

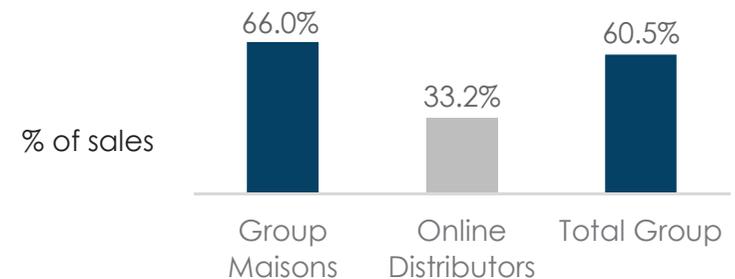
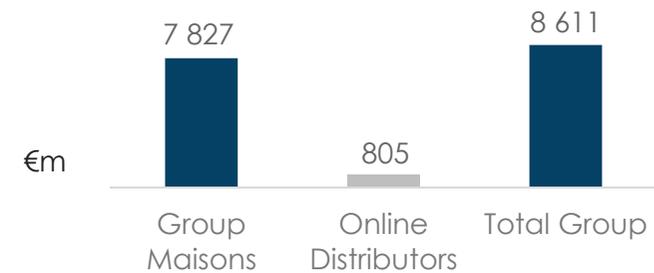
Financials

RICHEMONT



FY20 GROSS PROFIT

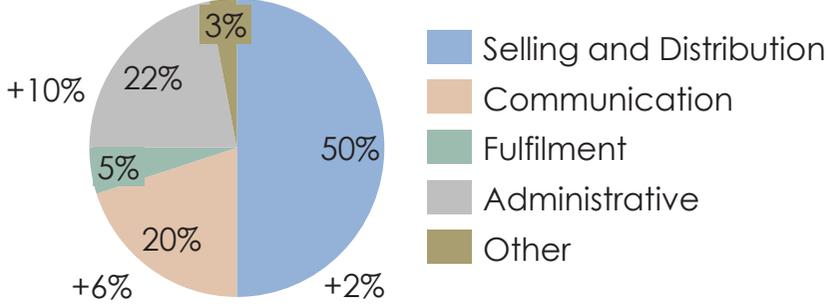
- › **Gross profit in line with prior year**
- › **Gross margin at 60.5%, 130 bps down**
 - Lower manufacturing capacity utilisation
 - Higher gold prices, adverse FX effect
 - Lower gross margin at Online Distributors
- › **Strong margin at Group Maisons at 66.0%**



