

# RICHEMONT

## COMPANY ANNOUNCEMENT 17 MAY 2019

### RICHEMONT ANNOUNCES ITS AUDITED CONSOLIDATED RESULTS AND PROPOSED DIVIDEND FOR THE YEAR ENDED 31 MARCH 2019

#### Financial highlights

- YOOX NET-A-PORTER GROUP (YNAP) and Watchfinder & Co. (Watchfinder) consolidated in the Group's accounts since 1 May and 1 June 2018, respectively, as Online Distributors
- Group sales increased by 27% at actual and constant exchange rates to € 13 989 million
- Excluding YNAP and Watchfinder, sales rose by 8% at actual and constant exchange rates
  - Growth in all business areas and most regions
  - Double digit progression in Asia Pacific and the Americas
  - Double digit increases in the directly operated boutiques of Jewellery Maisons and Specialist Watchmakers
- Operating profit grew by 5% to € 1 943 million; excluding the impact of Online Distributors and one-time net charges of € 118 million, the operating margin increased to 19.5%
- Profit for the year rose to € 2 787 million including a post-tax non-cash gain of € 1 378 million on the revaluation of YNAP shares held prior to tender offer
- Net cash position of € 2 528 million
- Proposed dividend of CHF 2.00 per 1 A share/10 B shares, an increase of 5%

#### Key financial data (audited)

	For year ended 31 March		
	2019	2018*	Change
Sales	<b>€ 13 989 m</b>	€ 11 013 m	+27%
Gross profit	<b>€ 8 645 m</b>	€ 7 184 m	+20%
Gross margin	<b>61.8%</b>	65.2%	-340 bps
Operating profit	<b>€ 1 943 m</b>	€ 1 844 m	+5%
Operating margin	<b>13.9%</b>	16.7%	-280 bps
Profit for the year	<b>€ 2 787 m</b>	€ 1 221 m	+128%
Earnings per A share/10 B shares, diluted basis	<b>€ 4.927</b>	€ 2.158	+128%
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Cash flow generated from operations	<b>€ 2 331 m</b>	€ 2 723 m	-€ 392 m
Net cash position	<b>€ 2 528 m</b>	€ 5 269 m	-€ 2 741 m

\* Prior year comparatives have been re-presented to include royalty income received within total sales.

# Chairman's commentary

## Overview of results

The year under review has been one of transition and consolidation. We have continued our transformation journey with the successful tender offer on the shares we did not already own in YOOX NET-A-PORTER GROUP (YNAP), the leading global online luxury and fashion retailer, and the acquisition of Watchfinder & Co. (Watchfinder), a leading omni-channel platform for premium pre-owned timepieces.

In a relatively supportive environment, sales increased by 27% at actual and constant exchange rates, reflecting growth across all business areas and distribution channels. Excluding YNAP and Watchfinder - collectively referred to as our 'Online Distributors' - sales for the period grew by 8% at both actual and constant exchange rates. Jewellery Maisons and the retail channel posted the strongest performance. Most of our markets were in positive territory, led by double digit increases in the US and in all the main markets of Asia Pacific.

Across the business areas, we are starting to see the benefits of recent initiatives targeting the qualitative improvement of our distribution network, the right-sizing of watch inventories at our multi-brand retail partners, and the adjustment of supply to the true level of end-customer demand.

The Jewellery Maisons performed strongly. Cartier benefited from the successful launch of the rejuvenated iconic '*Santos de Cartier*' watch line, and the enduring appeal of its jewellery collections, notably '*Juste un Clou*'. The unveiling of the new jewellery collection '*Clash de Cartier*' in April 2019 illustrates the Maison's unrelenting creativity. Van Cleef & Arpels celebrated the 50<sup>th</sup> anniversary of its emblematic '*Alhambra*' collection with much success, and continued to enrich its jewellery offer, notably with additional '*Frivole*' creations.

The Specialist Watchmakers have shown good progress, with double digit growth in sales in their directly operated stores. The Maisons generally enjoyed strong retail performance, with Vacheron Constantin, Jaeger-LeCoultre and IWC being particularly noteworthy. By shifting to a business model in which supply is matched to end-customer demand and sales are increasingly generated in mono-brand stores, online or with fewer but stronger multi-brand retail partners, we are confident that our Specialist Watchmakers are laying a solid foundation for sound and sustainable growth.

