

# RICHEMONT

## COMPANY ANNOUNCEMENT

11 JANUARY 2019

### TRADING UPDATE FOR THE THIRD QUARTER ENDED 31 DECEMBER 2018

#### Financial highlights

- YOOX NET-A-PORTER GROUP (YNAP) and Watchfinder.co.uk (Watchfinder) consolidated in the Group's accounts since 1 May and 1 June 2018, respectively
- Sales in the quarter increased by 25% at actual exchange rates and by 24% at constant exchange rates compared to the prior year period
- Excluding YNAP and Watchfinder, sales rose by 6% at actual exchange rates and by 5% at constant exchange rates
  - Growth in most regions, with a double digit increase in mainland China compensating decreases in the Middle East and Europe
  - Increases across all distribution channels and most business areas

	<b>October- December 2018</b>	October- December 2017*	Change at constant exchange rates versus prior period (%)	Change at actual exchange rates versus prior period (%)
	€m	€m		
<b>Sales by region</b>				
Europe	<b>1 147</b>	854	+35%	+34%
Asia Pacific	<b>1 389</b>	1 182	+17%	+17%
Americas	<b>801</b>	561	+41%	+43%
Japan	<b>344</b>	294	+14%	+17%
Middle East and Africa	<b>234</b>	236	-3%	–
<b>Sales by distribution channel</b>				
Retail	<b>2 049</b>	1 924	+6%	+7%
Online retail	<b>694</b>	59	–	–
Wholesale	<b>1 172</b>	1 144	+1%	+2%
<b>Sales by business area</b>				
Jewellery Maisons	<b>1 985</b>	1 829	+8%	+9%
Specialist Watchmakers	<b>790</b>	781	–	+1%
Online Distributors	<b>638</b>	–	–	–
Other	<b>525</b>	517	+1%	+1%
Inter-segment eliminations	<b>-23</b>	–	–	–
<b>Total Sales</b>	<b>3 915</b>	3 127	+24%	+25%

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

#### COMPAGNIE FINANCIERE RICHEMONT SA

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## **Review of trading in the three month period ended 31 December 2018 at constant exchange rates versus the prior year period**

With the consolidation of YNAP and Watchfinder regrouped for the first time under the newly created Online Distributors business area, Group sales grew by 24%.

YNAP posted double digit growth across all regions with solid performances across all its business lines. Watchfinder's sales expanded more moderately.

In order to provide meaningful comparisons to the prior year period, the comments below relate to current period sales excluding YNAP and Watchfinder.

Sales grew in all regions, with the exception of the Middle East and Europe. During the latter part of the quarter, sales in Europe were affected by social unrest in France which negatively impacted tourism and led to store closures for six consecutive Saturdays. The disposal of Lancel in June 2018 also weighed on the year-on-year comparison. A 10% increase in sales in Asia Pacific reflected double digit sales growth in mainland China and good increases in other main markets. Sales growth in Hong Kong slowed, primarily due to the strength of the Hong Kong dollar versus the renminbi that resulted in lower tourist spending. Sales in the Americas rose by 9%, benefitting from good performance by the Jewellery Maisons and the Other business area. In Japan, a 7% expansion in sales was driven by continued domestic and tourist spending as well as the impact of newly opened directly operated boutiques. Unfavourable currency movements and a strong basis of comparison weighed on sales in the Middle East and Africa, which decreased by 13% over the period.

The retail channel posted a 5% increase in sales, with growth slowing in December due to the above mentioned temporary store closures in France and a strong comparative base for high jewellery. The wholesale channel registered a 1% growth in sales, reflecting ongoing cautious watch inventory management and distribution optimisation initiatives.

The 8% sales progression at Cartier and Van Cleef & Arpels was driven by jewellery and watches. Specialist Watchmakers' sales were in line with the prior year period, with lower wholesale sales offset by higher sales in the Specialist Watchmakers' directly operated boutiques. The 1% sales increase in the Group's other businesses included the impact of the disposal of Lancel. Excluding this impact, sales rose by a mid-single digit rate.

The Group's net cash position at 31 December 2018 amounted to € 2.3 billion (2017: € 5.1 billion) with a gross cash position at € 6.6 billion following the € 4.0 billion corporate bond issued in March 2018.

