RICHEMONT

COMPANY ANNOUNCEMENT

9 NOVEMBER 2018

RICHEMONT, THE SWISS LUXURY GOODS GROUP, ANNOUNCES ITS UNAUDITED CONSOLIDATED RESULTS FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2018

Financial highlights

- YOOX NET-A-PORTER GROUP (YNAP) and Watchfinder.co.uk (Watchfinder) consolidated in the Group's accounts since 1 May and 1 June 2018, respectively
- Group sales increased by 21% at actual exchange rates to € 6 808 million and by 24% at constant exchange rates
- Online retail* sales, now reported separately, amounted to 14% of Group sales
- Excluding YNAP and Watchfinder, sales rose by 6% at actual exchange rates and by 8% at constant exchange rates
    - Growth in most regions and all business areas
    - Double digit growth in the Group's directly operated boutiques, led by watches and jewellery
- Operating profit of € 1 130 million, down € 36 million following acquisition and disposal-related charges of € 159 million. Excluding impact of first-time consolidation of YNAP and Watchfinder, operating margin improved to 21.1%
- Profit for the period rose to € 2 253 million primarily due to a post-tax non-cash gain of € 1 378 million on the revaluation of YNAP shares held prior to buy-out
- Net cash position of € 1 584 million following acquisitions of YNAP and Watchfinder

Key financial data (unaudited)

	Six months ended 30 September 2018	Six months ended 30 September 2017 **re-presented	Change
Sales	**€ 6 808 m**	€ 5 620 m	+21%
Gross profit	**€ 4 256 m**	€ 3 680 m	+16%
Gross margin	**62.5%**	65.5%	-300 bps
Operating profit	**€ 1 130 m**	€ 1 166 m	-3%
Operating margin	**16.6%**	20.7%	-410 bps
Profit for the period	**€ 2 253 m**	€ 974 m	+131%
Earnings per A share/10 B shares, diluted basis	**€ 3.987**	€ 1.721	+132%
Cash flow generated from operations	**€ 733 m**	€ 1 108 m	-34%
Net cash position	**€ 1 584 m**	€ 4 610 m	€ -3 026 m

* Online retail regroups the sales of YNAP as well as the online sales portion of both Watchfinder and the Group's Maisons.

** Prior period comparatives have been re-presented to include royalty income received within total sales.

Chairman's commentary

During the past six months, Richemont strengthened its portfolio with two strategic investments aimed at offering our discerning and globally dispersed clientele more options in how, when and where they engage with and purchase from our Maisons. We now fully own YOOX NET-A-PORTER, the leading online luxury retailer, and Watchfinder, a leading omni-channel platform for premium pre-owned timepieces. As part of the continual assessment of our portfolio, we divested Lancel. These strategic changes have had a material impact on our operating profit and net cash position in the period under review.

Serving our customers is our priority. At the same time, Richemont will ensure that YNAP remains committed to offering brand partners and their clients the best service and we are determined that YNAP remains the neutral, open and compelling go-to destination for online luxury.

More recently, on 26 October 2018, we announced a strategic partnership with Alibaba Group, the preferred online marketplace for Chinese consumers, aiming at becoming a significant and sustainable online destination in luxury shopping for the important Chinese clientele. YNAP and Alibaba will establish a joint venture to bring the in-season offerings of YNAP to Chinese consumers, be it in China or whilst travelling abroad. This new chapter in the history of Richemont reflects the potential we see in China and the confidence we have in Alibaba with whom we share an ambition to set new standards for the future of luxury online, for the benefit of YNAP's brand partners and customers as well as our Maisons and their clients.

Over the six month period ended 30 September 2018, sales increased by 21% at actual rates to € 6.81 billion. Excluding YNAP and Watchfinder, collectively the Online Distributors, sales for the period grew by 6% at actual exchange rates and by 8% at constant exchange rates.

Excluding Online Distributors, sales growth was primarily driven by strong performance of the Jewellery Maisons and double digit increases in the Maisons' directly operated boutiques and online stores. Robust retail sales in jewellery and watches more than offset a 2% decline in wholesale sales, which was mainly due to the Specialist Watchmakers' ongoing prudent inventory management and upgrade of the wholesale distribution network. Excluding Online Distributors, all regions with the exception of Middle East and Africa enjoyed higher sales, with notable double digit increases in Hong Kong, Korea and the USA.