We have worked on integrating the Online Distributors which have joined the Group this year. A compelling go-to destination for online luxury and fashion, YNAP increased sales at a double digit rate. We have also defined a multi-year integration roadmap with a view to developing robust omnichannel capabilities for our Maisons. Last October, we announced the intention to establish a joint venture with Alibaba Group to extend the in-season offerings of YNAP to Chinese consumers; the discussions are progressing. Watchfinder has delivered satisfactory performance, building on its leading position in the UK market. Its internationalisation has begun, with an initial market entry in France.

Our Maisons grouped under 'Other' have delivered varied performances. All Maisons saw higher sales, led by Montblanc and Peter Millar. Chloé and Alfred Dunhill increased sales with encouraging early results for the new Chloé leather offer and for Alfred Dunhill's latest product offerings; challenges nonetheless remain. The Fashion & Accessories Maisons' focus is now on improving sell-through and cash flow, developing capabilities in leather goods and increasing their digital reach.

Profit for the year rose by 128% to € 2 787 million, mainly due to a post-tax non-cash accounting gain of € 1 378 million on the revaluation of the YNAP shares held before the tender offer. Net cash totalled € 2 528 million at 31 March 2019.

## Dividend

Reflecting the performance seen during the year, the Board has proposed a dividend of CHF 2.00 per share, up from CHF 1.90 per share last year.

## Annual General Meeting and Senior Executive Committee

At last year's Annual General Meeting in September 2018, the shareholders of Compagnie Financière Richemont SA elected Ms Sophie Guieysse as a new director to the Board.

Board Committee composition was also strengthened with the appointment of two additional non-executive directors: Dr Keyu Jin joined the Compensation Committee and Dr Vesna Nevistic was appointed to the Audit Committee.

No further changes to the Board of Compagnie Financière Richemont SA have been proposed this year.

Mr Jérôme Lambert was appointed to the role of Group Chief Executive Officer in September 2018.

## Outlook

We are determined to ensure that our unique Maisons remain attractive and compelling both with the timeless and unique creations they design, craft and sell as well as the way they engage with clients through memorable service and experiences, in both the physical and digital worlds.

We will continue to encourage an innovative and entrepreneurial mindset among our colleagues. We will foster a collaborative and inclusive working environment where talent thrives and sustainability is embedded across all our operations.

In today's uncertain environment, the strength of our balance sheet and the agility, creativity and skills of our 33 800 employees allow us to remain confident in our ability to achieve our long term ambitions. I am truly grateful for their passion, integrity and commitment.

**Johann Rupert**  
Chairman

Compagnie Financière Richemont SA  
Geneva, 17 May 2019

# Financial review

The results of YNAP and Watchfinder have been included in the Group's financial statements with effect from 1 May and 1 June 2018, respectively. They are grouped under the business area Online Distributors. The acquisition and first-time consolidation of Online Distributors has had a material impact on sales, operating profit, cash flow and net cash.

Online retail regroups the sales of YNAP as well as the online sales portion of both Watchfinder and the Group's Maisons. Retail now only incorporates sales from the Group's directly operated boutiques.

## Sales

Sales for the year increased by 27% at actual and constant exchange rates.

Excluding YNAP and Watchfinder, sales for the year rose by 8% at constant exchange rates, with all regions showing growth with the exception of the Middle East and Africa. Asia Pacific and the Americas posted double digit sales increases driven by mainland China, Hong Kong, Korea and the US.

The 8% growth at constant exchange rates in the Group's directly operated boutiques was driven by solid jewellery and watch sales. The 7% increase in wholesale sales reflected successful watch launches and favourable comparatives. Excluding the prior year's € 203 million watch inventory buy-backs from multi-brand retail partners, wholesale sales were moderately up on prior year at constant exchange rates.

Further details on sales by region, distribution channel and business area are given under Review of Operations.

## Gross profit

Gross profit grew by 20% to € 8 645 million. The consolidation of Online Distributors has contributed to the increase in gross profit but has diluted the Group's gross margin to 61.8% compared to 65.2% a year ago.

Excluding Online Distributors, gross margin improved by 110 basis points to 66.3%, driven by manufacturing efficiency gains, a larger share of retail, both online and offline, and a relatively weaker Swiss franc.

## Operating profit

Operating profit rose by 5% to € 1 943 million. Excluding one-time net charges of respectively € 118 million in the year under review and € 208 million in the prior year, as well as this year's first time consolidation of Online Distributors, operating profit for the year would have increased by 13%. The current year's one-time charges primarily relate to previous year's inventory buy-backs and portfolio transactions. Operating margin amounted to 13.9% compared to 16.7% a year ago. Excluding the consolidation of YNAP and Watchfinder, and the before mentioned one-time net charges, operating margin improved to 19.5%.

Net operating expenses increased by 26% on a reported basis. Excluding Online Distributors and the above mentioned charges, operating expense growth was limited to 7%.

