

CHANEL

CHANEL LIMITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

LONDON, 21 JUNE 2018

CHANEL has today issued the financial statements for the year ended 31 December 2017 of Chanel Limited, which consolidates the main entities of CHANEL worldwide.

Chanel Limited's accounts confirm the strength of the CHANEL Brand, the result of the company's long-term strategy which has creativity at the heart of its business model. This enables CHANEL to create social and economic value and to ensure that CHANEL remains one of the most desired brands globally.

Key financial information for the year ended 31 December 2017:

- Chanel Limited's financial strength reflects its long-term business approach
- The company's long-term strategy is underpinned by a strong balance sheet, with net debt of only \$18 million
- Sales of \$9,623 million, up 11 % compared to 2016 on a constant currency basis, with growth in all regions
- Investment of \$1,457 million in Brand support activities to deliver our Creation and innovation strategies, up 15 % compared to 2016
- Operating profit of \$2,692 million
- Consistently strong cash generation, with free cash flow of \$1,628 million this year

Philippe Blondiaux, Global Chief Financial Officer, stated *"Our financial strength gives us the means to remain independent and to focus on the long term. We continue to create and invest to ensure that CHANEL remains one of the most iconic and innovative brands in the world"*.

KEY OPERATIONAL INFORMATION:

- 2017 was a year to celebrate Gabrielle, Mademoiselle Chanel's first name
 - The new GABRIELLE CHANEL fragrance, created by our in-house Perfumer Olivier Polge, drove growth in Fragrances. In Fashion, it was the Ready-to-Wear and Leather collections that made the strongest contribution to sales performance, successfully attracting a new client base, especially with the successful launch of the Chanel's Gabrielle bag
 - These solid results in Ready-to-Wear and Handbags were supported by the creativity of the eight collections per year (including Ready-to-Wear, Métiers d'Art and Cruise shows), highlighting Karl Lagerfeld's mastery of creativity. Another notable result was the excellent response to our Watches and Fine Jewelry collections, in particular the COCO AVANT CHANEL High Jewelry collection inspired by the young Gabrielle Chanel, together with the FLYING CLOUD collection. Both have driven record performance in the High Jewelry category
- CHANEL continues to upgrade its distribution network of Fragrance and Beauty, Fashion, and Watches and Fine Jewelry retail boutiques, through investment in existing and new stores. The 2017 openings included a flagship store in Ginza Namikidori, Tokyo. Inaugurated in December 2017, it is a new architectural icon within an historic urban area
- Major investments were made in our manufacturing and distribution facilities to ensure the efficiency and agility of our operation processes, and to foster innovation
- CHANEL is committed to responsible and sustainable business practices. During 2017, investment continued in sustainability projects, a green energy policy was completed, and our Human Rights and environmental policies were embedded into the supply chain. In addition, new policies were implemented, including parental leave for men and women, strengthening CHANEL's commitment to promote diversity and inclusion across the company
- The CHANEL Foundation, which was created seven years ago, promotes the economic and social support for women and girls in vulnerable conditions. The foundation will invest over \$120 million in advancing the role of women in society over the next five years

Financial Highlights	2017	2016	% change
Revenue	\$9,623m	\$8,630m	11.5%
Revenue at constant currency*			11.0%
Operating profit	\$2,692m	\$2,198m	22.5%
Tax rate	30.3%	28.8%	
Profit after tax	\$1,792m	\$1,511m	18.6%
Revenue by Geography			
Europe	\$3,909m	\$3,546m	10.2%
Asia Pacific	\$3,751m	\$3,219m	16.5%
Americas	\$1,963m	\$1,865m	5.3%
Net debt	\$18m	\$1,647m	
Free cash flow**	\$1,628m	\$1,540m	5.7%
Capital investment α	\$429m	\$389m	10.3%
Employees	20,197	19,675	2.7%

*Constant currency revenues determined using 31 December 2017 exchange rates for both periods.

**Free cash flow defined as operating cash flow plus capital expense plus loss on disposal.

α Capital investment comprises acquisitions and development of Property, Plant and Equipment, Investment Property and Intangible Assets (excluding goodwill).

ABOUT CHANEL

CHANEL is a private company and a world leader in creating, developing, manufacturing and distributing luxury products. Founded by Gabrielle Chanel at the beginning of the last century, CHANEL offers a broad range of high-end creations, including Ready-to-Wear, Leather Goods, Fashion Accessories, Eyewear, Fragrances, Makeup, Skincare, Jewelry and Watches. CHANEL is also renowned for its Haute Couture collections, presented twice yearly in Paris, and for having acquired a large number of specialized suppliers, collectively known as the Métiers d'Art. CHANEL is dedicated to ultimate luxury and to the highest level of craftsmanship. It is a brand whose core values remain historically grounded on exceptional creation. As such, CHANEL promotes culture, art, creativity and "savoir-faire" throughout the world, and invests significantly in people, R&D and innovation. CHANEL currently employs more than 20,000 people across the world.