RICHEMONT

Annual Report and Accounts 2019

Richemont is one of the world's leading luxury goods groups.

The Group's luxury goods interests encompass some of the most prestigious names in the industry, including Cartier, Van Cleef & Arpels, Piaget, Vacheron Constantin, Jaeger-LeCoultre, IWC and Montblanc.

Each of Our Maisons™ represents a proud tradition of style, quality and craftsmanship which Richemont is committed to preserving.

Cautionary statement regarding forward-looking statements

This document contains forward-looking statements as that term is defined in the United States Private Securities Litigation Reform Act of 1995. Words such as 'may', 'should', 'estimate', 'project', 'plan', 'believe', 'expect', 'anticipate', 'intend', 'potential', 'goal', 'strategy', 'target', 'will', 'seek' and similar expressions may identify forward-looking statements. Such forward-looking statements are not guarantees of future performance. 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 or to revise, any forward-looking statements.

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)

Online Distributors (€m)

Other (€m)

- 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%

Chairman's review

Johann Rupert, Chairman

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 50th 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 omni-channel 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

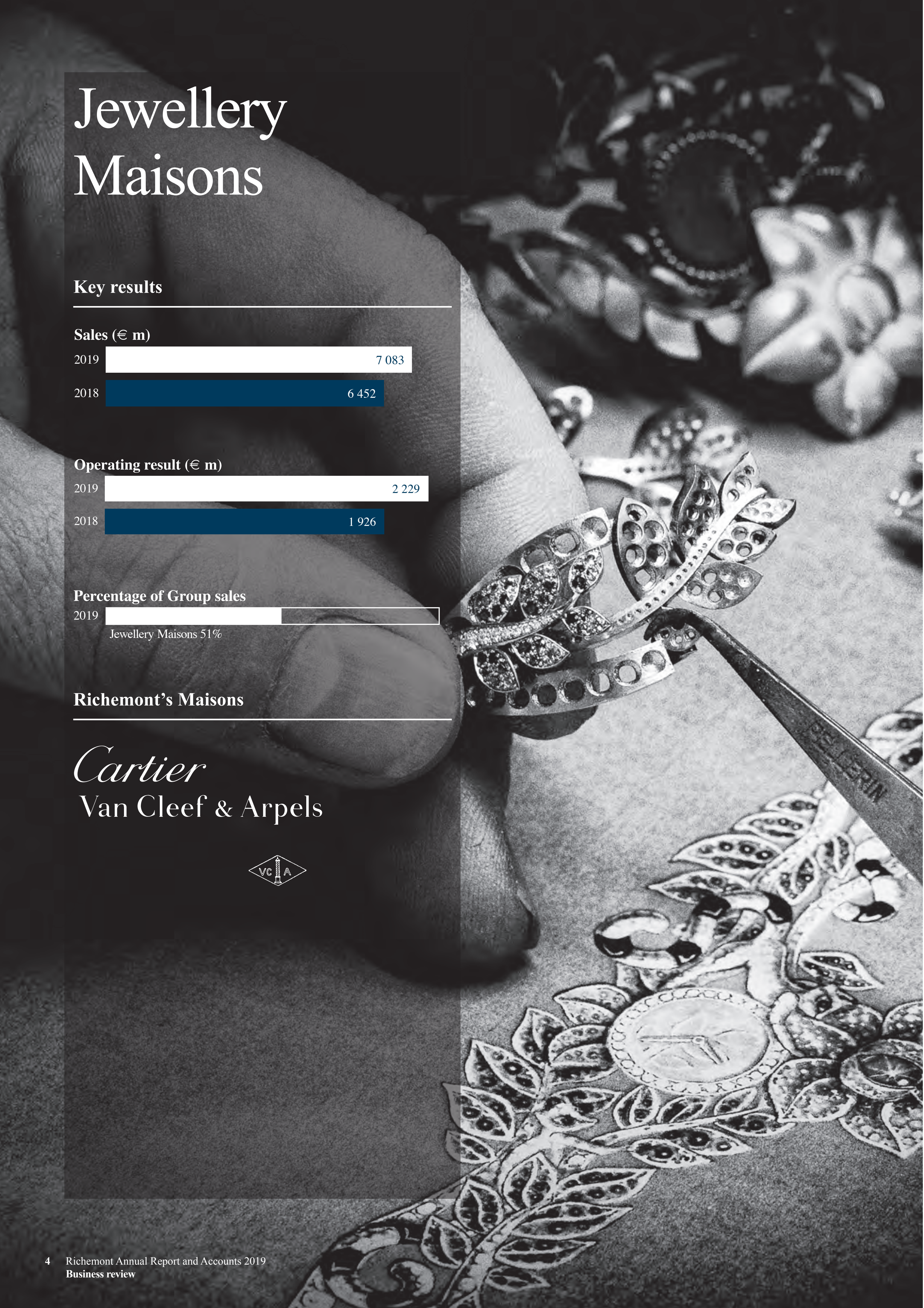
We are determined to ensure that our unique Maisons remain attractive and compelling both with the timeless and unique creations they design, craft and sell as well as the way they engage with clients through memorable service and experiences, in both the physical and digital worlds.

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 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



Jewellery Maisons

Key results

Sales (€ m)

2019 7 083

2018 6 452

Operating result (€ m)

2019 2 229

2018 1 926

Percentage of Group sales

2019

Jewellery Maisons 51%

Richemont's Maisons

Cartier

Van Cleef & Arpels

Cartier

Founded in 1847, Cartier is not only one of the most established names in the world of jewellery and watches, it is also the reference of true and timeless luxury. The Maison Cartier distinguishes itself by its mastery of all the unique skills and crafts used for the creation of a Cartier piece. Driven by a constant quest for excellence in design, innovation and expertise, the Maison has successfully managed over the years to stand in a unique and enviable position; that of a leader and pioneer in its field.

Bond Street boutique, London

- The excellence of Cartier craftsmanship was once again displayed with the launch of *Coloratura de Cartier*, the new High Jewellery collection.
- Cartier added an exceptional new range of leather goods to its collection – *Guirlande de Cartier*.

Showcased at a major international event in San Francisco, the watch collection *Santos de Cartier* was the key highlight at the beginning of the year, generating great coverage and commercial success.

In July, Cartier demonstrated the excellence of its craftsmanship with the launch of a new High Jewellery collection *Coloratura de Cartier*. Composed of more than 200 creations, the collection was unveiled in Paris and subsequently presented around the globe, including Beijing, Seoul and Riyadh.

In jewellery, Cartier continued to reach new heights, supported by the strong performance of iconic collections *Juste un Clou* and *Love*.

In December, Cartier successfully introduced its new leather goods collection *Guirlande de Cartier*, a feminine handbag based on the Maison's emblematic red box.

Cartier's desire to showcase its creations in the ultimate retail environment has been at the centre of the Maison's priorities. Revealed last year, the new Cartier store design concept was rolled out in 38 boutiques, including the New Bond Street 'temple' in London and the Peking Road flagship store in Hong Kong. To complement and support the appeal of its boutiques, Cartier has an e-commerce network made up of 20 versions of the Cartier website, tailored to the specific needs of local markets all over the world, including the People's Republic of China.

The Fondation Cartier pour l'art contemporain ('Fondation'), created in 1984, is a pioneering creative space for artists and a place where art and the public can meet. In 2018, the Fondation presented 'Freeing Architecture' by Japanese architect Junya Ishigami, the first large-scale solo show devoted to an architect by the Fondation. This was followed by 'Southern Geometries, from Mexico to Patagonia', celebrating the wealth of colour in the geometric art of Latin America. Abroad, the Shanghai Power Station of Arts exhibited a selection of 100 key works from the Fondation's collection.

In 2018, Cartier Philanthropy celebrated its fifth anniversary. Instituted to catalyse the Maison's philanthropic commitment to improve the livelihoods of the most vulnerable, Cartier Philanthropy focuses on the most excluded, in particular women and children living in the world's least developed regions.

In the year ahead, Cartier will unveil a new audacious jewellery collection and an outstanding High Jewellery collection. *Santos*, *Panthère* and *Baignoire de Cartier* will be the key highlights in watches. Major boutique openings in the coming year, featuring Cartier's new retail concept, will be New York Hudson Yards and Beijing China World, as well as in Shanghai and Hong Kong.

Cyrille Vigneron
Chief Executive

Established 1847 at
13 rue de la Paix, Paris, France
Chief Executive Officer Cyrille Vigneron
Finance Director François Lepercq
www.cartier.com

Van Cleef & Arpels

Created in 1906, Van Cleef & Arpels is a High Jewellery Maison embodying the values of creation and expertise. Each new jewellery and timepiece collection is inspired by the identity and heritage of the Maison and tells a story with a universal cultural background, a timeless meaning, and expresses a positive and poetic vision of life.

Van Cleef & Arpels on Place Vendôme, Paris

- The Maison celebrated the 50th anniversary of the iconic *Alhambra* jewellery collection.
- Major launches included the *Lucky Animals* collection and *Quatre Contes de Grimm* High Jewellery collection.
- During the year, the Maison continued to invest in its existing retail network, continually enriching its boutique concept.

In 2018, Van Cleef & Arpels' main highlights included the High Jewellery launch *Quatre Contes de Grimm* in Vienna, the 50th anniversary celebration of the iconic *Alhambra* collection, the *Lucky Animals* jewellery collection, and the continuous enrichment of the *Perlée* and *Frivole* collections as pillars of the Maison. The *Poetry of Time* universe was enriched with new models, notably presented at the first international watchmaking press event held by the Maison in Sharjah.

With a network of 133 stores worldwide, the Maison has built a well-balanced portfolio geographically. Retail distribution was reinforced through the opening of six new boutiques in key markets, including the US, the People's Republic of China, Australia and the United Arab Emirates. It also strengthened its partnerships by opening three new franchised retail stores in Switzerland, Qatar and Canada.

Van Cleef & Arpels continued to enhance its heritage dimension through the 'When elegance meets art' patrimonial exhibition in Beijing and reinforced its links with the world of culture and dance, notably with the fourth edition of the Fedora – Van Cleef & Arpels Prize for Ballet.

L'École des Arts Joailliers developed new classes, as well as creative workshops for children. It continued to promote the jewellery culture worldwide by travelling to Beijing, Tokyo and New York.

Van Cleef & Arpels kept strengthening its digital presence, reflecting the long-standing values of the Maison. Projects regarding e-communication, e-services and e-sales are developed continuously.

Human resources are at the heart of the Maison. The main focuses have been building sustainable teams, reinforcing expertise, promoting flexibility and adaptability of the organisation, ensuring that Van Cleef & Arpels' vision and values are understood at all levels.

The key moments of the year ahead will be the launch of *Treasure of rubies* High Jewellery collection in Thailand, the arrival of nomadic L'École in Dubai, and the opening of the patrimonial exhibition 'Van Cleef & Arpels: Time, Nature, Love' in Milan.

The network upgrade programme will continue with major projects like the renewal of the historic flagship on Place Vendôme, the renovation of both the Beverly Hills Rodeo Drive and Hong Kong Prince's Building stores, and the extension of the Shanghai Plaza 66 boutique.

Nicolas Bos
Chief Executive

Established 1906 at
20-22 Place Vendôme, Paris, France
Chief Executive Officer Nicolas Bos
Finance Director Christophe Grenier
www.vancleefarpels.com

Specialist Watchmakers

Key results

Sales (€ m)

Year	Sales (€ m)
2019	2 980
2018	2 714

Operating result (€ m)

Year	Operating result (€ m)
2019	378
2018	262

Percentage of Group sales

2019

Specialist Watchmakers 21%

Richemont's Maisons

A. Lange & Söhne Glashütte I/SA

Panerai

Baume & Mercier Maison d'Horlogerie Genève 1830

Piaget

IWC Schaffhausen

Roger Dubuis

Jaeger-LeCoultre

Vacheron Constantin Manufacture Horlogère, Genève, depuis 1755.

A. Lange & Söhne creates outstanding hand-finished mechanical timepieces with challenging complications that follow a clear and classical design line. Innovative engineering skills and traditional craftsmanship of the highest level guarantee state-of-the-art calibre design, the utmost mechanical precision and meticulously hand-finished movements.

Main manufactory building, inaugurated in 2015

- The *Lange 1 '25th Anniversary'* features a deep-blue printed argenté dial and a hand-engraved cuvette.
- Celebrating its tenth anniversary, the *Zeitwerk* was endowed with a new manufacture calibre featuring an innovative date function.
- To support the education of the next generation of watchmakers, the Maison organised the international Walter Lange Watchmaking Excellence Award.

Since its re-establishment, A. Lange & Söhne has developed 63 different in-house calibres, each revealing its unmistakable origins in high-precision Lange pocket watches.

With the *Lange 1 '25th Anniversary'*, A. Lange & Söhne is celebrating the jubilee of its award-winning model in a white gold edition limited to 250 pieces. Its special features include a deep-blue printed argenté dial and a hand-engraved cuvette. In the course of the anniversary year 2019, A. Lange & Söhne will launch a collection of different limited models in white gold that pay tribute to the key milestones of the *Lange 1* watch family. There will be one launch per month until 24 October 2019, which is exactly the 25th anniversary of the day when A. Lange & Söhne founders Walter Lange and Günter Blümlein presented the first four wristwatches of the new era.

On the occasion of its tenth anniversary, A. Lange & Söhne's first mechanical wristwatch with a precisely jumping digital display, the *Zeitwerk*, was endowed with a new manufacture calibre featuring an innovative date function.

The triple complication *Datograph Perpetual Tourbillon*, with its unique combination of flyback chronograph, perpetual calendar and tourbillon with stop seconds, presents itself for the first time in a white gold case with a solid pink gold dial.

The *Richard Lange Jumping Seconds* makes a strong statement with its prominent white gold case and black dial. Red colour accents emphasise the scientific-technical design of the timepiece.

A limited edition of the *Langematik Perpetual* is now available with a case in honey gold. Used exclusively by A. Lange & Söhne, the material is particularly robust.

Once again, A. Lange & Söhne has organised the international Walter Lange Watchmaking Excellence Award to support the education of the next generation of watchmakers. This competition for young talent has been running successfully for nine years now.

The Maison is also perpetuating its regional sponsorships of the Dresden State Art Collections and the Semperoper Opera House in Dresden. Additionally, the long-lasting partnership with the Concorso d'Eleganza Villa d'Este, a renowned contest for beauty and elegant design of classic automobiles, will continue. This will be complemented by a second collaboration with the Concours d'Elegance at Hampton Court Palace in September.

Wilhelm Schmid
Chief Executive

Established 1845
Ferdinand-A.-Lange-Platz 1, Glashütte, Germany
Chief Executive Officer Wilhelm Schmid
Finance Director Beat Bührer
www.lange-soehne.com

Baume & Mercier has been creating watches of the highest quality since 1830, combining performance, technical achievement and refined design. For both men and women, the Maison offers style with cutting-edge technology.

Dubai Mall boutique

- Launch of the *Baumatic* self-winding calibre.
- Expanding e-commerce to eight countries (France, Italy, UK, Ireland, Switzerland, Spain, Germany, Austria).
- Launch of BAUME in May.

Baume & Mercier is engaged in a constant quest for quality. After several years of development, the *Baumatic* calibre, its first in-house mechanical self-winding movement that enhances the owner's experience by responding to daily requirements – higher power reserve, insensitivity to magnetism, better precision and reduced maintenance – was unveiled. A partnership with Indian Motorcycle has reinforced the Maison's presence in the masculine mechanical sports watch area. A collaboration was pursued with brand ambassador Chen Kun, in the People's Republic of China, conveying the values of the modern gentleman. Baume & Mercier has reinforced its presence in e-commerce, which was successfully implemented in eight new countries in Europe. The year also marked the extension of the brand's distribution strategy, with key accounts, chains and department stores.

As Baume & Mercier's teams are constantly working to find the highest level of quality and performance, an updated version of the *Baumatic* calibre was launched this year in an extension of the *Clifton* range. In order to enrich the *Baumatic* technological platform, Baume & Mercier presented the *Clifton Baumatic Perpetual Calendar*, a remarkable combination of the Maison's spirit of innovation and 189 years of watchmaking expertise. To enhance the feminine offer, Baume & Mercier also enriched the *Classima Lady* range with new dials and sizes, maintaining its historical position at the forefront of trends and sophisticated watches for women.

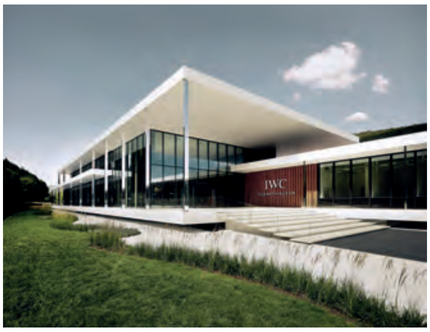
In May, BAUME, the new digital and social born brand affiliated to Baume & Mercier, was launched in Los Angeles. Drawing on the experience of rich watchmaking history, BAUME embodies an innovative mindset and a commitment to design new creations using sustainable, recycled and up-cycled materials. This year, BAUME presented two collections available online in 83 countries: the *Iconic* Series, an automatic watch crafted in recycled aluminium with a 100% recycled PET strap, and the *Baume Custom Timepiece* Series, a fully customisable offering, designed through a web-based configurator with over 2 000 permutations. In October, BAUME introduced its first limited edition series with legendary skateboarder Erik Ellington, made of up-cycled skateboard decks previously used by Erik and his friends.

Geoffroy Lefebvre
Chief Executive

Established 1830
4 rue André de Garrini, Meyrin, Geneva, Switzerland
Chief Executive Officer Geoffroy Lefebvre
Finance Director Philippe Hermann
www.baume-et-mercier.com

IWC
SCHAFFHAUSEN

IWC Schaffhausen is the engineer of fine watchmaking and the choice for ambitious individuals with an appreciation of mechanics, a sense of style and a taste for adventure.



IWC Manufakturzentrum in Schaffhausen

- The Maison inaugurated its new Manufakturzentrum, marrying traditional watchmaking with state-of-the-art manufacturing methods and technologies, as well as a new level of visitor experience.
- The special edition *Timezoner* model is dedicated to the 'Silver Spitfire – The Longest Flight' project.
- IWC became the first luxury watchmaker to release a sustainability report to Global Reporting Initiative standards, and later received top ranking in a WWF environmental report.

At the Salon International de la Haute Horlogerie 2019, the Maison presented several additions to its *Pilot's Watches* line, with a focus on the new *Spitfire* collection. This collection consists of military-inspired pure instrument watches, all featuring in-house movements. The flagship *Timezoner* model celebrates 'The Longest Flight' project, a partnership between IWC and the Boultbee Flight Academy that will take a fully restored 1943 Spitfire Mark IX around the globe in 2019/20. The re-worked *Top Gun* line features models made from innovative and robust materials, such as black and sand-coloured ceramic, but also Ceratanium®, a material both as light and robust as titanium and as scratch-resistant as ceramic. Lastly, the *Le Petit Prince* line was enriched by the launch of the *Big Pilot Constant-Force Tourbillon*.

In 2018, IWC celebrated its 150th anniversary and organised 58 events around the world, including in Geneva, Miami, Amsterdam, Hong Kong, Zürich, Singapore and Dubai. The celebrations' highlight was the formal inauguration of IWC's new Manufakturzentrum in August, attended by more than 3 500 guests and 180 journalists. The building unites component production, movement assembly and case making under one roof and allows visitors to chronologically follow each step of production, from raw bars of metal to finished cases and watch movements.

During the year, IWC opened or relocated six internal boutiques, in Beijing, Shanghai, Hong Kong, Osaka and Tokyo. IWC also launched a watch configurator in March on iwc.com in the US, with the first custom *Ingenieur Chronograph* designed by US actor James Marsden. Furthermore, IWC extended its e-commerce capabilities in Europe.

In 2018, IWC became the first luxury watchmaker to release a sustainability report to Global Reporting Initiative standards, committing to eight sustainability targets to be reached by 2020. This contributed to IWC being rated the best-performing of all Swiss watch and jewellery brands evaluated by the World Wide Fund for Nature in a 2018 Environmental Impact report.

In the year ahead, IWC will keep increasing its value proposition by delivering on its promise with products of the highest level of engineering and quality at commercially attractive price points, paired with evocative storytelling and a high level of client experience and service. IWC will reinforce its presence within the world of *Pilot's* watches by supporting and activating projects and events around 'The Longest Flight' as well as the US Naval Aviation and 'TOPGUN' community.

Christoph Grainger-Herr
Chief Executive

Established 1868
Baumgartenstrasse 15, Schaffhausen, Switzerland
Chief Executive Officer Christoph Grainger-Herr
Chief Financial Officer Lorenz Bärlocher
www.iwc.com

Since its founding in 1833, Jaeger-LeCoultre has created over 1 200 calibres and registered more than 400 patents, placing the Manufacture at the forefront of invention in fine watchmaking. Its leading position stems from its full integration with over 180 areas of expertise gathered under one roof, in the heart of the Vallée de Joux.

Manufacture Jaeger-LeCoultre, Le Sentier

- The Maison unveiled a new collection, the Jaeger-LeCoultre *Polaris* with, as highlight of the collection, the Jaeger-LeCoultre *Polaris Memovox* with alarm function.
- The special edition *Reverso Tribute Duoface Large* features a bi-tone Casa Fagliano leather strap, showcasing the long-lasting partnership with family-owned Argentine bootmaker, Casa Fagliano.
- Following the internalisation of its business in the United Arab Emirates, the Maison opened a new boutique in the Dubai Mall.

In 2018, Jaeger-LeCoultre unveiled a new collection, the Jaeger-LeCoultre *Polaris* named after the iconic *Memovox Polaris* launched 50 years ago, in 1968. The new Jaeger-LeCoultre *Polaris* has been successfully introduced as the elegant sport watch of the Maison, the highlight of the collection being the Jaeger-LeCoultre *Polaris Memovox* with an alarm function.

Another highlight of 2018 was the unveiling of the latest development of the long-lasting partnership with the family-owned Argentine bootmaker, Casa Fagliano, with a special edition of a pink gold *Reverso Tribute Duoface Large* with a bi-tone Casa Fagliano leather strap. The *Reverso*, limited to 100 pieces exclusively for Jaeger-LeCoultre boutiques, features a slate grey dial on the front and a silver dial for the second time zone.

During the year, the Maison continued to develop and improve the quality of its distribution network, ensuring the highest level of service and client-centricity in boutiques, retailers and e-commerce. The Maison expanded and reinforced its presence in key markets, strengthening its relationship with strategic partners. Following the internalisation of its business in the United Arab Emirates, Jaeger-LeCoultre opened a new boutique in the Dubai Mall. The Maison is working to improve its customer-knowledge, in order to offer them an enhanced client experience in the future.

In the year ahead, Jaeger-LeCoultre will pay tribute to the Art of Precision as a homage to the Manufacture craftsmen and to its in-house 'Métiers rares': guillochage, enamelling, gemsetting and engraving. This will be demonstrated first with the introduction of the latest hybris mechanica, the new *Master Grande Tradition Gyrotourbillon Westminster Perpétuel* and subsequently the art of precise gesture with the unveiling of the *Dazzling Rendez-Vous*, with prong-set diamonds.

Catherine Rénier
Chief Executive

Established 1833
Rue de la Golisse 8, Le Sentier, Switzerland
Chief Executive Officer Catherine Rénier
Finance Director Peggy Le Roux
www.jaeger-lecoultre.com

PANERAI

Officine Panerai's exclusive sports watches are a natural blend of Italian design, Swiss innovative technology and maritime heritage.

Manufacture Panerai, Neuchâtel

- With the presentation of the *BMG-Tech*, the *LAB-ID* and the new tourbillon with *DMLS* technology, the Maison continued to enrich its 'Laboratorio di Idee' concept.
- The Maison developed its omni-channel capabilities with the launch of e-commerce in Europe.
- Panerai launched a dedicated collection of watches in limited edition on the occasion of its partnership with Luna Rossa, challenger at the 36th America's Cup.

The year was marked by the launch of new references in the iconic *Luminor Due* collection, especially the 38mm assortment.

Panerai continued to enrich its unique concept of 'Laboratorio di Idee' by delivering spectacular editions such as the submersible *BMG-Tech*™, a material exclusive to Panerai, and the *LAB-ID*™, opening a new generation of high-end concepts to the Maison.

Reflecting the same approach, Panerai continued to explore the segment of high complications with the launch of two innovative skeletonised tourbillons, among which is one produced using Direct Metal Laser Sintering – *DMLS* a revolutionary technology.

Panerai has supported several significant events with influential designers, such as the Milan Design Week and Design Miami during which the Maison has presented unique artworks including one created by Damien Hirst.

Panerai has reinforced its collaboration with the global community of brand ambassadors such as Mike Horn, explorer of the extreme, and Guillaume Néry, freediving world champion.

The Maison has further strengthened its omni-channel presence with the activation of e-commerce in Europe and with the development of its visibility on the Mr Porter e-commerce platform.

The Maison has pursued its retail strategy by opening new boutiques internally in Beijing, Tokyo, Las Vegas and in association with long-lasting partners in Xian, Hong Kong and New Delhi.

During the Salon International de la Haute Horlogerie 2019, Panerai presented a differentiated approach focused on product innovations and client experiences supported by its partnership with Luna Rossa, challenger at the 36th America's Cup, and a dedicated collection of limited editions.

In the year ahead, the Maison will unveil a new communication campaign focused on the brand's innovation power and will strengthen its digital visibility in order to raise brand awareness and desirability at a global level.

Jean-Marc Pontroué
Chief Executive

Established 1860 at
Piazza San Giovanni 14/R, Palazzo Arcivescovile, Florence, Italy
Chief Executive Officer Jean-Marc Pontroué
Chief Financial Officer Olivier Bertoin
www.panerai.com

PIAGET

The journey of the Maison Piaget began in 1874, with a unique vision: always push the limit of innovation to be able to liberate creativity. Known for its audacity, it enjoys unrivalled credentials as both a watchmaker and a jeweller.

Piaget's manufacture and headquarters, Geneva

- The Maison held major events in Paris and throughout the People's Republic of China to launch an impressive Haute Joaillerie collection, *Sunlight Escape*.
- With the launch of *Altiplano ultimate*, an exclusive concept watch with a thickness of only 2mm, the Maison reaffirmed its legacy in the ultra-thin territory.
- Piaget presented a new *Limelight Gala* diamond set watch, as well as a high jewellery, fully paved *Possession* watch, enhancing the Maison's unique positioning in jewellery watches.

Piaget launched an impressive Haute Joaillerie collection, *Sunlight Escape,* that beautifully blends the creativity of Piaget with exceptional stones, decorative techniques and Métiers d'art. To unveil this collection, the Maison held major events in Paris and throughout the People's Republic of China.

Moreover, Piaget's iconic *Possession* collection welcomed a new watch adorned with a playful rotating bezel and interchangeable straps, to express the joyfulness of the Maison.

This was also a year of innovation in the ultra-thin territory, mastered like no other by Piaget, with the launch of *Altiplano ultimate*, an exclusive concept watch with a thickness of only 2mm. This incredible breakthrough embodies five exclusive patents and allows Piaget to reaffirm its legacy in the ultra-thin territory.

Jessica Chastain, Michael B Jordan and Hu Ge, Piaget international brand ambassadors, represented the Maison during all the major cinema festivals and Maison gatherings with the Piaget Society.

Historically, Piaget has a very strong relationship with art. In 2018, the Maison pursued its collaboration with Art Dubai, with whom the Maison has collaborated for the past three years, by supporting local emerging artists and reflecting Piaget's creative spirit.

For the Salon International de la Haute Horlogerie 2019, the Maison expressed its unique craftsmanship through every creation. On the feminine side, a new *Limelight Gala* diamond set watch, with its iconic asymmetrical shape, was presented, as well as a high jewellery, fully paved *Possession* watch, establishing the Maison's uniqueness in jewellery watches. On the masculine side, a new limited edition of *Altiplano*, the reference in ultra-thin watches, was unveiled with an exclusive meteorites dial, including an ultra-thin tourbillon, representing the height of Piaget know-how in gem setting, decorative stones and ultra-thin watchmaking.

Going forward, Piaget will continue to assert its unique identity by expanding its iconic lines and writing its very own style across watches and jewellery creations, more than ever focussed around its concept of 'the sunny side of life'.

Chabi Nouri
Chief Executive

Established 1874
37, chemin du Champ-des-Filles, Geneva, Switzerland
Chief Executive Officer Chabi Nouri
Chief Financial Officer Giorgio Ferrazzi
www.piaget.com

ROGER DUBUIS

Representing a disruptive blend of distinctive character and Haute Horlogerie expertise, Roger Dubuis has been at the forefront of the contemporary watchmaking scene since 1995. The Manufacture offers a range of audacious, hand-crafted, all-mechanical timepieces combining inventive calibres with powerful and daring designs.

Roger Dubuis' manufacture and headquarters, Geneva

- Roger Dubuis' comprehensive mastery of in-house production has contributed to its specialisation in limited editions.
- Roger Dubuis offers exceptional complications highlighted by *Excalibur*, embodying a world of spectacular performance and disruptive innovations.
- In 2019, Roger Dubuis will go further beyond boundaries, consolidating the partnerships with Pirelli and Lamborghini within a spectacular product offer.

The exceptional degree of vertical integration achieved by the Manufacture Roger Dubuis enables it to enjoy the comprehensive mastery of its in-house production. This capacity has also contributed to its specialisation in spectacular limited editions, as well as to its enviable reputation in the domain of skeletonised flying complications. The investments in research and development, conducted by its technical lab, and the creativity of the design studio have led to a steady stream of breakthrough technical solutions as well as inventive combinations of materials. Many of the resulting world premiere mechanisms or inventions are protected by patents. The manageable scale of production also provides the flexibility and freedom required to enable the Maison to offer its clients almost limitless scope for personalisation of movements, watch exteriors and finishes, regrouped under the *Rarities* concept.

In 2018, a daring attitude and the determination to break existing codes emerged as key values of Roger Dubuis' DNA. Driven by an avant-garde spirit, a firm commitment to attract avid hedonists, and a penchant for strong mechanical content, the Maison's rampant creativity is unleashed onto extravagant, disruptive designs complemented by a continuous quest for innovation.

This is expressed through the launch of unique and unequivocally daring timepieces, which systematically push both technical and aesthetic boundaries and shake up the watchmaking world at large.

This has led to the cementing of partnerships with two other iconic names, Pirelli and Lamborghini, equally committed to delivering standout customer experiences, and the ensuing launch of a series of spectacular, emotion-fuelling, Geneva-hallmarked models that have clearly celebrated the encounter of visionary engineers with incredible watchmakers.

In 2019, Roger Dubuis will continue combining its DNA with that of its partners, chosen for their reputations of being at the forefront of technology and equally determined to shatter existing boundaries.

The first result is a revolutionary and unique timepiece based on the Maison's favourite platform of expression: the *Excalibur* collection.

In the year ahead, Roger Dubuis will further exploit its creativity and craftsmanship with a renewed offer of limited editions, innovations in materials and calibres, and exciting novelties associated with its motorsport partners.

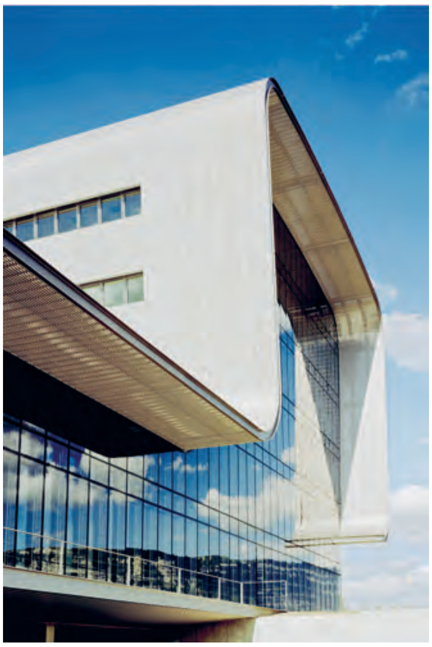
All the new developments will contribute to strengthen Roger Dubuis as the 'Serial Innovator'.

Nicola Andreatta
Chief Executive

Established 1995
2 rue André de Garrini, Meyrin, Geneva, Switzerland
Chief Executive Officer Nicola Andreatta
Finance Director Philippe Hermann
www.rogerdubuis.com

VACHERON CONSTANTIN
GENÈVE

Crafting eternity since 1755, Vacheron Constantin is the world's oldest watch Manufacture, faithfully perpetuating a proud heritage based on transmitting expertise through generations of master craftsmen.



Vacheron Constantin's manufacture and headquarters, Geneva

- With the development of *Les Cabinotiers* the Maison expresses the ultimate know-how in both technical and Métiers d'art fields.
- The Maison launched the *Fiftysix* collection, retro-contemporary watches in steel and gold, from simple to complicated pieces.
- The recently revealed *Traditionnelle TwinBeat®* perpetual calendar leverages the Maison's expertise and creativity.

Epitomising the spirit of 'Belle Haute Horlogerie', Vacheron Constantin continues to create outstanding timepieces for connoisseurs who value understated luxury aesthetics, superlative finishing and technical excellence.

The development of *Les Cabinotiers* expresses the ultimate Maison skills in both technical and Métiers d'art fields. The Mécaniques Sauvages theme of 2018 gathered technically and aesthetically exquisite unique pieces crafted to delight the Maison's clientele of connoisseurs.

'One of not many' was the main theme of 2018, supported by the launch of the new communication campaign in the autumn. Leveraging its long-standing quest for excellence and rich heritage, the Maison incarnates its values with talents whose work, path and quest echo its own.

While deploying this theme, the Maison launched the *Fiftysix* collection, retro-contemporary watches in steel and gold, from simple to complicated pieces, which resonated very well with clients around the world.

The Maison continued to introduce exclusive pieces across its collections, including the *Traditionnelle* tourbillon, the *Overseas* chronograph reverse panda dial and ultra-thin perpetual calendar. The Métiers d'arts *Les Aérostiers* limited series brought to life five historical milestones of ballooning exploration.

Vacheron Constantin has built a consistent boutique network in key luxury capitals around the world, as well as an exclusive distribution network with retailers.

Staying true to its values and motto, the Maison will keep innovating in the year ahead, leveraging its expertise and creativity to delight its clients. It recently revealed the *Traditionnelle TwinBeat®* perpetual calendar, as well as high complications including the first *Overseas* tourbillon in steel, a midnight blue offer within the *Patrimony* collection, and exclusive petrol blue dials adding to the existing *Fiftysix* assortment.

Vacheron Constantin looks to the future with confidence, building on its successful collections, its unassailable reputation for fine craftsmanship, its unique one-to-one approach to client relations as well as the talent and commitment of its teams – all forged in accordance with François Constantin's motto "*do better if possible, and that is always possible*".

Louis Ferla
Chief Executive

Established 1755
10 Chemin du Tourbillon, Geneva, Switzerland
Chief Executive Officer Louis Ferla
Chief Financial Officer Gil Weinmann
www.vacheron-constantin.com

Online Distributors

Key results

Sales (€ m)

2019	2 105
2018	n/a

Operating result (€ m)

2019	-264
2018	n/a

Percentage of Group sales

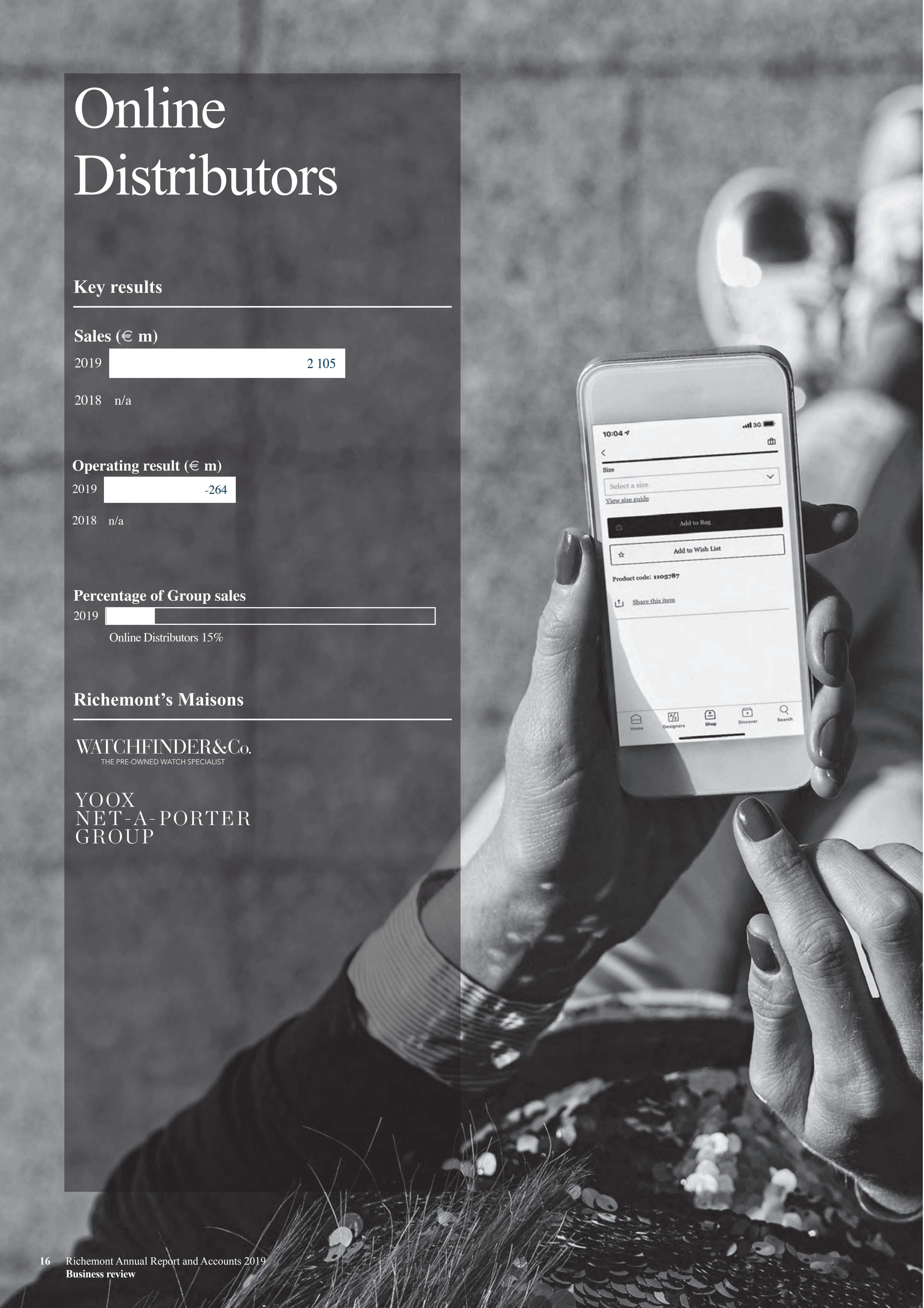
2019

Online Distributors 15%

Richemont’s Maisons

WATCHFINDER&Co.
THE PRE-OWNED WATCH SPECIALIST

YOOX
NET-A-PORTER
GROUP



WATCHFINDER&Co.

THE PRE-OWNED WATCH SPECIALIST

Founded in 2002, Watchfinder buys and resells pre-owned watches. It is the leader in the segment. Watchfinder operates both online and through its network of boutiques across the UK, enabling it to reach customers wherever they are through a fully integrated, omni-channel approach.

The Bullring & Grand Central boutique, Birmingham

- Watchfinder continued its trajectory of success as the trustworthy and most knowledgeable in the pre-owned market.
- Panerai, IWC, and Jaeger-LeCoultre servicing accreditations were added to the existing portfolio.
- Watchfinder opened a showroom in Manchester and reopened its flagship at Royal Exchange in the City of London.

As a leader in the market for pre-owned watches, Watchfinder is focused on the end-customers' experience, whether buying or selling. Watchfinder is the only player to offer a wide choice of products combined with high-level customer service. Each watch on the Watchfinder website is owned by the company. Watchfinder's team of experts will put each watch through robust processes for authentication, provenance and inspection, to enable the seller to receive a fair market quote quickly. The prospective buyer has the peace of mind of knowing that he or she is buying an original watch, along with the valuable Watchfinder warranty.

Some of Watchfinder's most memorable achievements during the year relate to its continued success as one of the most trustworthy and knowledgeable players in the pre-owned market, as it has continued to innovate and deliver superior client reviews. It has opened a showroom in Manchester and reopened its flagship at Royal Exchange in the City of London. Watchfinder's YouTube channel now has more than a quarter of a million subscribers, with some 30 million views. It is by far the most popular dedicated watch channel on the platform. This content broadcasts Watchfinder's expertise, its broad choice of watches and its independence around the world. This year, Watchfinder also added Panerai, IWC and Jaeger-LeCoultre watch servicing accreditations to its existing portfolio. These accreditations act as an indicator of competency to the customer and Watchfinder can clearly differentiate its in-house capabilities against any other independent, global, pre-owned operator. In total, the Watchfinder service centre is accredited by 16 manufacturers for spare parts and repairs.

Watchfinder has started its expansion into Europe by opening its first office outside the UK, in Paris.

Next year, Watchfinder will focus on utilising its part-exchange capabilities to enable the Group's Maisons to drive new watch sales and will continue introducing the Watchfinder service to clients in new territories.

Stuart Hennell
Chief Executive

Established 2002
Invicta House, Pudding Lane, Maidstone, England
Chief Executive Officer Stuart Hennell
Finance Director Julie Langley
www. watchfinder.co.uk

YOOX NET-A-PORTER GROUP

YOOX NET-A-PORTER is the world's leading online luxury and fashion retailer. As the pioneers in bringing together the realms of luxury and technology, YOOX NET-A-PORTER has nearly two decades of experience in global luxury e-commerce and meets the needs of modern luxury customers through superior service, mobile-led innovation, high-quality content and an expertly curated multi-brand selection.

