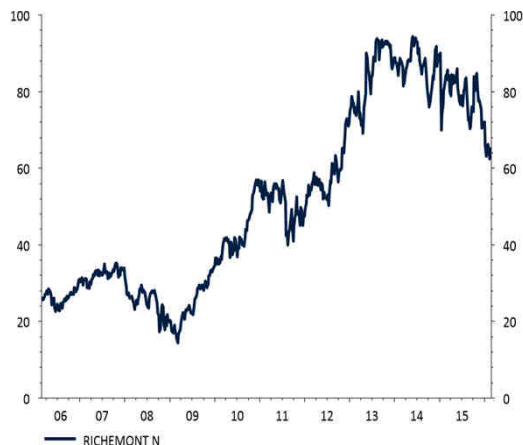


Stock Information

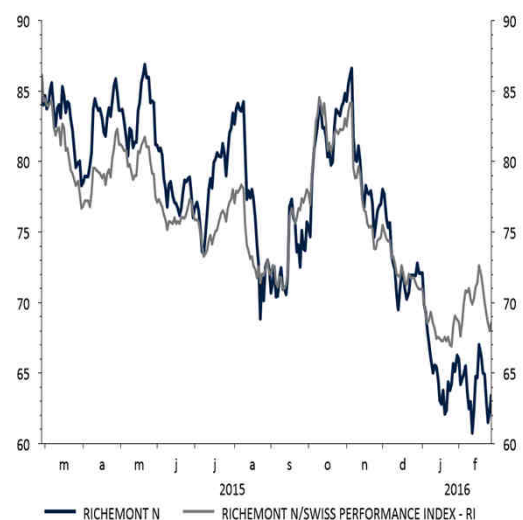
Price	03.06.2016	CHF	59.05
Market Capitalization		CHF (mn)	30'824
Average Daily Volume (last 3 months, 000s)			1'835
52 weeks High / Low			86.6 / 56.9
ISIN		CH0045039655	
Bloomberg Code		CFR VX	

10 years performance



Graphic IAM - Source Thomson Reuters

1 year relative performance



Graphic IAM - Source Thomson Reuters

Stock absolute and relative performance (in CHF)

In %	Absolute	Relative *
1 month	-5.4	-8.7
3 months	-9.3	-11.8
YTD	-18.1	-12.9
2015	1.7	-11.3
2014	25.7	23.0

*relative to Swiss Performance Market Index

Description

Richemont is a Swiss diversified luxury goods company active in 4 lines of business: jewelry (Cartier, Piaget), luxury watches (Panerai, Vacheron Constantin,...), writing instruments (Montblanc), clothing (Shanghai Tang,...) and leather & accessories (Alfred Dunhill). The business model is the following: each Maison keeps its identity and heritage so that the holdings of Richemont are all independent from one another in terms of business operations, centrally supported by the Group.

Investment Case

Richemont was very active in acquisitions over the years. Recently, it acquired 60% interest in Manufacture Roger Dubuis thus strengthening its position in the luxury watches industry. In 2008, Richemont separated the non-luxury goods business from the core business lines by creating a new entity named Reinet Investments S.C.A.. In terms of business development, the company is investing considerable amounts for operational optimizations of the Maisons in established markets, while prudently but strongly positioning its offering in new markets with China as a prime target. Richemont fully benefits from the hot chinese luxury market and could further improve sales when the US market will recover. Independence in its business lines allows Richemont to quickly adapt to changing market conditions. With its strong balance sheet and its 2 main businesses (jewelry and watches), the company is well positioned.

Per Share (CHF)

	2013	2014	2015	2016e	2017e
Earnings	4.59	2.77	4.52	3.60	3.89
Variation		-39.7%	63.2%	-20.4%	8.1%
Earnings Consensus	4.59	2.77	2.80	3.08	3.28
P/E	18.4	28.3	14.1	17.7	16.4
Dividend	1.40	1.60	1.70	1.80	1.90
Payout ratio	31%	58%	38%	50%	49%
Dividend yield	2.4%	2.7%	2.9%	3.0%	3.2%

Strengths

- Strong brands.
- Independency of its business lines in crisis periods.
- Very strong balance sheet.

Weaknesses

- Production systems need to be improved.
- Sensitivity to volume decreases because high degree of vertical integration.

