RICHEMONT

COMPANY ANNOUNCEMENT

15 MAY 2020

RICHEMONT ANNOUNCES
ITS AUDITED CONSOLIDATED RESULTS
AND PROPOSED DIVIDEND
FOR THE YEAR ENDED 31 MARCH 2020

Financial highlights

- Trading and operations were strongly affected by Covid-19 in the fourth quarter
  - First priority continues to be protecting the health and wellbeing of our teams, clients, partners and communities
  - Fourth quarter sales declined by 18% at actual exchange rates, with sales in Asia Pacific down by 36%, including Hong Kong SAR, China, down by 67%; sales in Europe decreased by 9% while they rose by 9% in the Americas

- Group sales for the year increased by 2% at actual exchange rates to € 14 238 million and were stable at constant exchange rates
  - Growth was driven by Online Distributors and Jewellery Maisons
  - Good performances in the Americas, Europe and Japan more than offset a decline in Asia Pacific

- Operating profit for the year decreased by 22% to € 1 518 million and operating margin to 10.7%

- Profit for the year decreased to € 931 million, reflecting the non-recurrence of a post-tax non-cash gain of € 1 378 million on the revaluation of YNAP shares held prior to acquisition and net foreign exchange losses on monetary items

- Net cash position remained strong at € 2 395 million

- Proposed dividend of CHF 1.00 per 1 A share / 10 B shares; potential shareholder equity-based loyalty scheme being considered and to be announced in due course

Key financial data (audited)

	2020	2019	Change
Sales	**€ 14 238 m**	€ 13 989 m	+2%
Gross profit	**€ 8 611 m**	€ 8 645 m	0%
Gross margin	**60.5%**	61.8%	-130 bps
Operating profit	**€ 1 518 m**	€ 1 943 m	-22%
Operating margin	**10.7%**	13.9%	-320 bps
Profit for the year	**€ 931 m**	€ 2 787 m	-67%
Earnings per A share/10 B shares, diluted basis	**€ 1.646**	€ 4.927	-67%
Cash flow generated from operations	**€ 2 797 m**	€ 2 331 m	+€ 466 m
Net cash position	**€ 2 395 m**	€ 2 528 m	-€ 133 m

Chairman's commentary

The impact of Covid-19

The unprecedented effects of the Covid-19 pandemic in recent months has had a profound impact on the lives of millions around the globe. We must hope that it is a once in a lifetime event. Millions have lost their jobs or been put on government supported schemes. Companies are facing unprecedented declines in their sales and some industries, such as airlines, will have to fundamentally restructure their business in the face of changes in demand; others will not be able to survive.

The luxury goods industry is in a privileged position. 'Hard luxury' products are not transient but rather embody centuries of heritage and craft skills. Cartier was established in 1847 and has survived two world wars; Vacheron Constantin began manufacturing watches in its current premises in Geneva in 1755. Our Maisons will survive these difficult times, supported by the strength of Richemont's balance sheet.

Writing today, there is very limited visibility as to what the year ahead holds. Countries are at different stages of the Covid-19 cycle. China was the first to succumb but has apparently returned to 'business as usual' remarkably quickly. Whilst Asia seems to be past the worst of the virus and Europe is showing some signs of recovery, the United States and many other countries are still suffering badly. Although there is good news of improved antibody testing, it seems that a vaccine against the virus itself may still be a long way off. Only once an effective vaccine is available to everyone - perhaps only next year at best - will we be able to say that the virus is beaten. The luxury industry is dependent on customers' willingness to spend – the so-called 'feel good factor' – and has benefited from increased international travel in recent years. There will be headwinds in the months ahead.

However, there are signs of improvement in terms of our business. Since our 462 boutiques in China have re-opened after the virus, we have seen strong demand. Equally, the steps we have taken in recent years to change the way we operate see the Maisons well positioned. Our approach has been to shift from a fixed cost basis of operating to a more flexible model. We see online marketing as a key element of that. Our joint venture with Alibaba in China and our initial online 'Pavilions' are introducing Cartier and the other Maisons to a new generation of shoppers. Having started to shop online, these internet shoppers also tend to become good customers in our boutiques. In times when tourist traffic is impacted by concerns over the virus, internet shopping has proven to be a key avenue and will remain key to the growth of our business. These retail developments are complemented by much more efficient procurement and more flexible product development and manufacturing capacity in the Maisons. Our teams should be complimented for their achievements in these areas.

No-one can say when we will see economic activity normalise. Other economies will probably find it difficult to emulate China. We may be looking at 12, 24 or 36 months of grave economic consequences. Perhaps that is too pessimistic but who knows?

