

# HERMES

*Quarterly information report as at the end of December 2016*

## **2016 Hermès revenue growth is once again overperforming the sector with sales up 7.5%**

Paris, 8 February 2017

In 2016, in a difficult context, the Group's consolidated revenue passed the 5 billion euros threshold, amounting to €5 202 million, up 7.5% at current exchange rates, and 7.4% at constant exchange rates.

Sales growth was sustained in the fourth quarter (+8% at current exchange rates, and +7% at constant exchange rates).

### **All geographies progressed in 2016**

*(at constant exchange rates unless otherwise indicated)*

The solid rise in revenue recorded in 2016 in Group stores (+8%) was driven by growth in all geographies. Hermès continued to improve the quality of its distribution network, with four store openings and several renovations and extension works.

- Japan (+9%) performed well thanks to its selective distribution network, despite the strengthening of the Yen and a high comparison basis.
- Asia excluding Japan (+7%) pursued its growth, particularly with extensions of the Liat Towers and Takashimaya stores in Singapore and store openings in Macao, at Hong Kong Airport and in Chongqing in China. In mainland China, the Group continued to develop even though the context remains challenging in Hong Kong and Macao.
- America (+7%) achieved solid growth, in a contrasting environment. The stores in Hawaii and Philadelphia were renovated and extended at the end of the year.
- Europe (+8%) posted growth, performing well which confirms the resistance of the group, despite the impact of recent events. After being extended and renovated in October, the Bocca di Leone store in Rome is experiencing a great success. France (+5%) displayed solid growth.

### **Revenue by sector at the end of December**

*(at constant exchange rates, unless otherwise indicated)*

Growth over the year was driven by the success of Leather Goods and Saddlery products which confirm their role as the mainstay of the Group. Otherwise, sales benefitted from a positive momentum at year end in certain sectors such as Silk and the Ready-to-wear and Accessories division.

Growth in Leather Goods and Saddlery (+14%) was remarkable, thanks to the success of the collections and the diversity of models, particularly the Constance, Halzan and Lindy bags alongside the Birkin and Kelly. Development was supported by the sustained pace of deliveries and production, gaining from the capacities of the three new sites in Charente, Isère and Franche-Comté. Investments for a third site in this latter region continued.

The Ready-to-wear and Accessories division was stable over the year and posted a 4% increase in the 4<sup>th</sup> quarter, driven by the success of the latest women's ready-to-wear and fashion accessories collections, particularly shoes.

The Silk and Textiles business line (-1%) performed well in the 4<sup>th</sup> quarter, after being penalised by events in Europe and by slowing sales in Greater China during the first half of the year.

Perfumes (+9%) posted growth, driven by the success of *Terre d'Hermès*, the launch of *Galop d'Hermès*, and the latest creations such as the Colognes, *Eau de néroli doré* and *Eau de rhubarbe écarlate*.

The Watches business line (-3%) was penalised by a still challenging market and a high comparison basis at year end.

Other Hermès business lines (+2%), which encompass Jewellery, Art of Living and Hermès Table Arts, continued their development.

## Highlights

At the end of December, currency fluctuations represented a positive €3 million impact on revenue.

In 2016, Hermès International redeemed 319,621 shares for €109.6 million, outside transactions completed within the framework of the liquidity contract.

## Interim dividends

Given the available cash, on 7 February, Management decided to pay an interim dividend of €1.5 per share. The ex-dividend date is set at 22 February and the payment date at 24 February 2017.

## Outlook

For the full year 2016, as announced in July and when the interim results were published, operating profitability should be slightly higher than in 2015.

In the medium term, despite growing economic, geopolitical and monetary uncertainties around the world, the Group confirms an ambitious goal for revenue growth at constant exchange rates.

Thanks to its unique business model, Hermès is pursuing its long-term development strategy based on creativity, maintaining control over know-how and singular communication.

In 2017, Hermès will be celebrating the "Meaning of objects". Hermès, by the radicality of its style and the richness of its creations, elegantly accompanies today's men and women in their everyday lives. And it is this ambition that gives meaning to our objects.

