

FY17 INTERIM RESULTS

AS AT
30 SEPTEMBER 2016

RICHMONT



DRIVE DE CARTIER
MANUFACTURE MOVEMENT 1904 MC

THE DRIVE DE CARTIER COLLECTION IS ELEGANCE REDEFINED. THE SLEEK LINES OF THIS CUSHION-SHAPED WATCH CREATE A TRULY STYLISH PIECE, BROUGHT TO LIFE BY THE MAISON MANUFACTURE MOVEMENT 1904 MC. ESTABLISHED IN 1847, CARTIER CREATES EXCEPTIONAL WATCHES THAT COMBINE DARING DESIGN AND WATCHMAKING SAVOIR-FAIRE.

#WHATDRIVESYOU

cartier.com

This document contains forward-looking statements as that term is defined in the United States Private Securities Litigation Reform Act of 1995. Words such as 'may', 'should', 'estimate', 'project', 'plan', 'believe', 'expect', 'anticipate', 'intend', 'potential', 'goal', 'strategy', 'target', 'will', 'seek', and similar expressions may identify forward-looking statements.

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.

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.

H1-17 RESULTS

- › Highlights
- › Review of Operations
- › Financial Review
- › Conclusion
- › Q&A Session

RICHEMONT



Magic Alhambra collection
long necklace, white gold and diamonds.

Van Cleef & Arpels

Haute Joaillerie, place Vendôme since 1906



H1-17 KEY FIGURES

› Sales down 13% at actual; 12% at constant exchange rates

- Difficult global environment
- Challenging comparatives
- -8% at constant exchange rates excluding the impact of buy-backs

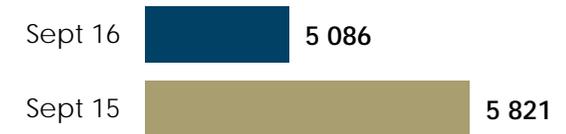
› Operating profit down 43% to €798m

- 25% down excluding one time items

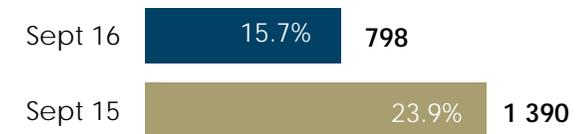
› Profit for the period down 51% to €540m

› Cash flow from operations at €666m

Sales
In € million



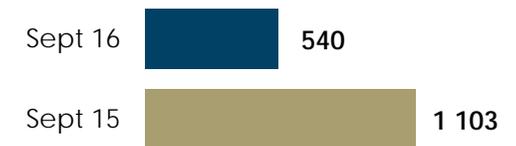
Operating profit
In € million



Cash flow from operations
In € million



Profit for the period
In € million



**MONT
BLANC** 

Review of Operations



**Pioneering since 1906.
For the pioneer in you.**

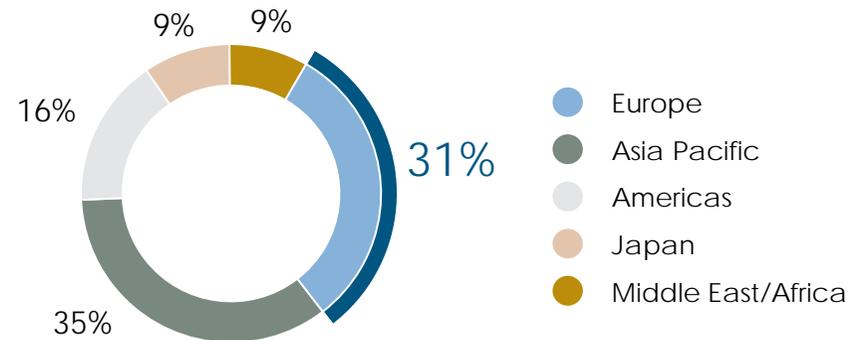
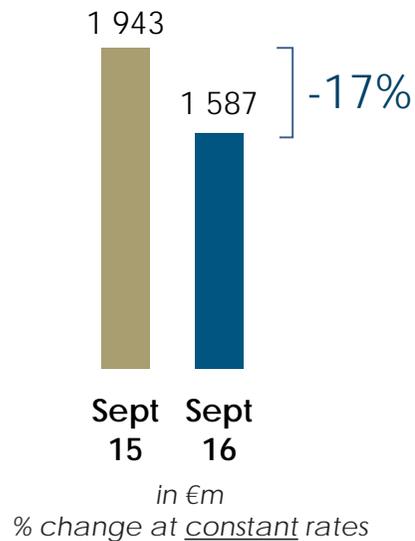
Inspired by the beginning of modern sea travelling, the Montblanc 4810 Chronograph Automatic embodies the precision of fine Swiss watch-making and artisanal refinement with the iconic exploding star.

Discover the full story at montblanc.com/pioneering.
Crafted for New Heights.

RICHEMONT

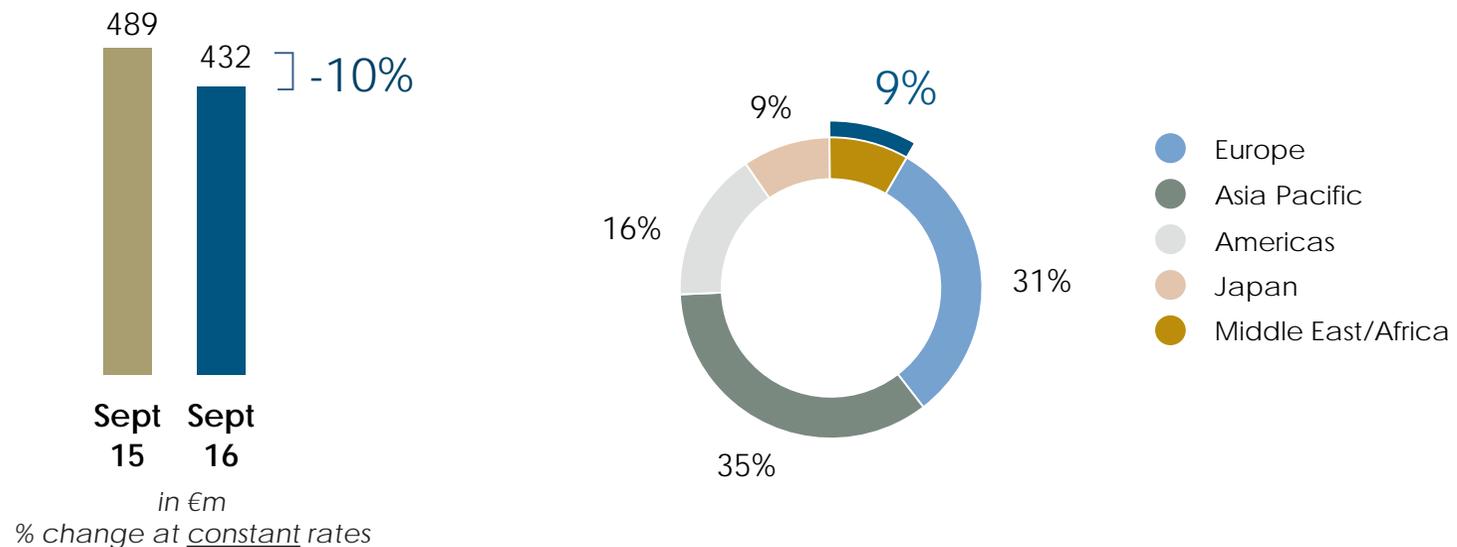
H1-17 SALES IN EUROPE

- › Demanding comparatives
- › Weak trading across the region
 - Significantly lower tourist spend, particularly in France
 - Except in the UK, growing double digit
- › Watches down, flat to positive contribution from other product lines



