

RICHEMONT

COMPANY ANNOUNCEMENT 16 JULY 2020

TRADING UPDATE FOR THE FIRST QUARTER ENDED 30 JUNE 2020

Financial highlights

- Strong impact from Covid-19, with sales for the quarter down by 47% at actual and constant exchange rates compared to the prior year period
- Double digit sales decline across all regions, distribution channels and business areas due to widespread temporary store and distribution centre closures, a halt in tourism and subdued consumer sentiment in many markets; at actual rates
 - Decreases were less pronounced in the Middle East and Africa and in Asia Pacific, the latter benefiting from 47% sales growth in China
 - Online retail sales showed stronger resilience than sales in other channels; excluding Online Distributors, online sales contributed 8% of Group sales compared to 2% in the prior year period
 - Jewellery Maisons and Online Distributors fared better than the other business areas
- As of 30 June, all distribution centres and most stores have reopened with exceptions in the Americas and travel retail
- The Group's gross and net cash positions at 30 June 2020 amounted to € 7.9 billion and € 1.8 billion, respectively

	April-June		% change vs prior year exchange rates	
	2020	2019	constant	actual
	€m	€m		
Sales by region				
Europe	436	1 072	-59%	-59%
Asia Pacific	1 013	1 423	-29%	-29%
Americas	277	698	-61%	-60%
Japan	112	298	-64%	-62%
Middle East and Africa	155	249	-38%	-38%
Sales by distribution channel				
Retail	1 052	1 851	-43%	-43%
Online retail	506	648	-22%	-22%
Wholesale	435	1 241	-65%	-65%
Sales by business area				
Jewellery Maisons	1 083	1 827	-41%	-41%
Specialist Watchmakers	359	823	-56%	-56%
Online Distributors	356	612	-42%	-42%
Other	204	493	-59%	-59%
Inter-segment eliminations	-9	-15	-40%	-40%
Total Sales	1 993	3 740	-47%	-47%

Review of trading for the three-month period ended 30 June 2020 at constant exchange rates versus the prior year period

During the quarter under review, the Group's trading and operations were strongly impacted by Covid-19. Sales contracted significantly across all regions, channels and business areas, notwithstanding a 49% increase in China.

Performance reflected unprecedented levels of disruption and widespread temporary closures of internal, franchise or multi-brand retail partner stores, as well as the closure of Online Distributors' fulfilment centres. The pandemic affected regions to varying degrees, depending on the duration of closures, reliance on tourist spending and the 'feel good factor' of their domestic clientele. In **Europe**, sales were 59% lower than in the prior year period, with all markets impacted by public health protection measures, as well as subdued local demand and a lack of international tourism when stores gradually reopened during the quarter. Sales in **Asia Pacific** were the most resilient. The 29% sales decrease across the region reflected declines across all markets, with the exception of China, which delivered triple digit online sales growth and very strong domestic retail sales in the absence of overseas purchases from the Chinese clientele from the mainland. Sales in the **Americas** contracted by 61%, with business areas impacted significantly by the temporary store and distribution centre closures. In **Japan**, sales declined by 64% as stores were closed for most of the quarter under review. The year-on-year sales decline in the **Middle East and Africa** was contained to 38%, partly reflecting the recent internalisation of operations in the Kingdom of Saudi Arabia as well as advanced purchases in anticipation of the Kingdom's VAT increase on 1 July.

Retail and **wholesale** sales decreased by 43% and 65%, respectively, due to temporary store closures, severely reduced tourism and generally weak consumer sentiment. Retail sales were lower across geographies, with the exceptions of strong increases in China and the local South Korean market. **Online retail** sales decreased by 22%, largely due to the temporary closure of the Online Distributors' fulfilment centres, following strong double digit growth in the comparative prior year period. Of note, quarterly online retail sales exceeded wholesale sales in the period, reaching 25% of Group sales compared to 17% in the prior year period. Excluding Online Distributors, the contribution of online sales rose to 8% of Group sales from 2% in the prior year period, fuelled by strong demand across all business areas.

The 41% decrease in sales at the **Jewellery Maisons** reflected lower sales across all product lines and regions, with Asia Pacific recording a lower rate of decline than the business area average. In China, sales increased by 68% over the period. This was particularly driven by increased online and offline retail spend and the contribution of the recently opened Cartier flagship store on Tmall Luxury Pavilion. Sales at the **Specialist Watchmakers** decreased by 56% due to the aforementioned negative factors, accentuated by a strong reliance on multi-brand retail partners, a comparatively low exposure to China and low online retail penetration worldwide. During the quarter, the Specialist Watchmakers launched a number of online initiatives and participated in the *Watch Show on the Cloud* to introduce their creations to the Chinese market. **Online Distributors** recorded a 42% sales decline as a result of temporary distribution centre closures and a highly competitive pricing environment. The Group's **other businesses** posted a 59% sales reduction, with all Maisons impacted by temporary store and distribution centre closures.

Corporate calendar

The Group's annual general meeting will be held on Wednesday, 9 September 2020 in Geneva, and its interim results for the current financial year will be announced on Friday, 6 November 2020.

About Richemont

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

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Disclaimer

The financial information contained in this announcement is unaudited.

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. Our retail stores are heavily dependent on the ability and desire of consumers to travel and shop and a decline in consumer traffic could have a negative effect on our comparable store sales and/or average sales per square foot and store profitability resulting in impairment charges, which could have a material adverse effect on our business, results of operations and financial condition. Reduced travel resulting from economic conditions, retail store closure orders of civil authorities, travel restrictions, travel concerns and other circumstances, including disease epidemics and other health-related concerns, could have a material adverse effect on us, particularly if such events impact our customers' desire to travel to our retail stores.

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 2020	April-June 2019
United States dollar	1.10	1.12
Japanese yen	118	124
Swiss franc	1.06	1.13
Renminbi	7.80	7.66

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 2020 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.