

# RICHEMONT

## COMPANY ANNOUNCEMENT FOR IMMEDIATE RELEASE

14 January 2016

### TRADING UPDATE FOR THE THIRD QUARTER ENDED 31 DECEMBER 2015

#### Financial highlights

- Compared to the prior period, sales in the quarter declined by 4 % at constant exchange rates; sales increased by 3 % at actual rates
- Jewellery continued to enjoy growth across most regions and product categories, partly compensating weak demand for watches
- Compared to the first six months of the current year, the slowdown in sales largely reflected weak trading in Europe. Trading in the Asia Pacific region continued to be challenging

	October- December 2015 € m	October- December 2014* € m	Change at constant exchange rates versus prior period (%)	Change at actual exchange rates versus prior period (%)
<b>Sales by region</b>				
Europe	868	867	- 3 %	-
Asia Pacific	1 036	1 036	- 9 %	-
Americas	515	474	- 3 %	+ 9 %
Japan	281	240	+ 9 %	+ 17 %
Middle East and Africa	227	218	-	+ 4 %
<b>Sales by distribution channel</b>				
Retail	1 658	1 529	-	+ 8 %
Wholesale	1 269	1 306	- 8 %	- 3 %
<b>Sales by business area</b>				
Jewellery Maisons	1 603	1 565	- 5 %	+ 2 %
Specialist Watchmakers	826	816	- 4 %	+ 1 %
Other	498	454	+ 3 %	+ 10 %
<b>Total Sales</b>	<b>2 927</b>	<b>2 835</b>	<b>- 4 %</b>	<b>+ 3 %</b>

\*Sales in the comparative period have been re-presented to reflect discontinued operations: The NET-A-PORTER GROUP

## **Review of trading in the three-month period ended 31 December 2015 at constant exchange rates**

In Europe, the decline in the third quarter, which contrasted with the very strong sales growth seen in the first six months of the year, began in November and primarily reflects lower levels of tourism in the region.

Trading in the Asia Pacific region remains challenging, impacted by the continued contraction in watch demand. In terms of specific markets, the rate of sales growth continued to improve in mainland China, whereas Hong Kong and Macau both reported significantly lower sales.

Sales in the Americas region continued to be subdued. Jewellery continued to show growth, partially offsetting soft demand for watches.

Sales growth in Japan continued, albeit at a lower rate than during the first six months of the current year, largely due to increasingly challenging comparatives and seasonal factors, in particular Chinese tourism. The Middle East and Africa continued to show limited growth.

Retail sales continued to significantly outperform the wholesale channel. Compared to the first six months of the current year, the slowdown in sales through our Maisons' own boutiques reflected the regional factors described above.

Good demand for jewellery products contributed to the Jewellery Maisons' performance. This limited the decline for the segment as a whole, given the relatively weak demand for watches.

The decline in sales by the Group's Specialist Watchmakers reflected caution in the wholesale channel, most notably in Hong Kong, Macau and the Americas region.

The other businesses posted modest growth, mainly driven by Chloé, Montblanc and Peter Millar.

The Group's net cash position at 31 December 2015 amounted to € 5.1 billion (2014: € 4.9 billion).

## **Trading in the nine-month period ended 31 December 2015**

Sales growth over the nine-month period to December were flat at constant exchange rates, but increased by 11 % at actual rates. Sales for the nine months ended 31 December 2015 are presented in Appendix 1a.

## **Results for the year ending 31 March 2016**

The challenging trading environment is likely to prevail in the final quarter to 31 March 2016. Operating profit for the year as a whole will also be negatively affected on a comparative basis by the property disposal gain of € 234 million recorded in the year ended 31 March 2015.

Net profit for the year will benefit on a comparative basis from the non-cash gain of some € 620 million announced in October 2015 relating to the merger of The NET-A-PORTER GROUP with YOOX Group. Additionally, should the Swiss franc remain at current levels versus the euro, the non-cash financial charge of € 652 million recorded in the prior year relating to the Swiss National Bank's actions in January 2015 will not recur in the current year.

## **Corporate calendar**

The Group's results for the current financial year will be announced on Friday, 20 May 2016.

The Company's annual general meeting will be held on Wednesday, 14 September 2016 in Geneva.

## **Disclaimer**

The financial information contained in this announcement is unaudited.

## **Enquiries**

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## **About Richemont**

Richemont owns a portfolio of leading international brands or 'Maisons' which are managed independently of one another, recognising their individuality and uniqueness. The businesses operate in four areas: 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, being Alfred Dunhill, Chloé, Lancel, Montblanc as well as other smaller Maisons and watch component manufacturing activities for third parties.

In addition, Richemont holds a 50% equity-accounted interest in the YOOX Net-A-Porter Group, a publicly traded company.

For its financial year ended 31 March 2015, Richemont reported sales of € 10 410 million. Operating profit for the year amounted to € 2 670 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

## Appendix 1a: Sales for the nine months ended 31 December 2015

	April- December 2015 € m	April- December 2014* € m	Change at constant exchange rates versus prior period (%)	Change at actual exchange rates versus prior period (%)
<b>Sales by region</b>				
Europe	2 811	2 413	+ 15 %	+ 17 %
Asia Pacific	3 007	3 066	- 15 %	- 2 %
Americas	1 398	1 219	- 1 %	+ 15 %
Japan	816	599	+ 30 %	+ 36 %
Middle East and Africa	716	611	+ 2 %	+ 17 %
<b>Sales by distribution channel</b>				
Retail	4 807	4 023	+ 8 %	+ 20 %
Wholesale	3 941	3 885	- 7 %	+ 1 %
<b>Sales by business area</b>				
Jewellery Maisons	4 780	4 248	+ 2 %	+ 13 %
Specialist Watchmakers	2 575	2 441	- 3 %	+ 6 %
Other	1 393	1 218	+ 5 %	+ 14 %
<b>Total Sales</b>	<b>8 748</b>	<b>7 908</b>	<b>+ 1 %</b>	<b>+ 11 %</b>

\*Sales in the comparative period have been re-presented to reflect discontinued operations: The NET-A-PORTER GROUP.

## Appendix 1b: Foreign exchange rates

	April- December 2015	April- December 2014
Average exchange rates against the euro		
United States dollar	1.10	1.31
Japanese yen	134	140
Swiss franc	1.07	1.21

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 2015 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.