

# Financials

At Richemont,  
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**RICHEMONT**

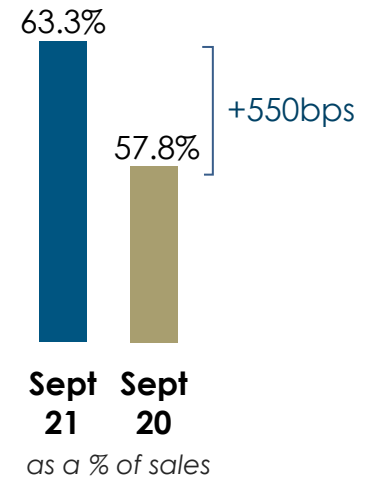
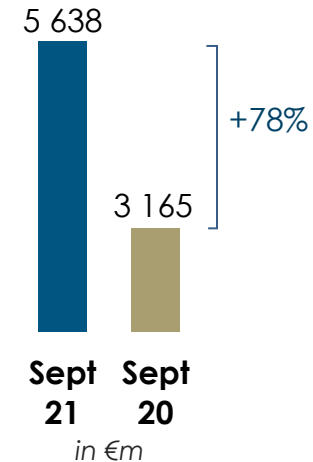


# H1-22 GROSS PROFIT

› **Gross profit up 78%**

› **Gross margin up 550bps (+100bps vs H1-20) to 63.3%**

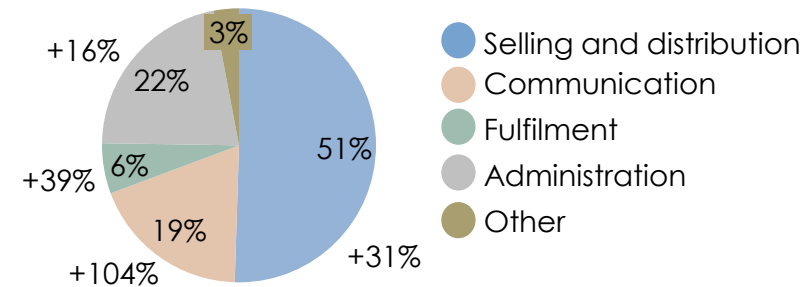
- Improved manufacturing capacity utilisation
- Favourable geographical sales mix
- Higher share of retail