Overview of results

Until the outbreak of Covid-19 in January, the Group recorded a good sales performance, bearing in mind protests in Hong Kong and France. In the fourth quarter of the financial year, however, almost all regions were impacted by the pandemic, with sales down by 18% at actual exchange rates, including a 67% sales decline in Hong Kong. For the year as a whole, good performances in the Americas, Europe and Japan more than offset a decline in Asia Pacific. The Jewellery Maisons and Online Distributors showed resilience. A notable acceleration of online sales partially mitigated a halt in tourism and store closures, all of which affected our retail and wholesale sales. Online sales reached 19% of Group sales at year end, compared to 16% a year ago, reflecting our continued focus on expanding our capabilities in an increasingly digital world.

Despite the challenging fourth quarter sales, the Jewellery Maisons grew modestly driven by positive retail sales and strong online sales. Iconic jewellery collections, particularly *Juste un Clou de Cartier* and *Perlée* at Van Cleef & Arpels, and the new *Clash de Cartier* collection drove increased jewellery sales. Performance was varied among the Specialist Watchmakers, with overall sales contracting by 4%, largely due to the impact of Covid-19 and the protests previously mentioned. However, Panerai with its new *Submersible Carbotech* and A. Lange & Söhne with the *Lange 1* anniversary editions generated good growth. Online Distributors recorded double digit sales progression despite temporary closures of distribution centres prompted by the Covid-19 outbreak. Our Maisons grouped under 'Other' posted lower sales notwithstanding good momentum at Peter Millar. Online sales grew strongly driven by Montblanc and Peter Millar.

Operating profit decreased by 22%, mainly due to the Covid-19 pandemic. Profit for the year declined by 67% to € 931 million, also reflecting the impact of the non-recurrence of a post-tax non-cash accounting gain of € 1 378 million on the revaluation of the YNAP shares held before the tender offer and net foreign exchange losses on monetary items. Due to our constant safeguarding of liquidity, our balance sheet remains healthy. At 31 March 2020, our gross cash position amounted to € 6 347 million and our net cash position was € 2 395 million.

We were delighted to welcome Buccellati and Alber Elbaz's AZfashion venture to the Richemont family. Buccellati's strong craftsmanship and distinctive design make it highly complementary to our existing jewellery Maisons and well placed to benefit from the long term potential of the branded jewellery market. Alber Elbaz's vision and talent will be of great value to our Group, and we are looking forward to this new partnership.

Richemont has always been committed to ethical and sustainable business practices. The year saw the launch of a new Group-wide strategy reflecting Richemont's continuing ambition to craft an ethical, inclusive, sustainable and profitable future. The strategy encompasses short, medium and long term targets and embodies Richemont's "Movement for Better Luxury".

Dividend

The Board has debated at length what Richemont's policy should be in respect of this year's dividend. Whilst the Group has a strong balance sheet and more than adequate cash resources, we feel it appropriate to be prudent and retain as much flexibility as possible at this time of limited visibility as to the prevailing economic situation. Equally, we must acknowledge the contribution of the Swiss authorities in supporting our colleagues during these difficult times when they have been temporarily laid off or put on to short-time working.

We propose therefore to pay a lower cash dividend of CHF 1.00 per 'A' share (and CHF 0.10 per 'B' share), subject to the approval of shareholders at the annual general meeting.

However, recognising the difficulty in predicting the likely scope for the recovery in demand and the timing of that recovery, we are looking at the potential to provide shareholders with some additional form of reward to compensate in part for the reduction in the cash dividend per share. Such a 'loyalty bonus' could potentially take the form of the distribution to shareholders of an instrument entitling them to acquire further shares on advantageous terms. Further work needs to be done in terms of the practical, legal and fiscal aspects of any such scheme; we would hope to make a further announcement in this respect in good time ahead of the annual general meeting.

Outlook

We are experiencing unprecedented times with severe disruptions across the world simultaneously. The closures of our internal and external points of sales, changing attitudes towards consumption and subdued consumer sentiment will weigh on this year's results, even if, at the time of writing, we are gradually resuming operations as parts of the world emerge from lockdown. It is impossible to make meaningful predictions at this time.

We are more than ever committed to safeguarding our people, brand equity, assets and partners. Richemont is supported by professional, courageous teams and a strong balance sheet that will see us through these trying times. I would like to thank all of our colleagues for the fortitude, agility, creativity and resilience that they continue to demonstrate in the face of unparalleled uncertainty. Their dedication to crafting the future gives me confidence that we will withstand this crisis and emerge stronger.

The pandemic has meant that many of us have lost loved ones and millions have suffered the consequences of the virus and its related lockdown measures. It has been a global catastrophe beyond our imagination. In these difficult times, I send my best wishes to each of our colleagues, our clients, our business partners and our shareholders. Take care and stay well.

Johann Rupert
Chairman

Compagnie Financière Richemont SA
Geneva, 15 May 2020

Financial review

Online Distributors' results for the prior year period included 11 months for YOOX NET-A-PORTER GROUP (YNAP) and 10 months for Watchfinder & Co. (Watchfinder).

Any long form references to Hong Kong, Macau and Taiwan within this Company Announcement are Hong Kong SAR, China; Macau SAR, China; Taiwan, China respectively.

