

# Annual Results FY09

May 2009



RICHMONT

Johann Rupert

**Introduction & Highlights** Norbert Platt

**Review of Results** Richard Lepeu

**Strategy Overview & Conclusion** Norbert Platt

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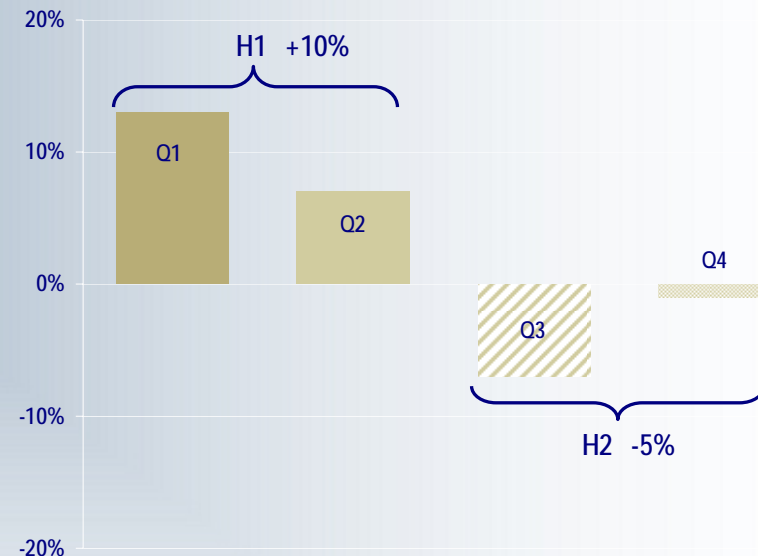
# Financial Highlights

■ Higher sales	€5.4bn	+2%
■ EBIT decrease contained	€982m	-12%
■ Strong operating cash flow	€819m	
■ Substantial net cash position	€822m	

# A Contrasted Year / A Mixed Environment

- Financial & economic crisis
- Stronger US\$ and Yen in H2
- High level of precious material prices

FY 09 - Reported Sales % Change

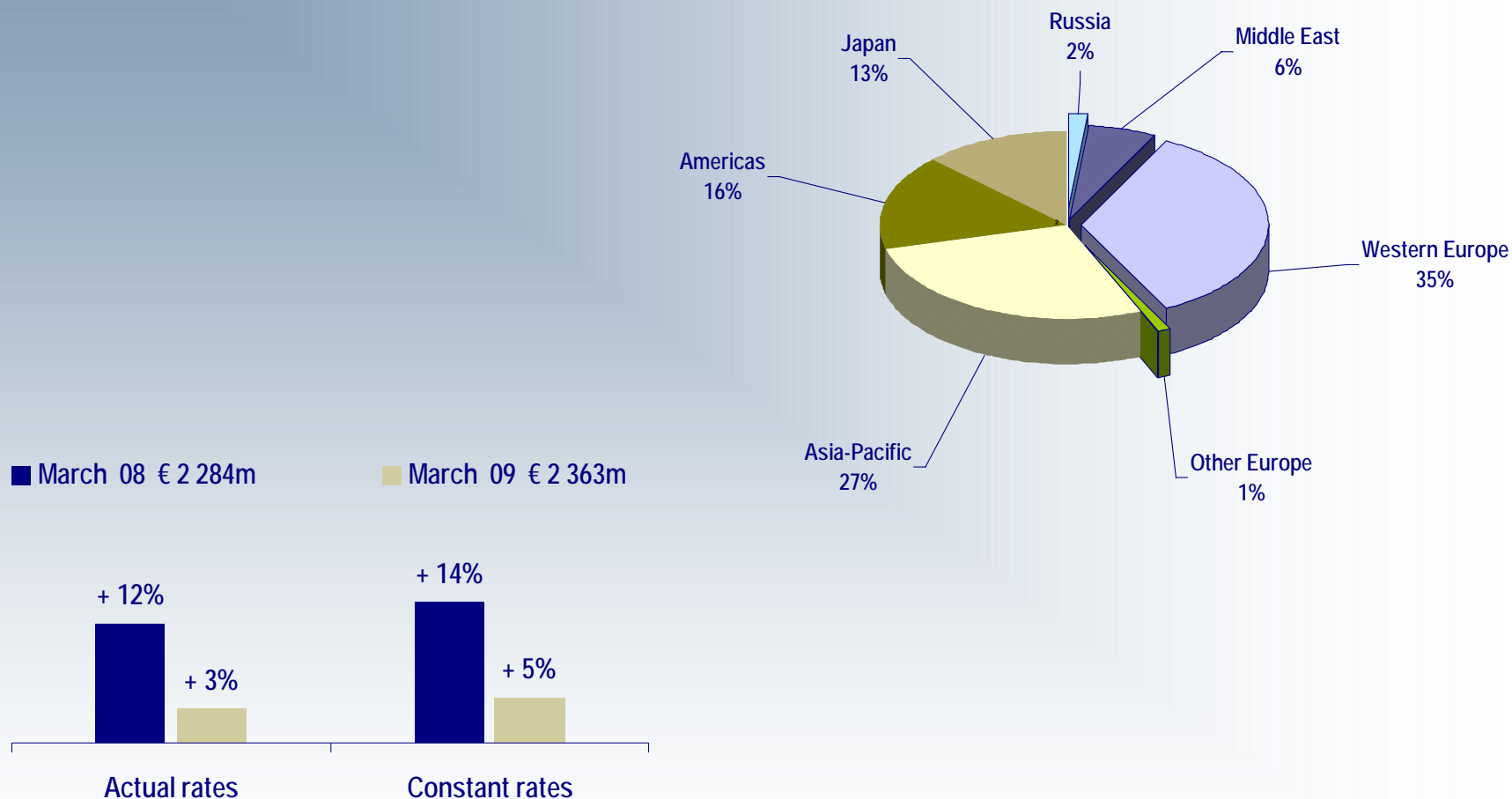


# Review of results



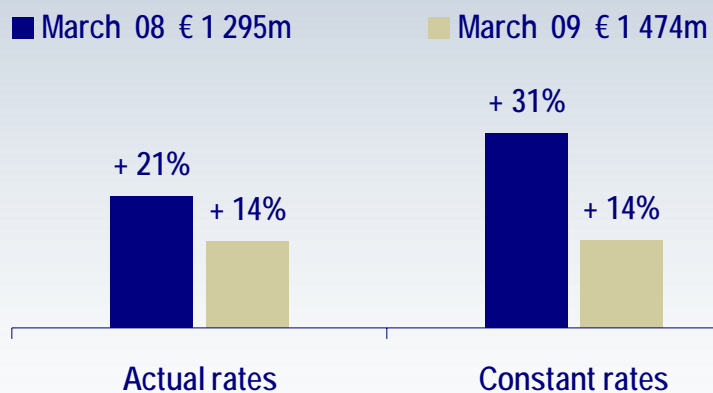
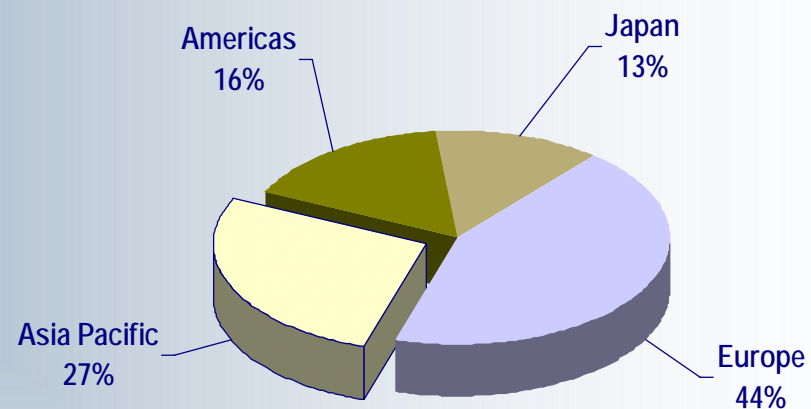
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# Sales in Europe ~ constant rates +5%

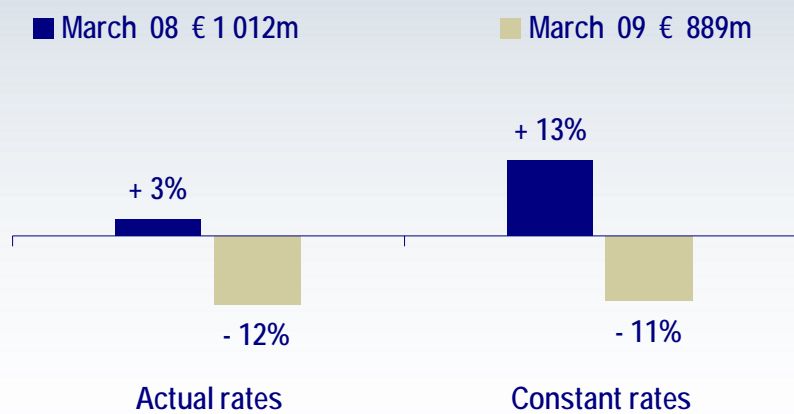
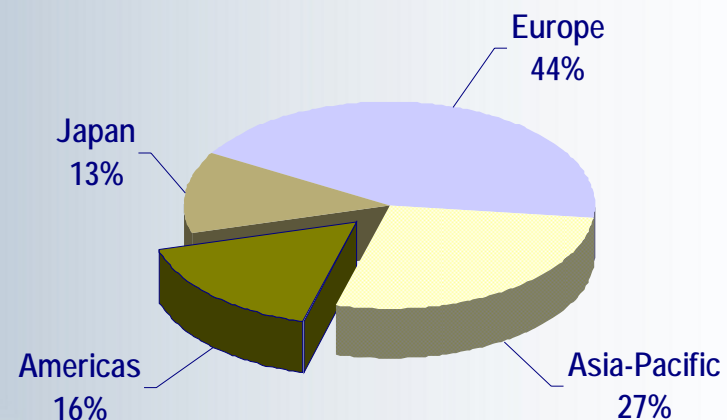


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# Sales in Asia Pacific ~ constant rates +14%

