

# Financials

At Richemont,  
We Craft the Future

**RICHEMONT**

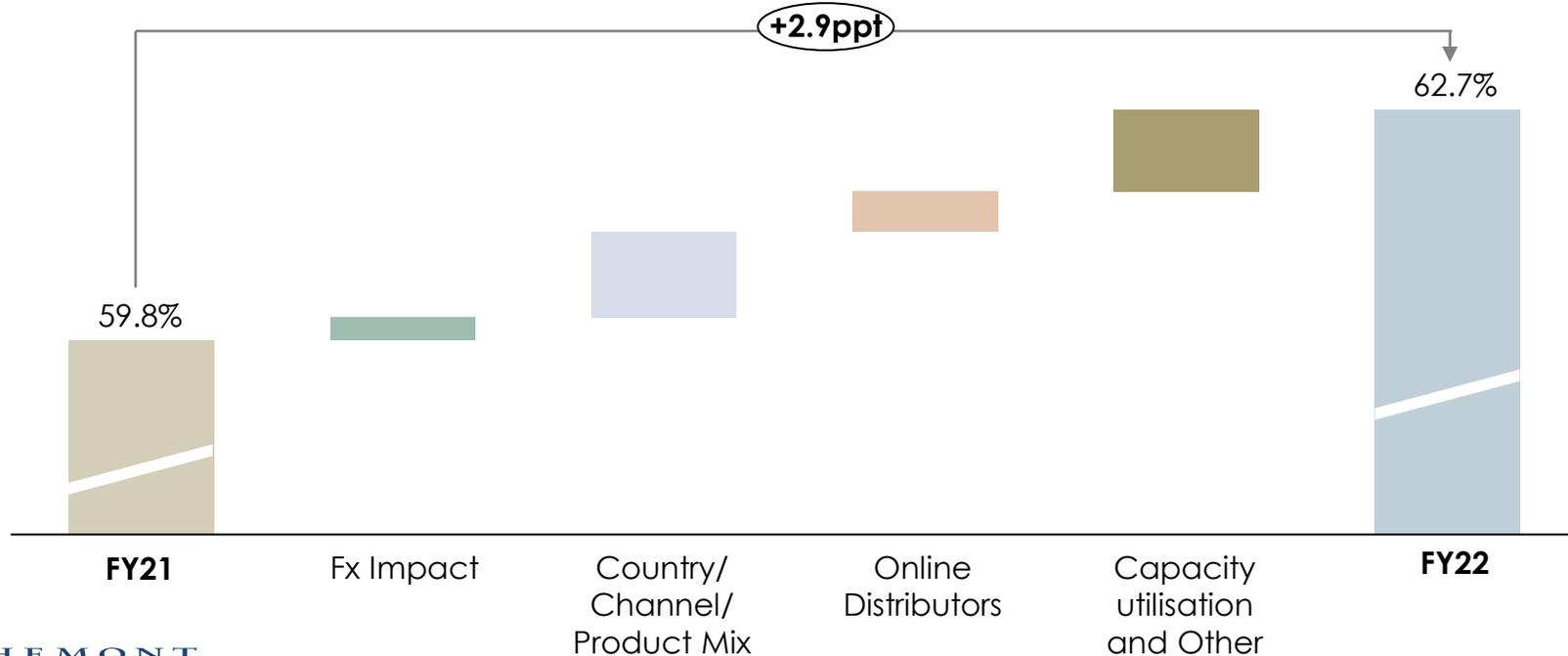


# FY22 GROSS PROFIT

› **Gross profit up 53% to €12 027m**

› **Gross margin up by 290bps to 62.7%**

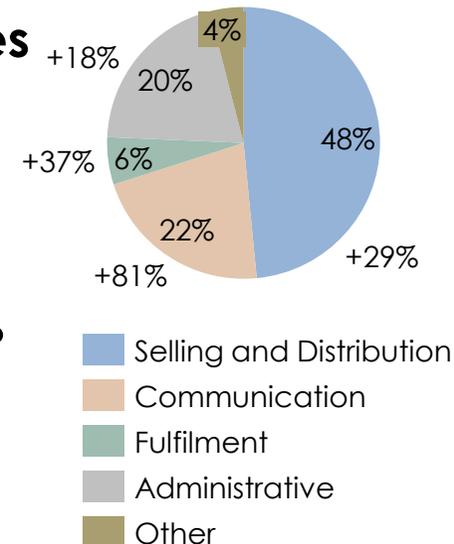
- Favourable regional and channel sales mix
- Higher manufacturing capacity utilisation, select price increases
- €70m one-time charge relating to suspension of Russian operations



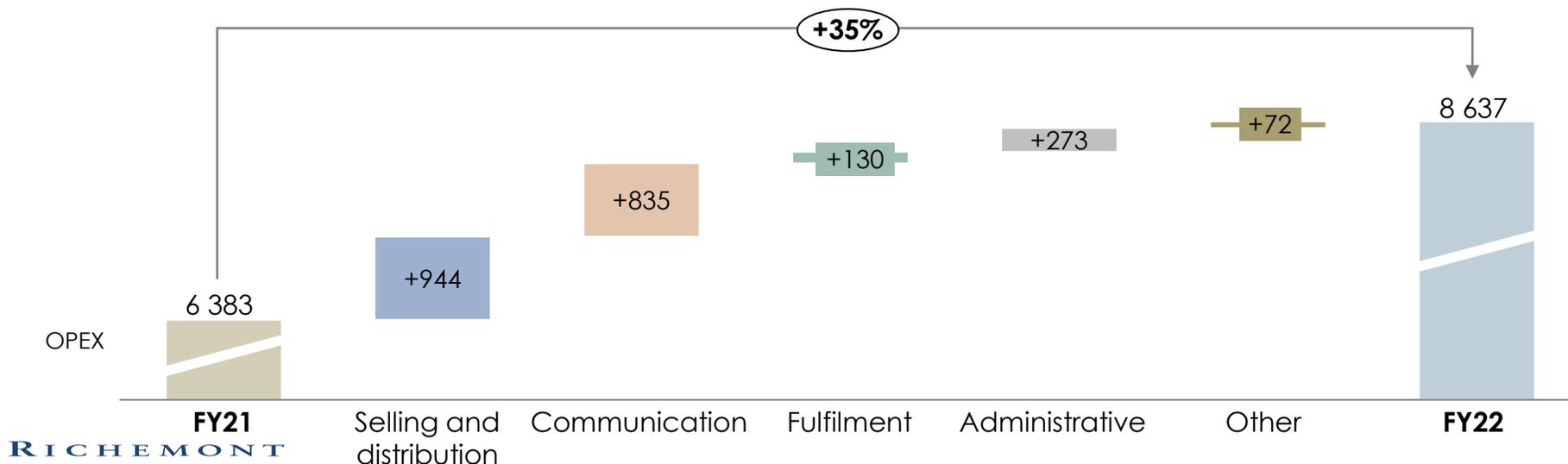
# FY22 OPERATING EXPENSES

› **Operating expenses increased +35%, lower than rate of sales increase at +46%**

- Selling and distribution expenses higher partly due to store network development
- Communication expenses back to pre-Covid levels at 10% of sales
- Contained administrative cost increase; Other included a €98m one-time charge related to suspension of Russian operations



› **45.0% of sales vs 48.6% in FY21**



# FY22 OPERATING PROFIT

- › **Operating profit more than doubled** to €3 390m; €3 558m excluding one-time item of €1 68m
- › **Operating margin** improved by 650bps to 17.7%

12 months	€m	FY22	FY21	Change	Constant rates
Sales		19 181	13 144	+46%	+44%
Gross profit		12 027	7 861	+53%	n/a
Net operating expenses		-8 637	-6 383	+35%	+34%
Selling and distribution expenses		-4 185	-3 241	+29%	+28%
Communication expenses		-1 865	-1 030	+81%	+79%
Fulfilment expenses		-486	-356	+37%	+35%
Administrative expenses		-1 757	-1 484	+18%	+17%
Other expenses		-344	-272	+26%	+26%
Operating profit		3 390	1 478	+129%	n/a
Gross margin		62.7%	59.8%		
Operating margin		17.7%	11.2%		
Net operating expenses as a % of sales		45.0%	48.6%		