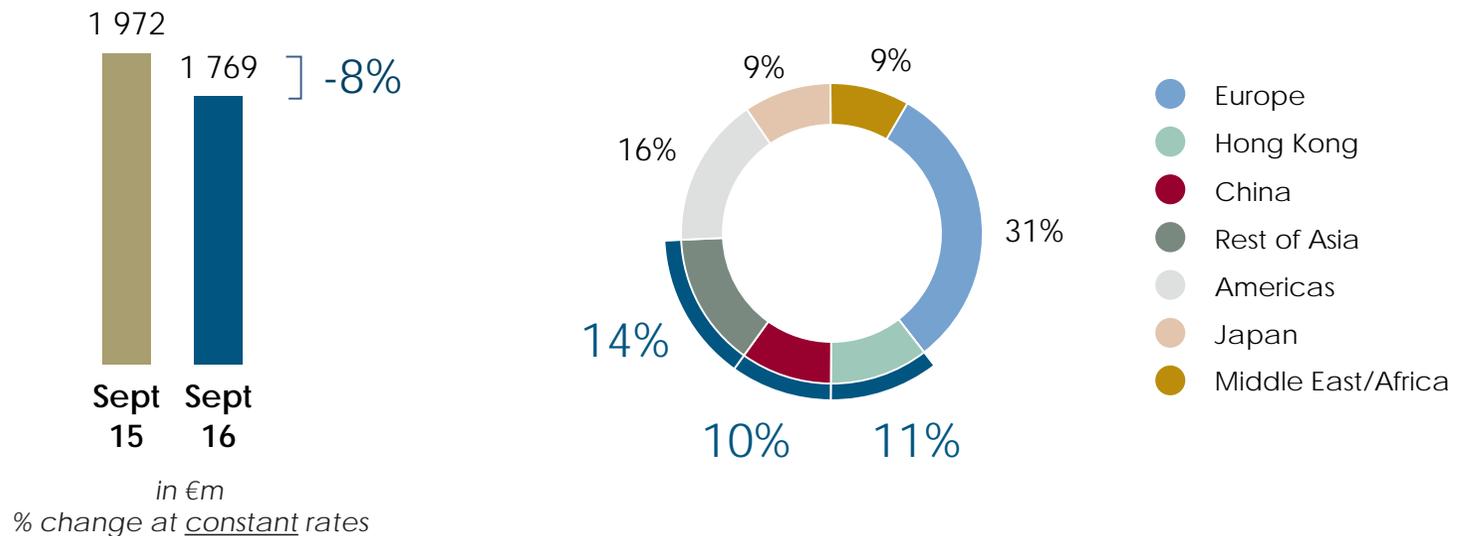
H1-17 SALES IN THE MIDDLE EAST AND AFRICA

- › Unsupportive currencies impacting resident and tourist sales
- › Most product lines affected



H1-17 SALES IN ASIA PACIFIC

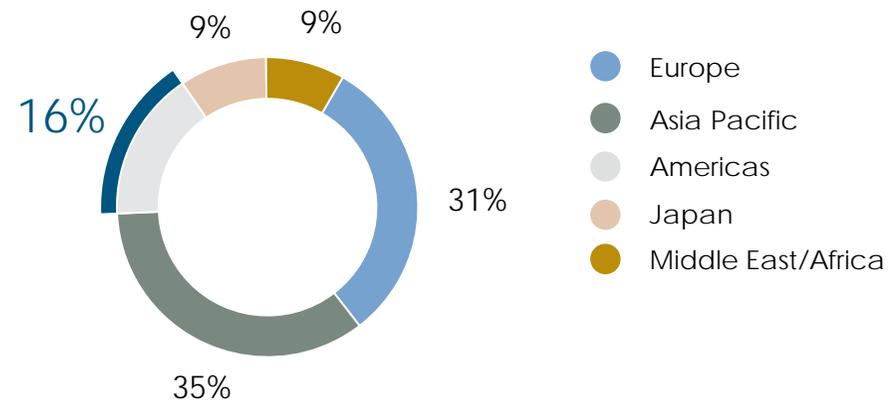
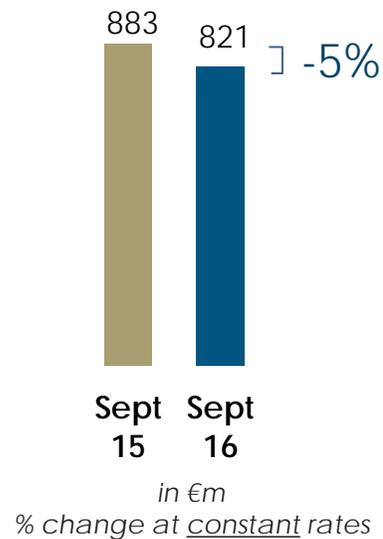
- › Rate of decline softening to high single digit
 - Hong Kong and Macau still weak, impacted by buy-backs
 - Continued growth in mainland China and Korea
- › Positive contribution from jewellery and accessories



