

FY16 ANNUAL RESULTS

AS AT 31 MARCH 2016

RICHEMONT



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. 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.

FY16 RESULTS

- › Highlights
- › Review of Operations
- › Financial Review
- › Strategic Directions & Conclusion
- › Q&A Session

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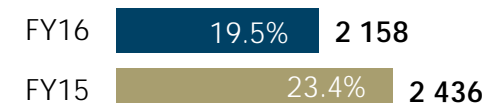
FY16 KEY FIGURES

- › Difficult year due to a significantly deteriorated H2 environment
- › Reported sales* up 6%, organic -1%
- › Operating profit* down to €2 061m
 - €234m one off gain in FY15
 - €97m one off charges in FY16
 - Comparable operating profit down 11%
- › Net profit up by 67% to €2 227m
 - YNAP transaction
 - Non cash items
- › Strong cash flow from operations
 - Increase of €32m

Sales
In € million



Comparable operating profit
In € million



Net profit
In € million



Cash flow from operations
In € million



* excluding Net-a-Porter

Review of Operations

Excluding
Net-a-Porter

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MONT
BLANC



Montblanc Bohème Day & Night

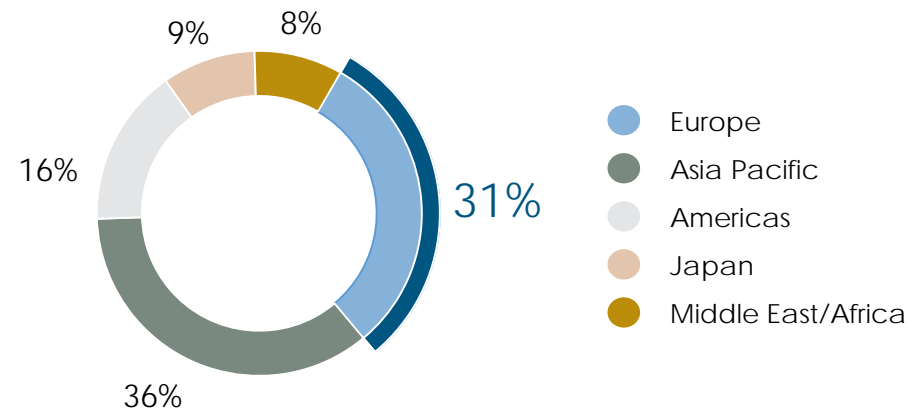
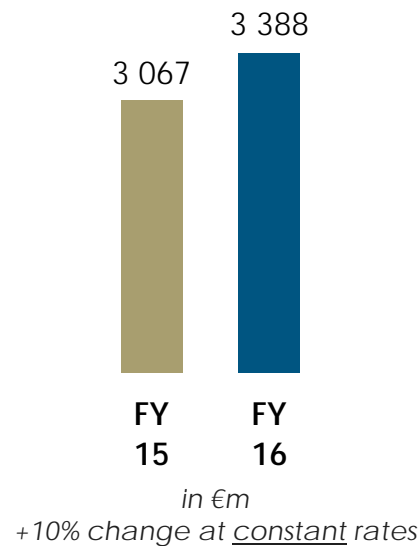


FY16 SALES IN EUROPE

› Strong basis of comparison

› Volatile year

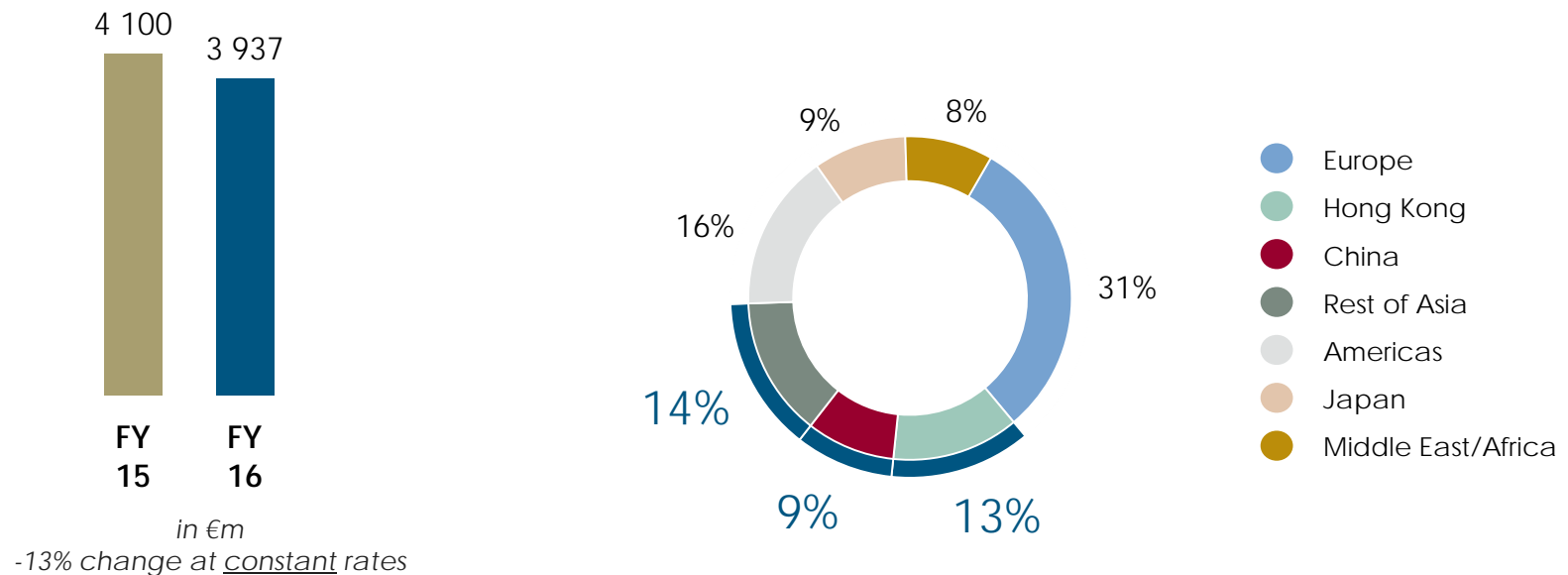
- Strong H1 supported by increased tourism driven by weak euro
- Weak H2 impacted by safety concerns and deteriorated feel good factor