# FY22 NET FINANCE (COSTS)/INCOME

## › Net finance costs of €844m, mainly a result of

- Fair value adjustments on (Farfetch) financial assets and short-term bond funds
- Foreign exchange losses on monetary items mostly due to a stronger CHF (cash and non-cash)

12 months	€m	FY22	FY21	Change
Financial expense, net		-55	-67	+12
Lease liability interest expense		-65	-65	-
Net foreign exchange (losses)/gains on monetary items		-194	+49	-243
Net gains/(losses) on hedging activities		8	-80	+88
Fair value adjustments		-538	+188	-726
Net finance (costs)/income		-844	+25	-869

# FY22 PROFIT FOR THE YEAR

## › Profit up 61% to €2 079m

- Sharp increase in operating profit
- Negative swing on net finance costs

## › Profit margin of 10.8%, up 100bps

<b>12 months</b>	€m	<b>FY22</b>	<b>FY21</b>	<b>Change</b>
Operating profit		<b>3 390</b>	1 478	+129%
Net finance (costs)/income		<b>- 844</b>	25	NR
Share of equity-accounted investments' results		<b>31</b>	12	+158%
Profit before taxation		<b>2 577</b>	1 515	+70%
Taxation		<b>-498</b>	-226	+120%
Profit for the year		<b>2 079</b>	1 289	+61%
Profit margin		<b>10.8%</b>	9.8%	+100bps

# FY22 CASH FLOW FROM OPERATING ACTIVITIES

## › Cash flow from operating activities up 44%

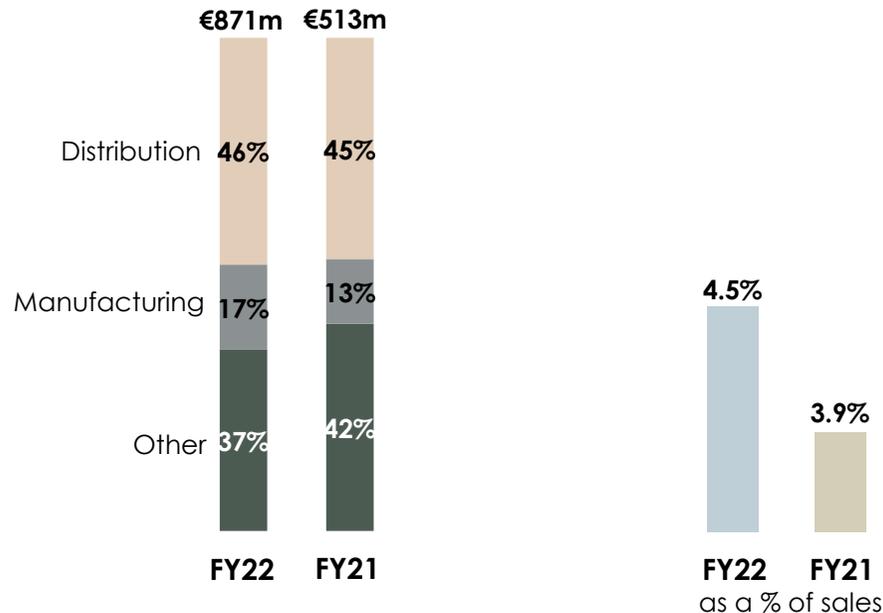
- Significant growth in operating profit
- Measured increase in working capital

<b>12 months</b>	€m	<b>FY22</b>	<b>FY21</b>	<b>Change</b>
Operating profit		<b>3 390</b>	1 478	+1 912
Adjustment for depreciation and amortisation		<b>1 553</b>	1 522	+31
Adjustment for other non-cash items		<b>150</b>	32	+118
Changes in working capital		<b>81</b>	529	-448
Taxation paid		<b>-434</b>	-248	-186
Net financing payments		<b>-102</b>	-95	-7
Cash flow from operating activities		<b>4 638</b>	3 218	+1 420

