

# CHANEL

## CHANEL LIMITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

London, 21 May 2024

### KEY FINANCIAL HIGHLIGHTS

- 2023 financial results driven by strong growth across all product lines, demonstrating the desirability of CHANEL's creations
- Revenues of **\$19.7 billion**, up **16%** versus 2022 on a comparable basis at constant currency
- Operating profit of **\$6,407 million**, an increase of **10.9%** compared to 2022
- Positive net cash balance at the end of the year, reflecting Chanel's strong performance and financial health
- Investment of **\$2,463 million** in brand support activities including client events, up 20% compared to 2022
- Capital expenditure at **\$1,227 million**, representing 6.2% of sales
- Free cash flow of **\$3,755 million**

### Leena Nair, Global Chief Executive Officer, commented:

*"The strong results we are announcing today reflect Chanel's relentless focus on exceptional creations that inspire. They underline sustained investment in building the desirability of our brand, creating the ultimate luxury experience for our clients and supporting our people to grow and develop.*

*Our belief in the transformative role of creation, our desire to shape what's next and our long-term perspective guide our approach. In 2023, we increased headcount globally by 14% to more than 36,500 people, expanded our retail distribution network to over 600 boutiques worldwide, and invested significantly in R&D and in technology. We also launched our Open Innovation Function to partner with start-ups, thought leaders and academic institutions.*

*Chanel continues to contribute positively to the environment and the communities in which we operate. Our House Sustainability Ambition outlines our focus on restoring nature and climate, investing in circularity, supporting those in our supply chain and promoting the autonomy of women. We are proud of our new Net-Zero 2040 targets validated by the SBTi, which will underpin the continued transformation of our business."*

### Philippe Blondiaux, Global Chief Financial Officer, commented:

*"Chanel delivered another strong financial performance in 2023, with double-digit growth across all categories. Sales increased in each of our markets as retail teams continued to nourish relationships with our local clients, while also embracing the continued return of tourist travel around the world.*

*After three years of exceptional growth for our industry, we are now entering a more challenging environment. Against that backdrop, and following a record level of investment last year, Chanel will continue to increase investment in the year ahead, whether in our brand, our craftsmanship and savoir faire, in the continued elevation of our client experience, in real estate, or in our boutique and distribution network.*

*We are confident that the consistency of our long-term approach and the unique strength and appeal of the CHANEL brand leave us well positioned for the future."*

## KEY 2023 OPERATIONAL HIGHLIGHTS

- Chanel achieved another exceptional year in 2023, with double-digit sales growth across each division and ahead of 2022 in every region. Chanel maintained investment levels to pursue quality in products and creation, elevate the client experience, and provide financial and well-being support to staff. Retail teams embraced the return of tourists in many locations during the year while also nourishing relationships with local clients.
- **Fashion** creations and collections continued to inspire our clients with exceptional growth across all categories, particularly in Ready-to-Wear, Leather Goods and Shoes. The Cruise collection was unveiled in Los Angeles, aligning with the reopening of the flagship boutique on Rodeo Drive, and shown later in the year in Shenzhen. The collection was inspired by the multiple facets of Los Angeles, where in 1931, Chanel began its long and storied history with the city, working with Sam Goldwyn on costume designs for Hollywood films. On the other side of the Atlantic in 2023, the Métiers d'art fashion show was held in Manchester, fortifying the century-old relationship between Chanel and the UK. The collection was designed in celebration of Gabrielle Chanel's art of tailoring.
- **Fragrance & Beauty** experienced very strong growth across all categories, particularly Makeup, driven by the continued return of travel retail and sustained growth from local clientele. The beginning of the year saw Whitney Peak announced as the new COCO MADEMOISELLE, marking a new dawn for the fragrance. The actress's irreverence, vitality and determination embody the COCO MADEMOISELLE story. Timothée Chalamet was unveiled as the new face of BLEU DE CHANEL. As an undeniably modern vision of masculinity, the actor embodies the idea of 'becoming' and celebrates a new chapter for the fragrance. The year also saw the launch of 31 LE ROUGE, the first ever lipstick presented in a glass case. The lipstick is refillable, making it the ultimate timeless accessory.
- **Watches & Fine Jewellery** demonstrated desirability and continued momentum. This was driven by the TWEED DE CHANEL High Jewellery collection and the Haute Horlogerie creations. Patrice Leguèreau, Director of the CHANEL Fine Jewellery Creation Studio, was inspired by the emblematic CHANEL fabric, resulting in a collection of 45 exceptional pieces, launched at the British Museum in London. Arnaud Chastaingt, Director of the Watchmaking Creation Studio, created a new capsule collection, Interstellar, as well as a Métier d'art collection, Mademoiselle Privé Pique-Aiguilles, a unique collection drawing inspiration from the Haute Couture workshops. The timeless PREMIÈRE watch and COCO CRUSH collections also continued to perform strongly throughout the year.
- Chanel continued to invest significantly in **capital expenditure** in 2023. This primarily related to the retail distribution network, including the opening of the twin boutique in Milan, bringing Fashion and Watches & Fine Jewellery together on the iconic Via Montenapoleone, the reopening of the flagship boutique in Beverly Hills and the expansion of the CHANEL & Moi Les Ateliers network, with openings in Tokyo and London, embodying Chanel's commitment to provide lasting care of its creations. Chanel also expressed its commitment to establishing London as a hub for global connection and collaboration for the company, with the signing of a 20-year agreement for a new global headquarters. With the rapid evolution of technology and AI, investment in information technology remained a key priority, ensuring continued development of business operations and innovation in client experience.
- Overall headcount increased by 14% to more than 36,500, up from 32,000 in 2022. This was driven in particular, by growth in areas such as digital and retail.
- Extending a century of **commitment to the arts**, the CHANEL Culture Fund fosters a vibrant network of creators and innovators to advance the ideas that shape culture worldwide. Core programmes include Chanel's Art Partners, institutions whose leaders are supported in the development of ground-breaking, long-term initiatives that bring innovation to the cultural landscape. The CHANEL Next Prize celebrates artists and accelerates their future success through access to resources and mentorship through a bi-annual prize. The next series of the podcast