The 11% growth in selling and distribution expenses was largely attributable to the consolidation of Online Distributors and also reflected the accelerated renovation of our global distribution network. Communication expenses rose by 21% to represent 9.6% of Group sales, reflecting the consolidation of Online Distributors and higher communication investments at the Jewellery Maisons. Fulfilment expenses of € 229 million at the Online Distributors were recorded in the year. Administrative expenses grew by 36%, mainly driven by the first-time consolidation of the Online Distributors and, at the Group's Maisons, by continued expenditure in IT and digital initiatives. Other operating expenses amounted to € 280 million, primarily driven by amortisation of intangibles arising on acquisition, and by the previously mentioned acquisition and disposal-related charges.

## Profit for the year

Profit for the year rose by 128% to € 2 787 million. This increase reflected a € 1 378 million post-tax non-cash accounting gain on the revaluation of the YNAP shares held prior to the tender offer. Excluding this amount, profit for the period grew by 15%, primarily driven by a higher operating profit. Net finance costs, at € 183 million, were € 33 million higher than the prior year as they included € 69 million of interest expense relating to the corporate bond issued in March 2018.

Earnings per share (1 A share/10 B shares) increased by 128% to € 4.927 on a diluted basis.

To comply with the South African JSE Limited Listings Requirements of providing headline earnings per share ('HEPS') data, the relevant figure for headline earnings for the year ended 31 March 2019 was € 1 467 million (2018: € 1 339 million). Basic HEPS for the year was € 2.600 (2018: € 2.373), diluted HEPS for the year was € 2.596 (2018: € 2.367). Further details regarding earnings per share and HEPS, including an itemised reconciliation, may be found in note 29 of the Group's consolidated financial statements.

## Cash flow

Cash flow generated from operating activities decreased by € 392 million to € 2 331 million. The reduction reflected a € 764 million increase in working capital requirements which was primarily related to lower creditors - following the use of credit notes granted as part of the prior year's inventory buy-back programme - and higher inventories both at the Group's Maisons and Online Distributors.

Net investment in tangible fixed assets amounted to € 633 million. This predominantly reflected investments in the renovation and relocation of existing boutiques in the Maisons' store network and increased investment in IT systems as well as YNAP's and the Group's logistic platforms.

The 2018 dividend of CHF 1.90 per share (1 A share/10 B shares) was paid to shareholders and to South African Depository Receipt holders, net of withholding tax, in September 2018. The overall dividend cash outflow in the period amounted to € 926 million (2017: € 918 million).

During the year under review, the Group acquired some 2.3 million 'A' shares to hedge commitments under its executive share option plan. The cost of these purchases, which was partly offset by proceeds from the exercise of share options by executives and other activities linked to the currency hedging programme, led to a net cash outflow of € 74 million.

### Balance sheet

Following the acquisition of Online Distributors, inventories increased by € 1 243 million to € 6 186 million (2018: € 4 943 million) as at 31 March 2019. They represented 17.7 months of cost of sales (2018: 20.8 months), an improvement of 3.1 months compared to the prior year. Excluding Online Distributors, inventories rose by 7% and represented 21.1 months of cost of sales.

At 31 March 2019, the Group's net cash position amounted to € 2 528 million (2018: € 5 269 million). Most of the decrease versus the prior year can be attributed to the completion of the YNAP and Watchfinder acquisitions (altogether € 2 894 million). The Group's net cash position includes highly liquid, highly rated money market funds, short-term bank deposits and short-duration bond funds, primarily denominated in Swiss francs, euros and US dollars.

At 61%, shareholders' equity represented a higher share of total equity and liabilities compared to the prior year (2018: 57%).

### Acquisition of the YOOX NET-A-PORTER GROUP

In March 2018, Richemont launched a voluntary tender offer for all issued and to be issued ordinary shares of YNAP that the Group or its affiliates did not already own. On 10 May 2018, Richemont announced that the offer had become unconditional. During May and June, control of all of the remaining shares was obtained and on 20 June 2018, the delisting of YNAP from the Milan Stock Exchange became effective.

Richemont has booked a post-tax non-cash accounting gain of € 1 378 million on its 49% equity-accounted interest in YNAP within 'Share of equity-accounted investments' results' in its financial statements. The gain was generated by the differential between the fair value of Richemont's stake immediately before acquisition and the € 1 097 million carrying value at the same date.

