APERTURE

INSIGHTFUL AND RELEVANT RESEARCH UPDATES

Richemont FY 2026 Results

Share Price	R3344.67
Date	25 May 2026

RESULTS SUMMARY

Global luxury goods company Richemont reported strong full-year results, with sales growth accelerating across all regions and categories. For the full year, sales rose 11% at constant currency (5% at actual exchange rates) to €22.4bn, and operating profit increased 23% in constant currency to €4.5bn.

The group faced considerable cost pressures, including higher precious metal prices, US tariffs and adverse foreign exchange rates. Richemont raised prices in response, but this only partly offset the impact, leading to a 250 bps decline in gross margin to 64.4%. Even so, operating profit grew, supported by tight cost control across the portfolio, which saw total operating expenses rising by 1%.

Management noted positive performance across all categories and geographies, with particular strength in the Jewellery Maisons, which grew 14% (constant currency) and delivered an operating margin of 30.5%. Asia Pacific recovered strongly, growing 8% for the full year (from -13% in FY2025). The Americas posted robust full year growth of 17%. The Middle East & Africa region, representing approximately 9% of group sales, grew by 13%, though the fourth quarter saw a notable slowdown due to the Middle East war.

Richemont's balance sheet remains strong, with a net cash position of €8.5bn. The board proposed a 10% increase in the ordinary dividend of CHF 3.30, along with a special dividend of CHF 1 per share.

OUR LONG-TERM INVESTMENT VIEW

- Richemont is the world's second-largest luxury goods conglomerate and maintains illustrious brands such as Cartier, Van Cleef & Arpels, Piaget, Officine Panerai, and Mont Blanc within its portfolio. Jewellery and watch brands account for over 75% of sales, while a similar percentage of group sales are made through their own retail footprint (both on- and offline).
- We believe Richemont's strong brand portfolio will remain relevant and desirable for the foreseeable future. Supported by global wealth creation and an enduring demand for luxury goods, Richemont should maintain mid-single-digit demand growth alongside margin expansion. This will enable the company to continue investing in its brands and growing its presence through more efficient distribution channels (i.e., online and direct-to-client).

UNPACKING THE FY 2026 RESULTS

High level numbers

- **Sales rose 11% in constant currency**, driven by sustained growth momentum in Jewellery Maisons and a return to growth in Specialist Watchmakers.
- **The Americas** was the strongest performing region, with sales growth of 17% in constant currency, driven by sustained local demand across all markets and channels. **The Middle East & Africa** was a close second, growing 13% in constant currency for the full year, driven by sustained local demand. However, Q4 saw a 3% decline due to the regional conflict, which affected local demand and tourist flows. Europe grew 9% in constant currency, supported by strong local demand and growth across all business areas. Asia Pacific sales rose

- **Specialist Watches** outperformed expectations, with sales growing 1% in constant currency to €3.1bn for the full year, slightly ahead of the Swiss watch export decline of 1% over the same period. Notably, sales returned to moderate growth in the second half of the year, including a 2% increase in Q4.
- Pressure on sales relative to the high fixed cost base of luxury watch production weighed on profitability for the full year, with the operating result amounting to €107m and an operating margin of 3.4%, impacted by adverse foreign exchange movements, rising gold prices, and operating deleverage. However, the division turned profitable in the second half, with an EBIT margin of 3.6%, well ahead of consensus expectations of -0.4%.

8% in constant currency, led by double-digit growth in the Jewellery Maisons, with notable strength in South Korea, Australia, and Singapore.

- The **gross profit margin** contracted 250 bps to 64.4% as pricing adjustments and product mix improvements failed to fully offset the cumulative impact of precious metal price inflation (notably gold), US tariffs, and foreign exchange headwinds. Excluding the impact of foreign exchange movements, the gross margin contraction would have been more modest at 40 bps.
- **Operating expenses** increased by 1% in constant currency terms. Selling and distribution expenses declined as a proportion of sales to 25.6% from 26.3%, while communication expenses fell 5%.
- In line with adjusted net income performance, **earnings per share** (EPS) fell 8.0% to EUR 5.88.

Jewellery demand accelerated

- The **Jewellery Maison** continued to deliver strong performance, with sales growing 14% in constant currency to €16.5bn for the full year. Growth was broad based, driven by double digit increases across the Americas (+17%), Middle East & Africa (+13%) and Europe (+9%).
- Excluding the impact of foreign exchange, operating profit rose 20%; however, incorporating foreign exchange movements, operating profit growth was more modest at 3%, reaching €5bn, while the operating margin contracted 140 bps to 30.5% from 31.9% in the prior year, impacted by adverse foreign exchange and higher input costs.
- The **Other segment** (which includes fashion & accessories, watch component manufacturing and online retail platform) reported full-year sales of €2.7bn, down 2% at actual exchange rates but up 3% in constant currency, with growth in the Americas, Europe, and the Middle East & Africa at constant exchange rates.
- The division recorded an operating loss of €96m for the full year, a modest improvement over the prior year, driven by stronger second-half performance.

Looking ahead

Management is encouraged by the stronger sales momentum seen in Q4, with group constant currency growth accelerating to 13%, the strongest quarterly performance of the year. In response to ongoing cost pressures from gold prices, the stronger Swiss franc, and US tariffs, the focus remains on maintaining tight cost discipline and selectively optimising the retail footprint.

Richemont has executed well through a challenging luxury cycle, delivering broad-based revenue growth well ahead of peers through disciplined cost management.

We remain optimistic about Richemont's outlook, with the share trading in line with its 10-year historical price-earnings multiple.

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