Sales

Sales for the year increased by 2% at actual exchange rates and were broadly in line at constant exchange rates, having progressed by 8% and 5% respectively for the nine months ended 31 December 2019. The significant disruption caused by the worldwide outbreak of the Covid-19 pandemic weighed on fourth quarter sales, which declined by 18% at actual exchange rates and by 19% at constant exchange rates. Excluding Online Distributors, sales for the year decreased by 3% at constant exchange rates and by 1% at actual rates.

At actual exchange rates, sales for the year were higher or stable in most regions. Mid-single digit sales increases in Europe and Japan and double digit sales growth in the Americas more than offset a mid-single digit sales decline in Asia Pacific, which was largely attributable to the street protests experienced in Hong Kong for most of the year and the outbreak of the Covid-19 pandemic in the fourth quarter.

At actual exchange rates, sales in the Group's directly operated boutiques were in line with the prior year, delivering a 7% increase in the first nine months of the financial year, supported by the Jewellery Maisons. The 4% decrease in wholesale sales reflected temporary store closures at retail partners in the fourth quarter of the year as well as tight management of inventories and qualitative improvements to our external points of sale. Online sales grew strongly across all business areas.

Overall, sales growth was driven by Jewellery Maisons and Online Distributors.

Further details on sales by region, distribution channel and business area are given under Review of Operations.

Gross profit

At € 8 611 million, gross profit was in line with the prior year. Gross margin moderated to 60.5% compared to 61.8% a year ago, due mainly to higher gold prices, lower utilisation of manufacturing capacity and continuing competitive pricing environment in online fashion.

Operating profit

Operating profit decreased by 22% to € 1 518 million, leading to an operating margin of 10.7% compared to 13.9% a year ago. This reduction is partly due to net operating expenses increasing by 6%, above the 2% sales growth, given the time lag between temporary store closures and cost reduction measures taking effect.

Growth in selling and distribution expenses was limited to 2%, including the adoption of IFRS 16 *Leases*. Communication expenses rose by 6% to represent 9.9% of Group sales, including charges related to only partly refundable cancelled campaigns and events, such as *Watches & Wonders Geneva* in April 2020.

Fulfilment expenses of € 352 million were recorded across the Group's e-commerce activities, primarily at Online Distributors. Administrative expenses grew by 10%, mainly driven by a stronger Swiss franc, continued expenditure in IT and digital initiatives at the Online Distributors and the Group's Maisons. Other operating expenses of € 254 million included the impact of the amortisation of intangibles recognised on acquisitions, primarily related to Online Distributors and Buccellati, as well as impairment charges of € 45 million.

Profit for the year

Profit for the year declined by 67% to € 931 million. This decrease reflected the non-recurrence of last year's € 1 378 million post-tax non-cash accounting gain on the revaluation of the YNAP shares held prior to the tender offer. Excluding this amount, profit for the year was down 34%, due to the 22% decline in operating profit and the 84% increase in net finance costs. At € 337 million, net finance costs were € 154 million higher than the prior year, as a result of a € 233 million increase in net foreign exchange losses on monetary items and the adoption of IFRS 16 *Leases*. This was partly mitigated by a € 44 million gain on hedging activities compared to a € 112 million loss in the prior year.

Earnings per share (1 A share/10 B shares) decreased by 67% to € 1.646 on a diluted basis.

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 2020 was € 984 million (2019: € 1 467 million). Basic HEPS for the year was € 1.742 (2019: € 2.600), diluted HEPS for the year was € 1.736 (2019: € 2.596). Further details regarding earnings per share and HEPS, including an itemised reconciliation, may be found in note 29.3 of the Group's consolidated financial statements.

Cash flow

At € 2 797 million, cash flow generated from operating activities was € 466 million higher than last year. The improvement reflected a € 327 million reduction in working capital requirements, primarily related to a lower increase in inventories and lower trade receivables as a consequence of reduced wholesale orders, particularly in the fourth quarter.

Net investment in tangible fixed assets amounted to € 568 million. This predominantly reflected investments in the renovation and relocation of existing boutiques in the Maisons' store network, and continued investments in IT systems, notably at the Online Distributors.

The 2019 dividend of 2.00 per share (1 A share/10 B shares) was paid to shareholders and to South African Depository Receipt holders, net of withholding tax, in September 2019. The overall dividend cash outflow in the period amounted to € 1 017 million (2018: € 926 million).

During the year under review, the Group did not acquire any treasury shares to hedge executive stock options. Proceeds from the exercise of stock options by executives and other activities related to the hedging programme amounted to a net cash inflow of € 13 million.

Balance sheet

At 31 March 2020, inventories amounted to € 6 658 million (2019: € 6 186 million). The € 472 million increase compares to the € 1 243 million increase in the prior year following the acquisition of the Online Distributors. Inventories represented 17.8 months of cost of sales, broadly in line with prior year (2019: 17.7 months).