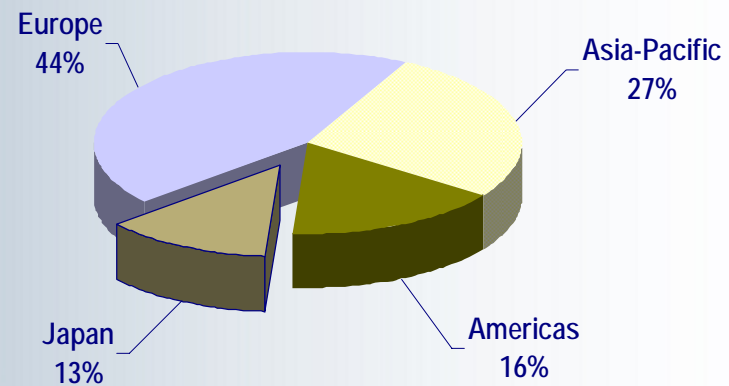


# Sales in Americas ~ constant rates -11%



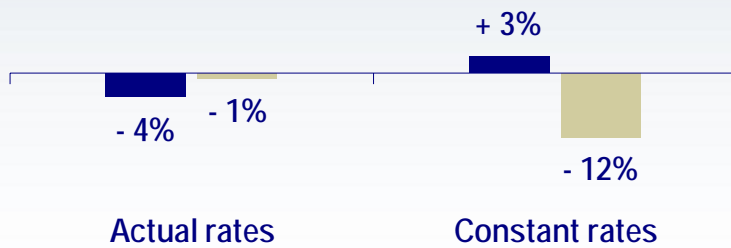


# Sales in Japan ~ constant rates -12%



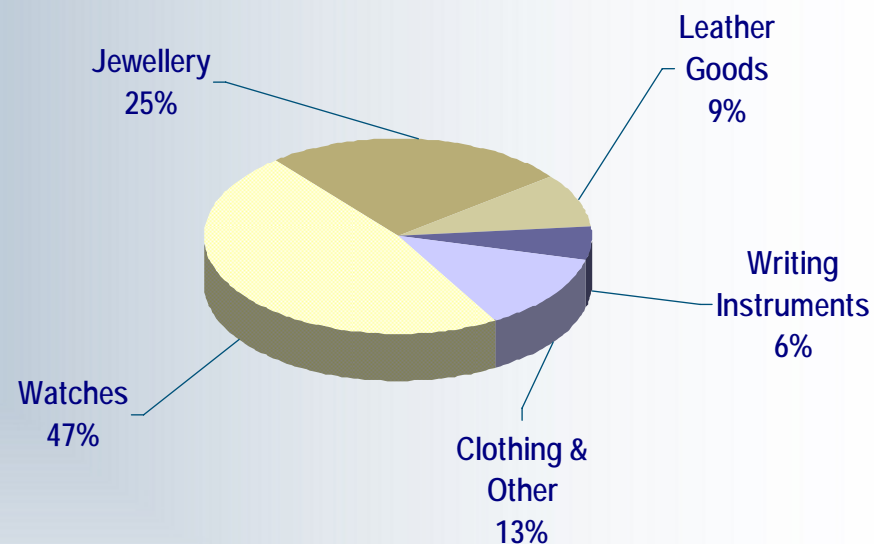
■ March 08 € 699m

■ March 09 € 692m



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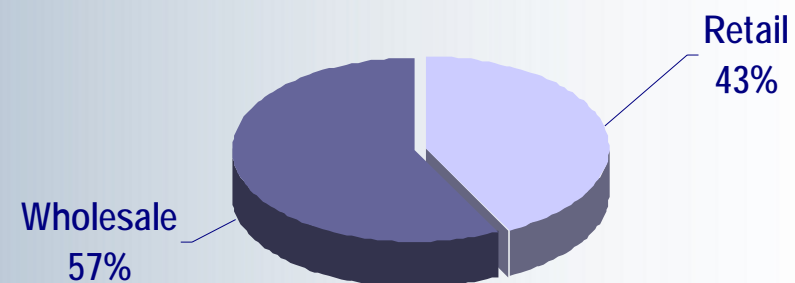
# Sales by product line ~ constant & actual rates



12 months	€ m	March 08	March 09	Constant Rates	Actual Rates
Watches		2 555	2 569	+ 0%	+ 1%
Jewellery		1 254	1 374	+ 9%	+ 10%
Leather Goods		498	481	- 5%	- 3%
Writing Instruments		362	307	- 16%	- 15%
Clothing & Other		621	687	+ 9%	+ 11%

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# Sales by Network ~ constant & actual rates



12 months	€ m	March 08	March 09	Constant rates	Actual rates
Retail		2 214	2 304	+ 3%	+ 4%
Wholesale		3 076	3 114	+ 1%	+ 1%

# Group results

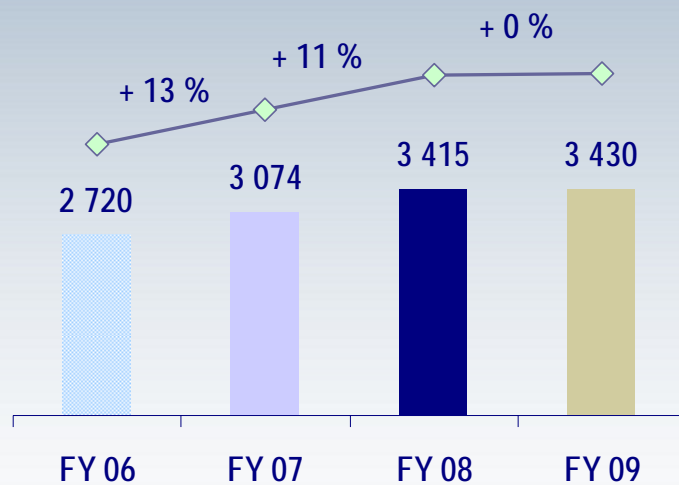
12 months	€ m	March 08	March 09	
Sales		5 290	5 418	+ 2%
Gross margin		3 415	3 430	+ 0%
Selling and distribution expenses		-1 177	-1 235	+ 5%
Communication expenses		- 608	- 644	+ 6%
Administration expenses		- 522	- 542	+ 4%
Other income / (expenses)		10	- 27	
IFRS operating profit		1 118	982	- 12%
Gross margin percentage		64.6%	63.3%	
Operating margin		21.1%	18.1%	

# Group Luxury Results

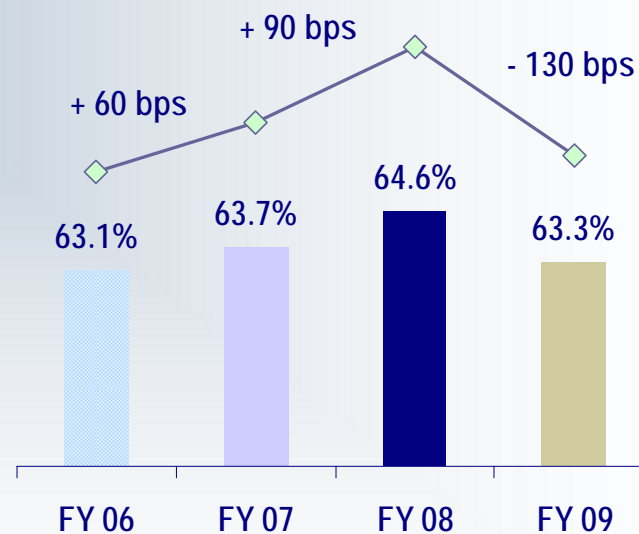
■ IFRS EBIT as reported	€982m
■ DISCONTINUED OPERATIONS excluded	(€30m)
■ NON-RECURRENT CHARGES included	€79m

# Gross Margin

€ million

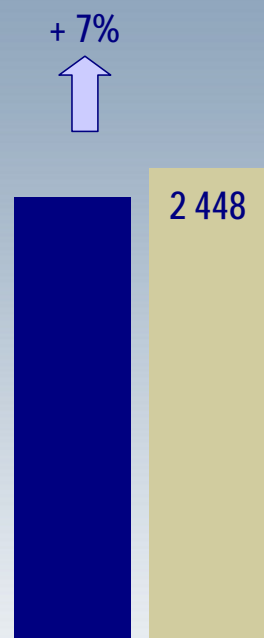


As a % of sales



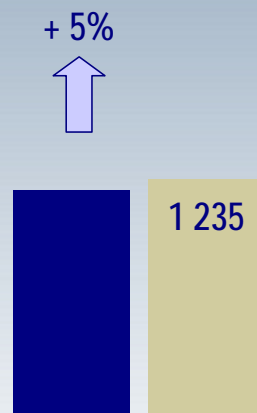
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# Operating Expenses



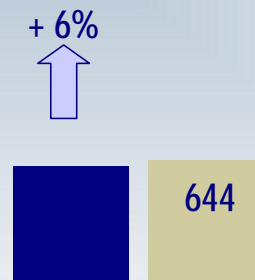
FY 08 FY 09

Net operating  
expenses



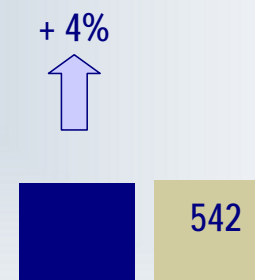
FY 08 FY 09

Selling and  
distribution



FY 08 FY 09

Communication



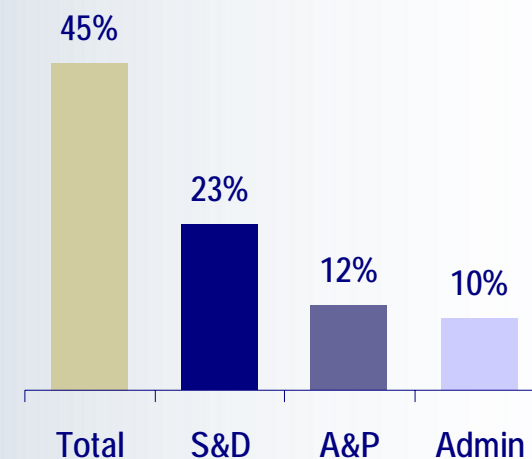
FY 08 FY 09

Administration



FY 08 FY 09

Other  
income/(expense)



As a % of sales

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# Maisons Highlights

- **The Jewellery Maisons and the Specialist Watchmakers:**
  - >20% contribution margin
  - 95% of the Group operating contribution
- **The Writing Instrument Maison, a difficult year**



# Sales & Operating Performance

## - Jewellery Maisons

12 months	€ m	March 08	March 09	Actual Rates
Sales		2 657	2 762	+ 4%
Operating contribution		765	777	+ 2%
Contribution margin		29%	28%	- 65 bps
Net assets		1 464	1 703	+ 16%
Return on assets		52%	46%	

# Sales & Operating Performance

## - Specialist Watchmakers

12 months	€ m	March 08	March 09	Actual Rates
Sales		1 378	1 437	+ 4%
Operating contribution		374	287	- 23%
Contribution margin		27%	20%	- 717 bps
Net assets		840	1 235	+ 47%
Return on assets		45%	23%	#VALUE!

