RICHEMONT

# FY26 Annual Results

22 May 2026

## Contents


**INTRODUCTION** ..... **2**

**HIGHLIGHTS** ..... **2**

**SALES** ..... **4**

**BUSINESS AREAS** ..... **5**

**FINANCIALS** ..... **7**

**CONCLUSION** ..... **10**

**QUESTIONS AND ANSWERS** ..... **11**


- Johann Rupert, Chairman
- Anton Rupert, Non-executive Director
- Nicolas Bos, Chief Executive Officer
- Burkhart Grund, Chief Finance Officer
- Alessandra Girolami, Group Investor Relations Director


Please note that this transcript may have been edited to ensure clarity and is subject to the Terms of Use that can be found on Richemont's official website. The original webcast serves as the definitive version.

## INTRODUCTION

Alessandra Girolami:
Good morning everyone, and welcome to Richemont's 2026 full year results presentation. Thank you for joining us in person in Geneva or virtually by webcast. I am Alessandra Girolami, Group IR Director, and joining me today are Johann Rupert, Chairman, Anton Rupert, Nicolas Bos, CEO, and Burkhart Grund, CFO.

As usual, the company announcement and results presentation can be downloaded from richemont.com and the replay of the webcast will be available on our website today from 3pm Geneva time. Before we begin, please take note of the forward-looking statements in our ad hoc announcement and on slide two of the presentation.

Turning now to the presentation, Nicolas will begin by discussing the year's highlights and Group sales. Burkhart will then review our business areas and Group financials, and Nicolas will finish with some concluding remarks. This presentation will then be followed by a Q&A session open to participants present in the room. I now hand over to Nicolas.

## HIGHLIGHTS

Nicolas Bos:
Thank you, Alessandra, and good morning to everyone. Thank you for joining us today.

In FY26, Richemont delivered strong sales momentum and solid results against fast-evolving global conditions, and I would like to start by warmly thanking our teams for their dedication and achievements throughout such a challenging year.

Let's start with a few key numbers. Sales reached €22.4 billion, an increase of 11% at constant exchange rates and 5% at actual exchange rates. Operating profit came in at €4.5 billion, up by 1% compared to the prior year, or up by 23% at constant exchange rates. Profit for the year reached €3.5 billion, compared to €2.8 billion in the prior year. This solid performance led to the generation of €4.9 billion of Cash flow from operating activities, enabling the Group to end the year with a net cash position of €8.5 billion.

Let's turn to the highlights, starting with sales. The Group demonstrated sustained momentum throughout the year, delivering growth across ALL business areas, regions and channels at constant exchange rates. The Jewellery Maisons posted a remarkable performance, illustrating the strength of their brand equity and overall value proposition. Sales rose by 14%, with double-digit growth throughout the year, led by higher demand across all regions. In addition, the Specialist Watchmakers and Fashion & Accessories Maisons posted modest growth, both improving in the second half.

All regions contributed to growth, with a notable double-digit rise in the Americas throughout the entire year. Sales in Middle East & Africa were also up by double digits, although naturally affected by the conflict in the region during March. In addition, Europe, Japan and Asia Pacific contributed to growth in value, all posting high single digit growth for the year.

Let me add that in Q4, the Group was able to maintain its momentum, with sales up by 13% at constant rates. Sequential acceleration in Asia Pacific, the Americas and Japan offset slower sales growth in Europe and a modest decline in the Middle East & Africa region.

Moving to our financial performance, operating profit reached €4.5 billion, up by 1% versus the prior year while including €164 million of non-recurring costs. Overall, the contribution of our strong sales growth, combined with ongoing cost discipline, mitigated the significant impact of the external headwinds we faced. With a net cash position of €8.5 billion, the Group ended the year in a strong position to continue supporting both long-term resilience and growth prospects.

As we navigated this challenging macroeconomic environment, we continued to execute on our long-term vision. We have always been guided by the belief that differentiation, brand identity and disciplined pricing are primary drivers for enchanting clients and delivering value over time. To support this, we continued to make strategic investments, including €1 billion of capital expenditures, primarily for distribution and manufacturing, while dedicating circa 9% of our sales to communications. In parallel, our teams demonstrated unwavering creativity, further cultivating the desirability of our iconic collections and successfully launching new lines. Let me now elaborate concretely on how we are strengthening the distinctiveness of our Maisons for the long term.

First, we continued to elevate the quality of our retail network. This involved openings in key locations, such as new cities for Van Cleef & Arpels in Europe, alongside Cartier in Tokyo, Buccellati in Busan Centum, Korea, and IWC in Dallas, among others. At the same time, we significantly enhanced the client experience through major relocations and renovations, such as Piaget on Place Vendôme, and Buccellati in Aspen. Specifically looking at the China market, we have been reshaping our store network, by closing selectively stores across business areas as well as opening in key locations to optimize our footprint. Second, we continued to cultivate craftsmanship to preserve specific skills as well as the enduring quality of our timeless pieces. We invested in our own ateliers, notably with several jewellery projects in Paris and in Valenza, which are due to open over the coming year.

In parallel, we nurtured artisanal and creative skills through dedicated programs. We accompanied over 200 apprentices in Switzerland and Germany through 2, 3 and 4-year programs in watchmaking, and another 100 in France and Italy for jewellery métiers. This year again, we welcomed another twenty young designers at our Creative Academy in Milan, while our Maisons continued to partner with prestigious institutions, like the Accademia Costume & Moda, or recently the King's Foundation, on Decorative Métiers d'Art in Watchmaking.

Extending this commitment, we also strive to share our passion for craftsmanship and art with a wider audience. In the past year, the four campuses of L'École des Arts Joailliers, supported by Van Cleef & Arpels, attracted thousands of students and visitors to curated, yet accessible, exhibitions around jewellery arts. Another example is the Fondation Cartier's new home in Paris, that has already welcomed over 300 000 visitors since opening last October.

Third, and building on this, our Maisons continued to perpetuate their heritage and singularity, further solidifying the iconic status of their creations.

Throughout the year, several Maisons hosted patrimonial exhibitions. Highlights included Buccellati's successful Prince of Goldsmith exhibition in Shanghai, and Cartier's exhibition at the V&A in London, which drew over 350 000 visitors, including many of you, I hope. Our Maisons also held exclusive high jewellery events across various geographies, including Italy, Sweden and Spain. This was accompanied by vibrant and purposeful communication, such as the Cartier new brand campaign launched in September and centred on its iconic panther symbol, showcasing both beauty and audacity, consistent with the Maison's identity.

This, of course, would not be possible without a constant obsession with creativity, that contributes to drive desirability and nurture brand equity over time, and I want to thank the teams for their unwavering efforts at designing and crafting the beautiful new creations featured on this page.

## SALES

Let me now walk you through the Group sales performance in more detail, first by region and then by distribution channel. Unless otherwise stated, all comments refer to year-on-year changes at constant exchange rates.

FY26 saw robust sales growth across all regions, with notable improvements in the second half in both Asia Pacific and Japan. Sales in Europe rose by 9%, supported by growth across all business areas, led by the Jewellery Maisons. All main markets grew, with notable performances in Italy, Germany and the United Kingdom. After a strong first half, Europe's growth rate moderated in the second half, reflecting strong comparatives in the prior year period.

Local demand was strong throughout the year, while tourist spending was overall positive, albeit decreasing in Q4. Fourth quarter sales overall grew by 5%. Sales in Europe made up 24% of Group sales, up slightly from the prior year. Asia Pacific sales ended the year up by 8%, led by double-digit growth at the Jewellery Maisons, which more than offset lower sales at other business areas. Regionally, the performance was driven by strength in the South Korean market. Sales in China, Hong Kong and Macau combined, rose by 3% for the year, led by double digit growth in Hong Kong. Elsewhere in the region, Australia and Singapore also continued to deliver robust growth.

Fourth quarter sales for the region were up by 14%. Sales in Asia Pacific represented 32% of Group sales, down slightly from 33% the year before. Sales in the Americas grew by double digits throughout the year, ending the full year at +17% against demanding comparatives. This included double-digit rises at Jewellery Maisons and Specialist Watchmakers, combined with mid-single digit growth at the Other business area. Strong local demand supported growth across all markets in the region and all channels. Fourth quarter sales were up by 18%, marking the ninth consecutive quarter of double-digit growth. The Americas contributed 25% of Group sales, in line with the prior year. Japan sales were up by 9% compared to the prior year, led by the Jewellery Maisons and the retail channel. The performance was supported by strong growth of local demand, while tourist spend was lower, notably from Chinese clientele.