At 31 March 2020, the Group's net cash position amounted to € 2 395 million (2019: € 2 528 million). The decrease versus the prior year can be attributed to slower sales in the fourth quarter due to temporary store and distribution centre closures as well as the completion of the Buccellati acquisition (€ 230 million). The Group's net cash position includes highly liquid, highly rated money market funds, short-term bank deposits and short-duration bond funds, primarily denominated in Swiss francs, euros and US dollars.

Shareholders' equity represented 57% of total equity and liabilities compared to 61% in the prior year.

Acquisition of Buccellati

On 26 September 2019, Richemont completed the acquisition of Buccellati Holding Italia S.p.A., the owner of Buccellati, the renowned Italian jewellery Maison, for a total consideration of € 230 million. In addition, € 7 million of acquisition-related transaction costs were expensed in the year. Buccellati's results are consolidated within the Jewellery Maisons with effect from 30 September 2019.

The completion of the Buccellati acquisition has resulted in the recognition of € 103 million in goodwill, which is subject to annual impairment testing. In addition, intangible assets amounting to € 108 million were recognised following completion of the provisional acquisition accounting.

Proposed dividend

The Board has proposed a dividend of CHF 1.00 per A share/10 B shares.

The dividend will be paid as follows:

	Gross dividend per 1A share/10 B shares	Swiss withholding tax @ 35%	Net payable per 1A share/10 B shares
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 Wednesday, 9 September 2020.

The last day to trade Richemont 'A' shares and Richemont South African Depository Receipts cum-dividend will be Tuesday, 15 September 2020. Both will trade ex-dividend from Wednesday, 16 September 2020.

The dividend on the Compagnie Financière Richemont SA 'A' shares will be paid on Friday 18 September. 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 Wednesday 23 September 2020. 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 may be found in a separate announcement dated 15 May 2020 on SENS, the Johannesburg Stock Exchange news service.

Covid-19 has had significant effects on global public health and economies. While the Board is unable to determine when these effects will subside, the Board believes that these effects will subside. The Board has determined that the dividend reduction is prudent in the current environment to preserve maximum liquidity in the short term. In order to reward loyal and long term shareholders, the Board is studying an equity-based loyalty scheme to award to shareholders as a supplementary benefit in addition to the CHF1.00 cash payment in order to capture any ultimate improvement in global conditions. This scheme will be announced prior to the publishing of the AGM notice.

Review of operations

Sales by region

in € millions	2020	2019	Constant exchange rates*	Actual exchange rates
Europe	**4 298**	4 118	+4%	+4%
Asia Pacific	**4 992**	5 243	-6%	-5%
Americas	**2 806**	2 551	+6%	+10%
Japan	**1 212**	1 148	-1%	+6%
Middle East and Africa	**930**	929	-3%	0%
	14 238	13 989	0%	+2%

* Movements at constant exchange rates are calculated by 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 2019

The following comments on Group sales refer to year-on-year movements at constant exchange rates and including Online Distributors unless otherwise stated.

Europe

Sales in Europe grew by 4%, and by 1% excluding Online Distributors.

Performance was varied in terms of markets and channels depending on the timing and scale of lockdown measures in each market. Double digit growth in the United Kingdom more than offset lower sales in France where social unrest and strikes led to temporary store closures and reduced tourist spending. A number of distribution centres were closed in the quarter and, from mid-March 2020, all our European stores, except in Russia, were closed. In the fourth quarter of the year, sales declined by 10%.

Wholesale sales decreased by mid-single digits while retail sales grew by mid-single digits, and online retail recorded a double digit sales increase. Sales growth was driven by Online Distributors and the Jewellery Maisons, the latter benefiting from the consolidation of Buccellati on 30 September 2019.

Europe remained our second largest region, accounting for 30% of Group sales compared to 29% a year ago.

Asia Pacific

Sales in Asia Pacific declined by 6%, and by 7% excluding Online Distributors.

Double digit growth in China and Korea was more than offset by a 40% decline in sales in Hong Kong, where sales had been affected by six months of street protests.

Sales contracted in the retail and wholesale channels and grew strongly in the online retail channel. All business areas registered lower sales, except Online Distributors, which posted double digit growth.

In the fourth quarter of the year, the region was impacted by the outbreak of the Covid-19 pandemic with overall sales decreasing by 37%.

Asia Pacific accounted for the largest share of Group sales at 35%, down from 38% in the prior year.

Americas

Sales in the Americas grew by 6%, and by 2% excluding Online Distributors. In the fourth quarter of the year, sales increased by 6%.

Higher retail sales, both online and offline, more than offset lower wholesale sales. Most business areas posted growth, led by strong double digit sales increases at the Online Distributors and, to a lesser extent, at the Other business area.

The region's contribution to Group sales rose to 20% from 18% in the prior year.

Japan

Sales in Japan were 1% lower, and broadly in line excluding Online Distributors, as the relative strength of the Japanese Yen, the October 2019 value added tax increase and the Covid-19 outbreak all weighed on demand. In the fourth quarter of the year, sales declined by 21%.

