

## HERMÈS INTERNATIONAL

Partnership Limited by Shares with capital of €53,840,400.12,  
listed with the Paris Trade and Companies Register under no. 572 076 396  
Head office: 24, rue du Faubourg Saint-Honoré 75008 PARIS



## Report on the Combined General Meeting of 31 May 2016

On Tuesday 31 May 2016 at 9.30 a.m., the Combined General Meeting of Hermès International was held at the Palais des Congrès in Paris, chaired by Mr. Eric de SEYNES, Chairman of the Supervisory Board.

Information concerning the quorum is available on the Hermès International financial communication Internet site: <http://finances.hermes.com> in the "results of the votes of the general meeting of 31 May 2016".

Shareholders were asked to vote on:

- the approval of the parent company's and the consolidated financial statements for fiscal year 2015,
- the appropriation of the earnings and distribution, on 6 June 2016, of the balance of the fiscal year's ordinary dividend, i.e. €1.85 (an interim dividend of €1.50 per share was paid on 26 February 2016) ; i.e. a total dividend of €3.35 that increased by 13.60% relative to the previous year.
- the approval of related-party agreements and commitments,
- the re-election of the terms of Supervisory Board members Mrs Julie GUERRAND and Mrs Dominique SENEQUIER, and Mr. Charles-Eric BAUER, for a period of 3 years,
- the appointment of Mrs Sharon MACBEATH as new Supervisory Board member, for a period of 3 years,
- the opinion to be given ("Say on pay") on the compensation elements owed or allocated to the Executive Chaimen,
- the authorisation to be given to the Executive Management in order to implement a share purchase and cancellation programme,
- the delegations of competence to Executive Management in order to grant share purchase options or to award free shares to employees and executive corporate officers of the group.

Before the start of the general meeting, the shareholders were able to attend a performance by Serge BLOMBERG who, with his piano, accompanied the screening of old films relating to the Maison Hermès theme for 2015: Flâneur forever.

After a brief welcome and introductory address, the Chairman then gave the floor to Mr Henri-Louis BAUER.

Mr. Henri-Louis BAUER, manager of the company EMILE HERMÈS Sarl, Executive Chairman and Active partner, evoked the 2015 results:

*"These are very good results in a challenging and unstable environment. As you know, in recent years the world has been experiencing an industrial revolution marked by the omnipresence of digital technology and which transforms our lifestyles, our priorities and our ways of communicating. And in parallel to this revolution, we are currently going through many major crises. These crises are both geopolitical, with unprecedented migratory movements, economic, with slowed growth in Europe and Asia, and climatic with global warming. In this context of instability, HERMÈS pursues its development on solid foundations. HERMÈS owes this stability to a strong vision that has lasted since its creation. Firstly, high standards of quality. Quality of supplies. Quality of our workers' expertise. Quality of our customer service. And naturally quality of human relations within the group which explains our teams' dynamism and enthusiasm.*

*In addition to quality, HERMÈS constantly strives to renew its creativity to adapt to our changing lifestyles. HERMÈS innovates to consistently adapt, and to create useful and fine objects that meet everyday needs.*

*All these values of creativity and innovation secure the solidity of HERMÈS. These values also give our work and our action meaning and help HERMÈS to give meaning to our clients. It might seem trivial, but meaning is so important in the history of an object, a company and a human venture like ours. So in an ever-changing world, HERMÈS' attachment to its values and to its economic model secures this great stability. This stability over time is secured by the family. It is the family that has supported the guarantees, the continuity and the durability of the company vision for almost 180 years and it is with this consistency that we further secure our clients' loyalty each day. But this stability is also stronger thanks to you, our shareholders. Your confidence in the company and in the strategic family vision also enables us to build our future with confidence. Thanks to all this, we are confident in the future and we are determined to intensify our agility in these troublesome times to remain on track and to retain what makes HERMÈS strong today."*

The Chairman then started the general meeting of Hermès International.

Mr. Axel DUMAS, Executive Chairman, presented the general report for 2015, while mentioning the highlights of the year:

In 2015, HERMÈS pursued its strategy, based on:

- Creative energy
- Know-how at the heart of the company
- Development of the distribution network
- Singular events
- Continued creation of jobs

□ Creative energy

- *Octogone bag, Virevolte bag, Harnais bag, etc.*
- Launch of the *Voyage en Ikat*, Tableware
- *Écrin d'Or* jewellery collection
- Hermès Éditeur by Julio Le Parc
- Apple Watch Hermès Partnership
- Success of the new women's ready-to-wear collections by Nadège Vanhée-Cybulski.