YOOX NET-A-PORTER Tech Hub, London

- Richemont and Alibaba Group announced a partnership to bring the offerings of NET-A-PORTER and MR PORTER to Chinese consumers.
- YOOX debuted its first own-label collection, *8 by YOOX*, consisting of stylish essentials powered by artificial intelligence ('AI'), while THE OUTNET launched an exclusive collection by *ELLERY*.
- A new flagship store was launched for Maison Alaïa by the Online Flagship Stores Division.

The YOOX NET-A-PORTER ecosystem consists of the Luxury Division, the Fashion Division and the Online Flagship Stores Division. It serves an unrivalled client base of more than 3.5 million high-spending customers generating around one billion online visits.

During the year the Luxury Division brands NET-A-PORTER and MR PORTER enriched their portfolio of the world's most coveted brands with hundreds of new launches and exclusive capsules.

Innovative customer service enhancements included the MR PORTER Style Assistant, a Facebook Messenger chatbot designed to help customers with their holiday shopping, focusing on mobile luxury consumers. Both brands launched Style Trial, allowing EIPs (Extremely Important People) to order up to 30 pieces to try at home before they buy, for a trial period.

Richemont and Alibaba Group announced a global strategic partnership which would bring the offerings of NET-A-PORTER and MR PORTER to Chinese consumers. This joint venture will enable the Luxury Division to be a significant and sustainable online player in the market and creates a neutral, powerful platform for luxury brands to access China's immense potential.

Within the Fashion Division, YOOX and THE OUTNET both significantly enriched their portfolios. YOOX debuted its first own-label collection, *8 by YOOX*, consisting of stylish essentials powered by artificial intelligence ('AI'). THE OUTNET launched an exclusive collection by celebrated luxury womenswear brand *ELLERY*.

The Online Flagship Stores Division launched new flagships for Alaïa and Balmain. The implementation of NEXT ERA, the leading omni-channel business model currently live with Valentino, showed great early success and is a key differentiator for the division. Omni-Channel Light features (e.g. buy online, pickup in-store) have been implemented across 24 brands, connecting 1,400 boutiques to enhance the service experience.

Looking to the year ahead, YOOX NET-A-PORTER will continue to develop its unique business model and strengthen its position as the number one online luxury and fashion retailer. The Group's innovations in AI and mobile will deliver new ways to serve the global luxury customer. Global expansion will be led by a focus on the Middle East and the People's Republic of China. All brands will continue to leverage the one ecosystem to delight customers for years to come.

Federico Marchetti
Chief Executive

Established 2000
Via Morimondo 17, Milan, Italy
Chief Executive Officer Federico Marchetti
Finance Director Domenico Luca Mammola
www.ynap.com

Other

Key results

Sales (€ m)

2019 1 881

2018 1 847

Operating result (€ m)

2019 -100

2018 -65

Percentage of Group sales

2019

Other 13%

Richemont's Maisons

ALAÏA PARIS

MONTBLANC

dunhill LONDON

PETER MILLAR

Chloé

PURDEY

"My obsession is to make women beautiful. When you create with this in mind things can't go out of fashion." Azzedine Alaïa

7 rue de Moussy, Paris

- Coinciding with the London flagship opening, the exhibition '*Azzedine Alaïa: The Couturier*' opened at the London Design Museum, welcoming visitors for more than four months.
- Focusing on its digital presence, the Maison launched its own online business in September.
- Collaboration with the Alaïa Association expanded further this year.

Mr Alaïa's well known obsession to honour the timeless beauty of women has been the Maison's greatest inspiration this year. In a year of change and expansion, the Alaïa team executed and completed several important projects, and laid the foundation for future ventures.

In April, the new flagship store in London at 139 New Bond Street delivered an important message to the market about the continued presence and visibility of the Maison.

In May, coinciding with the London flagship opening, the exhibition '*Azzedine Alaïa: The Couturier*' opened at the London Design Museum. It welcomed visitors for more than four months, with attendance surpassing expectations. These two events reinforced the unique qualities of the Maison not only in the London market, but also internationally.

In September, the launch of its own online business brought focus to the Maison's digital presence. Through controlled and co-ordinated growth across several platforms, Alaïa is proactively working on the digital presence it needs for visibility and future growth.

In December, Alaïa introduced a new boutique in the Dubai Mall. The Maison, having already established brand loyalty among its Middle Eastern clientele, sees its presence in this important shopping mall as a major step to growth in this market.

Collaboration with the Alaïa Association, created in 2007 to preserve and exhibit Mr Alaïa's work as well as present his large holdings of art, design and fashion, expanded further this year. Two well-received exhibitions were mounted in Paris by the Alaïa Association, strengthening the connection between the timeless appeal of this great couturier and his contemporary Maison.

A bookstore of contemporary and historic fashion publications also opened in the Alaïa Association in Paris.

In the year ahead, the Maison will focus on mono-brand store development in order to strengthen its image and provide the best service to clients. Investment in the infrastructure of the organisation will also be addressed. Finally, working with a 360 degree approach, from development of product lines to the final customer, the Maison will support continued growth and build greater awareness in the distinctive Alaïa vision of modern femininity and timeless beauty.

Alison Sachs
Chief Executive

Established 1983
7 rue de Moussy, Paris, France
Chief Executive Officer Alison Sachs
Finance Director Amélie Meunier
www.alaia.fr

Chloé

Chloé is the most naturally feminine Parisian fashion Maison, located at the intersection of couture savoir faire and youthful attitude. The Maison was founded some 65 years ago by Gaby Aghion. Today, Chloé continues to embody the free spirit and values of femininity, modernity, effortlessness and grace.

La Maison Chloé, Paris

- Chloé successfully extended its shoe business to the active market by releasing *Sonnie*, the Maison's first sneaker.
- Making its debut in August was the *Tess* bag, defined by two signature Chloé features.
- The Maison launched a new fragrance, *Nomade*.

Thanks to a series of product launches and the thriving vision of its artistic director, Natacha Ramsay-Levi, 2018 represented an important transition year for Chloé.

In June, Chloé successfully extended its shoe business to the active market by releasing *Sonnie*. The Maison's first sneaker signals a woman who moves through life with forward momentum. Dynamic in form and purposeful in function, the design stands out within a crowded category.

The *Tess* bag, defined by two signature Chloé features, a central gold ring and an elegantly equestrian saddle shape, made its debut in August, adding to the Maison's line-up of covetable accessories that register as cool yet timeless. New sunglass styles performed well, reaffirming the category's strength. The launch of a new fragrance, *Nomade*, was also significant for Chloé. The fresh, dynamic eau de parfum captures the essence of a confident woman encountering the world, and is embodied by actress Ariane Labed, a modern representation of the Chloé girl.

The Spring Summer 2019 show that took place in October at the Maison de la Radio furthered Natacha Ramsay-Levi's unique interpretation of Chloé's feminine codes and free-spiritedness, while upholding the independent and intellectual spirit of Gaby Aghion, who once said, "You must dare". Titled *Hippie Modernism*, the collection was positively received by press and trade alike and arrived in stores mid-February along with the new *Chloé C* bag.

In 2019, Natacha Ramsay-Levi has the honour of presiding over the fashion jury of the 34th International Festival of Fashion, Photography and Accessories at Hyères.

Geoffroy de La Bourdonnaye
Chief Executive

Established 1952
5-7 Avenue Percier, Paris, France
Chief Executive Officer Geoffroy de La Bourdonnaye
Chief Financial Officer Ascher Sabbah
www.chloe.com

Founded in 1893 in London, Dunhill has been design-driven with style and purpose for 125 years. Today the Maison is of the moment yet enduring, representing the best of British leather goods and menswear.

Bourdon House, the London home of Alfred Dunhill

- The Maison's new direction builds on brand DNA with an updated concept and strategy.
- The Maison is transforming its retail network by opening new locations, expanding key flagships and increasing productivity within existing locations.
- Major launches focused on the sneaker collection and the new *Duke* and *Cadogan* leather pillars, with outerwear and contemporary tailoring leading the menswear strategy.

The new direction created for Dunhill builds on its brand DNA with an updated concept and strategy. Brand positioning has been elevated across all categories, focused on leather and menswear led by outerwear, capitalising on the smart casualisation trend in luxury.

During the year, the Maison launched the new *Duke* and *Cadogan* leather pillars and an expanded collection of footwear with a focus on sneakers, which is proving to be a vital cornerstone of a winning strategy in the luxury space.

Seasonal runway shows and a digital-first approach leads the communications strategy, conveying the renewed brand direction and maximising reach, amplifying Creative Director Mark Weston's updated vision for Dunhill.

A modern language of retail design has been created to showcase the new direction in a relevant and approachable way. This year the Tokyo Ginza and Dubai Mall flagships have been expanded and redesigned with a completely new look, including barber and bar services. New stores opened in Hong Kong IFC and Elements, New York's Hudson Yard, Harrods in London and in Wuxi, Tsian and Nanjing in the People's Republic of China.

The Maison's digital-first approach and mindset aims to deliver seamless connection between retail and digital. It is the first port of call and the primary interface through which customers experience the brand.

New digital enhancements continue to elevate customer experience and seamlessly connect online and offline environments. In the last twelve months click & collect, personalised dynamic content and check-in-store product availability were rolled out. Dunhill in the People's Republic of China pioneered the use of WeChat e-commerce mini programming to unite commerce, content and experience.

For the coming year, the Maison will continue to elevate brand positioning and enhance brand awareness, and develop its presence in key locations around the world.

Andrew Maag
Chief Executive

Established 1893
Bourdon House, 2 Davies Street, London, England
Chief Executive Officer Andrew Maag
Chief Financial Officer Frederic Klein
www.dunhill.com

For over a century, Montblanc's writing instruments have been the symbol of the art of writing. Driven by its passion for craftsmanship and creativity, Montblanc provides elegant, sophisticated and innovative creations in the fields of fine watchmaking, fine leather and jewellery.

Montblanc manufacture, Villeret, Switzerland

- Launch of Montblanc *Meisterstück Le Petit Prince*.
- Introduction of a new Montblanc travel line.
- Key flagship renovations in new boutique concept.

Paying tribute to its icon, Montblanc introduced a new collection of writing instruments inspired by the literary character of Saint-Exupéry's *Le Petit Prince*. Starting with a major launch event in One World Trade Center in New York, the Maison launched a global omni-channel campaign with brand ambassador Hugh Jackman, celebrating the power of gifting and imagination.

With its high artistry limited editions, Montblanc pushes the boundaries of creativity and technical virtuosity. Pairing the traditional expertise of Métiers d'art with high precision technology, the recent collection of the Maison's limited editions is dedicated to the Chinese Emperor Kangxi.

In the leather goods segment, Montblanc introduced a new stylish and functional luggage collection designed to meet the demands of urban explorers. Crafted in Italy, the luggage collection brings together Italian savoir faire, German mechanics and Japanese high performance technology, blending lightweight polycarbonate with elegant leather trimming.

In fine watchmaking, Montblanc captured the spirit of mountain exploration with its new *1858* collection, inspired by the legendary professional *Minerva* watches from the 1920s and 30s and celebrating over 160 years of Minerva heritage.

This year, Montblanc gained major media impact thanks to the launch of the Smartwatch *Summit 2*, which redefines connected elegance. *Summit 2* is the first Smartwatch worldwide to feature the latest technology for enhanced performance.

Montblanc announced a strong collaboration with RED, a non-governmental organisation ('NGO') raising money and awareness to end HIV/AIDS, with a special creation of a writing instrument designed by Marc Newson. A portion of proceeds from the product goes directly to the Global Fund, an organisation created to accelerate the end of AIDS.

During the year, Montblanc continued the upgrade of its network with key flagship renovations. In total, 35 boutiques were opened or renovated in the new concept, seven of them global flagships, including Tokyo Ginza, Geneva Place du Port and Hong Kong Heritage.

In 2019, the Maison will re-launch its second iconic writing instruments line *StarWalker*, while further expanding in the limited edition high artistry segment.

Concentrating on key collections and hero products in the watch category, Montblanc will continue to nurture its *1858*, *Heritage* and *Star Legacy* collections, celebrating its Minerva heritage.

Continuing the successful launch of its new luggage collection, the Maison will further drive innovation and growth in the travel universe, capitalising on its luxury lifestyle positioning.

Nicolas Baretzki
Chief Executive

Established 1906
Hellgrundweg 100, Hamburg, Germany
Chief Executive Officer Nicolas Baretzki
Chief Financial Officer Hendrik Bitterschulte
www.montblanc.com

PETER MILLAR

Peter Millar designs classic, luxury sportswear embracing timeless style with a modern twist. Displaying superior craftsmanship, unexpected details and the highest quality materials from the finest mills in the world, Peter Millar lifestyle apparel offers a distinctive vision of casual elegance.

Peter Millar boutique, 313 Worth Avenue, Palm Beach, Florida

- A new luxury performance line *Crown Crafted* was launched which features Italian yarns, cutting-edge technical fabrics and a modern silhouette.
- Peter Millar will continue to invest in the online shopping experience and digital marketing campaigns and will open more branded boutiques.

One of the fastest growing and most respected brands in luxury apparel, more specifically in the US, Peter Millar enjoys distribution through the finest specialty retail stores, prestigious resorts and the most exclusive country clubs, as well as through its own branded boutiques and online store. Strong relationships, exceptional product offerings and a premier level of customer service have cultivated an extraordinarily loyal clientele around the world.

The Maison continued to execute its growth strategy over the past year. Growth within the Maison's sartorially focused *Peter Millar Collection* line and its innovative performance apparel *Crown Sport* line drove deeper penetration in existing accounts. The Maison's more classically designed *Crown* line also saw continued development and growth. Finally, the Maison launched a new luxury performance line *Crown Crafted*, which features Italian yarns, cutting-edge technical fabrics and a modern silhouette.

Peter Millar achieved significant growth in consumer engagement over the past year, supported by the improvement of its US website, which benefited from an upgraded front-end interface. This website upgrade, combined with digital marketing, led to measurable brand awareness growth, and will continue to yield favourable returns as the Maison leverages this information to enhance the brand experience online and in boutiques.

The Maison saw strong wholesale and e-commerce growth in the Los Angeles-based brand G/FORE, which it acquired in January 2018. G/FORE is a golf inspired sportswear and accessories brand launched with the vision of becoming a global lifestyle brand, deriving its DNA from the sport of golf.

In the year ahead, Peter Millar will continue to refine its main product ranges, including the expansion of its *Crown Crafted* line. The Maison will continue to invest in the online shopping experience and digital marketing campaigns as well as open more branded boutiques, including a flagship boutique in Chicago in April 2019. As always, a focus on outstanding quality and world-class customer service will underpin these initiatives.

Scott Mahoney
Chief Executive

Established 2001
1101 Haynes Street, Suite 106
Raleigh, North Carolina, USA
Chief Executive Officer Scott Mahoney
Chief Financial Officer Jon Mark Baucom
www.petermillar.com

PURDEY

James Purdey & Sons, gunmaker to the British Royal Family, was founded in 1814 and has been crafting the finest shotguns and rifles for more than two centuries. The combination of precision craftsmanship and exquisite finish make Purdey guns the authentic choice for the passionate shooter.

Audley House, the home of James Purdey & Sons since 1882

- The newly launched bolt action rifle and trigger plate shotgun have been rigorously tested in the upgraded Purdey factory in London.
- The acquisition of the Royal Berkshire Shooting School in 2018 has allowed Purdey to develop a complete offering for the sporting shooter.
- The Maison gained new UK listings in Harrods and on Mr Porter.

Purdey emphasises the tradition of fine craftsmanship. It continues to innovate in its traditional gun and rifles sectors, as well as extending its clothing and accessories selection to include a leather goods range.

Significant investment in the Purdey factory in London has facilitated the rigorous testing of a new bolt action rifle and trigger plate shotgun, which were both launched in 2018. Purdey continues to develop new gun variants, which meet the demands of modern markets and are manufactured using traditional techniques. Purdey is focusing on strengthening the skill craft base by recruiting more craftsmen alongside ongoing investment in apprentices.

The acquisition of the Royal Berkshire Shooting School in 2018 has allowed Purdey to develop a complete offering for the sporting shooter, from tuition, purchasing and fitting of guns, to the ability to book their shooting trips though its worldwide sporting agency.

Sales growth from the new website in 2018 not only increased contact with those buying older Purdey guns as a foothold investment in the brand, but also helped to increase the sales of clothing and accessories online.

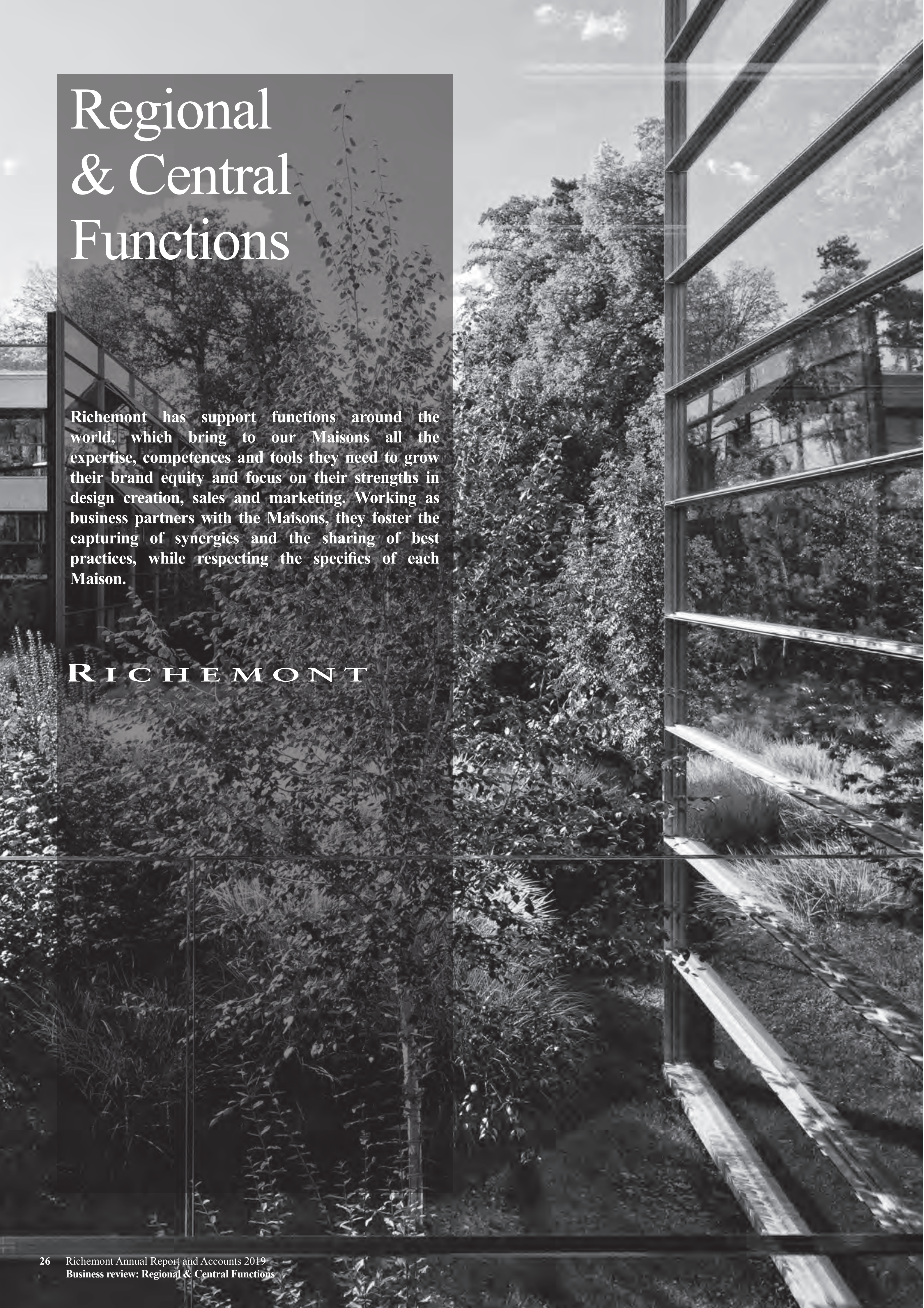
Purdey's clothing, luggage and accessories form a key part of its international growth strategy, through a fuller range of products appealing to the luxury lifestyle consumer. The Maison increased its global footprint through working with selected distributors in Europe, North America, Japan, Australasia and South Africa. In addition, it has gained new UK listings in Harrods and on Mr Porter.

Purdey continues to hold the Purdey Awards for Game and Conservation, which are well established as a driving force in promoting greater awareness of the synergy between shooting and conservation. This has been further enhanced with the launch of the Eat Game Awards, which attracted over 4 000 food-related business entries in October.

In the year ahead, the Maison will be building on its new product ranges and wholesale growth, alongside continued focus on growing new investments both in the UK and abroad, while preserving Purdey's authenticity and heritage.

James Horne
Chief Executive

Established 1814
Audley House, 57-58 South Audley Street, London, England
Chief Executive Officer James Horne
Chief Financial Officer Colin Sturgess
www.purdey.com



Regional & Central Functions

Richemont has support functions around the world, which bring to our Maisons all the expertise, competences and tools they need to grow their brand equity and focus on their strengths in design creation, sales and marketing. Working as business partners with the Maisons, they foster the capturing of synergies and the sharing of best practices, while respecting the specifics of each Maison.

Richemont

Richemont's regional and central functions enable our Maisons to enter new markets more easily and, aided by in-house tools, support our teams and development initiatives. With some 6 000 employees directly employed by our subsidiaries, these functions make a regular and significant contribution to the Group's sales growth and operating margins. The following section highlights specific developments during the year under review.

REGIONAL FUNCTIONS

Europe and Latin America

This year the focus in Europe and Latin America was on empowering the local market teams to establish client-centric, entrepreneurial and cross-functional initiatives to foster business development and engagement. On the operational side, the focus was on value creation and streamlining processes across all regional functions, as well as managing uncertainty in social and political environments.

For the coming year the objective is to accelerate the transition towards innovation and flexibility, driven by modernisation and digitalisation.

Middle East, India and Africa

The Group's fifth region was created in April. In the Middle East, the environment was challenging due to the geopolitical situation as well as to a more complex regulatory environment with the introduction of VAT in the United Arab Emirates. In Saudi Arabia, the internalisation of our business for our Jewellery Maisons is continuing well into 2019. To respond faster in our supply chain to our customers, a multitude of system, process and efficiency improvements were successfully rolled out across the local platforms. This will continue in 2019 to further improve our operating model in the region.

Asia Pacific

This region was focused on the ramping up of the SAP and digital projects in the People's Republic of China. This project will further support the development of client-centric digital solutions in the region. Operational efficiencies were enhanced, particularly in the areas of finance and logistics. The market for prime retail locations continues to be extremely competitive and our real estate teams secured boutiques in key locations for our Maisons. This region also invested in talent programmes and achieved awards in Hong Kong and the People's Republic of China in recognition of these efforts. Going forward we will drive for continuous improvement in all areas in order to support the operations and development of all our Maisons in the region.

North America

This year was an important year for strengthening partnerships with our clients, partners and employees. The region solidified a joint management structure with a change of mindset and culture towards more empowerment, engagement and collaboration. Logistics operations were streamlined to substantially improve time-to-market and to generate efficiencies. At the same time, organisation and processes were upgraded in order to grasp major growth opportunities, with a key focus on omni-channel, talent management and strategic markets. This strategy will continue being deployed during the coming year.

Japan

Richemont Japan sales benefited from positive factors mainly stemming from the continuous growth in tourism and from a resilient local demand, with a successful expansion of the Maisons' retail businesses. The region further enhanced service levels for both retail and wholesale customers and continued to provide a highly satisfactory partnership to Maisons, including the roll-out of point of sale system enhancements.

CENTRAL SUPPORT FUNCTIONS

Technology

The role of the Group Technology Department is to provide, update and improve the necessary IT tools for our Group and our Maisons.

Over the past year, the Group has rolled out its template and e-commerce solutions in new geographies and experimented with new Customer Relationship Management and data platforms for the future.

Next year will be dedicated to implementing SAP in the People's Republic of China, providing our Maisons with tools aiming at recruiting and retaining clients and the migration of our Maisons to the YNAP e-commerce backbone.

Real Estate

The Real Estate function supported the Group and the Maisons in their acquisition of boutiques and through major construction projects on both architectural and leasing aspects.

This year, the main projects were Cartier Peking Road in Hong Kong, Cartier New Bond Street in London, Richemont Distribution at Villars-sur-Glâne in Switzerland and the new Dunhill headquarters in London.

Next year, the main projects will be Hudson Yards in New York for Cartier, Van Cleef & Arpels, Piaget and Dunhill, and Montblanc Haus in Hamburg.

Industry and Customer Service

The Industry and Customer Service Department's mission is to define and execute the Group's industrial, customer service, supply chain, and research and innovation strategies, and accompany the Maisons in their manufacturing development.

Last year, Richemont pursued its logistics re-engineering and investment programmes, launched in Switzerland and the Middle East. Richemont also created a Responsible Sourcing function, tasked with the monitoring of the upstream supply chain, from raw material to finished products.

In the years to come, we will focus our efforts on adapting our supply chain to an omni-channel world and using the latest innovations to improve the quality of our products. We will also continue to create a flexible industrial tool, able to adapt to demand.

Human Resources

Richemont's Human Resources teams are curious and agile, passionate about growing talents and contributing to business growth. The Group empowers all of its 35 000 employees to be 'ahead of the curve' whilst respecting the high-end heritage and savoir faire of its Maisons and the Group as a whole.

Human Resources has one common vision, to focus on identifying, developing and connecting client-centric professionals all over the world with a distinctive, creative and entrepreneurial mindset. The teams believe strongly that talent makes the difference and leverage technology to ensure people come before processes. They are not afraid to challenge themselves and strongly believe that by sharing across the diverse community of the Richemont Group, they can inspire with their passion for culture, art and beauty. This has been Human Resources' key focus over the past twelve months.

As the Human Resources teams look forward to next year, their ambition is to hear one common message from their people 'Everything is possible @Richemont. Dream big and far. Let's do it. In all circumstances, be open and positive'.

Financial review

in € millions	March 2019	March 2018 re-presented*	% change
Sales	**13 989**	11 013	+27%
Cost of sales	**(5 344)**	(3 829)	
Gross profit	**8 645**	7 184	+20%
Net operating expenses	**(6 702)**	(5 340)	+26%
Operating profit	**1 943**	1 844	+5%
Net financial (costs)/income	**(183)**	(150)	
Share of post-tax results of equity-accounted investments	**1 408**	(41)	
Profit before taxation	**3 168**	1 653	+92%
Taxation	**(381)**	(432)	-12%
Profit for the year	**2 787**	1 221	+128%
Analysed as follows:			
Attributable to owners of the parent company	**2 784**	1 221	
Attributable to non-controlling interests	**3**	–	
Profit for the year	**2 787**	1 221	+128%
Earnings per share – diluted basis	**€ 4.927**	€ 2.158	+128%

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

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

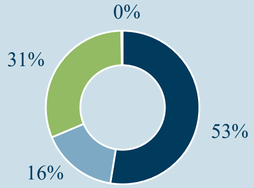
Japan
Sales in Japan progressed by 16%. Excluding Online Distributors, sales increased by 8%, benefiting from higher purchases from the domestic and tourist clientele. All business areas and distribution channels registered higher sales, led by double-digit growth at the Specialist Watchmakers and high 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	**7 320**	6 758	+8%	+8%
Online retail	**2 262**	156	n/a	n/a
Wholesale	**4 368**	4 065	+7%	+7%
Royalty income	**39**	34	+15%	+15%
	13 989	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.

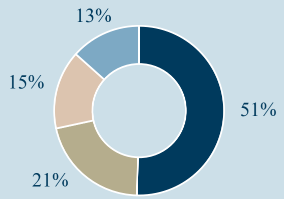
Wholesale

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	**7 083**	6 452	+10%
Operating results	**2 229**	1 926	+16%
Operating margin	**31.5%**	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 50th anniversary. Operating margin gained 160 basis points to 31.5%.

Specialist Watchmakers

in € millions	31 March 2019	31 March 2018	Change
Sales	**2 980**	2 714	+10%
Operating results	**378**	262	+44%
Operating margin	**12.7%**	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	**2 105**	-	n/a
Operating results	**(264)**	-	n/a
Operating margin	**-12.5%**	-	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	**1 881**	1 847	+2%
Operating results	**(100)**	(65)	n/a
Operating margin	**-5.3%**	-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	**(302)**	(279)	+8%
Central functions	**(245)**	(233)	+5%
Other operating expense, net	**(57)**	(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%.

Jérôme Lambert
Chief Executive Officer

Burkhart Grund
Chief Finance Officer

Corporate social responsibility

Richemont has a long-standing commitment to doing business responsibly. Building trust in our Maisons and our operating companies lies at the heart of the way we work. Since 2006, Richemont has reported its Corporate Social Responsibility ('CSR') progress each year. Richemont's 2019 report, including our tax strategy, governance and risk management framework, will be available from July 2019 at www.richemont.com/sustainability/csr-report.html

Richemont will develop parts of its own reporting to reflect the United Nations' Sustainable Development Goals ('SDGs').

Transformational CSR Strategy

Richemont's 2020 CSR Plan was launched in December 2017 and represents our baseline. It provides a robust framework to focus efforts and a structured approach to CSR planning and reporting. It reflects Richemont's previous materiality analysis and business priorities, enabling the business to meet evolving stakeholder expectations.

Building upon that baseline, during the year under review the Group developed its Transformational CSR Strategy. The Strategy was elaborated by the Group's CSR Committee in collaboration with our Maisons and support functions. The Strategy maintains four focus areas, each of which has an owner at Group level who defines commitments. The Strategy is more differentiated and innovative than the baseline 2020 Plan. For example, it combines three levels of ambition over the short-, medium- and long-term, providing our Maisons with greater flexibility.

Together, the Strategy represents Richemont's movement for better luxury. The Strategy's four focus areas – people, sourcing, environment and communities – work together towards better luxury. Governance, engagement and innovation are transversal issues of the Strategy. The transversal issues and focus areas are described below.

Governance

The Group's activities are guided by a framework that helps Richemont managers, employees and suppliers to understand our expectations and commitments. The framework includes our Corporate Responsibility Policies, as well as codes of conduct for employees, suppliers and environmental management.

Internally, the Group monitors performance by focus area and by Maison, providing additional guidance and support when appropriate. This monitoring includes oversight of our Maisons' own CSR governance and planning.

Engagement

Richemont and its Maisons engage with stakeholder groups on a regular basis. These groups range from customers and employees to investors and suppliers. Regarding investors, we consult with our largest shareholders to determine their concerns and priorities regarding CSR issues and disclosures. We also engage with selected rating agencies on Environment, Social and Governance ('ESG') matters. Richemont's annual CSR Report reflects the expectations of those stakeholder groups regarding ever-greater transparency. To ensure continued alignment between stakeholder interests and our new Strategy, a second materiality analysis was conducted during the year under review.

Each Maison and platform has its own CSR structure, driving engagement at a local level. This local approach translates Richemont's movement for better luxury.

Innovation

Our innovative practices range from new materials to new distribution models and from new ways to collaborate internally to new ways to improve customer service.

While we hope that every innovation adds to Richemont's prospects, only certain innovations contribute to our movement for better luxury. Those innovations include experimentation with circular business models, including pre-owned watches, and embedding sustainable logistics and business travel into our everyday operations. Other long-term innovative commitments include traceability for certain materials and employee-centred career development.

Corporate social responsibility continued

People

Richemont directly employs some 35 000 people in design, manufacturing, distribution, retail and support functions. Reflecting the location of our Maisons' manufacturing bases and international distribution centres, the majority of employees are based in Europe.

Training is a key component of our Maisons' success and is fully integrated in the performance and development appraisal process for every employee. The quality and longevity of our goods rely on highly skilled craftspeople, while our customers' satisfaction relies both on that quality and the passion of retail associates.

To preserve the skills of master craftsmen from one generation to the next, our Maisons engage a number of apprentices each year. The Group collaborates with the Watchmakers of Switzerland Training and Educational Programme ('WOSTEP') and the Fondation de la Haute Horlogerie. Richemont supports the Creative Academy in Milan, which promotes the integration of design talents within the Group.

Our Retail Academies provide platforms for recruiting and training personnel for our Maisons' boutiques across the People's Republic of China.

Sourcing

Richemont's full supply chain often lies beyond our direct control. We therefore work with our suppliers to ensure their social and environmental impacts meet our standards: individually through our Supplier Code of Conduct, and collectively through the Responsible Jewellery Council ('RJC').

Our Maisons are progressing towards 100% RJC-certified gold. To minimise their environmental impact, they give preference to gold from recycled sources rather than large-scale mines. For both environmental and social reasons, certain Maisons also source gold from artisanal and small-scale mines through the Swiss Better Gold initiative.

In addition to their responsible gold and diamond sourcing activities, our Maisons are mapping their supply chains for certified leather and packaging from sustainable sources. Each year, between 100 and 200 suppliers are audited as part of the regular relationship with our Maisons.

Environment

Our revised Environmental Code of Conduct is built on internationally recognised standards for environmental management and includes industry-specific issues.

The Group seeks to minimise its carbon emissions through energy-efficient building design and energy-saving measures in our activities, together with a programme of carbon offset purchases and an insetting project. The costs of offset purchases are re-invoiced to the Maisons to increase awareness and to encourage energy efficiency. Richemont is setting long-term, science-based targets to reduce its overall carbon intensity as well as the environmental impact of its packaging, logistics and business travel.

As described above, innovation and experimentation in circular economy business models and gold sourcing also reduce our wider environmental impacts.

Communities

Our Maisons support art and cultural programmes that reflect their historical background and the nature of their products, together with global and local community programmes. Individually, our employees contribute to the local communities in which they live and work in many ways, including volunteering.

Programmes include Cartier Philanthropy, Fondation Cartier pour l'art contemporain, Michelangelo Foundation for Creativity and Craftsmanship, Fondation de la Haute Horlogerie, Peace Parks Foundation and Laureus Sport for Good Foundation. The Group donates some € 30 million per year to these and other programmes, or some 1.8% of profit before tax.

Responsible Jewellery Council

The Responsible Jewellery Council ('RJC') promotes responsible, ethical, human rights, social and environmental practices in the gold, platinum and diamond supply chains. In 2019, the scope was enlarged to include sapphires, emeralds and rubies. It is the leading standard for the watchmaking and jewellery industry and is a member of the ISEAL Alliance. Further information may be obtained at www.responsiblejewellery.com

The RJC's 1 100 corporate members range from mining houses to jewellery and watch retailers. All of our Maisons using gold, platinum and diamonds as well as YOOX NET-A-PORTER are members and independently certified against its mandatory Code of Practices Standard.

The RJC's voluntary Chain-of-Custody ('CoC') Standard supports claims for responsibly sourced gold and platinum. A growing number of our Maisons and their suppliers have already elected to become CoC certified and that Standard is the basis of our longer-term ambition to source 100% certified gold.

Responsible Jewellery Council

Peace Parks Foundation

Peace Parks Foundation is reconnecting Africa's wild spaces to create a future for mankind in harmony with nature.

The Foundation continues to passionately protect and renew critical ecosystems that transcend man-made boundaries, thereby securing and regenerating natural and cultural heritage vital to enabling and sustaining life.

This is achieved by facilitating the establishment of an interconnected network of transfrontier conservation areas ('TFCAs') across southern Africa, with a view to restoring ecological functionality, developing nature-based tourism enterprises, and unlocking opportunities that enable people to derive equitable benefits from conservation.

Through our rewilding projects, we aim to restore biodiversity, whilst reigniting tourism that will generate revenues to sustain conservation efforts and provide improved livelihood opportunities for local communities. In 2018, we translocated 1 035 animals: 529 plains game and 101 elephants from South Africa to Zinave National Park in the Great Limpopo TFCA, 206 animals to Maputo Special Reserve in Mozambique, and 200 buffalo from Namibia to the Simalaha Community Conservancy in Zambia.

Peace Parks Foundation understands that to be successful and impactful, modern-day conservation efforts rely on cross-industry partnerships, both private and public. To this end, we facilitated the signing of a seven-year agreement between BioCarbon Partners and Richemont that will, through the sale of carbon offsets, fund community-based forest protection in Zambia, safeguarding critical habitats for threatened species.

Watching over 'sleeping' elephants. The animals' well-being is our first priority on translocation efforts

Peace Parks Foundation strives to create a world in which people live in harmony with nature

We strengthened our partnership with Mozambique's National Administration for Conservation Areas through the signing of two formal agreements for the co-management and financing of Banhine National Park, as well as Maputo Special Reserve and its marine component, Ponta do Ouro Partial Marine Reserve. For the latter, an ambitious business plan will steer the park to financial break-even within the next decade. This is ultimately the goal for all the parks we support: to reach financial self-sustainability and develop robust governance models based on partnerships with communities, the private sector, NGOs, donors and government.

Although still a serious challenge, we continued to achieve significant successes through wildlife protection and the combatting of wildlife crime. As an example, we removed over 15 000 snares and traps and confiscated more than 200 illegal hunting rifles during 2018. In the nine parks in which Peace Parks provides management support, significantly fewer animals were illegally killed and unlawful logging was effectively disrupted. At the same time, over 20 000 people living adjacent to the protected areas were supported with alternative livelihoods.

We remain thankful to those whose continued support and generosity enables us to engage in the work we do. We are fully aware of what a privilege it is to stand as an equal amongst world-renowned conservation agencies, spending each day fulfilling a purpose to which we are truly committed.

Contact
Werner Myburgh, CEO, Peace Parks Foundation
Tel: +27 (0)21 880 5100
E-mail: wmyburgh@ppf.org.za
Website: www.peaceparks.org

Laureus

Laureus Sport for Good's ('LS4G') pioneering work is a source of pride to all at Richemont. Co founded by Richemont and German auto manufacturer Daimler in response to the challenge set by Nelson Mandela at the inaugural Laureus World Sports Awards in 2000, LS4G continues to break new ground as it works to achieve its vision: 'Using the power of sport to end violence, discrimination and disadvantage. Proving that sport can change the world'.

In 2018, LS4G leveraged the support provided by Richemont and Daimler to raise funds to work in numerous new locations. We supported community-based organisations using sport to transform the lives of children and young people in countries as diverse as Japan, Somalia, Thailand and the Democratic Republic of Congo for the first time. LS4G even partnered with the Mayor of London to launch a brand new partnership focused on social integration in the UK capital. Overall, we were excited that 2018 marked the largest amount of annual funding that Laureus has ever been able to commit to our portfolio of more than 160 partners in over 40 countries around the world.

Girls playing football in the Sports Country Ambista programme in Japan

LS4G growth, though, is not measured in new countries or new funding, nor on how much better kids become at the relevant sport offered by the programme in question. Instead, we measure the impact of the programmes we support on young people's lives. In 2018, alongside health, education, employability, and peaceful and inclusive society, we focused on how programmes we supported helped to improve the lives of women and girls. We are delighted to be able to report that 49% of the participants across all our programmes were girls and that:

- 76 194 girls had access to a safe space;
- 50 894 girls and young women and 11 793 boys and young men recognised the right for women and girls to live free from violence and abuse;
- 45 463 girls and young women received training and skills development;
- 45 194 girls were helped to improve attendance, engagement and retention in school.

Other 2018 highlights included many of our partners gathering together to celebrate what would have been President Mandela's 100th birthday on 18 July, reaffirming their commitment to his belief that sport has the power to change the world. In October, around 130 LS4G programme partners gathered in Paris for the Laureus Sport for Good Global Summit, sharing best practice and collaborating on new ways to overcome challenges, with a particular focus on gender equality and social inclusion.

Richemont's strong support of Laureus Sport for Good is absolutely essential to this ongoing success. With Montblanc joining long-term partner IWC Schaffhausen in supporting Laureus' work, our collective power to change young people's lives for the better has never been more apparent.

For more information, go to www.laureus.com

Michelangelo Foundation

The Michelangelo Foundation for Creativity and Craftsmanship is a private, not for profit, international foundation based in Geneva, Switzerland, founded in 2016 by Johann Rupert, Chairman, and Franco Cologni, Executive Vice Chairman. Its core mission is to promote and perpetuate what human hands can do (and will always be able to do) better than any machine.

The Foundation is a unique endeavour that transcends borders and cultures to create a dynamic network; it strengthens the ties between fine craftsmanship and the world of design by stimulating ideas, exchanges and new projects through productive and vibrant dialogue and collaborations. Particularly meaningful is the relationship with the Fondazione Cologni dei Mestieri d'Arte ('Fondazione Cologni'), an Italian-based non-profit institution (supported by Richemont) with almost 30 years of experience in promoting fine craftsmanship, which acts as a think-tank and as an experimental laboratory.

The young ambassadors at Homo Faber 2018 in Venice

In 2018 the foundation organised its first international cultural event, 'Homo Faber: Crafting a more human future' in Venice, under the patronage of the European Parliament, bringing together 480 artisans and designers from 35 European countries, presenting 85 crafts, 300 techniques, and 900 artworks and images in over 4 000m2. 105 young ambassadors from 26 top European institutions of applied arts and design rallied to show the 16 exhibition spaces to more than 62 000 visitors.

The Michelangelo Foundation is currently spearheading a European network of like-minded associations, museums, educational institutions, foundations, guilds, and chambers of trade and commerce dedicated to promoting craftsmanship. More than 70 organisations from over 25 countries met for the first time in Venice during Homo Faber 2018, and these invaluable relationships are being translated onto a digital network platform that will also showcase the best master artisans in the world. To this aim, the Michelangelo Foundation is pioneering a collaborative and qualitative 'best craftsmanship practice' international database that will debut by the end of 2019.

The Michelangelo Foundation, in conjunction with the Fondazione Cologni, also underwrites every year the Doppia Firma event in Milan during the Salone del Mobile, the world's most important design event, bringing together innovative designers and master artisans from around Europe to produce a unique collection of collaborative works and small scale series. Each object is the result of a creative exchange between a designer/artist and an artisan/manufacturer, where project culture and expertise are cross fertilised in an authentic expression of excellence.