H1-17 SALES IN AMERICAS

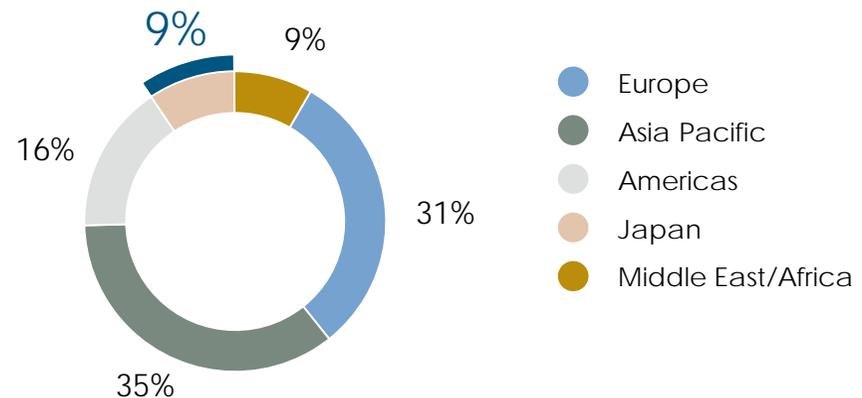
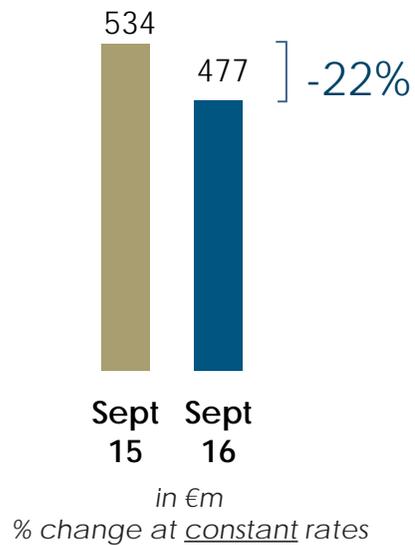
› Mid single digit decline

- Persisting weakness in watches
- Continued outperformance of accessories; resilience of jewellery



H1-17 SALES IN JAPAN

- › Exceptionally challenging comparatives (+44% in H1-16)
- › Strong yen weighed on tourist spending
- › All product categories impacted



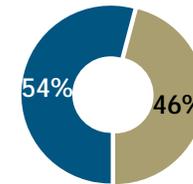
H1-17 SALES BY NETWORK

› Retail sales decline in tourist markets softened by

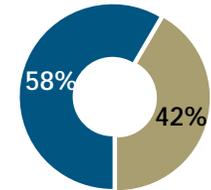
- Jewellery and accessories
- Asia Pacific and Americas

› Wholesale impacted by buy-backs and lower tourist flows

Sept 15

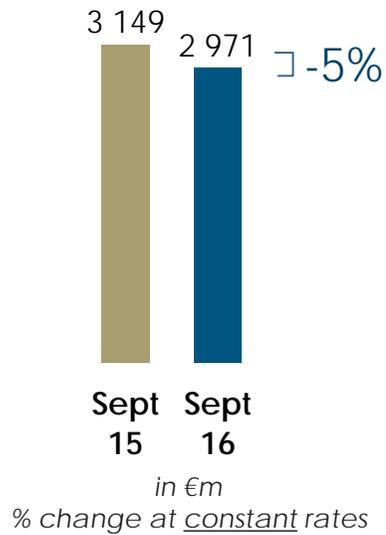


Sept 16

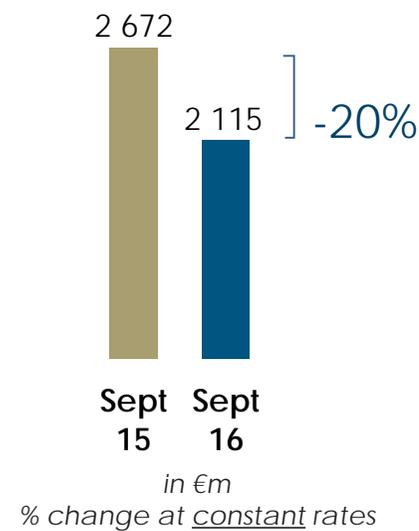


■ Retail ■ Wholesale

Retail

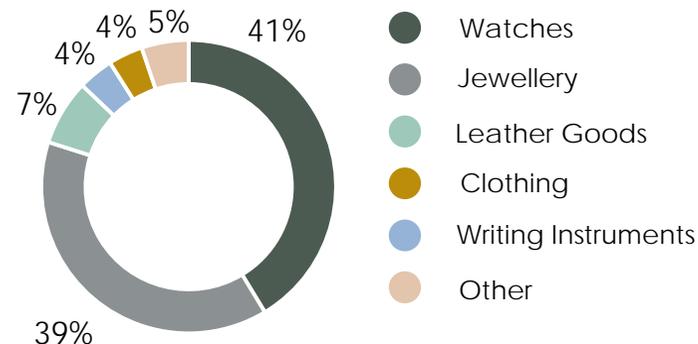


Wholesale



H1-17 SALES BY PRODUCT LINE

- › Watches, down 24%
- › Jewellery showed resilience
- › Leather goods and writing instruments, good growth
- › Clothing affected by store closures



6 months	€m	Sept 16	Sept 15	Constant rates	Actual rates
Watches		2 103	2 803	-24%	-25%
Jewellery		1 962	1 993	0%	-2%
Leather goods		367	336	9%	9%
Writing instruments		198	188	8%	5%
Clothing		193	222	-13%	-13%
Other		263	279	-5%	-6%
Total sales		5 086	5 821	-12%	-13%

H1-17 MAISONS HIGHLIGHTS

- › **Jewellery Maisons** profitability declined to 27%
- › The **Specialist Watchmakers** suffered the largest decline in operating contribution margin - now 13% of sales
- › The **Other** business area generated a loss; positive contribution excluding one-time charges

H1-17 PERFORMANCE – JEWELLERY MAISONS

- › **Sales decline** primarily attributable to watches
- › **Contribution margin of 31.7%** excluding one-time items

6 months	€m	Sept 16	Sept 15	Period change
Sales		2 755	3 177	-13%
Operating contribution		756	1 101	-31%
Contribution margin		27.4%	34.7%	-730 bps

H1-17 JEWELLERY MAISONS

› Downturn in retail limited to single digit thanks to

- Resilient jewellery enriched with new lines and references across price points
- New retail opportunities

› Wholesale sales affected by watch buy-backs

- Adaptation of offer to demand
- New Drive watch launched in all materials

› Retail network enhanced with

- Reopening of the Fifth Avenue & Ginza Mansions
- New internal boutiques, notably in Seoul, Kuala Lumpur and Melbourne

Cartier



*Panthère
Envoûtante*



Nera

H1-17 JEWELLERY MAISONS

- › **Muted growth achieved thanks to jewellery**
 - New models enriching existing collections
 - New collections across price points
- › **Impactful jewellery events**
 - Emeraude en Majesté international launch
 - Bouton d'or launch
 - L'Arche de Noé exhibition
- › **Selective retail openings include**
 - Shenyang in China

Van Cleef & Arpels



Bouton d'or



*Perlée couleurs
Between the Finger*

H1-17 PERFORMANCE – SPECIALIST WATCHMAKERS

› Sales decline reflects difficult environment

- Primarily in wholesale, Hong Kong and Switzerland
- Softened by a positive performance in mainland China

› Significant operating deleverage

6 months	€m	Sept 16	Sept 15	Period change
Sales		1 445	1 749	-17%
Operating contribution		187	402	-53%
Contribution margin		12.9%	23.0%	NR

H1-17 SPECIALIST WATCHMAKERS

PIAGET

- › Commendable performance of jewellery
- › Successful introduction of the Polo S
- › Difficult trading in watches partially affected by buy-backs



Piaget Polo S



Les Secrets de Venise



VACHERON CONSTANTIN

Manufacture Horlogère. Genève, depuis 1755.