The completion of the YNAP acquisition has resulted in the recognition of a € 2 877 million goodwill. In addition, intangible assets amounting to € 2 434 million were recognised following completion of the acquisition accounting. The goodwill balance, which is subject to annual impairment testing, has led to no impairment for the year ended March 2019. The intangible assets are amortised on a straight line basis with useful life from 3 to 20 years, resulting in an amortisation charge of € 158 million for the year under review.

### Proposed dividend

The Board has proposed a dividend of CHF 2.00 per A share/10 B shares.

The dividend will be paid as follows:

	Gross dividend per 1A share/10 B shares	Swiss withholding tax @ 35%	Net payable per 1A share/10 B shares
Dividend	CHF 2.00	CHF 0.70	CHF 1.30

The dividend will be payable following the Annual General Meeting which is scheduled to take place in Geneva on Wednesday, 11 September 2019.

The last day to trade Richemont 'A' shares and Richemont South African Depository Receipts cum-dividend will be Tuesday, 17 September 2019. Both will trade ex-dividend from Wednesday, 18 September 2019.

The dividend on the Compagnie Financière Richemont SA 'A' shares will be paid on Friday, 20 September 2019. The dividend in respect of the 'A' shares is payable in Swiss francs.

The dividend in respect of Richemont South African Depository Receipts will be payable on Thursday, 26 September 2019. The South African Depository Receipt dividend is payable in rand to residents of the South African Common Monetary Area ('CMA') but may, dependent upon residence status, be payable in Swiss francs to non-CMA residents. Further details regarding the dividend payable to South African Depository Receipt holders may be found in a separate announcement dated 17 May 2019 on SENS, the Johannesburg stock exchange news service.

# Review of operations

## Sales by region

in € millions	Movement at:			
	31 March 2019	31 March 2018 re-presented*	Constant exchange rates**	Actual exchange rates
Europe	<b>4 118</b>	3 019	+37%	+36%
Asia Pacific	<b>5 243</b>	4 352	+20%	+20%
Americas	<b>2 551</b>	1 806	+40%	+41%
Japan	<b>1 148</b>	980	+16%	+17%
Middle East and Africa	<b>929</b>	856	+8%	+9%
	<b>13 989</b>	11 013	+27%	+27%

\* Prior year comparatives have been re-presented to include royalty income received within total sales

\*\* Movements at constant exchange rates are calculated by 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 2018

The following comments on Group sales refer to year-on-year movements at constant exchange rates unless otherwise stated.

### Europe

Sales in Europe grew by 37%, supported by the first-time consolidation of YNAP and Watchfinder which have a strong presence in Europe. The region accounted for 29% of Group sales compared to 27% a year ago.

Excluding Online Distributors, sales in the region increased by 1%, reflecting further optimisation of the wholesale distribution network, the disposal of Lancel in June 2018 and social unrest in France, which led to temporary store closures. Performance was varied in terms of countries and channels. Sales were in line with prior year in the United Kingdom; they progressed in Switzerland and, to a lesser extent, in France. Wholesale sales decreased moderately whilst retail sales grew low-single digit. Sales' growth was driven by the Jewellery Maisons and, to a lesser extent, by the Specialist Watchmakers.

### Asia Pacific

Sales in Asia Pacific, which accounted for 38% of Group sales, posted a 20% growth.

Excluding Online Distributors, sales in the region were 14% higher. This performance was broad based, driven by double digit growth in all main markets, including mainland China and Hong Kong. The retail channel, supported by 20 net new store openings, as well as the wholesale channel registered double digit growth, driven by strong performances at the Jewellery Maisons and Specialist Watchmakers.

### Americas

Sales in the Americas grew by 40%, benefiting from the inclusion of YNAP, which has a strong sales base in the US. The region's contribution to Group sales therefore increased to 18%, compared to 16% a year ago.

Excluding Online Distributors, sales progressed by 11%, sustained by double digit increases in all business areas. All channels enjoyed growth, led by retail.

### Japan

Sales in Japan progressed by 16%. Excluding Online Distributors, sales increased by 8%, benefiting from higher purchases from the domestic and tourist clientele. All business areas and distribution channels registered higher sales, led by double digit growth at the Specialist Watchmakers and high single digit growth at the Jewellery Maisons.

Japan accounted for 8% of Group sales, compared to 9% in the prior year.

### Middle East and Africa

Sales in the Middle East and Africa increased by 8%. Excluding Online Distributors, sales in the region decreased by 2%, as the wholesale distribution network was further optimised and currency movements continued to be relatively unfavourable. Growth at the Jewellery Maisons and the Fashion & Accessories Maisons, driven by local spending and internalisation of stores, partly mitigated a contraction in sales at the Specialist Watchmakers.

Middle East and Africa represented 7% of Group sales, compared to 8% a year ago.

