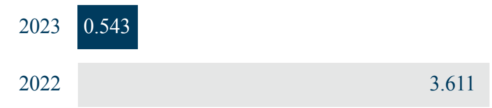
Financial and operating highlights

Group sales (€m)

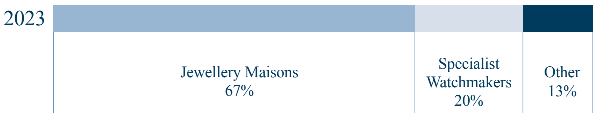
Operating profit (€m)

Earnings per share, diluted basis (€)



Dividend per share**

Sales by business area (% of Group)



Jewellery Maisons (€m)

Specialist Watchmakers (€m)

Other Businesses (€m)

* Prior-year comparatives have been re-presented as YNAP results are presented as ‘discontinued operations’

** CHF 1.00 special dividend.

- Sales up by 19% at actual exchange rates and by 14% at constant exchange rates, driven by retail, up 22% at actual exchange rates (+17% at constant exchange rates), representing 68% of Group sales.
- Operating profit up 34% to € 5 billion, including non-recurring items of € 66 million net, leading to an increased operating margin of 25.2%.
- 60% increase in profit for the year from continuing operations to € 3 911 million; € 3.6 billion loss from discontinued operations primarily resulting from the € 3.4 billion non-cash write-down of YNAP net assets.
- Solid net cash position of € 6.5 billion.

Chairman's review

Johann Rupert, Chairman

Overview of results

Richemont reported excellent results for the financial year ended 31 March 2023, with all business areas generating higher sales and profits. The Group has drawn on the strength of its Maisons and the resilience of luxury consumers in an environment characterised by geopolitical volatility, economic uncertainty and high inflation.

During the year under review, sales attained an all-time high of € 20 billion, a 19% year-on-year increase. The final quarter recorded a significant sales increase as sales in Asia Pacific resumed growth following the removal of travel and health restrictions in mainland China. All the business areas, distribution channels and regions posted growth during the year. This performance was led by retail, Japan and Europe, closely followed by the Americas. Sales in directly-operated stores continued to outperform the other distribution channels markedly, their contribution to Group sales rising to 68%, and combined with online sales accounted for almost three-quarters of Group sales. Both outcomes demonstrate the success of our ongoing client engagement strategy.

All business areas delivered double-digit sales growth compared to the prior year. Our Jewellery Maisons, Buccellati, Cartier and Van Cleef & Arpels, increased their combined sales to € 13.4 billion and operating profit to € 4.7 billion, generating an improved 34.9% operating margin compared to the prior year. While Buccellati continued to develop solidly, generating the highest growth rates across the Group albeit from a smaller base, Cartier and Van Cleef & Arpels reaffirmed their market leadership with a high level of sales growth and profitability. The Jewellery Maisons enjoy the highest level of direct-to-client engagement within the Group (83%).

Our Specialist Watchmakers performed strongly with combined sales of € 3.9 billion and operating margin improving to 19.0% compared to the prior year. Over the past six years, the Specialist Watchmakers have undergone a profound evolution of their business model, which has successfully led to direct-to-client sales reaching 56% of sales this financial year while sales in branded environments neared three-quarters of their sales. The Specialist Watchmakers are reaping the benefits of past strategic actions and clear leaders have emerged, notably Vacheron Constantin which has reached € 1 billion in sales.

The Group's 'Other' business area, mostly composed of the Fashion & Accessories Maisons and now including Watchfinder, recorded sales of € 2.7 billion, up 19% compared to the prior year. Watchfinder's muted performance was more than offset by sharp growth in sales and profitability at the Fashion & Accessories Maisons, driven by renewed creativity and higher travel retail footfall. Strong Maisons have emerged alongside Montblanc and Chloé, especially Peter Millar, including its G/FORE business, which generated sales in excess of € 0.6 billion. Overall, the business area returned to profit with the Fashion & Accessories Maisons delivering € 94 million in operating profit.

At Group level, operating profit reached an all-time high of € 5 billion and operating margin expanded further to 25.2%. The significant 34% growth in operating profit, combined with well-controlled working capital, led to a robust € 4.5 billion cash flow from operating activities. Profit for the year from continuing operations rose by 60% to € 3.9 billion. The overall profit for the year was limited to € 301 million due to the € 3.6 billion loss for the year from discontinued operations. This was primarily due to the € 3.4 billion non-cash charge on the transfer of YOOX NET-A-PORTER ('YNAP') net assets to 'held for sale'.

Our Luxury New Retail ('LNR') partners

The agreement for Farfetch and Alabbar to acquire 47.5% and 3.2% of YNAP, respectively, leaving Richemont with a 49.3% holding in YNAP with 12-13% of Farfetch's issued share capital, is subject to a number of conditions, including the receipt of certain anti-trust approvals. The initial stage of the transaction is expected to complete by the end of calendar year 2023. From this point onwards, Richemont Maisons will adopt Farfetch's technology to realise their LNR vision to address clients' needs in a seamless manner across distribution channels. YNAP will also adopt Farfetch Platform Solutions to accelerate its shift towards a hybrid model and significantly enhance its prospects as a neutral industry-wide platform.

