Operations

“BEAUTY LIES IN THE DETAILS OF THE GRANDEST STRUCTURES, AND THE FINEST.”

CREATED: CREATORS OF SHAPE, WEARS THE VACHERON CONSTANTIN TRADITIONNELLE.

VACHERON CONSTANTIN GENEVA

ONE OF NOT MANY.
Sales increased by 4%

- Covid-19 impact in Q4
- Good performance at Jewellery Maisons and slight decline at Specialist Watchmakers; double digit growth at Online Distributors
- Double digit increase in online retail; mid-single digit increase in retail
- Varied performance across main markets
- Sales decreased by 6%
  - Severe impact of Covid-19 in Q4
  - Lower sales in all business areas, except for Online Distributors
  - Marked increase in online retail; decreases in retail and wholesale
  - Significant decline in Hong Kong; double digit growth in China and Korea
FY20 SALES - AMERICAS

› **Sales increased by 6%**
  - Growth at Jewellery and Fashion & Accessories Maisons as well as Online Distributors
  - Decline in wholesale; progression in retail and online retail
Sales slightly down
- Covid-19 impact in Q4
- Good growth at the Specialist Watchmakers
- Increases in wholesale and online retail channels

Q3 YTD Q4 FY20 Impact of Online Distributors Group Maisons

Asia Pacific 30%
Europe 20%
Americas 35%
Japan 8%
Middle East and Africa 7%
Sales declined by 3%

- Covid-19 impact in Q4
- Strong increase at Online Distributors
- Stable retail, strong growth in online retail; more than offset by lower wholesale sales
FY20 SALES BY DISTRIBUTION CHANNEL

› Retail decreased by 2%
  ▪ Jewellery Maisons broadly in line; decline at Specialist Watchmakers and Fashion & Accessories Maisons
  ▪ Growth in Europe and the Americas, decline in Asia Pacific
  ▪ Stores closures during Q4

› Online retail posted strong double digit growth

› Wholesale declined by 5%
  ▪ Covid-19 impact in Q4
  ▪ Growth in Japan, declines in other regions
  ▪ Lower sales in all business areas

* Includes royalty income
FY20 SALES BY PRODUCT LINE

- **Jewellery** sales stable
- **Lower watch** sales – compounded impact of unrest in Hong Kong and Covid-19
- Slight decline in **leather goods**
- Double digit growth in **clothing**

<table>
<thead>
<tr>
<th>12 months</th>
<th>FY20</th>
<th>Constant rates</th>
<th>Actual rates</th>
<th>FY20</th>
<th>Constant rates</th>
<th>Actual rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jewellery</td>
<td>5 205</td>
<td>0%</td>
<td>+3%</td>
<td>5 150</td>
<td>0%</td>
<td>+3%</td>
</tr>
<tr>
<td>Watches</td>
<td>4 816</td>
<td>-4%</td>
<td>-2%</td>
<td>4 670</td>
<td>-5%</td>
<td>-3%</td>
</tr>
<tr>
<td>Clothing</td>
<td>1 792</td>
<td>+12%</td>
<td>+15%</td>
<td>474</td>
<td>+3%</td>
<td>+7%</td>
</tr>
<tr>
<td>Leather goods and accessories</td>
<td>1 415</td>
<td>-1%</td>
<td>+1%</td>
<td>705</td>
<td>-10%</td>
<td>-8%</td>
</tr>
<tr>
<td>Writing instruments</td>
<td>383</td>
<td>-9%</td>
<td>-7%</td>
<td>383</td>
<td>-9%</td>
<td>-7%</td>
</tr>
<tr>
<td>Other</td>
<td>627</td>
<td>-2%</td>
<td>0%</td>
<td>482</td>
<td>-5%</td>
<td>-2%</td>
</tr>
<tr>
<td><strong>Total sales</strong></td>
<td>14 238</td>
<td>0%</td>
<td>+2%</td>
<td>11 864</td>
<td>-3%</td>
<td>-1%</td>
</tr>
</tbody>
</table>
FY20 PERFORMANCE – JEWELLERY MAISONS

Sales rose by 2%

- Covid-19 impact
- Regional growth led by Europe, the Americas and Japan
- Higher retail sales; strong growth in online retail

Operating margin declined by 270bps

- Lower sales in Q4, higher gold prices, Buccellati
- Investments in retail renovations and communication, event cancellation fees

<table>
<thead>
<tr>
<th>12 months</th>
<th>€m</th>
<th>FY20</th>
<th>FY19</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td></td>
<td>7 217</td>
<td>7 083</td>
<td>+2%</td>
</tr>
<tr>
<td>Operating results</td>
<td></td>
<td>2 077</td>
<td>2 229</td>
<td>-7%</td>
</tr>
<tr>
<td>Operating margin</td>
<td></td>
<td>28.8%</td>
<td>31.5%</td>
<td>-270bps</td>
</tr>
</tbody>
</table>
Moderate growth in jewellery