All channels recorded growth or a slight decline compared to the prior year. The Specialist Watchmakers posted a good performance, while sales were stable at the Jewellery Maisons and decreased in the other business areas.

Japan accounted for 8% of Group sales, in line with the prior year.

Middle East and Africa

Sales in the Middle East and Africa decreased by 3%, and by 6% excluding Online Distributors. In the fourth quarter of the year, sales declined by 12%.

The discontinuation of selected wholesale relationships and continued unsupportive environment affected all business areas apart from the Online Distributors which showed strong growth. In terms of distribution channels, retail sales were in line with the prior year, while wholesale sales declined and online retail sales rose sharply.

The contribution of Middle East and Africa to Group sales was maintained at 7% of Group sales.

Sales by distribution channel

in € millions	2020	2019	Constant exchange rates*	Actual exchange rates
Retail	**7 338**	7 320	-2%	0%
Online retail	**2 646**	2 262	+14%	+17%
Wholesale	**4 211**	4 368	-5%	-4%
Royalty income	**43**	39	+8%	+10%
	14 238	13 989	0%	+2%

* Movements at constant exchange rates are calculated by 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 2019

The following comments on Group sales refer to year-on-year movements at constant exchange rates unless otherwise stated.

Retail

The 2% decrease in retail sales can be explained by temporary store closures due to social unrest in Hong Kong and France, as well as the impact of the Covid-19 pandemic from the end of January 2020 onwards. At the end of the fourth quarter, 43% of our stores were closed. Most of our stores in China reopened in the month of March.

Higher sales in Europe and the Americas partly mitigated lower or stable sales in the other regions. Retail sales increased at the Online Distributors and were stable at the Jewellery Maisons.

The Maisons' 1 175 directly operated boutiques contributed 51% of Group sales, compared to 53% in the prior year.

Online retail

Online retail generated strong double digit sales growth from our Maisons and Online Distributors across almost all regions.

As a result, the share of online retail increased from 16% a year ago to 19% of Group sales, including the full year effect of Online Distributors.

Wholesale

The Group's wholesale business posted a 5% sales decrease.

Growth in Japan was more than offset by declines in other regions. Temporary closures of the stores of our franchise partners and multi-brand retail partners, due to social unrest in some locations and the global Covid-19 outbreak in the last quarter of the financial year, led to lower wholesale sales in all our business areas. At the Specialist Watchmakers, the continued focus on aligning sell-in with sell-out and the qualitative optimisation of the watch wholesale network also weighed on sales.

The contribution of the Group's wholesale channel accounted for 30% of Group sales.

Sales and operating results by segment

Jewellery Maisons

in € millions	2020	2019	Change
Sales	**7 217**	7 083	+2%
Operating results	**2 077**	2 229	-7%
Operating margin	**28.8%**	31.5%	-270 bps

At actual exchange rates, sales grew by 2% with positive retail sales and strong online sales, in part driven by the opening of the Cartier flagship store on TMall's Luxury Pavilion in January 2020. Jewellery sales were higher and watch sales moderately lower over the prior year, particularly impacted by protests in Hong Kong and the Covid-19 outbreak. Cartier and Van Cleef & Arpels benefited from the continued appeal of their iconic jewellery collections, particularly *Juste un Clou* and *Perlée*, and the new *Clash de Cartier* collection. Watch sales drew on the success of the rejuvenated *Baignoire* and *Santos de Cartier* and Van Cleef & Arpels' *Alhambra* collections. Buccellati has performed well since its integration on 30 September 2019, notably with its emblematic *Macri* collection.

Mid to high-single digit sales growth in the Americas, Europe and Japan more than offset a contraction in Asia Pacific.

Operating results decreased by 7% compared to the prior year, reflecting muted sales growth, higher gold prices and a modest increase in costs, as the Jewellery Maisons invested in store renovations and digital, data-driven communication initiatives. These investments included the renovation of the Van Cleef & Arpels store in Los Angeles Rodeo Drive as well as the relocation of the Cartier boutique in China World Beijing. Operating margin was down 270 basis points to 28.8%.

Specialist Watchmakers

in € millions	2020	2019 re-presented*	Change
Sales	**2 859**	2 980	-4%
Operating results	**304**	381	-20%
Operating margin	**10.6%**	12.8%	-220 bps

* Prior year comparatives have been re-presented following a change in the presentation of the amortisation of intangible assets made on acquisitions

The 4% decline in Specialist Watchmakers' sales reflected a challenging environment, initially in Hong Kong due to the street protests, and thereafter in all markets with the spread of Covid-19. Regionally, performance was varied, with Japan and the Americas showing positive performances. Retail and wholesale sales contracted, notwithstanding notable performances from Panerai with the new *Submersible Carbotech* and A Lange & Söhne with the anniversary editions of *Lange 1*.