Growth significantly accelerated in the second half and included a remarkable +28% in Q4 that built upon a demanding comparative of +22% in the prior-year period. Japan's contribution to

Group sales remained stable compared to the prior year, at 10%. Turning to Middle East & Africa, where our thoughts are with our teams, our partners and everyone affected by ongoing events. Sales for the year increased by 13% in the region, driven by the Jewellery Maisons. All main markets saw strong increases, led by growth in the UAE and Saudi Arabia. In the fourth quarter, sales were naturally affected by the conflict in the region in March and ended 3% lower than the prior-year period, contrasting with the double-digit increases recorded until then. Sales in the Middle East & Africa region represented 9% of Group sales, in line with the previous year.

In Fiscal Year 2026, all regions contributed to the Group's sales growth, attesting to the strength and balance of our regional footprint. Despite the unfavourable currency movements, sales grew by €one billion. In value, the main contributors were the Americas and Europe, both adding circa €400 million of sales compared to the prior year.

Let us now turn to sales by distribution channel, with growth expressed at constant exchange rates. Retail represented 71% of Group sales, slightly above the prior year's level. Retail sales were up by 12%, with growth across all business areas and regions, led by strength at the Jewellery Maisons and the Americas. Online retail contributed 6% of Group sales, in line with the prior year. Sales rose by 8%, with growth at the Jewellery Maisons and modest declines elsewhere. All regions grew, with notable performances in Japan and the Americas. Overall, direct-to-client sales, combining sales in directly operated stores and online retail, made up 77% of the Group, up slightly compared to the prior year.

Finally, the wholesale channel represented 23% of the total, with sales up by 9%. Similarly to retail, wholesale sales were up across all business areas and regions, led by the Jewellery Maisons and the Americas. With this, I now hand over to Burkhart who will take you through the year's highlights by business area. Over to you Burkhart.

## BUSINESS AREAS

Burkhart Grund:
Thank you, Nicolas. I will now review the business areas, with all comparisons at actual rates unless specified.

Let me start with the Jewellery Maisons, which include Buccellati, Cartier, Van Cleef & Arpels and Vhernier. Sales were up by 8% for the year to €16.5 billion. At constant rates, they increased by 14%, with double-digit growth across all regions underpinned by both jewellery and watch sales. In the fourth quarter, Jewellery Maisons maintained their momentum, with sales up by 16% at constant rates.

During the year, the Jewellery Maisons implemented measured price increases while continuing to preserve value for clients. At the same time, they demonstrated agile cost management, notably through efficient communications, with spend below prior year levels both in absolute terms and as a percentage of sales. This was accompanied by sustained yet selective network expansion.

As a result, Jewellery Maisons managed to mitigate the significant impact of external headwinds on their costs, and operating profit reached €5 billion, up by 3%, or by 20% at constant rates compared to the prior year. Operating margin remained solid at 30.5%.

Let's look at the key developments of the year. The Jewellery Maisons saw strength across their iconic collections in both jewellery and watches, among which Love and Panthère at Cartier, Alhambra and Perlée at Van Cleef & Arpels, and Opera Tulle and Macri at Buccellati. Throughout the year, sparkling novelties contributed to further building desirability and attractiveness. At Buccellati, these included bejewelled bags and coloured additions to Etoilée. At Cartier, the Love Unlimited and Clash Color pieces in jewellery, and new watch creations for Panthère and Santos collections. Also of note, Van Cleef & Arpels introduced major Alhambra novelties, as well as its new jewellery collections, Flowerlace and Fleurs d'Hawaï. All Maisons held successful exclusive events across several regions, building on outstanding high jewellery collections, of which l'Ile au Trésor at Van Cleef & Arpels, En Equilibre at Cartier, and Ardis at Vhernier.

In parallel, the Jewellery Maisons continued to enhance the client experience through selective network upgrades and openings, while conducting targeted closures. Of note, Buccellati completed the expansion of its Hong Kong Prince's flagship boutique, while Cartier opened a boutique in Tokyo Ginza and completed a major renovation in the Miami Design District. Van Cleef & Arpels notably reinforced its presence in Europe through several openings, including in Florence, Frankfurt and Hamburg. Vhernier continued to consolidate its foundations and ended the year with a net addition of two new boutiques, of which its first one in Asia.

Turning to Specialist Watchmakers, where sales were down by 4% to €3.1 billion. At constant rates, sales rose by 1% led by strong growth in the Americas that compensated for declines in Asia Pacific and Japan. Both retail and wholesale channels slightly increased at constant rates. Signs of stabilisation emerged, with sales returning to moderate growth in H2, including +2% in the fourth quarter despite a double-digit decline in Middle East & Africa.

Moving to profits, gross margin was affected by unfavourable external factors, such as foreign exchange rate movements and the rising gold price, in addition to a deleveraging impact from lower sales on fixed costs. While facing these headwinds, the Maisons have displayed solid discipline in managing their operating expenses, that were down compared to the prior year, most notably in communication. Consequently, the operating result amounted to €107 million, down versus the prior year, but up at constant exchange rates. Operating margin stood at 3.4% for the year.

Whilst Specialist Watchmakers overall posted mixed performances across the year, some of them showed notable improvement in the second half, of which A. Lange & Söhne, Jaeger-LeCoultre and Vacheron Constantin. The overall sell-in/sell-out ratio remained at circa 100% over 12 months, reflecting sustained efforts to maintain a healthy level of inventory in the trade. Major novelties introduced during the year supported the solid growth of iconic collections, such as the Reverso Tribute at Jaeger-LeCoultre. In parallel, the Maisons hosted notable events showcasing their distinct heritage and craftsmanship, including Vacheron Constantin's 270th Anniversary global celebrations, and Panerai's 'Depths of Time' traveling exhibition, presented to the public in Florence and Shanghai.

Overall, Specialist Watchmakers Maisons pursued selective openings, such as A. Lange & Söhne on Old Bond Street in London, while proceeding with targeted closures, mainly in China. Major renovation projects were completed in the year, such as the Piaget flagship on Place Vendôme in Paris.

Finally, let me conclude that, earlier this year, an agreement was announced for the Damiani Group to acquire full ownership of Baume & Mercier, with completion expected in summer 2026.

Let's move to the 'Other 'business area, comprising the Group's Fashion & Accessories Maisons, Watchfinder & Co, the Group's watch component manufacturing and real estate activities. Sales of €2.7 billion for the year were down by 2% at actual exchange rates. At constant exchange rates, sales were up by 3% underpinned by growth in the Americas, Europe and Middle East & Africa. The Fashion & Accessories Maisons saw a moderate increase, while Watchfinder posted double-digit growth. The retail channel showed solid performance and wholesale sales were slightly up.

Sales in the fourth quarter were robust at +7% at constant rates, led by growth across all regions, except for Middle East & Africa that was slightly down. The Fashion & Accessories Maisons maintained consistent and disciplined investments in their brand equity during the year. Overall, the 'Other' business area reported an operating loss for the year of €96 million, representing a modest improvement over the prior year at actual rates, and a more meaningful one when excluding unfavourable FX movements.

Peter Millar and Alaïa both showed continued sales momentum during the year. Peter Millar benefitted from its further expansion into a broader lifestyle proposition, while Alaïa achieved increased global recognition and strong performance of Winter Spring 25 and Summer Fall 25 Archetypes collections across categories. Overall, the F&A Maisons saw robust increases in the ready-to-wear category.

Also of note, Montblanc showed encouraging signs, with sequential improvement during the year as the Maison progressed on its transformation, driven by writing instruments and high visibility brand initiatives. Watchfinder had a solid year, supported by certified pre-owned partnerships with Cartier and Vacheron Constantin, while benefitting from increased local sourcing. The Fashion & Accessories Maisons continued to enhance their retail network with selective openings and targeted closures. Notable new locations included flagship boutiques for Montblanc in Sydney and for Alaïa in Beijing Sanlitun, as well as the first store for Chloé in Australia.

## FINANCIALS

Let me now walk you through the rest of the P&L, starting with gross profit. Gross profit rose by 1% in absolute terms to €14.4 billion but declined by 250 basis points as a percentage of sales, to 64.4%. Let me provide some colour on the moving parts, starting with production costs. In the full year, about two thirds of the increase in production costs were driven by the net impact of higher raw material costs, notably gold. The remaining third was mostly due to the additional US duties, that amounted to circa €200 million. Finally, like in the prior year, we

made the decision to proceed with targeted buybacks at some of our Specialist Watchmakers Maisons, mainly in China.