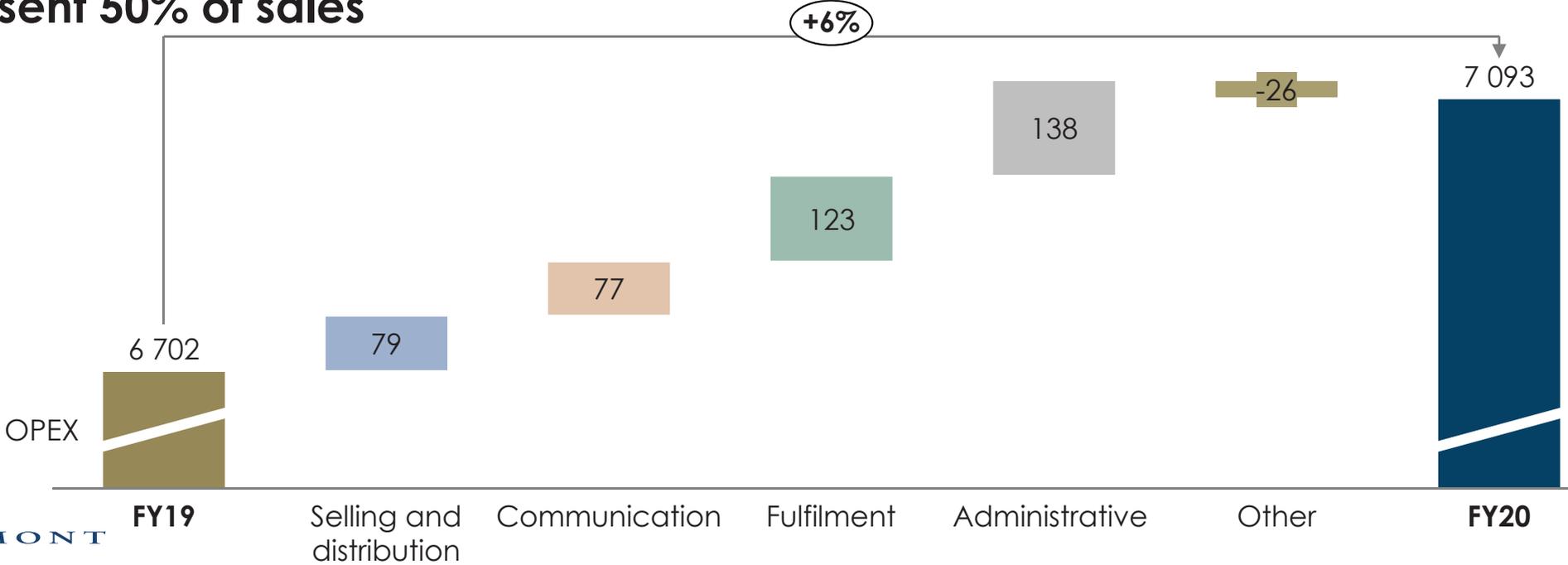
FY20 OPERATING EXPENSES

› **Operating expenses increased by 6%**

- Low growth of Selling and Distribution
- Communication expenses include *Watches & Wonders* non refundable charges
- Administrative expenses reflect stronger Swiss franc, higher IT and digital costs
- Amortisation of intangible assets of €200m



› **Represent 50% of sales**



FY20 OPERATING PROFIT

› Operating profit down by 22%

- Significantly impacted by Covid-19
- Operating margin at 10.7%

12 months	€m	FY20	FY19	Change
Sales		14 238	13 989	+2%
Gross profit		8 611	8 645	0%
Net operating expenses		-7 093	-6 702	+6%
Selling and distribution expenses		-3 512	-3 433	+2%
Communication expenses		-1 415	-1 338	+6%
Fulfilment expenses		-352	-229	+54%
Administrative expenses		-1 560	-1 422	+10%
Other expenses		-254	-280	-9%
Operating profit		1 518	1 943	-22%
Gross margin		60.5%	61.8%	
Operating margin		10.7%	13.9%	
Net operating expenses as a % of sales		49.8%	47.9%	

FY20 NET FINANCE INCOME AND COSTS

› Increase in net finance costs due to

- €233m higher net foreign exchange loss on monetary items
- First-time adoption of IFRS 16
- Partly offset by gains on hedging activities

12 months	€m	FY20	FY19	Change
Net foreign exchange losses on monetary items		-245	-12	-233
Net gains/(losses) on hedging activities		44	-112	+156
Fair value adjustments		-67	-19	-48
Lease interest expense		-74	-	-74
Financial income/(costs), net		5	-40	+45
Net finance costs		-337	-183	-154

FY20 PROFIT FOR THE YEAR

› Decrease reflects

- Lower operating profit
- Higher net finance costs
- Non-recurrence of €1 378m post-tax non-cash accounting gain on revaluation of YOOX NET-A-PORTER shares held prior to buy-out

12 months	€m	FY20	FY19	Change
Operating profit		1 518	1 943	-22%
Net finance costs		-337	-183	+84%
Share of equity-accounted investments' results		17	1 408	-99%
Profit before taxation		1 198	3 168	-62%
Taxation		-267	-381	-30%
Profit for the year		931	2 787	-67%
Profit margin		6.5%	19.9%	-1 340bps