FY16 SALES IN ASIA PACIFIC

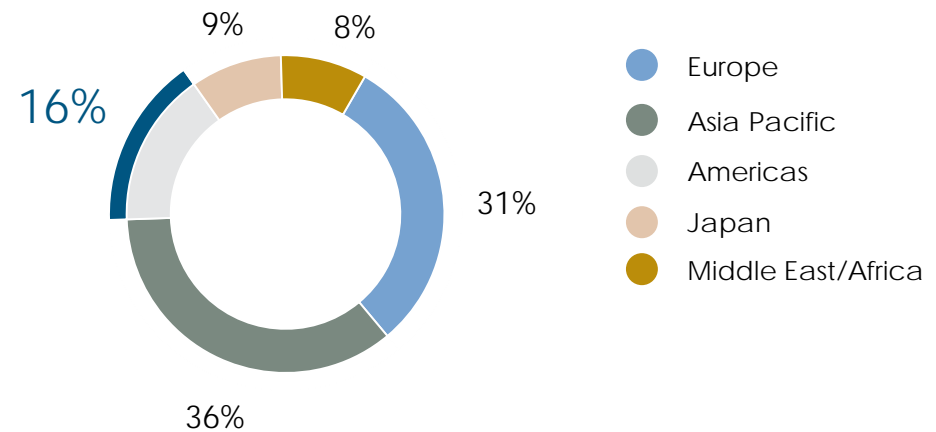
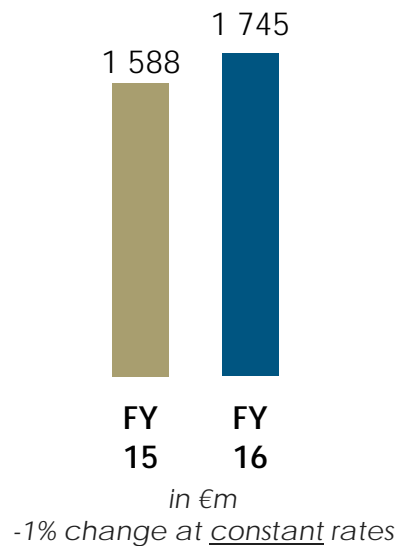
› Double digit sales decline, still contrasted

- Hong Kong and Macau remain significantly negative
- Mainland China continues to improve, posting 10% growth



FY16 SALES IN AMERICAS

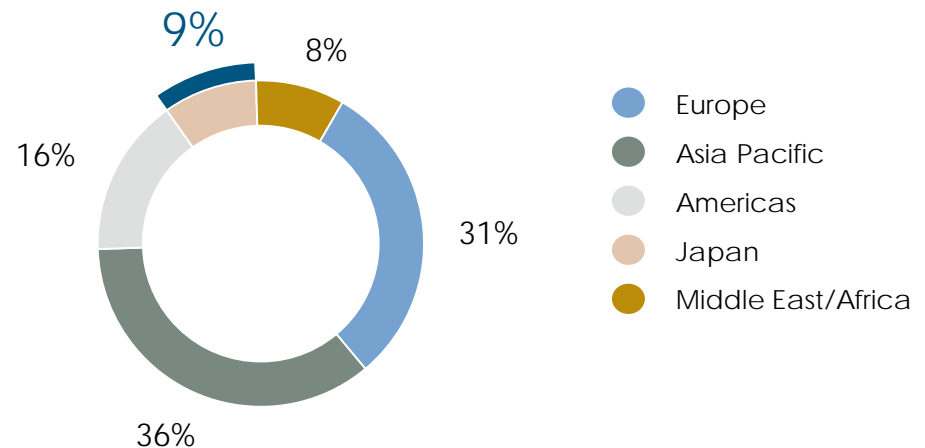
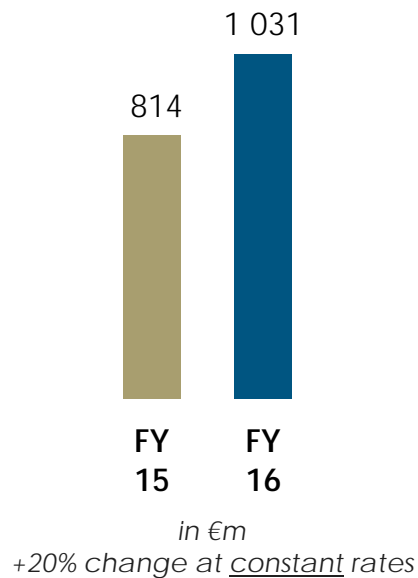
- › **Strong comparatives**
- › Sales affected by an uncertain environment and strong currency
 - Difficult for watches
 - Good momentum continuing at Chloé and Peter Millar



FY16 SALES IN JAPAN

› Exceptional double digit growth

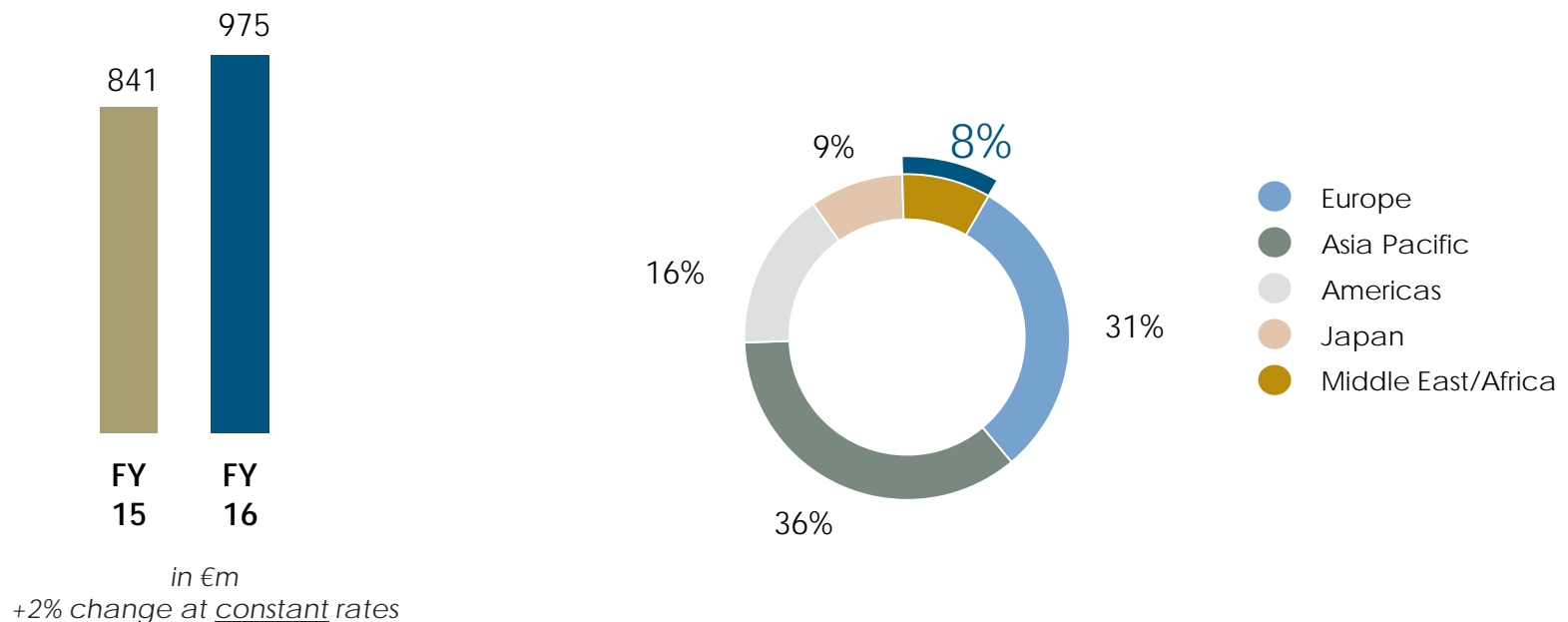
- Driven by easy comparatives and exceptionally weak yen favourably impacting level of tourism
- Strong performance of jewellery and watches