These pressures were partly offset by the positive impact from measured price increases, combined with favourable sales mix, notably through higher volumes combined with a shift towards higher-priced products. Taking these elements into account and excluding foreign exchange rate movements, gross margin was down 40 basis points for the year.

As we anticipated at our Interim Results in November, the gross margin erosion was more visible in the second half than in the first, as the stronger pressure from gold and US tariffs was only partly offset by a higher contribution from price increases. Finally, foreign exchange movements for the year, mainly from the US Dollar, Swiss Franc and the Chinese renminbi, accounted for a 210-basis point negative impact, bringing the total gross margin down by 250 basis points.

Next, let's look at operating expenses, which were broadly stable in value, reflecting our strategic investment to nurture Maisons' long-term potential while exercising discipline on costs. I will now take you through the expenses by category.

First, selling and distribution expenses rose modestly, by 2% at actual rates and 7% at constant rates, reflecting selective network expansion and salary increases. As a percentage of sales, selling and distribution expenses accounted for 25.6%, down by 70 basis points. Communication expenses were down by 5% compared to the prior year, or by 2% at constant rates. This evolution illustrated the Maisons' efficiency at allocating their spend, and to a lesser extent, the phasing of certain events such as Homo Faber.

Administrative and other expenses were up by 4%. The increase was fully driven by higher non-recurring costs, that went from €72 million in the prior year to €164 million for the year under review. These €164 million primarily reflected: A €99 million combined charge related to non-current asset impairments, mostly goodwill In addition to a €59 million write-down, following the announced sale agreement of Baume & Mercier.

Overall, net operating expenses amounted to 44.4% of Group sales, down by 160 basis points, reflecting the sales leverage from strong top line growth. This resulted in an operating profit of €4.5 billion, up by 1% at actual exchange rates, and by 23% at constant exchange rates. This robust performance reflected the positive contribution from strong sales growth and cost discipline that mitigated the impact of the external headwinds we faced during the year. Excluding the €164 million of non-recurring charges and the targeted buybacks that I mentioned earlier, the underlying operating profit was close to €4.7 billion.

Let us now review the rest of the P&L items below the operating profit line, starting with finance costs. Net finance costs increased by €91 million to €144 million for the year. Net foreign exchange losses on monetary items increased by €314 million compared to the prior year. In addition, we bore a €170 million impact from lower fair value adjustments, mainly related to the Group's investments in money market funds and segregated investment mandates. These two items were mostly offset by a positive variation resulting from the Group's foreign exchange hedging programme thanks to a €374 million gain, after a €71 million loss in the prior year.

On this point, I would like to remind you that the result of the FX hedging is NOT in our Operating Profit today. Should we adjust our operating profit for the FX hedging gain of €374 million, operating profit would be up by 11%, instead of +1%.

Returning to our FY26 results, let's review the profit for the year. Profit from continuing operations stood at €3.5 billion, down by 8% versus the prior year. This reflected:
The increase in net finance costs that I just described, In addition to a lower share of equity-accounted investment results, mostly due to our stake in LuxExperience, and finally, an increase in the Group's tax charge. Indeed, the effective tax rate for the year was 20.4%, reflecting the Group's regional mix, and compared to 16.5% in the prior year, which included non-cash accounting items.

Overall, profit for the year increased by 27% to €3.5 billion, benefitting from the non-recurrence of the YNAP write down in our previous financial year.

Cash flow generated from operating activities came in at €4.9 billion, up by €0.4 billion. This 10% increase mostly reflected two elements. First, a higher operating profit adjusted for the non-cash items mentioned earlier. Second, lower working capital needs, mostly reflecting higher cash inflows from foreign exchange derivatives. Let me add that in a context of strong sales growth, cash consumption was broadly in line with the prior year, owing to solid management of trade working capital.

Let us now turn to gross capital expenditure, which amounted to €1 billion or 4.6% of sales. While down on prior year, Capex included a higher share dedicated to investments in our distribution network. Up by double digits, retail investments represented over 50% of the total envelope and were largely dedicated to upgrading our internal boutique network. Manufacturing accounted for over a quarter of our investments, mainly dedicated to the continued expansion of manufacturing capabilities, mostly for the Jewellery Maisons. Other investments included disciplined spending in IT and other projects, making up 20% of capex.

Let us now review free cash flow. At €2.8 billion, free cash flow was €0.6 billion higher than the prior year. The increase was primarily driven by the rise in cash flow from operating activities, driven by the solid results of the Group.

Our balance sheet remained solid, with shareholders' equity accounting for 57% of the total. In March 2026, the Group repaid a €1.5 billion corporate bond, which was issued in 2018 and carried a 1% coupon. This repayment had no impact on the Group's net cash position, as the decrease in liabilities was matched by an equivalent cash outflow. Finally, net cash amounted to €8.5 billion at year end, an increase of €239 million over the prior year.

I would like to take a moment to summarise our cash usage for the year. As I mentioned earlier, cash generated from operations amounted to €4.9 billion, and was used to fund strategic investments in our operations and reward shareholders. On the one hand, investments in our business included €1 billion of capex, and €0.8 billion in lease payments. In addition, €0.6 billion were transferred to YNAP upon completion of the sale transaction with LuxExperience, on top of which other movements, including FX, explained another €0.4 billion of negative impact.

On the other hand, the cash outflow linked to the Group's ordinary dividend amounted to €1.9 billion, reflecting last year's dividend. As a result, net cash increased by €0.2 billion, as described in the prior slide, further strengthening the Group's balance sheet.

Let me now finish with the dividend for the year. Based upon the solid performance of the year and the strong net cash position that I have just described, the Board has proposed a total dividend of 4.30 Swiss francs per 1 A share or 10 B shares, made up of an ordinary dividend of 3.30 Swiss francs, up by 10% over the prior year, in addition to a special dividend of one Swiss franc. This will be submitted for shareholders' approval at the Group's Annual General Meeting on 9 September 2026.

Thank you for your attention, and I now hand back to Nicolas for the conclusion

## CONCLUSION

Nicolas Bos:
Thank you, Burkhart. Before moving to Q&A, I would like to summarise the year for the Group and share some concluding remarks. Richemont delivered remarkable sales growth and solid results for the year, highlighting the strength of our differentiated market positioning, the strategic value of our balanced regional footprint, and the enduring agility of our teams. It is worth noting the outstanding performance of the Jewellery Maisons, that gained further market share in both jewellery and watches, led by their high desirability and strong value proposition built over time.

Importantly, in such a highly complex and volatile environment, the Group maintained its long-term focus, prioritising Maisons' future growth prospects, while exercising consistent discipline on costs and operational execution.

Looking ahead, we will have to navigate through volatile times, which will continue to require agility and discipline. While we remain vigilant about the macroeconomic environment - particularly as the consequences of the conflict in the Middle East are still unfolding - Richemont has the strong fundamentals to continue to create long-term value. This includes a distinctive heritage and brand identity for each of our Maisons, unwavering creativity to nurture our iconic collections and enhance desirability, in addition to a balanced regional and client mix, building on deep local anchoring. All of this is underpinned by the Group's financial robustness that allows us to invest in quality distribution and develop our manufacturing capabilities while consistently cultivating craftsmanship. I would like to finish by thanking our colleagues, valued clients and partners across the world for their continued commitment and support.

This concludes our presentation. Thank you.

Alessandra Girolami:
We now open the floor to questions. So please announce your name and company. And if you can, at least at the beginning, limit yourself to two questions. Thank you. Okay. Let us start this side, on the left, Zuzanna.

Zuzanna Pusz:
Thank you. It is Zuzanna Pusz from UBS. I have two questions, but I guess before I answer it, I just wanted to congratulate the whole team and especially Burkhart on this great cost control. And also, I think we all owe you an apology because I was the other day, we are reading the transcripts from 2022, and we are all pushing back, why the margins were not exceeding peaks like among peers and well, I guess it all paid off. So I just wanted to say that.

So two questions; one is on Jewellery Maisons' growth. I think if I understand correctly, there is maybe roughly 6 percentage point contribution from pricing in order to offset partially the pressure from gold. But I presume, you are not growing by volume alone. So there must be also some mix effect, which I have personally fallen victim of as well in the stores.

