

RICHEMONT

COMPANY ANNOUNCEMENT 18 JULY 2019

TRADING UPDATE FOR THE FIRST QUARTER ENDED 30 JUNE 2019

Financial highlights

- Sales for the quarter increased by 12% at actual exchange rates and by 9% at constant exchange rates compared to the prior year period
- Excluding Online Distributors, sales rose by 6% at actual exchange rates and by 3% at constant exchange rates; at actual exchange rates,
 - Double digit growth in Japan and Asia Pacific, notably in mainland China, and high single digit growth in the Americas more than compensated for decreases in Europe and the Middle East and Africa
 - Good retail sales growth against strong comparatives, whilst wholesale sales remained subdued; strong online retail sales' performance
 - Double digit growth at the Jewellery Maisons, slight growth at the Specialist Watchmakers, and Other business area in line with the prior year period

	April-June 2019 €m	April-June 2018* €m	Change at constant exchange rates versus prior period (%)	Change at actual exchange rates versus prior period (%)
Sales by region				
Europe	1 072	958	+12%	+12%
Asia Pacific	1 423	1 268	+10%	+12%
Americas	698	600	+10%	+16%
Japan	298	263	+8%	+13%
Middle East and Africa	249	255	-7%	-2%
Sales by distribution channel				
Retail	1 851	1 694	+6%	+9%
Online retail	648	420	+50%	+54%
Wholesale	1 241	1 230	-2%	+1%
Sales by business area				
Jewellery Maisons	1 827	1 662	+7%	+10%
Specialist Watchmakers	823	818	-2%	+1%
Online Distributors	612	381	+56%	+61%
Other	493	494	-3%	0%
Inter-segment eliminations	-15	-11	+34%	+36%
Total Sales	3 740	3 344	+9%	+12%

* YOOX NET-A-PORTER GROUP and Watchfinder have been consolidated in the Group's financial statements since 1 May 2018 and 1 June 2018 respectively

Review of trading for the three month period ended 30 June 2019 at constant exchange rates versus the prior year period

Starting with the financial year ending 31 March 2020, the Group provides a trading update for its first quarter ended 30 June. Sales for the first five months will therefore no longer be reported in September.

As a reminder, sales for the previous year's first quarter included two months of sales for YOOX NET-A-PORTER GROUP and one month of sales for Watchfinder & Co. When comparing on a full quarter base, Online Distributors posted double digit growth in sales in the period under review.

In order to provide more meaningful comparison to the prior year period, the comments below relate to current period sales excluding Online Distributors.

During the quarter under review, sales expanded in Asia Pacific and Japan, showed modest growth in the Americas, and contracted in Europe and the Middle East and Africa. In Europe, sales were 1% lower compared to the prior year period as good momentum at the Jewellery Maisons was more than offset by a slower performance in the other business areas, with contrasted performance among markets. In Asia Pacific, the 9% increase in sales reflected double digit sales growth in its key markets, with the exception of Hong Kong. Growth was led by mainland China, where strong sales were supported by lower VAT and custom duty rates; sales in Hong Kong retreated, additionally impacted by the relative strength of the Hong Kong dollar and the recent street protests. Sales in the Americas rose by 1% as growth at the Jewellery Maisons and the Other business area outweighed lower sales at the Specialist Watchmakers. In Japan, the 6% progression in sales was driven by good domestic and tourist spending, and the full year impact of recently opened directly operated boutiques. Unfavourable currency movements and the severance of selected wholesale relationships weighed on sales in the Middle East and Africa, which decreased by 12% over the period.

Following strong double digit growth in the prior year period, the retail channel registered a 6% increase in sales, driven by the Jewellery Maisons and to a lesser extent the Specialist Watchmakers. Ongoing cautious watch inventory management and distribution optimisation initiatives continued to negatively impact the wholesale channel, which posted a 2% decrease in sales. The online retail channel delivered a strong double digit increase in sales.

The 7% sales progression at Cartier and Van Cleef & Arpels was supported by jewellery and watches. Sales grew in all regions with the exception of the Middle East and Africa. Specialist Watchmakers' sales were 2% lower than in the prior year period, partly due to the initiatives mentioned above and to the phasing of product launches, most of them being due in the second quarter of this financial year. The 3% sales reduction in the Group's other businesses included the impact of the disposal of Lancel (June 2018). Excluding this impact, sales decreased by 1% as the strong performance of Peter Millar contrasted with that of the other Maisons.

The Group's net cash position at 30 June 2019 amounted to € 2.4 billion (2018: € 2.2 billion).

Corporate calendar

The Group's annual general meeting will be held on Wednesday, 11 September 2019 in Geneva, and its interim results for the current financial year will be announced on Friday, 8 November 2019.

About Richemont

Richemont owns a portfolio of leading international 'Maisons' which are recognised for their distinctive heritage, craftsmanship and creativity. The Group operates in four business areas: Jewellery Maisons, namely 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, mostly Fashion & Accessories Maisons, including dunhill, Alaïa, Chloé, Montblanc and Peter Millar.

'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).

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Disclaimer

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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:

Foreign exchange rates

Average exchange rates against the euro	April-June 2019	April-June 2018
United States dollar	1.12	1.19
Japanese yen	124	130
Swiss franc	1.13	1.17
Renminbi	7.66	7.60

Actual exchange rates for the period are calculated using the average daily closing rates against the euro.

In terms of sales at constant exchange rates, average exchange rates for the year ended 31 March 2019 are used to convert local currency sales into euros for the current three month period and comparative figures. Exchange rate translation effects are thereby eliminated from the reported sales performance.