

# RICHEMONT

## COMPANY ANNOUNCEMENT

11 January 2018

### TRADING UPDATE FOR THE THIRD QUARTER ENDED 31 DECEMBER 2017

#### Financial highlights

- Sales in the quarter increased by 7% at constant exchange rates and by 1% at actual rates compared to the prior year period
- Most regions grew at constant exchange rates, with sustained double digit growth in Asia Pacific
- Continued double digit increase in retail sales driven by the Jewellery Maisons and Specialist Watchmakers; moderate decline in wholesale sales
- Strong performance from the Jewellery Maisons

	October- December 2017 €m	October- December 2016 €m	Change at constant exchange rates versus prior period (%)	Change at actual exchange rates versus prior period (%)
<b>Sales by region</b>				
Europe	846	861	-1%	-2%
Asia Pacific	1 182	1 130	+11%	+5%
Americas	561	559	+8%	+0%
Japan	294	313	+5%	-6%
Middle East and Africa	236	230	+11%	+3%
<b>Sales by distribution channel</b>				
Retail	1 983	1 858	+13%	+7%
Wholesale	1 136	1 235	-3%	-8%
<b>Sales by segment</b>				
Jewellery Maisons	1 829	1 746	+11%	+5%
Specialist Watchmakers	781	813	+1%	-4%
Other	509	534	+0%	-5%
<b>Total Sales</b>	<b>3 119</b>	<b>3 093</b>	<b>+7%</b>	<b>+1%</b>

## **Review of trading in the three-month period ended 31 December 2017 at constant exchange rates**

In Europe, the strength of the euro and challenging comparatives in the United Kingdom weighed on sales, which declined by 1%.

Double digit growth in Asia Pacific was driven by mainland China, Korea, Hong Kong and Macau. The performances of the Jewellery Maisons and Specialist Watchmakers were particularly noteworthy in this region.

The 8% growth in the Americas region reflected good performance from the Jewellery Maisons.

The 5% increase in sales in Japan was supported by strong growth from the Specialist Watchmakers and a favourable currency environment.

Sales in the Middle East and Africa rose by 11%, benefitting from favourable currencies, the internalisation of external points of sales and the anticipated introduction of a value added tax in the UAE.

Retail sales maintained strong momentum, recording double digit growth of 13%, underpinned by solid performances from the Jewellery Maisons and Specialist Watchmakers. Wholesale sales decreased by 3%, reflecting qualitative upgrades to our external distribution network and the monitoring of inventory at our multi-brand retail partners. Growth in Asia Pacific in the wholesale channel was offset by declines in other regions.

The Jewellery Maisons delivered the strongest sales progression, with an 11% increase reflecting strength in the retail channel.

The Specialist Watchmakers' performance, at +1%, was subdued, reflecting the continued monitoring of sell-in versus sell-out in the wholesale channel. Wholesale sales declined, partly offsetting double digit growth in retail.

The Other businesses posted stable sales with growth notably from Montblanc, Chloé and Lancel. Excluding the impact of the sale of Shanghai Tang, the Other businesses would have recorded moderate growth.

The Group's net cash position at 31 December 2017 amounted to € 5.1 billion (2016: € 5.2 billion).

## **Trading in the nine-month period ended 31 December 2017**

Sales over the nine-month period to December increased by 10% at constant exchange rates and by 7% at actual exchange rates, continuing the positive trend seen in the first six months of the financial year. They are presented in Appendix 1a.

## **Corporate calendar**

The Group's results for the current financial year will be announced on Friday, 18 May 2018, and its annual general meeting will be held on Monday, 10 September 2018 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 three segments: Jewellery Maisons, being Cartier, Van Cleef & Arpels and Giampiero Bodino; Specialist Watchmakers, being A. Lange & Söhne, Baume & Mercier, IWC Schaffhausen, Jaeger-LeCoultre, Officine Panerai, Piaget, Roger Dubuis and Vacheron Constantin as well as the Ralph Lauren Watch and Jewelry joint venture; and Other, including Alfred Dunhill, Azzedine Alaïa, Chloé, Lancel, Montblanc and Peter Millar as well as watch component manufacturing activities.

In addition, Richemont holds a 49% equity-accounted interest in the YOOX NET-A-PORTER GROUP, a publicly traded company.

For the financial year ended 31 March 2017, Richemont reported sales of € 10 647 million, operating profit of € 1 764 million and profit for the year of € 1 210 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.

## Investor and Media contacts

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## Disclaimer

The financial information contained in this announcement is unaudited.

## Appendix 1a: Sales for the nine months ended 31 December 2017

	April- December 2017 €m	April- December 2016 €m	Change at constant exchange rates versus prior period (%)	Change at actual exchange rates versus prior period (%)
<b>Sales by region</b>				
Europe	2 469	2 449	+2%	+1%
Asia Pacific	3 357	2 899	+20%	+16%
Americas	1 451	1 379	+9%	+5%
Japan	773	790	+6%	-2%
Middle East and Africa	674	662	+5%	+2%
<b>Sales by distribution channel</b>				
Retail	5 276	4 830	+13%	+9%
Wholesale	3 448	3 349	+6%	+3%
<b>Sales by segment</b>				
Jewellery Maisons	4 992	4 501	+15%	+11%
Specialist Watchmakers	2 308	2 258	+5%	+2%
Other	1 424	1 420	+3%	+0%
<b>Total Sales</b>	<b>8 724</b>	<b>8 179</b>	<b>+10%</b>	<b>+7%</b>

## Appendix 1b: Foreign exchange rates

Average exchange rates against the euro	April- December 2017	April- December 2016
United States dollar	1.15	1.11
Japanese yen	129	118
Swiss franc	1.13	1.09

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 2017 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.