products and accessories. Given its above-average sales growth, Net-a-Porter has a dilutive impact on the Group's gross margin percentage.

Operating profit

Operating profit increased by 41 %, reflecting the significant increase in gross profit and continuing cost discipline. The year-on-year increase in net operating expenses has been limited to 18 %, well below the growth in sales: they now represent 38 % of sales compared to 42 % in the comparative period.

Selling and distribution expenses were 17 % higher, primarily reflecting better trading and the expansion of the Maisons' own boutique networks. Communication expenses increased by 29 %, in line with sales, and represented 8 % of sales. Despite the strength of the Swiss franc, administration costs rose by only 9 %.

As a consequence, operating margin increased by 220 basis points to 25.5 % in the period under review.

Profit for the period

Profit for the period increased by 10 % to € 709 million, reflecting the following significant items:

- Within net finance costs, € 153 million relates to non-cash, mark-to-market currency losses on net financial assets as a result of the 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.
- Also within net finance costs, € 113 million of mark-to-market losses have been recorded in respect of currency hedging activities. The Group ceased applying hedge accounting to new foreign currency hedges from 1 April 2011. Changes in the value of new hedging instruments are therefore recognised immediately in net finance costs. Had hedge accounting continued, € 46 million of this amount would have been deferred in equity.
- The non-recurrence of a € 102 million non-cash accounting gain recorded in the comparative period. The gain related to the revaluation of the Group's former interest in Net-a-Porter in April 2010 when Richemont acquired control of that business. This gain was reported within the Group's share of the post-tax results of associated companies.

The effective taxation rate was 16.4 %, reflecting the anticipated full-year rate. The increase in the rate compared to the prior year stems from the impact of non-cash currency translation losses on net financial assets, which are tax neutral.

Earnings per share increased by 11 % to € 1.266 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 2011 would be € 713 million (2010: € 540 million). Basic HEPS for the period was € 1.303 (2010: € 0.979). Diluted HEPS for the period was € 1.273 (2010: € 0.956). Further details regarding earnings per share and HEPS, including an itemised reconciliation, may be found in note 8 of the Group's condensed consolidated interim financial statements.

Cash flow

Cash flow generated from operations was € 606 million, in line with the prior period. The additional cash generated from operating profit was absorbed by working capital increases, in particular inventories and debtor balances.

The net acquisition of tangible fixed assets amounted to € 123 million, reflecting selected investments in the Group's network of boutiques and manufacturing facilities.

The 2011 dividend, at CHF 0.45 per share, was paid to shareholders net of withholding tax in September. The cash outflow in the period amounted to € 133 million; the withholding tax was remitted to the Swiss authorities in October.

During the period, the Group acquired some 8 million 'A' shares to hedge executive stock options. The cost of these purchases was partly offset by proceeds from the exercise of stock options by executives and other activities linked to the hedging programme, leading to a net outflow of € 205 million.

Financial structure and balance sheet

Fixed assets, including tangible and intangible assets, increased by € 99 million during the six-month period. The increase largely reflects the expansion of the Maisons' boutique networks, particularly in the Asia-Pacific region, and investments in their European manufacturing facilities.

Inventories at the end of September amounted to € 3 280 million. This figure represents 16 months of gross inventories and compares with 18 months at September 2010. The reduction in the rate of stock turn reflects the favourable trading conditions in particular. In absolute terms, the increase in the value of inventories reflects the strengthening of the Swiss franc, the build-up of inventories and the expansion of the boutique network.

At 30 September 2011, the Group's net cash position amounted to € 2 596 million and was in line with the position at 31 March 2011. 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 to finance local operating assets are denominated in the currencies of the countries concerned. Total borrowings, including bank borrowings and short-term loans, amounted to € 139 million.

Richemont's financial structure remains very strong, with shareholders' equity representing 71 % of total equity and liabilities.

***

Review of Operations

1. Sales by region

in € millions	**30 September 2011**	30 September 2010	Movement at: Constant exchange rates*	Movement at: Actual exchange rates
Europe	**1 514**	1 260	+ 22 %	+ 20 %
Asia-Pacific	**1 718**	1 157	+ 60 %	+ 48 %
Americas	**602**	489	+ 35 %	+ 23 %
Japan	**380**	353	+ 9 %	+ 8 %
	4 214	3 259	+ 36 %	+ 29 %

*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 2011.