FY20 CASH FLOW FROM OPERATIONS

› Increase in cash flow from operations

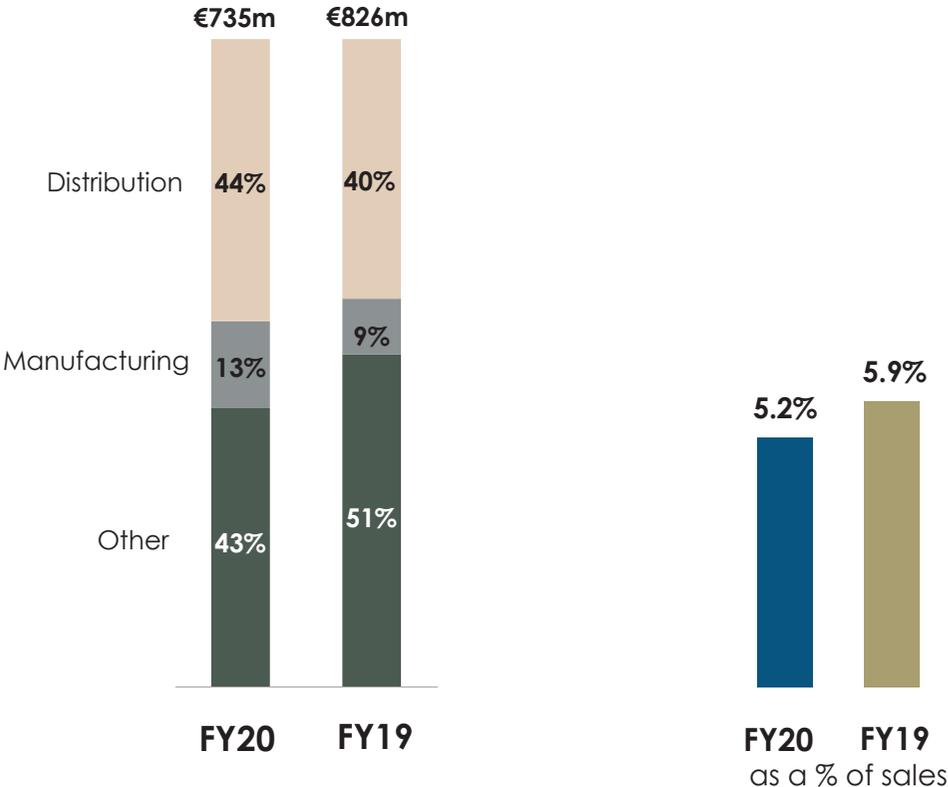
- Higher depreciation, including right of use assets depreciation
- Lower working capital requirements

12 months	€m	FY20	FY19	Change
Operating profit		1 518	1 943	-425
Depreciation, amortisation and impairment		1 537	813	+724
Other items		69	105	-36
Movement in working capital		-327	-530	+203
Cash flow from operations		2 797	2 331	+466

FY20 CAPITAL EXPENDITURE

› **Capex at €735m**

- 11% lower than prior year
- Store openings and renovations
- IT spending, mainly at YOOX NET-A-PORTER GROUP