Dividend

Based upon the strong performance of the year, a strong cash flow generation and a solid net cash position of € 6.5 billion at the end of March 2023, the Board proposes to pay an ordinary dividend of CHF 2.50 per 'A' share (and CHF 0.25 per 'B' share), up by 11% over the prior year, as well as a special dividend of CHF 1.00 per 'A' share (and CHF 0.10 per 'B' share), subject to shareholders' approval at the annual general meeting ('AGM') on 6 September 2023.

Annual General Meeting, Board changes and management appointments

At the AGM in September 2022, two valued and experienced non-executive directors, Jan Rupert and Ruggero Magnoni, stepped down from the Board. I wish to reaffirm my warmest thanks to each of them for their invaluable service.

Also at the 2022 AGM, a resolution allowing for 'A' shareholder representation was voted on for the first time, at the request of a shareholder. Wendy Luhabe, nominated by the Board, was elected to this role by 84% of the 'A' shareholders who cast their votes. She was elected to the Board with 98% supportive votes. All non-executive directors were elected by an overwhelming majority of the 'A' shares cast. The voting at the meeting reflected a continued endorsement of the collegial board model, adopted at the time of foundation 35 years ago, where all directors serve the interest of all shareholders, 'A' and 'B' combined. I would like to once again express my deepest thanks to our long-term shareholders for their overwhelming support. We will continue executing on our Group strategy to create value for our shareholders, communities and colleagues, taking a long-term view.

At the 2023 AGM, shareholders will be asked to elect two new directors to the Board: Fiona Druckenmiller and Bram Schot. Ms Druckenmiller's jewellery expertise, understanding of the American clientele and social and environmental causes will be of great value to the Board, while Mr Schot brings more than three decades of experience in the premium automotive industry and a deep understanding of risk management, supply chain and sustainability issues.

After the 2023 AGM and subject to shareholders' approval, the Board will temporarily increase to 18 members as we continue to execute on our succession plan for our long-serving non-executive directors and ensure effective transmission of knowledge. Female Board members will represent 33% of the new Board. We will continue to address age, tenure, skills and geographic representation on the Board.

On 31 March 2024, the Board will bid farewell to two long-serving and valued non-executive directors, Guillaume Pictet and Jean-Blaise Eckert. Clay Brendish and Maria Ramos, two other respected non-executive directors, have also indicated that they will step down from the Board of Directors on 31 March 2025 after 14 and 13 years of service, respectively. I wish to thank them all for their invaluable and much-appreciated contribution to the development of Richemont.

We have further strengthened our Senior Executive Committee ('SEC') with the appointments of Patricia Gandji, the Group's Chief People Officer and CEO of Regions, in November 2022 and Bérangère Ruchat, the Group's Chief Sustainability Officer, in February 2023. These appointments reaffirm the importance of people, and Environmental, Social and Governance ('ESG') matters across the Group.

The tender process to select the next Group's external auditor is progressing in a timely fashion to be completed in time for the 2025 AGM and our shareholders' approval.

Sustainability, a story of continuous improvement

Acknowledging the need to embed sustainability even more firmly in our governance and reinforce the integral nature and importance of this discipline, we nominated Mr Schot to the Board and appointed Dr Ruchat to the SEC. This year, further comprehensive change was also initiated across Group functions, regions and Maisons to fully integrate ESG principles into all Richemont strategic and operational decision-making processes.

Honouring our prior commitments, we have phased out PVC from our products and packaging by our target timeline and reached 97% use of renewable electricity, thus contributing to a healthier planet. Our other key milestones and full ambition are disclosed in our upcoming FY23 ESG Report.

I am pleased to confirm that the Group is recognised as an industry leader by independent authorities such as MSCI (AA rating), Carbon Disclosure Project (A- rating), Sustainalytics (among the top 7% of 20 000 rated companies) and the World's Best Employers by Forbes 2022.

Outlook

I would like to thank all my colleagues across the Group for their contribution to the excellent performance delivered with commitment, agility, creativity and responsibility. We have seen all our businesses improve and have further progressed in our crucial digital and sustainability roadmaps. This year has seen a re-affirmation of the relevance of our strategy to build brand equity over the long term, and to do so in a responsible and creative manner.

Economic volatility and political uncertainty look set to remain features of the trading environment. The Group will therefore seek to maintain the necessary agility to manage fluctuating levels of demand. I am confident that our Maisons are well positioned to meet strong demand, notably driven by a significant resumption of Chinese travel. Richemont is fortunate to own such a unique portfolio of Maisons with excellent long-term prospects.

Johann Rupert
Chairman

Compagnie Financière Richemont SA