The Michelangelo Foundation has met and exceeded its mission and expectations, creating a much-needed international bridge between creativity and craftsmanship, and proudly upholding the credo of the Homo Faber event, scheduled to open in Venice for its second edition in September 2020: 'Crafting a more human future'.

For more information, go to www.michelangelofoundation.org or www.homofaberevent.com

Board of Directors

1. Johann Rupert
Chairman
South African, born 1950

Mr Rupert was first appointed to the Board in 1988 and served as Chairman from 2002 to 2013. Following a sabbatical year, he was reappointed Chairman in September 2014. He is Chairman of the Nominations Committee and the Senior Executive Committee.

Mr Rupert is the Managing Partner of Compagnie Financière Rupert. He studied economics and company law at the University of Stellenbosch. After working for the Chase Manhattan Bank and Lazard Frères in New York, he founded Rand Merchant Bank in 1979. In 1985, he joined Rembrandt. He founded Richemont in 1988 and became Group Chief Executive. He also served as Chief Executive Officer from 2003 to 2004 and from 2010 to 2013. He is Non-Executive Chairman of Remgro Limited and Chairman of Reinet Investments Manager S.A., the management company of Reinet Investments S.C.A.

Mr Rupert holds honorary doctorates in Law, Economics and Commerce, is the Chancellor of the University of Stellenbosch and is Chairman of the Peace Parks Foundation and the Michelangelo Foundation.

2. Josua Malherbe
Non-executive Deputy Chairman
South African, born 1955

Mr Malherbe was appointed to the Board in 2010 as a Non-executive Director and has served as Deputy Chairman since September 2013. He also serves as Chairman of the Audit Committee and is a member of the Strategic Security and Nominations Committees.

He qualified as a Chartered Accountant in South Africa and worked with the predecessor firm of PricewaterhouseCoopers before joining Rand Merchant Bank in 1985. In 1990 he joined Rembrandt Group Limited and was involved with Richemont at that time. Since its formation in 2000, he served first as Chief Executive Officer and then as Deputy Chairman of VenFin Limited until 2009 when that company was acquired by Remgro Limited.

Mr Malherbe continues to serve as a director of Richemont Securities S.A., Remgro Limited, Reinet Investments Manager S.A., Pension Corporation Group Limited, and Renshaw Bay Limited.

3. Jérôme Lambert
Group Chief Executive Officer
French/Swiss, born 1969

Mr Lambert was appointed to the Board in 2017 and is a member of the Senior Executive Committee.

He graduated from ESG Management School, Paris and completed post-graduate studies at the Swiss Graduate School of Public Administration.

Prior to joining the Group, he held financial roles in Switzerland's public postal and telecommunications service. Mr Lambert joined Jaeger-LeCoultre in 1996 as the Manufacturer's financial controller and became Chief Financial Officer three years later. In 2002, he was appointed its Chief Executive Officer and served in that role until June 2013. Mr Lambert then became Chief Executive Officer of Montblanc until March 2017. In addition, Mr Lambert has served as Chairman of A. Lange & Söhne since 2009 and was its Chief Executive for two years. In April 2017, Mr Lambert became the Group's Head of Operations, responsible for central and regional services and all Maisons other than Jewellery and Specialist Watchmakers. In November 2017, Specialist Watchmakers Maisons were added to his scope and he was named Group Operations Officer. Mr Lambert has been the Group Chief Executive Officer since September 2018.

4. Burkhart Grund
Chief Finance Officer
German/American, born 1965

Mr Grund was appointed to the Board in 2017 and is a member of the Senior Executive Committee.

He is a graduate in Business Administration of Georgia Southern University, US and completed his graduate studies in International Finance at Münster University, Germany.

Prior to joining the Group, he held various positions in the Finance department at Wella AG and was appointed Chief Financial Officer of the Wella subsidiary in Chile in 1996.

He moved to Richemont in 2000 to be Chief Financial Officer of Montblanc France, a position which he held until 2006 when he joined Van Cleef & Arpels as Vice President and Chief Financial Officer. In 2016, Mr Grund was appointed Group Deputy Finance Director, and became a member of the Group Management Committee. In August 2017, Mr Grund was appointed Group Chief Finance Officer.

5. Nikesh Arora
Non-executive Director
Indian, born 1968

Mr Arora was appointed to the Board as a Non-executive Director in 2017 and is a member of the Nominations Committee.

He holds an M.S. in Business Administration from Northeastern University, an M.S. in finance from Boston College and a B. Tech. in electrical engineering from the Institute of Technology at Banaras Hindu University.

In the US, Mr Arora has held a number of senior positions in the finance and technology sectors. He was Senior Vice President and Chief Business Officer of Google, Inc. until 2014. He was most recently President and Chief Operating Officer of SoftBank Group Corp., the global telecommunications company and technology investor. Prior to that Mr Arora worked at Deutsche Telekom AG, Putnam Investments and Fidelity Investments.

On 1 June 2018 Mr Arora took on the role of Chief Executive Officer and Chairman at Palo Alto Networks.

6. Nicolas Bos
President & Chief Executive Officer of Van Cleef & Arpels
French, born 1971

Mr Bos was appointed to the Board in 2017 and is a member of the Senior Executive Committee.

He is a graduate of the ESSEC Business School.

Mr Bos joined Richemont in 1992, initially working with the Fondation Cartier pour l'art contemporain in Paris. In 2000, he joined Van Cleef & Arpels as International Marketing Director. In 2009, he became Vice President and Creative Director and in 2010 was also appointed President of Van Cleef & Arpels, Americas. In January 2013, Mr Bos became global President and Chief Executive Officer of Van Cleef & Arpels.

7. Clay Brendish
Non-executive Lead Independent Director
British, born 1947

Mr Brendish was appointed to the Board as a Non-executive Director and the Lead Independent Director in 2017. He also serves as the Chairman of the Strategic Security and Compensation Committees and is a member of the Audit and Nominations Committees.

He is a graduate of Imperial College, London and is a Chartered Engineer.

His professional background is in the Information Technology and communications industry, having founded Admiral plc in 1979 (now part of CGI UK). He was a former Non-Executive Director of BT plc and Chairman of the Meteorological Office. He was also a Trustee of the Economist Newspaper. Prior to his nomination to the Board of Richemont, Mr Brendish served as an advisor to Richemont's Strategic Security Committee.

8. Jean-Blaise Eckert
Non-executive Director
Swiss, born 1963

Maître Eckert was appointed to the Board as a Non-executive Director in 2013 and is a member of the Audit and Nominations Committees.

He graduated from Neuchâtel University, Switzerland, and holds an MBA from Berkeley, University of California.

Maître Eckert has been a practising lawyer since 1989 and a Partner of Lenz & Staehelin since 1999, advising on national and international corporate, commercial and tax law.

Maître Eckert serves on the board of several Swiss companies, including PSA International SA and UL (Underwriters Laboratories) AG, and on the board of several not-for-profit organisations, including the Fondation pour la Musique et la Culture, Genève. He is also a member of a number of Swiss and international professional organisations.

Board of Directors continued

9. Sophie Guieysse
Group Human Resources Director
French, born 1963

Ms Sophie Guieysse is the Group Human Resources Director and was appointed to the Senior Executive Committee in October 2017 and to the Board in September 2018.

Ms Guieysse is a graduate from the Ecole Polytechnique, the Ecole Nationale des Ponts et Chaussées and holds an MBA from the Collège des Ingénieurs. Ms Guieysse began her career holding operational functions at a number of French Ministries. From 1997 until 2005, she held various human resources roles at LVMH. Her ultimate role there was as Director of Human Resources of the LVMH group. In 2005, Ms Guieysse joined Canal+ group where she spent ten years as Human Resources Director and member of the Executive Committee. Since 2016, Ms Guieysse had been advising Dior on the future of luxury in a connected world.

Ms Guieysse serves on the Board of Directors of Maisons du Monde and is Chairman of its Nominations & Compensation Committee. In addition, Ms Guieysse is a member of the Remuneration Committee of Paris 2024 Olympic Games Organising Committee and of the 2023 Rugby World Cup Organising Committee.

10. Keyu Jin
Non-executive Director
Chinese, born 1982

Dr Jin was appointed to the Board as a Non-executive Director in 2017 and is a member of the Compensation and Nominations Committees.

She is a tenured Professor of Economics at the London School of Economics.

From Beijing, Dr Jin holds a BA, MA and PhD from Harvard University. Her specific areas of expertise are international macroeconomics, international finance and the Chinese economy.

11. Ruggero Magnoni
Non-executive Director
Italian, born 1951

Mr Magnoni was appointed to the Board as a Non-executive Director in 2006 and is a member of the Audit and Nominations Committees. In 2006 he became a partner of Compagnie Financière Rupert.

He graduated from Bocconi University and holds an MBA from Columbia University.

Mr Magnoni joined Lehman Brothers in 1977 and held a number of senior roles across that firm's international activities. In 2000, Mr Magnoni became Head of the European Private Equity division and Vice Chairman of Lehman Brothers Inc and in 2002, Chairman of Lehman Brothers International Italy. Between 2008 and 2013, Mr Magnoni served as Chairman of Nomura International plc's Investment Banking division for Europe, Middle East and Africa. He was a member of the Board of Overseers of Reinet Investments S.C.A. up to September 2009.

He is an investor and Board Director of two Italian listed industrial holding companies, IMMSI Spa and Intek Group, as well as being Chairman of London-based, FCA-registered M&M Capital.

He is also involved with various philanthropic activities, including Fondazione Laureus Italia.

12. Jeff Moss
Non-executive Director
American, born 1970

Mr Moss was appointed to the Board as a Non-executive Director in 2016 and is a member of the Nominations Committee and the Strategic Security Committee.

Mr Moss is a computer and internet security expert, and is the founder of the Black Hat Briefings and DEF CON. Previously he has served as Chief Security Officer of the Internet Corporation for Assigned Names and Numbers ('ICANN') and as a director at Secure Computing Corporation.

He currently serves as: a member of the U.S. Department of Homeland Security Advisory Council; a member of the Council on Foreign Relations; a Non-resident Senior Fellow at the Atlantic Council; a member of the Georgetown University School of Law Cybersecurity Advisory Committee; and a commissioner on the Global Commission for the Stability of Cyberspace ('GCSC').

13. Vesna Nevistic
Non-executive Director
Swiss, born 1965

Dr Nevistic was appointed to the Board as a Non-executive Director in 2017 and is a member of the Audit and Nominations Committees.

She holds Swiss and Croatian citizenship and has a PhD in Electrical Engineering from the Swiss Federal Institute of Technology (ETH) Zurich.

She has gained extensive international experience in consulting and investment banking, having been a Partner at McKinsey and Managing Director at Goldman Sachs. From 2009 to 2012, Dr Nevistic was a Group Managing Director and Head of Corporate Development at UBS, where she was part of the senior executive team that restructured the bank's operations following the financial crisis.

She currently runs her own advisory boutique, focusing on corporate strategy and business transformations, and also serves as a Non-Executive Director at Samskip BV and Samskip hf.

Dr Nevistic supports various non-profit organisations and is a member of the Finance Committee of the Swiss Study Foundation, and was a trustee at the Swiss Institute / Contemporary Art New York.

14. Guillaume Pictet
Non-executive Director
Swiss, born 1950

Mr Pictet was appointed to the Board as a Non-executive Director in 2010 and is a member of the Audit, Compensation and Nominations Committees. He is a graduate of HEC, Lausanne University. His career in private banking has included membership of Darier Hentsch & Cie's senior management. He has also served as an international economist in Switzerland's Federal Department of Economic Affairs.

Since 1996, Mr Pictet has been a Founding Partner and Vice Chairman of de Pury Pictet Turrettini & Cie SA.

15. Alan Quasha
Non-executive Director
American, born 1949

Mr Quasha was appointed to the Board as a Non-executive Director in 2000 and is a member of the Nominations Committee.

He is a graduate of Harvard College, Harvard Business School, Harvard Law School, and New York University Law School. After practising law, he moved into commerce and since 1987 has been President of Quadrant Management Inc.

Mr Quasha served as a director of Richemont SA, Luxembourg from 1988 until 2000. He was Chief Executive Officer of North American Resources Limited between 1988 and 1998. He was a member of the Board of Overseers of Reinet Investments S.C.A. up to September 2009; he has indirect interests in certain investments held by Reinet and is involved as a manager of a fund in which Reinet has invested. He was a director of American Express Funds, a former Governor of the American Stock Exchange, and a former Chairman of the Visiting Committee of the Weatherhead Centre for International Affairs.

Mr Quasha is currently President of Quadrant Management Inc.; Chairman of Brean Capital; Director of Carret Holdings, Inc., and on the Advisory Board of Vanterra Capital. He is also Chairman of the Brain Trauma Foundation.

16. Maria Ramos
Non-executive Director
South African, born 1959

Ms Ramos was appointed to the Board as a Non-executive Director in 2011 and is a member of the Compensation and Nominations Committees.

She holds degrees from the University of the Witwatersrand and the University of London, and is a member of the Institute of Bankers. She also holds honorary doctorates from the University of Stellenbosch and Free State University.

Previous positions held by Ms Ramos include Director-General of the National Treasury of South Africa, Group Chief Executive of Transnet Limited and Chief Executive Officer of Absa Group Limited (until 28 February 2019). She has also served as a Non-Executive and Independent Director on the boards of Sanlam Limited, SABMiller PLC, and Remgro Limited.

In addition, she is also a member of the Group of Thirty; the Global Board of Advisors, Council on Foreign Relations (U.S.) and the World Economic Forum's International Business Council.

Board of Directors continued

17. Anton Rupert
Non-executive Director
South African, born 1987

Mr Anton Rupert was appointed to the Board as a Non-executive Director in 2017 and is a member of the Strategic Security and Nominations Committees.

He is a director of Watchfinder.co.uk and serves as a Non-Executive Director of Remgro Ltd.

Mr Anton Rupert is a non-voting observer designated by Reinet Fund S.C.A., F.I.S. to the board of Carbon, Inc., a leading digital manufacturing platform and is a director of MQA Limited, a company specialised in innovative music coding technology.

He has knowledge of and insight into tech start-ups and has had extensive exposure to all of the Group's businesses. He brings valuable insight into changing consumer behaviour in digital marketing and web-based commerce.

18. Jan Rupert
Non-executive Director
South African, born 1955

Mr Jan Rupert was appointed to the Board in 2006 and is a member of the Strategic Security and Nominations Committee. He joined the Group as Manufacturing Director in 1999 and served as an Executive Director from 2006 to 2012. Mr Jan Rupert has served as a Non-Executive Director since 2012.

Mr Jan Rupert is a graduate in mechanical engineering from Stellenbosch University, South Africa and has had an extensive career in production management in the tobacco and watchmaking industries. Prior to joining Richemont, he was Manufacturing Director of Rothmans International.

19. Gary Saage
Non-executive Director
American, born 1960

Mr Saage was appointed to the Board in 2010 and is a member of the Nominations Committee.

Mr Saage is a graduate of Fairleigh Dickinson University, US, and is a Certified Public Accountant.

Following an early career in public accounting with Coopers & Lybrand, he joined Cartier's US business in 1988. Between 1988 and 2006, he served as Chief Operating Officer of Richemont North America and of Alfred Dunhill in London. From 2006 to 2010, he served as Group Deputy Finance Director, subsequent to which he was appointed Chief Financial Officer, a position he held from 2010 to 31 July 2017. Since 1 August 2017, he has been serving as a Non-Executive Director. In addition, he is the Chairman of Richemont North America and a Director of Peter Millar LLC.

Mr Saage is also a Non-Executive Director of Arendale Holdings Corp.

20. Cyrille Vigneron
President & Chief Executive Officer of Cartier
French, born 1961

Mr Vigneron was appointed to the Board in 2016 and is a member of the Senior Executive Committee.

He is a graduate of the ESCP Europe (Ecole Supérieure de Commerce de Paris).

On 1 January 2016, he was appointed Chief Executive Officer of Cartier. Prior to his new role, Mr Vigneron was President of LVMH Japan and worked with Richemont from 1988 to 2013: principally with Cartier, rising to become Managing Director of Cartier Japan, President of Richemont Japan, and finally, Managing Director of Cartier Europe.

Corporate governance

Contents

Introduction

Compagnie Financière Richemont SA (the 'Company' or 'Richemont') and its subsidiaries (together 'the Group') are committed to maintaining a high standard of corporate governance. The sections that follow provide information on the Group's structure, general shareholder information and details regarding the Board of Directors of the Company (the 'Board') and its committees. They adhere to the recommendations of the SIX Swiss Exchange's Directive on Information relating to Corporate Governance ('DCG'). Cross-references to other sections of the report are provided where appropriate. In certain instances, where the issues contained in the DCG do not apply to Richemont or where the amounts involved are not material, no disclosure may be given. Additional information can be found in the Compensation Report.

In addition to Swiss law, such as the Swiss Code of Obligations (the 'CO'), the Financial Market Infrastructures Act of 19 June 2015 ('FMIA') and its implementing ordinances, as well as the "Minder" Ordinance on Excessive Compensation of 20 November 2013 ('OEC'), the Company complies with the Listing Rules of the SIX Swiss Exchange. With a secondary listing of the depository receipts issued by Richemont Securities SA ('Richemont Securities') in respect of the Company's shares, it also complies with the rules of the Johannesburg Stock Exchange, to the extent that they apply to companies with secondary listings there.

The Group's principles of corporate governance are codified in the Articles of Incorporation of the Company (the 'Articles'), in its Organisational Regulations and in the terms of reference of the Audit, Compensation, Nominations and Strategic Security Committees of the Board. The Articles and the Organisational Regulations are available on the Group's website at www.richemont.com/group/corporate-governance.html.

The Group's corporate governance principles and practices are reviewed by the Audit Committee and the Board on an annual basis in the light of prevailing best practices.

The Board believes that the Company's corporate governance arrangements continue to serve its shareholders well. The Board is confident that the Group's governance structure reinforces its ability to deliver the Group's strategy of growing value for shareholders over the long term through the sustained growth of its Maisons and Online Distributors.

1. Group structure and shareholders

Group structure

The Company is a Swiss company with its registered office at 50, chemin de la Chênaie, CH-1293 Bellevue, Geneva.

The Group's luxury goods businesses are reported within: (i) Jewellery Maisons; (ii) Specialist Watchmakers; (iii) Online Distributors; and (iv) Other. Each of the Maisons and Online Distributors in the Group enjoys a high degree of autonomy, with its own management group under a chief executive officer. To complement those businesses, the Group has established central support functions and a regional functions structure around the world to provide specialised support in terms of distribution, finance, legal, IT and administration.

The market capitalisation and International Security Identification Number ('ISIN') of the Richemont 'A' shares are given in section 2 of this corporate governance report, which deals with the capital structure.

The Group holds an interest in one listed company: Dufry AG ('Dufry'). Dufry's registered office is in Basel, Switzerland and its registered shares are listed on the SIX Swiss Exchange with ISIN number CH0023405456. Further details regarding Richemont's shareholding in Dufry may be found in note 13.

Details of the most significant non-listed companies within the Group are set out in note 42 ('Principal Group Companies') to the Group's consolidated financial statements.

Significant shareholders

Compagnie Financière Rupert, a Swiss partnership limited by shares, holds 522 000 000 Richemont 'B' registered shares representing 9.1% of the equity of the Company and controlling 50% of the Company's voting rights. Mr Johann Rupert, Chairman of Richemont, is the sole General Managing Partner of Compagnie Financière Rupert. Mr Ruggero Magnoni and Anton Rupert, both non-executive directors of the Company, and Prof Juergen Schrempp, are partners of Compagnie Financière Rupert.

Compagnie Financière Rupert does not itself hold any Richemont 'A' shares. Parties associated with Mr Johann Rupert and Compagnie Financière Rupert held a further 2 836 664 'A' shares or 'A' share equivalents at 31 March 2019.

As at 31 March 2019, there were no other significant shareholders in the Company, i.e. with at least 3% of the voting rights. Accordingly, no disclosure notifications were published during the year under review. Disclosure notifications by significant shareholders of the Company can be viewed on the SIX Swiss Exchange's website at https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html.

Cross-shareholdings

Richemont does not hold an interest in any company which is itself a shareholder in the Group.

2. Capital structure

Capital

There are 522 000 000 'A' registered shares (''A' shares') and 522 000 000 'B' registered shares (''B' shares') in issue. The issued capital amounts to CHF 574 200 000. Further details are given in note 19 to the Group's consolidated financial statements.

Authorised and conditional Capital

The Company does not have any authorised or conditional share capital.

Changes in Capital

During the three year period preceding the period ended 31 March 2019, there were no changes to the Company's capital structure. For movements in the reserve for treasury shares, please see the description in the section 'Share buy-back programmes' and the details in note 19.

Shares and depository receipts

Shares

Richemont 'A' registered shares are listed and traded on the SIX Swiss Exchange. The 'B' registered shares are not listed and are held by Compagnie Financière Rupert, as detailed above. Each 'A' registered share has a par value of CHF 1.00 and each 'B' registered share has a par value of CHF 0.10.

At 31 March 2019, Richemont's market capitalisation, based on a closing price of CHF 72.54 per share and a total of 522 000 000 'A' shares in issue, was CHF 37 866 million. The overall valuation of the Group at the year end, reflecting the value of both the listed 'A' shares and the unlisted 'B' shares, was CHF 41 652 million.

During the year under review, the highest closing price of the 'A' share was CHF 99.02 on 17 May 2018, and the lowest closing price of the 'A' share was CHF 60.92 on 27 December 2018.

The ISIN of Richemont registered 'A' shares is CH0210483332 and the Swiss 'Valorennummer' is 21048333.

According to Article 7 of the Articles, each share confers the right to one vote.

Holders of 'A' and 'B' shares enjoy the same dividend rights, but due to the differing par values of the two classes of shares, 'B' shareholders receive one tenth of the dividend per share paid to holders of the 'A' shares.

In respect of the financial year ended 31 March 2019, an ordinary dividend of CHF 2.00 per 'A' share and CHF 0.20 per 'B' share has been proposed for approval by the shareholders in September 2019. During the year under review, the shareholders approved a dividend of CHF 1.90 per 'A' share and CHF 0.19 per 'B' share.

Depository Receipts

The 'A' shares are also listed and traded on the Johannesburg Stock Exchange in the form of depositary receipts ('DRs') issued by Richemont Securities. Richemont Securities, a wholly owned subsidiary of the Company, acts as Depository for the issuance, transfer and cancellation of the DRs. DRs trade in the ratio of ten DRs to each Richemont 'A' share. The terms and conditions applicable to DRs are set out in the Deposit Agreement entered into between Richemont Securities as Depository, and the Company as Issuer. The Deposit Agreement was most recently amended on 26 March 2014.

In its capacity as Depository, Richemont Securities holds one 'A' share in safe custody for every ten DRs in issue. Richemont Securities' interest in the 'A' shares that it holds is therefore non-beneficial. At 31 March 2019, Richemont Securities held 85 577 407 'A' shares in safe custody in respect of the DRs in issue. This amount represents some 16% of the listed and traded 'A' shares.

Dividends received by Richemont Securities are payable in rand to South African residents. Dividends are converted upon receipt by Richemont Securities and remitted to the holders of DRs. Non-South African resident holders of DRs may receive the dividends in Swiss francs, subject to their residence status.

Holders of DRs issued by Richemont Securities are not entitled to attend the shareholders' meeting of the Company or to vote in person. Rather, DR holders are canvassed as to their voting instructions by Richemont Securities, which then represents the holders at such meetings.

Share buy-back programmes

Over the course of the preceding 19-year period ended 31 March 2018, the Group had repurchased a total of 34 552 934 former 'A' units and 40 381 876 'A' shares through the market to meet obligations under stock option plans for executives. During the year under review, the Group repurchased a further 2 300 000 'A' shares through the market.

Taking into account the exercise of options by executives during the course of the year and other activities linked to the hedging programme, the balance held in treasury at 31 March 2019 was 9 375 810 'A' shares.

On 12 May 2017 Richemont announced a new programme envisaging the buy-back of up to 10 000 000 of its own 'A' shares over a three-year period, linked to the requirements of the executive stock option plan. Richemont's strategy is to maintain a hedge ratio of at least 90% of the commitments arising under the Group's stock option plan. The programme received the requisite approvals from the Swiss Takeover Board and Richemont undertakes to publish transactions on its website in accordance with those approvals.

Details of the Group's stock option plan are set out in the Compensation Report from page 54 and in note 31 to the Group's consolidated financial statements. The operating expense charged to the consolidated statement of comprehensive income in respect of the fair value of stock options granted to executives is set out in note 27.

When 'A' shares or former 'A' units are bought back, a reserve for treasury shares, equal to the cost value of the shares purchased in the market, is established as an element of shareholders' equity in the Group's consolidated statement of financial position. As shares are sold as a consequence of the exercise of options by executives, the reserve is correspondingly reduced. Details are given in note 19.

Dividend-right certificates

There are no dividend-right certificates.

Transferability of shares

The Company's 'A' shares are issued as uncertificated securities within the meaning of the CO and as intermediated securities within the meaning of the Swiss Federal Act on Intermediated Securities ('ISA'). Following entry in the Share Register, shareholders may request a statement in respect of their 'A' shares from the Company at any time. Shareholders do not have the right to request the printing and delivery of certificated 'A' shares. Certificates (individual share certificates or certificates representing several 'A' shares) may however be printed and delivered if considered appropriate by the Company. The transfer and encumbering of 'A' shares are carried out according to the provisions of the ISA. There are no restrictions on the transfer of 'A' shares. Transfers of the unlisted 'B' registered shares in the Company, which are held solely by Compagnie Financière Rupert, must be approved by the Board in accordance with Article 6 of the Articles. The limitations on transferability of shares may be removed by resolution of the general meeting of shareholders, with approval of the absolute majority of the votes attributed to the shares represented, in accordance with Article 18 of the Articles.

According to Article 6 of the Articles, nominees holding 'A' shares may under certain conditions be registered in the Share Register as shareholders with voting rights.

Convertible bonds and options

As at 31 March 2019, there are no convertible bonds or options issued by the Company. The only options issued are the stock options issued in the context of the Group's stock option plan. The details of the Group's stock option plan are set out in the Compensation Report from page 49 and in note 31 to the Group's consolidated financial statements.

3. Board of Directors

Responsibilities and membership

In addition to the non-transferable and inalienable duties, the Board kept the powers and responsibilities which are stipulated in section 2.2.3 of the Organisational Regulations.

The Board is responsible for the overall strategic direction of the Group and the appointment of senior management. In addition, it is responsible for establishing financial controls and appropriate procedures for the management of risk within the Group as well as the overall supervision of the business. The Board is responsible for the preparation of the financial statements of the Company and of the Group and for the organisation of shareholder meetings.

The introduction to this section provides commentary about the composition of the Board's membership and the qualities of its members. The Board is composed principally of non-executive directors with diverse professional and business backgrounds. Ten nationalities are currently represented on the Board, which was composed of 20 members at 31 March 2019. The Board's Chairman is Mr Johann Rupert and its Deputy Chairman is Mr Josua Malherbe. Board members are proposed for election on an individual basis at each year's annual general meeting ('AGM') for a term of one year. All directors are eligible to stand for re-election each year, details of nominations being given in the notice of the AGM. There is no restriction on the number of times a director may seek re-election and no formal age limit for directors. Neither age nor the number of years served on the Board is deemed to affect a director's independence. Certain independent directors have served for more than ten years.

The non-executive directors are, without exception, indisputably independent in character and judgement. With the exception of Mr Gary Saage, all non-executive members of the Board were not previously members of the management of the Company or one of the Company's subsidiaries in the three financial years preceding the period under review. They bring to the Board an array of expertise and experience. The Board considers that the combination of experience and expertise has been a significant factor in contributing to the superior returns for shareholders generated by the Group since the listing of Richemont on the Swiss Stock Exchange in 1988. Photographs and biographies of the current Board members may be found on pages 40 to 44.

One new member of the Board was elected at the September 2018 AGM: Ms Sophie Guieysse. She was appointed as executive director.

Mr Jérôme Lambert, previously Group Chief Operating Officer, was appointed as Group Chief Executive Officer on 10 September 2018.

In terms of its regular business, the Board generally meets for half a day to a full day, five times per annum. Further meetings on specific topics are held on an ad hoc basis. During the year under review, the Board held seven meetings. These included a two-day meeting with the senior management of certain Maisons at which strategy, marketing plans and new products were presented. The Chairman and the Chief Finance Officer establish the agendas for the meetings of the Board. Directors may ask that an item be placed on the agenda for any meeting. Financial reports and supporting information in respect of agenda items are circulated to members of the Board in advance of each meeting. The Board may invite other managers and external advisors to attend meetings.

Professional background and other activities and functions

Details may be found on pages 40 to 44.

Activities outside the Group

The Articles (Article 26) limit the number of permitted mandates of Board members. Those activities include directorships in other organisations, including publicly quoted businesses.

Elections and terms of office

The Chairman of the Board, the members of the Board, the members of the Compensation Committee and the Independent Representative shall be elected individually by the general meeting of shareholders. They shall serve for a term of one year, until the next AGM and shall be eligible for re-election indefinitely.

Board evaluation

The Board and each of its permanent Committees conduct an annual self-assessment of their own role and effectiveness. This provides members of the Board the opportunity to reflect on their individual and collective performance. The respective Committee's conclusions are communicated to the Board.

Corporate governance continued

Board Committees

In terms of the Group's framework of corporate governance, the Board has established the following standing committees: an Audit Committee; a Compensation Committee; a Nominations Committee; and a Strategic Security Committee. The current composition of these Committees is indicated below and in the biographical notes on Board members. In addition to these four Board Committees, the Company's executive directors are members of the Senior Executive Committee ('SEC').

Each Board Committee has its own written Charter outlining its duties and responsibilities and a Chairman elected by the Board. The Chairman of each Committee presents a summary of the proceedings of each Committee meeting to the Board. All Board Committees are entitled to invite members of senior management and external specialists to attend meetings for specific matters on an ad hoc basis.

Audit Committee

During the year under review, the five members of the Audit Committee were: Mr Josua Malherbe (Chairman); Mr Clay Brendish; Maître Jean-Blaise Eckert; Mr Ruggero Magnoni; Mr Guillaume Pictet and, as from 1 August 2018, Dr Vesna Nevistic. The members are all non-executive directors and, without exception, indisputably independent in character and judgement. The Chief Finance Officer attends all meetings, as do the Head of Internal Audit and representatives of PricewaterhouseCoopers SA, the Group's external auditor.

Meetings of the Committee are held at least three times per annum and have a typical duration of half a day. During the year under review, three meetings took place. The Committee meets in camera with the internal auditor and the external auditor during the course of each meeting.

The Audit Committee generally acts in an advisory capacity to the Board. Its principal tasks are to:

- satisfy itself that the consolidated financial statements follow approved accounting principles and give a true and fair view of the Group's financial position and results;
- recommend to the Board the appointment, reappointment or dismissal of the external auditor and keep under review their independence and objectivity as well as their level of compensation;
- examine and review, with both the external and internal auditor, the adequacy and effectiveness of the Group's accounting, financial and operational controls;
- oversee the effectiveness of the Group's Internal Audit function and liaise with the Head of Internal Audit on all matters of significance arising from the department's work;
- oversee the adequacy and effectiveness of risk management practices in the Group;
- examine and review the adequacy, effectiveness and integrity of the processes to assure the Group's compliance with all applicable laws and regulations; and
- ensure compliance with the Group's Code of Conduct for Dealings in Securities.

The Chairman of the Audit Committee reports the findings of each Committee meeting to the Board and makes recommendations to management on behalf of the Board.

The Company has a risk management process which gives consideration to both strategic and operational risks. All identified risks are modelled according to their probability of occurrence and potential impact and subsequently prioritised by management. A consolidated risk report, which includes action plans prepared by the Group executive directly responsible for addressing the risk, is reviewed annually by the Audit Committee and the Board.

Compensation Committee

During the year under review, the Compensation Committee was composed of Mr Clay Brendish (Chairman), Mr Guillaume Pictet, Ms Maria Ramos and, as from 10 September 2018, Dr Keyu Jin. The members are all non-executive directors and, without exception, indisputably independent in character and judgement. To assist it in its deliberations, the Committee may draw on support from the Group's internal specialists and external advisors. Meetings of the Committee are held as necessary but at least three per annum and typically last one to two hours. During the year under review, the Committee met on four occasions.

The purpose of the Committee is to support the Board in establishing and reviewing the compensation strategy and guidelines as well as in preparing the proposals to the general meeting of shareholders regarding the compensation of the Board and the Senior Executive Committee. The Compensation Committee may submit proposals to the Board on other compensation-related issues.

The Committee oversees the administration of the Group's long-term incentive plans for executive members of the Board and the members of the Senior Executive Committee. It approves, inter alia, the awards granted to executive directors and approves the awards made to other executives in aggregate, recognising that the Senior Executive Committee has the authority to make awards to executives other than those serving on the Board. In addition, the Committee oversees any material amendment to existing long-term incentive plans or the creation of any other long-term incentive plan pertaining to senior management.

Nominations Committee

The Nominations Committee generally acts in an advisory capacity to the Board and consists of the non-executive directors meeting under the chairmanship of the Chairman of the Board. During the year under review, five meetings took place.

The principal functions of the Committee are to advise the Board in areas such as the composition and size of the Board and the criteria to be applied in the selection of new members of the Board and senior management. In addition, the Committee is responsible for the nomination of directors to serve on Board Committees.

Succession planning is established throughout the Group's operations. At the level of Board membership, the Nominations Committee is responsible for continuity as directors reach retirement or indicate their intention to resign.

The Group's succession plans seek to preserve the current balance of executive directors, former executive directors in a non-executive capacity, and non-executive directors who have not held operational responsibilities within the Group. While this balance will be preserved in the long term, as the continuity it brings to strategic discussions is one of the Group's strengths, the profile of individual appointments may vary from time to time. Such variations take account of the Board's evolving requirements in terms of experience and diversity.

Strategic Security Committee

The Strategic Security Committee generally acts in an advisory capacity to the Board and is composed of the following five non-executive directors: Mr Clay Brendish (Chairman); Mr Josua Malherbe; Mr Jeff Moss; Mr Anton Rupert and Mr Jan Rupert.

To assist it in its deliberations, the Committee draws on support from the Group's internal specialists and external advisors. Meetings of the Committee are held as necessary and typically last half a day. The Committee met four times during the year under review.

The purpose of the Committee is to advise the Board in all aspects of security policy. It aims to protect the Company's assets, including confidential business information and intellectual property, and its operations against intrusive actions. It also oversees the protection of Richemont's employees and physical assets.

Corporate governance continued

Attendance

The attendance of each executive and non-executive director at Board and Committee meetings during the year under review are indicated in the following table.

	Board	Audit Committee	Compensation Committee	Nominations Committee	Strategic Security Committee
Number of meetings	7	3	4	5	4
Johann Rupert	7	–	3	5	–
Josua Malherbe	7	3	–	5	4
Nikesh Arora	5	–	–	4	–
Nicolas Bos	6	–	–	–	–
Clay Brendish	7	3	4	5	4
Jean-Blaise Eckert	5	3	–	4	–
Burkhart Grund	7	3	–	–	–
Sophie Guieysse *	5	–	2	–	–
Keyu Jin ***	6	–	2	5	–
Jérôme Lambert	7	–	3	–	4
Ruggero Magnoni	7	3	–	5	–
Jeff Moss	7	–	–	5	4
Vesna Nevistic **	7	2	–	5	–
Guillaume Pictet	6	3	4	5	–
Alan Quasha	7	–	–	5	–
Maria Ramos	7	–	4	5	–
Anton Rupert	7	–	–	5	3
Jan Rupert	7	–	–	5	4
Gary Saage	7	3	4	5	4
Cyrille Vigneron	7	–	1	–	–

* Director who served on the Board from September 2018 only.
** Director who served on the Audit Committee from August 2018 only.
*** Director who served on the Compensation Committee from September 2018 only.

Control instruments

Management is responsible for implementing the strategic policies determined by the Board. Members of management are empowered to conduct the day-to-day strategic and operational administration of the Group including, inter alia, financial management. Senior management is responsible for the management of the Group's underlying businesses and investments, subject at all times to an obligation to provide adequate information on the development of those businesses to the Board. Management operates within the guidelines as set out in the Group Investment Procedures and such other policies and procedures as may from time to time be laid down by the Board. In addition, management provides the Board with appropriate support to consider and evaluate strategic alternatives.

The Board employs various reporting means and control mechanisms in order to monitor the way in which senior management exercises the authority delegated to it.

- Prior to each Board meeting, members of the Board receive a financial report, summarising recent Group, segmental and Maison financial performance as well as operational developments.
- Members of the Senior Executive Committee ('Senior Executives') report to the Board at each meeting. Supplementary reports are provided by the Company Secretary.
- The Group's employee performance review process requires that members of management are given clearly defined targets at the beginning of each financial year. The Senior Executives monitor performance against these targets on an ongoing basis and report progress to the Board.
- There is interaction between the Board and other members of the management, for example, through the presence on a regular or ad hoc basis at Board Committee meetings. Members of the Board are also exposed to the decision-making process at the level of each Maison through their involvement with the annual reviews of the Maisons' strategies.
- The Group's Internal Audit function provides an objective means of assessing how the Group's risks are being managed and controlled. This function's independent status is reinforced by the direct reporting line from the Head of Internal Audit to the Chairman of the Audit Committee. The function performs financial and operational audits in accordance with a programme approved annually by the Audit Committee. This risk-based programme is designed to ensure that all business units as well as Group-wide issues are given sufficient audit coverage within an appropriate time frame. Summary reports from each audit are provided to the Audit Committee and discussed at its meetings. Progress with implementation of corrective actions is monitored on a regular basis.

4. Senior Executive Committee

Except where the law, the Articles or the Organisational Regulations of the Company provide otherwise, the Board has delegated the entire management of the Company to the Senior Executive Committee.

The Senior Executive Committee during the year under review comprised: Mr Jérôme Lambert, the Chief Executive Officer; Mr Burkhart Grund, the Chief Finance Officer; Mr Nicolas Bos, Chief Executive Officer of Van Cleef & Arpels; Mr Cyrille Vigneron, Chief Executive Officer of Cartier; Mr Frank Vivier, the Chief Transformation Officer; Ms Sophie Guieysse, the Group Human Resources Director; Mr Emmanuel Perrin, the Head of Specialist Watchmakers Distribution; until 2 May 2018, Dr Jean-Jacques van Oosten, the Chief Technology Officer; and, from 1 June 2018, Eric Vallat, the Head of Fashion & Accessories Maisons. Their biographical details and other activities may be found on: www.richemont.com/group/corporate-governance/senior-executive-committee.html.

The Committee was chaired by the Chairman of the Board. Other managers were invited to participate on an ad hoc basis at the Chairman's discretion.

The Senior Executive Committee meets on an ad hoc basis to review matters associated with the implementation of the Group's strategic policies. During the year under review the Committee met 21 times.

Activities outside the Group

The Articles (Article 36) limit the number of permitted mandates of Senior Executives. Those activities include directorships in other organisations, including publicly quoted businesses.

Management contracts

There are no contracts between the Group and any third parties for the management of the Company or any subsidiary in the Group.

Committees reporting to the Senior Executive Committee

From time to time, committees of the Senior Executive Committee may be established to determine the Group's policy in specific business areas, including finance, health and safety matters and corporate social responsibility.

5. Compensation, shareholdings and loans

Details of compensation-related matters are given in the Compensation Report from page 54.

6. Shareholder participation rights

Voting rights

Holders of Richemont shares may attend and vote at meetings of shareholders of the Company. They may attend in person or may appoint a third party to represent them at the meeting. In addition, an independent representative is appointed at each general meeting by shareholders for the following year's general meeting.

There is no limit on the number of shares that may be held by any given party. The voting rights attaching to those shares are only restricted if the shares are either unregistered, or are held by a registered nominee with at least 1% of the share capital of the Company and that nominee has declined the Company's request to provide certain details regarding the owners. Further details of this restriction may be found in Article 6 of the Articles.

Richemont 'A' and 'B' shares have equal rights to share in the dividends and capital of the Company; 'B' shareholders are entitled to receive 10% of the dividend per share paid to 'A' shareholders and hold 9.1% of the Company's capital. However, despite the differing nominal values of the 'A' and 'B' shares, each 'B' share conveys the same voting rights as each 'A' share, in normal circumstances, at shareholder meetings. Richemont 'B' shareholders therefore control 50% of the votes at shareholder meetings. The 'B' registered shares are entirely held by Compagnie Financière Rupert. In accordance with Swiss company law, certain resolutions, notably those relating to the objects of the Company, its capital structure, the transfer of its registered office or its dissolution, require the approval of two-thirds of the shares and an absolute majority of the nominal share capital represented at a general meeting of shareholders.

The relevant date to determine the shareholders' right to participate in the general meeting of shareholders on the basis of the registrations appearing in the share register is set by the Board and will be stipulated in the notice of meeting.

Statutory quorums

The general meeting of shareholders is the Company's ultimate decision-making forum. Resolutions of the general meeting are generally passed by an absolute majority of the votes represented at the meeting. As detailed above, certain resolutions may require the approval of two-thirds of the shares and an absolute majority of the nominal share capital represented at a general meeting of shareholders.

Further details on quorum and requisite majorities may be found in Article 18 of the Articles.

Convocation of the general meeting of shareholders and inclusions of items on the agenda

The AGM, in respect of the financial year ended 31 March 2019, will be held on 11 September 2019 at the Four Seasons Hotel des Bergues, Geneva. The provisional agenda for that meeting is set out on page 150 of this report. The notice period and agenda in respect of the meeting follow the requirements of Swiss company law.