So I am just curious if you could tell us a little bit more -- there has been so much innovation, lots of products at nicer higher price points, if you could tell us just a bit of an idea of what could be the mix contribution within last year's number?

And then the second question, maybe very quickly on the supply chain. We have seen a lot of your peers now focusing a lot suddenly on jewellery. There have been some pretty expensive transactions happening. Some peers buying up workshops. It would be just interesting to hear thoughts on that if that changes in any way your approach to vertical integration, if you plan to maybe accelerate that? So these are my two questions. Thank you.

Nicolas Bos:
Thank you very much. Maybe I will start. On your first question, yes, I think that the growth for the Jewellery Maisons was a combination of value increase with some limited, yet real price increases pretty much in the area that you mentioned; 5% to 6% and volume increase. And volume increase is in the like-for-like networks where we saw some growth, additional stores also in certain countries and the mix effect, which is also part of the equation, as you mentioned, where we have seen in some brands, you know, some movements towards higher price points.

But that does not mean, unlike what we have read sometimes that it is really only the high end and the high jewellery that is doing well. It is doing well indeed, but there is still very, very strong traction and success on the more affordable lines. But yes, we have seen with the Clash collection that you seem to appreciate for instance, a very nice mix effect, particularly on novelties.

On the second one for the Jewellery Maisons manufacturing, yes, we watch what is going on around. It has been a competitive environment forever. I think that it has always been a category with many, many players. We have history and expertise in the field, we believe. So we have been consistently building our manufacturing capabilities in jewellery and Burkhart touched upon that, requires some capital expenditure.

But we prefer in most cases to build because we know how to build additional workshops in high jewellery, in volume jewellery rather than to acquire. So it has happened in the past that Cartier or Van Cleef & Arpels or Buccellati did acquire certain specific workshops with a very, very unique expertise that

complements our own, but the majority of our investments are very much developing our own capacities so that we really dedicate the resources and the cash to optimise the production capabilities.

Alessandra Girolami:
Natasha?

Natasha Bonnet:
Thank you. This is Natasha Bonnet from Morgan Stanley, and congratulations on the good set of results. The first question was growth consistent throughout the quarter in Q1, including and excluding the Middle East because obviously, you had a positive good performance in the Middle East, which is a big part of your sales despite in light of basically the conflict in the region and then are the trends excluding the Middle East continuing so far? And my second question would be, how should we be thinking about margins in fiscal year '27 because I believe as it stands, the intensity of headwinds you experienced in this fiscal year should diminish? Thank you.

Burkhart Grund:
Yes, thank you for the questions. I would say growth was pretty consistent throughout the quarter with obviously two exceptions. The first one being Chinese New Year, was primarily in January last year, February this year. So obviously that changed a bit the growth dynamic from one month to the other in our last quarter in China.

And secondly, the Middle East obviously, we had a consistent and nice double-digit growth in the first two months and then obviously a sharp drop in the month of March, which I think all of us, including our peers have experienced. Sorry, can you just remind me what the second question was?

Natasha Bonnet:
It was on the gross margins. How should we think about margins as the year begins. The intensity of the headwinds you face should diminish.

Burkhart Grund:
Well, I do not know. I mean we will -- let us discuss that on March 15th.

Johann Rupert:
If he answers that, he can look for another job.

Burkhart Grund:
I was trying to anticipate that comment. No, I mean, I do not think I can seriously answer that. If you would have asked that question a year ago, I think no one would have foreseen what we experienced last year...

Johann Rupert:
No, he will make more money wherever he goes if he can answer that. I will quit and join him. I am serious. If you can predict that, why waste your time here? I can predict the gold price, the oil price, anything, three days. It does not have to be a year. I will go there.

Alessandra Girolami:
I think we will take Piral please.

Dadhania Piral:
Hello. Piral Dadhania from RBC. Thank you. So just a follow-up on the previous question. Are you able to provide us with a bit more quantification on what the realised gold price was in the 2026 P&L? And perhaps also what the revaluation benefit would have been in terms of the tailwind to margins? And just

staying on that point, maybe the average cost of gold on your inventories, just so we can try and calculate what the 2027 gross margin headwind could be from a gold price perspective? That was the first one.

And then the second one is, just in terms of brand level performance and category performance within Jewellery Maisons, obviously very, very strong numbers on the top line. Could you maybe give us some color around Cartier versus Van Cleef versus Buccellati, is there any big differences or are they all performing like...?

Johann Rupert:
They are all performing well and the gold price, you figure it out yourself.

Dadhania Piral:
Okay. Thank you.

Johann Rupert:
We are never ever comparing in between the different Maisons. They are all three doing very well.

Alessandra Girolami:
Anne-Laure?

Anne-Laure Bismuth:
Hello, everyone. So I am Anne-Laure Bismuth from HSBC. So the first question is on Jewellery Maisons and specifically Cartier. So to come back on your comment about the performance by price point, so which price point is outperforming? You talked about the fact that the affordable segment is also performing, but can we have a bit more granularity on that? And my other question is around China. So how are the underlying trends there and what are your key observations for this market? Thank you.

Johann Rupert:
I think you will remember, we have said it on numerous occasions in the past. I know your colleague on your left, it knows it, that the higher the jewellery, the lower the margin; high, high, high jewellery do not enjoy the same margins and that is what we will say about the mix. It depends per Maison and depend upon what they focus on.

Right now, we have got a Cartier high jewellery show outside Saint-Tropez, is it? And it is going extremely well. But that is a very long... I think the thing that we must get into our minds, because you have all these wonderful new words, soft luxury, hard luxury. When I started, none of you had heard of luxury. It was a boring business, which was very nice for me. Because it was not sexy. There were no predatory buyers out there. And certainly, we did not feature in the newspapers.
Suddenly, it is sexy and everybody is here and it is a lot cooler for you to be here than at an oil refinery's announcement of results, even though they make five times more than we do. I have noticed that when I go to dinner, Cartier maybe a fifth or a 10th of the size of the chap's oil refinery, but I sit at a better table than he does, because it is not that cool to own an oil refinery. So you are all here because you write about nice things.

There is nothing special about luxury goods. You know, if there is a real catastrophe, the world is not going to miss us. It is not shelter. It is not food. So we must not think that we are these holy, beautiful. It is nonsense. We are just very lucky to be in a very beautiful business where we deal with lovely people and with beautiful handcrafted products from the conception right through the end. But our business, Richemont, takes longer.

From when our designers start conceptualising until we are ready to offer, not sell, offer our products, it takes a while. So we have a pretty good understanding. I mean we will sit at the product committee and

we will see a year or two in advance, because we know what is coming with the combined, Alain Perrin and I together is over 100 years of experience. Anton has now been there 20 years. How long have you been? 35, but not product committee. 20. So it is 240. We have a pretty good idea.

The Germans call it Fingerspitzengefühl, but we have a pretty good idea whether it is going to sell or not. That is longer. That is not a spring line or a cruise line. We do not do cruise line of any impact on our group. So for us, we do not control the gold price. We have to make sure that our product mix is affordable to customers. And that is how we look at the gold price.

Not a speculation, but we need to hedge. We will hedge just enough to be able to tell our watch manufacturers and jewellery roughly this is the band that your cost of goods sold will be so that you can competitively price. But it is driven by marketing and by competitive positioning. Is that helpful? Not as helpful as you would like so that you can write down in your little model.

You know what, you carry on like this, I will have an AI model, I will take your questions, put it in, and I will save you the trip here. I saw last night an AI model of somebody who fed his public information in, Nikesh Arora with Palo Alto, and he only fed in public information. And Anton, it was damn good. He said, why do I need JPMorgan? He happened to mention in that case JPMorgan, but you could basically put anybody in.

If you want to be good, you have got to pick up what is not obvious. You have got to pick up nuances. You are going to have to use your nose more than asking questions like what is the average gold price which you can work in back into your model. You are going to have to ask your friends, what do you like? Did you see that line? Do you like it? I go and ask sales ladies. I do shopping before any of you heard of it, mystery shopping, for 30 years, 40 years.

And I go and ask the sales ladies, because they deal with the customer. And I ask them, so what do you think is hot? What? And then in the end I reveal who I am. I go and stand on street corners and I count. Have you ever stood outside a shopping mall or inside and looked who walked into Hermès, who walked in. I know you do, but you are a special one. You are excluded here, okay? But I am asking in general. Have you ever done that?