## Sales by distribution channel

		Movement at:		
in € millions	31 March 2019	31 March 2018 re-presented*	Constant exchange rates**	Actual exchange rates
Retail	<b>7 320</b>	6 758	+8%	+8%
Online retail	<b>2 262</b>	156	n/a	n/a
Wholesale	<b>4 368</b>	4 065	+7%	+7%
Royalty income	<b>39</b>	34	+15%	+15%
	<b>13 989</b>	11 013	+27%	+27%

\* Prior year comparatives have been re-presented to include royalty income received within total sales

\*\* Movements at constant exchange rates are calculated by 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 2018

The following comments on Group sales refer to year-on-year movements at constant exchange rates unless otherwise stated.

### Retail

The 8% retail sales growth was driven by double digit increases at Jewellery Maisons and Specialist Watchmakers, notwithstanding temporary store closures in France and the Group's divestment of Lancel. Retail sales benefited from the reopening of a number of renovated stores, the full year impact of the internalisation of external points of sales in the Middle East in late calendar year 2017 and the first-time consolidation of Watchfinder stores.

All regions experienced growth, with double digit increases in Asia Pacific and the Americas.

The Maisons' 1 099 directly operated boutiques contributed 53% of Group sales, compared to 61% in the prior year. The lower contribution reflected the inclusion of the new distribution channel, online retail, as detailed hereafter.

### Online retail

This newly reported distribution channel regroups all sales of YNAP (from May 2018 onwards) and the online sales portion of both Watchfinder (from June 2018 onwards) and the Group's Maisons.

Online retail accounted for 16% of Group sales.

### Wholesale

The Group's wholesale business, which includes sales to franchise partners and multi-brand retail partners, posted a 7% sales increase. The performance was contrasted between regions, with Asia Pacific and Japan registering double digit increases, while Europe and the Middle East and Africa registered lower sales.

All business areas generated higher wholesale sales. At the Specialist Watchmakers, the non-recurrence of the prior year's inventory watch buy-backs provisioned in March 2018 mitigated the impact of the ongoing focus on aligning sell-in with sell-out and the continued qualitative optimisation of the watch wholesale network.

The contribution of the Group's wholesale channel accounted for 31% of Group sales, compared to 37% a year ago, impacted by the first-time presentation of the new online retail sales channel.



## Sales and operating results by segment

### Jewellery Maisons

in € millions	31 March 2019	31 March 2018	Change
Sales	<b>7 083</b>	6 452	+10%
Operating results	<b>2 229</b>	1 926	+16%
Operating margin	<b>31.5%</b>	29.9%	+160 bps

At actual exchange rates, the 10% sales progression at Cartier and Van Cleef & Arpels was underpinned by double digit growth in jewellery and watches. Jewellery sales were supported by the continued success of the iconic *Love* and *Juste un Clou* collections at Cartier, and emblematic *Alhambra* and *Perlée* collections at Van Cleef & Arpels. Watch sales benefited from the successful launch of the rejuvenated *Santos de Cartier* and from the enduring appeal of both the Cartier *Panthère* and Van Cleef & Arpels' *Poetic Complications* watch collections. Performances in the Americas and Asia Pacific were strong.

Operating results increased by 16% compared to the prior year. The € 303 million improvement primarily reflected higher sales, continued manufacturing efficiency gains and good cost control. The Jewellery Maisons accelerated investments in both store renovations and communication initiatives. These investments included the renovation of the Cartier flagship store in London New Bond Street, the relocation of the Van Cleef & Arpels IFC Pudong store in Shanghai, the new Cartier corporate campaign and the Van Cleef & Arpels campaign celebrating *Alhambra's* 50<sup>th</sup> anniversary. Operating margin gained 160 basis points to 31.5%.

### Specialist Watchmakers

in € millions	31 March 2019	31 March 2018	Change
Sales	<b>2 980</b>	2 714	+10%
Operating results	<b>378</b>	262	+44%
Operating margin	<b>12.7%</b>	9.7%	+300 bps

The 10% growth in Specialist Watchmakers' sales compared to the prior year was broad based, with nearly all Maisons enjoying higher sales. Regionally, performance was varied, with Asia Pacific, Japan and the Americas showing the strongest momentum. Sales in the Specialist Watchmakers' directly operated boutiques enjoyed a double digit increase with notable performances from Vacheron Constantin, Jaeger-LeCoultre and IWC. The high single digit growth in wholesale sales is largely explained by the non-recurrence of last year's inventory buy-backs, which offset the impact of ongoing control of sell-in and distribution optimisation initiatives. Excluding last year's inventory buy-backs, wholesale sales contracted slightly.