- › Negative momentum worldwide except in mainland China and the Middle East
- › Good start of the revisited Overseas and new Métiers d'Art Élégance Sartoriale



Métiers d'Art Élégance Sartoriale

H1-17 SPECIALIST WATCHMAKERS

A. LANGE & SÖHNE
GLASHÜTTE I/SA

- › Solid trend in mainland China and Japan could not compensate weakness elsewhere
- › Lange 1 relaunch now completed



Lange 1


ROGER DUBUIS
HORLOGER GENEVOIS

- › Overall sales decline cushioned by positive momentum in Asia and retail
- › Launches centered around the Excalibur and Velvet lines



Excalibur Carbon

H1-17 SPECIALIST WATCHMAKERS



- › Strong momentum in mainland China and the UK not overcoming a marked decline in most tourist destinations



Reverso One Duetto Moon



- › Successful relaunch of the Pilot line helped moderate the reduction in overall sales
- › Mainland China and Korea were particularly noteworthy



Pilot Timezoner Chronograph

H1-17 SPECIALIST WATCHMAKERS

OFFICINE PANERAI FIRENZE 1860

- › Retail helped mitigate overall rate of decline in sales
- › Middle East enjoyed good momentum across both channels



Lo Scienziato – Luminor 1950 Tourbillon GMT Titanio

Φ BAUME & MERCIER MAISON D'HORLOGERIE GENEVE 1830

- › Difficult trading in most markets
- › Classima and Promesse confirmed as the Maison's pillars respectively for men and women



Classima

H1-17 PERFORMANCE – OTHER

- › Sales decline limited to -1%
- › Continued outperformance of Montblanc and Chloé
- › One-time items of €67m affected profitability

6 months	€m	Sept 16	Sept 15	Period change
Sales		886	895	-1%
Operating contribution		-40	-11	264%
Contribution margin		-4.5%	-1.2%	-330 bps

H1-17 OTHER

- › Mid-single digit growth in organic sales driven by
 - Writing instruments
 - Leather
- › E-commerce strongly supporting retail sales
- › New digital device: Augmented Paper
- › Retail network enhanced with
 - Continued rollout of retail concept
 - Six new internal stores

**MONT
BLANC**



Montblanc Meisterstück



Montblanc Heritage

Chloé

- › Double-digit growth in sales driven by Leather and most regions
- › E-commerce platform operated by YNAP now operational



Lexa

LANCEL

- › Lower sales partly resulting from
 - Weight of France
 - Five major stores closed for renovation
- › Good start of the latest launches completing the offer with more accessible price points



Max

Financial Review

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H1-17 OPERATING PROFIT

› 43% decrease in operating profit

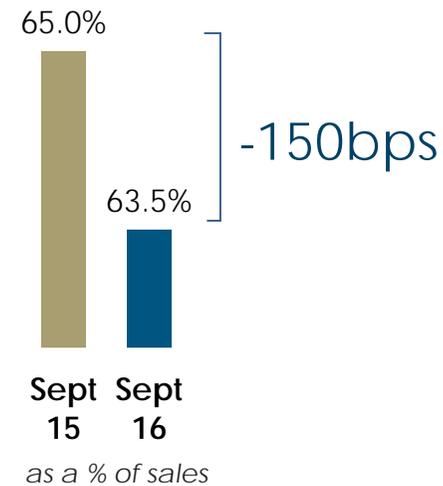
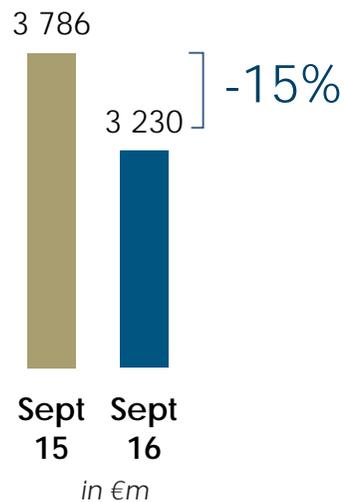
- Lower gross profit
- Comparable operating profit excluding one-time charges down 25%

6 months	€m	Sept 16	Sept 15	Period change
Sales		5 086	5 821	-13%
Gross profit		3 230	3 786	-15%
Net operating expenses		-2 432	-2 396	2%
Selling and distribution expenses		-1 452	-1 440	1%
Communication expenses		-485	-468	4%
Administration expenses		-476	-474	
Other expenses		-19	-14	
Operating profit		798	1 390	-43%
Gross margin percentage		64%	65%	
Operating margin		16%	24%	