Europe

Europe accounted for 36 % of overall sales.

Solid double-digit organic growth was registered across the region, including Russia and the Middle East. Travellers to Europe continue to be an important sales driver.

All Maisons improved their performance in the region versus the comparative period.

Asia-Pacific

While growth in the Asia-Pacific region was broad-based, it was primarily driven by mainland China, which is now Richemont's third largest market after Hong Kong and the USA. Robust sales across channels and markets there also benefitted from the Group's selective expansion of its retail network in recent years.

Americas

The Americas region reported double-digit growth and represented 14 % of Group sales.

The performance was specifically driven by significant High Jewellery sales, although business in general has been very encouraging.

Japan

Sales in Japan increased, despite the dramatic events of last March. Van Cleef and Arpels and the Specialist Watchmakers performed particularly well.

2. Sales by distribution channel

in € millions	30 September 2011	30 September 2010	Movement at: Constant exchange rates*	Movement at: Actual exchange rates
Retail	**2 083**	1 522	+ 44 %	+ 37 %
Wholesale	**2 131**	1 737	+ 29 %	+ 23 %
	4 214	3 259	+ 36 %	+ 29 %

*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 2011.

Retail

Overall retail sales, comprising directly operated boutiques and Net-a-Porter, increased by 37 %. This was well above the growth in wholesale sales and Richemont now generates 49 % of its sales through its own retail network.

The growth in retail sales partly reflected the good performance of Net-a-Porter and the expansion of the Maisons' network of boutiques to 919 stores. Openings during the period were primarily in high-growth markets such as China.

Wholesale

The Group's wholesale business, including sales to franchise partners, reported strong growth. This performance reflected a good sell-out and the optimisation of the network.

This growth was achieved despite the impact of a continuing programme of planned reductions in the number of points of sale in Western Europe and North America.

3. Sales and operating results by business area

Jewellery Maisons

in € millions	**30 September 2011**	30 September 2010	Change
Sales	**2 165**	1 619	+ 34 %
Operating results	**734**	541	+ 36 %
Operating margin	**33.9 %**	33.4 %	+ 50 bps

The Jewellery Maisons' sales grew by 34 %. Both Cartier and Van Cleef and Arpels performed exceptionally well.

The Maisons' boutique networks reported higher growth and further benefitted from new store openings, primarily in the Asia-Pacific region. Demand for High Jewellery pieces and more accessible jewellery ranges was solid. Demand for Cartier's watch collections was also strong, reflecting the policy of extending its premium and technical watch offerings.

The significant increase in sales and continuing cost discipline generated an operating margin of 34 %.

Specialist Watchmakers

in € millions	**30 September 2011**	30 September 2010	Change
Sales	**1 171**	901	+ 30 %
Operating results	**312**	259	+ 20 %
Operating margin	**26.6 %**	28.8 %	- 220 bps

The Specialist Watchmakers' sales increased by 30 %. All Maisons performed well worldwide, reflecting the strong demand for *haute horlogerie*.

Despite higher input costs and the strength of the Swiss Franc, the contribution margin was 27 %, reflecting the Maisons' pricing power and operating leverage.

Montblanc Maison

in € millions	**30 September 2011**	30 September 2010	Change
Sales	**334**	303	+ 10 %
Operating result	**54**	48	+ 13 %
Operating margin	**16.2 %**	15.8 %	+ 40 bps

Montblanc's sales increased by 10 %, reflecting good demand for its range of watches and accessories in particular in the Asia-Pacific region. During the period under review, Montblanc continued to upgrade both its retail and wholesale distribution networks.

The Maison maintained an operating margin of 16 %.

3. Sales and operating results by business area, continued

Other businesses

in € millions	**30 September 2011**	30 September 2010	Change
Sales	**544**	436	+ 25 %
Operating results	**(17)**	(19)	+ 10 %
Operating margin	**(3.1) %**	(4.4) %	+ 130 bps

The 'Other' segment includes the Group's Fashion and Accessories businesses, Net-a-Porter and the Group's watch component manufacturing activities.

