

RICHEMONT

COMPANY ANNOUNCEMENT

16 May 2013

Richemont, the Swiss luxury goods group, announces its audited consolidated results for the year ended 31 March 2013 and cash dividend declaration

Financial highlights

- Sales increased by 14 % to € 10 150 million and by 9 % on a constant currency basis
- Solid growth across segments, regions and channels
- Operating profit increased by 18 % to € 2 426 million
- Operating margin gained 80 basis points to reach 23.9 %
- Profit for the year rose by 30 % to € 2 005 million
- Cash flow from operations of € 1 944 million
- Proposed dividend of CHF 1.00 per share

Key financial data (audited)

year ended 31 March

In euros, unless otherwise indicated

2013

2012 *

Change

Sales	€ 10 150 m	€ 8 868 m	+ 14 %
Gross profit	€ 6 519 m	€ 5 651 m	+ 15 %
Gross margin	64.2 %	63.7 %	+ 50 bps
Operating profit	€ 2 426 m	€ 2 048 m	+ 18 %
Operating margin	23.9 %	23.1 %	+ 80 bps
Profit for the year	€ 2 005 m	€ 1 540 m	+ 30 %
Earnings per share, diluted basis	€ 3.595	€ 2.756	+ 30 %

Cash flow generated from operations	€ 1 944 m	€ 1 798 m	+ € 146 m
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Net cash position	€ 3 215 m	€ 3 182 m	+ € 33 m
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* re-presented for changes in accounting policies. See note 37 of the consolidated financial statements.

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. Actual results may differ materially from the forward-looking statements as a result of a number of risk 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.

Chairman's commentary

Results

We are pleased to report that Richemont has achieved solid sales growth across all segments, geographic regions and channels during the year.

The Jewellery Maisons and the Specialist Watchmakers have reported remarkable growth in sales and profits, despite the continuing strength of the Swiss franc and historically high cost of precious metals and stones. Among our other Maisons, Net-a-Porter continues to enjoy sales growth above the Group average. Montblanc and the Fashion and Accessories Maisons grew in the mid-single digits, reflecting challenging conditions in their major markets.

The Group's operating profit was 18 % higher than the prior year. The net profit increase of 30 % was largely achieved due to the non-recurrence of non-cash charges related to the strengthening of the Swiss franc in the previous year.

These performances reflect the commitment and efforts of all our colleagues, the strength of our Maisons and the efficiencies provided by the Group's shared service platforms.

Dividend

Based upon the good results for the year, the Board has proposed a dividend of CHF 1.00 per share.

Outlook

Despite the slowdown in the Asia Pacific region and continuing uncertainty in the world economy, sales in the month of April were 12 % above the comparative period and 13 % at constant exchange rates. However, one month of sales should not necessarily be taken as an indication of the year as a whole.

The enduring appeal of our Maisons and their growth potential lead us to look forward to the future with a degree of optimism. Therefore our investments will continue to focus on the differentiation of our Maisons, the expansion and integration of their respective manufacturing facilities, and the adaption of their distribution strategies to the constantly changing customer environment in growth markets and tourist destinations.

Recognising the experience and expertise of Richemont's Senior Executive Committee, comprising Bernard Fornas, Richard Lepeu and Gary Saage, I plan to take a twelve-month sabbatical leave of absence following the 25th annual general meeting in September. During my absence, Mr Yves-André Istel, Deputy Chairman, will Chair meetings of the Board of Directors.

Johann Rupert, Chairman

Compagnie Financière Richemont SA

Geneva, 16 May 2013

Financial Review

Sales

At 14 % at actual exchange rates and 9 % at constant exchange rates, the year-on-year sales increase reflected, in particular, growth in the Group's own retail network, bolstered by very strong demand from tourism in Europe. The Americas region also remained strong throughout the year. Further details of sales by region, distribution channel and business area are given in the Review of Operations on pages 5 to 8.

Gross profit

Gross profit rose by 15 % and the gross margin percentage was 50 basis points higher at 64.2 % of sales. Several factors caused the increase in the gross margin percentage, in particular favourable currency movements and the growing proportion of sales made through the Maisons' own boutiques. These favourable factors were partly offset by the impact of the cessation of hedge accounting, which was initiated in the prior year. In the year under review, foreign exchange gains and losses recognised in the gross margin were immaterial, whereas gains in the prior period added 120 basis points to the gross margin percentage.

Operating profit

Operating profit increased by 18 %, reflecting the significant increase in gross profit, offset by an increase in operating expenses of 14 %.