FY16 SALES IN THE MIDDLE EAST AND AFRICA

› Slower growth

- Challenging comparatives
- Unfavourable currencies driving lower tourism
- Resilient domestic clientele despite lower oil prices



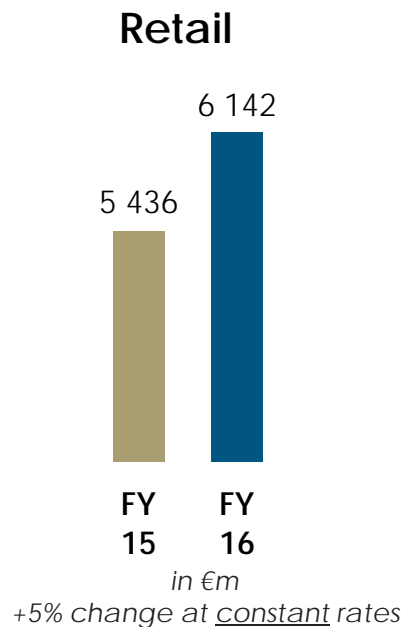
FY16 SALES BY NETWORK

› Resilient retail sales overall

- 22 new internal boutiques

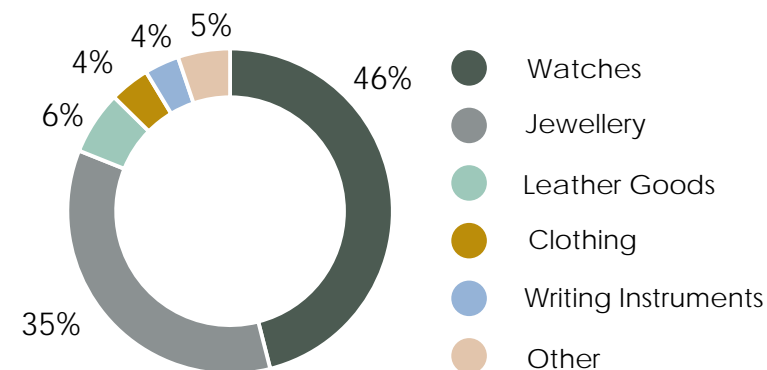
› Marked decline in wholesale

- Difficult conditions in Hong Kong, Macau, Korea and the Americas
- Persisting weakness in the wholesale channel



FY16 SALES BY PRODUCT LINE

- › **Watches, down high single digit**
 - Primarily affected by wholesale in Asia Pacific and the Americas
- › **Jewellery, high single digit momentum**
- › **Leather goods and clothing, good growth**
 - Chloé, Montblanc and Peter Millar



12 months	€m	FY16	FY15	Constant rates	Actual rates
Watches		5 098	5 168	-8%	-1%
Jewellery		3 881	3 325	8%	17%
Leather goods		698	610	9%	14%
Clothing		442	384	5%	15%
Writing instruments		382	361	1%	6%
Other		575	562	-4%	2%
Total sales		11 076	10 410	-1%	6%

FY16 MAISONS HIGHLIGHTS

- › The Jewellery Maisons, impacted by one off charges, generated a contribution margin of 31%
- › The Specialist Watchmakers' contribution margin declined to 16%, impacted by weak demand in parts of Asia Pacific and the Americas, a strong Swiss franc and one off charges
- › Improvement at Montblanc, Chloé and Peter Millar helped mitigate underperformance at other Fashion & Accessories Maisons and one off charges associated with Group manufacturing facilities

FY16 PERFORMANCE – JEWELLERY MAISONS

› High single digit increase in reported sales

- Thanks to jewellery and a weak euro
- Watches down, in particular in Hong Kong, Macau and the Americas

› 31% margin contribution

- €24m one off charges relating to Cartier watches

12 months	€m	FY16	FY15	Actual rates
Sales		6 048	5 657	7%
Operating contribution		1 892	1 975	-4%
Contribution margin		31.3%	34.9%	-360bps

FY16 PERFORMANCE – SPECIALIST WATCHMAKERS

- › **Mid single digit increase in sales** reflects weak euro and softer organic sales
- › **Lower operating contribution**
 - Difficult environment in Hong Kong, Macau and the Americas
 - Strong CHF
 - €24m one off charges

12 months	€m	FY16	FY15	Actual rates
Sales		3 225	3 123	3%
Operating contribution		520	730	-29%
Contribution margin		16.1%	23.4%	-730bps

FY16 PERFORMANCE – OTHER

› Sales up double digit

- Good performance of Montblanc, Chloé, Peter Millar and Azzedine Alaïa
- Deterioration at Alfred Dunhill and Lancel

› Comparable losses at €62m broadly in line

- €234m one off gain in FY15
- €33m one off charges in FY16

12 months	€m	FY16	FY15	Actual rates
Sales		1 803	1 630	11%
Operating contribution		-94	170	NR
Contribution margin		-5.2%	10.4%	NR

Financial
Review

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FY16 OPERATING PROFIT

› 23% decrease in operating profit

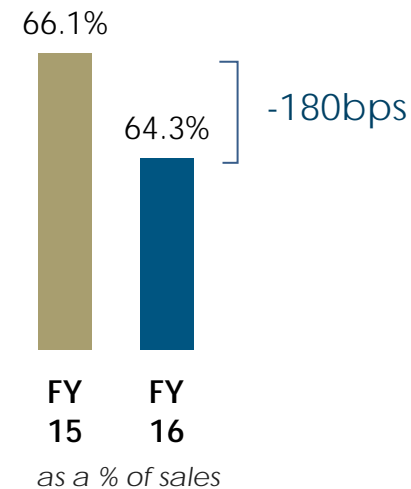
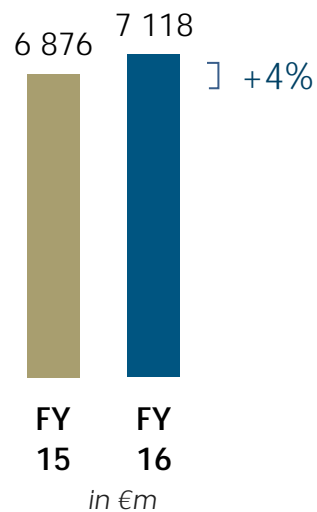
- Lower gross margin
- Comparable operating profit down 11%