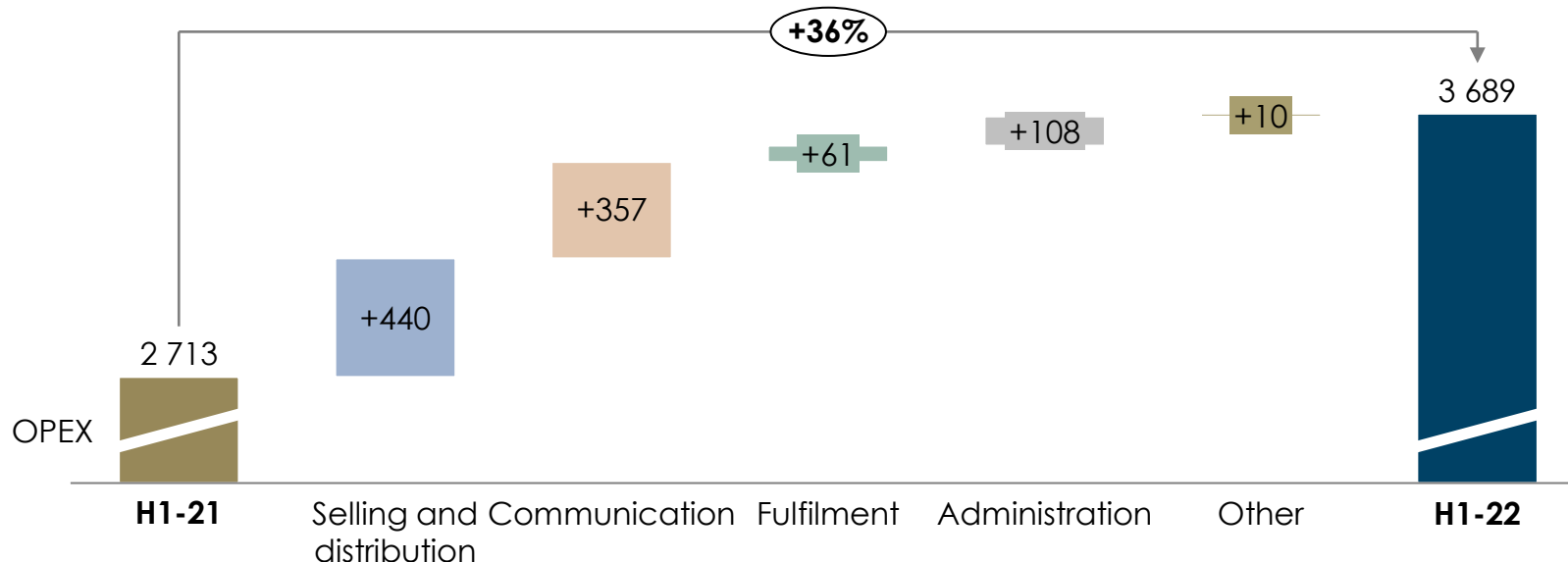
# H1-22 OPERATING EXPENSES

## › Operating expenses up 36%, below the 63% sales increase

- Higher selling and distribution expenses with boutique reopenings and termination of rental concessions and government support
- Higher communication expenses reflecting resumed activity
- Contained administration costs increase



## › 41.4% of sales vs 49.5% in H1-21



# H1-22 OPERATING PROFIT

## › Operating profit more than tripled

- Solid recovery, up 67% yo2y
- Operating margin increased to 21.9%; up 620bps yo2y

6 months	€m	Sept 21	Sept 20	Change	Constant rates
Sales		8 907	5 478	+63%	+65%
Gross profit		5 638	3 165	+78%	n/a
Net operating expenses		-3 689	-2 713	+36%	+38%
Selling and distribution expenses		-1 869	-1 429	+31%	+33%
Communication expenses		-699	-342	+104%	+106%
Fulfilment expenses		-216	-155	+39%	+41%
Administration expenses		-798	-690	+16%	+18%
Other expenses		-107	-97	+10%	+8%
Operating profit		1 949	452	+331%	n/a
Gross margin		63.3%	57.8%		
Operating margin		21.9%	8.3%		
Net operating expenses as a % of sales		41.4%	49.5%		

# H1-22 NET FINANCE COSTS

## › €268m higher finance costs

- €189m non-cash fair value loss on Farfetch investments (convertible note, option over additional shares in Farfetch China)
- Net losses on hedging activities compared to a gain in the prior year
- Partly offset by a €48m improvement in net foreign exchange losses on monetary items

6 months	€m	Sept 21	Sept 20	Change
Financial expense, net		-26	-33	+7
Lease liability interest expense		-32	-34	+2
Net foreign exchange losses on monetary items		-55	-103	+48
Net (losses)/gains on hedging activities		-21	70	-91
Fair value adjustments		-251	-17	-234
Net finance costs		-385	-117	-268

# H1-22 PROFIT FOR THE PERIOD

› **Profit rose more than six-fold to €1.2bn vs prior year period, 44% above H1-20**

- Significantly higher operating profit
- Partly offset by higher net finance costs

<b>6 months</b>	€m	<b>Sept 21</b>	<b>Sept 20</b>	<b>Change</b>
Operating profit		<b>1 949</b>	452	+331%
Net finance costs		<b>-385</b>	-117	+229%
Share of equity-accounted investments' results		<b>13</b>	9	+44%
Profit before taxation		<b>1 577</b>	344	+358%
Taxation		<b>-328</b>	-185	+77%
Profit for the period		<b>1 249</b>	159	+686%
Profit margin		<b>14.0%</b>	2.9%	+1 110bps