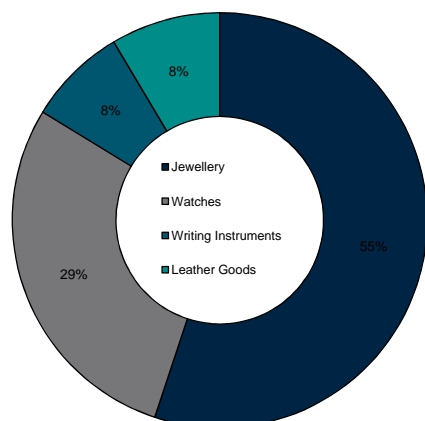
Opportunities

- Previous success in crisis management.
- Global development (Asia).
- Strong sales in China.

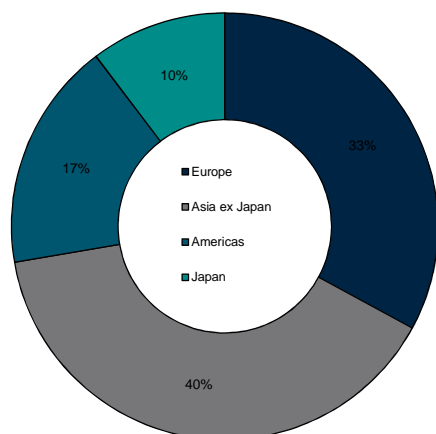
Treats

- Closing stores for cutting costs is likely.
- Market impact on inventories.

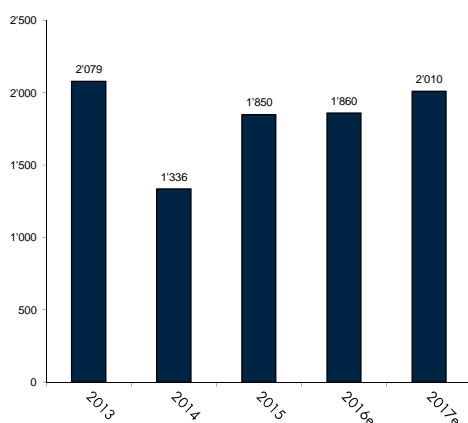
Sales by business segments



Sales by geographical split



Evolution of net profits (m €)



Key Figures (m €)

	2013	2014	2015	2016e	2017e
Sales	10'023	10'410	11'130	11'250	11'680
Sales variation		3.9%	6.9%	1.1%	3.8%
Gross profit	6'491	6'876	7'180	7'290	7'590
Total operating expenses	-4'064	-4'206	-4'940	-4'965	-5'105
EBTIDA	2'858	3'172	2'790	2'885	3'045
EBIT	2'427	2'670	2'240	2'325	2'485
Net financial result	72	-953	60	-20	-15
Extraordinary result	0	0	0	0	0
Pretax profit	2'494	1'705	2'290	2'305	2'490
Pretax profit variation		-31.6%	34.3%	0.7%	8.0%
Taxes	-415.0	-369.0	-440.0	-445.0	-480.0
Net Profit	2'079	1'336	1'850	1'860	2'010
Total assets	15'918	20'450	20'771	21'754	22'885
Shareholder equities	11'964	14'421	15'461	16'394	17'425

Inventory

	2013	2014	2015	2016e	2017e
Net working capital	4'063	4'995	5'080	5'220	5'450
Inventory days	454	511	498	500	503
Receivable days	34	35	37	39	39
Payable days	137	147	137	136	138

Performance Ratios

	2013	2014	2015	2016e	2017e
EBIT margin	24.2%	25.6%	20.1%	20.7%	21.3%
Net profit margin	20.7%	12.8%	16.6%	16.5%	17.2%
ROE	18.6%	10.1%	15.9%	11.7%	11.9%
Equity/total assets	75.1%	70.5%	74.3%	75.3%	76.1%
Cash (B/S)	3'389	5'654	5'216	5'869	6'510
Marketable securities	2'839	2'858	2'858	2'858	2'858

Principal competitors (rebased to CHF)

Name	Mkt Cap (CHF)	P/E 11	P/E 12	Div. Yield (%)	Perf YTD (%)
RICHEMONT N	30'824	19.1	17.3	2.9%	-18.1%
THE SWATCH GROUP 'B'	9'036	14.1	13.0	2.6%	-14.3%
LVMH	73'658	17.9	16.5	2.4%	1.7%

Shareholders

Free float	90.0%
Principal shareholders	
Harbor Capital Advisers	2.0%
Norges Bank	2.0%
Vanguard Group Inc.	1.9%

Management

Johann Rupert, Chairman
Richard Lepeu, CEO
Bernard Fornas, CEO