12 months	€m	FY16	FY15	Annual change
Sales		11 076	10 410	6%
Gross profit		7 118	6 876	4%
Net operating expenses		-5 057	-4 206	20%
Selling and distribution expenses		-2 950	-2 554	16%
Communication expenses		-1 093	-1 010	8%
Administration expenses		-992	-874	14%
Gain on sale of investment property		-	234	
Other (expense)/income		-22	-2	
Operating profit		2 061	2 670	-23%
Gross margin percentage		64.3%	66.1%	
Operating margin		18.6%	25.6%	

FY16 GROSS PROFIT

› 4% increase in gross profit

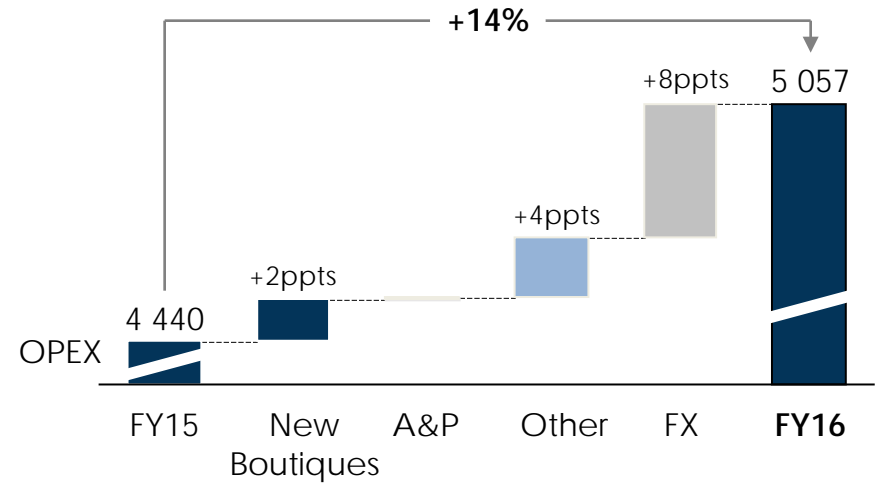
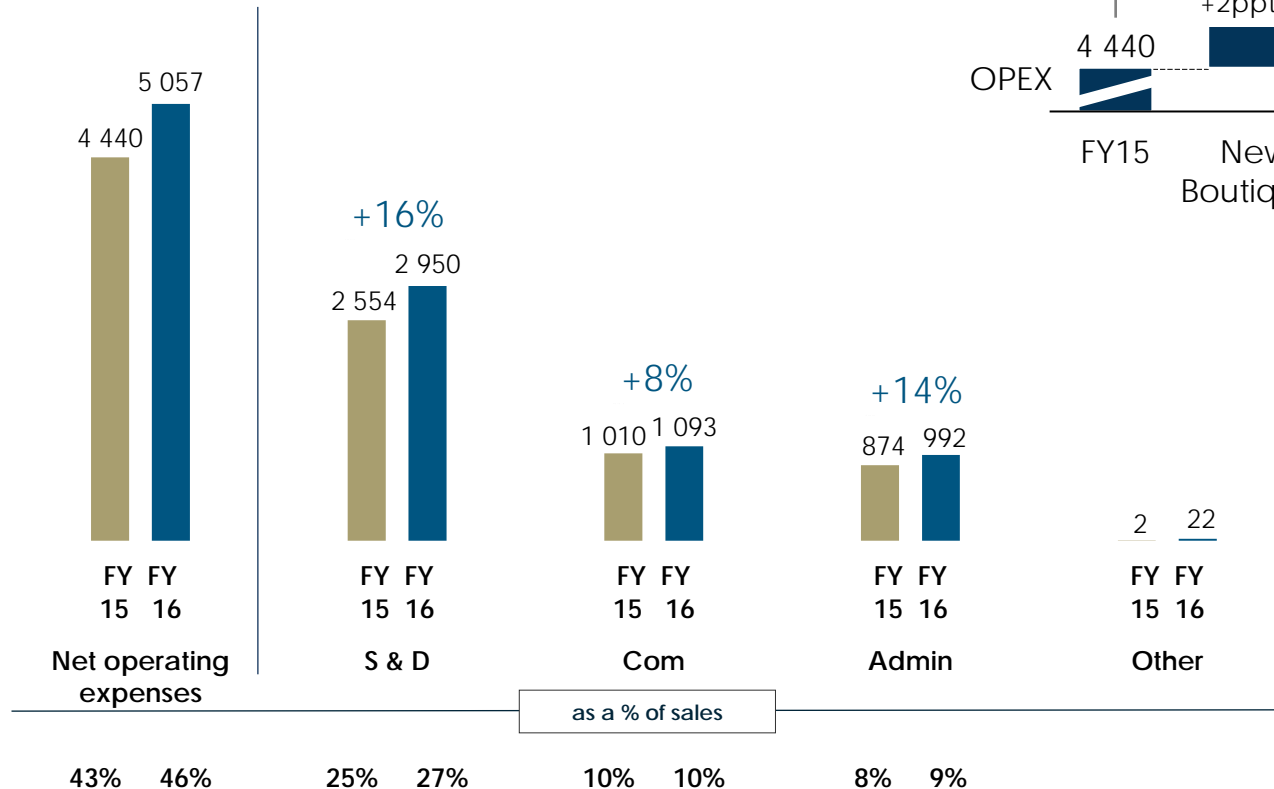
- Positive: higher share of retail
- Negatives: foreign exchange effects
one off charges of €67m



FY16 OPERATING EXPENSES

› Increase of 14% reflects

- Strong CHF
- Higher rentals and depreciation
- €30m of one off charges



FY16 NET FINANCE INCOME AND COSTS

› Substantial increase in net finance income reflecting

- Non recurrence of €652m of non cash charges in prior year
- Reduction in hedging losses

12 months	€m	FY16	FY15	Annual change
Financial expense, net		-7	-28	+21
Net foreign exchange gains/(losses) on monetary items		114	-686	+800
Net losses on hedging activities		-45	-217	+172
Fair value adjustments		-60	-22	-38
Net finance income/(costs)		2	-953	+955

FY16 PROFIT FOR THE YEAR

› Substantial net profit increase reflects

- Reversal in finance costs
- Non cash gain of €639m on merger of Net-a-Porter with Yoox

12 months	€m	FY16	FY15	Annual change
Operating profit		2 061	2 670	-23%
Net finance income/(costs)		2	-953	
Share of post-tax results of equity-accounted investments		-5	-12	
Profit before taxation		2 058	1 705	+21%
Taxation		-370	-369	
Profit for the year from continuing operations		1 688	1 336	+26%
Profit/(loss) for the year from discontinued operations		539	-2	
Profit for the year		2 227	1 334	+67%
Profit for the year margin		20.1%	12.8%	