Selling and distribution expenses were 16 % higher, reflecting in particular the increase in sales in the Maisons' own boutique networks. Communication expenses increased by 10 % and represented 9 % of sales. Administration costs rose by 18 % and reflected the expansion of certain of the Group's shared service platforms.

As a consequence, operating margin increased by 80 basis points to 23.9 % in the year under review.

Profit for the year

Profit for the year increased by 30 % to € 2 005 million, reflecting the following significant items:

- Within net finance costs, € 120 million of mark-to-market losses have been recorded in respect of the Group's currency hedging programme (2012: losses of € 98 million).
- In the comparative year, the Swiss franc's appreciation against the euro generated reported non-cash losses of € 169 million in respect of the Group's investments in euro-denominated liquid bond funds held by a Swiss franc entity. In the year under review, non-cash gains on these investments amounted to € 19 million. The decrease in the magnitude of such losses and gains reflected the relative stability of the euro: Swiss franc exchange rate during the year.

Earnings per share on a diluted basis increased by 30 % to € 3.595. To comply with the South African practice of providing headline earnings per share ('HEPS') data, the relevant figure for headline earnings for the year ended 31 March 2013 would be € 2 020 million (2012*: € 1 553 million). Basic HEPS for the year was € 3.672 (2012*: €2.832). Diluted HEPS for the year was € 3.607 (2012*: € 2.772). Further details regarding earnings per share and HEPS, including an itemised reconciliation, may be found in note 30 of the Group's consolidated financial statements.

Cash flow

Cash flow generated from operations for the year was € 1 944 million, € 146 million above the prior year. The additional cash generated from operating profit was largely absorbed by working capital movements.

The net acquisition of fixed assets amounted to € 612 million, reflecting selected investments in the Group's network of boutiques, particularly in the Asia Pacific region, and further investments in manufacturing facilities in Switzerland.

The 2012 dividend, at CHF 0.55 per share, was paid to shareholders net of withholding tax in September. The gross cash outflow in the year amounted to € 250 million.

During the year, the Group acquired some 6 million 'A' shares to hedge executive stock options. The cost of these purchases was partly offset by proceeds from the exercise of stock options by executives and other activities linked to the hedging programme, leading to a net outflow of € 51 million.

Financial structure and balance sheet

Tangible and intangible assets increased by € 718 million during the year, including investment properties. The increase largely reflects the expansion of the Maisons' boutique networks, particularly in the Asia-Pacific region, investments made in their European manufacturing facilities, and investment property transactions.

Inventories at the year-end amounted to € 4 326 million. This figure represents 17 months of gross inventories and compares with 16 months one year earlier. The change in the rate of stock turn reflects a planned increase in finished goods and raw materials, largely offset by favourable trading conditions. In absolute terms, the increase in the value of inventories results from the expansion of the boutique network.

At 31 March 2013, the Group's net cash position amounted to € 3 215 million, in line with the prior year-end. The Group's net cash position includes short-term liquid bond funds as well as cash, cash equivalents and all borrowings. Liquid bond funds and cash balances were primarily denominated in euros and Swiss francs, whereas borrowings to finance local operating assets are denominated in the currencies of the countries concerned. Total borrowings, including bank borrowings and short-term loans, amounted to € 487 million.

Richemont's financial structure remains strong, with shareholders' equity representing 70 % of total equity and liabilities.

Proposed dividend

The Board has proposed a cash dividend of CHF 1.00 per share.

The dividend will be paid as follows:	Gross dividend <u>per share</u>	Swiss withholding <u>tax @ 35%</u>	Net payable <u>per share</u>
Cash dividend	CHF 1.00	CHF 0.35	CHF 0.65

The dividend will be payable following the Annual General Meeting, which is scheduled to take place in Geneva on Thursday 12 September 2013.

The last day to trade Richemont 'A' shares and Richemont South African Depository Receipts cum-dividend will be Friday 13 September 2013. Both will trade ex-dividend from Monday 16 September 2013.

The dividend on the Compagnie Financière Richemont 'A' shares will be paid on Thursday 19 September 2013. 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 Friday 27 September 2013. 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, including information relating to withholding taxes, may be found in a separate announcement dated 16 May 2013 on SENS, the Johannesburg stock exchange news service.

Review of operations

1. Sales by region

In € millions	31 March 2013	31 March 2012*	Movement at:	
			<u>Constant exchange rates**</u>	<u>Actual exchange rates</u>
Europe	3 611	3 098	+ 14 %	+ 17 %
Asia Pacific	4 162	3 684	+ 5 %	+ 13 %
Americas	1 473	1 253	+ 11 %	+ 18 %
Japan	904	833	+ 6 %	+ 9 %
	10 150	8 868	+ 9 %	+ 14 %

* re-presented / ** movements at constant exchange rates are calculated 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 2012.