Higher sales, a larger share of retail, the non-recurrence of the prior year's inventory buy-backs, manufacturing efficiencies and good cost control led to a 44% increase in the operating results to € 378 million, notwithstanding stock provisions linked to the physical returns of inventory buy-backs. Consequently, the operating margin for the period rose 300 basis points to 12.7%.

### Online Distributors

in € millions	31 March 2019	31 March 2018	Change
Sales	<b>2 105</b>	-	n/a
Operating results	<b>(264)</b>	-	n/a
Operating margin	<b>-12.5%</b>	-	n/a

Sales of Richemont Maisons' products through YNAP are reported under both the Maisons and YNAP, for business area reporting purposes. In Group sales, these are eliminated as Intersegment sales. Sales for YNAP and Watchfinder related to the period from 1 May and 1 June 2018, respectively.

Online Distributors generated a double digit increase in sales. At YNAP, all business lines and regions experienced double digit growth. At Watchfinder, persisting uncertainty around Brexit and the temporary closure of its London Royal Exchange flagship store for renovation led to a single digit growth in sales.

Overall, Online Distributors recorded a € 264 million operating loss, including a € 165 million amortisation of intangible assets recognised on acquisition. Operating results reflected an increase in operating expenses, mostly linked to THE OUTNET and MR PORTER's global technology and logistics platform migration. On an EBITDA basis, the business area was slightly contributive.

## Other

in € millions	31 March 2019	31 March 2018	Change
Sales	<b>1 881</b>	1 847	+2%
Operating results	<b>(100)</b>	(65)	n/a
Operating margin	<b>-5.3%</b>	-3.5%	n/a

‘Other’ includes the Group’s Fashion & Accessories businesses, its watch component manufacturing and real estate activities.

Sales for the Other business area were 2% higher than the prior year. Excluding the impact of Lancel and Shanghai Tang (divested in June 2018 and July 2017 respectively), Fashion & Accessories’ sales rose by 5% with growth across all Maisons, and noteworthy performances from Montblanc and Peter Millar. All regions showed growth, with the Americas posting a double digit increase in sales.

In the year under review, operating results included one-time net charges of € 58 million (FY18: € 37 million net charges), primarily relating to the disposal of Lancel. Excluding one-time items in both years, operating losses amounted to € 42 million in the current year and € 28 million in the prior year.

## Corporate costs

in € millions	31 March 2019	31 March 2018	Change
Corporate costs	<b>(302)</b>	(279)	+8%
Central functions	<b>(245)</b>	(233)	+5%
Other operating expense, net	<b>(57)</b>	(46)	+24%

Corporate costs represent the costs of central management, marketing support and other central functions (collectively central functions), as well as other expenses and income which are not allocated to specific business areas. The majority of corporate costs are incurred in Switzerland. Excluding transaction costs relating to portfolio investments, corporate costs grew by 7%.

The Group’s consolidated financial statements of comprehensive income, cash flows and financial position are presented in Appendix 1. Richemont’s audited consolidated financial statements for the year may be found on the Group’s website at [www.richemont.com/investor-relations/reports](http://www.richemont.com/investor-relations/reports)

**Jérôme Lambert**  
Chief Executive Officer

**Burkhardt Grund**  
Chief Finance Officer



# Presentation

The results will be presented via a live webcast on 17 May 2019, starting at 09:30 (CEST). The direct link is available from 07:30 (CEST) at: [www.richemont.com](http://www.richemont.com). The presentation may be viewed using a mobile device.

- Live telephone connection: call one of these numbers 10 minutes before the start of the presentation:
  - Europe +41 58 310 50 00
  - USA +1 631 570 5613
  - UK +44 207 107 0613
  - South Africa +27 11 589 8373 / 0800 992 635 (toll free)
- An archive of the audio webcast will be available at 15:00 (CEST) the same day from:
  - [www.richemont.com/investor-relations/results-presentations](http://www.richemont.com/investor-relations/results-presentations)
- A transcript of the webcast will be available at 15:00 (CEST) on 21 May 2019 from:
  - [www.richemont.com/investor-relations/results-presentations](http://www.richemont.com/investor-relations/results-presentations)

## Statutory information

- The Richemont 2019 Annual Report will be published on 29 May 2019 and will be available for download from the Group's website at [www.richemont.com/investor-relations/reports](http://www.richemont.com/investor-relations/reports). Copies may be obtained from the Company's registered office or by contacting the Company via the website at [www.richemont.com/about-richemont/contact](http://www.richemont.com/about-richemont/contact)

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## 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 Cartier and Van Cleef & Arpels; Specialist Watchmakers, namely A. Lange & Söhne, Baume & Mercier, IWC Schaffhausen, Jaeger-LeCoultre, Officine 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 Alfred Dunhill, Azzedine Alaïa, Chloé, Montblanc and Peter Millar.