Cartier – Chinaworld, Beijing



Van Cleef & Arpels – Rodeo Drive, Los Angeles

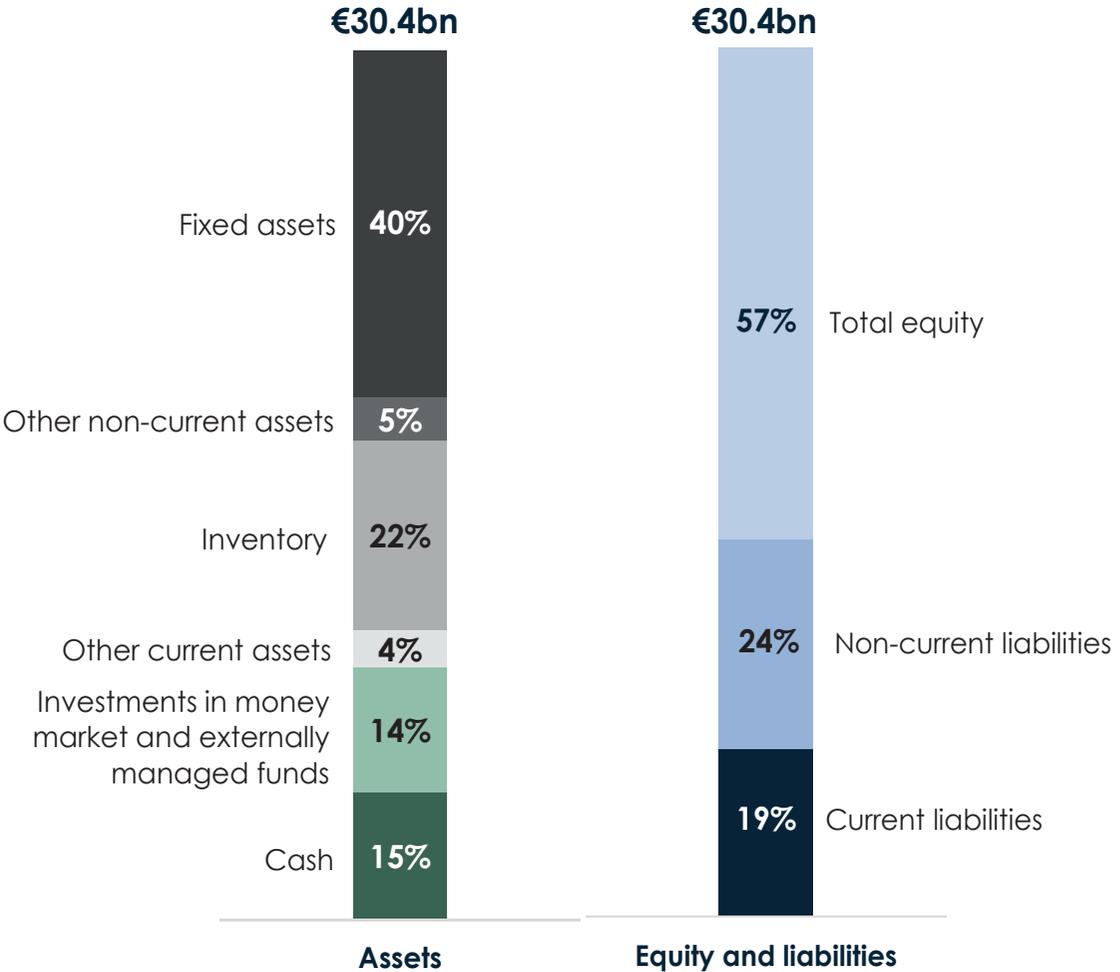
FY20 FREE CASH FLOW

› Free cash flow lower by €122m

- Inclusion of IFRS 16 lease payments
- Higher taxes

12 months	€m	FY20	FY19	Change
Cash flow from operations		2 797	2 331	+466
Net change in tangible assets		-568	-633	+65
Net change in intangible assets		-165	-165	-
Payments capitalised as right of use assets		-2	-	-2
Acquisition of investment property		-4	-63	+59
Net change in other non-current assets and investments		-19	-19	-
Lease payments		-660	-	-660
Taxation paid		-373	-306	-67
Net interest received and other		18	1	+17
Total free cash flow		1 024	1 146	-122

BALANCE SHEET STRENGTH



DIVIDEND

- › **Due to the ongoing Covid-19 pandemic and related lack of visibility, the Board believes it is prudent to reduce its dividend proposal to CHF1.00 per 1 A share/10 B shares**
- › **Potential equity-based shareholder loyalty scheme being considered**