Holders of a minimum of one million 'A' shares in the Company with a nominal value of CHF 1 million may request that an item be placed on the meeting agenda. Such requests must be submitted in writing at least 20 days in advance of the deadline for publication of the formal notice convening the meeting.

7. Change of control and defence mechanisms

In terms of the Financial Market Infrastructures Act of 19 June 2015 ('FMIA') and its implementing ordinances, the Company has not elected to 'opt out' or 'opt up' in respect of the provisions relating to the obligations for an acquirer of a significant shareholding to make a compulsory offer to all shareholders. In accordance with FMIA, any party that would directly or indirectly, or acting in concert with third parties, acquire more than 33⅓% of the voting rights of the Company would therefore be obliged to make an offer to acquire all of the listed equity securities of the Company. The interest of Compagnie Financière Rupert in 100% of the 'B' registered shares in the Company, which existed at the date the Swiss Stock Exchange and Securities Trading Act ('SESTA') came into force, does not trigger any obligation in this respect. As noted above, Compagnie Financière Rupert controls 50% of the voting rights of the Company.

No specific provisions exist in the Articles or Organisational Regulations of the Company which would seek to limit or block any takeover bid. No special contractual relationships exist between Group companies and directors or members of senior management which would protect management or act as a deterrent to a change of control of the Company.

The rules of the long-term compensation plans for executives in the Group contain specific provisions in respect of a change of control of the Group. These provisions are typical in terms of such plans and would result in the immediate vesting of benefits due to participants in the event of a change of control taking place.

8. Auditor

The external auditor reports to the Board through the Audit Committee, which also supervises the Group's relationship with the auditor.

PricewaterhouseCoopers SA were reappointed by the Company's shareholders at the 2018 AGM as the auditor of the Company's financial statements and the Group's consolidated financial statements. They were appointed for a period of one year and, being eligible, will stand for a further period of office of one year at this year's AGM. A questionnaire-based evaluation, in which the Finance Director of every subsidiary is consulted, forms the basis of an annual review of the external auditor's performance. The results of the evaluation are reviewed by the Audit Committee.

PricewaterhouseCoopers was initially appointed as auditor of the Company and the Group in 1993 (as Coopers & Lybrand). Mr Guillaume Nayet, the lead auditor, assumed that role in September 2018. In accordance with Swiss law, the lead auditor rotates at least once every seven years.

In the year under review, total fees and expenses paid or accrued as payable to PricewaterhouseCoopers for the audit of the financial statements of the Company, the Group, its subsidiaries and related services were € 9.8 million. Total fees and expenses paid or accrued as payable in respect of the financial year to PricewaterhouseCoopers for non-audit services amounted to € 1.7 million, primarily relating to tax compliance services.

The scope of services provided by the external auditor is reviewed annually by the Audit Committee and the relative weight of non-audit work provided by the external auditor is also kept under close review.

Representatives of PricewaterhouseCoopers attended all meetings of the Audit Committee held during the year as well as the meeting of the Committee held on 15 May 2019 at which the financial statements were reviewed.

9. Information policy

The Group reports to shareholders in accordance with the requirements of Swiss law and the guidance provided by the SIX Swiss Exchange. The annual report is the principal source of financial and business information for shareholders. The Group's announcement of the results for the financial year is issued in May each year.

In addition to the regulatory annual and interim reports, Richemont publishes trading statements in July covering the Group's performance during the first quarter of its financial year, and in January covering the Group's performance during the third quarter of its financial year and the pre-Christmas trading period. Ad hoc announcements are made in respect of matters, which the Board considers to be of significance to shareholders, in accordance with the specific guidelines laid down by the SIX Swiss Exchange.

The annual report is distributed to all parties who have asked to be placed on the Group's mailing list, including holders of South African Depository Receipts. Investors may request electronic notification that such reports have been published on the Group's website.

All news announcements other than the annual financial report are distributed by email. Shareholders and other interested parties may ask to be included on the distribution list by contacting the Company Secretary at the Company's registered office or by email (secretariat@cfrinfo.net) or by registering on the Group's website at www.richemont.com/media-cfr/company-announcements.html.

Copies of the annual and interim reports, results announcements, trading statements, ad hoc announcements and the corporate social responsibility report may also be downloaded from the Richemont website. Copies of the Articles, together with its Organisational Regulations, are also available on the website.

The Group presents its annual and interim results to analysts and major investors each year. The presentations take place in Geneva and are simultaneously broadcast over the internet. The slide presentation is downloadable from the website. A replay of the broadcast is available on the Group's website within 24 hours of the presentation and a transcript of the presentation shortly thereafter.

Statutory and regulatory announcements are published in the Swiss Official Gazette of Commerce and, in certain cases, by the SIX Swiss Exchange.

Compensation report

Letter from the Chairman of the Compensation Committee

Clay Brendish, Chairman

Dear Shareholders,

On behalf of the compensation committee, I am pleased to present our Compensation Report for the year ended 31 March 2019.

Ms. Ramos, Mr. Pictet and I were first elected to the Committee at the 2017 AGM and again in 2018. Dr Jin was elected at the AGM held in September 2018.

During our first full year of operation, your Committee, together with senior management, have undertaken a review of the current remuneration structure and has made adjustments to ensure it reflects the Group's strategic objectives, as well as providing the appropriate incentives for our employees.

To achieve these objectives, new long-term plans have been developed, which will operate alongside the Group's current share option plan. The first grants under these new schemes will take place in the coming financial year and full details will be included in the Compensation Report for the year ending 31 March 2020.

In the financial year 2019, no further grants were made under the Group's long-term incentive plan, which had been used in the past to remunerate senior Maison executives; instead, these executives received an award under the Group's share option plan. The long-term incentive plan will continue to pay out awards made up to June 2017, with the final payment due to be made in 2020 provided that the relevant performance conditions are met.

The overriding objective of your Committee remains unchanged during the period:

- alignment of senior executive compensation with shareholder returns;
- attracting and retaining key talent;
- reflecting the performance of individuals and the Group.

At the AGM in September 2018, shareholders once again approved the remuneration proposals by a large majority. Specifically, shareholders were asked to approve the maximum amount of fixed Board compensation from the 2018 AGM to the 2019 AGM; the maximum amount of fixed Senior Executive Committee compensation for the 2020 financial year and the variable compensation of the Senior Executive Committee for the 2018 financial year. The actual compensation paid to the Board for the period from the 2017 AGM to the 2018 AGM and to the Senior Executive Committee with respect to fixed compensation for the 2019 financial year was in line with amounts previously approved by the shareholders. The increase in levels of remuneration proposed to be approved at the 2019 AGM is solely a result of the changes in the membership of the Senior Executive Committee.

The Compensation Report that follows describes the Group's guiding principles, philosophy and policies for setting the compensation of members of the Board and the Senior Executive Committee. The report complies with the relevant articles of the Swiss Code of Obligations, the Swiss Code of Best Practice, and the Ordinance against Excessive Compensation ('OEC'). The compensation for the financial year under review, as detailed on pages 63 to 65 has been audited by the Group's auditors, PricewaterhouseCoopers.

On behalf of the Board, we would like to thank you for your continued support on executive compensation matters.

We look forward to receiving comments from our investors.

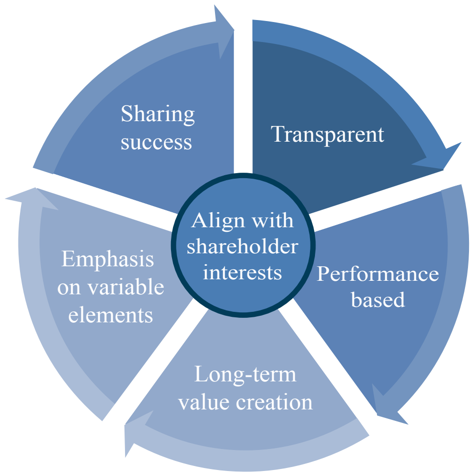
Clay Brendish
Compensation Committee Chairman

Contents

1. Richemont's compensation principles

Our compensation-setting philosophy

The primary objective of the Group's compensation strategy is to align variable compensation paid to senior executives to total shareholder returns over the long term, while attracting and retaining key talent in the face of competition from other multinational groups.



Members of the Senior Executive Committee are rewarded in line with the level of their authority and responsibility within the organisation. An executive's total compensation will comprise both fixed and variable elements. Short-term incentives are paid in cash and are awarded to executives in May, based on performance during the previous financial year. These are complemented by awards under the Group's share option plan, which serves to both retain key executives and to ensure that the interests of these executives are aligned to the values of the Group, including a focus on capital allocation for long-term strategic purposes and the development of a culture of creativity within the Maisons.

The remuneration of each Senior Executive is dependent on performance against certain, pre-defined KPIs. These measures are both quantitative, reflecting the performance of the Group or Maison against budget in terms of sales, operating profit and cash generation, and qualitative, with respect to individual management performance.

Non-executive directors receive fixed compensation only and are not eligible for awards under the Group's short- or long-term incentive schemes.

Comparative group benchmarking

To ensure that the Group remains competitive in its compensation arrangements, benchmarking surveys, covering all elements of total compensation and the mix thereof for a wide range of executive roles, are periodically considered by the Committee.

Criteria such as business type, geographic location, market capitalisation and specialty focus are all considered when determining the peer group of companies against which the Group's compensation arrangements should be compared, focusing particularly on large multinational companies active in the luxury sector. As a point of reference, the Company targets at least the median compensation level of the peer group, while maintaining the potential for above-average variable compensation for superior performance.

2. Compensation Committee

The Compensation Committee ('the Committee') is a sub-committee of the Board of Directors, responsible for reviewing and establishing the Group's compensation policies and strategy. The core responsibilities of the Committee include agreeing the compensation of the executive director members of the Board and the Senior Executive Committee and setting the compensation of the non-executive directors and the Chairman of the Board of Directors. The compensation of all other members of senior management is regularly reviewed by the Committee to ensure that retention and motivation are in place to support the Group's long-term succession planning.

The Committee considers the recommendations of the Chairman of the Board of Directors regarding compensation awards for the Senior Executive Committee. For all other members of senior management, the recommendations of management are also considered. The Committee may amend or reject these recommendations.

Members of the Committee are appointed by the shareholders of the Company for a term of one year. During the year ended 31 March 2019, the composition of the Committee was as follows:

Compensation Committee
Clay Brendish (Chairman)
Keyu Jin[1]
Guillaume Pictet
Maria Ramos

[1] *From 10 September 2018.*

The Committee meets three times a year, with additional meetings scheduled as required. During the year ended 31 March 2019, the Committee met four times.

The Group Chief Executive Officer and Group Human Resources Director attend all Committee meetings but are not present when decisions are taken regarding their own compensation. The Chairman of the Committee reports to the full Board of Directors on the discussions and decisions taken at each Committee meeting.

3. Long-term incentive plans

The Group operates the following long-term incentive plans for Group and Maison executives.

Share options

The main features of the Group's share option plan are as follows:

Plan	Employee share option plan
Strike price	Market value of share on grant date
Vesting period	Tranches over periods of three to six years from grant date
Expiry date	Nine years from date of grant
Vesting conditions	• Continued employment with the Group • The share options granted between 2008 and 2015 include a performance condition correlated to other luxury goods companies upon which vesting is conditional; those granted from 2016 onwards do not have performance conditions.
Termination of employment	• In the event that an option holder retires, all outstanding share options vest immediately. • All outstanding options vest immediately in the event that the option holder dies or has to end employment with the group due to injury or permanent disability. • If an option holder terminates employment with the Group for another reason, unvested share options are forfeited. • Accelerated vesting of share options is never granted to any member of the Senior Executive Committee, even in the case of retirement.
Hedging of obligations	• Buy-back of 'A' shares on grant date • Awards do not result in the issue of new share capital
Dividends	No entitlement prior to exercise
Compensation value at date of grant	Based on valuation principles of IFRS 2, excluding employer's social security costs
Limit on grant	Compensation value does not exceed 150% of base salary
Awards in year ended 31 March 2019	2.8 million share options were granted at a strike price of CHF 92.00 Total award was reviewed and approved by the Committee, as were individual awards to Senior Executive Committee members

From 1 April 2017, members of the Senior Executive Committee are only eligible to receive new awards under the share option plan.

Long-term retention plan

The Long-term Retention Plan ('LRP') is a cash incentive plan primarily used as a retention tool for key positions within the Group. For each eligible participant, the awards are set at the grant date at between 50% and 150% of the target short-term cash incentive awarded for the previous year and become payable, typically after three further years of service. In exceptional circumstances a higher percentage may be awarded.

Long-term incentive plan

Prior to March 2018, the Group also operated a cash-settled long-term incentive plan ('LTIP'), which linked a major part of the compensation packages of senior Maison executives to the increase in value of the business area for which they were responsible. LTIP awards were made annually and typically vest after three years, with the option for payment to be deferred by one year under certain circumstances. The executive receives a percentage of the increase in value of the Maison from the date of grant to the vesting date, based on a fixed formula taking into account sales, EBITDA and cash contribution, with the vesting value being an average of the preceding two years' valuations.

The cash payout made in July 2018 to Maison senior executives reflects the performance of the Maison during the three-year period from March 2015 to March 2018.

No new awards were made under this scheme during the year to 31 March 2019. The decision to terminate the LTIP plan reflects both the overriding philosophy of the Group's remuneration policy to align management compensation to shareholder returns, as well as the desire to reward executives in line with the performance of the Group as a whole, rather than only that of individual Maisons.

Management is currently reviewing the Group's long-term incentive plans and intends to develop new incentive schemes in the near future to further align long-term incentives to total shareholder returns.

4. Compensation of the Board of Directors

Chairman

The total compensation awarded to the Chairman of the Board of Directors, Mr Johann Rupert, is reviewed annually by the Committee. From October 2017, his annual compensation was reduced by CHF 0.5 million to CHF 2.7 million, split equally between salary and pension contributions. During the period under review no variable compensation was awarded.

	Financial year to 31 March 2019 CHF	31 March 2018 CHF
Fixed annual retainer	**1 350 000**	1 514 175
Pension contributions	**1 350 000**	1 552 650
Total	**2 700 000**	3 066 825

Non-executive directors

Non-executive directors are entitled to receive an annual base retainer of CHF 100 000, plus a fee of CHF 20 000 for each Board meeting attended. This fee is reduced to CHF 4 800 for participation by telephone. From 1 October 2017 the Board attendance fee was increased to CHF 25 000 per meeting, or CHF 6 000 for participation by telephone.

Non-executive directors who are also members of the Audit Committee, the Compensation Committee or the Strategic Security Committee are entitled to receive further fees per meeting attended.

Committee attendance fees	Chairman	Member
Audit Committee	CHF 20 000	CHF 15 000
Compensation Committee	CHF 15 000	CHF 10 000
Strategic Security Committee	CHF 15 000	CHF 10 000

The amounts above may be paid in local currency equivalents.

Non-executive directors are not eligible for performance-related payments and do not receive awards under the Group's share option plan or other long-term incentive plans. There is no scheme to issue shares to non-executive directors.

Executive directors

The executive directors of the Board are all members of the Senior Executive Committee and do not receive any compensation for their role as members of the Board.

Compensation paid to non-executive directors for the period is summarised below.

	Salary and other benefits CHF	Post-employment benefits CHF	Social security cost CHF	Total CHF	Prior year CHF
Board of Directors					
Johann Rupert (Chairman)	1 350 000	1 350 000	–	**2 700 000**	3 066 825
Non-executive directors	4 809 926	–	104 376	**4 914 302**	3 499 395
Former Board members	–	–	–	**–**	5 389 451
Total	6 159 926	1 350 000	104 376	**7 614 302**	11 955 671

Two Board members, Mr Magnoni and Mr Anton Rupert, have formally waived their entitlement to receive any fees or compensation in respect of their duties as non-executive directors.

At the Annual General Meeting on 11 September 2019, the shareholders of the Company will be asked to approve the compensation of the Board of Directors for the period from AGM 2019 to AGM 2020. There are no significant changes compared to the amount approved in the prior year.

5. Compensation of the Senior Executive Committee

In the year under review the members of the Senior Executive Committee were:

Senior Executive Committee	
Nicolas Bos	Chief Executive Officer Van Cleef & Arpels
Burkhart Grund	Chief Finance Officer
Sophie Guieysse	Group Human Resources Director
Jérôme Lambert	Chief Executive Officer
Emmanuel Perrin	Head of Watchmaking Distribution
Eric Vallat[1]	Head of Fashion & Accessories
Cyrille Vigneron	Chief Executive Officer Cartier
Frank Vivier	Chief Transformation Officer
Jean-Jacques van Oosten[2]	Former Chief Technology Officer

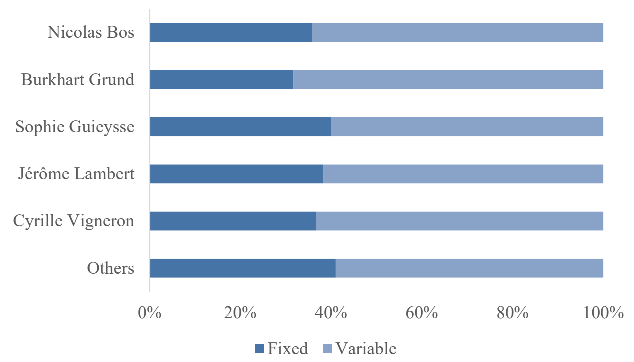
1. From 1 June 2018

2. For the period from 1 January 2018 to 30 April 2018

The Chairman of the Board of Directors also attends meetings of the Senior Executive Committee when required.

The objective of the Group's compensation policy is to favour variable over fixed compensation. The split for the Group's executive directors for the year ended 31 March 2019 was as follows:

Variable compensation as a percentage of total



Fixed compensation of the senior executive committee

Base salary

The base salary reflects the position, qualifications and responsibilities of the executive, taking into account the external market value for the position in the market in which the individual is based. It is paid on a monthly basis in cash. The level of all awards is reviewed annually in accordance with the Group's salary review process, which takes place in May. In determining the level of any increase to base salary, consideration is given to the Group's performance, the role and responsibilities of the individual and the results of benchmarking studies.

Benefits

Senior Executive Committee members also receive benefits in line with their duties and responsibilities and may include company car and medical insurance subsidy.

The Company also operates a retirement foundation in Switzerland which provides benefits on a defined contribution basis. Each executive has a retirement account to which the executive and the Group make contributions at rates set out in the foundation rules based on a percentage of salary. A Group contribution of up to 12.6% (13.05% from 1 January 2019) was applied in the year on salaries to a ceiling of CHF 846,000.

Executives are reimbursed for travel and other necessary business expenses incurred in the performance of their duties.

Variable compensation of the Senior Executive Committee

Executives also benefit from a short-term cash incentive plan and awards granted under the Group's share option plan. The Committee considers these components in total to ensure there is an appropriate balance between reward for short-term success and long-term retention. Targets used to determine the payout levels for both the variable short-term incentives and the variable long-term incentives are considered by the Committee on an annual basis prior to the start of the next financial year. The Group does not provide for any transaction-specific success fees for its executives.

Short-term cash incentives

Short-term incentives are paid in cash annually in May and relate to performance in the previous financial year.

The determination of the level of short-term cash incentive comprises both quantitative and qualitative components, each with a pre-set target and a maximum percentage of base salary. The mix of quantitative and qualitative targets are aligned with the Group's business priorities for the year ahead, encouraging individual creativity and delivering continued profit growth and value creation. The short-term incentive target is set at 75% of base salary, with a maximum cap of 150% of base salary.

The quantitative component of the short-term cash incentive is assessed on actual Group or Maison turnover, operating profit and cash generation compared against the current year's budget.

The qualitative component is assessed on performance against both individual and collective strategic targets, measuring the contribution to creativity, team-building and succession-planning, among other elements.

Short-term incentives paid during the year ended 31 March 2019 relate to performance during the period from 1 April 2017 to 31 March 2018. These awards were proposed by the Committee at their meeting in May 2018 and will be retrospectively approved by shareholders in September 2019.

The total incentive awards achieved represented on average 79% of base salary. The individual figures for the Group's executive directors are as follows:

	Quantitative (% of salary)		Qualitative (% of salary)		Total	
	Target	Achieved	Target	Achieved	Target	Achieved
Nicolas Bos	*41%*	50%	*34%*	35%	*75%*	86%
Burkhart Grund	*30%*	35%	*45%*	45%	*75%*	80%
Sophie Guieysse	*24%*	28%	*16%*	16%	*40%*	44%
Jérôme Lambert	*41%*	38%	*34%*	34%	*75%*	72%
Cyrille Vigneron	*41%*	48%	*34%*	34%	*75%*	82%

Long-term variable components

The target long-term variable award is set at 112.5% of base salary with a maximum cap of 150% of base salary. For those members of the Senior Executive Committee with responsibility for Maisons, the number of share options awarded will depend on value creation in the respective Maisons and individual performance (leadership, team building, collegiality, creativity, succession planning). The Committee has discretion to adjust the final award to take into account current market conditions, or if it considers that the short-term performance has been achieved at the expense of long-term future success, amongst other factors.

Long-term variable incentives are awarded under the Group's share option plan, with the award converted to share options based on the estimated fair value of a share option at the time of the award.

The share options vest in tranches after three, four and five years. The cost to the Group of this plan is equal to the fair value of the share options, as calculated using standard option valuation models, which is charged to net profit over the vesting period. The total fair value of share options granted to members of the Senior Executive Committee during the year was CHF 10.6 million. There is also a cash outflow on grant, as the Group repurchases its own shares in order to meet its obligations under this plan. Gains made by executives on exercising the share options depend on changes in the share price since the date of the award and, other than employer's social security contributions thereon, do not represent a cost to the Group. Once vested, share options can be exercised at any time until expiry, nine years after initial grant.

The award of share options requires retrospective approval from shareholders at the AGM. Following such approval, a revised fair value is determined for accounting purposes only.

The compensation fair value disclosed below, of CHF 19.37 per share option, will be reassessed for accounting purposes, if approved by shareholders, in September 2019. The compensation fair value reported in the prior year of CHF 17.98 per share option was reassessed for accounting purposes in September 2018 at CHF 17.48 per share option. The change in value is disclosed in note 31 of the consolidated financial statements. The final cash value of the share option will depend on the share price when the share option is exercised.

Eight members of the Senior Executive Committee received share options in June 2018.

	Options awarded	IFRS value (CHF)	Multiple of base salary
Nicolas Bos	90 000	1 743 300	117%
Burkhart Grund	90 000	1 743 300	116%
Sophie Guieysse	45 000	871 650	145%
Jérôme Lambert	100 000	1 937 000	108%
Cyrille Vigneron	100 000	1 937 000	108%
Other SEC members	120 000	2 324 400	96%

Details of options held by members of the Board and the Senior Executive Committee under the Group's share option plan at 31 March 2019 were as follows:

	1 April 2018	Granted	Exercised	31 March 2019	Average grant price	Earliest exercise period	Latest expiry
		number of options			CHF		
Nicolas Bos	140 375	90 000	15 375	**215 000**	85.14	July 2020	June 2027
Burkhart Grund	150 000	90 000	–	**240 000**	78.71	July 2019	June 2027
Sophie Guieysse	–	45 000	–	**45 000**	92.00	July 2021	June 2027
Jérôme Lambert	125 000	100 000	–	**225 000**	85.44	July 2020	June 2027
Gary Saage	855 000	–	–	**855 000**	73.66	Apr 2019	June 2025
Cyrille Vigneron	150 000	100 000	–	**250 000**	84.92	July 2020	June 2027
Other SEC members	123 333	120 000	–	**243 333**	84.42	Apr 2019	June 2027
	1 543 708	545 000	15 375	**2 073 333**			

The share options held by Mr Gary Saage, non-executive director, were awarded in his previous role as an executive director of the Company.

Other payments

During the year to 31 March 2019, Mr Nicolas Bos, Mr Jérôme Lambert and Mr Burkhart Grund also received a cash payout as a result of a long-term incentive award made in 2015 as compensation for their positions as Maison executives at that time. The total cash payments made were CHF 5.2 million, CHF 2.3 million and CHF 1.1 million respectively. These payments reflect the performance of the Maisons over the three-year period from 2015 to 2018.

Compensation paid to the Senior Executive Committee for the period is summarised below.

	Fixed components		Variable components				
	Salary and other employee benefits CHF	Post-employment benefits CHF	Short-term incentives CHF	Share option award CHF	Social security cost CHF	Total CHF	Prior year CHF
Senior Executive Committee							
Nicolas Bos	1 526 017	112 692	1 182 449	1 743 300	328 901	**4 893 359**	4 615 238
Burkhart Grund	1 518 763	110 459	1 766 000	1 743 300	256 125	**5 394 647**	3 251 099
Sophie Guieysse	670 906	75 831	250 000	871 650	75 233	**1 943 620**	–
Jérôme Lambert	1 857 923	110 280	1 238 000	1 937 000	250 999	**5 394 202**	4 891 538
Cyrille Vigneron	1 845 549	114 644	1 440 000	1 937 000	219 890	**5 557 083**	6 001 135
Other	2 557 125	291 254	1 771 025	2 324 400	345 312	**7 289 116**	8 014 016
Total	9 976 283	815 160	7 647 474	10 556 650	1 476 460	**30 472 027**	26 773 026

[1] The remuneration of Sophie Guieysse is presented separately for the year ended 31 March 2019 only, the period during which she became an executive member of the Board of Directors. For the prior year, her compensation is included within 'Other SEC members'.

Changes in the level of compensation awarded to members of the Senior Executive Committee reflect an increase in the grant date fair value of long-term awards and the related employer's social security as well as the change in membership of the Committee.

At the Annual General Meeting on 11 September 2019, the shareholders of the Company will be asked to approve the fixed compensation of the Senior Executive Committee for the next full financial year, being the twelve months to 31 March 2021. Fixed salaries are expected to remain stable over the period then ended. Shareholders will also be requested to retrospectively approve the variable compensation paid during the current year to 31 March 2019, as laid out above. Compared to the prior year, changes in the total amount of variable compensation are due to a reduction in the number of executives eligible for short-term incentives and changes in the fair value of share options granted.

6. Compensation governance

Severance

There are no arrangements in place to provide for any severance benefit or other special departure payments for any director or any member of the Senior Executive Committee, other than their contractual and legal rights. In general, the duration of the contractual notice period is six months. In certain cases, the employing entity is required to provide twelve months' notice.

Clawback

In addition to applicable statutory provisions, the Group's long-term incentive plans include provisions allowing the Group to reclaim, in full or in part, distributed compensation as a result of special circumstances.

Upon termination of employment as a result of serious misconduct, including fraud as defined by the applicable criminal law and violation of the Group's Standards of Business Conduct, all awards granted and outstanding, whether vested or unvested, lapse immediately without any compensation.

In the event of termination of employment for another reason, other than retirement, death or disability, awards which are unvested at the date of termination of employment lapse immediately without any compensation.

External consultants

The Group also uses external consultants for advice on remuneration matters. During the year, external advice was received from a number of professional firms including PricewaterhouseCoopers, Deloitte and Lenz & Staehelin. None of these firms received any additional mandates from those consultations. PricewaterhouseCoopers is the Company and Group's external auditor.

Change of control

The rules of the share option plan for executives in the Group contain specific provisions in respect of a change of control of the Group. These provisions are typical in terms of such plans and would result in the vesting of benefits due to participants in the event of a change of control taking place.

Management contracts

There are no contracts between the Group and any third parties for the management of the Company or any subsidiary in the Group.

Allotment of shares

No shares were allotted to directors or members of senior management during the year under review.

Share ownership

Details of the shareholdings of the members of the Board of Directors in the Company are disclosed on page 116 of this report. Directors are encouraged to acquire and hold shares in the Company.

Trading in Richemont shares

The exercise of options and transactions in Richemont shares and related securities by any current director or member of the Senior Executive Committee and their related parties is promptly notified to the SIX Swiss Exchange ('SIX'). These notifications are simultaneously published by SIX.

Governance

The Company's Articles of Association contain provisions relating to Compensation-related articles with respect to compensation principles (art. 38) and the binding votes of the Annual General Meeting (art. 39). Shareholders are required to approve prospectively the remuneration of the Board of Directors and the fixed compensation of the Senior Executive Committee, while variable compensation is approved retrospectively. The articles also include provisions for the remuneration of new members of the Senior Executive Committee (art. 39).

The following compensation will be proposed to the shareholders for approval at the AGM in September:

	Period covered
Board of Directors	
Fixed compensation	AGM 2019 - AGM 2020
Senior Executive Committee	
Fixed compensation	April 2020 - March 2021
Variable compensation	April 2018 - March 2019

The Articles of Association can be found at: www.richemont.com/about-richemont/corporate-governance

7. Compensation report for the financial year under review

The Ordinance against Excessive Compensation ('OEC') allows the Board of Directors to identify a corporate body to which management can be delegated for the day-to-day management of the organisation. This is deemed to be the Senior Executive Committee, which is chaired by the Chairman of the Board and comprises the following executives

Nicolas Bos	Chief Executive Officer, Van Cleef & Arpels
Burkhart Grund	Chief Finance Officer
Sophie Guieysse	Group Human Resources Director
Jérôme Lambert	Group Chief Executive Officer
Emmanuel Perrin	Head of Specialist Watchmakers Distribution
Eric Vallat	Head of Fashion & Accessories
Cyrille Vigneron	Chief Executive Officer, Cartier
Frank Vivier	Chief Transformation Officer

Members of this Committee are considered to be subject to the various disclosure and approval requirements imposed by the OEC.

The total compensation of the members of the Board of Directors and the Senior Executive Committee amounted to CHF 7 614 302 and CHF 30 472 027 respectively, including pension contributions, benefits in kind and all other aspects of compensation. The highest paid executive was Mr Cyrille Vigneron, Chief Executive Officer of Cartier, with a total compensation of CHF 5 557 083.

The measurement basis for each component of compensation is described below:

- Salary and other short-term benefits: accruals basis.
- Short-term incentives: cash paid basis.
- Pension: contributions paid or increased in accrued value depending upon the pension plan type.
- Share options: total fair value, as determined at the date of award of the share options granted in the year, the share option value being determined in accordance with the valuation methodology of IFRS 2.
- Employer's social security: amounts are presented on a cash paid basis for short-term compensation and estimated, based on fair value at grant date and mandatory employer social security contributions which provide rights up to the maximum future state benefit, for long-term incentives.

All amounts are stated gross before the deduction of any related tax or amounts due by the employee.

Compensation for the financial year to 31 March 2019

	Fixed components		Variable components			
	Salary and other employee benefits CHF	Post-employment benefits CHF	Short-term incentives CHF	Share option award[1] CHF	Social security cost[5] CHF	Total CHF
Board of Directors						
Johann Rupert	1 350 000	1 350 000	–	–	–	**2 700 000**
Josua Malherbe	306 000	–	–	–	25 487	**331 487**
Nicolas Bos[4]	–	–	–	–	–	**–**
Burkhart Grund[4]	–	–	–	–	–	**–**
Sophie Guieysse[3]	–	–	–	–	–	**–**
Jérôme Lambert[4]	–	–	–	–	–	**–**
Cyrille Vigneron	–	–	–	–	–	**–**
Nikesh Arora	1 181 000	–	–	–	–	**1 181 000**
Clay Brendish	390 000	–	–	–	–	**390 000**
Jean-Blaise Eckert	270 000	–	–	–	–	**270 000**
Keyu Jin	245 000	–	–	–	–	**245 000**
Ruggero Magnoni[2]	–	–	–	–	–	**–**
Jeff Moss	265 000	–	–	–	–	**265 000**
Vesna Nevistic	255 000	–	–	–	–	**255 000**
Guillaume Pictet	310 000	–	–	–	22 067	**332 067**
Alan Quasha	206 000	–	–	–	–	**206 000**
Maria Ramos	227 000	–	–	–	18 914	**245 914**
Anton Rupert [2]	–	–	–	–	–	**–**
Jan Rupert	265 000	–	–	–	22 076	**287 076**
Gary Saage	889 926	–	–	–	15 832	**905 758**
Total	6 159 926	1 350 000	–	–	104 376	**7 614 302**
Senior Executive Committee						
Nicolas Bos	1 526 017	112 692	1 182 449	1 743 300	328 901	**4 893 359**
Burkhart Grund	1 518 763	110 459	1 766 000	1 743 300	256 125	**5 394 647**
Sophie Guieysse	670 906	75 831	250 000	871 650	75 233	**1 943 620**
Jérôme Lambert	1 857 923	110 280	1 238 000	1 937 000	250 999	**5 394 202**
Cyrille Vigneron	1 845 549	114 644	1 440 000	1 937 000	219 890	**5 557 083**
Other	2 557 125	291 254	1 771 025	2 324 400	345 312	**7 289 116**
Total	9 976 283	815 160	7 647 474	10 556 650	1 476 460	**30 472 027**
Total compensation	16 136 209	2 165 160	7 647 474	10 556 650	1 580 836	**38 086 329**

1. Long-term benefits and share option compensation is recognised at the total fair value at the date of the award. Details of the share option valuation model and significant inputs to this model are found in note 31.

2. Mr Magnoni and Mr Anton Rupert have formally waived their entitlement to receive any fees or compensation in respect of their duties as non-executive directors. The table above includes compensation for other services.

3. From 10 September 2018.

4. During the year to 31 March 2019, Mr Nicolas Bos, Mr Jérôme Lambert and Mr Burkhart Grund also received a cash payout as a result of a long-term incentive award made in 2015 as compensation for their positions as brand executives at that time.

5. Social security costs are the employer's contribution on all components of compensation (see above).

AUDITED

Compensation report continued

Compensation for the financial year to 31 March 2018

AUDITED

	Fixed components		Variable components			
	Salary and other employee benefits CHF	Post-employment benefits CHF	Short-term incentives CHF	Share option award[1] CHF	Social security cost[3] CHF	Total CHF
Board of Directors						
Johann Rupert	1 514 175	1 552 650	–	–	–	**3 066 825**
Yves-André Istel[3]	115 000	–	–	–	14 601	**129 601**
Josua Malherbe	315 000	–	–	–	27 119	**342 119**
Nikesh Arora[4]	625 000	–	–	–	–	**625 000**
Clay Brendish[4]	215 000	–	–	–	–	**215 000**
Jean-Blaise Eckert	260 000	–	–	–	–	**260 000**
Bernard Fornas[3]	100 416	–	–	–	6 378	**106 794**
Keyu Jin[4]	125 000	–	–	–	–	**125 000**
Richard Lepeu	262 916	–	3 860 000	–	366 062	**4 488 978**
Ruggero Magnoni[2]	–	–	–	–	–	**–**
Jeff Moss	255 000	–	–	–	–	**255 000**
Simon Murray[3]	90 000	–	–	–	–	**90 000**
Vesna Nevistic[4]	225 000	–	–	–	–	**225 000**
Guillaume Pictet	265 000	–	–	–	19 433	**284 433**
Norbert Platt[3]	124 749	–	–	–	6 407	**131 156**
Alan Quasha	215 000	–	–	–	–	**215 000**
Maria Ramos	197 000	–	–	–	17 304	**214 304**
Lord Renwick of Clifton[3]	130 000	–	–	–	–	**130 000**
Anton Rupert [2,4]	–	–	–	–	–	**–**
Jan Rupert	245 000	–	–	–	21 297	**266 297**
Gary Saage[7]	434 605	–	–	–	37 637	**472 242**
Jürgen Schrempp[3]	140 000	–	–	–	–	**140 000**
Duke of Wellington[3]	154 142	–	–	–	18 780	**172 922**
Total	6 008 003	1 552 650	3 860 000	–	535 018	**11 955 671**
Senior Executive Committee						
Gary Saage[7]	863 235	66 733	1 852 500	–	178 092	**2 960 560**
Nicolas Bos[8]	1 387 922	85 874	601 767	2 247 500	292 175	**4 615 238**
Burkhart Grund[8]	1 117 905	108 204	250 000	1 618 200	156 790	**3 251 099**
Jérôme Lambert[8]	1 615 171	108 766	700 000	2 247 500	220 101	**4 891 538**
Cyrille Vigneron	1 832 955	106 679	1 125 000	2 697 000	239 501	**6 001 135**
Other	2 433 689	239 584	910 000	1 258 600	211 583	**5 053 456**
Total	9 250 877	715 840	5 439 267	10 068 800	1 298 242	**26 773 026**
Total compensation	15 258 880	2 268 490	9 299 267	10 068 800	1 833 260	**38 728 697**

1. Long-term benefits and share option compensation is recognised at the total fair value at the date of the award. Details of the share option valuation model and significant inputs to this model are found in note 30.

2. Mr Magnoni and Mr Anton Rupert have formally waived their entitlement to receive any fees or compensation in respect of their duties as non-executive directors. The table above includes compensation for other services.

3. From 1 April 2017 to 13 September 2017.

4. From 13 September 2017 to 31 March 2018.

5. Social security costs are the employer's contribution on all components of compensation.

6. Short-term incentives paid to Mr Richard Lepeu were paid in May 2017 in respect of his role as co-Chief Executive Officer for the financial year to 31 March 2017.

7. Mr Gary Saage served as a member of the Senior Executive Committee for the period 1 April 2017 to 31 July 2017 and thereafter as a non-executive member of the Board of Directors.

8. During the year to 31 March 2018, Mr Nicolas Bos, Mr Jérôme Lambert and Mr Burkhart Grund also received a cash payout as a result of a long-term incentive award made in 2014 as compensation for their positions as brand executives at that time.

8. Related party transactions

In addition to their duties as non-executive directors, Mr Gary Saage and Mr Nikesh Arora provided consultancy services to the Group during the year. Fees for those services, amounting to CHF 0.6 million and CHF 1.0 million respectively, are included in the compensation disclosures above. The consultancy services provided to the Group are in connection with the Group's business development, digital and business transformation strategies.

Maître Jean-Blaise Eckert, a non-executive director, is a partner of the Swiss legal firm Lenz & Staehelin. During the year under review, Lenz & Staehelin received fees totaling CHF 1.0 million from Group companies for advice on legal and taxation matters.

During the year the Group gave donations of CHF 0.3 million to the Fondazione Giuliano e Maria Carmen Magnoni, a charitable organisation supporting initiatives for young people in disadvantaged conditions. Mr Ruggero Magnoni is Vice-Chairman of the Foundation.

In a recent Group transaction, M&M Capital Limited, a company in which Mr Ruggero Magnoni is Chairman and shareholder, received a fee of CHF 1.2 million.

Payments to former directors

Mr Alain-Dominique Perrin, a former director of the Group, provided consulting services to the Group during the year. Fees for these services amounted to CHF 5.2 million. The consultancy services provided to the Group are in connection with business development and marketing related activities, in particular ensuring that matters related to communication, products and distribution are appropriate and consistent with the identity and strategy of the Group's Maisons.

Loans to members of governing bodies

As at 31 March 2019, there were no loans or other credits outstanding to any current or former executive, non-executive director or member of the Senior Executive Committee. In accordance with the Group's articles of association (art. 38), the Group does not extend loans to current or former members of the Board or Senior Executive Committee. There were also no non-business related loans or credits granted to relatives of any member of the Board or Senior Executive Committee.

Report of the statutory auditor

to the General Meeting of Compagnie Financière Richemont SA

Bellevue, Switzerland

We have audited pages 63 to 65 of the accompanying remuneration report of Compagnie Financière Richemont SA for the year ended 31 March 2019.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report of Compagnie Financière Richemont SA for the year ended 31 March 2019 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers SA

Guillaume Nayet	Mario Berckmoes
Audit expert Auditor in charge	Audit expert

Geneva, 16 May 2019

Consolidated financial statements

Directors’ Report

The Board of Directors of Compagnie Financière Richemont SA (‘Richemont’ or ‘the Company’) is pleased to submit its report on the activities of the Company, its subsidiaries and equity-accounted investments (together, ‘the Group’) for the year ended 31 March 2019. The consolidated financial statements on the following pages set out the financial position of the Group at 31 March 2019 and the results and cash flows of its operations for the year then ended. The financial statements of the Company are presented on pages 138 to 142.

The draft agenda of the Annual General Meeting, which is to be held in Geneva on 11 September 2019, is set out on page 150

Further information on the Group’s activities during the year under review is given in the financial review on pages 29 to 34.