# Sales & Operating Performance

## - Writing Instruments Maison

12 months	€ m	March 08	March 09	Actual Rates
Sales		625	587	- 6%
Operating contribution		126	69	- 45%
Contribution margin		20%	12%	- 841 bps
Net assets		357	382	+ 7%
Return on assets		35%	18%	- 1699 bps

# Sales & Operating Performance

## - Leather & Accessories Maisons

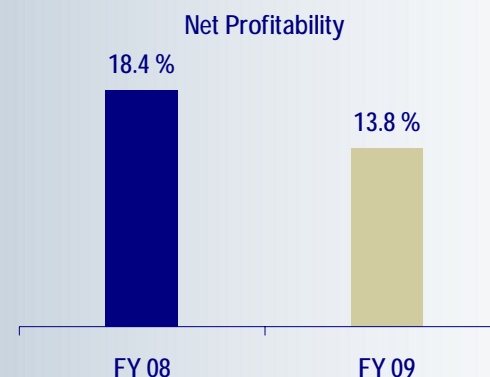
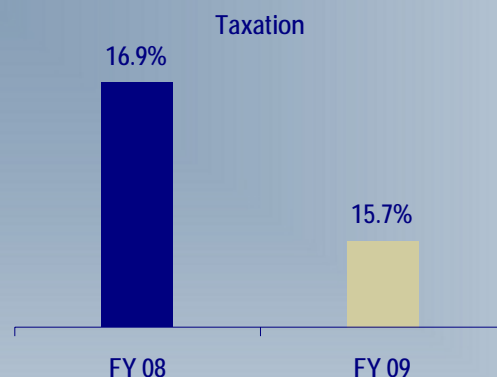
12 months	€ m	March 08	March 09	Actual Rates
Sales		309	294	- 5%
Operating contribution		- 5	- 10	- 100%
Contribution margin		-2%	-3%	- 177 bps
Net assets		118	151	+ 28%
Return on assets		-4%	-7%	#VALUE!

# Sales & Operating Performance

## - Other Businesses

12 months	€ m	March 08	March 09	Actual Rates
Sales		321	338	+ 5%
Operating contribution		16	- 1	-
Contribution margin		5%	0%	- 527 bps
Net assets		348	320	- 8%
Return on assets		5%	-	#VALUE!

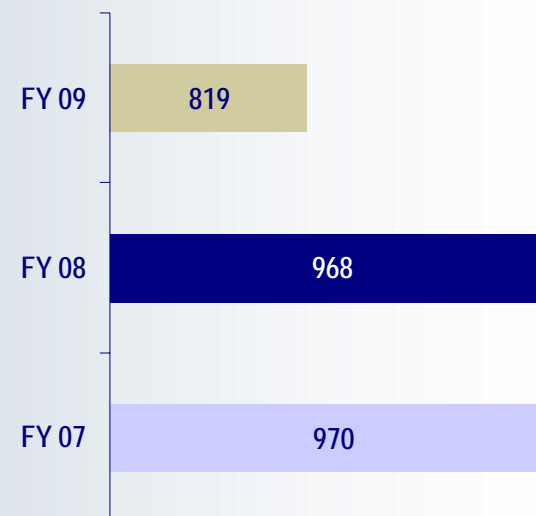
# Net profit from Parent & Subsidiaries



12 months	€ m	March 08	March 09	
Operating profit		1 118	982	- 12%
Net finance income/(costs)		47	- 101	
Profit before taxation		1 165	881	- 24%
Taxation		- 194	- 133	- 31%
Net profit from parents & subsidiaries		971	748	- 23%

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# Cash Flow From Operations



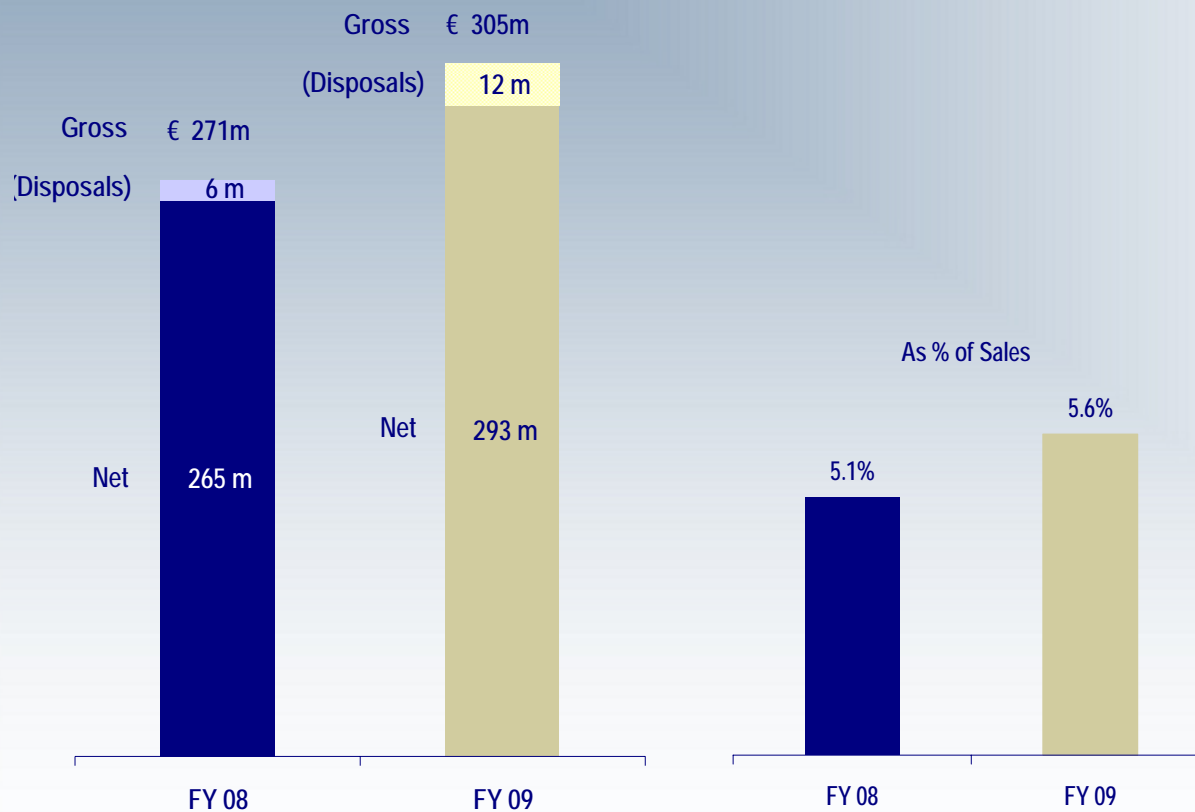
12 months	€ m	March 08	March 09	
Operating profit		1 101	951	- 150
Depreciation		174	224	50
Other items		- 40	5	45
Movement in working capital		- 267	- 361	- 94
Cash flow from operations		968	819	- 149

# Free Cash Flow

12 months	€ m	March 08	March 09
Cash flow from operations		968	819
Net change in fixed assets		- 265	- 293
Net change in intangible assets		- 30	- 43
Net change in subsidiaries and non-current assets		- 102	- 127
Taxation paid		- 171	- 179
Net interest income		41	36
Free cash flow from subsidiaries		441	213
Dividends received from BAT		325	343
Total free cash inflow		766	556



# Fixed Assets Investments



Piaget – Oriental Plaza, Beijing



IWC – DFS Galleria, Macau

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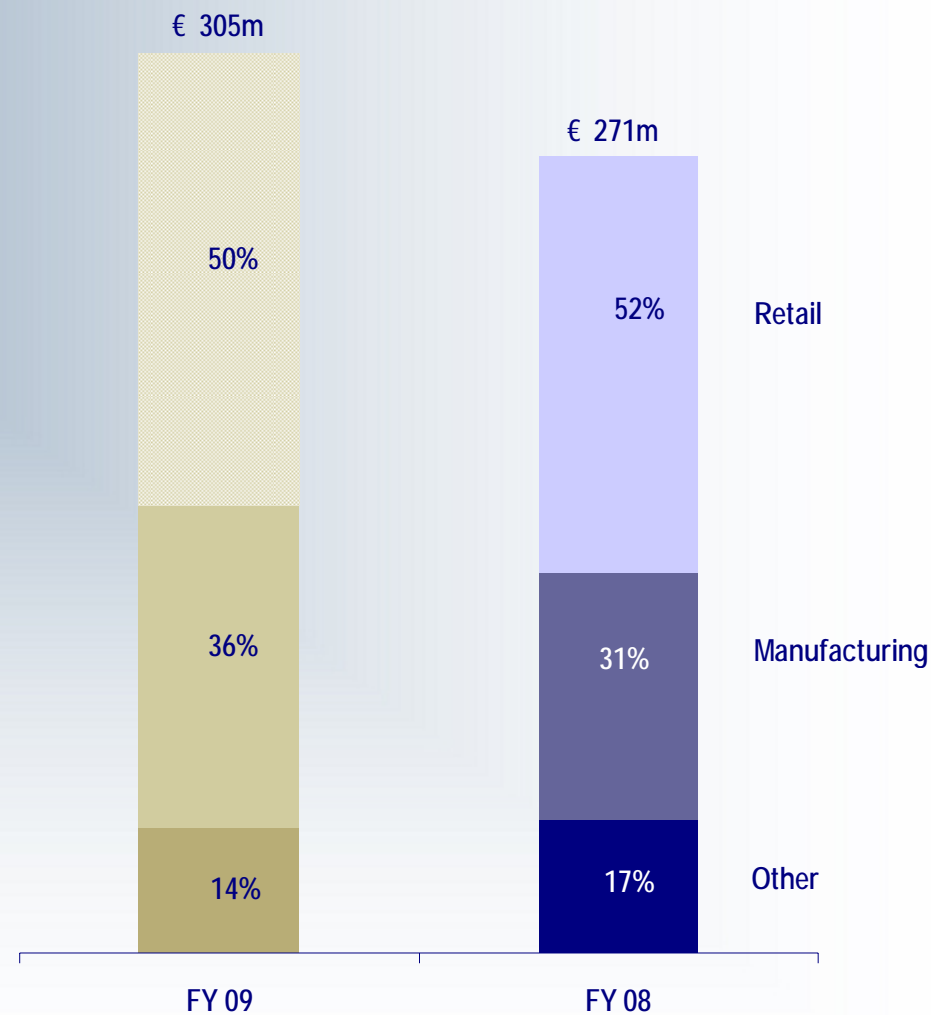
# Fixed Assets by Category