Lower sales, higher gold prices and a stronger Swiss franc, partially mitigated by a stronger US dollar and strict cost control, led to a 20% decrease in operating results to € 304 million. As a result, operating margin decreased by 220 basis points to 10.6%.

Online Distributors

in € millions	2020	2019 re-presented*	Change
Sales	**2 427**	2 105	+15%
Operating results	**(241)**	(99)	-143%
Operating margin	**-9.9%**	**-4.7%**	-520 bps

* Prior year comparatives have been re-presented following a change in the presentation of the amortisation of intangible assets and inventory adjustments made on acquisitions

The comparative period includes sales for YOOX NET-A-PORTER GROUP (YNAP) and Watchfinder & Co. (Watchfinder) from 1 May and 1 June 2018, respectively.

With sales up 15%, Online Distributors recorded a double digit increase in almost all regions led by the Americas. At YNAP, all business lines posted double digit growth. The NET-A-PORTER flagship store on Tmall Luxury Pavilion continues to build momentum. Watchfinder has successfully pursued its international expansion strategy and is now present in France, Switzerland, Germany, USA and Hong Kong.

Online Distributors recorded a € 241 million operating loss due to a highly competitive pricing environment at YNAP, international expansion investments at Watchfinder and increased investments in information technology, mostly linked to MR PORTER's and more recently NET-A-PORTER's global technology and logistics platform migration. Results in the fourth quarter were also impacted by the temporary closures of distribution centres due to the Covid-19 outbreak.

Other

in € millions	2020	2019 re-presented*	Change
Sales	**1 788**	1 881	-5%
Operating results	**(141)**	(95)	-48%
Operating margin	**-7.9%**	-5.1%	-280 bps

* Prior year comparatives have been re-presented following a change in the presentation of the amortisation of intangible assets made on acquisitions

'Other' includes the Group's Fashion & Accessories businesses, watch component manufacturing and real estate activities.

Sales for the Other business area were 5% lower than the prior year. Growth in the Americas was offset by declines in other regions, particularly in Asia Pacific due to impacts previously discussed. Retail sales were lower although dunhill and Montblanc showed resilience with increases in most regions. Online sales grew strongly, driven by Montblanc and Peter Millar. Online sales now account for 9% of total sales compared to 5% a year ago.

In the year under review, operating losses of € 141 million included a € 45 million charge in relation to impairment of tangible assets at Alaïa, dunhill and Purdey (FY19: € 58 million net one-time charges).

Valuation adjustments on acquisitions

in € millions	2020	2019	Change
Valuation adjustments on acquisitions	**(196)**	(173)	+13%

The amortisation of intangible assets and inventory adjustments made on acquisition are no longer shown in the operating results for the respective segments. This enables the operating results of each segment to better reflect its operational performance. This change primarily impacts the Online Distributors, and results in a reduction of losses for that segment of € 165 million for the prior year. Current year expense amounts to € 181 million.

Corporate costs

in € millions	2020	2019	Change
Corporate costs	**(283)**	(302)	-6%
Central functions	**(249)**	(245)	+2%
Other operating expenses, net	**(34)**	(57)	-40%

Corporate costs represent the costs of central management, marketing support and other central functions (collectively central functions), as well as other expenses and income that are not allocated to specific business areas. The majority of corporate costs are incurred in Switzerland. The decline in other operating expenses is largely due to lower transaction costs relating to portfolio investments. Corporate costs represented less than 2% of Group sales.

The Group's consolidated financial statements of comprehensive income, cash flows and 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 www.richemont.com/annual-report

Jérôme Lambert
Chief Executive Officer

Burkhart Grund
Chief Finance Officer

Presentation

The results will be presented via an audio webcast on 15 May 2020, starting at 09:30 (CET). The direct link is available from 07:30 (CET) at: www.richemont.com. The presentation may be viewed using a mobile device.

- Live telephone connection: call one of these numbers 10 minutes before the start of the presentation:
  - Europe +41 58 310 50 00
  - USA +1 631 570 5613
  - UK +44 207 107 0613
  - South Africa +27 11 589 8373 / 0800 992 635 (toll free)
- An archive of the audio webcast will be available at 15:00 (CET) the same day from:
  - www.richemont.com/investor-relations/results-presentations
- A transcript of the webcast will be available at 15:00 (CET) on 19 May 2020 from:
  - www.richemont.com/investor-relations/results-presentations

Statutory information

- The Richemont 2020 Annual Report will be published on 27 May 2020 and will be available for download from the Group's website at www.richemont.com/investor-relations/reports. Copies may be obtained from the Company's registered office or by contacting the Company via the website at www.richemont.com/about-richemont/contact

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'A' shares issued by Compagnie Financière Richemont SA are listed and traded on SIX Swiss Exchange, the Company's primary listing (Reuters 'CFR.VX'/Bloomberg 'CFR:VX'/ISIN CH0210483332). South African depository receipts in respect of Richemont 'A' shares are traded on the Johannesburg stock exchange, the Company's secondary listing (Reuters 'CFRJ.J'/Bloomberg 'CFR:SJ'/ISIN CH0045159024).