*The press release on revenue at the end of December 2016 is available on the Group's website:  
<http://finance.hermes.com>.*

## Upcoming events:

- 22 March 2017: publication of 2016 Results
- 27 April 2017: publication of Q1 2017 Revenue
- 6 June 2017: General Meeting of Shareholders

**INFORMATION BY GEOGRAPHICAL AREA (1)**

In millions of Euros	Fiscal Year		Evolutions	
	2016	2015	Published	At constant exchange rates
France	719.2	683.8	5.2%	5.2%
Europe (excl. France)	963.7	905.8	6.4%	9.2%
<b>Total Europe</b>	<b>1,682.9</b>	<b>1,589.6</b>	<b>5.9%</b>	<b>7.5%</b>
Japan	724.1	600.2	20.6%	8.6%
Asia Pacific (excl. Japan)	1,777.8	1,694.0	4.9%	7.1%
<b>Total Asia</b>	<b>2,501.9</b>	<b>2,294.2</b>	<b>9.1%</b>	<b>7.5%</b>
Americas	940.8	884.1	6.4%	7.2%
Other	76.7	73.2	4.7%	4.8%
<b>TOTAL</b>	<b>5,202.2</b>	<b>4,841.0</b>	<b>7.5%</b>	<b>7.4%</b>

In millions of Euros	4th quarter		Evolutions	
	2016	2015	Published	At constant exchange rates
France	197.6	184.6	7.1%	7.1%
Europe (excl. France)	290.2	274.1	5.9%	9.0%
<b>Total Europe</b>	<b>487.8</b>	<b>458.7</b>	<b>6.3%</b>	<b>8.2%</b>
Japan	217.2	178.0	22.0%	8.9%
Asia Pacific (excl. Japan)	487.4	468.1	4.1%	4.4%
<b>Total Asia</b>	<b>704.6</b>	<b>646.1</b>	<b>9.1%</b>	<b>5.6%</b>
Americas	290.9	275.1	5.8%	5.5%
Other	21.7	18.5	17.0%	17.1%
<b>TOTAL</b>	<b>1,505.1</b>	<b>1,398.5</b>	<b>7.6%</b>	<b>6.6%</b>

(1) Sales by destination.

*INFORMATION BY SECTOR*

In millions of Euros	Fiscal Year		Evolutions	
	2016	2015	Published	At constant exchange rates
Leathergoods and Saddlery (1)	2,603.7	2,274.3	14.5%	14.0%
Ready-to-wear and Fashion accessories (2)	1,099.1	1,100.6	(0.1)%	0.2%
Silk and Textiles	515.3	521.2	(1.1)%	(0.8)%
Other Hermès sectors (3)	336.0	331.9	1.2%	1.6%
Perfumes	261.9	241.4	8.5%	8.5%
Watches	157.9	163.2	(3.2)%	(3.2)%
Other products (4)	228.3	208.5	9.5%	10.1%
<b>TOTAL</b>	<b>5,202.2</b>	<b>4,841.0</b>	<b>7.5%</b>	<b>7.4%</b>

In millions of Euros	4th quarter		Evolutions	
	2016	2015	Published	At constant exchange rates
Leathergoods and Saddlery (1)	742.3	673.9	10.2%	8.5%
Ready-to-wear and Fashion accessories (2)	297.8	284.7	4.6%	4.1%
Silk and Textiles	180.8	162.4	11.3%	11.0%
Other Hermès sectors (3)	103.0	98.3	4.9%	4.3%
Perfumes	66.9	57.2	17.0%	16.9%
Watches	45.4	50.8	(10.6)%	(11.6)%
Other products (4)	68.8	71.2	(3.4)%	(2.9)%
<b>TOTAL</b>	<b>1,505.1</b>	<b>1,398.5</b>	<b>7.6%</b>	<b>6.6%</b>

(1) The “Leather Goods and Saddlery” business line includes bags, riding, diaries and small leather goods.

(2) The “Ready-to-wear and Accessories” business line includes Hermès Ready-to-wear for men and women, belts, costume jewellery, gloves, hats and shoes.