Cartier – Seoul Rodeo, Korea

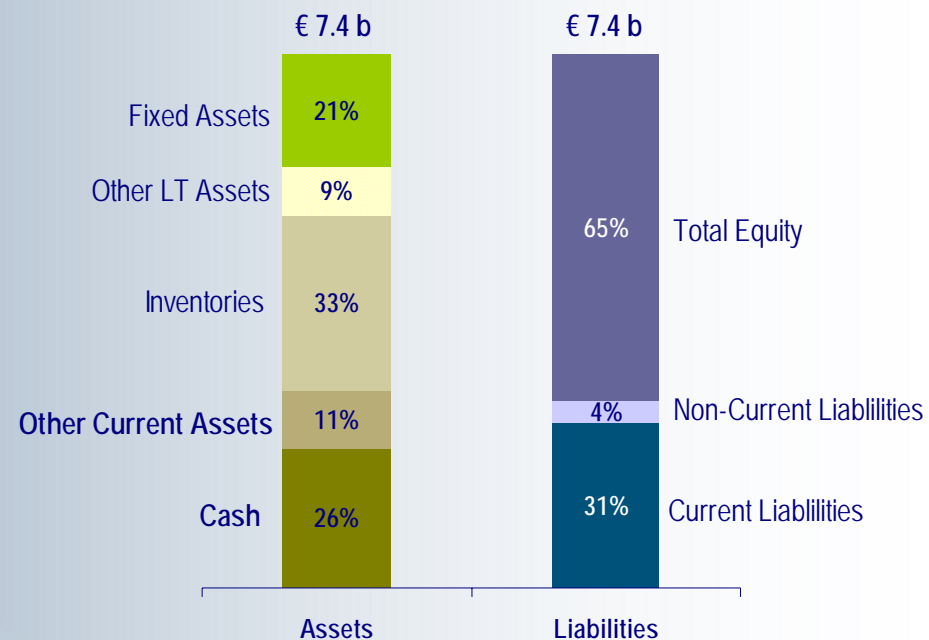


VCA – Dubai Mall, UAE



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# Net Cash



12 months	€ m	March 08	March 09
Free cash inflow		766	556
Dividends paid		- 701	- 438
Other movements, net		83	- 526 *
Net cash generated/(absorbed)		148	- 408
Net cash		1 246	822

\* €351m left to Reinet (20.10.08)

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# Cash Resources

- Group's strategic cash invested in the most highly rated short –dated European Government Bonds
- Operational cash only invested in the most highly rated banks

# Net Profit

12 months	€ m	FY 08	FY 09	
Net profit - parent & subsidiaries		971	748	- 23 %
Share of post taxation results of associates		1	3	
Profit from continuing operations		972	751	- 23 %
Discontinued operations (net of tax)		592	325	
Net profit - Group		1 564	1 076	- 31 %
of which minority interest		- 1	1	

# Dividends

- History of steady dividend growth (excluding exceptional div)
- FY09 dividend = CHF 0.30 per share
- FY09 dividend from CFR + BAT slightly above last year CFR dividend

# Operational Review



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# Measures to Protect our Margins & Cash Flow Generation

- Production / Inventory control
- Capex reduction
- Cost control
- Sales Generation
- Net Cash Generation



# Control of Production / Inventory

- Overtime stopped
- Temporary staff contracts terminated
- Hiring freeze (except in retail) / replacement TBA by the CEO
- In-sourcing maximised to limit under-absorption
- Restructuring – only where necessary
- Short-time working – where necessary
- Postponement of capacity extension projects for certain Maisons

# Capex Reduction

- Since Oct 08 capex limited to strategic investments
- €84m invested in Asia-Pacific + Middle-East in FY09
- €60m to be invested in these markets in FY10
- 59 internal store openings in FY09 primarily in Asia
- In production, capex limited to R&D, the developments of high-end movements at our Maisons and Val Fleurier

# Cost Control

- Hiring freeze (except retail staff) since Oct 08
- No pay rise for FY10
- 62 store closures planned FY09-FY10
- All fee based contracts including leases reviewed for reduction

# Store Closures in FY10

Maison	March 09 Internal Network	FY 09 - FY 10 Planned Closures
Montblanc	231	34
Cartier	172	8
Alfred Dunhill	130	9
Lancel	70	6
Van Cleef & Arpels	47	1
Chloé	67	2
Piaget	32	1
Shanghai Tang	17	1
Total	766	62

# Sales Generation

- Creativity remains key
- No compromise on quality & service
- Secure investment value
- Concentrate on core product categories
- Iconic status and soberness
- Trading up – entry points

**Conclusion**



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# Focus for FY10

- Cash flow generation
- Creativity, quality & service
- Emphasis on growth markets
- Improve market share
- Strict cost control

# April 2009

- April sales: - 19% reported, - 26% at cc
  - Retail: - 8% reported, - 17% at cc
  - Wholesale: - 26% reported, - 32% at cc



# Conclusion

- Recession in the US and Japan correctly anticipation
- Early adaptation to first signs of slowdown
- Sound balance sheet
- Strong financial position
- New riches, more potential

**Q&A  
Session**



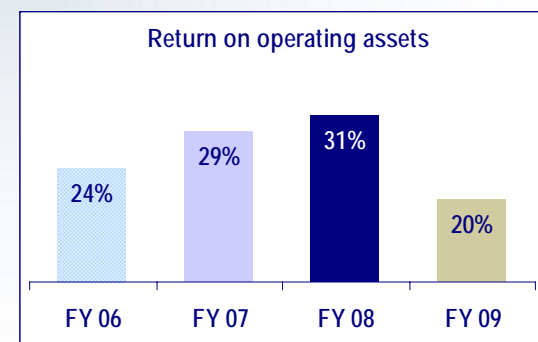
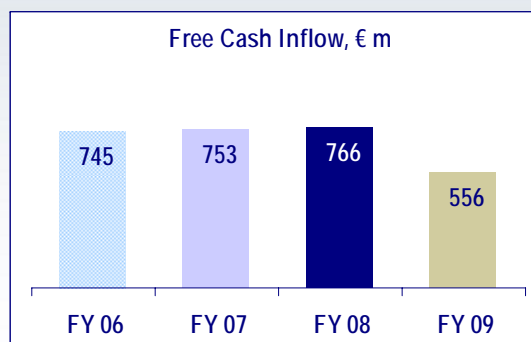
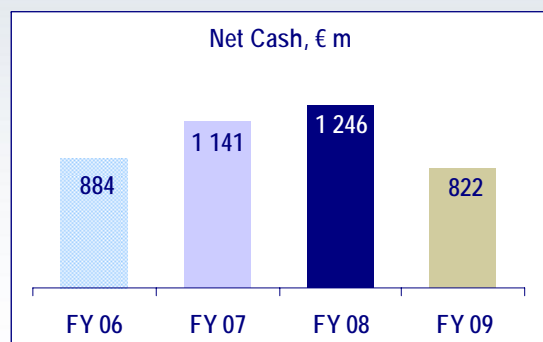
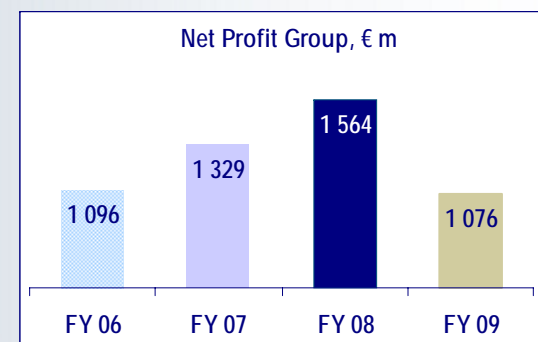
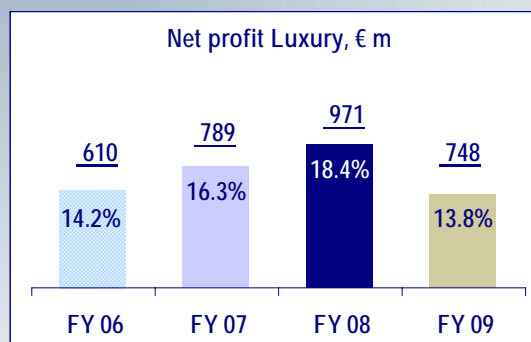
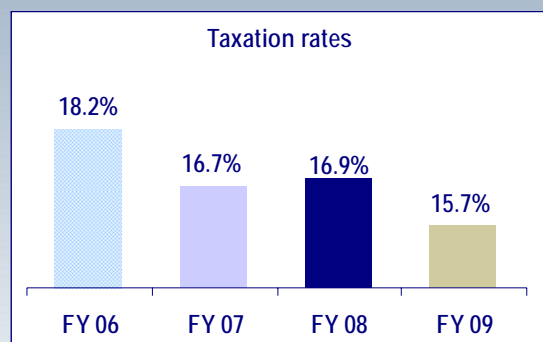
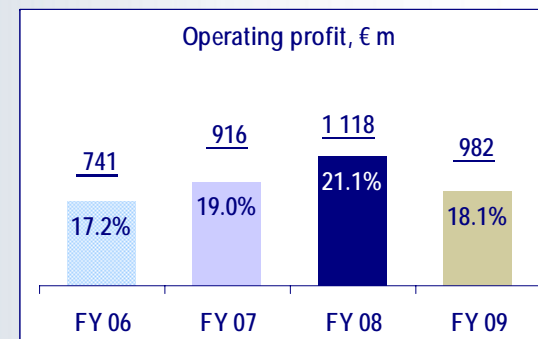
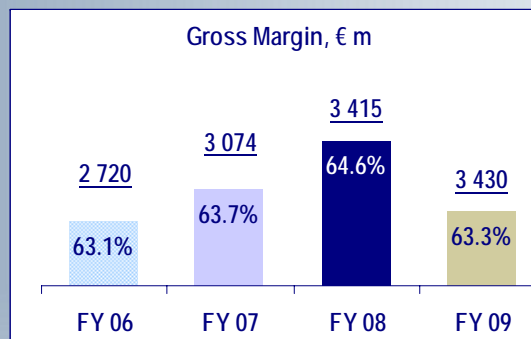
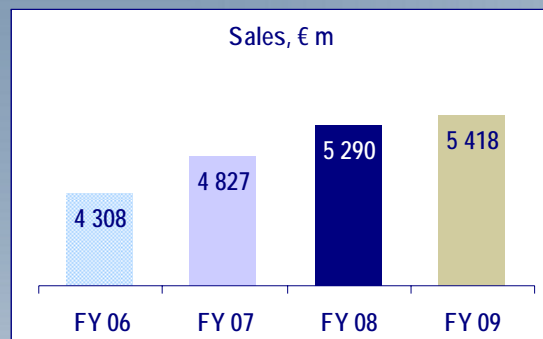
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## Appendix: Financials