FY16 CASH FLOW FROM OPERATIONS*

› Solid cash flow from operations

- Well controlled inventory investments in jewellery
- Sound receivables portfolio

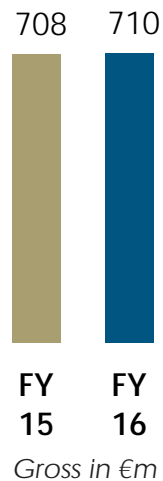


12 months	€m	FY16	FY15	Annual change
Operating profit		2 061	2 670	-609
Operating (loss)/profit from discontinued operations		-91	1	-92
Depreciation, amortisation and impairment		569	502	67
Other items		51	-208	259
Movement in working capital		-171	-578	407
Cash flow from operations		2 419	2 387	32

* including discontinued operations

FY16 CAPITAL EXPENDITURE*

- › Over €3bn invested over the last 5 years
- › Peak reached in FY15 and FY16



* including discontinued operations



Jaeger-LeCoultre – London flagship



IWC – Rodeo Drive, Beverly Hills flagship



Lancel – Cannes

FY16 CAPITAL EXPENDITURE

› Significant investments in distribution

- 44% of Group capex



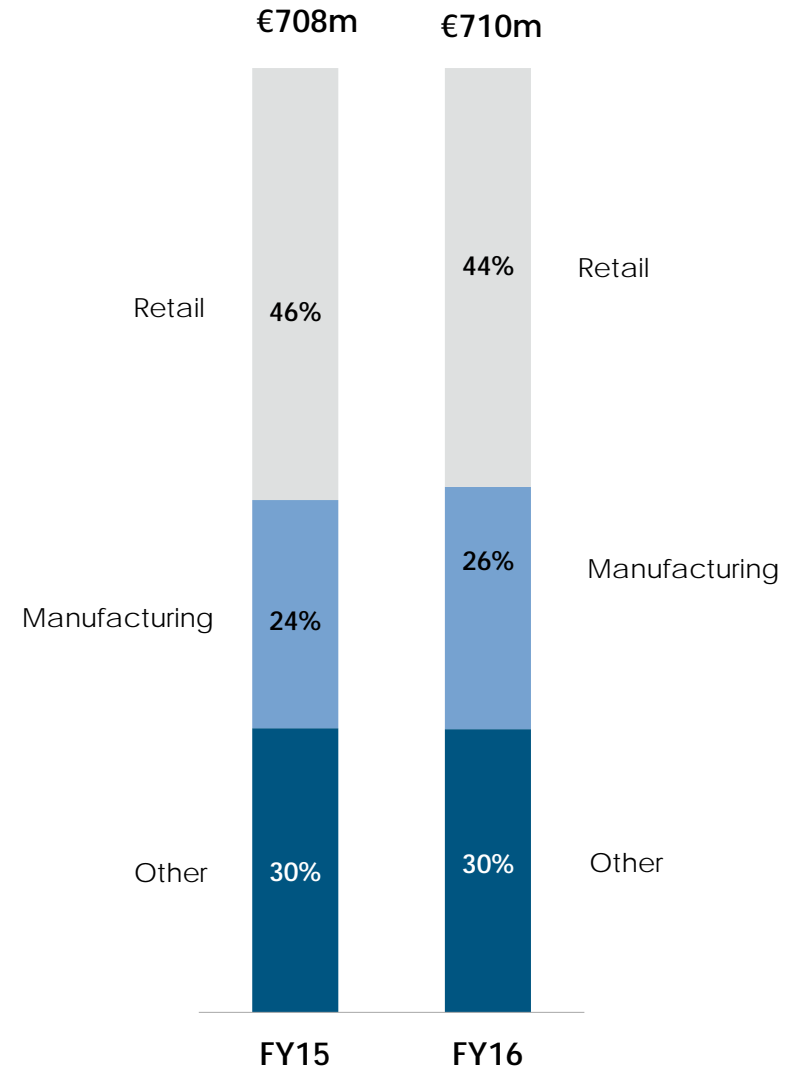
*Chloé –
Dubai Mall*



*Van Cleef & Arpels –
London, New Bond Street*



*Cartier –
Beijing, Shin Kong Place*



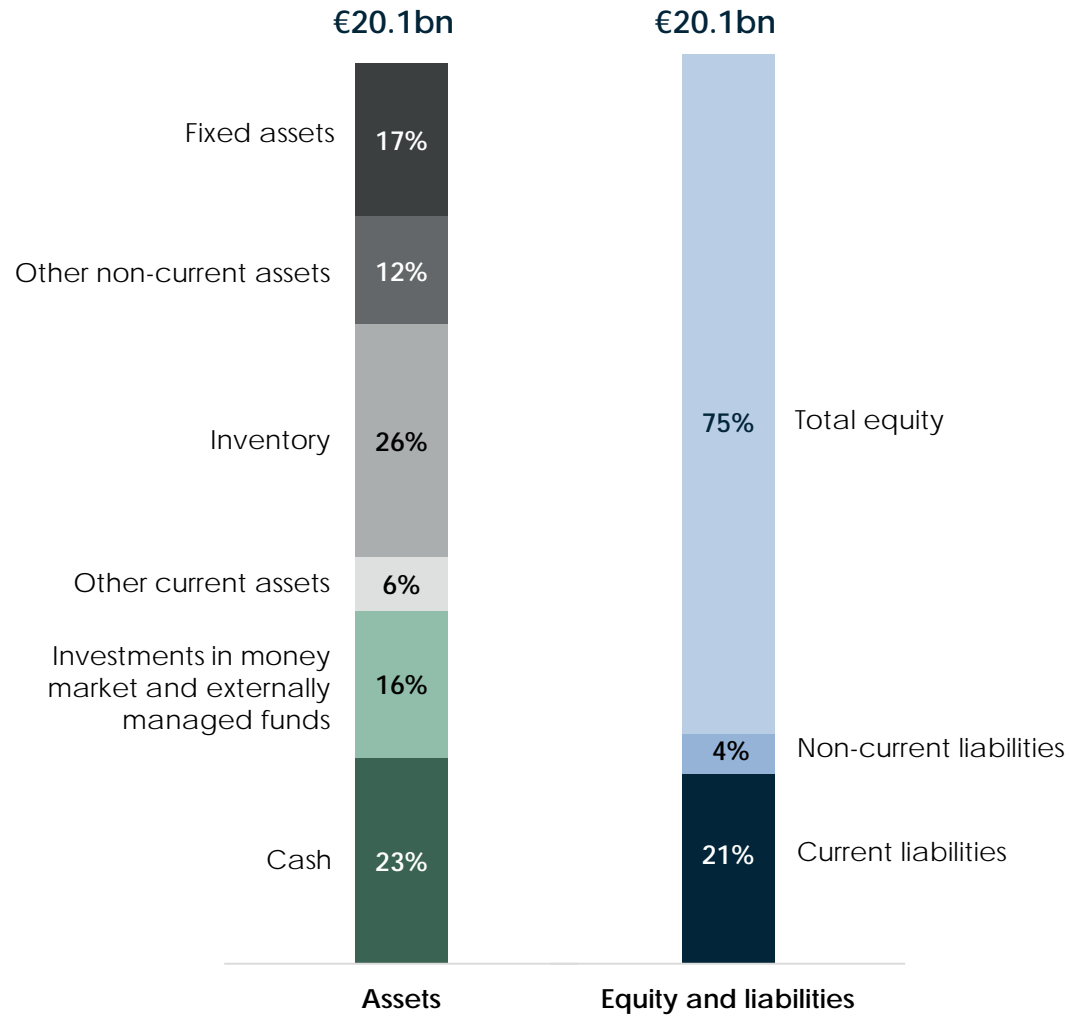
FY16 FREE CASH FLOW*

- › **Substantially higher when investment property disposal gain is excluded**
 - Despite drop in operating profit on a recurring basis

12 months	€m	FY16	FY15	Annual change
Cash flow from operations		2 419	2 387	32
Net change in tangible assets		-613	-585	-28
Net change in intangible assets		-79	-104	25
Disposal of investment property		-	552	-552
Net change in non-current assets		-27	-49	22
Taxation paid		-446	-660	214