Well, guess what, today they do it with drones and they look at shopping centers and they actually use AI to see who goes where. But that is how you get a competitive advantage as an analyst. If there is any question you ask me that is of real value to you, I am not going to tell you. It is like people who consistently use business consultants, Bain, whoever, McKinsey. They come here, they steal all your information, they go and sell it to your competitor. You have got to be out of your mind to do that.

The once or twice where we do have a competitive advantage, we have been working together for decades. I trust them. They trust me. We trust our colleagues in the room. We are not going to blabber it out. And I am just giving you a tip. It is what you cannot see that is important. And your friends will tell you what is hot. They will tell you XYZ is overpriced, XYZ has dropped its quality. Because we get it even if we do not ask.

You go to a dinner party, somebody is bound to tell you, you have dropped quality there or you have overpriced there, and all you have to do is listen. So I am sorry, you cannot expect of us to do your work. Clever questions, but it is doing your work. And you know, when you ask that to Burkhart, he is not going to -- he knows that he is not going to answer that. And now here we go for the Maestro, Luca Solca.

Alessandra Girolami:
Luca?

Luca Solca:
Thank you very much, indeed, Johann, for saving me the effort of announcing me from Bernstein. I lost track because of the various gyrations on what has been going on with duties in the US. Maybe you can tell us, as you are very close to the American administration and President Trump...

Johann Rupert:
Sorry. I had access to the President. There is a huge difference between being friends and having access. Okay. I had access. Thank you.

Luca Solca:
For sure. Are you going to be able to -- because of the Supreme Court ruling, are you going to be looking at getting some of the duties?

Johann Rupert:
I win my bet! I win my bet! Dinner, thank you. I will tell you the name of the restaurant. I said, Luca Solca is going to pick up on the fact of the tariffs. How much? And what are we going to do? Luca, we have not decided. We have another week, eight days, is it?

Burkhart Grund:
End of the month.

Johann Rupert:
Basically end of the month to decide -- and we are looking at what the other people are doing. Now on the one extreme, there is somebody who is noticed to the world that he is going to reclaim because there was a tax on consumers.

We, if you look at our pricing, we have always believed in a worldwide pricing just stop, as you know, grey marketing. Our products are high margin, low volume. Whenever you have high margin, low volume products, they can move seamlessly across borders. They can be stuck in a plane, it is tougher than bulky things, stresses, etcetera.

So we have always had to make sure that our product - global pricing was roughly the same. So the major impact in the last year and now you guys will shoot me, that I do not say the wrong stuff. But the major -- has been gold price and dollar. Now you know Luca in the past. When the gold price went up, it was basically the dollar down and vice versa. This time, Luca, we had both up. It was rather unforeseen. So that hit us more than the tariffs.

The tariffs, I think, we have made it public, €300 million. And we are deciding upon what we are going to do. But it is not just big an impact on our P&L and operating margins as the gold price and the dollar, Swiss franc, dollar, euro. We must all as tariff payers, watch that we do not reclaim the tariffs back without handing it back to the consumer.
Now we did not use price increases to offset. But who knows, we may have one sales lady or salesman somewhere saying to one client, erroneously, I give you my word that, yeah, because your President did it, so we increased the prices. And then we have a lawsuit. So we are very cautious. We are looking at everything. I can give you my word, we did not use pricing to offset tariffs. If I could get the gold and the dollar back, then I would be front of line, but there is no counterparty that is willing to do that.

I have no idea how it is going to play out. We are -- I was with the Swiss government two nights ago. And we are still in discussions with the United States on the finalised agreement. But there is nothing bad emanating out of the United States heading our way at Switzerland. I find it very sad, though, that Helene

has to appear in front of Parliament. I mean, had it not been for the delegation and going to Switzerland, going to the White House, 40% plus, you know, a brilliant company like Pilatus would have had 25%, 30% of people unemployed. We could not withstand 40%-plus tariffs.

What these people think when they say, why did they go, etcetera. We did not negotiate. I mean, how do you negotiate with the United States, you beg? Okay, it is a big difference. When I saw the President, I said we are not negotiating sir. Henry Kissinger said, if you want to negotiate, you need three aircraft carriers standing out there. China can negotiate. The whole of Europe cannot negotiate, let alone Switzerland.

So we really applied to their goodwill and said to them we are not against America and Switzerland, in fact, please, just here are.... And the good thing is America is now in surplus with Switzerland. And it was all about the gold price because they thought gold was going to be tariffed. So there was a huge amount of raw gold flowing, not jewellery, gold flowing into the United States at that stage.

So it looked like the United States had a huge trade deficit with Switzerland. We pointed it out to him. And it is reversed. So now Switzerland is in a deficit, or the United States is in a surplus. So no rational reasoning for punitive tariffs, which would have been devastating for Switzerland.

Luca Solca:
Absolutely. Absolutely. Could not agree more. My second question was on the perimeter. I think the market and investors saw with pleasure the simplification, the business simplification you have been bringing forward, the divestiture of Baume & Mercier. Can you tell us maybe how the other divisions' businesses are doing and if there is any further latitude and opportunity for simplification? Thank you very much.

Johann Rupert:
You know, it is sad because Baume was one of our very first Maisons. You know, at times one must realise that for Baume, we are not their best owner. They need more flexibility. They need to – crudely put, they need be able to act more entrepreneurial. We have very fixed cost structure. And I think that the new owners, Baume was always an Italian brand. It always did very, very, very well. And we wish them luck. We have tried. And sometimes you must say it is better than somebody else's ads. This nonsense about Jaeger.

I mean, please, how can you? Where is UBS here? You apparently believed what you read there. Yeah, but please, whoever says that, never trust them again. There are two or three of them or, you know, bloggers who really do not have a clue and who are spurring nonsense. And for us, it does not mean a damn thing. But imagine if you are a worker at Jaeger, it is unfair. And sooner or later, somebody was actually suing them because it is a lie. It was never discussed.

In fact, you want to know how we got the whole group. When LMH was bought by -- we started a mobile phone business in South Africa, Vodafone and we were in partnership with Vodacom with Vodafone. You cannot believe it. I saw Julian Horn-Smith, that was our counterpart, the other day at one of my grandson's schools.

And because Mannesmann had bought the mobile phone business in Germany, Vodafone bought it, but in it there the LMH but we really wanted the LMH. We did not know how to make watches. We were big with Cartier but mainly Quartz. And Alan did not like it very much, but I would tell him that they are Quartz. And Alan and I are very, very close, but I have just become sophisticated enough because I do not know whether you know Guillaume Pictet, Banque Pictet.

Well, we worked in New York together. And I had a Quartz watch on and he went like this: Quartz? What do you mean? He said you need a mechanical watch. Any case, so little did I know how much trouble we

are going to cause ourselves because mechanical watches need a lot more after service than Quartz. But so we really decided this is the last, we have to get it. And I will tell you, I went to see Nick Hayek Sr. and we agreed either he or I buy this. We called it the French or anybody in to Switzerland. So we bid, but I then found out that there was a secret that the Audemars family owned 25% of Jaeger-LeCoultre and LMH the other 75%. So I went to see Jacqueline Audemars and the current head of -- is it Olivier? Olivia and we are the -- one of the first times I had the video conferencing. And I bought their 25% in Jaeger-LeCoultre.

And I went to see my hero, absolute hero, Mr. Günter Blümlein who built the whole group. And he was a systems engineer, he was also one of the best copywriters that I have ever seen. He wrote all the copyright for Lange & Söhne and for that, sorry ladies, somewhat provocative, non-woke copy that he had for IWC about women should not do this and that. Any case, and I was the only one who actually went to Glashütte and who went to -- I did not know how to pronounce it because I asked them, you know, how do you pronounce the town where IWC's manufacture is? How do you pronounce it? Yeah, you see, Schaffhausen. You are wrong, it is Schaf-hoose. Schaf-hoose. So I go there, I said, "Please can I go to Schaffhausen?" Taxi driver said, "Nein." So I had to explain, so we went to Schaf-hoose and I met with them and my hero was -- and we really wanted to -- was Mr. Blümlein who basically recreated Lange.

And we bid and we won, and part of the extreme price was for -- and then he had bone cancer. It was an absolute tragedy. But the key that he used and I think you must all understand this, his engine that he had and the key that he used, the expertise that he used is Jaeger-LeCoultre. And up till today, Jaeger is the watch company, the Maisons, the manufacturer that can do nearly every component of a watch except for, you know, probably, you know, crocodile skin, lizard straps.