Europe, including Middle East and Africa

Europe accounted for 36 % of overall sales. The region enjoyed good growth, largely due to demand from tourists. Accordingly, the highest growth rates were in the Maisons' own boutiques in tourist destinations, including the Middle East.

Asia Pacific

Sales in the Asia Pacific region accounted for 41 % of the Group total, with Hong Kong and mainland China the two largest markets. The rate during the year under review moderated following two years of exceptionally high rates of growth. The lower rate was more pronounced in the second six months of the year under review. Nevertheless, sales growth in our Maisons' own boutiques was higher than sales growth to wholesale partners, reflecting the expansion of the boutique network during the last two years.

Americas

The Americas region, which accounted for 15 % of Group sales, posted a third successive year of double-digit growth.

Japan

Sales in Japan continued to grow, reflecting demand in all segments.

2. Sales by distribution channel

In € millions	<u>31 March 2013</u>	<u>31 March 2012*</u>	Movement at:	
			<u>Constant exchange rates**</u>	<u>Actual exchange rates</u>
Retail	5 440	4 656	+ 11 %	+ 17 %
Wholesale	4 710	4 212	+ 7 %	+ 12 %
	10 150	8 868	+ 9 %	+ 14 %

* re-presented / ** movements at constant exchange rates are calculated 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 2012.

Retail

Retail sales, comprising directly operated boutiques and Net-a-Porter, increased by 17 %. This continues to be above the growth in wholesale sales and 54 % of Group sales are now generated through the Maisons' boutique networks.

The growth in retail sales partly reflected the good performance of Net-a-Porter and the expansion of the Maisons' network of boutiques to 1 014 stores. Openings during the year were primarily in high-growth markets and tourist destinations.

Wholesale

The Group's wholesale business, including sales to franchise partners, reported solid growth.

3. Sales and operating results by segment

Jewellery Maisons

In € millions	<u>31 March 2013</u>	<u>31 March 2012</u>	<u>Change</u>
Sales	5 206	4 590	+ 13 %
Operating results	1 818	1 510	+ 20 %
Operating margin	34.9 %	32.9 %	+ 200 bps

The Jewellery Maisons' sales grew by 13 %. Both Cartier and Van Cleef & Arpels generated remarkable results.

The Maisons' boutique networks reported good growth and also benefitted from further openings. Demand for jewellery was particularly strong; demand for Cartier's watch collections was solid, tempered by lower wholesale orders for steel watches.

The significant increase in sales and positive gross margin development generated an operating margin of 35 %.

Specialist Watchmakers

In € millions	<u>31 March 2013</u>	<u>31 March 2012</u>	<u>Change</u>
Sales	2 752	2 323	+ 18 %
Operating results	733	539	+ 36 %
Operating margin	26.6 %	23.2 %	+ 340 bps

The Specialist Watchmakers' sales increased by 18 %, reflecting growing worldwide interest in *haute horlogerie*.

Most Specialist Watchmakers contributed to the significant increase in the contribution margin, reflecting the Maisons' pricing power and operating leverage.

Montblanc Maison

In € millions	<u>31 March 2013</u>	<u>31 March 2012</u>	<u>Change</u>
Sales	766	723	+ 6 %
Operating result	120	119	+ 1 %
Operating margin	15.7 %	16.5 %	- 80 bps

Montblanc's sales increased by 6 %, primarily driven by demand for watches and favourable currency effects. Compared with other Group businesses, Montblanc relies more on local customers in both established and new markets.

The Maison's operating margin was broadly in line with the prior year.

Other

In € millions	<u>31 March 2013</u>	<u>31 March 2012*</u>	<u>Change</u>
Sales	1 426	1 232	+ 16 %
Operating results	(38)	(27)	- 41 %
Operating margin	(2.7) %	(2.2) %	- 50 bps

* re-presented

'Other' includes the Group's Fashion and Accessories businesses, Net-a-Porter and the Group's watch component manufacturing activities.

Richemont's Fashion & Accessories Maisons saw single-digit sales growth; operating profits were lower than the prior year at € 23 million.

Sales growth at Net-a-Porter continues to exceed the Group's average. Net-a-Porter reduced its losses during the year and continued to generate positive operating cash flow.

Losses at the Group's watch component manufacturing facilities were in line with the comparative year.