Richemont's Fashion & Accessories Maisons saw double-digit sales growth and generated improved profits of € 23 million (2010: profits of € 7 million). Alfred Dunhill and Chloé performed particularly well.

Sales growth at Net-a-Porter was once again well above the Group's average. Net-a-Porter incurred losses during the period amounting to € 22 million, resulting from the amortisation of intangibles and the costs associated with the continued expansion of its platforms in the UK and the USA.

Losses at the Group's watch component manufacturing facilities were contained and were broadly in line with the comparative period.

Corporate costs

in € millions	**30 September 2011**	30 September 2010	Change
Corporate costs	**(8)**	(69)	- 88 %
Central support services	**(69)**	(75)	- 8 %
Other operating income/(expense), net	**61**	6	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 decreased: the negative impact of stronger Swiss franc was more than offset by credits linked to the Group's stock option plan. Other operating income/(expense) included gains of € 70 million relating to the Group's exchange rate hedging programme, which are reported within gross profit. In the comparative period, equivalent exchange rate hedging gains amounted to € 13 million.

***

The Group's condensed consolidated statements of comprehensive income, of cash flows and of financial position are presented in Appendix 1. Richemont's unaudited condensed 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 11 November 2011, 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 2011 Interim Report will be published on 29 November 2011 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

Compagnie Financière Richemont SA

Registered office:
50 chemin de la Chênaie
CP30, 1293 Bellevue Geneva
Switzerland

Tel: +41 22 721 3500
Fax: +41 22 721 3550
Internet: www.richemont.com

Media contact

Alan Grieve
Director of Corporate Affairs

Tel: +41 22 721 3507
E-mail: pressoffice@cfrinfo.net

Investor contact

Sophie Cagnard
Head of Investor Relations

Tel +33 1 58 18 25 97
E-mail: investor.relations@cfrinfo.net

Statutory Information

Primary listing

SIX Swiss Exchange (Reuters "CFR.VX" / Bloomberg "CFR:VX" / ISIN CH0045039655). The Swiss 'Valorennummer' is 4503965. Richemont 'A' bearer shares are included in the Swiss Market Index ('SMI') of leading stocks.

Secondary listing

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

The closing price of the Richemont 'A' share on 30 September 2011 was CHF 40.95 and the market capitalisation of the Group's 'A' shares on that date was CHF 21 376 million. Over the preceding six month period, the highest closing price of the 'A' share was CHF 57.40 (7 July) and the lowest closing price of the 'A' share was CHF 38.51 (10 August).

Appendix 1

Condensed consolidated statement of comprehensive income

	Six months to 30 September 2011 € m	Six months to 30 September 2010 € m
Sales	**4 214**	3 259
Cost of sales	**(1 549)**	(1 146)
Gross profit	**2 665**	2 113
Selling and distribution expenses	**(891)**	(761)
Communication expenses	**(340)**	(264)
Administrative expenses	**(342)**	(314)
Other operating (expense) / income	**(17)**	(14)
Operating profit	**1 075**	760
Finance costs	**(287)**	(160)
Finance income	**61**	40
Share of post-tax (loss)/profit of associated undertakings	**(1)**	102
Profit before taxation	**848**	742
Taxation	**(139)**	(98)
Profit for the period	**709**	644
Other comprehensive income:		
Currency translation adjustments		
- movement in the period	**427**	327
- reclassification to profit or loss	**1**	-
Cash flow hedges		
- net gains	**20**	41
- reclassification to profit or loss	**(70)**	(13)
Other comprehensive income, net of tax	**378**	355
Total comprehensive income	**1 087**	999
Profit attributable to:		
Owners of the parent company	**709**	646
Non-controlling interest	**-**	(2)
	709	644
Total comprehensive income attributable to:		
Owners of the parent company	**1 086**	1 000
Non-controlling interest	**1**	(1)
	1 087	999
Earnings per share attributable to owners of the parent company during the period (expressed in € per share)		
Basic	**1.295**	1.171
Diluted	**1.266**	1.144