‘A’ shares issued by Compagnie Financière Richemont SA are listed and traded on SIX Swiss Exchange, the Company’s primary listing, (Reuters ‘CFR.VX’/Bloomberg ‘CFR:VX’/ISIN CH0210483332) and are included in the Swiss Market Index (‘SMI’) of leading stocks. The Swiss ‘Valorennummer’ is 21048333. Richemont’s ‘A’ shares are registered. The share register is managed by Computershare Schweiz AG, the registrar.

South African depository receipts in respect of Richemont ‘A’ shares are traded on the Johannesburg stock exchange operated by JSE Limited, the Company’s secondary listing (Reuters ‘CFRJ.J’/Bloomberg ‘CFR:SJ’/ISIN CH0045159024).

## Disclaimer

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.

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# Appendix 1

## Consolidated statement of comprehensive income for the year ended 31 March

	2019 €m	2018 re-presented* €m
Revenue	13 989	11 013
Cost of sales	(5 344)	(3 829)
Gross profit	8 645	7 184
Selling and distribution expenses	(3 433)	(3 094)
Communication expenses	(1 338)	(1 106)
Fulfilment expenses	(229)	–
Administrative expenses	(1 422)	(1 047)
Other operating (expense)/income	(280)	(93)
Operating profit	1 943	1 844
Finance costs	(294)	(335)
Finance income	111	185
Share of post-tax results of equity-accounted investments	1 408	(41)
Profit before taxation	3 168	1 653
Taxation	(381)	(432)
Profit for the year	2 787	1 221
Other comprehensive income:		
Items that will never be reclassified to profit or loss		
Defined benefit plan actuarial gain/(losses)	15	32
Tax on defined benefit plan actuarial losses	(3)	(7)
Fair value changes on financial assets held at fair value through other comprehensive income	(72)	–
Share of other comprehensive income of equity-accounted investments	–	–
	(60)	25
Items that are or may be reclassified subsequently to profit or loss		
Currency translation adjustments		
– movement in the year	670	(1 063)
– reclassification to profit or loss	3	(49)
Cash flow hedging		
– loss on cash flow hedging, net of tax	–	(44)
– reclassification to profit or loss, net of tax	3	–
Share of other comprehensive income of equity-accounted investments	1	(10)
	677	(1 166)
Other comprehensive income, net of tax	617	(1 141)
Total comprehensive income	3 404	80
Profit attributable to:		
Owners of the parent company	2 784	1 221
Non-controlling interests	3	–
	2 787	1 221
Total comprehensive income attributable to:		
Owners of the parent company	3 400	80
Non-controlling interests	4	–
	3 404	80
Earnings per A share/10 B shares attributable to owners of the parent company during the year (expressed in € per share)		
From profit for the year		
Basic	4.934	2.164
Diluted	4.927	2.158

\*Prior year comparatives have been re-presented to include royalty income received within total revenue (previously presented within other income/(expenses))