H1-17 GROSS PROFIT

› 15% decrease in gross profit

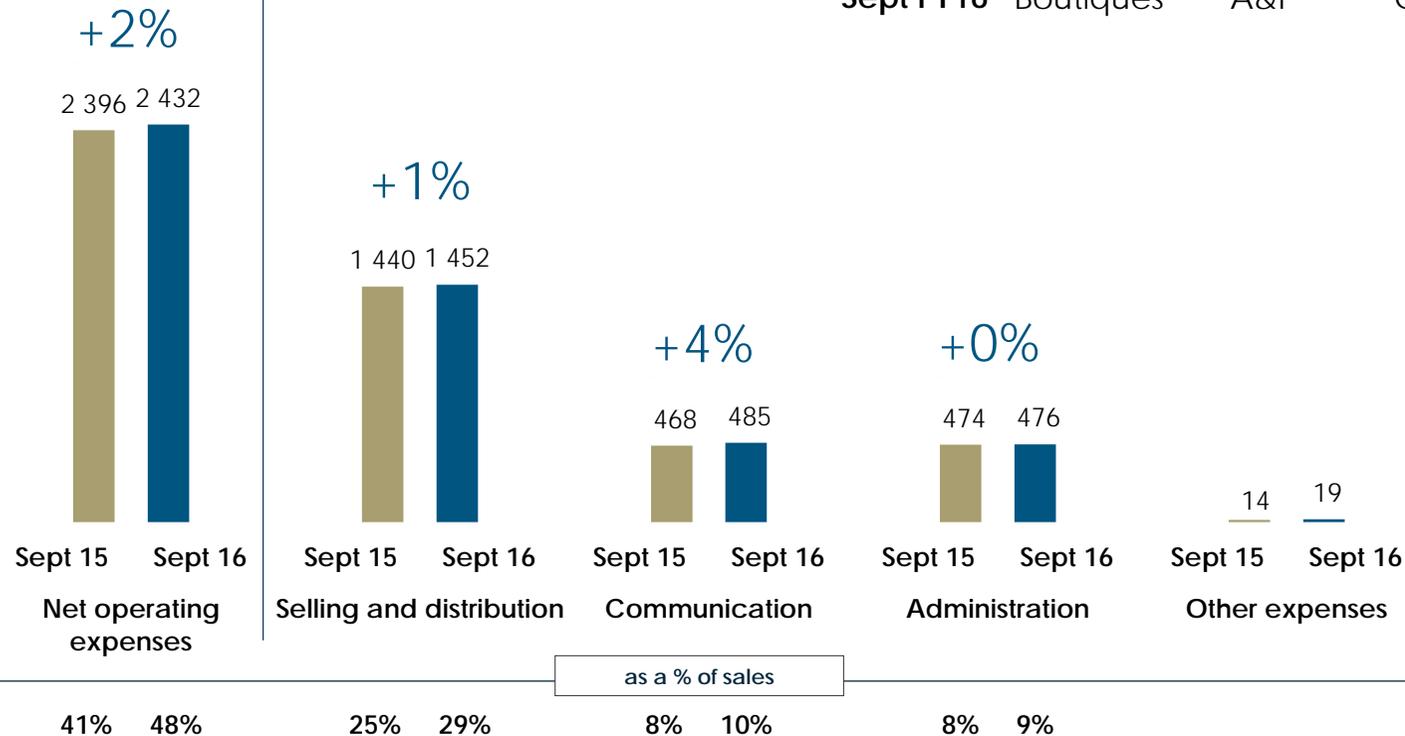
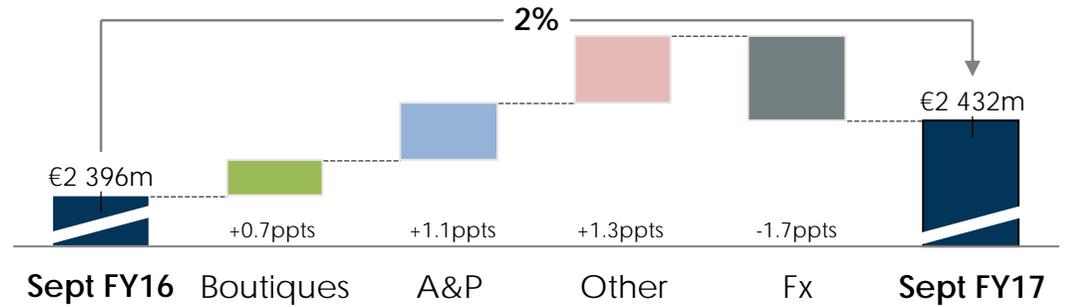
- Positive: higher share of retail, exchange rates environment
- Negative: buy-backs and optimisation of wholesale network



H1-17 OPERATING EXPENSES

› Increase of 2% reflects

- Supportive currencies
- Contained expenses
- One-time charges of €31m



H1-17 NET FINANCE INCOME AND COSTS

› Reversal in net finance income

- No movements in monetary items
- Increase in hedging losses

6 months	€m	Sept 16	Sept 15	Period change
Financial income/(expense), net		4	-4	+8
Net foreign exchange gains on monetary items		-	130	-130
Net losses on hedging activities		-91	-8	-83
Fair value adjustments		-22	-42	+20
Net finance (costs)/income		-109	76	-185

H1-17 PROFIT FROM CONTINUING OPERATIONS

› Profit for the period impacted by

- Operating profit decline
- Reversal in finance costs

6 months	€m	Sept 16	Sept 15	Period change
Operating profit		798	1 390	-43%
Net finance (costs)/ income		-109	76	
Share of post-tax results of equity-accounted investments		-10	-5	
Profit before taxation		679	1 461	-54%
Taxation		-139	-270	
Profit for the period from continuing operations		540	1 191	-55%
Loss for the period from discontinued operations		-	-88	
Profit for the period		540	1 103	-51%
profit margin from continuing operations		10.6%	20.5%	

H1-17 CASH FLOW FROM OPERATIONS*

- › Working capital contained
- › Cash flow lower due to lower operating profit

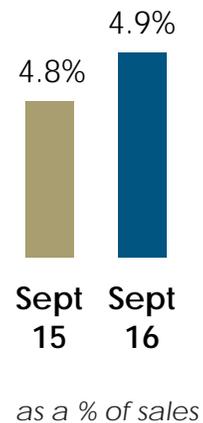
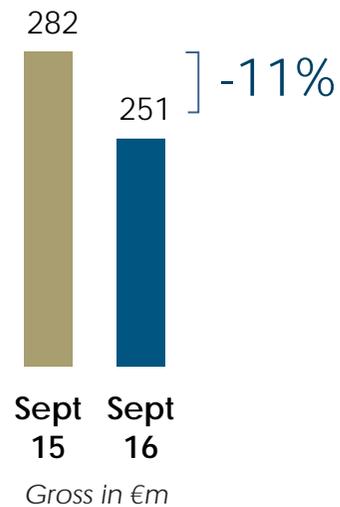
6 months	€m	Sept 16	Sept 15	Period change
Operating profit*		798	1 311	-513
Depreciation and amortisation		270	271	-1
Other items		15	31	-16
Movement in working capital		-417	-558	141
Cash flow from operations		666	1 055	-389