Corporate costs

In € millions	<u>31 March 2013</u>	<u>31 March 2012</u>	<u>Change</u>
Corporate costs	(207)	(93)	+ 123 %
Central support services	(188)	(170)	+ 11 %
Other operating (expense)/income, net	(19)	77	n/a

Corporate costs represent the costs of central management, marketing support and other central functions (collectively central support services), as well as other expenses and income which are not allocated to specific business areas. The increase in central support service reflects the support of IT systems and other long-term initiatives.

The year-on-year movement of almost € 100 million reported within 'Corporate costs, other' relates to a change in the Group's accounting treatment of its exchange rate hedging programme: in the prior year, significant unallocated hedging gains were reported within gross profit under the former accounting treatment.

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

Bernard Fornas, Co-Chief Executive Officer

Richard Lepeu, Co-Chief Executive Officer

Gary Saage, Chief Financial Officer

Presentation

The results will be presented via a live internet webcast on 16 May 2013, starting at 09:00 (CET). The direct link will be available from 07:00 (CET) at: <http://www.richemont.com>

- Live listen-only telephone connection: call one of these numbers 10 minutes before the start of the presentation:
 - Europe +41 58 310 50 00
 - USA +1 866 291 4166
 - UK +44 203 059 5862
 - South Africa 0800 992 635 (toll free)
- An archived video webcast of the presentation will be available from:
 - <http://www.richemont.com/investor-relations/results-presentations.html>
- A transcript of the presentation will be available from:
 - <http://www.richemont.com/investor-relations/results-presentations.html>

Annual report

The Richemont Annual Report and Accounts 2013 will be published on or around 19 June 2013 and will be available for download from the Group's website at <http://www.richemont.com/investor-relations/reports.html>; copies may be obtained from the Company's registered office or by contacting the Company via the website at <http://www.richemont.com/contact.html>

Compagnie Financière Richemont SA	Media contact	Investor contact
Registered office: 50 chemin de la Chênaie CP30, 1293 Bellevue Geneva Switzerland	Alan Grieve Director of Corporate Affairs Tel: +41 22 721 3507 E-mail: pressoffice@cfrinfo.net	Sophie Cagnard Head of Investor Relations Tel: +33 1 58 18 25 97 E-mail : investor.relations@cfrinfo.net
Tel : +41 22 721 3500 Fax : +41 22 721 3550 Internet : www.richemont.com		

Statutory information

Primary listing

SIX Swiss Exchange (Reuters "CFR.VX" / Bloomberg "CFR:VX" / ISIN CH0045039655). The Swiss 'Valorenummer' is 4503965. Richemont 'A' bearer shares are included in the Swiss Market Index ('SMI') of leading stocks.

The closing price of the Richemont 'A' share on 31 March 2013 was CHF 74.50 and the market capitalisation of the Group's 'A' shares on that date was CHF 38 889 million. Over the preceding year, the highest closing price of the 'A' share was CHF 80.50 (17 January 2013) and the lowest closing price of the 'A' share was CHF 48.40 (12 July 2012).

Secondary listing

Johannesburg stock exchange operated by JSE Limited (Reuters "CFRJ.J" / Bloomberg "CFR:SJ" / ISIN CH0045159024). South African depository receipts in respect of Richemont 'A' shares.

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Appendix 1

Consolidated statement of comprehensive income

	2013	2012
	€ m	re-presented € m
Sales	10 150	8 868
Cost of sales	(3 631)	(3 217)
Gross profit	6 519	5 651
Selling and distribution expenses	(2 265)	(1 961)
Communication expenses	(939)	(854)
Administrative expenses	(876)	(745)
Other operating (expense) / income	(13)	(43)
Operating profit	2 426	2 048
Finance costs	(158)	(314)
Finance income	111	79
Share of post-tax results of equity-accounted investments	(4)	(9)
Profit before taxation	2 375	1 804
Taxation	(370)	(264)
Profit for the year	2 005	1 540
Other comprehensive income:		
Currency translation adjustments		
- movement in the year	(86)	518
- reclassification to profit or loss	-	1
Cash flow hedges		
- net gains	-	25
- reclassification to profit or loss	1	(108)
Tax on cash flow hedges	-	14
Defined benefit plan actuarial gains/(losses)	5	(46)
Tax on defined benefit plan actuarial gains/(losses)	-	12
Other comprehensive income, net of tax	(80)	416
Total comprehensive income	1 925	1 956
Profit attributable to:		
Owners of the parent company	2 013	1 544
Non-controlling interests	(8)	(4)
	2 005	1 540
Total comprehensive income attributable to:		
Owners of the parent company	1 933	1 959
Non-controlling interests	(8)	(3)
	1 925	1 956
Earnings per share attributable to owners of the parent company during the year (expressed in € per share)		
Basic	3.659	2.816
Diluted	3.595	2.756