## Consolidated statement of cash flow for the year ended 31 March

	2019 €m	2018 €m
Operating profit	<b>1 943</b>	1 844
Depreciation of property, plant and equipment	<b>482</b>	454
Depreciation of investment property	<b>4</b>	2
Amortisation of other intangible assets	<b>326</b>	83
Impairment of property, plant and equipment	<b>1</b>	–
Loss on disposal of property, plant and equipment	<b>6</b>	13
Loss on disposal of intangible assets	<b>1</b>	5
Increase in long-term provisions	<b>15</b>	14
Increase in retirement benefit obligations	<b>12</b>	6
Non-cash items	<b>71</b>	68
(Increase)/decrease in inventories	<b>(278)</b>	16
(Increase)/decrease in trade receivables	<b>(53)</b>	3
Decrease/(increase) in other receivables and prepayments	<b>24</b>	(80)
(Decrease)/increase in current liabilities	<b>(99)</b>	318
Increase in long-term liabilities	<b>4</b>	17
Decrease in derivative financial instruments	<b>(128)</b>	(40)
Cash flow generated from operations	<b>2 331</b>	2 723
Interest received	<b>90</b>	72
Interest paid	<b>(139)</b>	(68)
Dividends from equity-accounted investments	<b>37</b>	3
Dividends from other investments	<b>13</b>	–
Taxation paid	<b>(306)</b>	(346)
Net cash generated from operating activities	<b>2 026</b>	2 384
<b>Cash flows from investing activities</b>		
Acquisition of subsidiary undertakings and other businesses, net of cash acquired	<b>(2 650)</b>	(113)
Proceeds from disposal of subsidiary undertakings, net of cash	<b>(44)</b>	(14)
Acquisition of equity-accounted investments	<b>–</b>	(64)
Proceeds from disposal of, and capital distributions from, equity-accounted investments	<b>21</b>	19
Acquisition of property, plant and equipment	<b>(657)</b>	(444)
Proceeds from disposal of property, plant and equipment	<b>24</b>	8
Acquisition of intangible assets	<b>(169)</b>	(43)
Proceeds from disposal of intangible assets	<b>4</b>	9
Acquisition of investment property	<b>(63)</b>	(213)
Investment in money market and externally managed funds	<b>(6 177)</b>	(6 832)
Proceeds from disposal of money market and externally managed funds	<b>6 892</b>	4 999
Acquisition of other non-current assets	<b>(44)</b>	(631)
Proceeds from disposal of other non-current assets and investments	<b>25</b>	20
Net cash used in investing activities	<b>(2 838)</b>	(3 299)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	<b>11</b>	3 992
Corporate bond issue transaction costs	<b>–</b>	(17)
Settlement of cash flow hedging derivative instrument	<b>–</b>	(55)
Repayment of borrowings	<b>(323)</b>	(82)
Dividends paid	<b>(926)</b>	(918)
Acquisition of treasury shares	<b>(180)</b>	(141)
Proceeds from sale of treasury shares	<b>106</b>	70
Contributions received from non-controlling interests	<b>57</b>	6
Acquisition of non-controlling interests in a subsidiary	<b>(195)</b>	–
Capital element of finance lease payments	<b>(6)</b>	(2)
Net cash used in financing activities	<b>(1 456)</b>	2 853
<b>Net change in cash and cash equivalents</b>	<b>(2 268)</b>	<b>1 938</b>
Cash and cash equivalents at the beginning of the year	<b>4 504</b>	2 765
Exchange gains/(losses) on cash and cash equivalents	<b>111</b>	(199)
<b>Cash and cash equivalents at the end of the year</b>	<b>2 347</b>	<b>4 504</b>

## Consolidated balance sheet at 31 March

	2019 €m	2018 re-presented* €m
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	2 728	2 325
Goodwill	3 354	297
Other intangible assets	2 757	370
Investment property	282	222
Equity-accounted investments	182	1 308
Deferred income tax assets	594	604
Financial assets held at fair value through profit or loss	10	447
Financial assets held at fair value through other comprehensive income	378	–
Other non-current assets	476	401
	<b>10 761</b>	<b>5 974</b>
<b>Current assets</b>		
Inventories	6 186	4 943
Trade receivables and other current assets	1 470	1 240
Derivative financial instruments	15	18
Financial assets held at fair value through profit or loss	4 528	5 057
Assets of disposal group held for sale	19	19
Cash at bank and on hand	5 060	8 401
	<b>17 278</b>	<b>19 678</b>
<b>Total assets</b>	<b>28 039</b>	<b>25 652</b>
<b>Equity and liabilities</b>		
<b>Equity attributable to owners of the parent company</b>		
Share capital	334	334
Treasury shares	(560)	(520)
Hedge and share option reserves	324	302
Cumulative translation adjustment reserve	2 564	1 892
Retained earnings	14 289	12 623
	<b>16 951</b>	<b>14 631</b>
Non-controlling interests	88	7
<b>Total equity</b>	<b>17 039</b>	<b>14 638</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Borrowings	3 984	4 288
Deferred income tax liabilities	358	8
Employee benefit obligations	66	68
Provisions	65	73
Other long-term financial liabilities	224	168
	<b>4 697</b>	<b>4 605</b>
<b>Current liabilities</b>		
Trade and other payables	2 341	1 634
Current income tax liabilities	515	359
Borrowings	363	4
Derivative financial instruments	84	90
Provisions	287	406
Liabilities of disposal group held for sale	–	19
Bank overdraft	2 713	3 897
	<b>6 303</b>	<b>6 409</b>
<b>Total liabilities</b>	<b>11 000</b>	<b>11 014</b>
<b>Total equity and liabilities</b>	<b>28 039</b>	<b>25 652</b>

\*Prior year comparatives have been re-presented to include prepayments within Trade and other receivables (previously disclosed separately) and for certain reclassifications required following the adoption of IFRS 15 Revenue from contracts with customers. For further details, see note 2 to the annual consolidated financial statements.