(3) The “Other Hermès business lines” include Jewellery and Hermès home products (Art of Living and Hermès Tableware).

(4) The “Other products” include the production activities carried out on behalf of non-group brands (textile printing, tanning...), as well as the John Lobb, Saint-Louis, Puiforcat and Shang Xia products.

## REMINDER OF PREVIOUS PUBLICATIONS

### INFORMATIONS BY GÉOGRAPHICAL AREA (1)

In millions of Euros	2016			2015		
	H1 report	Q3 report	9M report	H1 report	Q3 report	9M report
France	352.3	169.3	521.6	328.3	170.9	499.2
Europe (excl. France)	433.8	239.7	673.4	406.7	224.9	631.6
<b>Total Europe</b>	<b>786.1</b>	<b>409.0</b>	<b>1,195.1</b>	<b>735.1</b>	<b>395.8</b>	<b>1,130.9</b>
Japan	329.8	177.1	506.9	279.7	142.6	422.2
Asia Pacific (excl. Japan)	856.1	434.3	1,290.4	842.2	383.6	1,225.8
<b>Total Asia</b>	<b>1,185.9</b>	<b>611.4</b>	<b>1,797.3</b>	<b>1,121.9</b>	<b>526.2</b>	<b>1,648.1</b>
Americas	431.6	218.2	649.8	403.8	205.1	609.0
Other	36.7	18.2	54.9	38.7	16.0	54.7
<b>TOTAL</b>	<b>2,440.4</b>	<b>1,256.7</b>	<b>3,697.1</b>	<b>2,299.4</b>	<b>1,143.1</b>	<b>3,442.6</b>

(1) Ventes par destination.

### INFORMATION BY SECTOR

In millions of Euros	2016			2015		
	H1 report	Q3 report	9M report	H1 report	Q3 report	9M report
Leathergoods and Saddlery (1)	1,231.2	630.2	1,861.4	1,067.4	533.0	1,600.5
Ready-to-wear and Fashion accessories (2)	517.5	283.8	801.3	534.1	281.8	815.9
Silk and Textiles	230.3	104.3	334.5	250.6	108.2	358.8
Other Hermès sectors (3)	150.6	82.4	233.0	154.9	78.7	233.6
Perfumes	124.6	70.3	194.9	120.3	63.8	184.1
Watches	74.6	38.0	112.6	75.0	37.4	112.4
Other products (4)	111.8	47.7	159.5	97.1	40.2	137.3
<b>TOTAL</b>	<b>2,440.4</b>	<b>1,256.7</b>	<b>3,697.1</b>	<b>2,299.4</b>	<b>1,143.1</b>	<b>3,442.6</b>

(1) The “Leather Goods and Saddlery” business line includes bags, riding, diaries and small leather goods.

(2) The “Ready-to-wear and Accessories” business line includes Hermès Ready-to-wear for men and women, belts, costume jewellery, gloves, hats and shoes.

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## REMINDER OF KEY FIGURES – 2016 FIRST HALF RESULT

	in millions of euros		
	First half of 2016	Fiscal year 2015	First half of 2015
Revenue	2,440.4	4,841.0	2,299.4
Operating income	826.8	1,540.7	748.2
Net income attributable to owners of the parent	545.4	972.6	482.5
Operating cash flows	699.4	1,218.2	573.9
Investments (excluding financial investments)	107.6	266.6	101.4
Shareholders' equity <sup>(1)</sup>	3,863.3	3,742.0	3,227.8
Net cash position	1,513.4	1,571.2	951.9
Restated net cash <sup>(2)</sup>	1,625.4	1,614.0	1,018.3
Number of employees	12,510	12,244	11,857

(1) Corresponds to equity excluding non-controlling interests.

(2) The restated net cash includes non-liquid financial investments, as defined by the IAS 39 standard, and borrowings.

*Limited review procedures have been carried out on the condense interim consolidated financial statements by the Statutory Auditors in accordance with applicable regulations.*

*The interim activity report, the press release and the presentation of the 2016 interim Results are available on the Group's website: <http://finance.hermes.com>.*