Consolidated financial statements

Company financial statements

Consolidated balance sheet
at 31 March

	Notes	2019 €m	2018 re-presented* €m
Assets			
Non-current assets			
Property, plant and equipment	*7*	**2 728**	2 325
Goodwill	*8*	**3 354**	297
Other intangible assets	*9*	**2 757**	370
Investment property	*10*	**282**	222
Equity-accounted investments	*11*	**182**	1 308
Deferred income tax assets	*12*	**594**	604
Financial assets held at fair value through profit or loss	*13*	**10**	447
Financial assets held at fair value through other comprehensive income	*13*	**378**	–
Other non-current assets	*14*	**476**	401
		10 761	5 974
Current assets			
Inventories	*15*	**6 186**	4 943
Trade receivables and other current assets	*16*	**1 470**	1 240
Derivative financial instruments	*17*	**15**	18
Financial assets held at fair value through profit or loss	*13*	**4 528**	5 057
Assets of disposal group held for sale	*37*	**19**	19
Cash at bank and on hand	*18*	**5 060**	8 401
		17 278	19 678
Total assets		**28 039**	25 652
Equity and liabilities			
Equity attributable to owners of the parent company			
Share capital	*19*	**334**	334
Treasury shares	*19*	**(560)**	(520)
Hedge and share option reserves	*19*	**324**	302
Cumulative translation adjustment reserve		**2 564**	1 892
Retained earnings	*19*	**14 289**	12 623
		16 951	14 631
Non-controlling interests		**88**	7
Total equity		**17 039**	14 638
Liabilities			
Non-current liabilities			
Borrowings	*20*	**3 984**	4 288
Deferred income tax liabilities	*12*	**358**	8
Employee benefit obligations	*21*	**66**	68
Provisions	*22*	**65**	73
Other long-term financial liabilities	*23*	**224**	168
		4 697	4 605
Current liabilities			
Trade and other payables	*24*	**2 341**	1 634
Current income tax liabilities		**515**	359
Borrowings	*20*	**363**	4
Derivative financial instruments	*17*	**84**	90
Provisions	*22*	**287**	406
Liabilities of disposal group held for sale	*37*	**–**	19
Bank overdraft	*18*	**2 713**	3 897
		6 303	6 409
Total liabilities		**11 000**	11 014
Total equity and liabilities		**28 039**	25 652

*see note 2 for details

The notes on pages 72 to 129 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

for the year ended 31 March

	Notes	2019 €m	2018 re-presented* €m
Revenue	6	**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	25	**(280)**	(93)
Operating profit		**1 943**	1 844
Finance costs	28	**(294)**	(335)
Finance income	28	**111**	185
Share of post-tax results of equity-accounted investments	11	**1 408**	(41)
Profit before taxation		**3 168**	1 653
Taxation	12	**(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)	21	**15**	32
Tax on defined benefit plan actuarial losses	12	**(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	11	**–**	–
		(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	11	**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	29	**4.934**	2.164
Diluted	29	**4.927**	2.158

* see note 2 for further details

The notes on pages 72 to 129 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
for the year ended 31 March

		Equity attributable to owners of the parent company						Non-controlling interests	Total equity
	Notes	Share capital €m	Treasury shares €m	Hedge and share option reserves €m	Cumulative translation adjustment reserve €m	Retained earnings €m	Total €m	€m	€m
Balance at 1 April 2017		334	(432)	327	3 004	12 296	15 529	–	15 529
Comprehensive income									
Profit for the year		–	–	–	–	1 221	1 221	–	1 221
Other comprehensive income		–	–	(44)	(1 112)	15	(1 141)	–	(1 141)
		–	–	(44)	(1 112)	1 236	80	–	80
Transactions with owners of the parent company recognised directly in equity									
Net changes in treasury shares	*19*	–	(88)	–	–	9	(79)	–	(79)
Employee share option plan		–	–	23	–	–	23	–	23
Tax on share option plan	*12*	–	–	(4)	–	–	(4)	–	(4)
Increase in non-controlling interests		–	–	–	–	–	–	7	7
Dividends paid	*30*	–	–	–	–	(918)	(918)	–	(918)
		–	(88)	19	–	(909)	(978)	7	(971)
Balance at 31 March 2018		**334**	**(520)**	**302**	**1 892**	**12 623**	**14 631**	**7**	**14 638**
Comprehensive income									
Profit for the year		**–**	**–**	**–**	**–**	**2 784**	**2 784**	**3**	**2 787**
Other comprehensive income		**–**	**–**	**3**	**672**	**(59)**	**616**	**1**	**617**
		–	**–**	**3**	**672**	**2 725**	**3 400**	**4**	**3 404**
Transactions with owners of the parent company recognised directly in equity									
Net changes in treasury shares	*19*	**–**	**(40)**	**–**	**–**	**(34)**	**(74)**	**–**	**(74)**
Employee share option plan		**–**	**–**	**24**	**–**	**–**	**24**	**–**	**24**
Tax on share option plan	*12*	**–**	**–**	**(5)**	**–**	**–**	**(5)**	**–**	**(5)**
Increase in non-controlling interests		**–**	**–**	**–**	**–**	**(99)**	**(99)**	**77**	**(22)**
Dividends paid	*30*	**–**	**–**	**–**	**–**	**(926)**	**(926)**	**–**	**(926)**
		–	**(40)**	**19**	**–**	**(1 059)**	**(1 080)**	**77**	**(1 003)**
Balance at 31 March 2019		**334**	**(560)**	**324**	**2 564**	**14 289**	**16 951**	**88**	**17 039**

The notes on pages 72 to 129 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows
for the year ended 31 March

	Notes	2019 €m	2018 €m
Cash flows from operating activities			
Cash flow generated from operations	*32*	**2 331**	2 723
Interest received		**90**	72
Interest paid		**(139)**	(68)
Dividends from equity-accounted investments	*11*	**37**	3
Dividends from other investments		**13**	–
Taxation paid		**(306)**	(346)
Net cash generated from operating activities		**2 026**	2 384
Cash flows from investing activities			
Acquisition of subsidiary undertakings and other businesses, net of cash acquired	*36*	**(2 650)**	(113)
Proceeds from disposal of subsidiary undertakings, net of cash		**(44)**	(14)
Acquisition of equity-accounted investments		**–**	(64)
Proceeds from disposal of, and capital distributions from, equity-accounted investments		**21**	19
Acquisition of property, plant and equipment		**(657)**	(444)
Proceeds from disposal of property, plant and equipment		**24**	8
Acquisition of intangible assets		**(169)**	(43)
Proceeds from disposal of intangible assets		**4**	9
Acquisition of investment property		**(63)**	(213)
Investment in money market and externally managed funds		**(6 177)**	(6 832)
Proceeds from disposal of money market and externally managed funds		**6 892**	4 999
Acquisition of other non-current assets and investments		**(44)**	(631)
Proceeds from disposal of other non-current assets and investments		**25**	20
Net cash used in investing activities		**(2 838)**	(3 299)
Cash flows from financing activities			
Proceeds from borrowings	*33*	**11**	3 992
Corporate bond issue transaction costs		**–**	(17)
Settlement of cash flow hedging derivative instrument		**–**	(55)
Repayment of borrowings	*33*	**(323)**	(82)
Dividends paid		**(926)**	(918)
Acquisition of treasury shares		**(180)**	(141)
Proceeds from sale of treasury shares		**106**	70
Contributions received from non-controlling interests		**57**	6
Acquisition of non-controlling interests in a subsidiary		**(195)**	–
Capital element of finance lease payments	*33*	**(6)**	(2)
Net cash generated (used in)/from financing activities		**(1 456)**	2 853
Net change in cash and cash equivalents		**(2 268)**	1 938
Cash and cash equivalents at the beginning of the year		**4 504**	2 765
Exchange gains/(losses) on cash and cash equivalents		**111**	(199)
Cash and cash equivalents at the end of the year	*18*	**2 347**	4 504

The notes on pages 72 to 129 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements
at 31 March 2019

1. General information

Compagnie Financière Richemont SA ('the Company'), its subsidiaries and equity-accounted investments (together 'Richemont' or 'the Group') is one of the world's leading luxury goods groups. The Group's interests encompass several of the most prestigious names in the luxury industry including Cartier, Van Cleef & Arpels, Piaget, A. Lange & Söhne, Jaeger-LeCoultre, Vacheron Constantin, Officine Panerai, IWC Schaffhausen, Baume & Mercier, Roger Dubuis, Yoox Net-A-Porter ('YNAP'), Watchfinder, Montblanc, Alfred Dunhill, Chloé, Peter Millar, Azzedine Alaïa, Serapian and Purdey.

The Company is registered in Bellevue, Geneva, Switzerland. Shares of the Company are listed and traded on the SIX Swiss Exchange and are included in the Swiss Market Index ('SMI') of leading stocks. Depository Receipts in respect of Richemont shares are traded on the Johannesburg Stock Exchange operated by JSE Limited. From March 2018, corporate bonds issued by a subsidiary of the Company are listed on the Luxembourg Stock Exchange.

These consolidated financial statements have been approved for issue by the Board of Directors of the Company ('the Board') on 16 May 2019 and are subject to approval at the shareholders' general meeting on 11 September 2019.

2. Summary of significant accounting policies

2.1. Basis of preparation

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations (together 'IFRS').

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss or other comprehensive income.

Except as described in note 2.2 below, the policies set out in notes 2.3 to 2.6 have been consistently applied to the periods presented.

Compared to the prior year, the following changes have been made to the consolidated balance sheet:

- Prepayments, which were previously disclosed separately on the face of the balance sheet, are now included within Trade receivables and other current assets.
- As a result of the adoption of IFRS 15, *Revenue from Contracts with Customers* (see note 2.2), the Group has separately recognised a sales return asset, being the inventory expected to be recovered from customer returns, and a provision for the amount expected to be refunded to the customer. Under the Group's previous accounting policies, the provision represented only the net impact of the expected return.

In the consolidated statement of other comprehensive income, revenue for the year ended 31 March 2018 includes royalty income received, which had previously been presented within Other income/(expenses). Fulfilment expenses, which are presented separately for the first time following the acquisitions of YOOX NET-A-PORTER GROUP SpA ('YNAP Group') and Watchfinder.co.uk Limited, relate to the cost of fulfilling online retail orders.

In all cases, the comparative figures have been re-presented for consistency with the current year presentation. There is no impact on net profit for the year. For further details, please refer to note 40 to these financial statements.

2.2 Adoption of new accounting standards

Other than the accounting standards mentioned below, no other amendments to IFRSs effective for the financial year ended 31 March 2019 have a material impact on the Group.

IFRS 15, *Revenue from Contracts with Customers*

The Group has adopted IFRS 15 for the first time in the year ended 31 March 2019. The financial statements for the year then ended are impacted by the application of this standard, as compared to IAS 18 and related interpretations that were in effect before the change, as follows:

Accounting for sales returns

Previously, the Group recognised a provision for sales returns at the time of sale, based on the sales margin (€ 186 million at 31 March 2018). Revenue was adjusted for the expected value of returns and cost of goods sold was adjusted for the value of the corresponding goods expected to be returned.

Under IFRS 15, a gross refund liability for the expected refunds to customers is recognised as an adjustment to revenue. At the same time, the Group has a right to recover the product from the customer where the customer exercises their right of return and recognises an asset and a corresponding adjustment to cost of sales. The costs to recover the products are historically not material.

As a result of this change in policy, the Group has recognised a sales return asset of € 61 million and a provision of € 166 million. Under the previous accounting policy, the sales return provision would have been € 105 million. As the change results only in a gross up of the balance sheet, there is no impact on the income statement, nor on opening retained earnings at 1 April 2018, as a result of this change.

Other impacts

No other changes to accounting policies as a result of the adoption of IFRS 15 have resulted in a significant change to the financial statements.

The Group has applied this new standard retrospectively in accordance with the provisions of IFRS 15. C3 (b), which allows the cumulative effect of initial application to be recognised on the date of initial application, being 1 April 2018. There is no impact on retained earnings as a result of the adoption of IFRS 15.

IFRS 9, *Financial Instruments*

The Group has adopted IFRS 9 for the first time in the year ended 31 March 2019. The standard has been applied retrospectively with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings at 1 April 2018. The financial statements for the year ended 31 March 2018 are impacted by the application of this standard, as compared to IAS 39 and related interpretations that were in effect before the change, as follows:

Classification of financial instruments

Certain investments in listed undertakings, which were previously classified as Fair Value through Profit & Loss under IAS 39, have been classified as Fair Value through Other Comprehensive Income following adoption of IFRS 9. This classification was deemed by management to be the most appropriate, given the strategic nature of the Group's investments. The carrying value of these assets on the date of initial application was € 431 million.

Other impacts

No other changes to accounting policies as a result of the adoption of IFRS 9 have resulted in a significant change to the financial statements.

The Group has applied this new standard retrospectively in accordance with the provisions of IFRS 9.7.2.15, which allows the cumulative effect of initial application to be recognised on the date of initial application, being 1 April 2018. There is no impact on retained earnings as a result of the adoption of IFRS 9.

2.3. Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiary undertakings together with the Group's share of the results and net assets of equity-accounted investments.

(a) Subsidiary undertaking

Subsidiary undertakings are defined as those undertakings that are controlled by the Group and are consolidated from the date control commences until the date control ceases. Control of an undertaking exists when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its powers over the entity. The accounts of subsidiary undertakings are drawn up at 31 March of each year. Uniform accounting policies have been adopted.

(b) Associates and joint ventures

Associated undertakings are defined as those undertakings, not classified as subsidiary undertakings, where the Group is able to exercise a significant influence. Significant influence is presumed to exist where the Group holds between 20% and 50% of the voting rights of another entity. Joint ventures are those arrangements where the Group has joint control and rights to the net assets of the arrangement.

2.4. Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The functional currency of the Company is Swiss francs. The consolidated financial statements are presented in millions of euros (the 'presentation currency'). Management believes that this currency is more useful to the users of the consolidated financial statements.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the average exchange rates prevailing during the period. The average rates approximate actual rates at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(c) Group companies

The assets and liabilities of foreign operations that have a functional currency different from the presentation currency are translated to euro at the closing exchange rates at the reporting date.

The income, expenses and cash flows of foreign operations are translated to euro at the average exchange rates.

All resulting foreign exchange differences are recognised in other comprehensive income.

When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

2.5. Impairment of non-financial assets

All non-financial assets are tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be fully recoverable, with the exception of intangible assets that have an indefinite useful life which are not subject to amortisation and so are tested annually for impairment. The Group has identified goodwill as the only category of intangible asset with an indefinite life.

Assets which do not generate cash flows independently of other assets are allocated to a cash-generating unit ('CGU') for impairment testing. The CGUs are made up of assets grouped at the lowest levels for which there are separately identifiable cash flows, subject to an operating segment ceiling. An impairment loss is recognised for the amount by which a CGU's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of a CGU's fair value, less costs to sell, and its value in use.

2.6. Other accounting policies

Details of the other accounting policies adopted by the Group can be found in the note to the financial statements to which they relate.

2.7. New standards and interpretations not yet adopted

Certain new accounting standards and amendments issued by the IASB and interpretations issued by the IFRS Interpretations Committee are not yet effective and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below.

IFRS 16, *Leases* eliminates the distinction between operating and finance leases, resulting in the recognition of a right-to-use asset and corresponding lease liabilities for all of the Group's lease contracts. The income statement will record depreciation and finance costs, rather than rental expenses, and the cost of an individual rental contract will be higher at the beginning of the lease term, rather than spread evenly across the life of the lease.

The new standard results in the capitalisation of the Group's fixed-rent lease contracts, primarily for boutiques, distribution centres and office spaces, which had previously been recorded as operating leases. Short-term leases, with a term of less than twelve months, and contracts for low value assets are excluded from these changes and are charged to profit or loss on a straight-line basis, as are contracts with fully variable rental payments, which continue to be charged to profit or loss as incurred.

The Group will apply these new requirements from 1 April 2019, the adoption of which is expected to lead to an increase in total assets and total liabilities of between € 2.9 billion and € 3.4 billion and to an increase in operating profit of between € 100 million and € 120 million, which is partly offset by an increase in finance costs. The calculation of the right of use asset includes any contractual extension clauses where the future terms of the lease agreement are already known at inception of the contract, and ignores any contractual termination clause unless it is already known, at inception, that these rights will be exercised. Discount rates are determined at the commencement of the lease, and vary depending on jurisdiction and lease term. These impacts differ from the operating lease commitments disclosed in note 35 due to the impact of applying discount rates to future committed cash flows.

The Group will apply the simplified transition method and take advantage of the allowed practical expedients to treat leases which terminate within 12 months of the application date as short-term and to exclude initial direct costs and key money paid before 1 April 2019 from the calculation of the initial right of use asset. Furthermore, the Group has used hindsight to determine the lease term in the case of extension or termination options, as permitted by the standard.

Amendment to IFRS 3, *Business Combinations* (Definition of a business) clarifies the requirements for a group of acquired assets to be classified as business. As a result, acquisitions by the Group of the operations of external boutiques and distribution agents, as well as certain acquisitions of investment property, may in some cases no longer fall within the scope of the standard. The Group does not anticipate a material impact on the financial statements arising from this amendment, which will be applied prospectively.

3. Risk assessment

The Company has a risk management process which gives consideration to both strategic and operational risks. All identified risks are modelled according to their probability of occurrence and potential impact and subsequently prioritised by Group management. A consolidated risk report, which includes action plans prepared by the Group executive directly responsible for addressing the risk, is reviewed annually by the Audit Committee and the Board of Directors.

For any risks identified which relate to accounting and financial reporting, and to reduce the risk to the financial statements arising from material misstatement, whether due to fraud or error, the Group's internal control system framework defines relevant control measures which are implemented across the Group and appropriately monitored.

4. Critical accounting estimates and assumptions

The Group is required to make estimates and assumptions that affect the reported amount of certain asset, liability, income and expense items and certain disclosures regarding contingencies, and to make judgments in the process of applying its accounting policies. Estimates and assumptions applied by management are continuously evaluated and are based on information available, historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances at the dates of preparation of the consolidated financial statements. Principal matters involving significant estimates, assumptions or judgments relate in particular to:

(a) Inventories

The Group records a provision against its inventories for damaged and slower-moving items. This provision is based on estimates made by management taking into consideration various factors including historical experience, estimated future demand, discontinuations and product development.

The provision is assessed at each reporting date by the respective Maison or subsidiary company and is adjusted accordingly. Details of the movements in the provision are provided in note 15.

(b) Taxation

The Group is subject to income taxes in a number of jurisdictions due to its wide geographical presence. There are a number of transactions and calculations on which the ultimate tax determination is uncertain. Management exercises judgment, within a strict and objective process framework, in determining the adequate current income tax provision including amounts in relation to uncertain tax positions. The amounts accrued are based on management's interpretation of the specific tax law and on adherence to internationally accepted rules and practice. New information may become available that causes the Group to change its assessment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Details of the Group's tax liabilities are given in note 12.

(c) Defined benefit pension obligations

The Group operates a number of defined benefit pension plans. The valuation of the Group's obligations under these plans is subject to a number of assumptions, such as discount rates and mortality rates, as well as the impact of local requirements in each jurisdiction in which a plan is operated.

Details of the Group's defined benefit pension liabilities and the assumptions underpinning the valuation at 31 March 2019 are given in note 21.

(d) Acquisition of YNAP Group

During the year to 31 March 2019, the Group completed the acquisition of YNAP Group. The valuation of certain previously unrecognised intangible assets during the purchase price allocation process, which resulted in the recognition of goodwill amounting to € 2 877 million, as well as the subsequent allocation of the goodwill balance to CGUs was based on a number of assumptions and estimates regarding the future performance of the YNAP Group and potential synergies with the rest of the Group.

Full details of this acquisition are provided in note 36.

(e) Recoverable amount of cash-generating units for goodwill impairment testing

Goodwill is tested annually for impairment. The recoverable amounts of CGUs are determined based on value-in-use calculations. These calculations require the use of estimates for sales growth, EBITDA %, discount rates and terminal growth rate.

Details of the impairment testing done in the year are given in note 8.

5. Segment information

(a) Information on reportable segments

Management has determined the operating segments based on the reports regularly reviewed by the chief operating decision maker ('CODM') in making strategic decisions. Each operating segment is managed separately by a dedicated Chief Executive Officer and management team allowing management to maintain and develop the specific identity of each Maison or distributor. These operating segments have been aggregated into reportable segments as follows:

- **Jewellery Maisons** – businesses whose heritage is in the design, manufacture and distribution of jewellery products; these comprise Cartier and Van Cleef & Arpels; and
- **Specialist Watchmakers** – businesses whose primary activity includes the design, manufacture and distribution of precision timepieces. The Group's Specialist Watchmakers comprise Piaget, A. Lange & Söhne, Jaeger-LeCoultre, Vacheron Constantin, Officine Panerai, IWC Schaffhausen, Baume & Mercier and Roger Dubuis.
- **Online Distributors** – businesses whose primary activity is the online sale of luxury goods. This group comprises YNAP and Watchfinder.

Online Distributors are presented separately following the acquisition of YNAP Group and Watchfinder.co.uk Limited in the current year (note 36).

In order to determine which operating segments share similar economic characteristics and thus meet the criteria for aggregation, management has focused on the distribution network, product mix and gross margin of the Maisons.

Other operating segments include Montblanc, Alfred Dunhill, Chloé, Peter Millar, Azzedine Alaïa, investment property companies and other manufacturing entities. None of these segments meet the quantitative thresholds for determining reportable segments.

The entire product range of a particular Maison, which may include jewellery, watches, writing instruments and leather goods, is reflected in the sales and operating result for that segment.

The non-separable costs of operating multi-brand regional functions are allocated to individual operating segments using allocation keys most relevant to the nature of the expense being allocated. Unallocated corporate costs represent the costs of the Group's corporate operations which are not attributed to the segments.

5. Segment information continued

(a) Information on reportable segments continued

Performance measurement is based on segment contribution before corporate costs, interest and tax, as management believes that such information is most relevant in evaluating the results of segments relative to other entities that operate within similar markets.

Revenue by business area is as follows:

Year to 31 March 2019	Jewellery Maisons €m	Specialist Watchmakers €m	Online Distributors €m	Other €m	Eliminations €m	Total Revenue €m
Revenue						
External revenue	**7 082**	**2 978**	**2 105**	**1 824**	**–**	**13 989**
Inter-segment revenue	**1**	**2**	**–**	**57**	**(60)**	**–**
	7 083	**2 980**	**2 105**	**1 881**	**(60)**	**13 989**

Year to 31 March 2018	Jewellery Maisons €m	Specialist Watchmakers €m	Online Distributors €m	Other €m	Eliminations €m	Total Revenue* €m
Revenue						
External revenue*	6 452	2 714	–	1 847	–	11 013
Inter-segment revenue	–	–	–	–	–	–
	6 452	2 714	–	1 847	–	11 013

* see notes 2.1 and 40 for details

The operating result by business area is as follows:

	2019 €m	2018 €m
Operating result		
Jewellery Maisons	**2 229**	1 926
Specialist Watchmakers	**378**	262
Online Distributors	**(264)**	–
Other	**(100)**	(65)
	2 243	2 123
Elimination of internal transactions	**2**	–
Unallocated corporate costs	**(302)**	(279)
Consolidated operating profit before finance and tax	**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 from continuing operations	**2 787**	1 221

	2019 €m	2018 €m
Depreciation and amortisation costs included within the segment operating results		
Jewellery Maisons	**204**	205
Specialist Watchmakers	**142**	145
Online Distributors	**269**	–
Other	**104**	102
Unallocated	**93**	87
	812	539

In the year to 31 March 2019 an impairment charge of € 1 million was included in the 'Other' segment. No impairment charges were recorded in the year to 31 March 2018.

5. Segment information continued

(a) Information on reportable segments continued

The segment assets which are reviewed by the CODM comprise inventories and trade debtors.

	2019 €m	2018 *re-presented €m
Segment assets		
Jewellery Maisons	**3 381**	3 077
Specialist Watchmakers	**1 534**	1 503
Online Distributors	**902**	–
Other	**1 075**	945
	6 892	5 525
Eliminations	**(21)**	–
	6 871	5 525

Total segment assets	**6 871**	5 525
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 at fair value through profit or loss	**4 538**	5 504
Financial assets at fair value through other comprehensive income	**378**	–
Other non-current assets	**476**	401
Other receivables	**785**	658
Derivative financial instruments	**15**	18
Cash at bank and on hand	**5 060**	8 401
Assets of disposal group held for sale	**19**	19
Total assets	**28 039**	25 652

* see notes 2.1 and 40 for details

The CODM also reviews additions to property, plant and equipment, other intangible assets, and investment property as follows:

	2019 €m	2018 €m
Additions to non-current assets:		
Property, plant and equipment, other intangible assets and investment property		
Jewellery Maisons	**292**	209
Specialist Watchmakers	**107**	110
Online Distributors	**198**	–
Other	**164**	313
Unallocated	**129**	81
	890	713

5. Segment information continued

(b) Information about geographical areas

Each operating segment operates on a worldwide basis. External sales presented in the four main geographical areas where the Group's operating segments operate are as follows:

	2019 €m	2018 re-presented* €m
Europe	**4 118**	3 019
France	**772**	721
Switzerland	**482**	443
Germany, Italy and Spain	**1 138**	856
Other Europe	**1 726**	999
Middle East and Africa	**929**	856
Asia	**6 391**	5 332
China, Hong Kong and Macau	**3 480**	2 955
Japan	**1 148**	980
South Korea	**707**	604
Other Asia	**1 056**	793
Americas	**2 551**	1 806
USA	**2 191**	1 474
Other Americas	**360**	332
	13 989	11 013

* see notes 2.1 and 40 for details

Sales are allocated based on the location of the wholesale customer, the boutique or the shipping address for online transactions.

The total non-current assets, other than financial instruments and deferred tax assets, located in Switzerland, the Company's domicile, and the rest of the world are as follows:

	2019 €m	2018 €m
Italy	**4 039**	178
United Kingdom	**1 917**	1 202
Switzerland	**1 795**	1 789
France	**497**	409
Rest of the world	**1 360**	1 213
	9 608	4 791

Segment assets are allocated based on where the assets are located.

5. Segment information continued

(c) Information about products

External sales by product are as follows:

	2019 €m	2018 re-presented* €m
Jewellery	**5 061**	4 537
Watches	**4 930**	4 368
Clothing	**1 553**	403
Leather goods	**1 402**	780
Writing instruments	**414**	394
Other	**629**	531
	13 989	11 013

* see notes 2.1 and 40 for details

(d) Major customers

Sales to no single customer represented more than 10% of total revenue.

6. Revenue

Accounting policy

The Group sells jewellery, watches, leather goods, clothing, writing instruments and other luxury goods on a worldwide basis through its retail, online retail and wholesale distribution channels and provides after-sales service for its products.

Revenue is recognised when the customer obtains control of the goods. For retail sales, which take place in the Group's network of internal boutiques, control generally passes when the customer takes physical possession of goods, at which time the Group has a right to receive payment for the asset and it is implicit that the customer has accepted it. In the case of online retail sales made directly to the end customer, sales are recorded when the goods are delivered to the customer, as the Group remains in control of, and is subject to the related risks of, the delivery process. Wholesale sales are made to distributors, wholesalers or external franchisees. For these sales, revenue is recognised when the wholesaler takes delivery of the shipment, in most cases after customs formalities have been cleared in the destination country. At this point, the customer is able to control the future use of the product, in terms of where and how it will be sold, and assumes the risk of obsolescence and loss. Revenue relating to after-sales services is recognised when the service has been completed.

The Group also receives royalty income arising from the use of its intellectual property by third parties, which is recognised over time. Sales-based royalties are recognised in line with sales made by the third-party licensee, with all other royalties recognised on a straight-line basis over the term of the licence agreement.

Revenue is measured net of value-added tax, duties, other sales taxes, rebates and trade discounts. Goods sold to wholesale customers are often sold with volume discounts based on total sales over a twelve-month period or other similar criteria. Revenue from such contracts is recorded net of the estimated discount, based on the accumulated experience of the Group, using the expected value method, and recognised up to an amount beyond which a significant reversal is not expected to occur. The Group does not have any contracts where the period between recognition of revenue and payment by the customer exceeds one year. As a consequence, the Group does not adjust the transaction price for the time value of money.

Where there is a practice of agreement to customer returns, or where we are obliged by local legal requirements, accumulated experience is used to estimate and provide for such returns at the time of sale.

The Group provides a standard warranty against manufacturing defects, and recognises its obligation for repairs under this warranty as a provision.

	2019 €m	2018 €m
Revenue from contracts with customers	**13 950**	10 979
Royalty income	**39**	34
	13 989	11 013

Notes to the consolidated financial statements continued

6. Revenue continued

Analysis of revenue by geographical area and by reporting segment is as follows:

Year to 31 March 2019	Asia €m	Europe €m	Japan €m	Americas €m	Middle East & Africa €m	Total €m
Jewellery Maisons	**2 974**	**1 573**	**723**	**1 221**	**592**	**7 083**
Specialist Watchmakers	**1 508**	**829**	**185**	**302**	**156**	**2 980**
Online Distributors	**264**	**1 106**	**85**	**563**	**87**	**2 105**
Other	**507**	**633**	**157**	**488**	**96**	**1 881**
	5 253	**4 141**	**1 150**	**2 574**	**931**	**14 049**
Intersegment eliminations	**(10)**	**(23)**	**(2)**	**(23)**	**(2)**	**(60)**
	5 243	**4 118**	**1 148**	**2 551**	**929**	**13 989**

Year to 31 March 2018	Asia €m	Europe €m	Japan €m	Americas €m	Middle East & Africa €m	Total €m
Jewellery Maisons	2 579	1 540	662	1 106	565	6 452
Specialist Watchmakers	1 265	814	162	276	197	2 714
Online Distributors	–	–	–	–	–	–
Other	508	665	156	424	94	1 847
	4 352	3 019	980	1 806	856	11 013
Intersegment eliminations	–	–	–	–	–	–
	4 352	3 019	980	1 806	856	11 013

7. Property, plant and equipment

Accounting policy

All property, plant and equipment is shown at cost less accumulated depreciation and impairment. Depreciation on property, plant and equipment is calculated using the straight-line method over the asset's estimated useful life, up to the following limits:

• Buildings	40 years
• Plant and machinery	20 years
• Fixtures, fittings, tools and equipment	15 years

Residual values and useful lives are reviewed annually, and adjusted if appropriate. Assets under construction are not depreciated.

Assets held under finance leases are initially recognised at the lower of the present value of future minimum lease payments and the fair value of the leased item. In cases where land and buildings are acquired under finance leases, separate values of the land and buildings are established. All property, plant and equipment so recognised is depreciated over the shorter of the asset's expected useful life or the lease term.

Land is not depreciated.

	Land and buildings €m	Plant and machinery €m	Fixtures, fittings, tools and equipment €m	Assets under construction €m	Total €m
1 April 2017					
Cost	1 351	832	2 839	184	5 206
Depreciation	(412)	(557)	(1 679)	–	(2 648)
Net book value at 1 April 2017	939	275	1 160	184	2 558
Exchange adjustments	(75)	(20)	(91)	(14)	(200)
Acquisition through business combinations	–	–	4	–	4
Additions	39	29	283	109	460
Disposals	(4)	(2)	(9)	(2)	(17)
Depreciation charge	(52)	(61)	(341)	–	(454)
Reclassified to assets held for sale (note 37)	(11)	–	(14)	(1)	(26)
Transfers and reclassifications	40	6	59	(105)	–
31 March 2018					
Cost	1 287	780	2 757	171	4 995
Depreciation	(411)	(553)	(1 706)	–	(2 670)
Net book value at 31 March 2018	876	227	1 051	171	2 325

7. Property, plant and equipment continued

	Land and buildings €m	Plant and machinery €m	Fixtures, fittings, tools and equipment €m	Assets under construction €m	Total €m
1 April 2018					
Cost	**1 287**	**780**	**2 757**	**171**	**4 995**
Depreciation	**(411)**	**(553)**	**(1 706)**	**–**	**(2 670)**
Net book value at 1 April 2018	**876**	**227**	**1 051**	**171**	**2 325**
Exchange adjustments	**40**	**10**	**52**	**7**	**109**
Acquisition through business combinations (note 36)	**30**	**52**	**50**	**38**	**170**
Additions	**33**	**63**	**407**	**155**	**658**
Disposals	**(2)**	**(1)**	**(26)**	**(3)**	**(32)**
Depreciation charge	**(57)**	**(63)**	**(362)**	**–**	**(482)**
Impairment charge	**–**	**–**	**(1)**	**–**	**(1)**
Reclassified to assets held for sale (note 37)	**(19)**	**–**	**–**	**–**	**(19)**
Transfers and reclassifications	**37**	**52**	**80**	**(169)**	**–**
31 March 2019					
Cost	**1 413**	**950**	**3 125**	**199**	**5 687**
Depreciation	**(475)**	**(610)**	**(1 874)**	**–**	**(2 959)**
Net book value at 31 March 2019	**938**	**340**	**1 251**	**199**	**2 728**

Land and buildings comprise mainly manufacturing facilities, retail boutiques, offices and distribution centres.

Included above is property, plant and equipment held under finance leases with a net book value of € 56 million (2018: € 48 million) comprising land and building € 39 million (2018: € 47 million); plant and machinery € 13 million (2018: € nil); and fixtures, fittings, tools and equipment € 4 million (2018: € 1 million).

Impairment charges of € 1 million (2018: € nil) are included in selling and distribution expenses.

Committed capital expenditure not reflected in these financial statements amounted to € 35 million at 31 March 2019 (2018: € 77 million).

8. Goodwill

Accounting policy

Goodwill is allocated to the CGUs for the purpose of impairment testing that are expected to benefit from the business combination in which the goodwill arose. It is tested annually for impairment and carried at cost less accumulated impairment losses.

	€m
Cost at 1 April 2017	298
Exchange adjustments	(27)
Goodwill arising on business combinations	26
Cost at 31 March 2018	**297**
Exchange adjustments	**18**
Goodwill arising on business combinations (note 36)	**3 039**
Cost at 31 March 2019	**3 354**

8. Goodwill continued

Impairment testing for goodwill

For the purposes of impairment testing, goodwill is allocated to CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose, subject to an operating segment ceiling. Goodwill is impaired if the carrying value of the CGU exceeds the recoverable amount.

The Group considers its Maisons and individual distributors to be the appropriate CGUs for goodwill allocation. The balance at 31 March is allocated as follows:

	2019 €m	2018 €m
Jewellery Maisons	**1 026**	100
Specialist Watchmakers	**437**	131
Online Distributors	**1 713**	-
Other Maisons	**178**	66
	3 354	297

Cartier and YNAP CGUs each have an allocation of goodwill which is considered significant when compared to the total goodwill balance.

The Cartier CGU includes goodwill of € 819 million. The discounted cash flow model on which the value-in-use calculation includes five years of cash flows and assumes sales growth of 3%, based on independent external analysis as mentioned below, and a terminal growth rate of 2%, with operating margins remaining stable. The pre-tax discount rate used is 8.90%.

Goodwill allocated to the YNAP CGU amounts to € 1 549 million. The discounted cash flow model on which the value-in-use calculation is based includes ten years of cash flows, based on the long-term nature of the investment, and assumes sales growth of between 14% and 30% per annum, or 19% CAGR, and a terminal growth rate of 3%, with operating margins expected to improve over the period. The pre-tax discount rate used is 9.86%. The valuation was confirmed by using comparable multiples for other listed groups in the luxury e-commerce industry.

For all other Maisons, the recoverable amount of the Group's CGUs has been calculated using value-in-use. For each CGU, the discounted cash flow model used for impairment testing considers between five and ten years of cash flows and a long-term growth rate based on the long-term inflation rate appropriate to the relevant markets. Sales growth projections include input from independent external analysis on the luxury industry with Maison-specific adjustments when deemed necessary, consistent with the Group's past experience. For this purpose, EBITDA margins are assumed to remain stable compared to the margin achieved by the CGU in the current year unless there are Maison-specific reasons to assume otherwise. The discount rate is a pre-tax measure that reflects the specific risk relating to the CGU.

No impairment has been identified at 31 March 2019 (2018: none). A reasonably possible change in key assumptions at 31 March 2019 used for the Cartier CGU would not cause the carrying amount to exceed the recoverable amount. With respect to the YNAP CGU, the estimated recoverable amount of the CGU exceeded its carrying value by € 380 million. The following reasonably possible changes to key assumptions would lead to the recoverable value equalling the carrying amount.

	Key assumption	Change
Terminal growth	**3.0%**	- 0.75 ppt
Discount rate	**9.9%**	+ 0.44 ppt
EBITDA margin	**1% - 12%**	- 4.5%

9. Other intangible assets

Accounting policy

Other intangible assets are shown at cost less accumulated amortisation and impairment. Amortisation of other intangible assets is calculated using the straight-line method over the asset's estimated useful life, or contractual life if applicable, up to the following limits:

- Software 5 years
- Software licences 15 years
- Development costs 10 years
- Intellectual property related 50 years
- Distribution rights 5 years
- Leasehold rights 20 years

Costs that are directly associated with developing, implementing or improving identifiable software products having an expected benefit beyond one year are recognised as other intangible assets. Costs associated with maintaining software are expensed as incurred.

Leasehold rights represent premiums paid to parties other than the lessor at the inception of operating leases and are amortised over their expected useful lives or, if shorter, the lease period.

Costs incurred on development projects, including internally generated costs, are recognised as other intangible assets when it is probable that the project will be a success, considering its commercial and technological feasibility, and costs can be measured reliably. These assets are amortised from the commencement of commercial production of the product. Other development expenditures and research expenditures are expensed as incurred.

	Intellectual property related €m	Leasehold and distribution rights €m	Computer software and related licences €m	Development costs €m	Total €m
1 April 2017					
Cost	214	280	178	220	892
Amortisation	(110)	(153)	(128)	(110)	(501)
Net book value at 1 April 2017	104	127	50	110	391
Exchange adjustments	(12)	(4)	(3)	(9)	(28)
Acquisition through business combinations	23	40	–	–	63
Additions:					
– internally developed	–	–	–	26	26
– other	–	1	13	–	14
Disposals	–	(2)	–	(9)	(11)
Amortisation charge	(10)	(27)	(18)	(28)	(83)
Reclassified to assets held for sale (note 37)	–	(2)	–	–	(2)
31 March 2018					
Cost	215	283	171	201	870
Amortisation	(110)	(150)	(129)	(111)	(500)
Net book value at 31 March 2018	105	133	42	90	370

9. Other intangible assets continued

	Intellectual property related €m	Leasehold and distribution rights €m	Computer software and related licences €m	Development costs €m	Total €m
1 April 2018					
Cost	**215**	**283**	**171**	**201**	**870**
Amortisation	**(110)**	**(150)**	**(129)**	**(111)**	**(500)**
Net book value at 1 April 2018	**105**	**133**	**42**	**90**	**370**
Exchange adjustments	**34**	**3**	**3**	**5**	**45**
Acquisition through business combinations (note 36)	**2 204**	**6**	**294**	**–**	**2 504**
Additions:					
– internally developed	**–**	**–**	**35**	**26**	**61**
– other	**–**	**3**	**105**	**–**	**108**
Disposals	**–**	**(2)**	**–**	**(3)**	**(5)**
Amortisation charge	**(146)**	**(30)**	**(119)**	**(31)**	**(326)**
31 March 2019					
Cost	**2 455**	**268**	**596**	**218**	**3 537**
Amortisation	**(258)**	**(155)**	**(236)**	**(131)**	**(780)**
Net book value at 31 March 2019	**2 197**	**113**	**360**	**87**	**2 757**

Computer software and related licences include internally generated computer software, whilst internally generated product development costs are included within the total for development costs.

Other intangible assets at 31 March 2019 includes intellectual property-related assets, specifically the trading names 'Net-A-Porter' and 'Yoox', which have a carrying value of € 1 732 million. The assets have a remaining useful life of 19 years. No other individual intangible assets are material to the Group.

Amortisation of € 32 million (2018: € 29 million) is included in cost of sales; € 28 million (2018: € 23 million) is included in selling and distribution expenses; € 88 million (2018: € 17 million) is included in administration expenses; and € 178 million (2018: € 13 million) is included in other expenses.

Committed capital expenditure not reflected in these financial statements amounted to € 39 million at 31 March 2019 (2018: € 1 million).

10. Investment property

Accounting policy

Investment property consists of land and buildings held to earn rental income or for capital appreciation, or both, and not for use in the operating or administrative activities of the Group. Where only an insignificant portion of the whole property is for own use the entire property is recognised as an investment property. Otherwise the part of the property used internally is recognised within property, plant and equipment.

Investment property is measured at cost less accumulated depreciation and impairment. Depreciation is calculated using the straight-line method over the asset's expected useful life, up to a maximum of 40 years. Land is not depreciated.

	€m
1 April 2017	
Cost	12
Depreciation	–
Net book value at 1 April 2017	12
Exchange adjustments	(1)
Additions	213
Depreciation	(2)
31 March 2018	
Cost	224
Depreciation	(2)
Net book value at 31 March 2018	222

	€m
1 April 2018	
Cost	**224**
Depreciation	**(2)**
Net book value at 1 April 2018	**222**
Exchange adjustments	**1**
Additions	**63**
Depreciation	**(4)**
31 March 2019	
Cost	**287**
Depreciation	**(5)**
Net book value at 31 March 2019	**282**

The Group owns investment properties located in Canada, France and Denmark. Independent property valuers performed market valuations of the Group's properties at 31 March 2019. The property valuers, who are external to the Group, hold appropriate recognised professional qualifications and have recent experience in the location and category of properties being valued. The fair value of the properties were determined using the income approach considering recent market transactions, supported by market knowledge and the current and future rental income potential arising from the existing leases.

The fair value is considered as Level 3 in the fair value hierarchy as described in IFRS. The most significant inputs considered in the valuation were the capitalisation rates of between 2.75% and 4.25% and the current and future level of rental income per square metre. The fair value of the Group's investment properties was determined to be € 322 million at 31 March 2019 (2018: three properties had a fair value of € 229 million).

Investment properties with a net book value of € 31 million are pledged as security for long-term liabilities at 31 March 2019 (2018: € 31 million).

Committed capital expenditure on investment properties not reflected in these financial statements amounted to € 7 million (2018: € 62 million).

10. Investment property continued

The Group leases out its investment properties. The minimum rental payments under non-cancellable leases receivable at 31 March are not significant.

Rental income of € 2 million was received in the year to 31 March 2019 and included as other operating income (2018: € 1 million). Repairs and maintenance expenses included as other operating expenses were as follows:

Expenses relating to:	2019 €m	2018 €m
Income generating properties	**7**	5
	7	5

Investment properties are leased out for use as retail or office space with the longest contract terms expiring in 2022. The lease terms are comparable with the market for retail or office space in the appropriate location, recognising the commencement date of the lease. These include a mix of fixed base rent and fixed annual increases.

11. Equity-accounted investments

Accounting policy
Associated undertakings and joint ventures ('equity-accounted investments') are accounted for using the equity method.

Unrealised gains on transactions between the Group and its equity-accounted investments are eliminated to the extent of the Group's interest in the equity-accounted investments. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the investment, the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on behalf of the equity-accounted investment.

Goodwill arising on the acquisition of equity-accounted investments is included in the carrying value of the equity-accounted investment and is tested for impairment whenever events or changes in circumstance indicate that the carrying amount of the investment may not be fully recoverable.