In our Jewellery Maisons, watch sales grew strongly in Cartier's stores, benefiting from the successful Panthère and relaunched Santos collections. Jewellery pieces continued to outperform, notably with the iconic Cartier Love and Van Cleef & Arpels Alhambra collections. The muted sales growth of the Specialist Watchmakers reflected the previously mentioned initiatives. Here, retail was strong and overall there was good momentum at Vacheron Constantin, Roger Dubuis and Jaeger-LeCoultre. Most of our Maisons grouped under 'Other' saw higher sales, led primarily by Montblanc and Peter Millar.

The 3% reduction in operating profit to € 1.13 billion reflected an increase in costs which more than offset the improvement in gross profit. These higher costs were primarily attributable to the first-time consolidation of Online Distributors and their related acquisition charges as well as disposal-related charges. The operating margin decreased to 16.6%, but improved to 21.1% excluding Online Distributors.

Profit for the period rose to € 2.25 billion, primarily due to a post-tax non-cash gain of € 1.38 billion on the revaluation of existing YNAP shares. Net cash amounted to € 1.58 billion at 30 September 2018 after a € 3.75 billion cash outflow related to the YNAP and Watchfinder acquisitions and dividend payment.

Richemont's governance structure continued to evolve with the appointments of Mr Jérôme Lambert to the role of Group Chief Executive Officer and Mr Eric Vallat to the newly created role of Head of Fashion & Accessories Maisons.

Amidst growing volatility in consumer demand, partly attributable to an uncertain economic and geopolitical environment, we maintain confidence in our ability to realise our long term ambitions, supported by the strength of our balance sheet.

Our ambition remains to ensure that we continue to create, manufacture and sell exquisite products with a high level of beauty, craftsmanship, patrimony and passion while maintaining continued engagement, relevance and appeal for our clients.

Johann Rupert
Chairman

Compagnie Financière Richemont SA
Geneva, 9 November 2018

Financial review

The results of newly acquired YNAP and Watchfinder have been included in the Group's financial statements with effect from 1 May and 1 June 2018, respectively. They are grouped under Online Distributors, a newly formed business area. The acquisition and first-time consolidation of Online Distributors has had a material impact on sales, operating profit, cash flow and net cash. Online retail, the newly reported distribution channel, regroups the sales of YNAP as well as the online sales portion of both Watchfinder and the Group's Maisons. Retail now incorporates only sales from the Group's directly operated boutiques.

Sales

In the six month period, sales increased by 21% at actual exchange rates and by 24% at constant exchange rates.

Excluding YNAP and Watchfinder, sales for the period increased by 8% at constant exchange rates, with most regions posting higher sales. This was led by double digit progression in the Americas and in Asia Pacific, the latter benefiting from strong performances in Hong Kong, Korea and Macau. The Group's directly operated boutiques saw double digit growth, both in jewellery and watches. Wholesale sales were 1% higher compared with the prior year period. The wholesale performance reflected the optimisation of external points of sales and the Group's ongoing focus on aligning inventories with end-client demand.

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

Gross profit

Gross profit increased by 16% to € 4 256 million. The consolidation of YNAP and Watchfinder has diluted the Group's gross margin to 62.5% versus 65.5% in the prior year period.

Excluding Online Distributors, gross margin progressed to 66.6%. The 110 basis point improvement related in part to manufacturing efficiency gains, a larger share of online and offline retail and, overall, supportive currencies.

Operating profit

The € 36 million reduction in operating profit to € 1 130 million reflected higher sales and gross profit, but also higher costs, as detailed below. Operating margin was 16.6% compared to 20.7% a year ago. Excluding the consolidation of YNAP and Watchfinder, operating margin for the period improved to 21.1%.

The 24% increase in total operating expenses included € 159 million of acquisition and disposal-related charges. These charges can be broken down into € 77 million one-time charges, primarily attributable to the disposal of Lancel, and € 82 million charges principally related to the amortisation of YNAP and Watchfinder's intangible assets identified on acquisition. Excluding Online Distributors, total operating expenses grew by 8% and, when excluding the above one-time charges, operating expense growth was limited to 4%.