CHANEL Connects continued to amplify the voices of thought-leaders across disciplines, generations, and geographies – tackling the defining issues of our time. From emerging curators at the MCA Chicago to leading ecologists at the Leeum Museum of Art in Seoul, from game-changing artists at the Venice Biennale to the brightest directors at the British Film Institute, the CHANEL Culture Fund continues to champion creative audacity for a better future.

- Out of a desire to act for positive impact in the world and building on the House's strong legacy of supporting women and girls, Chanel has further advanced its commitment to Fondation CHANEL by scaling its annual contribution to \$110 million in 2023 (\$100 million in 2022), with current programmes directly impacting the lives of 9 million women and girls.

## 2023 KEY SUSTAINABILITY HIGHLIGHTS

Chanel continues to advance its sustainability ambition focusing on four key areas where it can have the greatest positive impact, both within and beyond the House: restoring nature and climate, investing in circularity, advancing dignity and opportunity for all those across its business and supply chain, and promoting the autonomy of women. Highlights include:

- Increasing the share of recycled gold sourcing to more than 80% within its Watches and Fine Jewellery business, building circular supply chains and supporting a decrease in its carbon footprint.
- Building regenerative agricultural practices and economic sustainability within its sugar beet alcohol supply chain by partnering with Pour une Agriculture Du Vivant (PADV), with Chanel sourcing its entire supply from organic certified and regenerative agricultural producers.
- Developing an eco-responsible cashmere supply chain in Mongolia and increasing the use of Global Organic Textile Standard (GOTS) certified cashmere, within its Fashion business.
- Investing in circularity to extend the use of materials and spaces and reduce climate impact, including the exhibition, LE GRAND NUMÉRO DE CHANEL in Paris where 97% of event materials were repurposed.
- Leading the establishment of the Traceability Alliance for Sustainable Cosmetics (TRASCE) Consortium, which unites 15 different cosmetics companies to focus on improvements in mapping supply chains, while enhancing environmental and social sustainability at scale.

Chanel continues to progress towards its ambitious Net-Zero climate targets, with the aim of reducing impact while bringing on new suppliers and investing in innovation and the preservation of craftsmanship.

- In recognition of the responsibility and role that luxury business should play in accelerating action to address the climate crisis, Chanel has committed to a target to reach net-zero greenhouse gas (GHG) emissions across its value chain by 2040, which has been validated by the Science-Based Targets initiative (SBTi).
  - These are absolute targets for scope 1, 2 and 3 and the Company's carbon footprint includes integrated suppliers.
  - In 2023, Chanel's carbon footprint reduced, as a result of its multi-year climate strategy:
    - Scope 1 and 2 emissions combined decreased by 3% in comparison to 2022.
    - Scope 3 emissions decreased 4% in comparison to 2022.
    - Chanel sourced 98% of its electricity from renewable sources in 2023.

## HIGHLIGHTS

	2023	2022	REPORTED % CHANGE VS. 2022	COMPARABLE % CHANGE VS. 2022
REVENUE IN MILLIONS OF U.S. DOLLARS	19,744	17,224	14.6%	15.8%
EUROPE	5,606	4,720	18.8%	16.4%
ASIA PACIFIC	10,178	8,645	17.7%	21.6%
AMERICAS	3,960	3,859	2.6%	2.4%

OPERATING PROFIT	6,407	5,776	10.9%
EBITDA	6,890	6,300	9.4%
TAX RATE	25.9%	25.5%	0.4%
PROFIT AFTER TAX	4,732	4,596	3.0%

NET CASH	5,797	2,365	145.1%
CASH FLOW	3,755	3,534	6.2%
CAPITAL INVESTMENT	1,227	668	83.6%
EMPLOYEES (END OF YEAR)	36,544	32,116	13.8%

CARBON PERFORMANCE*			
SCOPE 1 EMISSIONS (TCOE)	21,317	21,434	-1%
SCOPE 2 EMISSIONS (TCOE)	3,047	3,777	-19%
SCOPE 3 EMISSIONS (TCOE)	1,211,296	1,256,366	-4%
RENEWABLE ELECTRICITY	98%	97%	+1%

\* The table has been updated to include the net-zero scope of reporting for the comparative year 2022. The change in Scope 3 is an addition of 252,458 tonnes CO<sub>2</sub>e largely due to the inclusion of integrated suppliers.

### MEDIA ENQUIRIES

Teneo

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### 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, Jewellery and Watches. Chanel is also renowned for its Haute Couture collections, presented twice yearly in Paris, and for having acquired a large number of specialised 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, sustainable development and innovation. At the end of 2023, Chanel employed over 36,500 people worldwide.