

HERMES

Quarterly information report as at the end of June 2016

Sales growth of +7% at constant exchange rates over the first six months Solid growth in retail sales

Paris, 21 July 2016

The Group's consolidated revenues amounted to €2,440 million in the first half of 2016, up 7% at constant exchange rates. After adjustment for the negative currency effect, growth was 6%. The group's stores posted a solid increase in sales (+8% at constant exchange rates), in all the regions.

Growth was sustained in the second quarter (+8% at constant exchange rates and +6% at current exchanges rates).

Sales by region at the end of June

(at comparable exchange rates, unless otherwise indicated)

Over the first half of 2016, revenues rose in all the regions worldwide:

- Japan (+10%) achieved an excellent performance thanks to its selective distribution network, despite the strengthening of the Yen and a particularly high comparison basis.
- Asia excluding Japan (+5%), which re-opened the Liat Towers store in Singapore in May after extension and renovation, pursued its growth. In continental China, sales continued to rise even though the context remains challenging in Hong Kong and Macao.
- America (+8%), which benefits particularly from last year's extensions and renovations, is developing in a still uncertain context.
- Europe (+8%) posted growth, performing well in the Group's stores which confirm their resistance, despite the impact of recent events, particularly in France.

Sales by sector at the end of June

(at comparable exchange rates, unless otherwise indicated)

In a more adverse context, growth was driven by the success of Leather Goods and Saddlery which confirmed its role as the mainstay of the Group.

Growth in Leather Goods and Saddlery (+16%) was remarkable, thanks to the success of the collections and the models' diversity, in particular the bags Constance, Halzan and Lindy, together with Birkin and Kelly. The development was supported by the sustained pace of production and the increase in capacities at the three sites in Charente, Isère and Franche-Comté. Investments for a third site in this latter region continue.

The Ready-to-wear and Accessories division (-2%) was down slightly, in contrast with the success of the latest women's ready-to-wear and shoe collections.

The Silk and Textiles business line (-7%) was penalized by events in Europe, and by slowing sales in Greater China and America.

The Perfumes division (+4%) posted an increase, driven by the success of *Terre d'Hermès* and by the latest creations with the launch of colognes, *Eau de néroli doré* and *Eau de rhubarbe écarlate*.

Watches (+1%) remained stable, penalized by a still challenging market, particularly in Asia excluding Japan.

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

Highlights

At the end of June, currency fluctuations were unfavourable, representing a negative impact of €25 million on revenues.

During the first six months, Hermès International redeemed 164,924 shares for €53.6 million, excluding transactions completed within the framework of the liquidity contract.

Half-year results

The half-year results will be published on 14 September 2016. Owing to the positive foreign exchange hedging impact contracted last year, operational profitability should be higher by around one point compared to the first half of 2015.

Outlook 2016

Thanks to its unique business model, Hermès will continue its long-term development strategy based on creativity, mastering know-how and outstanding communication.

As announced when the 2015 Revenues and Results were published, sales growth in 2016 could be below the medium-term goal of 8% revenue growth at constant exchange rates owing to the economic, geopolitical and monetary uncertainties around the world.

In 2016, Hermès is celebrating "nature at a gallop". Through horses, its very first clients, Hermès has developed a genuine and profound bond with nature, built on inspiration, admiration and respect.

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

Upcoming events:

- 14 September 2016: publication of Results for the first half of 2016
- 3 November 2016: publication of Revenues for the 3rd quarter 2016

INFORMATION BY GEOGRAPHICAL ZONE (1)

In millions of Euros	First Half		Evolutions	
	2016	2015	Published	At constants exchange rates
France	352.3	328.3	7.3%	7.3%
Europe (excl. France)	433.8	406.7	6.6%	9.1%
Total Europe	786.1	735.1	6.9%	8.3%
Japan	329.8	279.7	17.9%	10.0%
Asia Pacific (excl. Japan)	856.1	842.2	1.7%	5.3%
Total Asia	1,185.9	1,121.9	5.7%	6.5%
Americas	431.6	403.8	6.9%	8.3%
Other	36.7	38.7	-4.9%	-4.9%
TOTAL	2,440.4	2,299.4	6.1%	7.2%