They can do everything. And in a sense, they have helped so many of the other Maisons, you know, if somebody else runs into a trouble. So there is no way in which it would ever have been contemplated. And I am saying this to you so that when you hear these stories, please do not listen because it is rubbish. We are very loyal to them, they make phenomenal watches. I mean, what have you got on your arm there, Anton?

Anton Rupert:
The Cardinal Points Vacheron Overseas.

Johann Rupert:
Okay. But that is only because you and I cannot get the steel because we are waiting for the steel Jaeger. They have made a new steel watch which is the new Master line that is spectacular. It is not their fault. It is our fault that we have not been able to explain to the rest of the world that it is. It is the watchmaker's watchmaker. You speak to watchmakers, they look up to Jaeger. So trust me, it is -- I will not use the words in front of ladies, okay? But do not believe it. Any case, how can -- have you got other questions, Luca? I am sure you do.

Luca Solca:
I was just thinking of business simplification in the other division. I am thinking, you know, you mentioned in the presentation that Montblanc is proceeding in the right way. There are sort of bits and pieces in that business with things doing very well like Peter Millar and other brands not doing very well. So I was wondering whether --

Johann Rupert:
You are 100% correct and you can -- the four of us sitting here, I had 20 minutes yesterday asking people and before that we have people who have the habit of turning simple things into complex things. And those days are over now. We want complexity refined to simplicity. And trust me, we are going in that direction. It is a very good question.

Luca Solca:
Thank you.

Alessandra Girolami:
Thomas, please.

Thomas Chauvet:
Thank you. Good morning. Thomas Chauvet from Citi. Congrats to everyone for a strong end to the year in a difficult environment for the sector. I have two questions. The first one on the Americas, another strong year, plus 17% in constant FX with extreme stability quarter-on-quarter while the environment started with Liberation Day at the start of your fiscal year and ended with the war in the Middle East. Could you explain what you think are the structural changes in the high-end luxury consumer in the US, perhaps the hard luxury consumer that explains such resilience, or do you think this is largely due to wealth effects and the stock markets?

Secondly, on the Chinese consumer and the potential behavior change, a year ago, Nicolas, you provided some very interesting comments about the strong success of Chinese-born jewellery brands, particularly Laopu, not to mention them. How do you adapt a year later to these local players? Is it about being very differentiated on style, craft, quality, slightly different pricing I guess as well, or do you see opportunities to acquire brands on the ground in China?

Richemont was even a pioneer with Shanghai Tang that you acquired in the late 90s when no one had ever thought of doing such a move, I guess. We heard Mr. Rupert in the media interview this morning saying the group could pursue acquisitions if there were interesting opportunities. Are there interesting Chinese jewellery brands out there? Thank you.

Nicolas Bos:
Thank you very much. On the first one in America, I think, you know, our activities are very much linked to consumer confidence and I think that there is quite a high level of consumer confidence in America. When you are over there, you feel a very, very positive feeling and that translates into a very good level of sales. It is true that there is probably been a refocus, it is cycles obviously, but a refocus towards jewellery, watches, you know, more iconic products with a long-term value compared to probably more fashion and accessories in America. We see that clearly. And there is also been a long ongoing trends towards internal brand retail versus wholesale in America. So we are benefiting from this impact. And we have seen them, as you mentioned, very, very steady throughout the year with very, very good steady growth. So that is for America.

On China, we had a discussion last year. First of all, I think that probably Chinese owners are the best at running Chinese brands. And probably we are not so bad at running Swiss brands or French brands. And so anything artificial like trying to be there by acquiring something local that we do not necessarily fully understand or master is not necessarily what we look for.

What the success of Laopu and a few others taught us and indicated that we discussed last year that there is – in a market that was really stable and that is not at its whole time high for the last couple of years – very much an interest in newness, in new brands, in new propositions. And probably these new emerging brands, Chinese for that one answered that expectation and we see other ways to answer that for instance, with the success of Buccellati in China, which is still quite recent in the country and considered a bit of a newcomer. Also it has a very long and respected heritage. That is getting a lot of traction. And we have seen also with Cartier, which is long established in China, the success this year, for instance, of collections like Clash or Panthère watches that were not necessarily historically successful collections in China, but that under a new light together with high jewellery a highly in demand. So I think that there is really -- we feel that there is really a renewed interest in China for creativity

and maybe going for a different proposition that can come from the historical brands but has to be renewed.

Johann Rupert:
People, Luca will tell you he is heard this thousands of times, but we have come to suspect over the years that what Nicolas said is people, did you say feel good or what happy...

Nicolas Bos:
Confidence factor.

Johann Rupert:
Confidence factor, a feel good factor. People are willing to spend if they feel good. It is not necessary that you have to have a lot of money in your pocket and no debt, but if you feel good about the future, if you are confident about the future, then you are more comfortable to spend and to buy and to give gifts. If you are worried, concerned, you are not happy, it dampens that. And in America, in the United States, we kind of internally joke that a nation's happiness, is its true economic status minus envy. And in the United States, people are not as envious of people who are successful.

In Europe, they hate success to a very large extent. You are sinister. In the United States, it is a much younger society. People still say well done, because they also believe that they can work hard and do it. In Europe, they believe, sorry, by large people believe if even if I work hard, I cannot do it. My son and I were commenting yesterday, the exception is Switzerland, where the rich do not behave in a vulgar way. People are much more conservative, so there is not this hatred of the rich. It is starting in the United States on the campuses now with the students, if you see Eric Schmidt got booed when he made a speech about AI because these kids leaving the college have got debt and they cannot find jobs.

And any commencement or actually it is now graduation, and you have got to watch it. This is what I was trying to say if you want to know. Watch what goes on, sniff. We are lot older than you, I still, I watched that Eric Schmidt speech because every time he said AI, everybody booed. And we discussed this last night with this friend of ours who is one of the top Silicon Valley CEOs, and he said Johann, they are realising that they are not getting jobs. So you are a college kid, you leave college with debt and you are not finding as many jobs as 10 years ago. So in 10 years' time, five years' time, will that feel-good factor still be there?

Well, they are talking in numbers that I do not understand. I mean, I have got to rely upon Anton with all the acronyms when we have a discussion with these techies. Every second word, every second sentence has got a new acronym in, that I have never heard of. But this is where the money is. I mean, the new IPO is $1.6 trillion. I mean, that is half of the UK's GDP. I mean, it is numbers we do not, sorry, that I cannot quite get my hands around. But they still seem to be confident. If something goes wrong in AI and that AI loop, I am told by Nikesh and others that it is gone too far now, it is self-fulfilling, it will carry on. The build-out of data centers and I am assured it is real. Whilst that is carrying on, they are going to grow faster than Europe. But Luca, we bombed people not once, not twice, three times on the suspicion that they might have nuclear weapons. But we are giving three or four individuals a capacity that is going to affect our grandchildren far more with no guardrails. I mean, Agentic AI and we are handing over power. I am told, and nobody contests this, that if you want to stop people from putting viruses into your system, you need AI. If you want to stop bad agents using AI from infiltrating your system, you need AI. So we are going to have AI fighting AI and I tell you, I am not going to know what the hell they are doing to each other. And this is three years from now. Two years? Anton, what is your bet? Three years?

Anton Rupert:
It is already happening.

Johann Rupert:
Okay, it is already happening. So point is, you are asking me about the oil price in a year's time or gold price or what. What scares the living daylights out of me is stuff that I really just do not have a clue of. So we are constantly thinking how can it affect us and stopping the choke points, the entry points. And there we have the gentleman sitting who never knew what he was signing up for. That would bother me more if I had to be in your shoes. I would look at which companies can actually, like SaaS companies can be wiped out in a month, two months. We have never – I think we are on the cusp of seeing, we have seen the biggest growth, but we could follow, see the biggest destruction of wealth of people who never understood what was going to eat them.

And software as SaaS as a service, those companies, can you imagine if I was -- I would not sleep at all, but I would probably have sold them conforming. The real issues are things that we cannot foresee. Things that we can foresee, I can assure you are within a better shape now, than I can remember ever. From balance sheet through tech through everything, supply chain, for everything traditional that we could foresee we are in great shape. Something on the left field?

Alessandra Girolami:
I think we have a few more questions. So Chris, please.