* Prior year includes discontinued operations

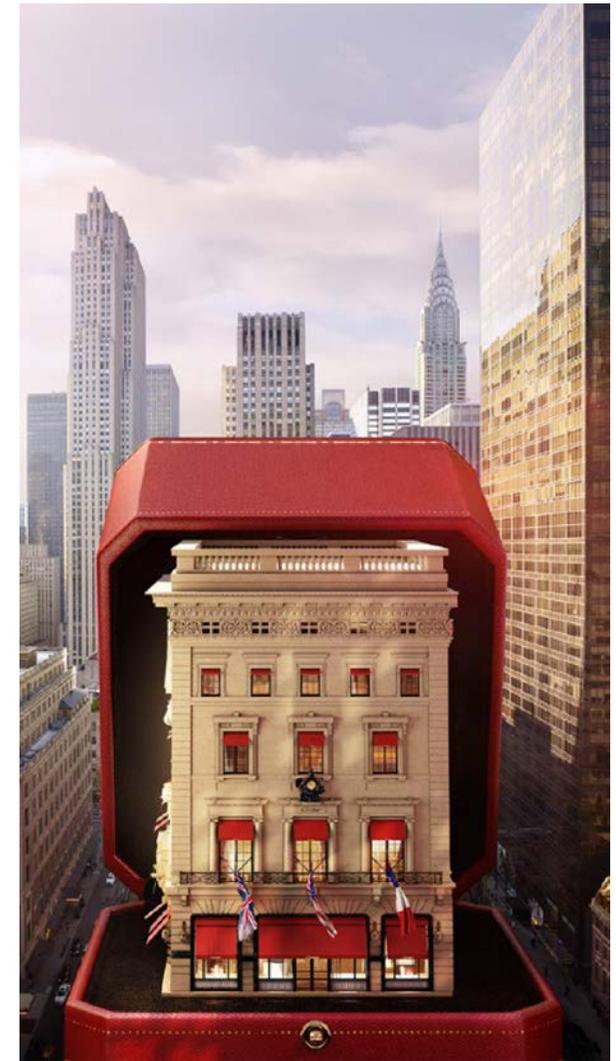
H1-17 CAPITAL EXPENDITURE*

› Lower capex spend

- Retail investments include flagships



* Prior year includes discontinued operations



*Renovated Cartier Mansion
Fifth Avenue mansion, New York*

H1-17 CAPITAL EXPENDITURE*

› Investments focused on

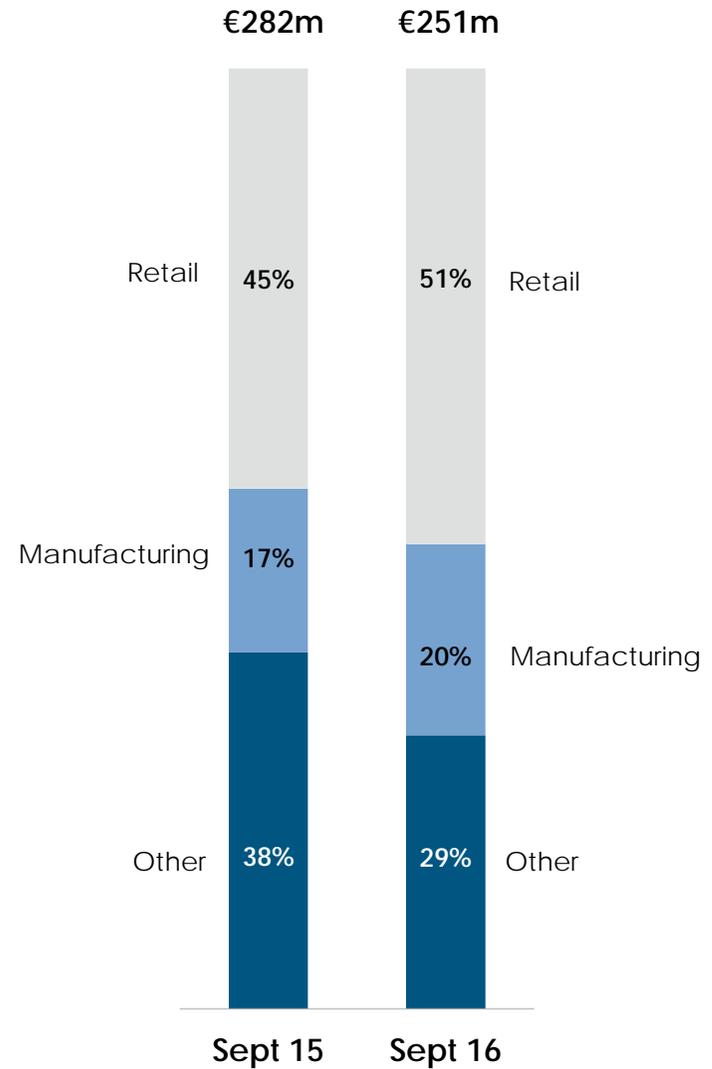
- Store renovation and relocation
- Worldwide distribution centre



Chloé – Avenue Montaigne, Paris



Cartier – Pavilion, Kuala Lumpur



* Prior year includes discontinued operations

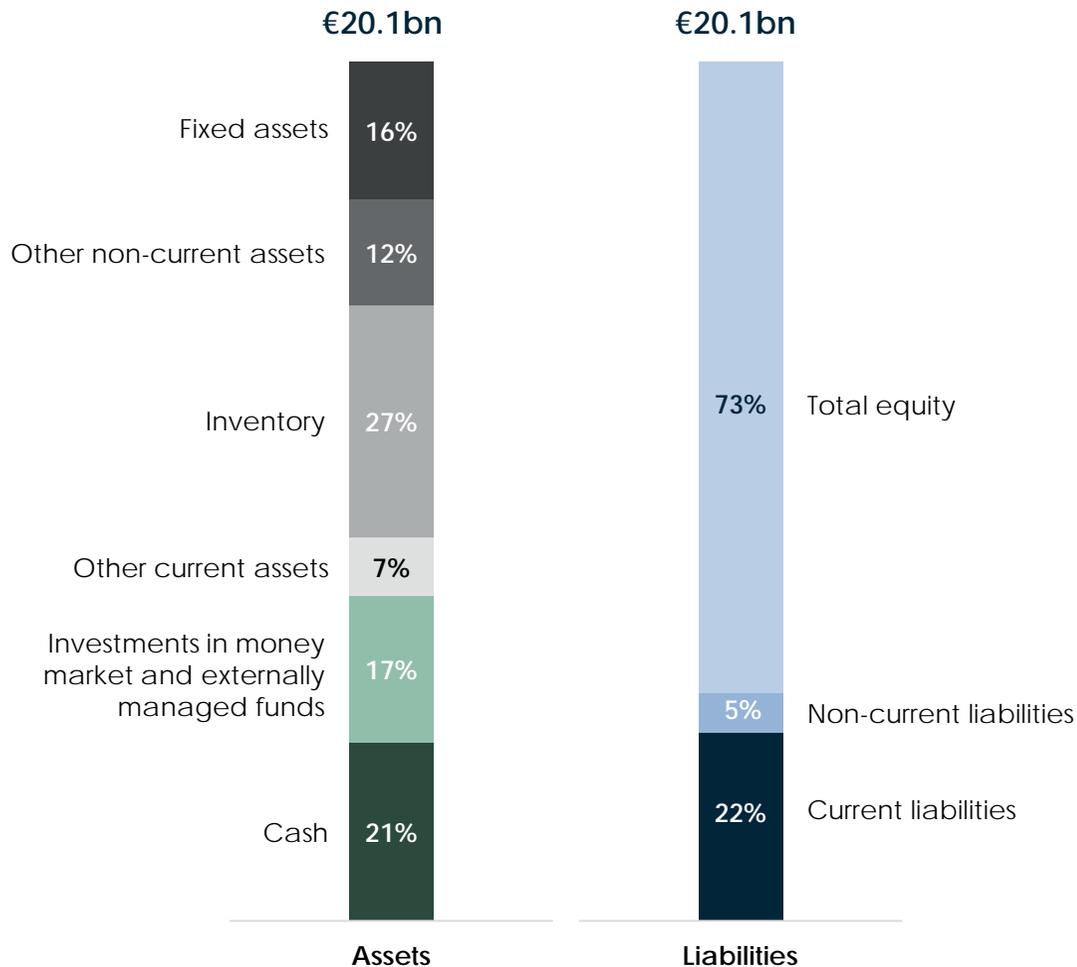
H1-17 FREE CASH FLOW*

› Decrease in free cash flow due to lower cash flow from operations

6 months	€m	Sept 16	Sept 15	Period change
Cash flow from operations		666	1 055	-389
Net change in tangible assets		-210	-242	32
Net change in intangible assets		-18	-35	17
Net change in other non-current assets		-10	-20	10
Taxation paid		-214	-234	20
Net interest received/(paid)		4	-8	12
Total free cash inflow		218	516	-298