The 10% increase in selling and distribution expenses resulted mainly from the consolidation of Online Distributors. Excluding those businesses, the increase in selling and distribution expenses was limited to 4% compared to the prior year period. Communication expenses rose by 17%, largely explained by the integration of Online Distributors and, to a lesser extent, by communication initiatives by the Jewellery Maisons. Fulfilment expenses of € 91 million at the Online Distributors were recorded in the period. Administration costs grew by 34%, again mainly driven by the first-time consolidation of the Online Distributors and, at the Group's Maisons, by expenditure in IT and digital initiatives. Other operating expenses include the previously mentioned acquisitions and disposal-related charges.

Profit for the period

Profit for the period rose by 131% to € 2 253 million. The increase reflected the € 1 378 million post-tax non-cash accounting gain on the revaluation of existing YNAP shares. Excluding this amount, profit for the period was € 875 million, a 10% decline following the previously mentioned acquisition and disposal-related charges. Net finance costs for the period amounted to € 47 million, compared to a € 72 million net income in the prior year period. Unfavourable foreign exchange movements on monetary items led to a net loss of € 38 million, compared to an € 84 million net gain in the prior year period. In addition, finance costs in the period included € 35 million of interest expense relating to the corporate bond issued in March 2018.

Earnings per share (1 A share/10 B shares) increased by 132% to € 3.987 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 period ended 30 September 2018 would be € 932 million (2017: € 1 000 million). Basic HEPS for the period was € 1.653 (2017: € 1.773). Diluted HEPS for the period was € 1.649 (2017: € 1.767). Further details regarding earnings per share and HEPS, including an itemised reconciliation, may be found in note 11.3 of the Group's condensed consolidated interim financial statements.

Cash flow

Cash flow generated from operating activities amounted to € 733 million, a reduction of € 375 million compared to the prior year period. This year-on-year decrease reflected a higher absorption of cash for working capital needs, primarily related to higher inventories both at our Maisons and newly acquired businesses.

Net investment in tangible fixed assets during the period amounted to € 201 million, predominantly relating to the renovation and relocation of existing boutiques in the Maisons' store network, upgrades of external points of sale with our multi-brand retail partners and the further investment into the Group's central logistics centre in Switzerland. The Group also continued to invest in IT infrastructure, including in YNAP's enterprise platform.

The 2018 dividend of 1.90 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. The 35% withholding tax on all dividends was remitted to the Swiss tax authorities in September. The overall dividend cash outflow in the period amounted to € 926 million.

The Group acquired 2.3 million ‘A’ shares during the six month period to hedge executive stock options. The cost of these purchases was partly offset by proceeds from the exercise of stock options by executives and other activities related to the hedging programme, leading to a net outflow of € 74 million.

Balance sheet

At 30 September 2018, and after the inclusion of Online Distributors, inventories of € 6 014 million were € 1 071 million higher than at 31 March 2018. Excluding Online Distributors, inventories represented 22 months of cost of sales.

At 30 September 2018, the Group’s net cash position amounted to € 1 584 million. This position was € 3 685 million lower than at 31 March 2018, primarily due to the completion of the YNAP and Watchfinder acquisitions and the annual dividend payment, which altogether resulted in a total cash outflow of € 3 751 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.

Acquisition of the YOOX NET-A-PORTER GROUP

In March 2018, Richemont launched a voluntary tender offer for all issued and to be issued ordinary shares of YNAP that the Group or its affiliates did not already own. On 10 May 2018, Richemont announced that the offer had become unconditional. During May and June, control of all of the remaining shares was obtained through sell-out and squeeze-out procedures. On 20 June 2018, delisting of YNAP from the Milan Stock Exchange became effective.

As announced on 18 May 2018, Richemont has booked a post-tax non-cash accounting gain of approximately € 1.4 billion on its 49% equity-accounted interest in YNAP within ‘Share of post-tax results of equity-accounted investments’ in its financial statements for the half year ended 30 September 2018. The gain was generated by the differential between the fair value of Richemont’s stake immediately before acquisition and the € 1.1 billion carrying value at the same date.

The completion of the YNAP acquisition has resulted in recognition of goodwill of € 2.9 billion. In addition, intangible assets amounting to € 2.4 billion were recognised following provisional completion of the acquisition accounting. The goodwill balance will be subject to annual impairment testing. The intangible assets will be amortised on a straight line basis with useful life from 3 to 20 years, resulting in an annual amortisation charge currently estimated at € 180 million.