	€m
At 1 April 2017	1 307
Exchange adjustments	(5)
Acquisition of equity-accounted investments	75
Capital distribution from equity-accounted investments	(15)
Dividend received	(3)
Share of post-tax results	(41)
Share of other comprehensive income	(10)
At 31 March 2018	**1 308**
Exchange adjustments	**2**
Acquisition through business combinations (note 36)	**1**
Capital distribution from equity-accounted investments	**(20)**
Disposal of equity-accounted investments	**(2 481)**
Dividends received	**(37)**
Share of post-tax results	**1 408**
Share of other comprehensive income	**1**
At 31 March 2019	**182**

11. Equity-accounted investments continued

The value of equity-accounted investments at 31 March 2019 includes goodwill of € 43 million (2018: € 872 million).

The Group's share of post-tax results of equity-accounted investments includes the revaluation gain on € 1 381 million recorded on the deemed disposals of the existing shareholding of YNAP Group, following completion of the voluntary tender offer, and of Dalloz Pre-Setting SAS (note 36).

The Group's principal equity-accounted investments at 31 March 2019 are as follows:

		2019 interest held (%)	2018 interest held (%)	Country of incorporation	Country of operation
Associates					
Greubel Forsey SA	Watchmaker	**20**	20	Switzerland	Switzerland
Rouages SA	Watch component manufacturer	**35**	35	Switzerland	Switzerland
Schwab-Feller AG	Watch component manufacturer	**20**	20	Switzerland	Switzerland
YOOX NET-A-PORTER GROUP SpA[1]	Luxury e-commerce	**100**	49	Italy	Worldwide
Kering Eyewear SpA	Eyewear manufacturer/distributor	**30**	30	Italy	Worldwide
E_Lite SpA	Luxury e-commerce	**49**	-	Italy	Worldwide
Joint ventures					
Laureus World Sports Awards Limited	Sports Awards	**50**	50	United Kingdom	Worldwide
Ralph Lauren Watch & Jewelry Company Sàrl[3]	Watchmaker	**50**	50	Switzerland	Worldwide
Dalloz Pre-Setting SAS	Jewellery manufacturer	**33**	33	France	France
New Bond Street JV Jersey Unit Trust	Investment entity	**48**	48	United Kingdom	United Kingdom
New Bond Street JV II Unit Trust	Investment entity	**46**	46	United Kingdom	United Kingdom
Montblanc India Retail Private Limited[2]	Distributor	**51**	51	India	India

1. At 31 March 2018, the Group's share of the total voting rights of YOOX NET-A-PORTER GROUP SpA was limited to 25%.
2. Montblanc India Retail Private Limited is classified as a joint venture due to the terms of the agreement between the Group and the joint venture partner.
3. In liquidation since March 2018.

During the period, the Group acquired the remaining share capital of YNAP Group. This entity is now fully consolidated and no longer classified as an associate. The Group also took control, in accordance with IFRS 10, *Consolidated Financial Statements*, of Dalloz Pre-Setting SAS with effect from 1 April 2018 (note 36) due to the existence of a call option over the remaining shares which has become exercisable at the Group's discretion. The entity is fully consolidated from that date and is no longer classified as a joint venture.

11. Equity-accounted investments continued

No equity-accounted investment is considered individually significant to the Group. The summarised financial information is provided on an aggregate basis, together with a reconciliation to the amounts recognised in the Group statement of financial position and profit or loss:

	Associated undertakings		Joint ventures		Total	
	2019 €m	2018 €m	2019 €m	2018 €m	2019 €m	2018 €m
Revenue	**674**	230	**7**	30	**681**	260
Profit/(loss) for the year	**(5)**	8	**73**	(4)	**68**	4
Other comprehensive income for the year	**(1)**	1	**–**	–	**(1)**	1
Total comprehensive income	**(6)**	9	**73**	(4)	**67**	5
Group's share of (profit)/ loss at individual % owned	**(2)**	(4)	**38**	(8)	**36**	(12)
Gain on deemed disposal	**–**	–	**3**	–	**3**	–
Amount recognised in profit or (loss)	**(2)**	(4)	**41**	(8)	**39**	(12)
Group's share of Other comprehensive income at % owned	**–**	–	**–**	–	**–**	–
Amount recognised in Other comprehensive income	**–**	–	**–**	–	**–**	–

	Associated undertakings		Joint ventures		Total	
	2019 €m	2018 €m	2019 €m	2018 €m	2019 €m	2018 €m
Non-current assets	**117**	107	**489**	641	**606**	748
Current assets	**388**	243	**20**	28	**408**	271
Non-current liabilities	**(14)**	(21)	**(265)**	(355)	**(279)**	(376)
Current liabilities	**(361)**	(192)	**(19)**	(27)	**(380)**	(219)
Net assets	**130**	137	**225**	287	**355**	424
Group's share of net assets	**32**	34	**107**	128	**139**	162
Goodwill	**43**	43	**–**	–	**43**	43
Carrying amount of equity-accounted investments	**75**	77	**107**	128	**182**	205

The information above reflects the amounts presented in the financial statements of the equity-accounted investments, adjusted for fair value adjustments at acquisition and differences in accounting policies.

The Group's share of the results of equity-accounted investments includes the results of YNAP Group for the period to 30 April 2018, during which it was an associate of the Group.

Notes to the consolidated financial statements continued

12. Taxation

Accounting policy

Current tax is the expected tax payable or receivable on the taxable profits/(losses) of Group companies, calculated using local tax rates enacted or substantively enacted at the reporting date, and includes adjustments in respect of previous years, where applicable.

Deferred tax is provided using the liability method in accordance with IAS 12 and is determined using the tax rates and laws enacted or substantively enacted when the deferred tax is realised or settled.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and equity-accounted investments, except where the Group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Current and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case the related tax effect is also recognised directly in equity or in other comprehensive income.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

12.1. Deferred income tax

(a) Deferred income tax assets

	1 April 2017 €m	Exchange adjustments €m	(Charge)/credit for year €m	Recognised in equity or other comprehensive income €m	Acquisition in business combinations and transfers €m	31 March 2018 €m
Depreciation	25	(2)	6	–	–	29
Provision for inventories	45	(3)	2	–	–	44
Provision for impairment of receivables	3	–	(1)	–	–	2
Employee benefit obligations	30	–	(1)	(7)	–	22
Unrealised gross margin elimination	539	(39)	(63)	–	–	437
Tax losses carried forward	7	–	–	–	–	7
Deferred tax on equity-settled option plan	22	(2)	–	(4)	–	16
Other	149	(11)	9	–	1	148
	820	(57)	(48)	(11)	1	705
Offset against deferred tax liabilities for entities settling on a net basis	(96)					(101)
	724					604

	1 April 2018 €m	Exchange adjustments €m	(Charge)/credit for year €m	Recognised in equity or other comprehensive income €m	Acquisition in business combinations and transfers €m	31 March 2019 €m
Depreciation	**29**	**1**	**4**	**–**	**5**	**39**
Provision for inventories	**44**	**2**	**39**	**–**	**10**	**95**
Provision for impairment of receivables	**2**	**–**	**1**	**–**	**–**	**3**
Employee benefit obligations	**22**	**–**	**7**	**(3)**	**1**	**27**
Unrealised gross margin elimination	**437**	**18**	**3**	**–**	**–**	**458**
Tax losses carried forward	**7**	**1**	**27**	**–**	**58**	**93**
Deferred tax on equity-settled option plan	**16**	**1**	**(2)**	**(5)**	**–**	**10**
Other	**148**	**6**	**(28)**	**–**	**20**	**146**
	705	**29**	**51**	**(8)**	**94**	**871**
Offset against deferred tax liabilities for entities settling on a net basis	**(101)**					**(277)**
	604					**594**

€ 315 million of deferred tax assets are expected to be recovered after more than twelve months (2018: € 223 million).

12. Taxation continued

12.1. Deferred income tax continued

(b) Deferred income tax liabilities

	1 April 2017 €m	Exchange adjustments €m	(Charge)/credit for year €m	Recognised in equity or other comprehensive income €m	Acquisition in business combinations and transfers €m	31 March 2018 €m
Depreciation	(48)	4	7	–	–	(37)
Provision for inventories	(14)	1	(3)	–	–	(16)
Undistributed retained earnings	(32)	–	(2)	–	–	(34)
Other	(10)	1	(8)	–	(5)	(22)
	(104)	6	(6)	–	(5)	(109)
Offset against deferred tax assets for entities settling on a net basis	96					101
	(8)					(8)

	1 April 2018 €m	Exchange adjustments €m	(Charge)/credit for year €m	Recognised in equity or other comprehensive income €m	Acquisition in business combinations and transfers €m	31 March 2019 €m
Depreciation	**(37)**	**(3)**	**(2)**	**–**	**(4)**	**(46)**
Provision for inventories	**(16)**	**(2)**	**(64)**	**–**	**–**	**(82)**
Undistributed retained earnings	**(34)**	**–**	**(7)**	**–**	**–**	**(41)**
Other	**(22)**	**(7)**	**37**	**–**	**(474)**	**(466)**
	(109)	**(12)**	**(36)**	**–**	**(478)**	**(635)**
Offset against deferred tax assets for entities settling on a net basis	**101**					**277**
	(8)					**(358)**

€ 553 million of deferred tax liabilities are expected to be settled after more than twelve months (2018: € 93 million).

Other deferred tax liabilities include an amount of € 441 million in relation to deferred taxes arising on the intangible assets recognised on the acquisitions of YNAP Group and Watchfinder.co.uk Limited which took place during the year ended 31 March 2019.

(c) Unrecognised deferred tax assets

Deferred tax assets are recognised for losses carried forward when it is considered likely that the losses will be utilised against future taxable profits, based on estimated future profitability in the relevant tax jurisdiction. The Group has not recognised a deferred tax asset in respect of tax losses of € 697 million (2018: € 671 million). € 646 million of the unrecognised tax losses can be carried forward in the applicable jurisdiction of the reporting entity with no expiry dates (2018: € 572 million). The remainder of the unrecognised tax losses have maximum expiration dates of between five and ten years. Additionally, the Group has not recognised a deferred tax asset in respect of other temporary differences of € 51 million (2018: € 104 million).

12.2. Taxation charge from continuing operations

Taxation charge for the year:

	2019 €m	2018 €m
Current tax	**396**	378
Deferred tax (credit)/charge	**(15)**	54
	381	432

The average effective tax rate is calculated in respect of profit before taxation but excluding the share of post-tax results of equity-accounted investments. The rates for the years ended 31 March 2019 and 2018 were 21.6% and 25.5% respectively.

12. Taxation continued

12.2. Taxation charge from continuing operations continued

The taxation charge on the Group's profit before tax differs from the amount that arises using the local statutory tax rates applicable to profits of the consolidated companies as follows:

	2019 €m	2018 €m
Profit before taxation	**3 168**	1 653
Share of post-tax results of equity-accounted investments	**(1 408)**	41
Adjusted profit before taxation	**1 760**	1 694
Tax on adjusted profit calculated at statutory tax rate	**369**	356
Difference in tax rates	**(113)**	2
Non-taxable income	**(16)**	(5)
Non-deductible expenses net of other permanent differences	**31**	9
Utilisation and recognition of prior year tax losses	**77**	(2)
Non-recognition of current year tax losses	**29**	38
Withholding and other taxes	**22**	49
Prior year adjustments	**(18)**	(15)
Taxation charge	**381**	432

The statutory tax rate applied of 21% reflects the average rate applicable to the main Swiss-based operating companies.

13. Financial assets held at fair value

The Group's financial assets held at fair value are as follows:

	2019 €m	2018 €m
Non-current:		
Investments in listed undertakings	**378**	**431**
Investments in unlisted undertakings	**10**	**16**
Total non-current	**388**	447
Current:		
Investments in money market and externally managed funds	**4 528**	5 057
Total current	**4 528**	5 057
Total financial assets held at fair value	**4 916**	5 504
Financial assets held at fair value through profit and loss	**4 538**	5 504
Financial assets held at fair value through other comprehensive income	**378**	–
	4 916	5 504

Investments in unlisted undertakings, money market and externally managed funds were designated as held at fair value through profit or loss on initial recognition. These assets are managed and their performance is evaluated on a fair value basis.

Following the adoption of IFRS 9, *Financial Instruments* on 1 April 2018, investments in certain listed undertakings were designated as fair value through other comprehensive income, which was deemed to be the most appropriate classification given the strategic nature of the investments. The carrying value of these investments at 31 March 2019 was € 378 million.

14. Other non-current assets

Accounting policy
Included within other non-current assets is the Group's collection of heritage pieces, held primarily for presentation purposes to promote the Maisons and their history and not intended for sale. These assets are held at cost less any impairment in value. The residual values of such pieces are generally equal to or in excess of cost.

	2019 €m	2018 €m
Maisons' collections	**261**	233
Lease deposits	**165**	125
Loans and receivables	**6**	7
Other assets	**44**	36
	476	401

The carrying values of lease deposits, loans and receivables approximate their fair values. There are no overdue or impaired amounts included in deposits, loans and receivables.

Included in loans and receivables is an amount of € 0 million (2018: € 2 million) due from an equity-accounted investment.

15. Inventories

Accounting policy
Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Cost is determined using either a weighted average or specific identification basis depending on the nature of the inventory. The cost of finished goods and work in progress comprises raw materials, direct labour, related production overheads and, where applicable, duties and taxes. For inventories sold in the off-season business by Online Distributors, cost is determined in accordance with the average cost methodology by product category, which includes acquisition costs and costs incurred to bring inventories to their current location and condition.

	2019 €m	2018 €m
Raw materials and work in progress	**1 930**	1 837
Finished goods	**5 068**	3 756
	6 998	5 593
Provision for inventories	**(812)**	(650)
	6 186	4 943

The cost of inventories recognised as an expense and included in cost of sales amounted to € 4 746 million (2018: € 3 234 million).

The Group reversed € 76 million (2018: € 83 million) of previous inventory write-downs during the year as the goods were sold at an amount in excess of the written-down value. The amount reversed has been credited to cost of sales.

The Group recognised € 262 million (2018: € 294 million) of write-down of inventories within cost of sales.

16. Trade receivables and other current assets

Accounting policy

The carrying value of trade receivables represents the original invoice amount, being the fair value at initial recognition, less provision for impairment. Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is evidence, based on historic experience and knowledge of the Group's customer base, that the Group will not be able to collect all amounts due, according to the original terms of the receivables. Impairment losses are recognised in profit or loss for the period.

	2019 €m	2018 re-presented* €m
Trade receivables	**706**	603
Less: provision for impairment	**(21)**	(21)
Trade receivables – net	**685**	582
Loans and other receivables	**351**	413
Current financial assets	**1 036**	995
Sales return asset	**61**	94
Prepayments and other	**373**	151
	1 470	1 240

* See notes 2.1 and 40 for details

Trade and other receivables are valued based on expected cash flows which are not discounted as they are expected to occur within the next twelve months.

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of internationally dispersed customers. The maximum exposure to credit risk is equal to the carrying value.

In addition to the amounts above there are non-current assets amounting to € 171 million (2018: € 132 million) and cash balances as disclosed in note 18 which are considered to be loans and receivables.

Provision for impairment

The movement in the provision for impairment of trade and other receivables was as follows:

	2019 €m	2018 €m
Balance at 1 April of prior year	**(21)**	(21)
Provision charged to profit or loss	**(12)**	(14)
Utilisation of provision	**3**	2
Reversal of unutilised provision	**9**	11
Exchange differences	**–**	1
Balance at 31 March	**(21)**	(21)

At 31 March 2019, trade and other receivables of € 26 million (2018: € 30 million) were impaired.

Receivables past due but not impaired:

	2019 €m	2018 €m
Up to three months past due	**64**	56
Three to six months past due	**9**	8
Over six months past due	**7**	4
	80	68

Based on past experience, the Group does not impair receivables that are not past due unless they are known to be bad debts. The Group has established credit check procedures that ensure the high creditworthiness of its customers.

Due to their short maturity, the fair values of trade and other receivables approximate to their book values.

17. Derivative financial instruments

The Group uses the following derivative instruments:

(a) currency forwards: representing commitments to purchase or sell foreign currencies; and

(b) interest rate swaps (including forward-starting interest rate swaps) and currency swap derivatives: commitments to exchange one set of cash flows for another. Interest rate swaps result in an economic exchange of interest rates (for example, fixed for floating). No exchange of principal takes place. The Group's credit exposure represents the potential cost of replacing the swap contracts if counterparties fail to perform their obligation.

The nominal amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the reporting date but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments, and therefore do not indicate the Group's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms.

The fair value of publicly traded derivatives, securities and investments is based on quoted market prices at the reporting date. In assessing the fair value of non-traded derivatives and other financial instruments, the Group uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date.

The nominal amounts and fair values of derivative instruments held are as follows:

	Nominal amount		Fair value assets		Fair value liabilities	
	2019 €m	2018 €m	2019 €m	2018 €m	2019 €m	2018 €m
Currency forwards	**3 493**	3 034	**5**	18	**(69)**	(74)
Currency swap derivatives	**1 142**	162	**10**	–	**–**	(11)
Interest rate swap derivatives	**356**	325	**–**	–	**(15)**	(5)
	4 991	3 521	**15**	18	**(84)**	(90)

The contractual maturity of the nominal value of derivative instruments held is as follows:

	Less than 6 months		Between 6 and 12 months		After 12 months	
	2019 €m	2018 €m	2019 €m	2018 €m	2019 €m	2018 €m
Currency forwards	**1 792**	1 579	**1 701**	1 455	**–**	–
Currency swap derivatives	**964**	–	**178**	162	**–**	–
Interest rate swap derivatives	**–**	–	**–**	–	**356**	325
	2 756	1 579	**1 879**	1 617	**356**	325

Nominal amount

Nominal amounts represent the following:

- Currency forwards: the sum of all contract volumes outstanding at the year end.
- Interest rate and currency swap derivatives: the notional principal amount on which the exchanged interest payments are based.

Foreign currency amounts have been translated to euros using the exchange rates prevailing at the reporting date.

18. Cash and cash equivalents

	2019 €m	2018 €m
Cash at bank and on hand	**5 060**	8 401
Bank overdrafts	**(2 713)**	(3 897)
	2 347	4 504

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

The effective interest rate on cash at bank was 0.8 % (2018: 0.7 %). The effective interest rate on bank overdrafts was 1.0 % (2018: 0.7 %).

19. Equity

19.1. Share capital

Accounting policy
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are recognised as a deduction from equity, net of any tax effects.

	2019 €m	2018 €m
Authorised, issued and fully paid:		
522 000 000 'A' registered shares with a par value of CHF 1.00 each	**304**	304
522 000 000 'B' registered shares with a par value of CHF 0.10 each	**30**	30
	334	334

Holders of ‘A’ and ‘B’ shares enjoy the same dividend rights, but due to the differing par values of the two classes of shares, ‘B’ shareholders receive one tenth of the dividend per share paid to the ‘A’ shareholders.

19.2. Treasury shares

Accounting policy
The cost of treasury shares held at each reporting date is deducted from shareholders’ equity. Gains or losses arising on the disposal of treasury shares are recognised within retained earnings directly in shareholders’ equity.

In order to hedge partially its potential obligations arising under the share option plan, the Group has purchased Richemont ‘A’ shares. Changes in the holding of this treasury stock of shares are shown as movements in shareholders’ equity as follows:

	Shares millions	€m
Balance at 1 April 2017	9.4	432
Purchased	1.9	141
Sold	(1.7)	(53)
Balance at 31 March 2018	**9.6**	**520**
Purchased	**2.3**	**180**
Sold	**(2.5)**	**(140)**
Balance at 31 March 2019	**9.4**	**560**

The Company has given a pledge over 1 410 254 million Richemont ‘A’ shares as security for vested warrants granted under the Group’s share option plan (2018: 2 465 780 Richemont ‘A’ shares).

19. Equity continued

19.2. Treasury shares continued

During the year under review the Group acquired 2.3 million treasury shares in the open market, at a total cost of € 180 million (2018: 1.9 million shares at a total cost of € 141 million). These treasury shares provide a comprehensive hedge of the Group's potential obligations arising under the share option plan.

In the same period the Group delivered 2.5 million treasury shares for proceeds of € 106 million, in settlement of options exercised in the period and traded options exercised in previous periods (2018: 1.7 million shares for proceeds of € 62 million). The cost of the 2.5 million shares (2018: 1.7 million) sold during the year to plan participants who exercised their options was € 140 million (2018: € 53 million). The gain realised on shares sold during the year amounted to € 34 million (2018: gain of € 9 million) which was recognised directly in retained earnings.

The market value of the 9.4 million shares (2018: 9.6 million) held by the Group at the year end, based on the closing price at 31 March 2019 of CHF 72.54 (2018: CHF 85.76), amounted to € 609 million (2018: € 704 million).

19.3. Hedge and share option reserve

	2019 €m	2018 €m
Balance at 1 April of prior year	**302**	327
Movement in hedge reserve		
– cash flow hedge movements, net of tax	**–**	(44)
– recycled to profit and loss, net of tax	**3**	–
Movement in employee share option reserve		
– equity-settled share option expense	**24**	23
– tax on share option expense	**(5)**	(4)
Balance at 31 March	**324**	302

19.4. Retained earnings

	2019 €m	2018 €m
Balance at 1 April of prior year	**12 623**	12 296
Profit for the year	**2 784**	1 221
Other comprehensive income:		
– defined benefit plan actuarial gains	**15**	32
– tax on defined benefit plan actuarial gains	**(3)**	(7)
– fair value changes on assets held at FVTOCI	**(72)**	–
– share of other comprehensive income of associates, net of tax	**1**	(10)
Dividends paid (note 29)	**(926)**	(918)
Changes in non-controlling interests	**(99)**	–
(Loss)/gain on sale of treasury shares	**(34)**	9
Balance at 31 March	**14 289**	12 623

20. Borrowings

Accounting policy

Borrowings, including corporate bonds, are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

	2019 €m	2018 €m
Non-current:		
Corporate bonds	**3 929**	3 922
Unsecured bank borrowings	**19**	341
Finance lease obligations	**36**	25
	3 984	4 288
Current:		
Unsecured bank borrowings	**357**	3
Finance lease obligations	**6**	1
	363	4
Total borrowings	**4 347**	4 292

The Group's borrowings are denominated in the following currencies:

	2019 €m	2018 €m
Euro	**3 946**	3 922
US dollar	**358**	325
Swiss franc	**24**	22
Other	**19**	23
	4 347	4 292

The Group's borrowings are subject to fixed and floating interest rates as follows:

	2019 €m	2018 €m
Fixed rate borrowings	**4 305**	4 263
Floating rate borrowings	**–**	3
Finance lease obligations	**42**	26
	4 347	4 292

The carrying value of the Group's floating rate borrowings approximate their fair values.

The Group has three fixed rate borrowings other than the corporate bonds; a 2.95% fixed rate USD borrowing of € 358 million maturing in 2019 and two fixed rate DKK borrowings totalling € 16 million for which the rates of 0.55% and 0.56% are fixed until 2020. The Group has provided an irrevocable and unconditional guarantee for the repayment of the USD-denominated loan committed by one of the Group's subsidiaries. The DKK loans are secured on the Group's investment property located in Copenhagen. The fair values of the fixed rate borrowings are based on the future cash flow discounted using a rate based on the borrowing rate over the remaining loan term and are within Level 2 of the fair value hierarchy under IFRS.

20. Borrowings continued

In March 2018, a subsidiary of the Group based in Luxembourg, Richemont International Holding SA, issued the following corporate bonds which are listed on the Luxembourg Stock Exchange:

	2019 €m	2018 €m
1.00% € 1 500 million bond maturing in 2026 issued at 98.784%	**1 479**	1 476
1.50% € 1 250 million bond maturing in 2030 issued at 98.701%	**1 230**	1 228
2.00% € 1 000 million bond maturing in 2038 issued at 97.805%	**974**	973
2.00% € 250 million bond maturing in 2038 issued at 98.557%	**246**	245
	3 929	3 922

Finance lease obligations

	Minimum lease payments		Interest		Present value of finance lease obligations	
	2019 €m	2018 €m	2019 €m	2018 €m	2019 €m	2018 €m
Within one year	**7**	2	**1**	1	**6**	1
Between one and five years	**15**	4	**3**	3	**12**	1
After more than five years	**92**	95	**68**	71	**24**	24
	114	101	**72**	75	**42**	26

21. Employee benefit obligations

Accounting policy
A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive post-employment, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligations at the reporting date less the fair values of plan assets. The defined benefit obligations are calculated on a regular, cyclical basis by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the yields available at reporting dates on high-quality corporate or government bonds (in countries with no deep corporate bond market) that are denominated in the currency in which the benefits will be paid, and that have terms to maturity consistent with the terms of the related pension liability.

Past service costs are recognised immediately in profit or loss. Remeasurements, comprising actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (excluding interest) are charged or credited to other comprehensive income in the period in which they arise.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when employees have rendered services entitling them to the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Group's major defined benefit plan is in Switzerland. In prior years, the Group also sponsored a plan in the United Kingdom, which during the year ended 31 March 2019 was fully de-risked with an insurer, and there is therefore no further liability due by the Group. Final settlement of this plan is anticipated in the first half of the year ended 31 March 2020.

Switzerland
In Switzerland, the Group operates a retirement foundation (the "RISA Foundation") with assets which are held separately from the Group. This foundation provides benefits on a defined contribution basis. Each employee has a retirement account to which the employee and the Group make contributions at rates set out in the foundation rules based on a percentage of salary. Every year the RISA Foundation Board decides the level of interest, if any, to apply to retirement accounts based on their agreed policy. At retirement an employee can take their retirement account or have this paid as a pension.

21. Employee benefit obligations continued

The Foundation Board expects to eventually pay out all of the foundation's assets as benefits to employees and former employees. Therefore, if any surplus arises, this is not deemed to be recoverable by the Group. Similarly, unless the assets are insufficient to cover minimum benefits, the Group does not expect to make any deficit contributions to the Foundation. Under IAS19, *Employee Benefits*, the Foundation is categorised as a defined benefit plan due to underlying benefit guarantees and therefore it is accounted for on that basis.

The weighted average duration of the expected benefit payments from the Foundation is approximately 16 years.

The Group expects to contribute € 65 million to these plans in Switzerland during the year ended 31 March 2020, compared to € 63 million during the year ended 31 March 2019.

Rest of the world

The Group sponsors other retirement plans, a mixture of defined benefit and defined contribution, in some other countries where the Group operates.

The Group expects to contribute € 14 million to all such plans during the year ended 31 March 2020. This compares to € 16 million during the year ended 31 March 2019.

The net liabilities reflected in non-current liabilities in the statement of financial position in respect of employment benefit plans are as follows:

	Switzerland		Rest of the world		Total	
	2019 €m	2018 €m	2019 €m	2018 €m	2019 €m	2018 €m
Present value of funded obligations	**(1 506)**	(1 333)	**(532)**	(531)	**(2 038)**	(1 864)
Fair value of plan assets	**1 514**	1 386	**525**	524	**2 039**	1 910
Net funded obligations	**8**	53	**(7)**	(7)	**1**	46
Present value of unfunded obligations	**–**	–	**(58)**	(60)	**(58)**	(60)
Amount not recognised due to asset limit	**(8)**	(53)	**(1)**	(1)	**(9)**	(54)
Net liabilities	**–**	–	**(66)**	(68)	**(66)**	(68)

21. Employee benefit obligations continued

The amounts recognised in profit or loss in respect of such plans are as follows:

	Switzerland		Rest of the world		Total	
	2019 €m	2018 €m	2019 €m	2018 €m	2019 €m	2018 €m
Current service cost	**69**	67	**15**	14	**84**	81
Administration expenses	**2**	1	**–**	–	**2**	1
Net interest on net defined benefit liability/(asset)	**(1)**	–	**1**	1	**–**	1
Past service costs/(credit)	**9**	–	**(1)**	1	**8**	1
Actuarial (gains)/losses on other employee benefits	**–**	–	**(4)**	–	**(4)**	–
	79	68	**11**	16	**90**	84

	Switzerland		Rest of the world		Total	
	2019 €m	2018 €m	2019 €m	2018 €m	2019 €m	2018 €m
Expense charged in:						
Cost of sales	**32**	33	**3**	3	**35**	36
Net operating expenses	**47**	35	**8**	13	**55**	48
	79	68	**11**	16	**90**	84

Total costs are included in employee benefits expense (note 27).

The amounts recognised immediately in Other comprehensive income in respect of such plans are as follows:

	Switzerland		Rest of the world		Total	
	2019 €m	2018 €m	2019 €m	2018 €m	2019 €m	2018 €m
Net actuarial (gains)/losses in the year:						
Changes in financial assumptions	**69**	(10)	**7**	2	**76**	(8)
Changes in demographic assumptions	**(2)**	(1)	**1**	–	**(1)**	(1)
Experience adjustments on benefit obligations	**14**	14	**(3)**	(2)	**11**	12
Actual return on plan assets less interest on plan assets	**(50)**	(86)	**(3)**	(4)	**(53)**	(90)
Adjustment to recognise the effect of asset limit	**(47)**	55	**(1)**	–	**(48)**	55
	(16)	(28)	**1**	(4)	**(15)**	(32)

Changes in the net liabilities recognised are as follows:

	Switzerland		Rest of the world		Total	
	2019 €m	2018 €m	2019 €m	2018 €m	2019 €m	2018 €m
Balance at 1 April of prior year	**–**	(25)	**(68)**	(73)	**(68)**	(98)
Exchange differences	**–**	1	**(2)**	1	**(2)**	2
Amounts recognised in profit or loss	**(79)**	(68)	**(11)**	(16)	**(90)**	(84)
Amounts recognised in Other comprehensive income	**16**	28	**(1)**	4	**15**	32
Contributions paid	**63**	64	**16**	14	**79**	78
Reclassified to liabilities of disposal group held for sale (note 34)	**–**	–	**–**	2	**–**	2
Balance at 31 March	**–**	–	**(66)**	(68)	**(66)**	(68)

21. Employee benefit obligations continued

The movement in the fair value of plan assets was as follows:

	Switzerland		Rest of the world		Total	
	2019 €m	2018 €m	2019 €m	2018 €m	2019 €m	2018 €m
Balance at 1 April of prior year	**1 386**	1 419	**524**	534	**1 910**	1 953
Exchange differences	**72**	(130)	**–**	(13)	**72**	(143)
Interest on plan assets	**13**	9	**11**	12	**24**	21
Actual return on plan assets less interest on plan assets	**50**	86	**3**	4	**53**	90
Assets distributed on settlements	**–**	(9)	**–**	–	**–**	(9)
Contributions paid by employer	**63**	64	**16**	14	**79**	78
Contributions paid by plan participants	**46**	45	**–**	–	**46**	45
Benefits paid	**(114)**	(97)	**(29)**	(27)	**(143)**	(124)
Administrative expenses	**(2)**	(1)	**–**	–	**(2)**	(1)
Balance at 31 March	**1 514**	1 386	**525**	524	**2 039**	1 910

The movement in the present value of the employee benefit obligation was as follows:

	Switzerland		Rest of the world		Total	
	2019 €m	2018 €m	2019 €m	2018 €m	2019 €m	2018 €m
Balance at 1 April of prior year	**(1 333)**	(1 444)	**(591)**	(606)	**(1 924)**	(2 050)
Exchange differences	**(70)**	129	**(1)**	14	**(71)**	143
Current service cost (employer part)	**(69)**	(67)	**(15)**	(14)	**(84)**	(81)
Contributions by plan participants	**(46)**	(45)	**–**	–	**(46)**	(45)
Interest on benefit obligations	**(12)**	(9)	**(12)**	(13)	**(24)**	(22)
Actuarial (losses)/gains	**(81)**	(3)	**(1)**	–	**(82)**	(3)
Past service cost	**(9)**	–	**1**	(1)	**(8)**	(1)
Liabilities extinguished on settlements	**–**	9	**–**	–	**–**	9
Reclassified to liabilities of disposal group held for sale (note 37)	**–**	–	**–**	2	**–**	2
Benefits paid	**114**	97	**29**	27	**143**	124
Balance at 31 March	**(1 506)**	(1 333)	**(590)**	(591)	**(2 096)**	(1 924)
Present value of funded obligations	**(1 506)**	(1 333)	**(532)**	(531)	**(2 038)**	(1 864)
Present value of unfunded obligations	**–**	–	**(58)**	(60)	**(58)**	(60)
Balance at 31 March	**(1 506)**	(1 333)	**(590)**	(591)	**(2 096)**	(1 924)

Changes in the amount not recognised due to the asset limit are as follows:

	Switzerland		Rest of the world		Total	
	2019 €m	2018 €m	2019 €m	2018 €m	2019 €m	2018 €m
Balance at 1 April of prior year	**(53)**	–	**(1)**	(1)	**(54)**	(1)
Change in surplus/(deficit)	**47**	(55)	**1**	–	**48**	(55)
Exchange differences	**(2)**	2	**(1)**	–	**(3)**	2
Balance at 31 March	**(8)**	(53)	**(1)**	(1)	**(9)**	(54)

21. Employee benefit obligations continued

The major categories of plan assets at the reporting date are as follows:

	Switzerland		Rest of the world		Total	
	2019 €m	2018 €m	2019 €m	2018 €m	2019 €m	2018 €m
Equities	**487**	451	**34**	33	**521**	484
Government bonds	**469**	445	**47**	43	**516**	488
Corporate bonds	**29**	27	**85**	82	**114**	109
Property	**336**	297	**1**	1	**337**	298
Cash	**40**	34	**3**	4	**43**	38
Insurance policies and other assets	**153**	132	**355**	361	**508**	493
Fair value of plan assets	**1 514**	1 386	**525**	524	**2 039**	1 910

The plans assets are held primarily within instruments with quoted market prices in active markets with the exception of the property and insurance policy holdings.

The RISA Foundation owns a property valued at € 19 million (2018: € 20 million) which the Group currently leases from the RISA Foundation. With the exception of this holding, the plans do not invest directly in property occupied by the Group or in financial securities issued by the Group.

The investment strategy in Switzerland is to invest, within the statutory requirements, in a diversified portfolio which provides a long-term return which will enable the RISA Foundation Board to provide increases to the employee's accounts, whilst taking on the lowest possible risk in order to do so.

The principal actuarial assumptions used for accounting purposes reflect market conditions in each of the countries in which the Group operates.

	Switzerland		Rest of the world	
	2019	2018	2019	2018
Discount rate	**0.6%**	0.9%	**0.5% to 8.85%**	0.6% to 7.8%
Future salary increases	**1.0%**	1.0%	**1.7% to 6.75%**	1.9% to 6.8%
Interest credit rate	**1.0%**	1.0%	**0.4%**	0.6%
Future pension increases	**–**	–	**1.7%**	1.7% to 3.0%
Future life expectancy of a 60-year-old (years)	**27.4**	27.2	**Various**	Various

As an indication, in Switzerland a decrease in the discount rate of 0.5% per annum would, all other things being equal, increase the obligations by € 130 million (2018: € 110 million), a 0.5% per annum increase in assumed salary increases would increase the obligations by € 16 million (2018: € 16 million), a 0.5% decrease in the future rate for conversion of lump sum to pension would increase the obligations by approximately € 35 million (2018: € 35 million) and a one year increase in members' life expectancy would increase obligations by approximately € 25 million (2018: € 30 million). In practice, if the obligations increase then this is likely to also lead to a reduction in the assumption for future interest credit which would act to offset the increase in obligations. For example, a 0.5% per annum decrease in the interest credit rate leads to a € 60 million (2018: € 50 million) decrease in the obligations. The Group does not expect any economic benefit from the Swiss foundation and therefore, in practice, any improvement in the obligations or assets will, in general, not impact the balance sheet, once the plan shows a surplus.

For the remainder of the Group's arrangements, should the average discount rate fall by 0.5% per annum, the obligations are expected to rise by approximately € 10 million (2018: € 10 million) in total, with a € 10 million (2018: € 10 million) rise should pension increases and salary increases rise by a similar amount.

22. Provisions

	Warranties and sales-related €m	Employee benefits €m	Other €m	Total €m
At 1 April 2018 – as reported	**257**	**87**	**41**	**385**
Re-presentation of sales return provision (note 40)	**94**	**–**	**–**	**94**
At 1 April 2018 – as re-presented	**351**	**87**	**41**	**479**
Acquisition through business combinations (note 36)	**23**	**1**	**4**	**28**
Charged/(credited) to profit or loss:				
– additional provisions	**720**	**48**	**20**	**788**
– unused amounts reversed	**(65)**	**(13)**	**(3)**	**(81)**
Net charge	**655**	**35**	**17**	**707**
Utilised during the year	**(810)**	**(51)**	**(18)**	**(879)**
Transfers between categories	**–**	**2**	**(2)**	**–**
Exchange adjustments	**15**	**1**	**1**	**17**
At 31 March 2019	**234**	**75**	**43**	**352**

	2019 €m	2018 re-presented* €m
Total provisions at 31 March:		
– non-current	**65**	73
– current	**287**	406
	352	479

* see notes 2.1 and 40 for details

Warranties and sales-related provisions
Group companies establish provisions for potential sales returns and warranties provided on certain products. Based on past experience a provision of € 234 million (2018: € 351 million) has been recognised for expected sales returns and warranty claims. It is expected that € 220 million (2018: € 340 million) of this provision will be used within the following twelve months and that the remaining € 14 million (2018: € 11 million), which relates solely to potential warranty claims, will be utilised over the remainder of the expected warranty period of the products. Due to the adoption of IFRS 15 (note 2.2), the presentation of the sales return provision has changed and prior year comparatives have been re-presented accordingly.

Employee benefits provisions
These include obligations arising under the Group’s long-term incentive plans and the social security costs on the Group’s share option plan. An amount of € 40 million (2018: € 44 million) is expected to be utilised in the coming twelve months. The remainder will be utilised in the next two to eight years.

Other provisions
Other provisions include provisions for certain legal claims brought against the Group and provisions for the Group’s obligations arising from committed restructuring activities. Restructuring provisions include lease termination penalties and employee termination payments and are recognised when a detailed, formal plan has been established and communicated to those parties directly affected by the plan. Provisions for legal claims represent management’s best estimate of the likely outcome of the claim at the balance sheet date. It is not expected that the outcomes of legal claims will give rise to any material losses beyond the amounts provided at 31 March 2019. The Group’s restructuring provision is expected to be utilised in the coming year.

23. Other long-term financial liabilities

	2019 €m	2018 €m
Operating lease liabilities	**172**	123
Other long-term financial liabilities	**52**	45
	224	168

24. Trade and other payables

	2019 €m	2018 €m
Trade payables	**760**	430
Other payables	**735**	650
Accruals	**658**	414
Current financial liabilities	**2 153**	1 494
Other current non-financial liabilities	**188**	140
	2 341	1 634

Trade and other payables are valued based on expected cash flows which are not discounted as they are expected to occur within the next twelve months.

25. Other operating (expense)/income

	2019 €m	2018 re-presented* €m
Royalty expenses	**(3)**	(3)
Investment property rental income	**2**	1
Investment property costs	**(7)**	(5)
Amortisation of intangible assets acquired on business combinations	**(177)**	(13)
Other expense	**(95)**	(73)
	(280)	(93)

* see notes 2.1 and 40 for details

26. Operating profit

Operating profit includes the following items of expense/(income):

	2019 €m	2018 €m
Depreciation of property, plant and equipment (note 7)	**482**	454
Impairment of property, plant and equipment (note 7)	**1**	–
Amortisation of other intangible assets (note 9)	**326**	83
Operating lease rentals:		
– minimum lease rental	**703**	638
– contingent rental	**357**	353
Sub-lease rental income (non-investment property)	**(4)**	(6)
Research and development costs	**90**	85
Loss on disposal of property, plant and equipment	**6**	13
Loss on disposal of other intangible assets	**1**	5
Restructuring charges	**12**	2

27. Employee benefits expense

Accounting policies

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Incentive plans

The Group recognises and liability and an expense for incentive plans when contractually obliged or where there is a past practice that has created a constructive obligation.

	2019 €m	2018 €m
Wages and salaries including termination benefits of € 28 million (2018: € 27 million)	**2 075**	1 847
Social security costs	**335**	308
Share option expense (note 31)	**28**	23
Long-term employee benefits	**27**	28
Pension costs – defined contribution plans	**70**	45
Pension costs – defined benefit plans (note 21)	**90**	84
	2 625	2 335

28. Finance costs and income

	2019 €m	2018 €m
Finance costs:		
Interest expense:		
– bank borrowings	**(49)**	(29)
– corporate bonds	**(69)**	(1)
– other financial expenses	**(33)**	(35)
Net foreign exchange losses on monetary items	**(12)**	–
Mark-to-market adjustment in respect of hedging activities	**(112)**	(75)
Net loss in fair value of financial instruments at fair value through profit or loss:		
– designated on initial recognition	**–**	(113)
– Held for Trading	**(19)**	(33)
Currency translation adjustments reclassified from reserves	**–**	(49)
Finance costs	**(294)**	(335)
Finance income:		
Interest income:		
– from financial assets at amortised cost (including bank and other deposits)	**46**	29
– from financial assets held at fair value through profit or loss	**43**	38
– other financial income	**9**	2
Dividend income from financial assets held at fair value through other comprehensive income	**13**	–
Net foreign exchange gains on monetary items	**–**	116
Finance income	**111**	185
Net finance costs	**(183)**	(150)

29. Earnings per share

29.1. Basic

Basic earnings per A share/10 B shares is calculated by dividing the profit attributable to owners of the parent company by the weighted average number of shares in issue during the year, excluding shares purchased by the Group and held in treasury. Holders of 'A' and 'B' shares enjoy the same dividend rights, but due to the differing par values of the two classes of shares, 'B' shareholders receive one tenth of the dividend per share paid to the 'A' shareholders.

	2019	2018
Total attributable to owners of the parent company (€ millions)	**2 784**	1 221
Weighted average number of shares in issue (millions)	**564.3**	564.3
Total basic earnings per A share/10 B shares	**4.934**	2.164

29.2. Diluted

Diluted earnings per A share/10 B shares is calculated adjusting the weighted average number of shares outstanding, which assumes conversion of all dilutive potential shares. The Group has only one category of dilutive potential shares: share options.