Chris Gao:
Thanks for the opportunity. This is Chris Gao from CLSA based in Hong Kong and congrats on the very resilient results amid the complex environment. I have two core questions regarding China, Chinese. So firstly, we are very happy to see Greater China on the path of coming back. So my question is on the midterm outlook of the competitive landscape in the China market. So on one hand, in the past few years, definitely the market noted the fashion cycle of some of the local heritage jewellery has been picking up the momentum in China like Laopu standing out. While on the other hand, together with Richemont we also see some other luxury peers deploying more resources in the jewellery segmentations and also sequentially more in China market, right? So how do you see the competitive landscape in China in the next few years? And I remember last year, Mr. Rupert mentioned that there is definitely universal desirability on Richemont brands. So are you seeing or do you expect to see the high net worth consumer in China shifting more towards global brands in the future, especially to Richemont brands in the next cycle. So this is the first question.

My second question is regarding the drivers of recovery that you see in Greater China right now.
So wondering if the comeback is more from the existing loyal customers or you have been seeing a very apparent new consumer recruitment as Mr. Rupert said, now we are seeing AI industry, for example, as a new wealth effect driver. So at the same time, how does aspirational customer spending trend look like now? And how would you comment on aspirational consumers recovery trends going forward in China? Thank you.

Johann Rupert:
That is a very good question so I would rather have you answer them.

Nicolas Bos:
I think there is definitely and has always been at least in the last 25 years, a highly competitive landscape in China in luxury, in jewellery and watches so that is going to remain, probably some players are getting stronger, some players are getting weaker. There is definitely an effect of cycles and trends.

I was mentioning, what we see today is that there is really a very strong clientele. There is a very strong desire for our categories, but there is an expectation of creativity and renewal, which we have to answer to. And that can be found in our brands, in historical brands as well as newcomers and I think it is a good

reminder that we are here to be creative, we are here to be enchanting. We cannot rely on past successes and we start to see really a very positive effect of that in China.

Our view in China is also to adjust and right-size our presence. I think that I was mentioning the confidence factor, maybe sometimes we got our sales a bit carried away by the confidence factor in China in the past few years, where everybody thought in China and advised that third-tier, fourth-tier cities would be very, very strong places for luxury retail.

There were so many new real estate developments, so many opportunities that probably some of our brands and some of our competitors also over expanded their presence and now we are really fine-tuning our presence typically with Cartier this year. We reduced our presence by 5 points of sales in the country.

And at the same time, we are upgrading and improving some of the major ones. So I think that is really a phase of consolidation and stabilisation and we see a clientele that is a very loyal clientele. I was mentioning the Cartier High Jewellery event that took place in Beijing last November that was extremely successful and this is primarily a clientele that knows Cartier very well is very, very familiar with the High Jewellery collections and is a loyal clientele.

And at the same time, we see also a renewal of more aspirational customers that really appreciate both iconic historic clients, Alhambra, Love and also expect new collections that are, again, very successful. So I think it is a very interesting time for us. We still consider that stabilisation is important. We do not bet on China coming back to growth patterns that we have seen years ago. But we feel it is a very important moment to consolidate the presence of our brands over there.

Alessandra Girolami:
Next question, Nick, please.

Johann Rupert:
Are you from Shanghai?

Chris Gao:
I am based in Hong Kong.

Johann Rupert:
But where are you from?

Chris Gao:
I am from Guangdong province.

Johann Rupert:
Okay. Well, you have heard of Shanghai woman. Do you really think Shanghai woman is not going to decide for herself? Shanghai woman decides for Shanghai women. Not Shanghai men and certainly not rightly sitting in Switzerland. They are the strongest group of people I have met, do you agree? They make their own decisions.

Chris Gao:
No. In the foreseeable future, definitely, you can see, I would say, not only China, but the emerging market consumers, definitely, everybody has a stronger understanding towards themselves towards the brands?

Johann Rupert:
Well, I am specifically, you are very polite-- my Chinese girlfriends, lady friends, are not as polite. They tell me straight. That is a stuff up. This is good. That is bad. Trust me, they decide for themselves. I have a

friend who is a big industrialist. Originally from Hong Kong, moved to the Mainland, and has probably got 300 000 people working for him.

And every year he has a group of he picks the best of the youngsters, the intake. And about 10 years ago, his partner came to him and he said we are going to need affirmative action here. He said, what do you mean? He said we are going to have to promote certain sexes. He said what are you talking about? Is it if you looked around of all of our future leaders, 85% of women, the men do not make it?

So we are going to have to artificially promote men. And he showed me the list and he said they are better. And a lot of them are -- so I say to my colleagues, go and speak to them, ask them what they want. And when they say I want to just make it, do not be French, do not be 'you know better', trust me, they are the boss, okay? So that is my attitude.

Chris Gao:
Really appreciate it.

Johann Rupert:
Do you realise that they are not around the table anymore. But when I saw Le Clou, The Nail on our French colleague of ours who ran Cartier in London, I said to him, it was Arnaud Bamberger, I said, Bamby, what is that? He said, it is Le Clou. I said, what is that? And he told me what it was. So, I came back and I said, please make it.

Now little secret, if you say, if in our group you suggest something to a German, they think it is an instruction. So, you have got to be very careful. You cannot just make a joke and make a suggestion; they will do it. If you give a Frenchman an absolute instruction, it is a mere suggestion. Okay? Maybe he was meaning that, but we do not think he was serious.

So, I said to them I want you to make it. They did not. And a year later I really got angry. And when they finally did it, I went on one of my trips and I went to China. And I had just been to Japan where they thanked me, all the sales ladies. You know how polite the Japanese ladies are, you know, they do not give you a hug, they, you know, thank you. I said, why thank you? Said, no, we got it. I said, yes, it is selling like crazy.

Then I go and I find out that our friends at head office decided Le Clou is too aggressive for their Chinese clients. So, I did not even bother, I asked Keyu Jin on our board. She just burst out laughing. Said, "We are the most aggressive people on earth. You need to change your marketing team. They clearly do not know us as clients." So, you ask me about China, I actually think we go to China and we ask the Chinese and then we have got a good jobs. Would you agree?

Chris Gao:
Yes, I will see, you know, China definitely has the mid to long-term resilience and the Chinese women decide their career path and decide on their shopping....

Johann Rupert:
Thank you. All the Richemont people here, did you listen here? Okay. Chinese people decide their own career path. I love it there, but this is my real answer for you as to why we have been rather slow. It is not anymore.

Alessandra Girolami:
Next question from Nick. Then I think that we have two more.

Nick Anderson:
Thank you for taking my question. It is Nick Anderson from Berenberg. You just said you are in the best shape ever, so...

Johann Rupert:
Sorry, sorry. Just the current head of Cartier lived in China? For a long time. I think he is fluent in Mandarin.

Nicolas Bos:
Yes. I do not know, but speaks Mandarin.

Johann Rupert:
He speaks Mandarin, but -- so you will see a change.

Nick Anderson:
So, I had two questions, one on the balance sheet, one on stores. And just on the balance sheet specifically on cash balances. You have always been very, very clear in the past about the benefit of having a very healthy balance sheet and the large cash balances, but I just wonder if you can help us how you think about is there an optimum size?

Is it an absolute amount? Is it relative to sales? I do not know, just help us understand that. Thank you. And then on the stores, you have obviously done a lot of right-sizing this year. Is that process largely complete or going forward would we be likely to see a similar size store network, but you aim to drive I suppose effectively more revenue through existing stores, or might we start to see new store openings on a net basis again? Thank you.

Johann Rupert:
I think better rather than smaller. Is that a fair statement, Nicolas?

Nicolas Bos:
Yes, exactly. And it is never completed. I mean, a network is a living organism, so there will always be, you know, adjustment, improvement. But yes, there is a phase of consolidation right now where it is very much more to your point about improving the quality of the network rather than continuing to expand the number of points of sale...

Johann Rupert:
Yes, but I think he must not think we are going to have fewer and smaller. That is part of not having a problem with cash. We can improve, improve the shopping experience.

Nicolas Bos:
And it evolves over time. I mean, I remember from my days at Van Cleef & Arpels, you know, when we 20 years ago, an optimum size was, you know, 100, 120 square meters. Now an optimum size is probably 300 square meters because the offer has expanded, we welcome more clients. So, this is also evolving with time and the desirability of the brands.