Net interest (paid)/received and other		-9	-23	14
Total free cash inflow		1 245	1 518	-273

* including discontinued operations

BALANCE SHEET STRENGTH



YOOX NET-A-PORTER GROUP INVESTMENT

- › **Stake of 65 599 597 shares as of 31 March 2016**
 - 49% following completion of capital increase
 - 25% voting rights

- › **€1 165m carrying value as of 31 March 2016**
 - €1 769m market value
 - €49m gain relating to capital increase (FY17)

DIVIDENDS

- › FY16 dividend of CHF1.70 per share
- › Increase of 6% in CHF terms
- › In line with objective to grow dividends over the long term

APRIL 2016 SALES

- › **-15% at constant currencies; -18% reported**
 - +9% reported, -8% at constant currencies in April 2015
 - Persistent weakness in Hong Kong & Macau
 - Weakness in Europe and Japan
 - Yet mainland China up by 26% at constant currency, +16% reported
- › **Difficult, but as anticipated**

Strategic Directions & Conclusion

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STRATEGIC DIRECTIONS AND CONCLUSION

- › **Cash flow generation, a key priority in a slow growth environment**
 - Productivity of retail network
 - Production levels and stock rotation
- › **Strategic investments**
 - Talent
 - Products
- › **Healthy return on operating assets**
- › **Long term vision and confidence in the market for timeless high quality products**



Q&A Session

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Appendix

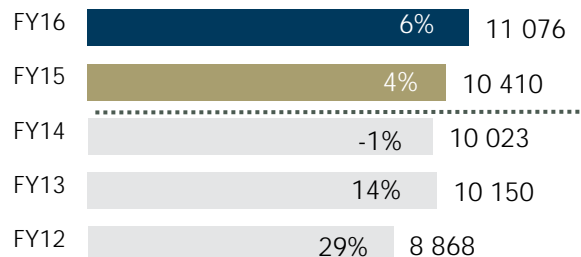
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FINANCIAL HIGHLIGHTS