Condensed consolidated statement of cash flows

	Six months to 30 September 2011	Six months to 30 September 2010
	€ m	€ m
Operating profit	**1 075**	760
Depreciation and impairment of property, plant and equipment	**119**	99
Amortisation and impairment of other intangible assets	**43**	40
Increase in provisions	**26**	41
Decrease in retirement benefit obligations	**(3)**	-
Non-cash items	**(55)**	6
Increase in inventories	**(340)**	(144)
Increase in trade debtors	**(288)**	(134)
Increase in other receivables and prepayments	**(27)**	(84)
Increase in current and long-term operating liabilities	**56**	14
Cash flow generated from operations	**606**	598
Interest received	**17**	7
Interest paid	**(13)**	(12)
Other investment income	**3**	4
Taxation paid	**(129)**	(112)
Net cash generated from operating activities	**484**	485
Cash flows from investing activities		
Acquisition of subsidiary undertakings and other businesses, net of cash acquired	**(3)**	(227)
Proceeds from disposal of subsidiary undertakings and other businesses, net of cash disposed	**-**	(3)
Acquisition of associated undertakings	**(1)**	-
Acquisition of property, plant and equipment	**(140)**	(75)
Proceeds from disposal of property, plant and equipment	**17**	1
Acquisition of intangible assets	**(29)**	(21)
Investment in short-term bond funds	**(151)**	(939)
Proceeds from disposal of short-term bond funds	**143**	937
Acquisition of other non-current assets	**(16)**	(8)
Proceeds from disposal of other non-current assets	**9**	17
Net cash used in investing activities	**(171)**	(318)
Cash flows from financing activities		
Proceeds from borrowings	**10**	66
Repayment of borrowings	**(101)**	(207)
Dividends paid	**(133)**	(92)
Payment for treasury shares	**(279)**	(108)
Proceeds from sale of treasury shares	**74**	17
Capital element of finance lease payments	**(1)**	(2)
Net cash used in financing activities	**(430)**	(326)
Net change in cash and cash equivalents	**(117)**	(159)
Cash and cash equivalents at beginning of period	**657**	940
Exchange gains on cash and cash equivalents	**32**	33
Cash and cash equivalents at end of period	**572**	814

Condensed consolidated statement of financial position

	30 September 2011	31 March 2011
Assets	**€ m**	€ m
Non-current assets		
Property, plant and equipment	**1 341**	1 267
Goodwill	**459**	441
Other intangible assets	**319**	314
Investments in associated undertakings	**9**	7
Deferred income tax assets	**309**	349
Financial assets held at fair value through profit or loss	**71**	70
Other non-current assets	**233**	211
	2 741	2 659
Current assets		
Inventories	**3 280**	2 789
Trade and other receivables	**934**	597
Derivative financial instruments	**36**	148
Prepayments	**120**	119
Financial assets held at fair value through profit or loss	**2 163**	2 154
Cash at bank and on hand	**1 432**	1 227
	7 965	7 034
Total assets	**10 706**	9 693
Equity and liabilities		
Equity attributable to owners of the parent company		
Share capital	**334**	334
Treasury shares	**(530)**	(325)
Hedge and share option reserves	**233**	305
Cumulative translation adjustment reserve	**1 319**	892
Retained earnings	**6 287**	5 774
	7 643	6 980
Non-controlling interest	**13**	12
Total equity	**7 656**	6 992
Liabilities		
Non-current liabilities		
Borrowings	**23**	120
Deferred income tax liabilities	**30**	35
Retirement benefit obligations	**36**	38
Provisions	**150**	137
Other long-term financial liabilities	**120**	158
	359	488
Current liabilities		
Trade and other payables	**811**	825
Current income tax liabilities	**275**	260
Borrowings	**63**	1
Derivative financial instruments	**146**	36
Provisions	**139**	126
Accruals and deferred income	**344**	294
Short-term loans	**53**	101
Bank overdrafts	**860**	570
	2 691	2 213
Total liabilities	**3 050**	2 701
Total equity and liabilities	**10 706**	9 693