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# Financial Highlights



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# Average Euro Rates

Average rates against the Euro	12 months to 31 March 08	12 months to 31 March 09
US Dollar	1.42	1.42
Japanese Yen	162	143
Swiss Franc	1.64	1.56
Pound Sterling	0.71	0.84

# Hedging Policy

- Consistent application of hedging policy since April 2004.
- 70% of our forecasted net foreign currency cash flow exposures arising in USD block, HKD, JPY are hedged versus the CHF and Euro.
- In the case of the USD, the net exposure takes into account purchases of precious metals and diamonds.
- Hedges are entered into each month in respect of forecast net exposures arising one year forward.
- Different types of hedging contracts are used including pure forward contracts and option based contracts.
- Only certain forward contracts qualify for hedge accounting. Accordingly:
  - gains/losses associated with realised forward contracts are released in the gross margin at the same time as the underlying external transaction that was hedged;
  - 'marked to market' gains/losses associated with unrealised forward contracts are deferred to reserves.
- Certain derivative contracts, usually option based, do not qualify for hedge accounting. Accordingly:
  - realised and unrealised gains/losses are released to FX differences in investment income/expense line (foreign exchange gains/losses – other derivatives).

# Foreign Currency Hedging Contracts as at 31 March 2009

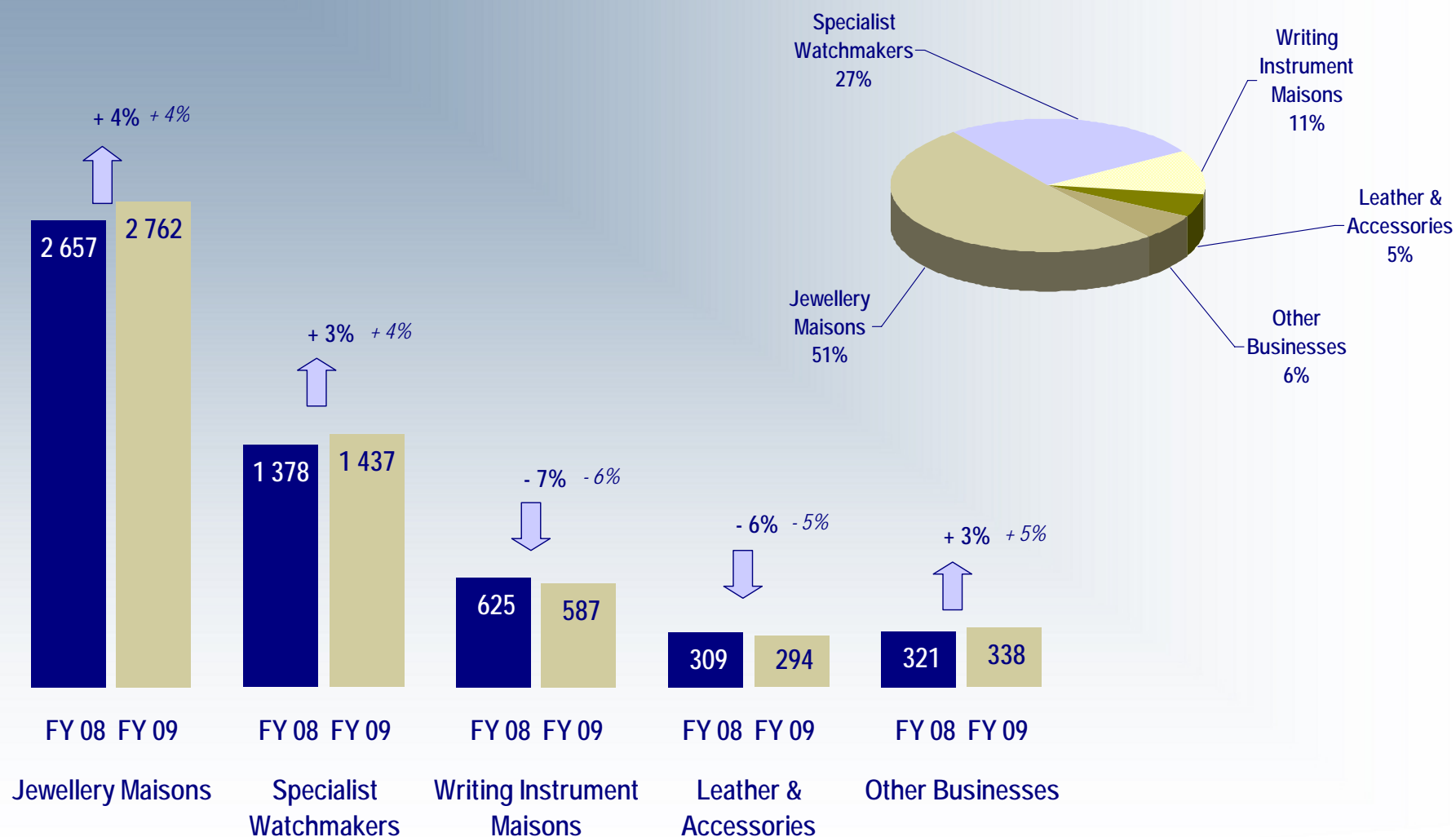
Versus the Euro	12 months average		12 months average
	Hedge rate to March 09	Actual rate to March 09	Hedge rate to March 10
YEN	156.0	143.1	145.0
US \$	1.39	1.42	1.41
HK \$	11.43	11.06	11.26

# Sales by Region

12 months	€ m	March 08	March 09	Constant rates	Actual rates
Europe		2 284	2 363	+ 5%	+ 3%
Asia-Pacific		1 295	1 474	+ 14%	+ 14%
Americas		1 012	889	- 11%	- 12%
Japan		699	692	- 12%	- 1%
Total		5 290	5 418	+ 2%	+ 2%



# Sales by Business area ~ constant & *actual* rates



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# Sales & Operating Results by Business Area

12 months	€ m	March 08	March 09	% Chge
Sales				
Jewellery maisons		2 657	2 762	+ 4%
Specialists watchmakers		1 378	1 437	+ 4%
Writing instrument maisons		625	587	- 6%
Leather and accessories maisons		309	294	- 5%
Other businesses		321	338	+ 5%
Total Sales		5 290	5 418	+ 2%
Operating results				
Jewellery maisons		765	777	+ 2%
Specialists watchmakers		374	287	- 23%
Writing instrument maisons		126	69	- 45%
Leather and accessories maisons		- 5	- 10	- 100%
Other businesses		16	- 1	-
Subtotal		1 276	1 123	- 12%
Corporate costs		- 158	- 140	- 11%
Central support services		- 146	- 139	- 5%
Other operating (expense) / income		- 12	- 1	- 92%
Operating profit		1 118	982	- 12%

# Summary Balance Sheet

€ m	March 08	March 09
Fixed assets	1 207	1 534
Other long term assets	499	628
Net current assets	1 827	2 028
Long term liabilities excluding borrowings	- 168	- 191
Net operating assets	3 365	3 999
Investment in associates	3 008	14
Net cash	1 246	822
Net assets	7 619	4 835

Equity		
Shareholders' equity	7 615	4 832
Minority interests	4	3
	7 619	4 835

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# Inventory

	€ m	March 08	March 09	€ m	
Finished goods		1 273	1 603	330	+ 26%
Raw materials and work in progress		803	819	16	+ 2%
Total		2 076	2 422	346	+ 17%

Rotation	March 08	March 09
Number of months of COGS	16.4	18.7

# Retail Network

	March 2009	of which internal	vs PY Internal	vs PY External	March 2008
Montblanc	356	231	+ 10	+ 16	330
Cartier	275	172	+ 9	+ 9	257
Alfred Dunhill	201	130	+ 8	- 5	198
Lancel	155	70	+ 2	- 71	224
Van Cleef & Arpels	70	47	+ 2	+ 3	65
Chloé	109	67	+ 9	+ 8	92
Piaget	65	32	+ 3	+ 10	52
Shanghai Tang	39	17	+ 7	+ 5	27
Vacheron Constantin	22	4	+ 2	+ 8	12
Jaeger-LeCoultre	27	8	+ 2	+ 6	19
Others*	51	19	+ 5	+ 10	36
<b>TOTAL</b>	<b>1370</b>	<b>797</b>	<b>+ 59</b>	<b>-1</b>	<b>1312</b>

Internal	-	797	+ 59	-	738
External	573	-	-	- 1	574

\* Others: Panerai, IWC, A. Lange & Söhne, Baume & Mercier, Purdey, Montegrappa, Azzedine Alaïa