Review of operations

Sales by region

in € million	Six months to 30 September 2018	Six months to 30 September 2017 **re-presented	Change at Constant exchange rates*	Change at Actual exchange rates
Europe	**2 071**	1 637	+28%	+27%
Asia Pacific	**2 548**	2 175	+20%	+17%
Americas	**1 213**	891	+42%	+36%
Japan	**534**	479	+14%	+11%
Middle East and Africa	**442**	438	+4%	+1%
	6 808	5 620	+24%	+21%

* 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 2018.

** Prior period comparatives have been re-presented to include royalty income received within total sales.

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

Europe

With the first-time consolidation of YNAP and Watchfinder, both having a strong presence in Europe, sales in the region grew by 28%. Europe accounted for 30% of Group sales, compared to 29% a year ago. Excluding Online Distributors, sales in the region increased by 1% over the prior year period, reflecting mixed performances in terms of markets, product lines and channels as well as the disposal of Lancel.

Increasing retail sales more than offset declining wholesale sales, which were impacted by tight management of inventory at the external points of sale of the Group's multi-brand retail partners and optimisation of the wholesale distribution network. Sales in the United Kingdom contracted following a double digit increase in the prior year period while sales in France and Switzerland increased.

Whereas watch sales were broadly in line with the prior year period, jewellery sales enjoyed a double digit increase. Sales development of the other product lines was varied.

Asia Pacific

Sales in Asia Pacific increased by 20% over the period, with the region accounting for the Group's largest sales share at 37% of Group sales.

Excluding YNAP and Watchfinder, the 14% increase in sales was driven by twenty net new store openings, high single digit growth in mainland China and double digit increases in other main markets, notably Hong Kong, Macau and Korea. Both the retail and wholesale channels saw double digit growth, with strong performances in jewellery and watch sales.

Americas

The Americas posted a 42% increase in sales, benefiting from the inclusion of YNAP which has a strong customer base in the region. Excluding Online Distributors, sales grew by 13%, driven by higher sales in all product categories and distribution channels. The growth was led by jewellery, clothing and the retail channel.

The region's contribution to Group sales amounted to 18%, compared to 16% in the prior year period.

Japan

The 14% growth in sales was driven by higher domestic and tourist spending, which benefited from a comparatively weaker yen. Excluding Online Distributors, sales in the region increased by 8%, led by a double digit growth in watch sales and the net opening of five directly operated boutiques.

The country represented 8% of overall sales, in line with prior years.

Middle East and Africa

Middle East and Africa accounted for 7% of Group sales. The inclusion of Online Distributors led to a 4% increase in sales, with strong growth in writing instruments and clothing. Excluding YNAP and Watchfinder, sales in the region declined by 4%, adversely impacted by lower tourist spending, given unfavourable local currencies and geopolitical uncertainties.

Sales by distribution channel

in € million	Six months to 30 September 2018	Six months to 30 September 2017 **re-presented	Change at Constant exchange rates*	Change at Actual exchange rates
Retail	**3 557**	3 229	+13%	+10%
Online retail	**959**	64	-	-
Wholesale	**2 292**	2 327	+1%	-2%
	6 808	5 620	+24%	+21%

* 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 2018.

** Prior period comparatives have been re-presented to include royalty income received within total sales and to consistently show online retail.

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

Retail

Retail sales increased by 13%, with growth in all regions, and double digit increases in Asia Pacific, the Americas and Middle East and Africa. Growth was particularly strong at the Jewellery Maisons and the Specialist Watchmakers. Retail sales benefited from the internalisation of external points of sales in the Middle East in late calendar year 2017. The number of Maisons' directly operated boutiques was reduced by 33 to 1 090, mostly in relation to the disposal of Lancel.

The Maisons' directly operated boutiques contributed 52% of Group sales, compared to 57% in the prior year period. The reduced contribution reflected the presentation of a new distribution channel, online retail, as detailed below.

Online retail

This newly reported distribution channel regroups the sales of YNAP (from May 2018 onwards) as well as the online sales portion of both Watchfinder (from June 2018 onwards) and the Group's Maisons. Online retail accounted for 14% of Group sales.

Wholesale

With the first-time consolidation of the newly acquired businesses, the contribution of the Group's wholesale business, which includes sales to franchise partners and multi-brand retail partners, stood at a third of Group sales, compared to 41% a year ago.

Overall, wholesale sales were 1% above the prior year period, as growth in Asia Pacific, Japan and the Americas offset declines in other regions. An ongoing focus on aligning sell-in with sell-out and continued qualitative improvements in the watch wholesale network weighed on the Group's wholesale business. The Jewellery Maisons, Montblanc and the Fashion & Accessories Maisons saw higher wholesale sales in contrast to the Specialist Watchmakers.