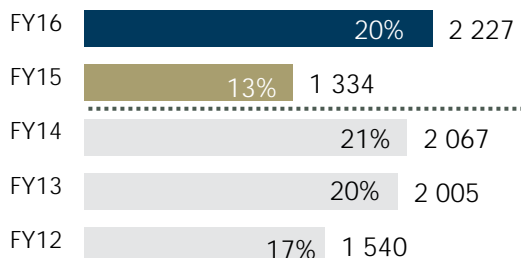
Sales*

€ million



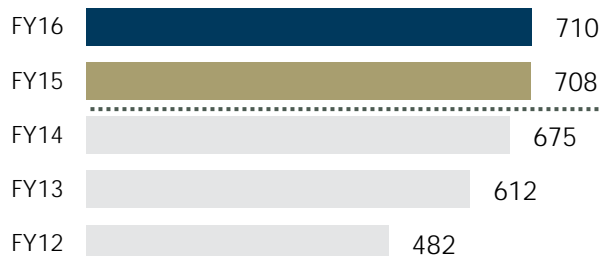
Net profit*

€ million



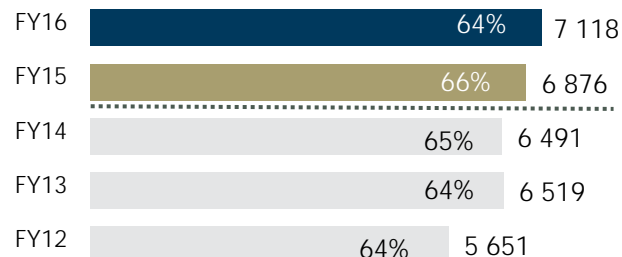
Capex*

€ million



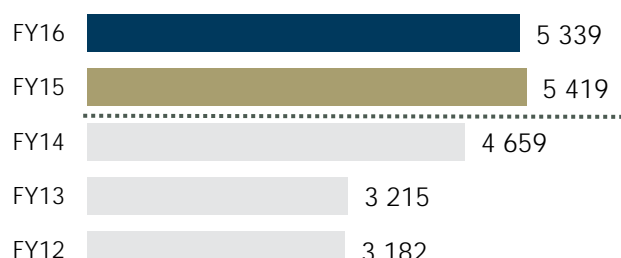
Gross profit*

€ million

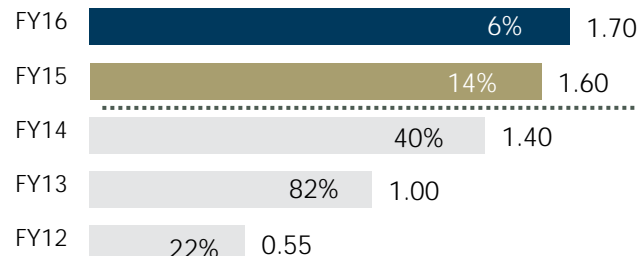


Net cash*

€ million

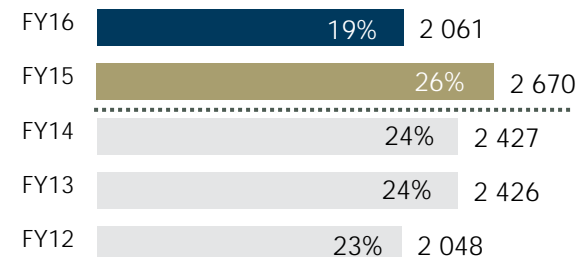


Dividends CHF/share



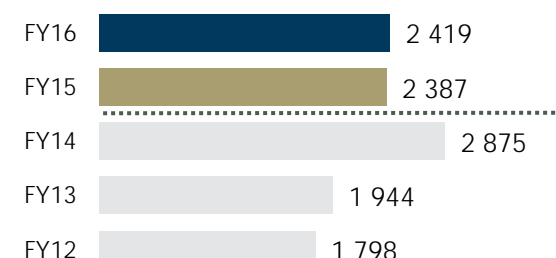
Operating profit*

€ million

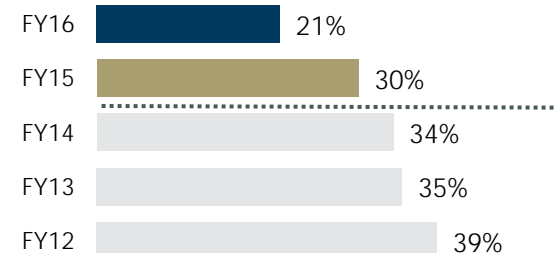


Cash flow from operations*

€ million



Return on operating assets*



* FY12 & FY13 include the NET-A-PORTER GROUP

HEDGING

- › 70% of our forecasted net foreign currency cash flow exposure arising primarily in USD block, HKD, JPY, CNY is hedged versus CHF
- › In the case of USD, the net exposure takes into account purchases of precious metals and precious stones
- › Different types of currency derivatives can be used including forward contracts and option based contracts
- › Realised and unrealised gains/losses on currency derivative contracts are recognised in net finance costs

versus CHF	12 months average rates to 31 March			
	Actual average rates		Hedge rates	
	FY16	FY15	FY16	FY15
US \$	0.97	0.93	0.99	0.95
HK \$	7.98	8.35	8.15	8.44
CNY	6.54	6.67	6.85	6.89
YEN	123	118	123	122

FY16 SALES BY REGION AND BUSINESS AREA

12 months	€m	FY16	FY15	Constant rates*	Actual rates	
Europe		3 388	3 067	+10%	+10%	31%
Middle East/Africa		975	841	+2%	+16%	8%
Asia Pacific		3 937	4 100	-13%	-4%	36%
Americas		1 745	1 588	-1%	+10%	16%
Japan		1 031	814	+20%	+27%	9%
Total sales		11 076	10 410	-1%	+6%	100%

12 months	€m	FY16	FY15	Constant rates*	Actual rates	
Jewellery Maisons		6 048	5 657	-1%	+7%	55%
Specialist Watchmakers		3 225	3 123	-3%	+3%	29%
Other		1 803	1 630	+4%	+11%	16%
Total sales		11 076	10 410	-1%	+6%	100%

* Movements at constant exchange rates are calculated by translating underlying sales in local currencies into euros in both the current period and the comparative period at the average exchange rates applicable for the financial year ended 31 March 2015.

FY16 OPERATING RESULT BY BUSINESS AREA

12 months	€m	FY16	FY15	Annual change
Jewellery Maisons		1 892	1 975	-4%
Specialist Watchmakers		520	730	-29%
Other		-94	170	NR
Operating contribution		2 318	2 875	-19%
Corporate costs		-257	-205	+25%
Central support services		-239	-190	+26%
Other operating (expense)/income		-18	-15	NR
Operating profit		2 061	2 670	-23%

FY16 GROUP RESULTS

12 months	€m	FY16	FY15	Annual change
Sales		11 076	10 410	+6%
Cost of sales		-3 958	-3 534	+12%
Gross profit		7 118	6 876	+4%
Net operating expenses		-5 057	-4 206	+20%
Operating profit		2 061	2 670	-23%
Net finance income/(costs)		2	-953	
Share of post-tax results of equity-accounted investments		-5	-12	
Profit before taxation		2 058	1 705	+21%
Taxation		-370	-369	
Profit for the year from continuing operations		1 688	1 336	+26%
Profit/(loss) for the year from discontinued operations		539	-2	NR
Profit for the period		2 227	1 334	+67%
Cash flow from operations		2 419	2 387	32
Net cash		5 339	5 419	-80

SUMMARY BALANCE SHEET AND INVENTORY

	€m	FY16	FY15
Non-current assets		5 767	4 522
Current assets		14 358	15 928
Non-current liabilities		-882	-942
Current liabilities		-4 196	-5 088
Equity attributable to owners of the parent company		15 047	14 421
Non-controlling interests		-	-1
Equity		15 047	14 420
including			
Net cash		5 339	5 419

	€m	FY16	FY15	Annual change	
Finished goods		3 432	3 459	-27	-1%
Raw materials and work in progress		1 913	1 979	-66	-3%
Total		5 345	5 438	-93	-2%
Number of months of COGS	Rotation	21.7	23.0		

RETAIL NETWORK

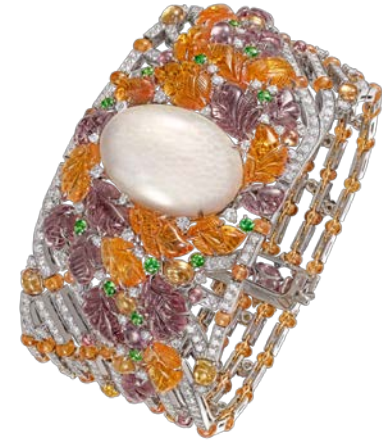
				vs Annual change			
	FY16	Internal	External	FY15	Internal	External	
Montblanc	573	272	301	537	1	35	36
Cartier	279	197	82	286	-4	-3	-7
Alfred Dunhill	192	144	48	214	-2	-20	-22
Chloé	170	97	73	171	-2	1	-1
Van Cleef & Arpels	116	78	38	105	5	6	11
Piaget	97	68	29	94	4	-1	3
Lancel	84	70	14	102	1	-19	-18
Jaeger-LeCoultre	89	50	39	74	7	8	15
IWC	86	49	37	75	2	9	11
Officine Panerai	68	35	33	66	3	-1	2
Vacheron Constantin	58	30	28	53	4	1	5
Others*	99	65	34	112	3	-16	-13
Total	1 911	1 155	756	1 889	22	0	22

*Others: A. Lange & Söhne, Baume & Mercier, Roger Dubuis, Purdey, Azzedine Alaïa, Peter Millar, Shanghai Tang