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# Retail Network China

	Beijing	Shanghai	Other Mainland Cities	SubTotal China	Hong Kong	Macau	TOTAL
Alfred Dunhill	8	5	38	51	8	2	61
Montblanc	10	5	25	40	7	1	48
Cartier	6	2	17	25	8	2	35
Lancel	0	0	5	5	6	1	12
Piaget	4	1	6	11	4	3	18
Shanghai Tang	5	4	2	11	8	1	20
Vacheron Constantin	2	2	5	9	2	1	12
Van Cleef & Arpels	1	1	0	2	4	2	8
Jaeger-LeCoultre	3	2	1	6	1	1	8
Panerai	1	2	0	3	1	0	4
IWC	3	0	0	3	2	1	6
Chloé	3	3	8	14	6	1	21
A. Lange & Söhne	0	1	0	1	0	0	1
Baume & Mercier	1	0	0	1	0	0	1
Others	0	0	0	0	1	0	1
TOTAL	47	28	107	182	58	16	256

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# Retail Network Russia & CIS Countries

Number of Stores	Moscow			Russia & Other CIS Countries			TOTAL		
	Internal	External	Total	Internal	External	Total	Internal	External	Total
Cartier	4	0	4	0	5	5	4	5	9
Van Cleef & Arpels	2	0	2	0	3	3	2	3	5
Piaget	2	0	2	0	3	3	2	3	5
Vacheron Constantin	1	0	1	0	1	1	1	1	2
IWC	0	1	1	0	1	1	0	2	2
Jaeger LeCoultre	0	1	1	0	1	1	0	2	2
Officine Panerai	0	0	0	0	0	0	0	0	0
Lange & Söhne	0	0	0	0	0	0	0	0	0
Montblanc	3	0	3	0	9	9	3	9	12
Baume & Mercier	0	0	0	0	0	0	0	0	0
Total	12	2	14	0	23	23	12	25	37

NB: Dunhill, Lancel & Chloé are operated by agents

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## Appendix: Maisons



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# Jewellery Maisons

- Another record year in sales & profitability – Cartier confirmed as the reference in timeless and true luxury
- Contribution margin > the 28% for the Jewellery Maisons
- Achievement, a result of
  - Good balance in terms of geography (equally strong in emerging markets), network (retail/wholesale), product offer (category, price points)
  - Strong sales in China, HK, the Middle-East and France
- Record year in “High Jewellery” – a segment to be further developed
- Good performance of the “bridal” offer whose extension continues in Asia (particularly in China)/ to be further enriched with a focus on Asia (particularly in China)
- Notable resilience of iconic “bijoux” (Love)
- Strong performance of “High Jewellery” watches and *Ballon Bleu*

*Cartier*



High Jewellery necklace  
Platinum, Sapphires,  
Pearls & Diamonds



“Two Tigers” watch,  
Pink Gold, Yellow diamonds

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# Jewellery Maisons

- Encouraging start of the newly-launched “High Watchmaking” offer (*Ballon Bleu Flying Tourbillon*, *Poinçon de Genève*); development to be sustained by further investments in manufacturing
- Continue to capitalise on the success of the *Marcello* bag
- Maintain a high level of Innovation
- Reinforce “Service excellence” in boutiques and with the trade
- Retail remains a priority with 25 openings (internal & external stores) and 25 major renovations in FY09
- Optimisation of wholesale continues (less POS in mature markets partially compensated by more POS in emerging markets)
- Several major PR events marked the year: Dubai Mall opening, Love day with charities, the Biennale des Antiquaires, to name a few

*Cartier*



Ballon Bleu  
Flying Tourbillon  
“Poinçon de Genève”



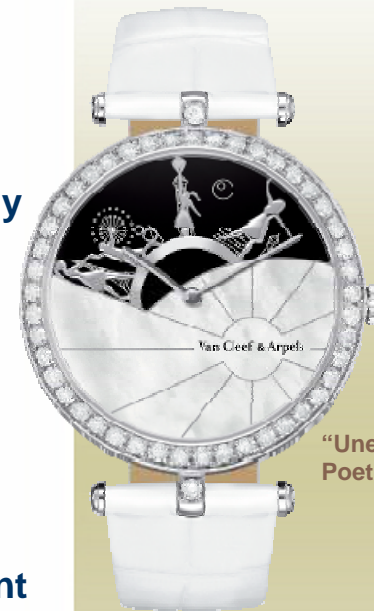
Love Collection

**RICHEMONT**

# Jewellery Maisons

- Record sales and profitability
- Asia-Pacific, the US and the Middle East particularly noteworthy
- Spectacular sales of High Jewellery sets with exceptional stones and bespoke jewellery orders consolidated the Maison High Jewellery positioning
- High-end positioning in jewellery and watches to be further reinforced
- Successful start of the new High Jewellery collection – *Les Jardins* – launched after an exceptional international event in France, and further events in LA and HK
- Great acclaim by the trade and the press of the instantly recognisable *Poetic Complications*, High Jewellery watches, a new men's line and extensions of feminine models at the SIHH 01/09
- “*Bridal*” offer successfully strengthened with new designs
- Iconic *Alhambra* collection enriched with the introduction of the *Perlée* line
- Selectivity in distribution maintained with only 6 new stores, including Macau and Dubai

Van Cleef & Arpels



“Une journée à Paris”  
Poetic Complication

Eva Mendes  
Golden Globes, January 09



**RICHEMONT**

# Specialist Watchmakers

- Positive sales developments, despite a slower growth in China due to the take over of its agent in January 09, potentially its biggest market going forward
- C. 50% of sales coming from Asia-Pacific – ideally positioned to capitalise on the fastest growing area in the world
- Masculine segment reinforced with 3 complicated movements within the *Black Tie* collection: a perpetual calendar, a regulator and a large moon phase, all developed & produced in-house
- Strategic launch of the *Polo 45* in January 09 with 4 models in Titanium to celebrate the *Polo* 30th anniversary
- Great success of the *Limelight Paris-New York* creative High jewellery & precious watch collection launched at SIHH 04/08, and displayed in glamorous events around the world. Further enriched by the *Limelight Paradise* collection introduced at SIHH 01/09
- FINDS festival sponsored again – hence an increased visibility with the entertainment industry. Also interesting product placements in Rihanna and Usher video clips.
- Retail network strengthened to 65 boutiques, with 13 openings, including +6 in China and +1 in India. Investment focused on Asia

# PIAGET



Piaget Polo 45  
Chronograph



Andy McDowell  
FINDS Festival, Feb 09

# RICHEMONT



# Specialist Watchmakers

- A manufacturer of highly exclusive watches with mechanical movements only, and in precious metals only
- Highlights for FY09 included
  - Boutique openings in Shanghai and Tokyo
  - The “House of A. Lange & Söhne” event in Hong Kong and LA where customers and journalists followed the creation of a Lange watch in close-up as if they were in the manufacturing
  - Launch of the *Richard Lange “Pour le Mérite”* at the SIHH 01/09, a watch with a fusée-and-chain transmission, a technical achievement



Richard Lange “Pour le Mérite”

**RICHEMONT**

# Specialist Watchmakers

- Positive sales development led by Asia-Pacific, Russia and the Middle-East
- Satisfactory profitability level, close to last year's
- Product shortages diminishing with deliveries of SIHH 04/08 orders (*Duomètre*, *Diving Pro Geographic*, *Master Minute Repeater*, *Reverso Grande Complication*) but backorders still high
- Confirmed inroads into top tier of high-watchmaking with 32 prestigious awards received in FY09 including 10 for the *Reverso Gyrotourbillon 2*
- Highlights of the SIHH 01/09 included
  - a new High complication, *Hybris Mechanica*
  - a new line, *Master Grande Tradition*
  - new diving sport watches
  - new collection of enamelled watches
- Optimisation of wholesale continues with > 70 doors closed while 8 boutiques were opened bringing the total network to 27
- Continuation of the Venice Film festival partnership raising its international profile



Reverso  
Gyrotourbillon 2



Press Event at Venice Film Festival

**RICHEMONT**

# Specialist Watchmakers

- **Excellent performance**

- Buoyant sales in Asia-Pacific (44% of sales) and the US
- Commendable profitability

- **Successful launch of the *Quai de l'île* watch line**

- Created from the most advanced high watchmaking and secret security-printing technologies, these watches can be personalised according to collectors' wishes
- Of perfect finish, they bear the prestigious "Poinçon de Genève"
- Won the "men's watch" category at the Grand Prix d'Horlogerie of Geneva 2008

- **Other successful launches include**

- 2 new *Métiers d'Art* collections: "*Tribute to Great Explorers*" (the Enameller) and "*Les Masques*" (the Engraver)
- Extension of the iconic *Patrimony* line, supported by cultural events (concert in Taipei, Munich, Rome)

- A second "Mansion" saw light in Shanghai to reinforce its leadership in high-end watches in China. It accommodates a collectors' salon and offers a number of services amongst which a special order salon, a VIP Client safe service and a service centre



Vacheron Constantin Mansion  
Shanghai, China

**RICHEMONT**

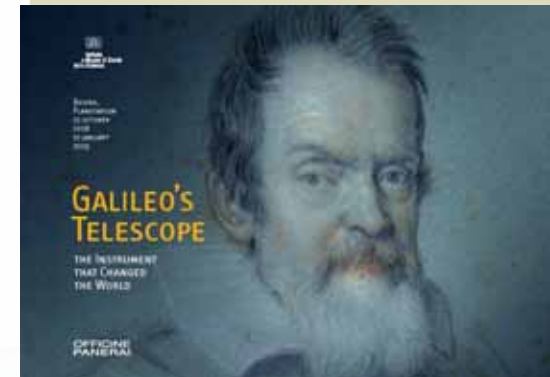
# Specialist Watchmakers

- Another satisfactory year
- Strong sales in Asia-Pacific and the Middle East
- Continued success of the *Manifattura* Collection where models boast in-house movements and high tech materials like ceramic and titanium (entry price > €10k); in particular with
  - the *Luminor 1950 Titanium 8 Days Chrono Monopulsante GMT* 44mm delivered since Oct 08
  - the *Radiomir Titanium Tourbillon GMT* 48mm delivered since Feb 09
- 6 selective boutique openings, including New York, Beijing and Dubai, led to a network of 12 stores; number of wholesale doors remained stable at 500
- To raise its profile in China and to raise awareness on its Florence heritage, Officine Panerai sponsored the “Galileo’s Telescope: the instrument that changed the world” exhibition in Beijing with > 100’000 visitors in three months