Sales and operating results by business area

Jewellery Maisons

in € million	Six months to 30 September 2018	Six months to 30 September 2017 **re-presented	Change
Sales	**3 454**	3 164	+9%
Operating results	**1 167**	981	+19%
Operating margin	**33.8%**	31.0%	+280 bps

At actual exchange rates, the 9% sales increase at Cartier and Van Cleef & Arpels was driven by double digit growth in jewellery and high single digit growth in watches. Momentum at Cartier was sustained by jewellery and the Panthère and relaunched Santos watch collections and, at Van Cleef & Arpels, by the Alhambra collection's 50th anniversary launches. Performances in Asia Pacific, the Americas and at the Jewellery Maisons' directly operated boutiques were particularly strong.

Operating results improved by 19% compared to the prior year period, primarily as a result of higher sales and manufacturing efficiency gains. Investments into Jewellery Maisons continued, notably in communication at Cartier for the relaunch of the Santos watch collection and at Van Cleef & Arpels to celebrate Alhambra's anniversary. Operating margin gained 280 basis points to 33.8%.

Specialist Watchmakers

in € million	Six months to 30 September 2018	Six months to 30 September 2017 **re-presented	Change
Sales	**1 550**	1 527	+2%
Operating results	**286**	294	-3%
Operating margin	**18.5%**	19.3%	-80 bps

The Specialist Watchmakers' sales were 2% higher than in the prior year period. Double digit growth in directly operated boutiques more than offset lower wholesale sales, which were impacted by ongoing control of sell-in and distribution optimisation initiatives. Performance was varied across Maisons and regions, with good momentum at Vacheron Constantin, Roger Dubuis and Jaeger-LeCoultre and, regionally, in Asia Pacific.

Stock provisions, linked to the physical returns of inventory buy-backs, led to a 3% reduction in the operating result to € 286 million, notwithstanding a larger share of retail and tight cost control. Consequently, the operating margin for the period was down 80 basis points to 18.5%.

Online Distributors

in € million	Six months to 30 September 2018	Six months to 30 September 2017	Change
Sales	**893**	-	n/a
Operating results	**(115)**	-	n/a
Operating margin	**(12.9)%**	-	n/a

Sales of Richemont Maisons' own products made by YNAP are reported under both the Maisons and YNAP for business area reporting. In Group sales, these are eliminated as Intersegment sales. Sales for YNAP and for Watchfinder related to the period from 1 May and 1 June 2018, respectively.

Online Distributors recorded a € 115 million loss, mostly related to the amortisation of intangible assets recognised on acquisitions.

Other

in € million	Six months to 30 September 2018	Six months to 30 September 2017 **re-presented	Change
Sales	**935**	929	+1%
Operating results	**(46)**	6	n/a
Operating margin	**(4.9)%**	0.6%	-550 bps

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

Richemont's other businesses reported a 1% sales growth, partly impacted by the disposals of Lancel (June 2018) and Shanghai Tang (July 2017). Excluding the impact of such disposals, sales increased by a mid-single digit rate. Almost all Maisons enjoyed growth, regionally driven by Europe and the Americas.

The € 46 million operating losses included the above mentioned one-time charges related to the disposal of Lancel.

Corporate costs

in € million	Six months to 30 September 2018	Six months to 30 September 2017	Change
Corporate costs	**(156)**	(115)	+36%
Central support services	**(113)**	(102)	+11%
Other operating income/(expense), net	**(43)**	(13)	

Corporate costs represent the costs of central management, marketing support and other central functions (collectively central support services), as well as other expenses and income that are not allocated to specific segments. They were stable at circa 2% of Group sales on a year-on-year basis.

The Group's consolidated financial statements of comprehensive income, cash flows and financial position are presented in Appendix 1. Richemont's unaudited consolidated financial statements for the half year are available on the Group's website at www.richemont.com/investor-relations/reports.