In millions of Euros	2nd quarter		Evolutions	
	2016	2015	Published	At constants exchange rates
France	188.2	172.9	8.8%	8.9%
Europe (excl. France)	222.3	214.4	3.7%	6.7%
Total Europe	410.6	387.3	6.0%	7.7%
Japan	162.0	138.1	17.4%	7.3%
Asia Pacific (excl. Japan)	430.4	425.2	1.2%	6.7%
Total Asia	592.4	563.3	5.2%	6.9%
Americas	227.5	209.3	8.7%	12.1%
Other	19.3	17.3	11.4%	11.7%
TOTAL	1,249.7	1,177.2	6.2%	8.1%

(1) Sales by destination.

INFORMATION BY SECTOR

In millions of Euros	First Half		Evolutions	
	2016	2015	Published	At constants exchange rates
Leathergoods and Saddlery (1)	1,231.2	1,067.4	15.3%	16.3%
Ready-to-wear and fashion accessories (2)	517.5	534.1	-3.1%	-1.7%
Silk and Textiles	230.3	250.6	-8.1%	-6.9%
Other Hermès sectors (3)	150.6	154.9	-2.8%	-1.5%
Perfumes	124.6	120.3	3.5%	3.7%
Watches	74.6	75.0	-0.5%	0.7%
Other products (4)	111.8	97.1	15.1%	15.8%
TOTAL	2,440.4	2,299.4	6.1%	7.2%

In millions of Euros	2nd quarter		Evolutions	
	2016	2015	Published	At constants exchange rates
Leathergoods and Saddlery (1)	640.6	556.1	15.2%	17.1%
Ready-to-wear and fashion accessories (2)	261.1	271.8	-3.9%	-1.5%
Silk and Textiles	109.1	116.7	-6.5%	-4.2%
Other Hermès sectors (3)	80.2	82.7	-3.0%	-0.9%
Perfumes	64.7	58.3	11.0%	11.3%
Watches	40.1	39.3	2.1%	4.2%
Other products (4)	53.9	52.4	2.9%	3.8%
TOTAL	1,249.7	1,177.2	6.2%	8.1%

(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

INFORMATION BY GEOGRAPHICAL ZONE (1)

In millions of Euros	1st quarter		Evolutions	
	2016	2015	Published	At constant exchange rates
France	164.1	155.4	5.6%	5.6%
Europe (excl. France)	211.4	192.4	9.9%	11.6%
Total Europe	375.6	347.8	8.0%	8.9%
Japan	167.8	141.6	18.5%	12.6%
Asia Pacific (excl. Japan)	425.7	417.0	2.1%	3.9%
Total Asia	593.5	558.6	6.3%	6.1%
Americas	204.2	194.5	4.9%	4.4%
Other	17.4	21.3	-18.2%	-18.2%
TOTAL	1,190.7	1,122.2	6.1%	6.2%

(1) Sales by destination.

INFORMATION BY SECTOR

In millions of Euros	1st quarter		Evolutions	
	2016	2015	Published	At constant exchange rates
Leathergoods and Saddlery (1)	590.6	511.3	15.5%	15.4%
Ready-to-wear and fashion accessories (2)	256.4	262.3	-2.3%	-1.9%
Silk and Textiles	121.1	133.9	-9.5%	-9.2%
Other Hermès sectors (3)	70.4	72.2	-2.6%	-2.3%
Perfumes	59.9	62.0	-3.5%	-3.5%
Watches	34.5	35.7	-3.3%	-3.1%
Other products (4)	57.9	44.7	29.6%	29.8%
TOTAL	1,190.7	1,122.2	6.1%	6.2%

(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).

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