# H1-22 CASH FLOW FROM OPERATING ACTIVITIES

## › Cash flow from operating activities up 92%

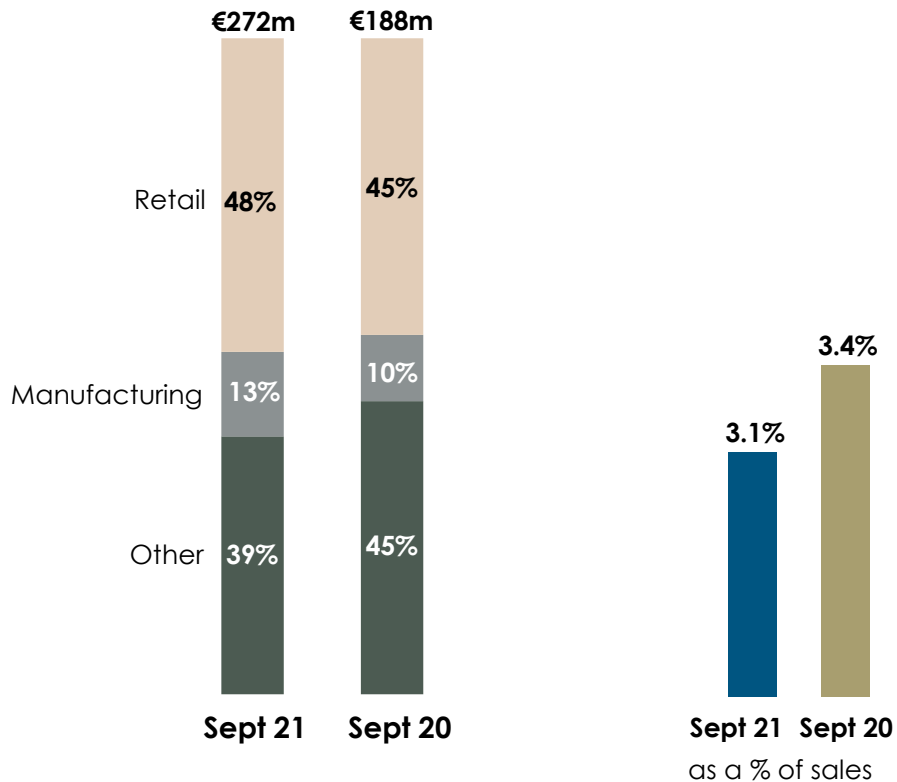
- Higher operating profit
- Partly offset by controlled increase in working capital to support sales growth

<b>6 months</b>	€m	<b>Sept 21</b>	<b>Sept 20</b>	<b>Change</b>
Operating profit		1 949	452	+1 497
Adjustment for depreciation and amortisation		756	749	+7
Adjustment for other non-cash items		11	-12	+23
Changes in working capital		-663	-91	-572
Taxation paid		-241	-150	-91
Net financing payments		-31	-22	-9
Cash flow from operating activities		1 781	926	+855

# H1-22 CAPITAL EXPENDITURE

## › Capex of €272m, 3.1% of sales

- Increased investments in store network, mostly in renovations
- Investments in IT, primarily at Online Distributors



Cartier - Singapore, Marina Bay Sands



Panerai - Shanghai, Qiantan Taikooli



# H1-22 FREE CASH FLOW

## › Free cash flow more than doubled vs prior year period

- Higher cash flow from operating activities
- Partly offset by increased capital expenditures and China joint venture

<b>6 months</b>	€m	<b>Sept 21</b>	<b>Sept 20</b>	<b>Change</b>
Cash flow from operating activities		1 781	926	+855
Net acquisition of tangible assets		-215	-120	-95
Net acquisition of intangible assets		-56	-62	+6
Proceeds from disposal of investment property		86	–	+86
Net acquisition of other non-current assets		-211	-40	-171
Lease payments - principal		-315	-260	-55
Total free cash inflow		1 070	444	+626

# BALANCE SHEET STRENGTH