FY16 JEWELLERY MAISONS

- › **Decline in watch sales weighed on good jewellery sales**
 - Underperformance of watches in wholesale in Asia Pacific & Americas
 - Positive watch momentum in retail in mainland China
 - Jewellery sales buoyant across all price points, supported by successful launches (from *Cartier Etourdissant* to *Amulette*)
- › **Stable retail network with major renovations**
 - Paris Champs Elysées flagship reopened
 - Seoul Cheongdam to reopen in June 2016; NY 5th Avenue and Ginza mansions in fall 2016
- › **Further development of e-commerce network**
- › **Major jewellery facilities completed**

Cartier



Cartier Etourdissant



Clé de Cartier

FY16 JEWELLERY MAISONS

› Very good performance

- All regions grew excluding a stable Americas
- Driven by jewellery across price points (from *Alhambra* to *Seven Seas*)

› Continued qualitative retail development

- Retail (internal & external) only business model
- New cities: Bangkok, Roma
- Extension of historical flagship store Paris Place Vendôme
- Eleven renovations include London New Bond street flagship store
- Opening of relocated Ginza mansion scheduled for FY17

Van Cleef & Arpels



Two Butterfly Between the Finger Ring



Seven Seas, Trois tortues

FY16 MAIN PRODUCT LAUNCHES

Cartier

› Jewellery

- Royal and Etourdissant HJ collections
- Diamants de Cartier
- Paris Nouvelle Vague – new references
- Panthère de Cartier
- Amulette de Cartier

› Watches

- Clé de Cartier, precious, gold & steel
- Ballon Bleu – new references

Van Cleef & Arpels

› Jewellery

- Seven Seas HJ collection
- Two Butterfly Tsavorites
- Sweet Alhambra
- Bridal Félicité wedding band

› Watches

- Charms Extraordinaires™ Langage des Fleurs
- Cadenas

FY16 SPECIALIST WATCHMAKERS

PIAGET

- › Lower watch sales reflecting strong exposure to HK & Macau
- › Strong growth in jewellery (*Secrets & Lights*, *Possession* relaunch)
- › Continued roll out of the new DOS concept with openings in Paris, Milan and Seoul



VACHERON CONSTANTIN

Manufacture Horlogère. Genève, depuis 1755.

- › Asia Pacific and Americas weighed on the good performance of Europe, Japan and Middle East driven by Chinese tourism
- › Supported by the two pillars *Patrimony* and *Overseas*



Patrimony

FY16 SPECIALIST WATCHMAKERS

A. LANGE & SÖHNE
GLASHÜTTE I/SA

- › Declining sales in Asia Pacific and Americas partially offset by strong sales in Europe and Japan
- › Good performance of the *1815* and *Richard Lange* families
- › Extension of the manufacturing facility inaugurated last August



The new manufacturing building


ROGER DUBUIS
HORLOGER GENEVOIS

- › Impacted by HK & Macau
- › Good market reception of the new Excalibur Spider Tourbillon range
- › Growing appeal to women (*Velvet*)



Excalibur Spider Double Tourbillon

FY16 SPECIALIST WATCHMAKERS



- › Asia Pacific continues to offset good European performance
- › Solid performance of high complications offer and feminine line *Rendez-vous*
- › Continued qualitative improvement in distribution network



Geophysic Universal Time



- › Growth across channels
- › Driven by the rejuvenated *Portugieser* and *Portofino* lines
- › New boutiques include Seoul, Milan and relocated Los Angeles Rodeo Drive flagship



Portugieser Yacht Club Chronograph

FY16 SPECIALIST WATCHMAKERS

OFFICINE PANERAI FIRENZE 1860

- › Good performance in a difficult environment thanks notably to the *Luminor* collection
- › First e-commerce site in the USA
- › Further consolidation of digital presence



Luminor Submersible 1950 Carbotech™

Φ BAUME & MERCIER MAISON D'HORLOGERIE GENEVE 1830

- › Growth in Europe and Middle East
- › Resilient *Classima* and *Clifton* collections; good reception of new *Capeland Shelby Cobra*
- › Chinese actor and singer Chen Kun appointed international ambassador



Capeland Shelby Cobra

FY16 MAIN PRODUCT LAUNCHES

PIAGET

› Watches

- Altiplano – new references
- Limelight Stella

› Jewellery

- Mediterranean Garden and Secrets & Lights HJ collections
- Possession – new references

A. LANGE & SÖHNE
GLASHÜTTE I/SA

- › Datograph perpetual tourbillon
- › Richard Lange jumping seconds
- › 1815 – new references



VACHERON CONSTANTIN

- › Harmony – 260th Anniversary collection
- › Métiers d'Art – new references
- › Overseas – relaunch



ROGER DUBUIS
HORLOGER GENEVOIS

- › Excalibur Brocéliande (skeleton tourbillon for ladies)
- › Velvet – new references
- › Excalibur Tourbillon and Automatic – new skeleton references

FY16 MAIN PRODUCT LAUNCHES



- › Geophysic Universal Time
- › Rendez-vous – new references
- › Reverso – new references

OFFICINE PANERAI
FIRENZE 1860

- › Luminor 1950 – new references
- › Radiomir 8 Days – new references
- › Mare Nostrum Titano – 52mm

IWC
SCHAFFHAUSEN

- › Portugieser – new references
- › Portofino – new references

Φ
BAUME & MERCIER
MAISON D'HORLOGERIE GENEVE 1830

- › Classima – new references
- › Capeland Shelby Cobra
- › Promesse – new references



- › **Good organic sales growth**
 - Leather strongest growth driver
 - Resilient watches and writing instruments; successful new *Montblanc M* line
- › **Good retail performance** partly supported by e-commerce, new international advertising campaign and ongoing worldwide deployment of new retail concept



*New retail concept,
Hamburg flagship*

Chloé

- › **Excellent performance** across channels, product lines and most geographies
- › Investments concentrated on boutique renovations and new leather goods atelier in Milan



Summer 2016 collection & campaign

FY16 OTHER



- › Western markets and Japan continued to grow while Asia Pacific remains challenging; China particularly impacted by lower menswear sales
- › E-commerce launched with a redesigned Website operated by Yoox Net-a-Porter
- › Renovated leather production facility in East London



Albany
collection

LANCEL

- › Non qualitative accounts closed; difficult trading in France
- › Mitigating positive impact of the roll out of the new boutique concept
- › Product portfolio fully renewed with good reception for *Huit*, *Pop*, *Jack* and *Graphic* collections



Jack document
case

FY16 MAIN PRODUCT LAUNCHES



- › **Writing Instruments**
 - Montblanc M
- › **Watches**
 - Montblanc 4810
 - Montblanc 1858
- › **Leather**
 - Meisterstück Sfumato
 - Montblanc Sartorial

LANCEL

- › Charlie – new references
- › Huit
- › Pop
- › Jack
- › Graphic



- › Albany LLG
- › Grooming collection – launch
- › Weltd shoe collection – launch

Chloé

- › **Leather**
 - Drew
 - Faye

RICHMONT