- Notable performance from jewellery icons: *Juste un Clou* at Cartier and *Alhambra* at Van Cleef & Arpels; successful launch of *Clash de Cartier*
- Good contribution from Buccellati since acquisition
- In watches, strong performance of *Panthere* and *Santos* at Cartier and *Alhambra* at Van Cleef & Arpels

Retail partly benefited from store upgrades and Buccellati integration

Online retail strong

Wholesale impacted by Hong Kong and Covid-19
FY20 PERFORMANCE – SPECIALIST WATCHMAKERS

- **Sales lower by 4%**
  - Covid-19 impact
  - Growth in Japan and the Americas
  - Decline in retail and wholesale; increase in online retail

- **Operating margin adversely impacted by**
  - Lower sales
  - Higher gold prices, strong Swiss franc

<table>
<thead>
<tr>
<th>12 months</th>
<th>€m</th>
<th>FY20</th>
<th>FY19*</th>
<th>Change</th>
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</thead>
<tbody>
<tr>
<td>Sales</td>
<td></td>
<td>2,859</td>
<td>2,980</td>
<td>-4%</td>
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<tr>
<td>Operating results</td>
<td></td>
<td>304</td>
<td>381</td>
<td>-20%</td>
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<tr>
<td>Operating margin</td>
<td></td>
<td>10.6%</td>
<td>12.8%</td>
<td>-220bps</td>
</tr>
</tbody>
</table>

* Prior year comparatives have been restated to exclude valuation adjustments on acquisitions from segment results
FY20 HIGHLIGHTS - SPECIALIST WATCHMAKERS

› **Decline across most Maisons**
  - Notable growth at A. Lange & Söhne and Panerai
  - Good response to launch of Odysseus and Lange 1 anniversary editions at A. Lange & Söhne, and Submersible Carbotech at Panerai

› Markedly lower **retail** sales in Asia Pacific, notably in Hong Kong

› Continued expansion of **Online retail**

› Lower **wholesale** sales mainly due to Covid-19 and social unrest in key markets
FY20 PERFORMANCE – ONLINE DISTRIBUTORS

› **Sales growth of 15%**
  - Prior year includes 11 months for YOOX NET-A-PORTER GROUP and 10 months for Watchfinder & Co.
  - Strong growth across most regions

› **Operating margin impacted by**
  - Competitive pricing environment
  - Increased communications spending; continued investments in IT
  - Extraordinary events - storm affecting Landriano site and Covid-19
  - International expansion at Watchfinder & Co.

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<tr>
<th>12 months</th>
<th>FY20</th>
<th>FY19*</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>€m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>2,427</td>
<td>2,105</td>
<td>+15%</td>
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<tr>
<td>Operating results</td>
<td>-241</td>
<td>-99</td>
<td>-143%</td>
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<tr>
<td>Operating margin</td>
<td>-9.9%</td>
<td>-4.7%</td>
<td>-520bps</td>
</tr>
</tbody>
</table>

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FY20 HIGHLIGHTS - ONLINE DISTRIBUTORS

› YOOX NET-A-PORTER GROUP

- 600 brands and 300 exclusive capsules launched
- Replatforming of MR PORTER completed
- NET-A-PORTER Tmall Luxury Pavilion now features more than 165 brands
- Digital initiatives utilising AI to enhance client experience
- New sustainability programmes, including “The Modern Artisan Project”

› Watchfinder & Co.

- Strong growth
- Expansion into France, Switzerland, Germany, USA and Hong Kong
FY20 PERFORMANCE – OTHER

» **Sales reduction of 5%**
  - Covid-19 impact
  - Growth in the Americas more than offset by declines in other regions
  - Lower retail and wholesale sales, growth in online retail

» **Operating results down by €46m reflected**
  - Lower sales
  - €45m impairment charge

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<tr>
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<th>FY20</th>
<th>FY19*</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1 788</td>
<td>1 881</td>
<td></td>
<td>-5%</td>
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<tr>
<td>Operating results</td>
<td>-141</td>
<td>-95</td>
<td></td>
<td>-48%</td>
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<tr>
<td>Operating margin</td>
<td>-7.9%</td>
<td>-5.1%</td>
<td></td>
<td>-280bps</td>
</tr>
</tbody>
</table>

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FY20 HIGHLIGHTS - FASHION & ACCESSORIES

› **Contrasting results across Maisons**
  - Continued outperformance at Peter Millar
  - Growth in the Americas at Montblanc; declines in all other regions
  - Good response to tech products and new categories at Montblanc

› **Retail** sales down; good resilience at Montblanc and dunhill

› **Online retail** acceleration

› Overall, decline in **wholesale** sales; good growth in the Americas