Jérôme Lambert
Chief Executive Officer

Burkhart Grund
Chief Finance Officer

Compagnie Financière Richemont SA
Geneva, 9 November 2018

Appendix 1

Condensed consolidated statement of comprehensive income

	Six months to 30 September 2018 €m	Six months to 30 September 2017 *re-presented €m
Revenue	**6 808**	5 620
Cost of sales	**(2 552)**	(1 940)
Gross profit	**4 256**	3 680
Selling and distribution expenses	**(1 634)**	(1 490)
Communication expenses	**(567)**	(484)
Fulfilment expenses	**(91)**	–
Administrative expenses	**(671)**	(502)
Other operating expense	**(163)**	(38)
Operating profit	**1 130**	1 166
Finance costs	**(123)**	(53)
Finance income	**76**	125
Share of post-tax results of equity-accounted investments	**1 408**	(16)
Profit before taxation	**2 491**	1 222
Taxation	**(238)**	(248)
Profit for the period	**2 253**	974
Other comprehensive income:		
Items that will never be reclassified to profit or loss		
Defined benefit plan actuarial gains/(losses)	**–**	27
Tax on defined benefit plan actuarial gains/(losses)	**–**	(5)
Fair value changes on financial assets held at fair value through other comprehensive income	**(51)**	–
	(51)	22
Items that are or may be reclassified subsequently to profit or loss		
Currency translation adjustments		
– movement in the period	**387**	(858)
– reclassification to profit or loss	**3**	–
Reclassification of cash flow hedges to profit or loss	**2**	–
Share of other comprehensive income of equity-accounted investments	**1**	(5)
	393	(863)
Other comprehensive loss, net of taxation	**342**	(841)
Total comprehensive income	**2 595**	133
Profit attributable to:		
Owners of the parent company	**2 253**	974
Non-controlling interests	**–**	–
	2 253	974
Total comprehensive income attributable to:		
Owners of the parent company	**2 595**	133
Non-controlling interests	**–**	–
	2 595	133
Earnings per A share/10 B shares attributable to owners of the parent company during the period (expressed in € per share)		
Basic	**3.996**	1.727
Diluted	**3.987**	1.721

*Prior period comparatives have been re-presented to include royalty income received within total revenue (previously presented within other income/(expenses))

Condensed consolidated statement of cash flow

	Six months to 30 September 2018 €m	Six months to 30 September 2017 €m
Operating profit	**1 130**	1 166
Depreciation of property, plant and equipment	**234**	225
Amortisation of other intangible assets	**150**	40
Depreciation of investment property	**2**	–
Loss on disposal of property, plant and equipment	**2**	–
(Profit)/loss on disposal of intangible assets	**(2)**	1
(Decrease)/increase in long-term provisions	**(2)**	3
Increase in retirement benefit obligations	**–**	1
Non-cash items	**56**	32
(Increase)/decrease in inventories	**(195)**	110
Increase in trade receivables	**(181)**	(244)
Decrease/(increase) in other receivables	**12**	(42)
Decrease in current liabilities	**(428)**	(174)
Increase/(decrease) in long-term liabilities	**20**	(2)
Cash outflow on derivative financial instruments	**(65)**	(8)
Cash flow generated from operations	**733**	1 108
Interest received	**43**	36
Interest paid	**(43)**	(27)
Dividends received from equity-accounted investments	**36**	2
Dividends received from other investments	**13**	–
Taxation paid	**(135)**	(159)
Net cash generated from operating activities	**647**	960
Cash flows from investing activities		
Acquisition of subsidiary undertakings and other businesses, net of cash acquired	**(2 643)**	(45)
Disposal of subsidiary undertakings, net of cash disposed of	**(44)**	(14)
Acquisition of equity-accounted investments	**–**	(63)
Proceeds from disposal of, and capital distributions from, equity-accounted investments	**21**	17
Acquisition of property, plant and equipment	**(212)**	(139)
Proceeds from disposal of property, plant and equipment	**11**	3
Acquisition of intangible assets	**(67)**	(22)
Proceeds from disposal of intangible assets	**4**	1
Acquisition of investment property	**(62)**	(31)
Investment in money market and externally managed funds	**(3 484)**	(2 669)
Proceeds from disposal of money market and externally managed funds	**4 518**	2 682
Acquisition of other non-current assets and investments	**(25)**	(601)
Proceeds from disposal of other non-current assets and investments	**12**	3
Net cash used in investing activities	**(1 971)**	(878)
Cash flows from financing activities		
Proceeds from borrowings	**56**	51
Repayment of borrowings	**(46)**	(79)
Dividends paid	**(926)**	(918)
Payment for treasury shares	**(180)**	(141)
Proceeds from sale of treasury shares	**106**	69
Contribution received from non-controlling interests	**57**	–
Acquisition of non-controlling interests in a subsidiary	**(195)**	–
Capital element of finance lease payments	**(3)**	(1)
Net cash used in financing activities	**(1 131)**	(1 019)
Net change in cash and cash equivalents	**(2 455)**	(937)
Cash and cash equivalents at the beginning of the period	**4 504**	2 765
Exchange losses on cash and cash equivalents	**52**	(190)
Cash and cash equivalents at the end of the period	**2 101**	1 638