About Richemont

Richemont owns a portfolio of leading international Maisons recognised for their distinctive heritage, craftsmanship and creativity. The Group operates in four business areas: **Jewellery Maisons**, namely Buccellati, Cartier and Van Cleef & Arpels; **Specialist Watchmakers**, namely A. Lange & Söhne, Baume & Mercier, IWC Schaffhausen, Jaeger-LeCoultre, Panerai, Piaget, Roger Dubuis and Vacheron Constantin; **Online Distributors**, namely YOOX NET-A-PORTER GROUP (NET-A-PORTER, MR PORTER, YOOX, THE OUTNET) and Watchfinder & Co.; and **Other**, primarily Fashion & Accessories Maisons, including Alaïa, Chloé, dunhill, Montblanc and Peter Millar.

Disclaimer

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. 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. Our retail stores are heavily dependent on the ability and desire of consumers to travel and shop and a decline in consumer traffic could have a negative effect on our comparable store sales and/or average sales per square foot and store profitability resulting in impairment charges, which could have a material adverse effect on our business, results of operations and financial condition. Reduced travel resulting from economic conditions, retail store closure orders of civil authorities, travel restrictions, travel concerns and other circumstances, including disease epidemics and other health-related concerns, could have a material adverse effect on us, particularly if such events impact our customers' desire to travel to our retail stores. 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.

Appendix 1

Consolidated statement of comprehensive income statement for the year ended 31 March

	2020 €m	2019 €m
Revenue	**14 238**	13 989
Cost of sales	**(5 627)**	(5 344)
Gross profit	**8 611**	8 645
Selling and distribution expenses	**(3 512)**	(3 433)
Communication expenses	**(1 415)**	(1 338)
Fulfilment expenses	**(352)**	(229)
Administrative expenses	**(1 560)**	(1 422)
Other operating expenses	**(254)**	(280)
Operating profit	**1 518**	1 943
Finance costs	**(504)**	(294)
Finance income	**167**	111
Share of post-tax results of equity-accounted investments	**17**	1 408
Profit before taxation	**1 198**	3 168
Taxation	**(267)**	(381)
Profit for the year	**931**	2 787
Other comprehensive income:		
Items that will never be reclassified to profit or loss		
Defined benefit plan actuarial (losses)/gains	**(81)**	15
Tax on defined benefit plan actuarial (losses)/gains	**10**	(3)
Fair value changes on financial assets held at fair value through other comprehensive income	**(272)**	(72)
Share of other comprehensive income of equity-accounted investments	**–**	–
	(343)	(60)
Items that are or may be reclassified subsequently to profit or loss		
Currency translation adjustments		
– movement in the year	**568**	670
– reclassification to profit or loss	**–**	3
Cash flow hedging		
– reclassification to profit or loss, net of tax	**3**	3
Share of other comprehensive income of equity-accounted investments	**–**	1
	571	677
Other comprehensive income, net of tax	**228**	617
Total comprehensive income	**1 159**	3 404
Profit attributable to:		
Owners of the parent company	**933**	2 784
Non-controlling interests	**(2)**	3
	931	2 787
Total comprehensive income attributable to:		
Owners of the parent company	**1 162**	3 400
Non-controlling interests	**(3)**	4
	1 159	3 404
Earnings per 'A' share/10 'B' shares attributable to owners of the parent company during the year (expressed in € per share)		
From profit for the year		
Basic	**1.651**	4.934
Diluted	**1.646**	4.927