Johann Rupert:
When did we -- when did I meet Mr. Fratini and when did we buy Van Cleef?

Nicolas Bos:
'99.

Johann Rupert:
So, it is '25, '26 years ago. We paid €300 million. Tell them your turnover...

Nicolas Bos:
It was around €60 million.

Johann Rupert:
And tell them your losses.

Nicolas Bos:
It was around €60 million.

Johann Rupert:
So, we paid €300 million for something that turned around €60 million that also lost €60 million. And we did it over the phone with a gentleman. And today, chapeau Nicolas, because it is a €5 billion brand. So, you know when people talk about attacking our competitors' Cartier, they forgot that Van Cleef is killing them.

You know, it is – it is a remarkable success story. Go from minus 60 to €5 billion. Chapeau. So, this is really what I am going to say to you, it is a group of people who are working together in a culture of trust. We do not get killed if you make a mistake. You make it twice, then we will have an issue. But you can make one mistake and as long as you admit to it immediately. And we are having fun.

And I think if you carry on doing it, you will also during bad times such as now, we have—I have said to you and Luca you will remember I said a few years ago, in bad times we tend to outperform our competitor. And it is not great at the moment, especially not for some of our competitors. So, we have the flexibility. And the other interesting thing is as Nicolas will tell you, it is easier to gain marketing access and to do deals when other people are cutting their marketing. So, you gain ground in bad times and gain loyalty from trade partners. Is that a good way of putting it?

Nicolas Bos:
Yes, very much so. Yeah.

Johann Rupert:
Are there any other questions? Yes, okay.

Alessandra Girolami:
James?

James Grzinic:
Thank you. It is James Grzinic from Jefferies. I wanted to piggyback on your sense of smell on demand elasticity to gold price. I presume it is very different in China relative to Western markets. Can you help us map out the extent to which you are concerned or otherwise to sudden adjustments in gold price? It looks like it is...

Johann Rupert:
I will give you a tip. When I buy gold, sell. Okay? It is a sure indicator of the high point.

James Grzinic:
So, what are you doing right now?

Johann Rupert:
I do not have enough money left to buy. I bought 5% from the high point. Okay.

Burkhart Grund:
Got margin call.

Johann Rupert:
No, I did not get a margin call. Talk nonsense.

James Grzinic:
But in all seriousness, it looks like, you know, short-term Chinese consumers are bearish or have been bearish on gold prices, they have followed it very closely...

Johann Rupert:
I am not sure that it is consumers and whether it is not central banks. I am not sure, I do not know who was buying, but what I can say to you is if you have ever been in a gold mine and you have got grandchildren and you know governors of central banks, then maybe you should think of 2% or 3% in gold for your grandchildren. Because I promise you they are not going to print new gold. It is impossible to get it out at $5 000 an ounce. Okay, if you trust guys with crypto, it is over centuries. I will not go tell anybody 10% or 15% or 50%, but 5% to 10%, 5% put it away. Soon Anton's going to have a son or daughter in a month's time, then I will have eight.

So I want to leave some for all eight grandchildren that they can maybe get through university, put a payment on a house. And how do I make sure it is there? Yes, you can put some in the S&P... but do I trust central bankers? I used to be a banker. When I found out that I understood certain things better than them, then I got very worried. And when they were a lot younger than me, I got even more worried. So that is the reason for gold, but the problem is it has affected us. On the other hand, you know what psychologically, it has given our clients a feeling for hang on, you know, it is gold. So they, you know, it is a value store.

James Grzinic:
Yeah, I guess that is my question in terms of we understand production costs and the long term bias towards inflation, but if I think a world unpredictable, big adjustment downwards for whatever reason in gold prices, is that an issue in terms of demand in Western markets? Is that something you think about?

Johann Rupert:
I do not think that -- I think people who are worried at 4 000 and 5 000 are still worried at 4 500. It is underpins the feeling of value of luxury. It makes it very expensive and we have got to be very cautious. But what would you say? You try and you sell it to them.

Nicolas Bos:
No, but exactly what you said. I think that on one hand it is a challenge because it has a strong impact on the gross margin, but on the other hand it plays in favour of jewellery and precious watches because there is this feeling of intrinsic value. Not investment in the sense it is going to come with a return, but investment in the sense that you are going to be able to transmit, which is what jewellery has always been about for thousands of years.

So voilà. Should gold, you know, go down, I think at the end of the day it is going to be less pressure on the margin, going to enable to go even more into creation with gold products, which is a bit more difficult these days, and to maintain them at a reasonable price so that, you know, they are still affordable also to an aspirational customer, which is being challenged in some markets today.

Alessandra Girolami:
We will take one very last question from Vika.

Viktoria Petrova:
Thank you very much and I will be quick. First, we are obviously seeing your jewellery overall and you significantly outperforming luxury market. What is your idea on who you are taking market share away from? Is it leather goods? Are you just expanding the boundaries of your category? Is it other nonconsolidated players given the retention of value of Cartier and Van Cleef and other products?

And my second question is your communication costs went down this year and you are still talking about keeping them stable and with everything you talked about AI and overall technological progress, do you think you are more efficient on your communication and marketing? Do you think there is, I do not know, a ratio where €1 spent on marketing next year would be worth €1.50 a year before? Do you think you can keep it at 9% and reach more consumers ultimately? Thank you.

Johann Rupert:
Thank you. Thank you for asking the question. I gave them hell and I told them I want that answer which was given to the board yesterday. Yeah, thank you. I noticed the same thing as you did. Do not laugh, why -- it is our company secretary sitting there. One of the worst signs to me, never, ever, ever if you can buy anything from private equity. Because they will cut research and development, etcetera, and then communications just before they sell it to you.

But one of the things I watch all the time is communication expenses. The problem is the smaller the Maisons, the bigger a percentage of turnover you have to spend just to get noticed. But when you get to €5 billion, €7 billion, €10 billion, $500 million is a lot of money. You know, when you start spending, really spending, $100 million. So we asked for a very good explanation, which he can give you now.

Nicolas Bos:
No, it is a very good question and it is actually...

Johann Rupert:
I really mean it. Thank you.

Nicolas Bos:
A series of factors. The first one is that yes, some of the brands and typically jewellery brands are reaching levels in absolute terms where they have the visibility that they wish to get. And we do not want to be all over the place, we want only to have very measured selective communications. We do not believe that any noise, any communication is good for a brand, so we want to make sure that we have the right threshold.

So it is true that the bigger they are at the end of the day, the less they need necessarily in percentage. The second thing, and the Chairman mentioned it, that it was a year also with a lot of disruption in the industry, in the market, so you could optimise your marketing spend. You could, you know, get positions in advertising and communication for in better conditions than before, so for the same amount of money you could get a better impact.

And the last part is that yes, you know, with the environment we have been very, very cautious together with the management of the brands throughout the year and we maintained cost discipline, including on communication. It is true that we saw quarter after quarter that the desirability of the brand was there, that the results were very, very positive, but yet we maintained that cost discipline. So that drove also for a decrease in the percentage of communication compared to the growth of sales.

Johann Rupert:
But you said to me yesterday, Nicolas, which I would forgotten, that we exceeded our budgets in turnover and as a result simply mathematically the percentage of turnover that we budgeted went down. So it was

a straight mechanical flaw. But trust me, we do not try to save money by cutting communication. But you know on that note, it is changing so much. I mean my son's generation communicates and gets their information through totally different means. It is a young person's job that, for all of our communication we need to realise that the medium has changed. Any last question?

Alessandra Girolami:
Jean, please go ahead. That will be the last question.

Jean Danjou:
Yes, if I look at the geographical trends, it seems that the growth in Greater China accelerated significantly Q4 compared to Q3. If I have seen well, you have not given the growth in Greater China in Q4. I am not sure you agree with it, but my question is, do the efforts you mentioned at Cartier on the product side were already a visible result in Q4 in China?

Nicolas Bos:
Yes, we saw once again, we mentioned it a couple of times today, we believe there is still a phase of consolidation, we still we see an improvement, we see better signs definitely in jewellery with jewellery brands, with Cartier notably. There was a very, very good New Year, Chinese New Year period on the Q4 that also drove quite healthy results.

Johann Rupert:
Chinese New Year fell in Q4 for us this year, but yes, you are 100% correct.

Alessandra Girolami:
Thank you very much for everyone in the room and listening to us today. This now finishes the webcast. Thank you.

Johann Rupert:
Thank you. Thank you.