Condensed consolidated balance sheet

	30 September 2018	31 March 2018 *re-presented
	€m	€m
Assets		
Non-current assets		
Property, plant and equipment	**2 506**	2 325
Goodwill	**3 344**	297
Other intangible assets	**2 776**	370
Investment property	**283**	222
Equity-accounted investments	**178**	1 308
Deferred income tax assets	**581**	604
Financial assets held at fair value through profit or loss	**10**	447
Financial assets held at fair value through other comprehensive income	**394**	–
Other non-current assets	**431**	401
	10 503	5 974
Current assets		
Inventories	**6 014**	4 943
Trade and other receivables	**1 558**	1 240
Derivative financial instruments	**41**	18
Financial assets held at fair value through profit or loss	**4 133**	5 057
Assets held for sale	**–**	19
Cash at bank and on hand	**6 535**	8 401
	18 281	19 678
Total assets	**28 784**	25 652
Equity and liabilities		
Equity attributable to owners of the parent company		
Share capital	**334**	334
Treasury shares	**(560)**	(520)
Hedge and share option reserves	**310**	302
Cumulative translation adjustment reserve	**2 283**	1 892
Retained earnings	**13 764**	12 623
	16 131	14 631
Non-controlling interests	**86**	7
Total equity	**16 217**	14 638
Liabilities		
Non-current liabilities		
Borrowings	**4 440**	4 288
Deferred income tax liabilities	**358**	8
Employee benefits obligations	**69**	68
Provisions	**52**	73
Other long-term financial liabilities	**211**	168
	5 130	4 605
Current liabilities		
Trade and other payables	**1 989**	1 634
Current income tax liabilities	**494**	359
Borrowings	**209**	4
Derivative financial instruments	**28**	90
Provisions	**282**	406
Liabilities of disposal groups held for sale	**–**	19
Bank overdrafts	**4 435**	3 897
	7 437	6 409
Total liabilities	**12 567**	11 014
Total equity and liabilities	**28 784**	25 652

*Prior year comparatives have been re-presented to include prepayments within Trade and other receivables (previously disclosed separately) and for certain reclassifications required following the adoption of IFRS 15 Revenue from contracts with customers. For further details, see note 2 to the interim financial statements.

Presentation

The results will be presented via a live audio webcast on 9 November 2018, starting at 09:30 (CET). The direct link is available from 07:00 (CET) at: www.richemont.com. The presentation may be viewed using a mobile device or from a browser.

- 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 audio webcast will be available on 13 November from:
  - www.richemont.com/investor-relations/results-presentations

Statutory information

The Richemont 2018 Interim Report will be available for download from the Group's website from 17 November 2018 at www.richemont.com/investor-relations/reports.

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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) and are included in the Swiss Market Index ('SMI') of leading stocks. The Swiss 'Valorennummer' is 21048333. Richemont's 'A' shares are registered. The share register is managed by Computershare Schweiz AG, the registrar.

South African depository receipts in respect of Richemont 'A' shares are traded on the Johannesburg stock exchange operated by JSE Limited, the Company's secondary listing, (Reuters 'CFRJ.J'/Bloomberg 'CFR:SJ'/ISIN CH0045159024).

The closing price of the Richemont 'A' share on 28 September 2018 was CHF 80.00 and the market capitalisation of the Group's 'A' shares on that date was CHF 40 512 million. Over the preceding six-month period, the highest closing price of the 'A' share was CHF 99.02 (17 May) and the lowest closing price was CHF 78.82 (19 September).

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, being Cartier and Van Cleef & Arpels; Specialist Watchmakers, being A. Lange & Söhne, Baume & Mercier, IWC Schaffhausen, Jaeger-LeCoultre, Officine Panerai, Piaget, Roger Dubuis and Vacheron Constantin; Online Distributors, being YOOX NET-A-PORTER GROUP and Watchfinder.co.uk; Other, including Alfred Dunhill, Azzedine Alaïa, Chloé, 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.

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.