Consolidated statement of cash flow for the year ended 31 March

	2020 € m	2019 € m
Operating profit	**1 518**	1 943
Depreciation of property, plant and equipment	**515**	482
Depreciation of right of use assets	**618**	–
Depreciation of investment property	**4**	4
Amortisation of other intangible assets	**355**	326
Impairment of property, plant and equipment	**39**	1
Impairment of goodwill	**1**	–
Impairment of other intangible assets	**5**	–
Loss on disposal of property, plant and equipment	**8**	6
Profit on disposal of investment properties	**(3)**	–
Loss on disposal of intangible assets	**3**	1
Profit on lease remeasurement	**(3)**	–
Increase in non-current provisions	**9**	15
Increase in retirement benefit obligations	**14**	12
Non-cash items	**41**	71
Increase in inventories	**(196)**	(278)
Decrease/(increase) in trade receivables	**181**	(53)
Decrease in other current assets	**103**	24
Decrease in current liabilities	**(348)**	(99)
(Decrease)/increase in other non-current liabilities	**(16)**	4
Decrease in derivative financial instruments	**(51)**	(128)
Cash flow generated from operations	**2 797**	2 331
Interest received	**109**	90
Interest paid	**(181)**	(139)
Dividend from equity-accounted investments	**3**	37
Dividend from other investments	**15**	13
Taxation paid	**(373)**	(306)
Net cash generated from operating activities	**2 370**	2 026
Cash flows from investing activities		
Acquisition of subsidiary undertakings and other businesses, net of cash acquired	**(245)**	(2 650)
Proceeds from disposal of subsidiary undertakings, net of cash	**–**	(44)
Acquisition of equity-accounted investments	**(1)**	–
Proceeds from disposal of, and capital distributions from, equity-accounted investments	**–**	21
Acquisition of property, plant and equipment	**(570)**	(657)
Proceeds from disposal of property, plant and equipment	**2**	24
Payments capitalised as right of use assets	**(2)**	–
Acquisition of intangible assets	**(165)**	(169)
Proceeds from disposal of intangible assets	**–**	4
Acquisition of investment property	**(4)**	(63)
Investment in money market and externally managed funds	**(8 422)**	(6 177)
Proceeds from disposal of money market and externally managed funds	**8 600**	6 892
Acquisition of other non-current assets	**(30)**	(44)
Proceeds from disposal of other non-current assets and investments	**11**	25
Net cash used in investing activities	**(826)**	(2 838)
Cash flows from financing activities		
Proceeds from borrowings	**–**	11
Repayment of borrowings	**(365)**	(323)
Dividends paid	**(1 017)**	(926)
Acquisition of treasury shares	**–**	(180)
Proceeds from sale of treasury shares	**13**	106
Contributions received from non-controlling interests	**34**	57
Acquisition of non-controlling interests in a subsidiary	**–**	(195)
Lease payments - principal	**(588)**	–
Capital element of finance lease payments	**–**	(6)
Net cash used in financing activities	**(1 923)**	(1 456)
Net change in cash and cash equivalents	**(379)**	(2 268)
Cash and cash equivalents at the beginning of the year	**2 347**	4 504
Exchange (losses)/gains on cash and cash equivalents	**17**	111
Cash and cash equivalents at the end of the year	**1 985**	2 347

Consolidated balance sheet at 31 March

	2020 €m	2019 €m
Assets		
Non-current assets		
Property, plant and equipment	**2 774**	2 728
Goodwill	**3 465**	3 354
Other intangible assets	**2 623**	2 757
Right of use assets	**3 164**	–
Investment property	**282**	282
Equity-accounted investments	**180**	182
Deferred income tax assets	**600**	594
Financial assets held at fair value through profit or loss	**10**	10
Financial assets held at fair value through other comprehensive income	**115**	378
Other non-current assets	**447**	476
	13 660	10 761
Current assets		
Inventories	**6 658**	6 186
Trade receivables and other current assets	**1 246**	1 470
Derivative financial instruments	**44**	15
Financial assets held at fair value through profit or loss	**4 362**	4 528
Assets held for sale	**29**	19
Cash at bank and on hand	**4 462**	5 060
	16 801	17 278
Total assets	**30 461**	28 039

	2020 €m	2019 €m
Equity and liabilities		
Equity attributable to owners of the parent company		
Share capital	**334**	334
Treasury shares	**(539)**	(560)
Hedge and share option reserves	**368**	324
Cumulative translation adjustment reserve	**3 133**	2 564
Retained earnings	**13 840**	14 289
	17 136	16 951
Non-controlling interests	**123**	88
Total equity	**17 259**	17 039
Liabilities		
Non-current liabilities		
Borrowings	**3 951**	3 984
Lease liabilities	**2 702**	–
Deferred income tax liabilities	**351**	358
Employee benefit obligations	**168**	66
Provisions	**56**	65
Other long-term financial liabilities	**99**	224
	7 327	4 697
Current liabilities		
Trade payables and other current liabilities	**2 047**	2 341
Current income tax liabilities	**446**	515
Borrowings	**1**	363
Lease liabilities	**612**	–
Derivative financial instruments	**30**	84
Provisions	**262**	287
Bank overdraft	**2 477**	2 713
	5 875	6 303
Total liabilities	**13 202**	11 000
Total equity and liabilities	**30 461**	28 039

Operating results for the year ended 31 March

	Maisons €m	Online Distributors €m	Intersegment elimination and central costs €m	Total Group €m
2020				
Sales	**11 864**	**2 427**	**(53)**	**14 238**
Gross profit	**7 827**	**805**	**(21)**	**8 611**
Gross margin	**66.0%**	**33.2%**		**60.5%**
Operating profit	**2 240**	**(241)**	**(481)**	**1 518**
Operating margin	**18.9%**	**(9.9)%**		**10.7%**

	Maisons €m	Online Distributors €m	Intersegment elimination and central costs €m	Total Group €m
2019				
Sales	11 944	2 105	(60)	13 989
Gross profit	7 918	747	(20)	8 645
Gross margin	66.3%	35.5%		61.8%
Operating profit	2 515	(99)	(473)	1 943
Operating margin	21.1%	(4.7)%		13.9%