* Prior year includes discontinued operations

BALANCE SHEET STRENGTH



Conclusion

RICHEMONT



CONCLUSION: ADDRESSING NEAR TERM CHALLENGES

› **Areas of focus**

- Product attractiveness and quality
- Adapt to the new norm

› **Sound financial position and confidence in the long term prospects for high quality products**

Q&A Session

RICHEMONT



Appendix

RICHEMONT



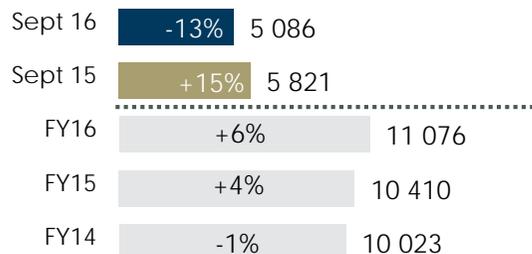
STRATEGIC OBJECTIVES

- › **Achieve long term organic growth**
 - **By generating**
 - › Steady cash flows
 - › Value over the long term
 - › Sustainable dividend growth
 - **By further developing competitive advantages through**
 - › An entrepreneurial & creative management as well as skilled craftsmen
 - › Control over production & product development and distribution
 - **By anticipating and adapting to changes in the environment**
 - **By maintaining long standing commitment to doing business responsibly**

FINANCIAL HIGHLIGHTS

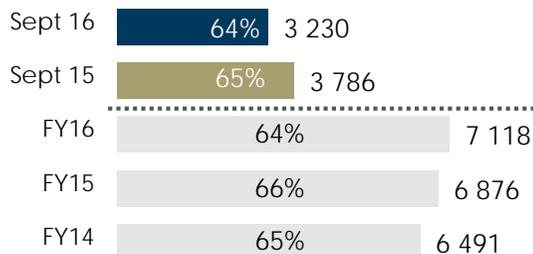
Sales

€ million



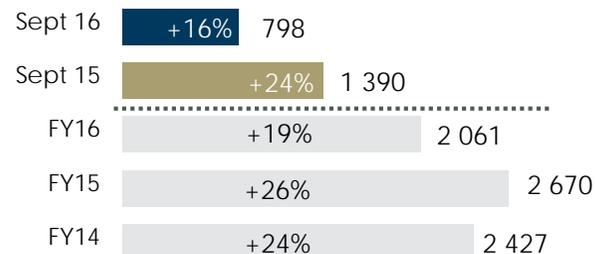
Gross profit

€ million



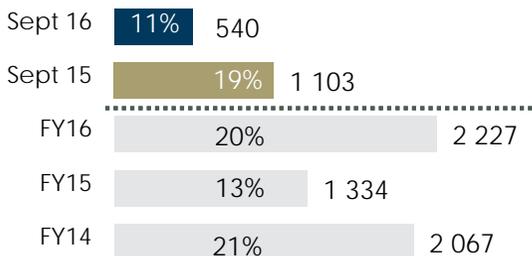
Operating profit

€ million



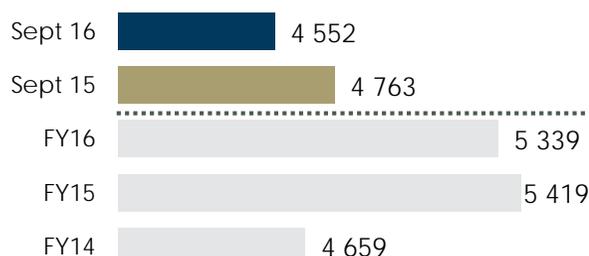
Net profit*

€ million



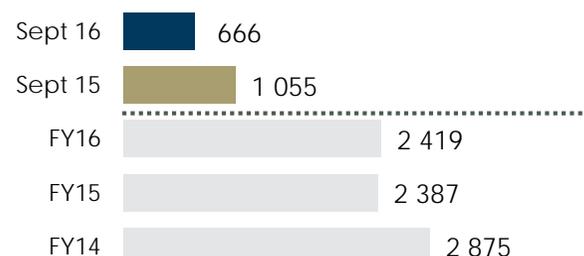
Net cash

€ million



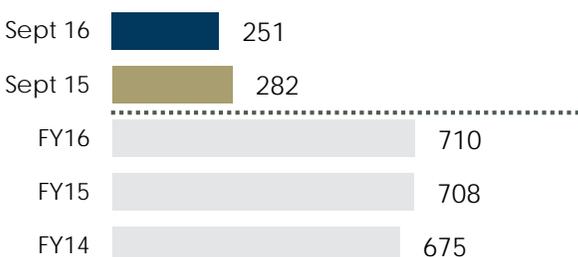
Cash flow from operations*

€ million

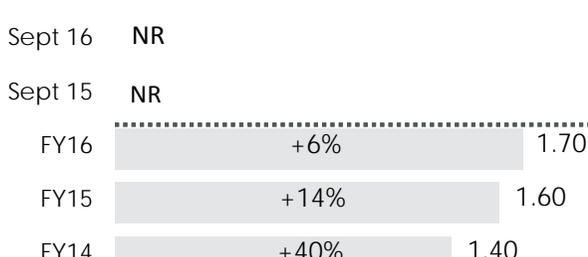


Capex*

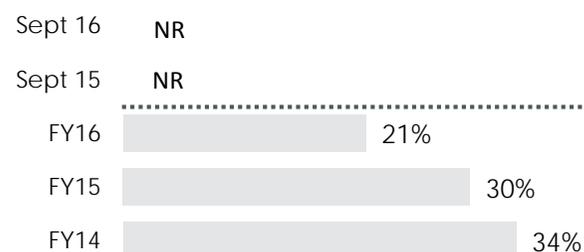
€ million



Dividends CHF/share



Return on operating assets



*Prior periods include discontinued operations

HEDGING

- › 70% of our forecasted net foreign currency cash flow exposure arising primarily in USD block, HKD, JPY, CNY is hedged versus CHF
- › In the case of USD, the net exposure takes into account purchases of precious metals and precious stones
- › Different types of currency derivatives can be used including forward contracts and option based contracts
- › Realised and unrealised gains/losses on currency derivative contracts are recognised in net finance costs

versus CHF	6 months average rates to 30 Sept			
	Actual average rates		Hedge rates	
	FY17	FY16	FY17	FY16
US \$	0.97	0.95	0.99	0.92
HK \$	7.98	8.13	8.27	8.62
CNY	6.78	6.56	6.85	6.94
YEN	108	128	123	121