The calculation is performed for the share options to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

For the year ended 31 March 2019, a total of 7 720 669 options granted to employees are not dilutive and so are excluded from the calculation of diluted EPS (2018: 3 296 191 options).

	2019	2018
Total profit attributable to owners of the parent company (€ millions)	**2 784**	1 221
Weighted average number of shares in issue (millions)	**564.3**	564.3
Adjustment for share options (millions)	**0.8**	1.5
Weighted average number of shares for diluted earnings per share (millions)	**565.1**	565.8
Total diluted earnings per A share/10 B shares	**4.927**	2.158

29. Earnings per share continued

29.3. Headline earnings per A share/10 B shares

The presentation of headline earnings per A share/10 B shares as an alternative measure to earnings per share is required under the JSE listing requirements.

	2019 €m	2018 €m
Profit attributable to owners of the parent company	**2 784**	1 221
Loss on disposal of non-current assets	**7**	18
Impairment of non-current assets	**1**	–
Write-down of assets held for sale to its fair value less cost to disposal	**–**	34
Loss on disposal of subsidiary undertaking	**59**	17
Gain on deemed disposal of equity-accounted investments	**(1 381)**	–
Currency exchange (gains)/losses reclassified from currency translation adjustment reserve	**(3)**	49
Headline earnings	**1 467**	1 339

	2019 millions	2018 millions
Weighted average number of shares:		
– Basic	**564.3**	564.3
– Diluted	**565.1**	565.8
	€ per share	€ per share
Headline earnings per A share/10 B shares:		
– Basic	**2.600**	**2.373**
– Diluted	**2.596**	**2.367**

30. Dividends

Accounting policy

Dividend distributions to Richemont shareholders are recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the shareholders of the Company.

In September 2018 a dividend of CHF 1.90 per 'A' share and CHF 0.19 per 'B' share was paid (September 2017: CHF 1.80 and CHF 0.18 respectively).

31. Share-based payment

Accounting policy

The Group operates an equity-settled share-based compensation plan based on options granted in respect of Richemont 'A' shares. The fair value of the employee services received in exchange for the grant of options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. At each reporting date, the Group revises its estimate of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in profit or loss over the remaining vesting period with a corresponding adjustment to equity.

An additional, cash-settled plan is operated for certain employees, based on options granted over the shares of a subsidiary company. The fair value of the estimated amount payable is expensed on a straight-line basis over the vesting period. The fair value is remeasured at each reporting date with changes recognised in profit or loss.

Equity-settled option plan

The Group has a long-term share-based compensation plan whereby executives are awarded options to acquire Richemont 'A' shares at the market price on the date of grant. Awards under the stock option plan vest over periods of three to six years and have expiry dates, the date after which unexercised options lapse, of nine years from the date of grant. The executive must remain in the Group's employment until vesting. The options granted between 2008 and 2016 include a performance condition correlated to other luxury goods companies upon which vesting is conditional.

A reconciliation of the movement in the number of share awards granted to executives is as follows:

	Weighted average exercise price in CHF per share	Number of options
Balance at 1 April 2017	64.46	9 139 907
Granted	80.20	2 080 515
Exercised	37.39	(1 436 299)
Cancelled	72.68	(55 000)
Expired	90.11	(3 500)
Lapsed	76.25	(369 031)
Balance at 31 March 2018	**71.59**	**9 356 592**
Granted	**92.00**	**2 818 150**
Exercised	**46.61**	**(964 187)**
Lapsed	**75.57**	**(371 332)**
Balance at 31 March 2019	**78.98**	**10 839 223**

Of the total options outstanding at 31 March 2019, options in respect of 2 749 189 shares (2018: 2 312 200 shares) had vested and were exercisable.

The weighted average share price at the date of exercise for options exercised during the year was CHF 87.13 (2018: CHF 84.19).

31. Share-based payment continued

The following information applies to options outstanding at the end of each year:

	Exercise price	Number of options	Weighted average remaining contractual life
31 March 2019	**CHF 54.95**	**581 170**	**1.2 years**
	CHF 57.45	**851 984**	**2.2 years**
	CHF 90.11	**936 170**	**3.2 years**
	CHF 94.00	**1 097 573**	**4.2 years**
	CHF 83.80	**1 098 526**	**5.2 years**
	CHF 56.55	**1 685 400**	**6.2 years**
	CHF 80.20	**1 801 750**	**7.2 years**
	CHF 92.00	**2 786 650**	**8.2 years**
31 March 2018	CHF 23.55	398 835	0.2 years
	CHF 54.95	722 788	2.2 years
	CHF 57.45	1 100 128	3.2 years
	CHF 90.11	1 010 539	4.2 years
	CHF 94.00	1 167 126	5.2 years
	CHF 83.80	1 156 526	6.2 years
	CHF 56.55	1 877 500	7.2 years
	CHF 80.20	1 923 150	8.2 years

The per unit fair value of options granted during the year determined using the Binomial model was CHF 19.37. The significant inputs to the model were the share price of CHF 91.62 at the grant date, the exercise price shown above, a standard deviation of expected share price returns of 25%, an expected option life of five years, a dividend yield of 2.0% and a 0% risk-free interest rate. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over the past five years.

The fair value of options awarded to members of the Senior Executive Committee ('SEC') is fixed on the date of approval of SEC remuneration by the shareholders of the Company. The award date value in June 2017 of CHF 17.98 per share option was revalued following the AGM in September 2018 at CHF 17.48 per share option. The estimated fair value of options awarded to members of the SEC in the year ended 31 March 2019 is based on the valuation at the award date of June 2018. Changes in the fair value of these options between the award date and 31 March 2019 are not significant to the Group. The final fair value will be fixed in September 2019 following approval by shareholders.

The amount recognised in profit or loss before social security and taxes for equity-settled share-based payment transactions was € 24 million (2018: € 23 million) and € 4 million (2018: nil) for cash-settled share-based payment transactions. A liability of € 13 million (2018: nil) is recognised as a financial liability in relation to the cash-settled share-based payment plan (€ 6 million and € 7 million as current and non-current respectively).

32. Cash flow generated from operations

	2019 €m	2018 €m
Operating profit	**1 943**	1 844
Depreciation of property, plant and equipment	**482**	454
Depreciation of investment property	**4**	2
Amortisation of other intangible assets	**326**	83
Impairment of property, plant and equipment	**1**	–
Loss on disposal of property, plant and equipment	**6**	13
Loss on disposal of intangible assets	**1**	5
Increase in long-term provisions	**15**	14
Increase in retirement benefit obligations	**12**	6
Non-cash items	**71**	68
(Increase)/decrease in inventories	**(278)**	16
(Increase)/decrease in trade receivables	**(53)**	3
Decrease/(increase) in other receivables and prepayments	**24**	(80)
(Decrease)/increase in current liabilities	**(99)**	318
Increase in long-term liabilities	**4**	17
Decrease in derivative financial instruments	**(128)**	(40)
Cash flow generated from operations	**2 331**	2 723

33. Liabilities arising from financing activities

	Corporate bonds €m	Fixed and floating rate borrowings €m	Finance leases €m	Total €m
At 1 April 2017	–	426	29	455
Additions to finance leases	–	–	1	1
Exchange adjustments	–	(53)	(2)	(55)
Non-cash movements	–	(53)	(1)	(54)
Proceeds from borrowings	3 939	53	–	3 992
Corporate bond issue transaction costs	(17)	–	–	(17)
Repayment of borrowings	–	(82)	–	(82)
Capital element of finance lease payments	–	–	(2)	(2)
Net cash (paid)/received	3 922	(29)	(2)	3 891
At 31 March 2018	3 922	344	26	4 292
Total liabilities arising from financing activities at 31 March:				
– current	–	3	1	4
– non-current	3 922	341	25	4 288
At 31 March 2018	3 922	344	26	4 292

	Corporate bonds €m	Fixed and floating rate borrowings €m	Finance leases €m	Total €m
At 1 April 2018	3 922	344	26	4 292
Acquisition through business combinations	–	312	10	322
Additions to finance leases	–	–	11	11
Amortised interest costs	7	–	–	7
Exchange adjustments	–	32	1	33
Non-cash movements	7	344	22	373
Proceeds from borrowings	–	11	–	11
Repayment of borrowings	–	(323)	–	(323)
Capital element of finance lease payments	–	–	(6)	(6)
Net cash (paid)/received	–	(312)	(6)	(318)
At 31 March 2019	3 929	376	42	4 347
Total liabilities arising from financing activities at 31 March:				
– current	–	357	6	363
– non-current	3 929	19	36	3 984
At 31 March 2019	3 929	376	42	4 347

34. Financial instruments: fair values and risk management

Accounting policy

The classification of financial assets depends on the underlying business model of the investment and the characteristics of its contractual cash flows. The Group classifies its financial assets as follows:

(a) Financial assets held at fair value through other comprehensive income

A financial asset is classified in this category if it is a strategic investment, meaning that it is long-term in nature and has not been undertaken with the objective of maximising short-term profits or dividends. The Group has designated certain investments in listed entities at Fair value through comprehensive income. Investments are initially recognised at cost excluding transaction costs, which represents fair value. Fair value adjustments are included in other comprehensive income in the period in which they arise.

(b) Financial assets at amortised cost

This category includes non-derivative financial assets held in order to collect contractual cash flows. These primarily include trade and other receivables. Assets are initially recorded at fair value, including directly attributable transaction costs, and subsequently measured at amortised cost.

(c) Financial assets at fair value through profit or loss

All financial assets not included in one of the above-mentioned categories are classified as Fair value through profit or loss. This includes investments in derivative assets. Investments are initially recognised at cost excluding transaction costs, which represents fair value. Fair value adjustments are included in profit or loss in the period in which they arise.

All financial assets are assessed for impairment at each balance sheet date.

The Group's financial liabilities are classified at amortised cost, with the exception of derivative liabilities which are classified at Fair value through profit or loss.

34.1. Fair value estimation

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their level in the fair value hierarchy defined by IFRS.

	Carrying amount					Fair value			
31 March 2019	Fair value through profit or loss €m	Fair value through OCI (equity) €m	Assets at amortised cost €m	Liabilities at amortised cost €m	Total €m	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Financial assets measured at fair value									
Listed investments (note 13)	–	**378**	–	–	**378**	**378**			**378**
Unlisted investments (note 13)	**10**	–	–	–	**10**			**10**	**10**
Investments in externally managed funds (note 13)	**4 462**	–	–	–	**4 462**	**4 462**			**4 462**
Investments in money market funds (note 13)	**66**	–	–	–	**66**		**66**		**66**
Derivatives	–	**15**	–	–	**15**		**15**		**15**
	4 538	**393**	–	–	**4 931**				
Financial assets not measured at fair value									
Non-current loans and receivables (note 14)	–	–	**6**	–	**6**				
Non-current lease deposits (note 14)	–	–	**165**	–	**165**				
Trade and other receivables (note 16)	–	–	**1 036**	–	**1 036**				
Cash at bank and on hand	–	–	**5 060**	–	**5 060**				
	–	–	**6 267**	–	**6 267**				
Financial liabilities measured at fair value									
Derivatives	–	**(84)**	–	–	**(84)**		**(84)**		**(84)**
Financial liabilities not measured at fair value									
Fixed rate borrowings (note 20)	–	–	–	**(4 305)**	**(4 305)**		**(4 587)**		**(4 587)**
Floating rate borrowings (note 20)	–	–	–	–	–				
Finance lease obligations (note 20)	–	–	–	**(42)**	**(42)**				
Other long-term financial liabilities	–	–	–	**(224)**	**(224)**				
Trade and other payables (note 24)	–	–	–	**(2 153)**	**(2 153)**				
Bank overdrafts	–	–	–	**(2 713)**	**(2 713)**				
	–	–	–	**(9 437)**	**(9 437)**				

34. Financial instruments: fair values and risk management continued

34.1. Fair value estimation continued

At 31 March 2018, the Group applied IAS 39, the predecessor standard to IFRS 9. Classifications of financial assets and financial liabilities at 31 March 2018 have not been re-presented.

	Carrying amount					Fair value			
31 March 2018	Designated at fair value €m	Held for Trading €m	Loans and receivables €m	Other financial liabilities €m	Total €m	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Financial assets measured at fair value									
Listed investments (note 13)	431	–	–	–	431	431			431
Unlisted investments (note 13)	16	–	–	–	16			16	16
Investments in externally managed funds (note 13)	–	3 424	–	–	3 424	3 424			3 424
Investments in money market funds (note 13)	1 633	–	–	–	1 633		1 633		1 633
Derivatives	–	18	–	–	18		18		18
	2 080	3 442	–	–	5 522				
Financial assets not measured at fair value									
Non-current loans and receivables (note 14)	–	–	7	–	7				
Non-current lease deposits (note 14)	–	–	125	–	125				
Trade and other receivables (note 16)	–	–	995	–	995				
Cash at bank and on hand	–	–	8 401	–	8 401				
	–	–	9 528	–	9 528				
Financial liabilities measured at fair value									
Derivatives	–	(90)	–	–	(90)		(90)		(90)
Financial liabilities not measured at fair value									
Fixed rate borrowings (note 20)	–	–	–	(4 263)	(4 263)		(4 324)		(4 324)
Floating rate borrowings (note 20)	–	–	–	(3)	(3)				
Finance lease obligations (note 20)	–	–	–	(26)	(26)				
Other long-term financial liabilities	–	–	–	(168)	(168)				
Trade and other payables (note 24)	–	–	–	(1 494)	(1 494)				
Bank overdrafts	–	–	–	(3 897)	(3 897)				
	–	–	–	(9 851)	(9 851)				

Following the application of IFRS 9, *Financial instruments* on 1 April 2018, an amount of € 431 million shown above as Designated at fair value was reclassified to Fair value through other comprehensive income. At 31 March 2019, these assets had a carrying value of € 378 million. Had these assets not been reclassified, a loss of € 72 million would have been recognised in consolidated net profit during the year then ended. There were no other material changes to classification and no changes to the measurement of these assets.

The Group does not disclose the fair value for financial instruments where the carrying value is a reasonable approximation of the fair value.

34. Financial instruments: fair values and risk management continued

Valuation techniques

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price for financial assets held by the Group is the current bid price. These instruments are included in Level 1 and comprise investments in externally managed funds made up of listed bonds.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques, maximising the use of observable market data, where available, and relying as little as possible on entity-specific estimates. If all significant inputs are observable the instrument is included as Level 2; if one or more of the significant inputs is not based on observable market data then the instrument is included as Level 3.

Specific valuation techniques used for Level 2 financial instruments include:

- Interest rate swaps are valued on the basis of discounted cash flows. The variable flows are determined for each payment date using forward interest rate curves.
- Fixed rate cross-currency swaps are valued on the basis of discounted cash flows.
- Currency forwards are measured based on observable spot exchange rates, the term interest rates of the respective currencies and the currency basis spread between the respective currencies.

The nominal value of the investments in money market and government bond funds approximates the fair value, as the maximum average life is 120 days and the maximum weighted average maturity is 60 days. These instruments are included in Level 2.

Level 3 financial instruments consist entirely of small investments in unlisted equities. During the year to 31 March 2019 the carrying amount decreased to € 10 million due to the disposal of an unlisted investment.

34.2. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, cash flow and fair value interest rate risk); credit risk; and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Financial risk management is carried out by a central treasury department ('Group Treasury') under policies approved by the Board. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board has approved formal written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investing excess liquidity.

(a)(i) Market risk: foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Swiss franc, US dollar, HK dollar, Chinese yuan, Japanese yen, UAE dirham and Singapore dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Foreign exchange risk arises when recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. This arises principally from the retranslation impact of euro and USD-denominated investments in money market and managed bond funds held in an entity with a Swiss franc functional currency. Changes in foreign exchange rates also impact the repricing of derivative contracts.

The Group's financial risk management policy is to hedge up to 70% of forecast net cash flow exposure arising in currencies including US dollars, HK dollars, Chinese yuan, Japanese yen, UAE dirham and Singapore dollar for the subsequent twelve months. Group Treasury undertakes the management of the net position in each foreign currency by using external currency derivatives.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from these net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

The sensitivity analysis presented in the following tables shows the pre-tax increase/(decrease) in profit or loss that would result from the noted percentage change in listed exchange rates, all other factors remaining constant. There is no impact in other comprehensive income. The analysis is performed on the same basis as for 2018.

	Change in rate		Profit or loss	
	2019 %	2018 %	2019 €m	2018 €m
USD strengthening vs CHF	**6%**	8%	**109**	107
JPY strengthening vs CHF	**6%**	8%	**(23)**	(29)
HKD strengthening vs CHF	**6%**	8%	**(43)**	(53)
SGD strengthening vs CHF	**5%**	6%	**(23)**	(33)
CHF strengthening vs EUR	**8%**	6%	**(88)**	(95)
AED strengthening vs CHF	**7%**	8%	**(22)**	(25)
CNY strengthening vs CHF	**8%**	9%	**(38)**	(44)

	Change in rate		Profit or loss	
	2019 %	2018 %	2019 €m	2018 €m
USD weakening vs CHF	**6%**	8%	**(109)**	(108)
JPY weakening vs CHF	**6%**	8%	**20**	24
HKD weakening vs CHF	**6%**	8%	**37**	42
SGD weakening vs CHF	**5%**	6%	**21**	28
CHF weakening vs EUR	**8%**	6%	**69**	95
AED weakening vs CHF	**7%**	8%	**19**	19
CNY weakening vs CHF	**8%**	9%	**30**	36

34. Financial instruments: fair values and risk management continued

34.2. Financial risk factors continued

(a)(ii) Market risk: price risk

The Group is exposed to commodity price risk, marketable securities' price risk and other price risk.

- Commodity price risk

The Group is exposed to price risk related to anticipated purchases of certain commodities, namely precious metals and stones for use in its manufacturing processes. There is no financial risk as the commodities are for use as raw materials by the Group's businesses. A change in those prices may alter the gross margin of specific businesses.

- Marketable securities' price risk

The Group is exposed to marketable securities' price risk in respect of investments in money market and externally managed funds with a minimum credit rating of AA. These are classified in the consolidated statement of financial position as financial assets and liabilities held at fair value through profit or loss.

The price risk associated with the investments in AAA rated money market and government bond funds held by the Group at 31 March 2019 and 2018 is considered to be minimal, due to the high credit quality of the underlying investments.

(a)(iii) Market risk: interest rate risk

- Fair value interest rate risk

The Group is exposed to fair value interest rate risk linked to its fixed rate loan commitment (details of the Group's borrowings are presented in note 20). The risk is considered to be the difference between current levels of interest rates and the committed rates.

The Group records its fixed rate borrowings at amortised cost using the effective interest method. The Group does not designate any interest rate swaps as hedging instruments for fair value hedge accounting. Therefore a change in interest rates at 31 March 2019 would not affect the profit for the year.

The Group uses forward-starting interest rate swaps to help manage its fair value interest rate risk exposure.

At 31 March 2019, the Group is a party to a forward-starting USD-denominated interest rate swap contract. The Group pays a fixed interest rate and in exchange receives the three-month USD-LIBOR-BBA floating rate on pre-specified dates in the future. The fair value of this financial instrument decreased by € 10 million in the year to 31 March 2019 (2018: € 5 million increase). Should the floating rate increase/(decrease) by 6% using one-year historic volatility of three-month USD LIBOR rate, with all other variables held constant, the impact on profit before tax would have been plus/(minus) € 2 million (2018: rate increase/(decrease) by 6%: impact of profit before tax plus/(minus) € 2 million).

The Group is also exposed to the impact of changes in interest rates on its investments in externally managed funds, which are made up of listed bonds. Should interest rates increase/(decrease) by 100 basis points, with all other variables held constant, the impact on profit before tax would have been (minus)/plus € 39 million (2018: € 33 million).

- Cash flow interest rate risk

The Group is also exposed to future cash flow fluctuation risk due to changes in variable market interest rates. The cash flow risk associated with net cash is such that an increase/(decrease) of 100 basis points in interest rates at the reporting date would have impacted profit for the year by plus/(minus) € 20 million (2018: plus/(minus) € 68 million), all other variables remaining constant. The analysis is performed on the same basis as for 2018.

(b) Credit risk

The Group has no significant concentrations of credit risk. It has established credit check policies that ensure the high credit-worthiness of its customers. A short-term credit rating of minimum A1/P1 is applied to cash deposits with financial counterparties. A minimum money market fund rating of AAA is applied to euro-denominated money market funds. A weighted average rating of AA is applied to externally managed funds.

At 31 March 2019, the Group had € 4 528 million invested in money market and externally managed funds denominated in various currencies, including euro and USD (2018: € 5 057 million) and € 5 060 million held as cash at bank (2018: € 8 401 million).

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate level of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available.

Local liquidity is ensured by maintaining local bank credit facilities and by funding the excess funding requirements using the Group overlay cash pool.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements. Derivative assets are excluded.

34. Financial instruments: fair values and risk management continued

34.2. Financial risk factors continued

31 March 2019	Carrying amount €m	Total €m	Contractual cash flows 6 months or less €m	Between 6-12 months €m	Between 1-3 years €m	More than 3 years €m
Non-derivative financial liabilities						
Borrowings	**4 347**	**5 292**	**4**	**427**	**128**	**4 733**
Other long-term financial liabilities	**224**	**224**	**–**	**–**	**80**	**144**
Trade and other payables	**2 153**	**2 153**	**2 153**	**–**	**–**	**–**
Bank overdrafts	**2 713**	**2 713**	**2 713**	**–**	**–**	**–**
	9 437	**10 382**	**4 870**	**427**	**208**	**4 877**
Derivative financial liabilities						
Currency forwards	**69**	**3 258**	**1 706**	**1 552**	**–**	**–**
Forward-starting interest rate swap	**15**	**15**	**15**	**–**	**–**	**–**
	84	**3 273**	**1 721**	**1 552**	**–**	**–**

31 March 2018	Carrying amount €m	Total €m	Contractual cash flows 6 months or less €m	Between 6-12 months €m	Between 1-3 years €m	More than 3 years €m
Non-derivative financial liabilities						
Borrowings	4 292	5 306	38	35	452	4 781
Other long-term financial liabilities	168	168	–	–	52	116
Trade and other payables	1 494	1 494	1 494	–	–	–
Bank overdrafts	3 897	3 897	3 897	–	–	–
	9 851	10 865	5 429	35	504	4 897
Derivative financial liabilities						
Currency forwards	74	2 220	996	1 224	–	–
Cross-currency swap	11	162	–	162	–	–
Forward-starting interest rate swap	5	5	–	–	5	–
	90	2 387	996	1 386	5	–

34.3. Accounting for derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

During the year to 31 March 2018, the Group was party to a EUR-denominated interest rate swap contract which was used to hedge the Group's corporate bond issue. Cash flow hedge accounting was applied to the transaction, and as a result the loss realised on this interest rate swap was deferred in equity. This loss is recycled to the income statement over the life of the related bond.

The Group does not apply hedge accounting to any of its other hedging activities.

The fair values of various derivative instruments are disclosed in note 17.

34. Financial instruments: fair values and risk management continued

34.4. Offsetting financial assets and financial liabilities

The following financial assets and liabilities are subject to offsetting, as a current legally enforceable right to set-off the recognised amounts exists and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

	Gross amount of recognised asset/ (liability) subject to set-off €m	Gross amount of set-off €m	Net amount presented €m	Related amounts not set-off €m	Total €m
At 31 March 2019					
Trade receivables	**98**	**(18)**	**80**	**–**	**80**
Cash at bank and on hand	**5 060**	**–**	**5 060**	**(2 691)**	**2 369**
Derivative assets	**15**	**–**	**15**	**(9)**	**6**
	5 173	**(18)**	**5 155**	**(2 700)**	**2 455**
Trade payables	**(125)**	**18**	**(107)**	**–**	**(107)**
Bank overdrafts	**(2 713)**	**–**	**(2 713)**	**2 691**	**(22)**
Derivative liabilities	**(84)**	**–**	**(84)**	**9**	**(75)**
	(2 922)	**18**	**(2 904)**	**2 700**	**(204)**

	Gross amount of recognised asset/ (liability) subject to set-off €m	Gross amount of set-off €m	Net amount presented €m	Related amounts not set-off €m	Total €m
At 31 March 2018					
Trade receivables	98	(23)	75	–	75
Cash at bank and on hand	8 401	–	8 401	(3 796)	4 605
Derivative assets	18	–	18	(16)	2
	8 517	(23)	8 494	(3 812)	4 682
Trade payables	(111)	23	(88)	–	(88)
Bank overdrafts	(3 897)	–	(3 897)	3 796	(101)
Derivative liabilities	(90)	–	(90)	16	(74)
	(4 098)	23	(4 075)	3 812	(263)

The Group is subject to a number of master netting arrangements specific to cash pooling and derivative contract arrangements. These arrangements allow for net settlement of the relevant financial assets and financial liabilities when both parties elect to settle on a net basis. In certain circumstances, such as a default event as defined in the relevant agreement, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions. These agreements do not meet the criteria for offsetting in the statement of financial position. The right to set-off is legally enforceable only following certain specified events. In addition, the Group and the counterparties do not intend to settle on a net basis.

34.5. Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business, maintaining a balance between business returns and a secure capital position. The Board monitors the return of capital to shareholders, which the Group defines as total equity excluding non-controlling interests, and the level of dividends to shareholders, as well as the net cash position of the Group. At 31 March 2019, the net cash position of the Group was € 2 528 million (2018: € 5 269 million).

There were no changes in the Group's approach during the year.

The Group is not subject to any externally imposed capital requirements.

35. Financial commitments and contingent liabilities

At 31 March 2019, the Group had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which no material losses are anticipated. Details of the Group's commitments in respect of financial derivatives are given in note 17, in respect of property, plant and equipment in note 7 and in respect of intangible assets in note 9.

The Group leases various boutiques, offices and manufacturing facilities under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. Payments made under operating leases (net of any incentives received) are charged to profit or loss using the straight-line method over the lease term. The cost for certain boutique leases contains a fixed portion together with a variable portion which is most commonly a percentage of sales achieved. The commitments below reflect only the fixed elements.

The Group has signed non-cancellable operating leases in respect of which the following minimum rentals are payable at 31 March:

	Land and buildings		Other assets		Total	
	2019 €m	2018 €m	2019 €m	2018 €m	2019 €m	2018 €m
Within one year	**687**	599	**6**	6	**693**	605
Between two and five years	**1 751**	1 620	**7**	7	**1 758**	1 627
Thereafter	**1 215**	1 147	**1**	1	**1 216**	1 148
	3 653	3 366	**14**	14	**3 667**	3 380

36. Business combinations

Accounting policy
The Group applies the acquisition method to account for business combinations. The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred at the date of exchange, plus the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit or loss for the period.

On acquisition, non-controlling interests are measured as a percentage of the net assets of the acquiree.

Any contingent consideration is measured at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration are recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Acquisition-related costs are expensed in the period in which they are incurred.

YOOX NET-A-PORTER GROUP

In March 2018, the Group made a Voluntary Tender Offer for the remaining share capital of YNAP Group that the Group did not already own. YNAP Group is a luxury fashion online retailer registered in Italy and was traded on the Milan Stock Exchange and the offer was intended to strengthen the Group's presence and focus on the online channel. The offer was conditional on acceptance by at least 90% of shareholders. On 9 May 2018, the offer period closed and it was announced that the total number of YNAP Group shares tendered in the offer, together with those voting shares already held by the Group, amounted to 94.999% of YNAP Group's ordinary voting share capital. As such, the minimum acceptance threshold was reached and it was determined that the Group had gained control of YNAP Group from this date.

Immediately prior to gaining control, the Group held an interest of 49%, with voting rights restricted to 25%, and accounted for YNAP Group as an associated undertaking applying the equity accounting method. The carrying value of this investment pre-acquisition was € 1 097 million. The investment in the associated undertaking was remeasured to fair value on the date of acquisition, resulting in a fair value gain of € 1 378 million, which is recognised in Share of post-tax profit of equity-accounted investments.

As at 31 March 2019, and subsequent to gaining control, the Group has acquired the remaining outstanding shares in YNAP Group to increase its shareholding to 100% for a net cash outflow of € 195 million.

Notes to the consolidated financial statements continued

36. Business combinations continued

Watchfinder

On 1 June 2018, the Group announced its acquisition of 100% of the share capital of Watchfinder.co.uk Limited, a pre-owned premium watch specialist based in the United Kingdom, aimed at further strengthening the Group's digital presence and providing structure to the pre-owned market segment.

Other business combinations

During the period, the Group acquired 100% of the share capital of The Royal Berkshire Shooting School Limited, an entity based in the United Kingdom, as well as the operations of external boutiques and distributors in strategic markets, mostly in the Middle East. In addition, it obtained control of Dalloz Pre-settings SAS, a manufacturing entity based in France, which had previously been classified as a joint venture (note 11). The carrying value of this investment at 31 March 2018 was € 3 million. The investment in this joint venture was remeasured to fair value on the date of acquisition, resulting in a fair value gain of € 3 million, which is recognised in share of post-tax profit of associated undertakings. The impact of these acquisitions on the financial position and performance of the Group is not significant, and as such these acquisitions are presented in aggregate below.

	YOOX NET-A-PORTER GROUP €m	Watchfinder €m	Other €m	Total €m
Property, plant and equipment	**155**	**1**	**14**	**170**
Intangible assets	**2 434**	**57**	**13**	**2 504**
Other non-current assets	**2**	**–**	**–**	**2**
Equity-accounted investments	**1**	**–**	**–**	**1**
Inventories	**693**	**32**	**19**	**744**
Cash and cash equivalents	**67**	**2**	**2**	**71**
Trade and other receivables	**108**	**2**	**4**	**114**
Trade and other payables	**(722)**	**(3)**	**(6)**	**(731)**
Current and deferred tax	**(383)**	**(9)**	**(1)**	**(393)**
Non-current liabilities	**(178)**	**(12)**	**(4)**	**(194)**
Net assets acquired	**2 177**	**70**	**41**	**2 288**
Fair value of net assets acquired	**2 177**	**70**	**41**	**2 288**
Non-controlling interests	**(111)**	**–**	**(5)**	**(116)**
Fair value of previous shareholding	**(2 475)**	**–**	**(6)**	**(2 481)**
Goodwill	**2 877**	**161**	**1**	**3 039**
Total consideration paid	**2 468**	**231**	**31**	**2 730**
Settled against receivable	**–**	**–**	**(5)**	**(5)**
Consideration paid in advance	**–**	**–**	**(6)**	**(6)**
Consideration deferred to future periods	**–**	**–**	**(1)**	**(1)**
Purchase consideration – cash paid	**2 468**	**231**	**19**	**2 718**
Cash and cash equivalents acquired	**(67)**	**(2)**	**(2)**	**(71)**
Payment of amounts deferred in prior periods	**–**	**–**	**3**	**3**
Cash outflow on acquisitions	**2 401**	**229**	**20**	**2 650**

Goodwill represents certain intangible assets that do not qualify for separate recognition, including an integrated workforce and technical know-how in terms of distribution platforms. None of the goodwill is expected to be deductible for tax purposes. Non-controlling interests are measured as a proportionate share of net assets.

The gross contractual value of receivables acquired was € 25 million, all of which is considered to be recoverable.

In the period since acquisition, the businesses contributed € 2 109 million to sales and a loss of € 215 million to net profit (€ 1 997 million and € 214 million respectively for YNAP alone). Had the acquisitions been made on 1 April 2018, the contribution to sales and to net profit for the full period would have been € 2 250 million and a loss of € 222 million respectively (€ 2 117 million and € 222 million respectively for YNAP alone).

Acquisition-related transaction costs of € 19 million were expensed in the year to 31 March 2019.

36. Business combinations continued

Contingent consideration

At 31 March 2019, the Group has a total provision of € 36 million related to contingent consideration payable as a result of business combinations in the current and prior periods (2018: € 36 million). The fair value of the contingent consideration is estimated by calculating the present value of future expected cash flows, based on latest forecasts and budgets, and is updated at each reporting date. The estimates are based on a discount rate which reflects the risk profile of the investment and probability adjusted sales and operating profit figures. As this valuation is based on unobservable inputs, it is classified as a Level 3 in the fair value hierarchy. Re-assessment of the expected future cash flows, based on the methodology described above, resulted in a credit to the income statement of € 1 million, which is included within Other income/(expenses). The only other movement in this balance during the year, other than for new acquisitions and payments made as described above, was due to exchange rate movements.

37. Assets held for sale

Disposal of Lancel

At 31 March 2018, the Group was negotiating the sale of the Maison Lancel, a transaction concluded in May 2018. The assets and liabilities covered by the proposed transaction, which were included within Other in the segmental analysis (note 5), were classified as Held for Sale at 31 March 2018. The net assets of the disposal group were impaired to net realisable value, resulting in an impairment charge of € 31 million, recorded within Other income/(expenses) in the prior year.

	2019 €m	2018 €m
Property, plant and equipment	**19**	–
Inventories	–	9
Trade and other receivables	–	6
Prepayments	–	4
Assets of disposal group held for sale	**19**	19
Provisions	–	(2)
Post-retirement benefit obligations	–	(2)
Other long-term financial liabilities	–	(2)
Trade and other payables	–	(10)
Accruals and deferred income	–	(3)
Liabilities of disposal group held for sale	–	(19)
Net assets of disposal group held for sale	**19**	–

At 31 March 2019, two properties with net book values of € 5 million and €14 million respectively are presented as Held for Sale. The sales of these properties are expected to be completed within the following financial year.

38. Related-party transactions

The Group has a number of transactions and relationships with related parties, as defined by IAS 24, *Related Party Disclosures*.

At 31 March 2019 Compagnie Financière Rupert, Bellevue, Switzerland, Geneva holds 522 000 000 'B' registered shares representing an interest in 50% of the Company's voting rights. It does not itself hold any Richemont 'A' shares. Parties associated with Mr Johann Rupert and Compagnie Financière Rupert held a further 2 836 664 'A' shares or 'A' share equivalents at 31 March 2019, representing 0.3% of the Company's voting rights.

Besides Compagnie Financière Rupert, the Board of Directors and the Senior Executive Committee ('key management'), the Group has identified the following other related parties:

- Richemont's equity-accounted investments (see note 11);
- Richemont foundations (employee and others); and
- various entities under the common control of the Rupert family's interests.

The following transactions were carried out with related parties giving rise to (expense/payables) and income/receivables:

(a) Transactions and balances between the Richemont Group and its equity-accounted investments

	2019 €m	2018 €m
Goods and services bought from and other transactions with its equity-accounted investments:		
Rouages SA – purchase of watch components	**(5)**	(6)
Ralph Lauren Watch & Jewelry Company Sàrl – purchases of finished goods	**(2)**	(3)
Ralph Lauren Watch & Jewelry Company Sàrl – waiver of interest and loan	**–**	(54)
Schwab-Feller AG – purchase of watch components	**(2)**	(1)
Kering Eyewear SpA – purchase of finished goods	**(10)**	(22)
E_Lite SpA – purchase of services	**(2)**	–
Dalloz Pre-Setting SAS – purchase of finished goods	**–**	(19)
YOOX NET-A-PORTER SpA – purchase of services	**–**	(3)
New Bond Street JV	**–**	(1)
Services provided to equity-accounted investments:		
Laureus Sports Awards Limited – sponsorship	**(2)**	(1)
Laureus Sports for Good Foundation – donations	**(4)**	(4)
Goods and services sold to and other transactions with equity-accounted investments:		
YOOX NET-A-PORTER SpA – sale of finished goods	**1**	33
Montblanc India Retail Private Limited – sale of finished goods	**5**	3
Kering Eyewear SpA – sale of finished goods	**4**	28
Kering Eyewear SpA – royalties	**6**	–
E_Lite SpA – commissions received	**20**	–
E_Lite SpA – other services	**3**	–
New Bond Street JV	**–**	1
Ralph Lauren Watch & Jewelry Company Sàrl	**11**	3
Payables outstanding at 31 March:		
Dalloz Pre-Setting SAS – trading	**–**	(2)
E_Lite SpA – trading	**(10)**	–
Kering Eyewear SpA – trading	**(3)**	–
Laureus World Sports Awards Limited – sponsorship	**(6)**	(3)
Receivables outstanding at 31 March:		
Kering Eyewear SpA– trading	**13**	6
E_Lite SpA – trading	**1**	–
Laureus Sports Awards Limited – sponsorship	**5**	5
Montblanc India Retail Private Limited – trading	**1**	1
YOOX NET-A-PORTER S.p.A. – sale of finished goods	**–**	7
Ralph Lauren Watch & Jewelry Company Sàrl – trading	**–**	3
Dalloz Pre-Setting SAS – loan	**–**	2

38. Related-party transactions continued

(b) Transactions and balances between the Richemont Group and entities under common control

	2019 €m	2018 €m
Services bought from and other transactions with entities under common control:		
Entities under common control of the Rupert family's interests	**(6)**	(6)
Services provided to and other transactions with entities under common control:		
Entities under common control of the Rupert family's interests	**–**	–

	2019 €m	2018 €m
Receivables outstanding at 31 March:		
Entities under common control of the Rupert family's interests	**–**	–
Payables outstanding at 31 March:		
Entities under common control of the Rupert family's interests	**(1)**	(1)

In the year to 31 March 2019, an entity controlled by the Rupert family's interests increased its investment in a Group company, resulting in the recognition of a total non-controlling interest on the balance sheet of € 63 million (2018: € 5 million).

(c) Individuals

During the year, the Group gave donations of € 0.2 million (2018: € 0.2 million) to the Fondazione Giuliano e Maria Carmen Magnoni, a charitable organisation supporting initiatives for young people in disadvantaged conditions. Mr Ruggero Magnoni, a non-executive director of the Company, is vice-chairman of the Fondazione.

Maître Jean-Blaise Eckert, a non-executive director, is a partner of the Swiss legal firm Lenz & Staehelin. During the year under review, Lenz & Staehelin received fees totalling € 0.9 million (2018: € 0.5 million) from Group companies for advice on legal and taxation matters.

In a recent Group transaction, M&M Capital Limited, a company in which Mr Ruggero Magnoni is Chairman and shareholder, received a fee of € 1.0 million (2018: € 0.5 million).

In the prior year, in addition to his non-executive director's fee, the Duke of Wellington received fees and other benefits totalling less than € 0.1 million in connection with his role as Director and Non-Executive Chairman of Richemont Holdings (UK) Limited, the holding company for the Group's UK interests. This amount relates to the period from 1 April to 13 September 2017, the date on which he stepped down as a Director.

Mr Gary Saage and Mr Nikesh Arora provided consultancy services to the Group in addition to their duties as non-executive directors. During the year to 31 March 2019, Mr Saage received € 0.6 million and Mr Arora received € 0.9 million (2018: € 0.2 million and € 0.4 million respectively) for the services provided. These fees are included in the individual disclosures of key management compensation as short-term employee benefits. In the prior year, Dr Vesna Nevistic and Mr Norbert Platt also received a consultancy fee of € 0.1 million and less than € 0.1 million respectively. The fee for Mr Platt related to the period from 1 April to 13 September 2017, the date on which he stepped down as a director.

(d) Key management compensation

	2019 €m	2018 €m
Salaries and short-term employee benefits	**14**	13
Short-term incentives	**6**	9
Long-term benefits	**4**	3
Post-employment benefits	**2**	2
Share option expense	**4**	5
Employer social security	**1**	2
	31	34

38. Related-party transactions continued

(d) Key management compensation continued

Key management comprises the Board of Directors of Compagnie Financière Richemont SA and the Senior Executive Committee, as detailed below.

The Ordinance against Excessive Compensation requires that the Board identify the corporate body to which management has been delegated by the Board of Directors for the day-to-day management of the organisation. This is deemed to be the Senior Executive Committee, which is chaired by the Chairman of the Board, the members of which are listed below. Members of this Committee are considered to be subject to the various disclosure and approval requirements imposed by the regulations.

Board of Directors	
Johann Rupert	Chairman
Josua Malherbe	Non-executive Deputy Chairman
Nicolas Bos	Chief Executive Officer Van Cleef & Arpels
Sophie Guieysse[1]	Group Human Resources Director
Burkhart Grund	Chief Finance Officer
Jérôme Lambert	Chief Operating Officer[2] and Chief Executive Officer[3]
Cyrille Vigneron	Chief Executive Officer Cartier
Nikesh Arora	Non-executive Director
Clay Brendish	Independent Lead Director
Jean-Blaise Eckert	Non-executive Director
Keyu Jin	Non-executive Director
Ruggero Magnoni	Non-executive Director
Jeff Moss	Non-executive Director
Vesna Nevistic	Non-executive Director
Guillaume Pictet	Non-executive Director
Alan Quasha	Non-executive Director
Maria Ramos	Non-executive Director
Anton Rupert	Non-executive Director
Jan Rupert	Non-executive Director
Gary Saage	Non-executive Director
Members of the Senior Executive Committee	
Nicolas Bos	Chief Executive Officer Van Cleef & Arpels
Sophie Guieysse	Group Human Resources Director
Burkhart Grund	Chief Finance Officer
Jérôme Lambert	Chief Operating Officer[2] and Chief Executive Officer[3]
Jean-Jacques van Oosten[4]	Chief Technology Officer
Emmanuel Perrin	Head of Specialist Watchmakers Distribution
Eric Vallat[5]	Head of Fashion & Accessories
Frank Vivier	Chief Transformation Officer
Cyrille Vigneron	Chief Executive Officer Cartier

1. From 10 September 2018.
2. Until 1 October 2018.
3. From 1 October 2018.
4. Until 30 April 2018.
5. From 1 June 2018.

38. Related-party transactions continued

(d) Key management compensation continued

Share option plan

The Group operates a long-term share-based compensation plan whereby executives are awarded options to acquire Richemont 'A' shares at the market price on the date of grant. No awards under the share option plan have been made to persons serving as non-executive directors. Details of options held under the plan are as follows:

	Number of options							
	1 April 2018	Granted in year	Exercised in year	Cancelled in year	31 March 2019	Weighted average grant price CHF	Earliest exercise period	Latest expiry date
Board of Directors								
Nicolas Bos	140 375	90 000	15 375	–	**215 000**	85.00	Jul 2020-Jul 2023	June 2027
Burkhart Grund	150 000	90 000	–	–	**240 000**	79.00	Jul 2019-Jul 2023	June 2027
Sophie Guieysse	–	45 000	–	–	**45 000**	92.00	Jul 2021-Jul 2023	June 2027
Jérôme Lambert	125 000	100 000	–	–	**225 000**	85.00	Jul 2020-Jul 2023	June 2027
Cyrille Vigneron	150 000	100 000	–	–	**250 000**	85.00	Jul 2020-Jul 2023	June 2027
Gary Saage	855 000	–	–	–	**855 000**	74.00	Apr 2019-Jul 2021	June 2025
Senior Executive Committee								
Senior Executives	123 333	120 000	–	–	**243 333**	84.00	Apr 2019-Jul 2023	June 2027
	1 543 708	545 000	15 375	–	**2 073 333**			

The options held by Mr Gary Saage, non-executive director, were awarded in his previous role as an executive director of the Company.