*A film on the "Women's fashion show in Seoul" was shown.*

□ Know-how at the heart of the Maison:

- Opening of the new workshop in Héricourt, ramp-up of the two new sites located in Charente and Isère
- Investments in projects in the regions of Franche-Comté, Normandy and Limousin
- Acquisition of the Tanneries du Puy, specialising in the production of box leather

□ Development of the distribution network

- Opening of the Hermès flagship in Miami
- Three new branches: Porto Cervo in Italy, Moliere in Mexico et Perfume outlet in New York
- Two concession take-overs in Japan and in Singapore
- Renovation and extension of over twenty other branches, particularly in Washington DC, Seattle, Boston, Dallas, Houston and São Paulo, in London, Moscow, and in Asia and in Japan

*A film "The opening of the GUM store in Moscow" was shown.*

□ Singular events

- Singular communication: artist window displays
- Launch of the MANifeste d'Hermès and Hermèsistible sites
- Trade festival in Bangkok and São Paulo
- Petit h pop-up sales event in Shanghai
- *Leather Forever* exhibition in Singapore
- *6<sup>th</sup> Saut Hermès au Grand Palais*, in Paris
- *Wanderland* exhibition in Paris, Londres and Dubaï

*A film on the "Wanderland" exhibition was shown.*

- ❑ Strong growth in sales:
  - Revenue growth of 18% at current exchange rates and 8% and constant exchange rates
- ❑ The development of new sources of growth:
  - Success of women's ready-to-wear
  - Dynamic fashion accessories sector, particularly shoes designed by Pierre Hardy
  - Strong improvement in jewellery
  - Extension of perfumes with *Le Jardin de Monsieur Li*

Mr. Axel DUMAS then presented:

- ❑ the changes and breakdown of revenue by business line,
- ❑ the changes and breakdown of revenue by geographic region,
- ❑ the changes in the number of stores, distinguishing concessionnaires and branches.

*A film on the "Leather Goods Manufacture of Héricourt" was shown.*

He then presented the employment data, mentioning:

- ❑ Employees numbers,
- ❑ The continued creation of jobs in 2015 (and over 10 years),
- ❑ The balance between the production / sales employees,
- ❑ The Hermès manufactures,
- ❑ The workforce breakdown by geographic region (61% in France).
- ❑ The people who are the architects of our sustainable development
  - Responsible
  - Genuine
  - Persistent
  - Committed

*A film on the projects carried out by our employees in associations this year, that we call "H<sup>3</sup>" (Heart Hand Head), was shown.*

Mr. Eric du HALGOUET, Deputy Managing Director Finance, presented the consolidated financial statements:

- ❑ Profit and loss statement,
- ❑ Operating margin which reached 31.8% of the sales,
- ❑ Investments,
- ❑ Operating cash flows,
- ❑ Restated cash flow statement,
- ❑ Simplified consolidated balance sheet (assets and liabilities),
- ❑ Shareholders' equity and restated net cash.

To conclude on the figures, Mr. Axel DUMAS presented the outlook for 2016:

- ❑ Revenue in the first quarter: + 6% at current exchange rates and at constant exchange rates, and +8% in the Group's stores
- ❑ Long-term development strategy based on creativity, maintaining control over know-how and singular communication
- ❑ Strengthening of production capacities
- ❑ A dynamic distribution network, with the opening or renovation of over twenty branches
- ❑ Continued job creation

*A film on the 2016 Saut Hermès show "Bartabas unrestrained" was shown.*

The Chairman presented the main resolutions put to the vote by the meeting. Then, the Chairman mentioned the report from the Chairman of the Supervisory Board, the report from the Supervisory Board and gave the floor to the statutory auditors.

Before putting the resolutions to the vote, he began the question and answer session which addressed numerous topics.

During the discussions, the following subjects were addressed by the shareholders, journalists or financial analysts:

- The opening of a new leather goods manufacture in Franche-Comté,
- The use of new technologies for product traceability and the fight against counterfeiting,
- The advantage of anticipating luxury trends thanks to applications combining predictive algorithms, machine learning and artificial intelligence,
- Visitor numbers to stores in Paris since the 2015 terrorist attacks,
- Business in Brazil and China,
- The selection of horse-riders equipped by the Hermès brand,
- The use of exotic leathers by Hermès,
- The pay-out ratio,
- The purchase of new tanneries and the increase in production capacities at the Tannerie de Vivoin,
- The advantage of introducing a grossed-up dividend,
- Measures taken by the group to prevent corruption,
- Consumer warranties on Hermès goods,
- The Hermès policy on online selling,
- Hermès' position on Sunday store opening,
- The valuation of the Hermès brand which is not valued in the Balance Sheet,
- The advantage of a share split.

Finally, the votes were cast using electronic boxes. Their operation and the correct conduct of the overall meeting were verified by Mr. Jean-Louis HAUGUEL, bailiff.

The detailed results of the votes indicated that **16 resolutions**, including 4 extraordinary resolutions, **were adopted with a very large majority**.

These results, as well as the slides shown in support of the presentations, are available on the Hermès International financial communication Internet site: [finances.hermes.com](http://finances.hermes.com) in the document "*results of the votes of the general meeting of 31 May 2016*".

The 2017 annual ordinary general meeting will be held on Tuesday 6 June.