Consolidated statement of cash flows

	2013 € m	2012 re-presented € m
Operating profit	2 426	2 048
Depreciation and impairment of property, plant and equipment	295	249
Amortisation and impairment of other intangible assets	88	85
Loss on disposal of property, plant and equipment	6	4
Loss on disposal of intangible assets	1	2
Increase in long-term provisions	49	67
Decrease in retirement benefit obligations	(5)	(3)
Non-cash items	22	(83)
Increase in inventories	(582)	(687)
Increase in trade receivables	(91)	(72)
Increase in other receivables and prepayments	(60)	(62)
(Decrease) / increase in current liabilities	(209)	253
Increase / (decrease) in long-term liabilities	4	(3)
Cash flow generated from operations	1 944	1 798
Interest received	12	30
Interest paid	(30)	(23)
Other investment income	3	3
Taxation paid	(361)	(317)
Net cash generated from operating activities	1 568	1 491
Cash flows from investing activities		
Acquisition of subsidiary undertakings and other businesses, net of cash acquired	(474)	(3)
Acquisition of equity-accounted investments	(1)	(1)
Acquisition of property, plant and equipment	(541)	(421)
Proceeds from disposal of property, plant and equipment	17	23
Acquisition of intangible assets	(71)	(61)
Proceeds from disposal of intangible assets	1	1
Acquisition of investment property	(18)	(53)
Investment in money market and government bond funds	(709)	(694)
Proceeds from disposal of money market and government bond funds	391	448
Acquisition of other non-current assets	(51)	(48)
Proceeds from disposal of other non-current assets	15	24
Net cash used in investing activities	(1 441)	(785)
Cash flows from financing activities		
Proceeds from borrowings	437	26
Repayment of borrowings	(129)	(172)
Acquisition of non-controlling interest	(3)	-
Dividends paid	(250)	(204)
Payment for treasury shares	(206)	(268)
Proceeds from sale of treasury shares	155	89
Capital element of finance lease payments	(1)	(1)
Net cash generated from/(used in) financing activities	3	(530)
Net change in cash and cash equivalents	130	176
Cash and cash equivalents at the beginning of the year	870	652
Exchange (losses)/gains on cash and cash equivalents	(10)	42
Cash and cash equivalents at the end of the year	990	870

Consolidated statement of financial position

	31 March 2013	31 March 2012	31 March 2011
		re-presented	re-presented
Assets	€ m	€ m	€ m
Non-current assets			
Property, plant and equipment	1 787	1 529	1 267
Goodwill	561	479	441
Other intangible assets	391	316	314
Investment property	367	64	-
Equity-accounted investments	11	10	8
Deferred income tax assets	441	461	355
Financial assets held at fair value through profit or loss	59	69	70
Other non-current assets	327	255	219
	3 944	3 183	2 674
Current assets			
Inventories	4 326	3 669	2 789
Trade and other receivables	922	741	591
Derivative financial instruments	50	27	148
Prepayments	100	116	119
Financial assets held at fair value through profit or loss	2 712	2 400	2 154
Cash at bank and on hand	2 443	1 634	1 222
	10 553	8 587	7 023
Total assets	14 497	11 770	9 697
Equity and liabilities			
Equity attributable to owners of the parent company			
Share capital	334	334	334
Treasury shares	(556)	(515)	(325)
Hedge and share option reserves	288	255	305
Cumulative translation adjustment reserve	1 324	1 410	892
Retained earnings	8 826	7 071	5 756
	10 216	8 555	6 962
Non-controlling interests	(1)	9	12
Total equity	10 215	8 564	6 974
Liabilities			
Non-current liabilities			
Borrowings	345	22	120
Deferred income tax liabilities	39	24	35
Employee benefits obligation	99	110	65
Provisions	176	158	137
Other long-term financial liabilities	167	167	152
	826	481	509
Current liabilities			
Trade and other payables	1 324	1 309	1 120
Current income tax liabilities	282	299	260
Borrowings	142	66	102
Derivative financial instruments	83	124	36
Provisions	172	163	126
Bank overdrafts	1 453	764	570
	3 456	2 725	2 214
Total liabilities	4 282	3 206	2 723
Total equity and liabilities	14 497	11 770	9 697