H1-17 SALES BY REGION AND BUSINESS AREA

6 months	€m	Sept 16	Sept 15	Constant rates*	Actual rates	Share of total
Europe		1 587	1 943	-17%	-18%	31%
Middle East/Africa		432	489	-10%	-12%	9%
Asia Pacific		1 769	1 972	-8%	-10%	35%
Americas		821	883	-5%	-7%	16%
Japan		477	534	-22%	-11%	9%
Total sales		5 086	5 821	-12%	-13%	100%

6 months	€m	Sept 16	Sept 15	Constant rates*	Actual rates	Share of total
Jewellery Maisons		2 755	3 177	-12%	-13%	54%
Specialist Watchmakers		1 445	1 749	-17%	-17%	28%
Other		886	895	+0%	-1%	18%
Total sales		5 086	5 821	-12%	-13%	100%

* Movements at constant exchange rates are calculated by translating underlying sales in local currencies into euros in both the current period and the comparative period at the average exchange rates applicable for the financial year ended 31 March 2016.

H1-17 OPERATING RESULT BY BUSINESS AREA

6 months	€m	Sept 16	Sept 15	Period change
Jewellery Maisons		756	1 101	-31%
Specialist Watchmakers		187	402	-53%
Other		-40	-11	NR
Operating contribution		903	1 492	-39%
Corporate costs		-105	-102	+3%
Central support services		-93	-95	-2%
Other operating expenses		-12	-7	NR
Operating profit		798	1 390	-43%

H1-17 GROUP RESULTS

6 months	€m	Sept 16	Sept 15	Period change
Sales		5 086	5 821	-13%
Cost of sales		-1 856	-2 035	-9%
Gross profit		3 230	3 786	-15%
Net operating expenses		-2 432	-2 396	+2%
Operating profit		798	1 390	-43%
Net finance (costs)/income		-109	76	
Share of post-tax results of equity-accounted investments		-10	-5	
Profit before taxation		679	1 461	-54%
Taxation		-139	-270	-49%
Profit for the period from continuing operations		540	1 191	-55%
Loss for the period from discontinued operations		-	-88	
Profit for the period		540	1 103	-51%
Cash flow from operations		666	1 055	
Net cash		4 552	4 763	

SUMMARY BALANCE SHEET AND INVENTORY

	€m	Sept 16	Sept 15		
Non-current assets		5 639	4 471		
Current assets		14 480	14 476		
Non-current liabilities		-919	-861		
Current liabilities		-4 555	-4 012		
Equity attributable to owners of the parent company		-14 645	-14 094		
Non-controlling interests		0	20		
Equity		-14 645	-14 074		
including					
Net cash		4 552	4 763		
	€m	Sept 16	Sept 15	Period change	
Finished goods		3 505	3 308	197	+6%
Raw materials and work in progress		1 885	1 898	-13	-1%
Total		5 390	5 206	184	+4%
Number of months of COGS	Rotation	23.8	20.9		

RETAIL NETWORK

	Sept 16	Period change		March 16	Period change		Net change
		Internal	External		Internal	External	
Montblanc	578	278	300	573	6	-1	5
Cartier	283	202	81	279	5	-1	4
Chloé	168	99	69	170	2	-4	-2
Alfred Dunhill	159	119	40	192	-25	-8	-33
Van Cleef & Arpels	118	79	39	116	1	1	2
Piaget	98	71	27	97	3	-2	1
Jaeger-LeCoultre	91	53	38	89	3	-1	2
IWC	86	49	37	86	0	0	0
Lancel	83	68	15	84	-2	1	-1
Officine Panerai	72	38	34	68	3	1	4
Vacheron Constantin	61	30	31	58	0	3	3
Others*	102	68	34	99	3	0	3
Total	1 899	1 154	745	1 911	-1	-11	-12

*Others: Shanghai Tang, A. Lange & Söhne, Baume & Mercier, Roger Dubuis, Purdey, Azzedine Alaïa, Peter Millar

H1-17 MAIN PRODUCT LAUNCHES

Cartier

› Jewellery

- Magicien – High Jewellery
- Amulette de Cartier, new references
- Cactus de Cartier

› Watches

- Clé de Cartier, new references
- Drive de Cartier
- Hypnose
- Calibre Diver, new references

Van Cleef & Arpels

› Jewellery

- Emeraude en Majesté – High Jewellery
- L'Arche de Noé – High Jewellery
- Bouton d'or
- Two Butterfly Nacre

› Watches

- Lady Arpels Ronde des Papillons

H1-17 MAIN PRODUCT LAUNCHES

PIAGET

› Jewellery

- Sunny Side of Life – High Jewellery
- Possession, new references
- Rose, new references

› Watches

- Piaget Polo S

A. LANGE & SÖHNE
GLASHÜTTE I/SA

- › Saxonia Moon Phase
- › Grand Lange 1 Moon Phase “Lumen”



VACHERON CONSTANTIN

- › Overseas, relaunch
- › Patrimony, new references
- › Métiers d’Art Elégance Sartoriale



ROGER DUBUIS

HORLOGER GENEVOIS

- › Velvet, new references
- › Excalibur, new skeleton references

H1-17 MAIN PRODUCT LAUNCHES



- › Reverso – High Jewellery
- › Master Memovox



- › Pilot collection relaunch



- › Lo Scienziato – Luminor 1950 Tourbillon GMT
Titanio - 47mm
- › Radiomir 1940 3 days GMT - 45mm, new references



- › Classima, new references
- › Capeland Shelby Cobra
- › Petite Promesse

H1-17 MAIN PRODUCT LAUNCHES



› Writing Instruments

- Heritage Rouge & Noir
- Meisterstück Ultra-Black

› Watches

- Montblanc 4810 (Chrono), new references
- Boheme (Day & Night)

› Leather

- Urban Spirit Light

LANCEL

› Leather

- Jules
- Nine
- Max



› Leather

- Cadogan line relaunch

› Menswear

- New packable outdoorwear

Chloé

› Leather

- Faye, new references
- Drew, new references
- Lexa

R I C H E M O N T