

# **R I C H E M O N T**

**PRESS RELEASE – 20 MARCH 2003**

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## **TRADING STATEMENT**

Geneva, 20 March 2003

Richemont, the Swiss luxury goods group, announces that trading in recent months has continued to suffer from the depressed economic climate. In particular, sales in the Group's two core business areas, jewellery and watches, have been adversely affected by the further decline in consumer confidence.

The significant weakening of both the dollar and the yen against the euro, the Group's reporting currency, has also had an adverse impact on sales and, given Richemont's European manufacturing base, on margins.

In response to the difficult trading environment, steps have been taken to restrict operating losses in two areas. The Group has decided to scale back Dunhill's retail operations in the United States and to focus largely on wholesale activities in that market. In the case of Lancel, steps have been taken to eliminate certain loss-making activities in Belgium, the United States and elsewhere. These decisions will lead to restructuring charges of some € 50 million in the current financial year.

As a result, it is currently expected that the Group's operating profit for the financial year ending 31 March 2003 will be below market expectations and may be as much as 40 per cent below the prior year's level.

For its financial year ended 31 March 2002, Richemont reported sales of € 3 860 million and operating profit of € 482 million.

Richemont owns a portfolio of leading international brands including Cartier, Van Cleef & Arpels, Piaget, Montblanc, Dunhill and Lancel as well as the prestigious watch manufacturers Jaeger-LeCoultre, Baume & Mercier, IWC, Vacheron Constantin, A. Lange & Söhne, and Officine Panerai.

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In addition to its luxury goods business, Richemont holds a 21 % interest in British American Tobacco, the world's second largest tobacco company. In December 2002, Richemont announced the issue of convertible warrants linked to its holding of British American Tobacco preference shares. In June 2004, Richemont will receive some £ 544 million from the exercise of the warrants or the redemption of the preference shares by British American Tobacco. Richemont will record a one-off exceptional gain of € 300 million in the current financial year as a consequence of the warrant issue and will continue to hold an interest of some 18.5 per cent in the ordinary share capital of British American Tobacco after the exercise of the warrants or redemption of the preference shares in June 2004.

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