# FY22 CAPITAL EXPENDITURE

## › Capex up 70%; below 5% of sales

- Investments in store network, mostly at Cartier
- Manufacturing investments at Jewellery Maisons and Specialist Watchmakers
- IT spending, mainly at YOOX NET-A-PORTER



Cartier – Milano Montenapoleone



Van Cleef & Arpels – Taipei Breeze Xinyi

# FY22 FREE CASH FLOW

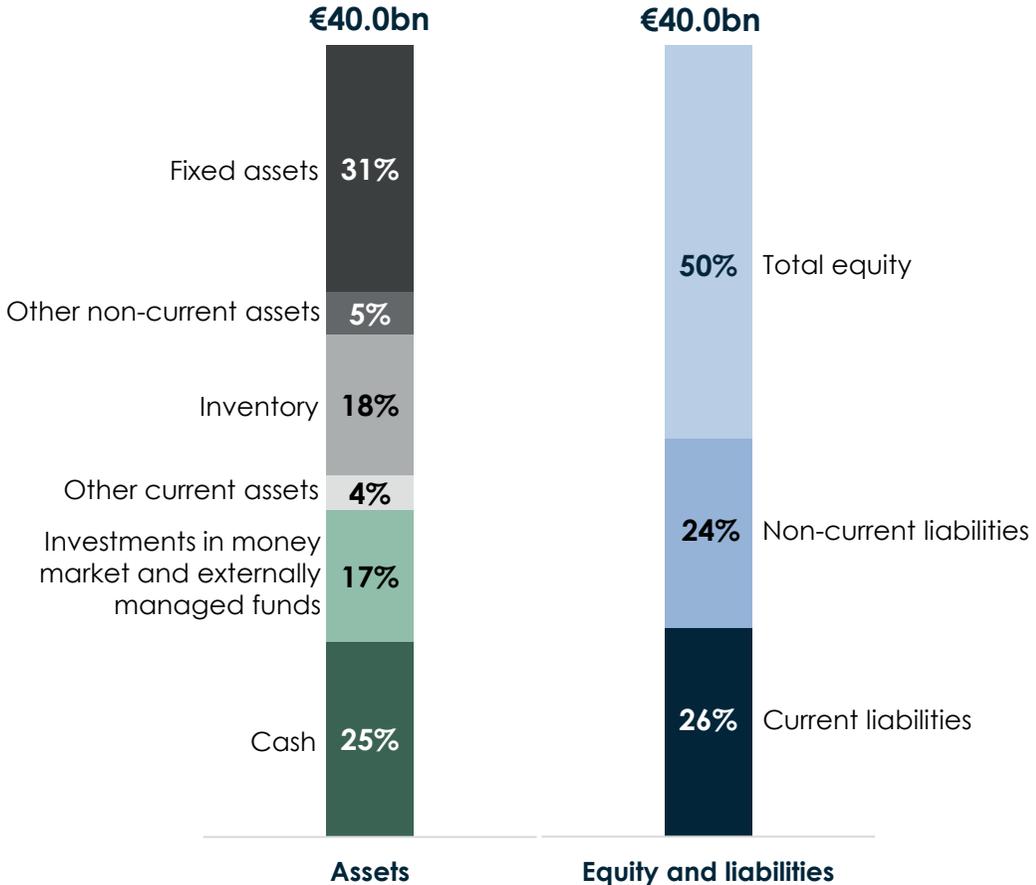
## › Free cash flow up 68% to €3bn

- Strong cash flow from operating activities
- Increase in capital expenditures

<b>12 months</b>	€m	<b>FY22</b>	<b>FY21</b>	<b>Change</b>
Cash flow from operating activities		<b>4 638</b>	3 218	+1 420
Net acquisition of tangible assets		<b>-736</b>	-372	-364
Net acquisition of intangible assets		<b>-117</b>	-127	+10
Payments capitalised as right of use assets		<b>-4</b>	-	-4
Net disposal/(acquisition) of investment property		<b>86</b>	-1	+87
Net acquisition of other non-current assets		<b>-228</b>	-367	+139
Lease payments - principal		<b>-632</b>	-561	-71
Free cash flow		<b>3 007</b>	1 790	+1 217