OFFICINE PANERAI  
FIRENZE 1860



Luminor 1950  
Titanium 8 Days  
Chrono Monopulsante GMT  
Panerai's calibre P.2004 mvt



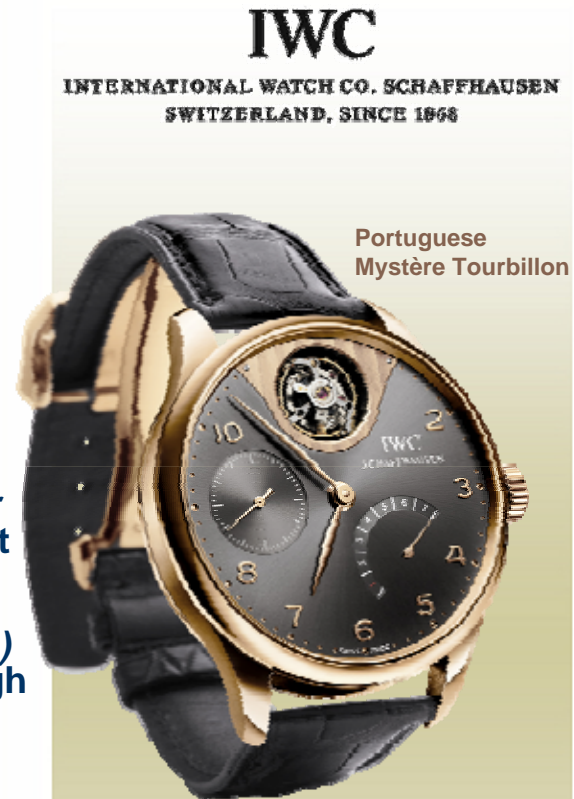
Galileo's Telescope exhibition in Beijing

**RICHEMONT**



# Specialist Watchmakers

- Record sales level
- Strongest sales growth (dd) among the Specialist Watchmakers
- Commendable profitability, on par with last year record
- Success across the product lines including the *Pilot's watch for Father & Son* and the *Portuguese Mystère Tourbillon*, a highlight of the Haute Horlogerie segment
- Acclaimed launch of the *Jubilee edition (IWC Vintage Collection)* at SIHH 01/09 to mark the 140th birthday of the company, through a very exclusive event, including a multimedia performance starring Cate Blanchett and Joseph Fiennes
- 4 new stores – including Dubai and Macau– brought network to 21 boutiques (of which 2 internal)
- Opening of the eco-friendly extension of the manufacturing facility, providing employees with an attractive working environment
- Environmental responsibility emphasized with the partnership with the Charles Darwin Foundation which aims to protect the endangered ecosystem of the Galapagos Islands



**IWC**  
INTERNATIONAL WATCH CO. SCHAFFHAUSEN  
SWITZERLAND, SINCE 1868

Portuguese  
Mystère Tourbillon



Galleria Boutique, Macau

**RICHEMONT**

# Specialist Watchmakers

- Operates in a highly competitive segment
- 80% of its sales are made by Westerners
- As expected, the 2nd half has been tough, leading to a decline in sales
- Profitability therefore significantly impacted but remained well above breakeven
- Confirmed success of the *Iléa*, the new round feminine pillar, and *Classima Executive*
- Promising start of the new *William Baume* upscale collection
- First opening of 2 external boutiques – in Beijing and Dubai – to raise profile in these countries where awareness/presence has been limited
- Familiarity/awareness being built with photography events in addition to the well-received advertising campaign with Teri Hatcher and Ashton Kutcher

**BAUME & MERCIER**  
GENEVE • 1830



William Baume Collection



Beijing Flagship boutique

**RICHEMONT**

# Specialist Watchmakers

- Founded in 1995, 100% of its watches bear the prestigious “Poinçon de Genève”, entry price of €10k
- 60% acquired in August 2008 after 100% of its component production facility was bought in Sept 2007
- Successful transfer of know-how to Cartier for the manufacturing of “Poinçon de Genève” movements
- Building up its capacity to supply high-end escapements to the Group
- Significant losses due to post-acquisition restructuring
- Becoming a true luxury House worldwide
  - Establishing a global distribution – leveraging on the Richemont Group (integration into the Richemont Distribution platforms finalised in March 09 in HK, China, Moscow) – including a comprehensive boutique network
  - So far only 160 POS and 5 boutiques: 1 in Geneva + 4 in Asia
- Uniqueness has to be reinforced by combining striking design with highly demanding technical contents



MANUFACTURE  
ROGER DUBUIS

Kingsquare Skeleton  
Flying Tourbillon



Kuala Lumpur boutique, Malaysia

**RICHEMONT**



# Writing Instruments Maison

- Sales down 6% – after 2 years of strong growth – leading to a lower profit - as expected due to its:
  - High exposure to a clientele more sensitive to economic slowdowns: local Western, aspirational customers (price positioning) and gift giving in particular from corporations (price positioning)
  - Downsizing of its wholesale distribution network (> 1/3<sup>rd</sup> over 2 years)
  - Despite a positive performance of its watch & leather business, and the growing importance of China, its n°1 market, growing at +16%
- Watch competence & credibility further strengthened
  - Launch of the *Star Nicolas Rieussec* watch, featuring the first & exclusive movement developed by Montblanc, the *Grand Tourbillon Heures Mystérieuses* and the *Grand Chronographe Régulateur*
  - Its *Star Nicholas Rieussec Chronograph* watch won the “Best Technical Watch Award 2008” in Japan
  - Reopening of its renovated *Institut Minerva de Recherche en Haute Horlogerie* that enabled Montblanc to enter the Haute Horlogerie segment
  - Introduction of two new movements at the SIHH 01/09

**MONT  
BLANC**



Montblanc Collection Villeret 1858  
Grand Tourbillon Heures Mystérieuses



Atelier Privé Writing Instrument  
“Beijing Opera Mask”

**RICHEMONT**

# Writing Instruments Maison

- Other product launches highlights for FY09 included
  - *Etoile de Montblanc*, a 4th major line, to strengthen offer for women
  - The *Beijing Opera Masks*, a new limited pen edition
  - The *Solitaire Meisterstück* Black Ceramic enriching the iconic range
- Compensating for a declining traditional pen trade and to promote sales of watches, leather, jewellery & accessories 124 internal stores were opened in the last 5 years leading to our biggest internal retail network. Selective (internal & external) boutique openings during FY09, notably in Beijing, Dubai and Moscow, led to a boutique network of 358 (of which 91 in China)
- A strict review of the network in view of environment led to 11 boutique closures in FY09 and for FY10, will entail 23 closures out of a total of 234 internal stores
  - 7 in Americas and 5 in Japan
- Major PR Events
  - The *Rieussec* watch launch party at the SIHH 04/08 reinforced Montblanc's reputation as a global luxury goods Maison
  - *Montblanc de la Culture* – Arts Patronage award ceremonies (11 countries, April-Oct 08)
  - Gala charity event in LA with Unicef – a cooperation in place since 2004

**MONT  
BLANC**



Launch Star Nicholas Rieussec Watch,  
April 08



New Burj Mall Boutique, Dubai, Nov 08

**RICHEMONT**

# Leather & Accessories

- Sales down 3% at historic rates
- Core business around breakeven
- Decline in Japan contained by a modest growth in Asia-Pacific, c.60% of sales
- Likewise, the modest increase in menswear did not compensate for declining sales in leather and accessories
- Creative direction, focusing on modernity, travel & functionality, continues to perform well
- Custom and Bespoke continue to be key areas of focus
- Homes of Alfred Dunhill now opened in London, Tokyo and Shanghai. They will sustain Alfred Dunhill 's status as the ultimate destination for discerning men seeking the very finest



Sidecar Gunmetal Holdall

Jude Law  
Advertising Campaign

Twin Villas Shanghai, China

**RICHEMONT**

# Leather & Accessories

- Sales down 7% led to €8m losses
- Positive developments expected from 2 strategic markets operational since May 09
  - Japan, through a joint-venture agreement with Sumitomo
  - China, through a distributorship agreement with Fairton
- Another positive: the new *Adjani* bag (launched Dec 08) ranks n°1 in sales overtaking the “*Premier Flirt*” success
- Awareness and appeal increasingly built with its 2 ambassadors: Isabelle Adjani (Europe) & Zhou Xun (China)
- Rationalisation of the retail network: 6 store closures out of 68 in FY10
- Improvement of the retail network with the gradual introduction of the new store concept designed by C. Pillet
- Upgrading of the wholesale network in France to start in FY10

LANCEL  
PARIS



Isabelle Adjani



Harbin Boutique, China

**RICHEMONT**



# Other Businesses

- Lower sales overall, masking positive developments in Japan
- Remaining however profitable
- Very good reception of the Fall/Winter 09/10 collection under the new Creative Director, Hannah MacGibbon
- Successful introduction of See by Chloé shoes with the Spring/Summer 09 collection
- While consolidating its existing network, Chloé opened 2 internal boutiques (Dubai, Los Angeles), 2 external boutiques (Doha, Dubai) and several SIS in major department stores

# Chloé



Chloé  
FW 09/10 show



Chloé  
Emirates Towers boutique Dubai

**RICHEMONT**



# Main Product Launches & Store Openings/Renovations April 2008 – April 2009

*Cartier*

## Watches

Ballon Bleu steel	Jan 09
Pasha Seatimer Chronograph	Apr 08
Ballon Bleu Flying Tourbillon Poinçon de Genève.	Nov 08

## Jewellery

Lotus amethyst white gold diamond ring ( <i>Inde Mystérieuse</i> collection)	Apr 08
Nessie bracelet (Biennale collection)	Sept 08
White gold diamond necklace large model ( <i>Diamants légers</i> collection)	Nov 08