Share ownership

As at 31 March 2019, members of the Board and parties closely linked to them owned a total of 37 138 Richemont 'A' shares. Mr Johann Rupert is the General Managing Partner of Compagnie Financière Rupert, which holds the 522 000 000 'B' registered shares in the Company. Parties associated with Mr Johann Rupert and Compagnie Financière Rupert held a further 2 836 664 'A' shares or 'A' share equivalents at 31 March 2019. The interest of individual directors and members of the Senior Executive Committee in Richemont 'A' shares is as follows:

	at 31 March 2019	at 31 March 2018
Board of Directors		
Clay Brendish	**1 135**	1 135
Jean-Blaise Eckert	**75**	75
Jérôme Lambert	**1 148**	1 148
Ruggero Magnoni	**2 000**	2 000
Jeff Moss	**2 400**	2 400
Guillaume Pictet	**5 380**	5 380
Alan Quasha	**1 000**	1 000
Maria Ramos	**500**	500
Jan Rupert	**3 000**	3 000
Gary Saage	**8 000**	8 000
Cyrille Vigneron	**12 500**	12 500
	37 138	37 138

(d) Key management compensation continued

Following the decision of the Annual General Meeting on 10 September 2018 to pay dividends of CHF 1.90 per 'A' registered share and CHF 0.19 per 'B' registered share, dividends of CHF 104 640 224 were paid to shareholders who were members of the Board or the Senior Executive Committee, or parties closely linked to them, at the date the dividend was paid.

Mr Josua Malherbe, a non-executive director, does not hold any 'A' shares or 'A' share equivalents. Members of Mr Malherbe's family have acquired and currently hold 14 067 'A' share equivalents and are beneficiaries of trusts holding 210 002 'A' shares or 'A' share equivalents at 31 March 2019.

Mr Jan Rupert, a non-executive director, is a director of a company which holds 2 375 005 'A' shares. He is also one of a group of family members who are beneficiaries of certain trusts which are, directly or indirectly, shareholders in that company and which hold 'A' shares and 'A' share equivalents in their own right. Mr Jan Rupert is a trustee of certain of these trusts but is not in a position to control their investment decisions or to control the exercise of voting rights by those trusts. In addition, members of Mr Rupert's family are also beneficiaries of certain companies and trusts that have acquired and currently hold 433 566 'A' shares.

Loans to members of governing bodies
As at 31 March 2019, there were no loans or other credits outstanding to any current or former executive or non-executive directors, or members of the Senior Executive Committee. The Group policy is not to extend loans to directors or members of the Senior Executive Committee. There were also no non-business related loans or credits granted to relatives of any executive or non-executive director, or member of the Senior Executive Committee.

39. Ultimate parent company

The directors regard Compagnie Financière Rupert, Bellevue, Geneva, Switzerland to be the Group's controlling party, as 50% of the voting rights of the Company are held by that entity.

40. Re-presentation of 2018 comparatives

The impacts on the consolidated statement of comprehensive income and the consolidated balance sheet arising from the re-presentation of comparative figures following the adoption of IFRS 15 and other presentational changes (note 2.1) are shown below. There is no impact on the consolidated statement of cash flows, nor on Other comprehensive income.

Income statement

	2018 as reported €m	Adoption of IFRS 15 €m	Other €m	2018 re-presented €m
Sales	**10 979**	–	**34**	**11 013**
Cost of sales	**(3 829)**	–	–	**(3 829)**
Gross profit	**7 150**	–	**34**	**7 184**
Selling and distribution expenses	**(3 094)**	–	–	**(3 094)**
Communication expenses	**(1 106)**	–	–	**(1 106)**
Administrative expenses	**(1 047)**	–	–	**(1 047)**
Other operating expense	**(59)**	–	**(34)**	**(93)**
Operating profit	**1 844**	–	–	**1 844**
Finance costs	**(335)**	–	–	**(335)**
Finance income	**185**	–	–	**185**
Share of post-tax results of equity-accounted investments	**(41)**	–	–	**(41)**
Profit before taxation	**1 653**	–	–	**1 653**
Taxation	**(432)**	–	–	**(432)**
Profit for the period	**1 221**	–	–	**1 221**

40. Re-presentation of 2018 comparatives continued

Balance sheet

	31 March 2018 as reported €m	Adoption of IFRS 15 €m	Other €m	31 March 2018 re-presented* €m
Assets				
Non-current assets	**5 974**	–	–	**5 974**
Current assets				
Inventories	**4 943**	–	–	**4 943**
Trade and other receivables	**995**	**94**	**151**	**1 240**
Derivative financial instruments	**18**	–	–	**18**
Prepayments	**151**	–	**(151)**	–
Financial assets held at fair value through profit or loss	**5 057**	–	–	**5 057**
Assets of disposal group held for sale	**19**	–	–	**19**
Cash at bank and on hand	**8 401**	–	–	**8 401**
	19 584	**94**	–	**19 678**
Total assets	**25 558**	**94**	–	**25 652**
Equity and liabilities				
Equity attributable to owners of the parent company	**14 631**	–	–	**14 631**
Non-controlling interests	**7**	–	–	**7**
Total equity	**14 638**	–	–	**14 638**
Liabilities				
Non-current liabilities	**4 605**	–	–	**4 605**
Current liabilities				
Trade and other payables	**1 634**	–	–	**1 634**
Current income tax liabilities	**359**	–	–	**359**
Borrowings	**4**	–	–	**4**
Derivative financial instruments	**90**	–	–	**90**
Provisions	**312**	**94**	–	**406**
Liabilities of disposal groups held for sale	**19**	–	–	**19**
Bank overdrafts	**3 897**	–	–	**3 897**
	6 315	**94**	–	**6 409**
Total liabilities	**10 920**	**94**	–	**11 014**
Total equity and liabilities	**25 558**	**94**	–	**25 652**

41. Events after the reporting period

Dividend

A dividend of CHF 2.00 per share is proposed for approval at the Annual General Meeting of the Company, to be held on 11 September 2019. These financial statements do not reflect this dividend payable, which will be accounted for as an appropriation of retained earnings to be effected during the year ending 31 March 2020.

42. Principal Group companies

Details of the Group's principal subsidiary companies, determined to be those entities with external revenue of more than € 10 million equivalent or total assets of more than € 50 million equivalent, are disclosed below:

Country of incorporation	Location	Name of company	Effective interest	Share capital (currency 000's)
Subsidiary undertakings				
Australia	Sydney	Richemont Australia Pty Limited	100.0%	AUD 4 500
Austria	Vienna	Montblanc - Simplo GmbH	100.0%	€ 36
Brazil	São Paulo	RLG do Brasil Varejo Ltda.	100.0%	BRL 412 015
Canada	Ottawa	Richemont Canada Inc.	100.0%	CAD 25 000
France	Paris	Azzedine Alaïa SAS	100.0%	€ 250
	Paris	Cartier Joaillerie International SAS	100.0%	€ 28 755
	Paris	Cartier Parfums SAS	100.0%	€ 4 168
	Paris	Montblanc France SAS	100.0%	€ 325
	Paris	Richemont Holding France SAS	100.0%	€ 100 250
	Paris	RLG Property France SAS	100.0%	€ 80 864
	Paris	SCI 275 Saint Honore	100.0%	€ 1
	Paris	Société Cartier SAS	100.0%	€ 28 138
Germany	Glashütte	Lange Uhren GmbH	100.0%	€ 550
	Hamburg	Montblanc Deutschland GmbH	100.0%	€ 103
	Hamburg	Montblanc International GmbH	100.0%	€ 1 775
	Hamburg	Montblanc International Holding GmbH	100.0%	€ 4 099
	Hamburg	Montblanc Simplo GmbH	100.0%	€ 1 724
	Munich	Richemont Northern Europe GmbH	100.0%	€ 13 070
Hong Kong	Hong Kong	Richemont Asia Pacific Limited	100.0%	HK$ 4 162 500
	Hong Kong	The Net-A-Porter Group Asia Pacific Limited	100.0%	HK$ 200 000
	Hong Kong	Yoox Asia Limited	100.0%	HK$ 1 000
India	New Delhi	Richemont India Private Limited	100.0%	INR 2 463
Italy	Milan	Montblanc Italia Srl	100.0%	€ 47
	Milan	PGI SpA	100.0%	€ 520
	Milan	Richemont Italia SpA	100.0%	€ 10 000
	Milan	Richemont Italia Holding SpA	100.0%	€ 100 000
	Milan	YOOX NET-A-PORTER GROUP SpA	100.0%	€ 1 384
Japan	Tokyo	Richemont Japan Limited	100.0%	JPY 250 000
	Tokyo	Yoox Japan	100.0%	JPY 10 000
Jersey	St Helier	Richemont Employee Benefits Limited	100.0%	CHF -
	St Helier	Richemont Luxury Group Limited	100.0%	CHF 4 722 900
	St Helier	RLG NBS Limited	100.0%	£ 78 500
	St Helier	RLG Property Ltd.	100.0%	£ 28 898
	St Helier	RLG Real Estate Partners LP	85.8%	€ 100

42. Principal Group companies continued

Country of incorporation	Location	Name of company	Effective interest	Share capital (currency 000's)
Luxembourg	Luxembourg	Richemont International Holding SA	100.0%	€ 603 435
	Luxembourg	RLG Property Holdings 2 Sarl	100.0%	€ 1 010
Malaysia	Kuala Lumpur	Richemont Luxury (Malaysia) SDN BHD	100.0%	MYR 1 000
Mexico	Mexico City	Richemont de Mexico SA de CV	100.0%	MXN 597 757
Monaco	Monte Carlo	RLG Monaco SA	100.0%	€ 239
Netherlands	Amsterdam	RLG Europe BV	100.0%	€ 17 700
People's Republic of China	Shanghai	Mishang Trading (Shanghai) Co., Ltd.	100.0%	€ 6 000
	Shanghai	Richemont Commercial Company Limited	100.0%	CNY 2 982 700
Russia	Moscow	Richemont Luxury Goods, LLC (RLG LLC)	100.0%	RUR 50 000
Saudi Arabia	Riyadh	Richemont Saudi Arabia LLC	75.0%	SAR 26 667
Singapore	Singapore	Richemont Luxury (Singapore) Pte Ltd.	100.0%	SGD 100 000
South Africa	Bryanston	RLG Africa (Pty) Ltd	100.0%	ZAR 4 000
South Korea	Seoul	Richemont Korea Limited	100.0%	KRW 5 887 560
Spain	Madrid	Montblanc Iberia SLU	100.0%	€ 1 000
	Madrid	Richemont Iberia SLU	100.0%	€ 6 005
Switzerland	Villars-sur-Glâne	Richemont International SA	100.0%	CHF 1 007 500
	Villars-sur-Glâne	Richemont Suisse SA	100.0%	CHF 4 850
	Delémont	Varinor SA	100.0%	CHF 28 900
Thailand	Bangkok	Richemont Luxury (Thailand) Limited	100.0%	THB 409 000
Turkey	Istanbul	Richemont Istanbul Luks Esya Dagitim AS	100.0%	TRY 73 959
United Arab Emirates	Dubai	Richemont (Dubai) FZE	100.0%	AED 9 000
	Dubai	YNAP Middle East General Trading LLC	66.6%	AED 300
United Kingdom	London	James Purdey & Sons Limited	100.0%	£ 49 403
	London	Alfred Dunhill Limited	100.0%	£ 698 315
	London	Richemont Holdings (UK) Limited	100.0%	£ 280 672
	London	Richemont Investments	100.0%	£ -
	London	Richemont UK Limited	100.0%	£ 15 776
	London	The Net-A-Porter Group Limited	100.0%	£ 40 007
	London	Watchfinder.co.uk Limited	100.0%	£ 12
United States of America	Wilmington	Peter Millar Inc.	100.0%	US$ 122 465
	Wilmington	Richemont Latin America and Caribbean Inc.	100.0%	US$ 2 990
	Wilmington	Richemont North America Holdings Inc.	100.0%	US$ 318 649
	Wilmington	Richemont North America Inc.	100.0%	US$ 117 649
	New York	YNAP Corporation	100.0%	US$ 3

Details of the Group's associates and joint ventures are provided in note 11.

Disposal of Group companies

During the year ended 31 March 2019, the Group disposed of several subsidiaries operating under the Maison Lancel. None of these subsidiaries was material to the Group, either individually or in aggregate.

Non-controlling interests in subsidiaries

The Group has no material non-controlling interests. The movement in period relates to the acquisition of non-controlling interests in YNAP, which were subsequently partially re-acquired, and an increase in the investment by a non-controlling interest in a Group company (note 38).

Report of the statutory auditor

to the General Meeting of Compagnie Financière Richemont SA

Bellevue, Switzerland

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Compagnie Financière Richemont SA and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 March 2019 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 68 to 129) give a true and fair view of the consolidated financial position of the Group as at 31 March 2019 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall Group materiality: € 87.4. million

We conducted a full scope audit at 47 reporting units, which resulted in a coverage of 90% of total sales.

As key audit matters the following areas of focus have been identified:

- Acquisition accounting for Yoox-Net-à-Porter ("YNAP")
- Goodwill impairment assessment for YNAP
- Taxation
- Inventory provisions

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Due to the nature of its business and its organization, the Group has a decentralised structure and operates in more than 30 countries over four main regions (Asia, Europe, Americas, and Middle East). Local full scope audit teams based in 17 different territories audit the business transactional operations and report to us on their audit results, in response to the instructions we sent to them. We, as group auditor, then ensure quality of their work through site visits, planning presentations with all teams, detailed review of their audit plan and final memorandum, and closing calls with teams of all significant entities. Procedures performed at group level include analytical procedures on entities not covered by group reporting requirements to ensure that any material risk is identified and addressed. We also assess the appropriateness of Group accounting policies, assess accounting treatment of material or unusual transactions when prepared centrally and audit the consolidation, which includes the central consolidation adjustments, amongst others share based compensation, tax, equity and intercompany eliminations and business combination accounting when applicable. We finally validate the compliance of the consolidated financial statements with IFRS and Swiss law.

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	€ 87.4 million
How we determined it	4.5% of consolidated operating profit, rounded
Rationale for the materiality benchmark applied	We have applied this benchmark, based on our analysis of the drivers of the business and its key performance indicators as defined by management and stakeholders of the Group.

We agreed with the Audit Committee that we would report to them misstatements above € 4.3 million identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Acquisition accounting for YNAP

Key audit matter	*How our audit addressed the key audit matter*
On 9 May 2018, Richemont acquired control over 94.999% of the shares of YNAP, a luxury fashion online retailer. Richemont owned already 49% of the shares in the acquired group prior to the acquisition. The total fair value of 100% of the shares per day of acquisition amounted to €5'054 million The Group revalued its existing shares in YNAP, resulting in a fair value gain of €1'378 million, recorded in Share of post-tax results of equity-accounted investments. The Group, supported by its external valuation specialists, has performed the purchase price allocation and identified net assets for a total amount of €2'177 million and €2'877 of goodwill. The Group decided to allocate goodwill to several cash generating units (CGU's) being the different Maisons of the Group which will benefit from the know-how acquired. The determination of the purchase price allocation required some significant judgements and estimates relating to the identification of the separately identifiable assets, the determination of the fair value of acquired assets and liabilities as well as the allocation of the goodwill to the relevant Maisons (CGUs). Refer to Note 8 – Goodwill and Note 36 – Business combinations.	With the support of our internal valuation specialists, we performed following detailed procedures over the acquisition accounting for YNAP: We re-performed management's calculation of the fair value gain recognised to revalue its existing shares. We audited the opening balance sheet of YNAP and assessed the appropriateness of the purchase price allocation applied and the accuracy of the related calculations of the valuation of the identified intangible assets. The main judgements in relation to the valuation of intangible assets are the remaining useful life, royalty rates and weighted average cost of capital. These parameters we corroborated through comparison with third party data. We challenged the acquisition business plan used for the purposes of the valuation of intangible assets by benchmarking the assumptions used with industry-focused analysts' reports. We discussed the appropriateness and logic applied to allocate a part of the goodwill to the different Maisons of the Group which will benefit from the YNAP know-how acquired. We have audited the adequacy of the disclosures and the presentation of the transaction in the consolidated financial statements. We determined that the conclusions reached by management with regard to the acquisition accounting, the goodwill allocation and the related disclosures were reasonable and supported.

Goodwill impairment assessment for YNAP

Key audit matter	*How our audit addressed the key audit matter*
The goodwill allocated to YNAP amounts to €1’549 million per March 31, 2019. The assessment of the recoverability of the YNAP goodwill balance is dependent on the estimation of future cash flows. Judgement is required to determine the assumptions relating to the future business results, the growth rate after the forecasted period and the discount rate applied to the forecasted cash flows. Refer to note 8 – Goodwill.	We evaluated the accuracy of the impairment model applied to the YNAP goodwill and challenged management to substantiate its key assumptions and methodology used to prepare the cash flow projections during the forecasted period and its intention and ability to execute their strategic initiatives. We challenged the robustness of the assumptions by comparing them to publicly available data. We challenged with the support of our internal valuation specialists, the reasonableness of the cash flows growth rate after the forecast period assumption of 3% and the discount rate of 9.86%. We assessed management’s sensitivity analysis around key estimates to quantify the downside changes in assumptions that would be required to result in the recoverable amount being equal to the carrying amount. We assessed the adequacy of the disclosures included in Note 8 on Goodwill. We determined that the conclusions reached by management with regard to the carrying value of goodwill were reasonable and supportable.

Taxation

Key audit matter	*How our audit addressed the key audit matter*
The Group is subject to taxation in many jurisdictions and management makes judgements about the incidence and quantum of tax liabilities that are subject to the future outcome of assessments by the relevant tax authorities. To make those judgements, management follows an established and structured process whereby they systematically monitor and assess tax risks existence, development and settlement in each of their jurisdictions. The Group main tax risks are transfer pricing being outside an arm's length benchmark range and potential adverse results for ongoing tax audits. In accordance with this methodology, provisions for uncertain tax positions are calculated and accounted for and included within current income tax liabilities (€515 million as at 31 March 2019). Refer to note 4 - Critical accounting estimates and assumptions.	We have confirmed the Group's exposure in various countries through inquiry with local and group management, audited management's process to assess the risk of tax payments in the different jurisdictions because of potential challenges to the tax returns or positions as well as the measurement and timing of recognition of the provision when applicable. We tested transactions with transfer pricing risks and risks of an adverse tax audit result for selected entities to check that an appropriate level of provision level representing the most likely outcome including related penalty and interest is recorded. With the support of our internal tax experts, we examined the documentation outlining the matters in dispute or at risk and the benchmarks relied upon for transfer pricing and used our knowledge of the tax law and other similar taxation matters to assess the available evidence, management's judgmental processes and the provisions. As disclosed in the notes to the consolidated financial statements, the calculations are subject to inherent uncertainty. In our view, the provisions are within a reasonable range of outcomes in the context of the uncertainty.

Inventory provisions

Key audit matter	*How our audit addressed the key audit matter*
Inventory provisions totalled € 812 million at 31 March 2019. The need for provisions pertaining to slow moving or identified for destruction finished goods is assessed centrally at the Maison level headquarters. Each Maison marketing and strategic functions classify their finished goods in product life cycle stages and a provision rate is determined for each stage based on both the selling out forecasts and the estimated recoverable value. Inventory provisions also include other provisions on finished goods (e.g. damage) and provisions on raw materials and work-in-progress. Each Maison has specific provision rules and computes independently their provision rates. Maison provision rules and final provision values are assessed for consistency and approved by Group management. Refer to note 4 – Critical accounting estimates and assumptions and note 15 – Inventories	We coordinated specific tailored work and reporting for each Maison's material provisions on finished goods at the Maison headquarters. The procedures consisted of checking the Maisons' policies were correctly and consistently applied, were compliant with the Group accounting policies and the respective provision balances were correctly reflected in the accounting records via central adjustment. We also assessed the appropriateness of key assumptions, which include the recoverable value after destruction and selling out assumptions. We also tested the appropriateness of other provisions on finished goods, raw materials and work in progress by testing the underlying supporting documents. We executed additional independent analytical reviews procedures at consolidated level and corroborated the results with management. We assessed the principles of the inventory provision rules and concluded that these were consistent between Maisons. Overall, we deem the provisions recorded for the risk of inventory valuation to be a reasonable estimate.

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and the remuneration report of Compagnie Financière Richemont SA and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements
The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law, ISAs and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Guillaume Nayet	Mario Berckmoes
Audit expert Auditor in charge	Audit expert

Geneva, 16 May 2019

Company financial statements

Compagnie Financière Richemont SA

Income statement

for the year ended 31 March

	Notes	2019 CHFm	2018 CHFm
Operating income			
Dividend income		**1 124.6**	824.1
		1 124.6	824.1
Operating expense			
General expenses	*3,4*	**14.5**	12.4
		14.5	12.4
Operating profit		**1 110.1**	811.7
Non-operating income/(expense)			
Financial income	*5*	**47.5**	16.7
Financial expenses	*5*	**(8.9)**	(17.7)
		38.6	(1.0)
Profit before taxes		**1 148.7**	810.7
Direct taxes		**(9.5)**	1.2
Net profit		**1 139.2**	809.5

Balance sheet

at 31 March

	Notes	2019 CHFm	2018 CHFm
Current assets			
Cash and cash equivalents		**682.0**	939.1
Other receivables		**0.3**	0.6
Taxation		**–**	2.0
Current accounts receivable from Group companies		**3 056.6**	2 724.4
		3 738.9	3 666.1
Long-term assets			
Long-term loans receivable from a Group company		**174.2**	166.8
Investments	*6*	**3 713.2**	3 713.2
		3 887.4	3 880.0
Total assets		**7 626.3**	7 546.1
Current liabilities			
Bank overdraft		**70.9**	65.9
Current accounts payable to Group companies		**3.9**	2.5
Taxation		**7.4**	–
Accounts payable and accrued expenses		**1.2**	0.9
		83.4	69.3
Shareholders' equity			
Share capital	*7*	**574.2**	574.2
Statutory legal reserve	*8*	**117.6**	117.6
Reserve for own shares	*9*	**766.2**	717.3
Retained earnings	*10*	**6 084.9**	6 067.7
		7 542.9	7 476.8
Total equity and liabilities		**7 626.3**	7 546.1

Compagnie Financière Richemont SA

Notes to the Company financial statements

at 31 March 2019

Note 1 – General

Compagnie Financière Richemont SA ('the Company') is a limited liability company (société anonyme) with registered office at 50 Chemin de la Chênaie, 1293 Bellevue, Geneva, Switzerland. The main activity of the Company is the holding of investments in the luxury goods sector. The Company employs fewer than ten full-time equivalent employees.

Basis of preparation of the financial statements

The financial statements represent the financial position of Compagnie Financière Richemont SA at 31 March 2019 and the results of its operations for the year then ended, prepared in accordance with Swiss law and the Company's Articles of Incorporation.

Note 2 – Significant accounting policies

Current accounts receivable from Group companies

Current accounts receivable from Group companies are stated at their nominal value. Impairment charges are calculated for these assets on an individual basis.

Investments

Investments in subsidiary companies are stated at cost less amounts written off for diminutions in value which are considered to be of a durable nature.

Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Swiss francs at year-end exchange rates, with the exception of investments in subsidiaries which are translated using historical exchange rates.

Foreign currency transactions are translated using the actual exchange rates prevailing during the year. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Note 3 – General expenses

General expenses include personnel costs of CHF 3.4 million (2018: CHF 3.9 million).

Note 4 – Board and executive compensation disclosures

Details of compensation required by the Swiss Code of Obligations, art. 663 and following, can be found in note 38 to the consolidated financial statements and in the Compensation Report.

Note 5 – Financial income/Financial expenses

Financial income includes CHF 7.4 million of exchange gains incurred on loans receivable from a Group company. In 2018, financial expenses included CHF 8.3 million of exchange losses incurred on loans receivable from a Group company, as well as a bridge financing fee of CHF 5.2 million paid to a third party in relation to the financing of a Group company.

Notes to the Company financial statements continued

Note 6 – Investments

Company	Domicile	Purpose	% capital/voting rights	2019 CHFm	2018 CHFm
Richemont Holdings AG	Switzerland	Investment holding company	100%	**770.7**	770.7
Richemont International Holding SA	Luxembourg	Investment holding company	100%	**2 324.0**	2 324.0
Richemont International SA	Switzerland	Operating company	100%	**387.4**	387.4
Richemont Luxury Group Ltd	Jersey	Investment holding company	100%	**231.0**	231.0
Richemont Securities SA	Switzerland	Depository/issuer of Richemont South African Depository Receipts	100%	**0.1**	0.1
				3 713.2	3 713.2

In addition, a list of significant direct and indirect subsidiaries can be found in note 42 to the consolidated financial statements.

Note 7 – Share capital

	2019 CHFm	2018 CHFm
522 000 000 'A' registered shares with a par value of CHF 1.00 each, fully paid	**522.0**	522.0
522 000 000 'B' registered shares with a par value of CHF 0.10 each, fully paid	**52.2**	52.2
	574.2	574.2

Note 8 – Statutory legal reserve

The legal reserve of CHF 117.6 million (2018: CHF 117.6 million) is not available for distribution.

Note 9 – Reserve for own shares

The reserve is created in respect of Richemont 'A' shares purchased by Richemont Employee Benefits Limited ('REBL'), a subsidiary company.

During the year REBL purchased 2 300 000 'A' shares in the open market (2018: 1 900 000 'A' shares were purchased).

During the year 278 994 'A' shares (2018: 142 462 'A' shares) were sold to executives under the Richemont share option plan by REBL and a further 2 287 112 'A' shares (2018: 1 478 322 'A' shares) were sold to a third party following the exercise of over-the-counter call options linked to the hedging programme.

At 31 March 2019, following these transactions, REBL held 9 375 810 Richemont 'A' shares (2018: 9 641 916) with a cost of CHF 766.2 million (2018: CHF 717.3 million). In terms of the reserve for own shares established in respect of purchased shares, a net amount of CHF 48.9 million has been transferred to the reserve (2018: CHF 94.7 million to the reserve) during the year.

During the year, share options were granted under the Richemont share option plan to certain executives resident in the United States, of which 94 850 were granted by the Company. Each option entitles the executive to purchase one Richemont 'A' share. These options have an exercise price of CHF 92, vest over periods of three to five years and expire on 30 June 2027.

In order to hedge the obligations in respect of these options, the Company has entered into an arrangement to purchase, from REBL, an equivalent number of call options on the same terms and conditions as those granted to executives.

Note 10 – Retained earnings

	2019 CHFm	2018 CHFm
Balance at 1 April	**6 067.7**	6 369.0
Dividend paid	**(1 073.1)**	(1 016.1)
Net transfer to reserve for own shares	**(48.9)**	(94.7)
Net profit	**1 139.2**	809.5
Balance at 31 March	**6 084.9**	6 067.7

Compagnie Financière Richemont SA

Notes to the Company financial statements continued

Note 11 – Commitments and contingencies

At 31 March 2019, the Company had issued guarantees in favour of Group companies for credit facilities up to a maximum of CHF 5 543.3 million (2018: CHF 5 863.4 million).

The directors believe that there are no other contingent liabilities.

Note 12 – Significant shareholders

Compagnie Financière Rupert

Compagnie Financière Rupert, a Swiss partnership limited by shares, holds 522 000 000 Richemont 'B' registered shares representing 9.1% of the equity of the Company and controlling 50% of the Company's voting rights. Mr Johann Rupert, Chairman of Richemont, is the sole General Managing Partner of Compagnie Financière Rupert. Mr Ruggero Magnoni and Anton Rupert, both non-executive directors of the Company, and Prof Juergen Schrempp, are partners of Compagnie Financière Rupert.

Compagnie Financière Rupert does not itself hold any Richemont 'A' shares. Parties associated with Mr Johann Rupert and Compagnie Financière Rupert held a further 2 836 664 'A' shares or 'A' share equivalents at 31 March 2019.

Other significant shareholders

Richemont Securities SA, a subsidiary of the Company, acts as depository in respect of Richemont South African Depository Receipts ('DRs'), which are traded on the Johannesburg Stock Exchange operated by JSE Limited. DRs trade in the ratio of ten DRs to each Richemont 'A' share. In its capacity as depository and on behalf of the holders of DRs, Richemont Securities SA is the registered holder of one 'A' share in safe custody for every ten DRs in issue. Richemont Securities SA's interest in Richemont 'A' shares is non-beneficial in nature.

All dividends attributable to the 'A' shares held in safe custody are remitted by Richemont Securities SA individually to holders of DRs. Richemont Securities SA, as registered holder of 'A' shares, votes those shares at general meetings of shareholders of the Company. DR holders may provide Richemont Securities SA with voting instructions as to their holdings of DRs and Richemont Securities SA may only vote on behalf of those DR holders from whom it has received such instructions.

At 31 March 2019, Richemont Securities SA held 85 577 407 Richemont 'A' shares (2018: 84 422 944 shares), representing some 16% (2018: 16%) of the 'A' shares, in safe custody in respect of DRs in issue.

Proposal of the Board of Directors for the appropriation of retained earnings

At 31 March 2019

	CHFm
Available retained earnings	
Balance at 1 April 2018	**6 067.7**
Dividend paid	**(1 073.1)**
Net transfer to reserve for own shares	**(48.9)**
Net profit	**1 139.2**
Balance at 31 March 2019	**6 084.9**

Proposed appropriation

The proposed ordinary dividend payable to Richemont shareholders will be CHF 2.00 per Richemont share. This is equivalent to CHF 2.00 per 'A' registered share in the Company and CHF 0.20 per 'B' registered share in the Company. It will be payable to Richemont shareholders on 20 September 2019, free of charges but subject to Swiss withholding tax at 35%, at the banks designated as paying agents.

The available retained earnings remaining after deduction of the dividend amount will be carried forward to the following business year.

The Board of Directors
Geneva, 16 May 2019

Report of the statutory auditor

to the General Meeting of Compagnie Financière Richemont SA

Bellevue, Switzerland

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Compagnie Financière Richemont SA, which comprise the balance sheet as at 31 March 2019, income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 138 to 142) as at 31 March 2019 comply with Swiss law and the company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall materiality: CHF 38 million

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

We have determined that there are no key audit matters to communicate in our report.

Audit scope
We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality
The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall materiality	CHF 38 million
How we determined it	0.5% of total assets, rounded
Rationale for the materiality benchmark applied	We chose total assets as the benchmark to determine our overall audit materiality, because, in our view, this metric is the most relevant factor when assessing a holding company which has limited operating activities and which holds mainly investments in subsidiaries and intra-group loans.

We agreed with the Audit Committee that we would report to them misstatements above CHF 3.8 million identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority
We have determined that there are no key audit matters to communicate in our report.

Responsibilities of the Board of Directors for the financial statements
The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Guillaume Nayet

Audit expert
Auditor in charge

Mario Berckmoes

Audit expert

Geneva, 16 May 2019

Five year record

Summary income statement	2015 €m	2016 €m	2017 €m	2018 re-presented* €m	2019 €m
Continuing operations					
Sales	10 410	11 076	10 647	11 013	**13 989**
Cost of sales	(3 534)	(3 958)	(3 848)	(3 829)	**(5 344)**
Gross profit	6 876	7 118	6 799	7 184	**8 645**
Net operating expenses	(4 206)	(5 057)	(5 035)	(5 340)	**(6 702)**
Operating profit	2 670	2 061	1 764	1 844	**1 943**
Net finance (costs)/income	(953)	2	(160)	(150)	**(183)**
Share of post-tax results of equity-accounted investments	(12)	(5)	(34)	(41)	**1 408**
Profit before taxation	1 705	2 058	1 570	1 653	**3 168**
Taxation	(369)	(370)	(360)	(432)	**(381)**
Profit from continuing operations	1 336	1 688	1 210	1 221	**2 787**
Profit/(loss) from discontinued operations	(2)	539	–	–	**–**
Profit for the year	1 334	2 227	1 210	1 221	**2 787**
Gross profit margin	66.1%	64.3%	63.9%	65.2%	**61.8%**
Operating profit margin	25.6%	18.6%	16.6%	16.7%	**13.9%**
Sales by business area					
Jewellery Maisons	5 657	6 048	5 927	6 452	**7 083**
Specialist Watchmakers	3 123	3 225	2 879	2 714	**2 980**
Online Distributors	–	–	–	–	**2 105**
Other	1 630	1 803	1 841	1 847	**1 881**
Eliminations	–	–	–	–	**(60)**
	10 410	11 076	10 647	11 013	**13 989**
Sales by geographic region					
Europe	3 067	3 388	3 068	3 019	**4 118**
Middle East and Africa	841	975	885	856	**929**
Asia Pacific	4 100	3 937	3 903	4 352	**5 243**
Americas	1 588	1 745	1 781	1 806	**2 551**
Japan	814	1 031	1 010	980	**1 148**
	10 410	11 076	10 647	11 013	**13 989**
Sales by distribution channel					
Retail	5 436	6 142	6 389	6 758	**7 320**
Online retail	–	–	–	156	**2 262**
Wholesale	4 974	4 934	4 258	4 065	**4 368**
Royalty income	–	–	–	34	**39**
	10 410	11 076	10 647	11 013	**13 989**
Sales by product line					
Watches	5 168	5 098	4 340	4 368	**4 930**
Jewellery	3 325	3 881	4 160	4 537	**5 061**
Leather goods	610	698	779	780	**1 402**
Writing instruments	361	382	396	394	**414**
Clothing and other	946	1 017	972	934	**2 182**
	10 410	11 076	10 647	11 013	**13 989**

* 2018 was re-presented to include royalty income received within total sales.

Operating results from continuing operations	2015 €m	2016 €m	2017 €m	2018 €m	2019 €m
Jewellery Maisons	1 975	1 892	1 682	1 926	**2 229**
Specialist Watchmakers	730	520	226	262	**378**
Online Distributors	–	–	–	–	**(264)**
Other	170	(94)	110	(65)	**(100)**
Operating contribution	2 875	2 318	2 018	2 123	**2 243**
Elimination of internal transactions	–	–	–	–	**2**
Unallocated corporate costs	(205)	(257)	(254)	(279)	**(302)**
Operating profit from continuing operations	2 670	2 061	1 764	1 844	**1 943**

Free cash flow					
Operating profit from continuing operations	2 670	2 061	1 764	1 844	**1 943**
Operating profit/(loss) from discontinued operations	1	(91)	–	–	**–**
Depreciation, amortisation and other non-cash items	294	620	161	645	**918**
Increase in working capital	(578)	(171)	(29)	234	**(530)**
Other operating activities	(23)	(9)	11	7	**1**
Taxation paid	(660)	(446)	(288)	(346)	**(306)**
Net acquisition of non-current assets	(186)	(719)	(592)	(1 294)	**(880)**
Free cash flow	1 518	1 245	1 027	1 090	**1 146**

Per share information (IFRS)	2015	2016	2017	2018	2019
Diluted earnings per share					
– from continuing operations	€ 2.359	€ 2.983	€ 2.141	€ 2.158	**€ 4.927**
– from discontinued operations	€ (0.003)	€ 0.952	–	–	**–**
	€ 2.356	€ 3.935	€ 2.141	€ 2.158	**€ 4.927**

	2015	2016	2017	2018	2019
Ordinary dividend per share	CHF 1.60	CHF 1.70	CHF 1.80	CHF 1.90	**CHF 2.00**
Closing market price:					
Highest price	CHF 94.35	CHF 86.85	CHF 79.20	CHF 92.25	**CHF 99.02**
Lowest price	CHF 69.90	CHF 60.75	CHF 53.50	CHF 77.50	**CHF 60.92**

Exchange rates	2015	2016	2017	2018	2019
Average rates					
€ : CHF	1.1777	1.0733	1.0830	1.1354	**1.1463**
€ : CNY	7.8584	7.0200	7.3774	7.7446	**7.7654**
€ : JPY	138.75	132.50	118.75	129.66	**128.34**
€ : US$	1.2688	1.1040	1.0971	1.1705	**1.1578**

Average number of employees	2015	2016	2017	2018	2019
Switzerland	8 732	8 664	8 270	8 214	**8 434**
Rest of the world	19 592	20 146	20 310	20 526	**27 206**
	28 324	28 810	28 580	28 740	**35 640**

Statutory information

Compagnie Financière Richemont SA

Registered office

50 chemin de la Chênaie
CP 30, 1293 Bellevue
Geneva
Switzerland
Tel: +41 22 721 3500
Internet: www.richemont.com

Registrar

Computershare Schweiz AG
P.O. Box, 4601 Olten
Switzerland
Tel: +41 62 205 7700
Email: share.register@computershare.com

Auditor

PricewaterhouseCoopers SA
50 avenue Giuseppe-Motta
1202 Geneva
Switzerland

Secretariat contact

Swen Grundmann
Company Secretary

Tel: +41 22 721 3500
Email: secretariat@cfrinfo.net

Investor/analyst and media contacts

Sophie Cagnard
Group Corporate Communications Director

James Fraser
Investor Relations Executive

Tel: +41 22 721 3003 (investor relations)
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Email: pressoffice@cfrinfo.net

‘A’ shares issued by Compagnie Financière Richemont SA are listed and traded on the 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.

Personal data processing
Shareholders are informed that the Company, as controller, processes the personal data of the shareholders and proxyholders (name, address, contact details, number of shares held, voting instructions) in the context of the meeting in accordance with applicable data protection laws. The Company processes such personal data in order to comply with the legal obligation of holding such meeting. Such personal data will be used for the purposes of analysing and administering the attendance and voting process in connection with the meeting, as set out in this convening notice, and will be transferred to third parties assisting in the administration of the voting process. You have the right to ask for access to any information that we hold about you and to correct any inaccuracies. For further details on how we process your information and for details of who you can contact for further information or to exercise your rights, please refer to the Privacy Policy found at www.richemont.com.

Notice of meeting*

The Annual General Meeting ('AGM') of shareholders of Compagnie Financière Richemont SA (the 'Company') will be held at 10.00 a.m. at the Four Seasons Hotel des Bergues, 33 Quai des Bergues, 1201 Geneva, Switzerland on Wednesday, 11 September 2019.

Agenda

1. **Annual Report**

2. **Appropriation of profits**

3. **Release of the Board of Directors and the Members of the Senior Executive Committee**

4. **Election of the Board of Directors and its Chairman**

5. **Election of the Compensation Committee**

6. **Re-election of the Auditor**

7. **Election of the Independent Representative**

8. **Votes on the aggregate amounts of the compensation of the Board of Directors and the Executive Management**
   8.1 Approval of the maximum aggregate amount of compensation of the members of the Board of Directors
   8.2 Approval of the maximum aggregate amount of fixed compensation of the members of the Senior Executive Committee
   8.3 Approval of the maximum aggregate amount of variable compensation of the members of the Senior Executive Committee

* This is a draft notice. The official notice convening the AGM will be published in the Swiss Gazette and will be distributed in accordance with Swiss law and may differ from this notice in respect to the definitive proposals.

The financial statements of the Group and of the Company, the directors' report, the compensation report and the related reports of the auditor for the year ended 31 March 2019, which are all contained in the Richemont Annual Report and Accounts 2019, will be available for inspection at the registered office of the Company from 17 July 2019 onwards. Printed versions of all such documents will be sent to shareholders upon request. The Richemont Annual Report and Accounts 2019 is also available on the Company's website at www.richemont.com/investor-relations/reports

Shareholders entered in the share register, with the right to vote, by Monday 2 September 2019 at 5.00 pm, are entitled to participate in the Annual General Meeting. Shareholders registered by that date will receive their admission cards (by priority mail) on request using the reply form enclosed with the invitation. The reply form or a corresponding notification must reach either the Company's registrar, Computershare Schweiz AG ('Computershare'), Baslerstrasse 90, P.O. Box, 4601 Olten, or the independent representative of the shareholders, not later than Friday 6 September 2019. Reply forms or notifications arriving after that date will not be taken into consideration.

Shareholders may either represent their shares themselves or have them represented, either by a third party, whether or not a shareholder, if the latter is given a written proxy or by the independent representative of the shareholders, the firm, Etude Gampert & Demierre, Notaires, 19 rue Général-Dufour, case postale 5326, 1211 Geneva 11, Switzerland.

Compagnie Financière Richemont SA provides the possibility to vote online. Shareholders may digitally despatch their voting instructions to the independent representative using Computershare's eComm-Portal. Personal log-in keys and detailed instructions regarding the portal will be sent with the invitations to the AGM.

The meeting will be held in English with a simultaneous translation into French.

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For the Board of Directors:

Johann Rupert
Chairman

Burkhart Grund
Chief Finance Officer

Notes

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