# BALANCE SHEET STRENGTH

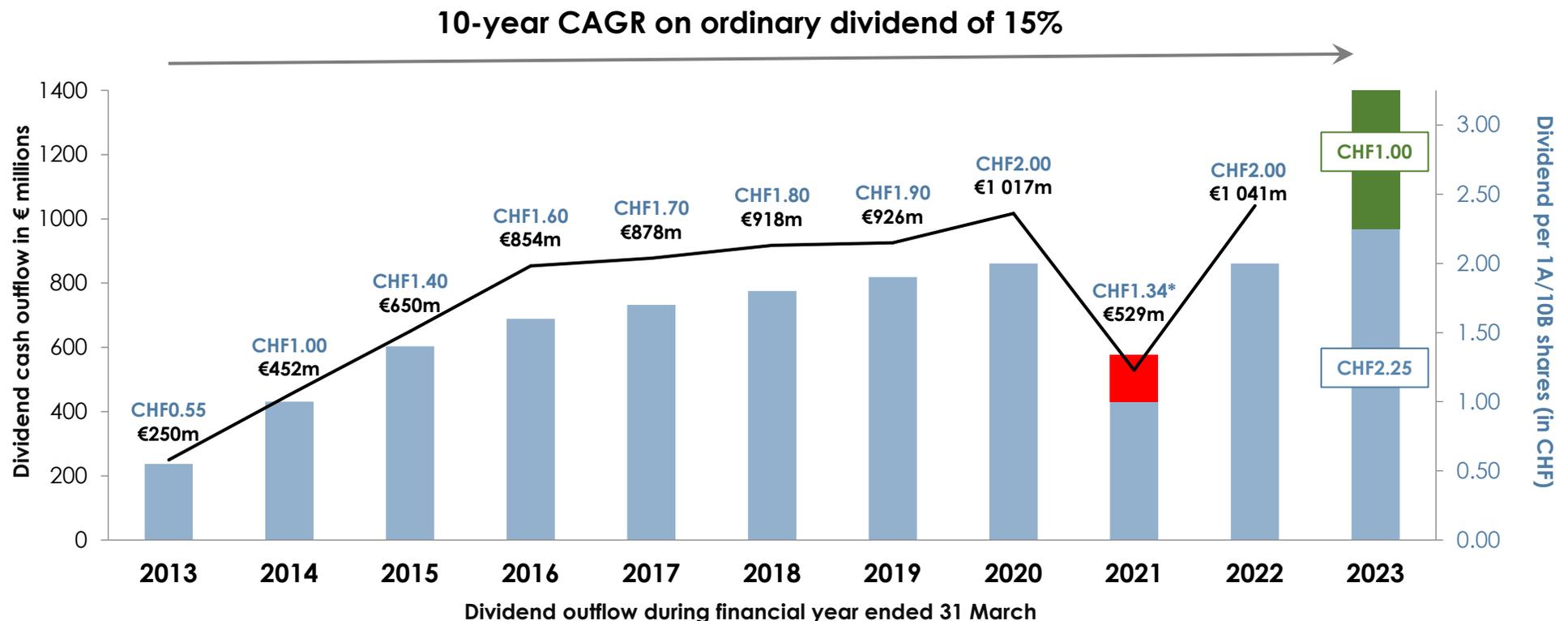
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# DIVIDEND

## › Board of Directors proposal:

- Ordinary dividend of CHF 2.25 per 1 A share/ 10 B shares, increasing by 13% over prior year
- Special dividend of CHF 1.00 per 1 A share/ 10 B shares



\* Includes CHF 0.34 shareholder warrant