## Accessories

Marcello II Shopping bag	Sep 08
Marcello Exotic bags	Oct 08

## Openings

Beijing (Beijing Parklife)	China	July 08
Seoul (Seoul Rodeo)	Korea	Sep 08
Dubai (Dubai Mall)	Dubai	Nov 08

## Renovations/Relocations

Paris (St Honoré)	France	July 08
Vienna	Austria	Oct 08
Seoul (Seoul Galleria)	Korea	Apr 09

**RICHEMONT**

# Main Product Launches & Store Openings/Renovations April 2008 – April 2009

Van Cleef & Arpels



## High Jewellery

<i>Les Jardins</i> Collection	Sept 08
<i>Moscou</i> Collection	May 08

## Bijoux & Creative Jewellery

Bridal solitaire Collection	May 08
<i>Magic &amp; Lucky Alhambra</i> animation	June 08
Creative Jewellery coloured sapphire animation	June 08
<i>Perlée</i> Bijoux line	Oct 08

## Watches

Charms	Oct 08
New SIHH Collection	Jan 09

## Openings

Cannes	France	May 08
Dubai Mall	UAE	Feb 09
Shinsegae Centum City	Korea	March 09

## Renovations/Relocations

Mitsukoshi Sendai	Japan	Nov 08
Ekaterinburg	Russia	Jan 09

**RICHEMONT**

# Main Product Launches & Store Openings/Renovations April 2008 – April 2009

# PIAGET

## Watches

Limelight Paris-New York Watch collection	June 08
Piaget Altiplano 40 mm - small second	July 08
Piaget Polo 45 chrono & auto titanium	Feb 09

## Jewellery

Possession Toi & Moi XL	June 08
Piaget Heart – mother of pearl & onyx	June 08
Limelight Paris-New York Jewellery collection	June 08

## Openings

Beijing -Oriental Plaza	China	Jul 08
Dubai – Dubai Mall	U.A.E	Aug 08
Ekaterinburg	Russia	Jan 09

## Renovations/Relocations

Seoul - Shinsegae Kangnam	South Korea	Oct 08
Kaoshiung Star place	Taiwan	Nov 08
Shanghai Plaza 66	China	Mar 09

# RICHEMONT

## Main Product Launches & Store Openings/Renovations April 2008 – April 2009

A. LANGE & SÖHNE  
GLASHÜTTE I/SA

### Watches

1815 Gold & Platinum  
Lange 1 Timezone

March 09  
March 09

### Openings

Shanghai  
Tokyo

China  
Japan

July 08  
Oct 08

**RICHEMONT**

# Main Product Launches & Store Openings/Renovations April 2008 – April 2009



## Watches

Reverso Squadra Lady	Sept 08
Collection 1833	Sept 08
Reverso Gyrotourbillon	Dec 08

## Jewellery

Le Lierre	Sept 08
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## Watches & Jewellery

Master Twinklig diamonds	Oct 08
Master Tourbillon diamonds	Oct 08

## Openings

Kiev	Ukraine	May 08
Delhi Emporio	India	Sept 08
Dubai Mall	UAE	Oct 08
Manila	Philippines	Oct 08

## Renovations/Relocations

.....		
Kuala Lumpur	Malaysia	Aug 08
Shanghai Watch&Clock	China	Nov 08

**RICHEMONT**

# Main Product Launches & Store Openings/Renovations April 2008 – April 2009



## Watches

Overseas Chronograph on strap	July 08
Quai de l'Île	Oct 08
Métiers d'Art Grands Explorateurs	Oct 08
Patrimony Contemporaine Retrograde Day&Date	
Collection Excellence Platine	Nov 08

## Openings

Hong Kong, Causeway	Hong Kong	May 08
Macao	China	July 08
Shanghai Mansion	China	Oct 08
Shenyang	China	March 09
Riyadh	Saudi Arabia	March 09

## Renovations/Relocations

Beijing	China	Aug 08
Shanghai	China	Oct 08

**RICHEMONT**

## Main Product Launches & Store Openings/Renovations April 2008 – April 2009

**OFFICINE PANERAI**  
**FIRENZE 1860**

### Watches

Luminor 1950 8 days Chrono monopuls. GMT Ceramic	Apr 08
Luminor 1950 8 days Chrono monopuls. GMT Titanium	Oct 08
Radiomir Tourbillon GMT 48mm Titanium	Feb 09

### Openings

Tokyo	Japan	Aug 08
New York	USA	Nov 08
Beijing	China	Aug 08

### Renovations/Relocations

Los Angeles	USA	Oct 08
Shanghai	China	Sept 08

**RICHEMONT**

# Main Product Launches & Store Openings/Renovations April 2008 – April 2009

**IWC**

INTERNATIONAL WATCH CO. SCHAFFHAUSEN  
SWITZERLAND, SINCE 1868

## Watches

Aquatimer Automatic	May 08
Portuguese Mystère Tourbillon	June 08
Pilot's Watch for Father and Son	Aug 08

## Openings

DFS Galleria, Macau	Macau	July 08
Brighton Way, Beverly Hills	USA	Oct 08
Dubai Mall, Dubai	UAE	Nov 08

## Renovations/Relocations

Burjuman Center, Dubai	UAE	Oct 08
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**RICHEMONT**



## Main Product Launches & Store Openings/Renovations April 2008 – April 2009

**BAUME & MERCIER**  
GENEVE • 1830

### Watches

Iléa 30mm Diamond steel on steel	Apr 08
Diamant, Diamond set steel case & bracelet	May 08
Riviera XXL 43mm Automatic Chrono & Tachymeter	Jun 08
Classima Executives 39mm Automatic Yellow Gold	Sept 08

### Openings

Beijing	China	Apr 08
Dubai	UAE	Oct 08

**RICHEMONT**

## Main Product Launches & Store Openings/Renovations April 2008 – April 2009



MANUFACTURE  
ROGER DUBUIS

### Watches

Kingsquare mechanical movement for men	April 08
Kingsquare flying tourbillon for men	April 08
Kingsquare flying skeleton tourbillon for men	April 08
Kingsquare mechanical movement for ladies	April 08
Kingsquare Haute Horlogerie Flying tourbillon for ladies	April 08

**RICHEMONT**

# Main Product Launches & Store Openings/Renovations April 2008 – April 2009



## Watches

Villeret 1858 Tourbillon	Nov 08
Rieussec Manual Platinum	Nov 08

## Jewellery

Montblanc Diamond Solitaire	Nov 08
Gold Charms Program	Sep 08

## Writing Instruments

Étoile de Montblanc	Sep 08
Axis Mundi Retail Edition Taiwan	Jan 09
Starwalker Black Mystery	Jan 09

## Openings

Beijing (Oriental Mall)	China	Apr 08
Dubai Mall	UAE	Nov08
Moscow (GUM)	Russia	Nov 08

## Renovations/Relocations

Hong Kong (Harbour City Mall)	China	May 08
Berlin (KaDeWe)	Germany	Oct 08
Shenzen	China	Oct 08

# Main Product Launches & Store Openings/Renovations April 2008 – April 2009



## Men Leather Goods

Sidecar Gunmetal Leathersgoods	Sept 08
Streamliner Writing Instruments	Sept 08
ADV8 line	Jan 09
Heist Canvas line	Feb 09

## Men Ready-to-Wear

Spring/Summer 09 Collection	March 09
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## Openings

Bourdon House, London	UK	Sept 08
Twin Villas, Shanghai	China	Sept 08
Zhengzhou Ximate	China	Jan 09
Hyundai Coex	Korea	March 09

## Renovations/Relocations

China World	China	Nov 08
Shanghai Plaza 66	China	March 09
Lisbon	Portugal	Feb 09

**RICHEMONT**

# Main Product Launches & Store Openings/Renovations April 2008 – April 2009

**LANCEL**  
PARIS



## Ladies Handbags

5 à 7	Aug 08
La Parisienne	Sep 08
Adjani	Dec 08

## Men Lines

Cambriole business bags line	May 08
Aviona hand-luggage line	Oct 08

## Luggage

1876	Oct 08
Paris Cab	Feb 09

## Openings

Cannes	France	May 08
Dubai Mall	EAU	Aug 08
Dalian	China	Dec 08

## Renovations/Relocations

Festival Walk	Hong Kong	Feb 09
Rond Point des Champs Elysées	France	Nov 08
Galleries Lafayette Haussmann	France	Aug 08

**RICHEMONT**

**Main Product Launches  
& Store Openings/Renovations April 2008 – April 2009**

**Chloé**

**Leather Goods**

See By Chloé, Spring/Summer 09 Jan 09

**Ready-to-Wear & Accessories**

Spring/Summer 09 Collection De 08 – Jan 09

**Openings**

Doha	Qatar	Feb 09
Dubai	UAE	Feb 09
Los Angeles	USA	March 09

**RICHEMONT**

# The Hallmark of Geneva

## – Le poinçon de Genève

1. "The quality of all parts and components of the movement, including those used for auxiliary mechanisms, must comply with the standards prescribed by the Office for the optional inspection of Geneva watches. Steel parts must display polished angles and their sides parallel file strokes, their visible faces must be smoothed and polished, screw heads must be polished or circular grained (with their rim and slot bevelled)."
2. "All movements must be fitted on the going train and on the escapement with ruby jewels with polished hole. On the bridge side, jewels must be semi-mirror polished and their sinks polished."
3. "The balance spring must be secured by a sliding stud cap with round head and neck. Mobile stud holders are accepted."
4. "Fitted or split indexes (regulators) with a fastening system are accepted, save on extra-thin movements, where the system is not mandatory".
5. "Regulating systems featuring a balance wheel with variable radius of rotation are accepted."
6. "Geartrain wheels must be bevelled on their upper and lower sides and their sinks polished. For wheels 0.15 mm thick or less, bevelling on the bridge side only is tolerated."
7. "Pinion shanks and faces must be polished."
8. "A lightweight escape wheel is mandatory: no more than 0.16 mm thick for larger sizes or 0.13 mm for wheels less than 18 mm across; locking faces must be polished."
9. "The lever's angle of travel must be contained by solid bankings, to the exclusion of pins or studs."
10. "Movements fitted with shock absorbers are accepted."
11. "The ratchet and transmission (crown) wheel must be finished in conformity with prescribed models."
12. "Wire springs are prohibited."

RICHMONT