## **Trading in the nine month period ended 31 December 2018**

Sales over the nine month period to December increased by 23% at actual exchange rates and by 24% at constant exchange rates, broadly in line with the positive trend seen in the first six months of the financial year. They are presented in Appendix 1a. Excluding YNAP and Watchfinder, sales for the nine month period rose by 6% at actual exchange rates and by 7% at constant exchange rates.

## Corporate calendar

The Group's results for the current financial year will be announced on Friday, 17 May 2019, and its annual general meeting will be held on Wednesday, 11 September 2019 in Geneva.

## About Richemont

Richemont owns a portfolio of leading international 'Maisons' which are recognised for their distinctive heritage, craftsmanship and creativity. The Group operates in four business areas: Jewellery Maisons, being Cartier and Van Cleef & Arpels; Specialist Watchmakers, being A. Lange & Söhne, Baume & Mercier, IWC Schaffhausen, Jaeger-LeCoultre, Officine Panerai, Piaget, Roger Dubuis and Vacheron Constantin; Online Distributors, being YOOX NET-A-PORTER GROUP and Watchfinder; and Other, including Alfred Dunhill, Azzedine Alaïa, Chloé, Montblanc and Peter Millar.

For the financial year ended 31 March 2018, Richemont reported sales of € 10 979 million, operating profit of € 1 844 million and profit for the year of € 1 221 million.

Richemont 'A' shares are listed on the SIX Swiss Exchange, Richemont's primary listing, and are included in the Swiss Market Index ('SMI') of leading stocks. Richemont South African Depository Receipts are listed in Johannesburg, Richemont's secondary listing.

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## Disclaimer

The financial information contained in this announcement is unaudited.

This document contains forward-looking statements as that term is defined in the United States Private Securities Litigation Reform Act of 1995. Such forward-looking statements are not guarantees of future performance. Richemont's forward-looking statements are based on management's current expectations and assumptions regarding the Company's business and

performance, the economy and other future conditions and forecasts of future events, circumstances and results.

As with any projection or forecast, forward-looking statements are inherently susceptible to uncertainty and changes in circumstances. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are outside the Group's control. Richemont does not undertake to update, nor does it have any obligation to provide updates of or to revise, any forward-looking statements.

## Appendix 1a: Sales for the nine months ended 31 December 2018

	April-December 2018 €m	April-December 2017* €m	Change at constant exchange rates versus prior period (%)	Change at actual exchange rates versus prior period (%)
<b>Sales by region</b>				
Europe	<b>3 218</b>	2 491	+30%	+29%
Asia Pacific	<b>3 937</b>	3 357	+19%	+17%
Americas	<b>2 014</b>	1 452	+41%	+39%
Japan	<b>878</b>	773	+14%	+14%
Middle East and Africa	<b>676</b>	674	+2%	–
<b>Sales by distribution channel</b>				
Retail	<b>5 606</b>	5 153	+10%	+9%
Online retail	<b>1 653</b>	123	–	–
Wholesale	<b>3 464</b>	3 471	+1%	–
<b>Sales by business area</b>				
Jewellery Maisons	<b>5 439</b>	4 993	+10%	+9%
Specialist Watchmakers	<b>2 340</b>	2 308	+3%	+1%
Online Distributors	<b>1 531</b>	–	–	–
Other	<b>1 460</b>	1 446	+2%	+1%
Inter-segment eliminations	<b>-47</b>	–	–	–
<b>Total Sales</b>	<b>10 723</b>	8 747	+24%	+23%

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

## Appendix 1b: Foreign exchange rates

Average exchange rates against the euro	April-December 2018	April-December 2017
United States dollar	<b>1.17</b>	1.15
Japanese yen	<b>129</b>	129
Swiss franc	<b>1.15</b>	1.13
Renminbi	<b>7.80</b>	7.72

Actual exchange rates for the period are calculated using the average daily closing rates against the euro.

In terms of sales at constant exchange rates, average exchange rates for the year ended 31 March 2018 are used to convert local currency sales into euros for the current three month period, the current nine month period and comparative figures. Exchange rate translation effects are thereby eliminated from the reported sales performance.