



In 2012, Hermès continued to grow, taking all the time it needed.

In a market that is changing rapidly due, in large part, to the arrival of new customers, Hermès has remained true to its roots while undergoing a considerable transformation.

Driven by our creative teams, all our *métiers* renewed their product ranges, skilfully combining traditional Hermès style with modernity. Our growth drivers – namely fine jewellery, home products, watches, fashion accessories and textiles – contributed harmoniously to our recent growth spurt. Many products were added to our already rich and diverse collection, opening up new territories. We also developed some unique, customised items that bear great promise for the future.

Over the last few years, the pace at which we are opening new boutiques has slowed to enable us to focus on expanding existing points of sale and showing customers the extensive range of products that testify to the richness of the Hermès world. Two new points of sale opened this year: in Wuhan (China) and Taichung (Taiwan).

All our markets remained buoyant, with new territories Asia and the Middle East living up to our expectations. The business model developed by Hermès over the years also proved to be very powerful in our mature markets, such as Europe and the United States. In 2012, Japan also recovered a more-than-satisfactory rate of growth after coping with the events of 2011 brilliantly.

The financial results set out in this annual report confirm the soundness of our strategy. They have been achieved by remaining faithful to the values of craftsmanship and creativity that have nurtured our house since it was founded in 1837.

We would like to thank all our employees for their fruitful efforts, and for the family ethos that has united them and pushed us all forwards.

2013 will be a “sporting” year. The difficult economic and monetary environment, together with the heightened expectations of our customers will present us with many new challenges. Every day, Hermès’ values reflect the aspirations of our clientele just that little bit more. We can thus face these new challenges with complete confidence.

Émile Hermès SARL
Executive Chairman,
represented by
Henri-Louis Bauer

Patrick Thomas
Executive Chairman

GENERAL TREND

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2012: STRONG SALES AND EARNINGS GROWTH

The Executive Management presented the audited accounts for 2012 to the Supervisory Board at its meeting on 20 March 2013, reflecting revenue of €3,484 million (up 22.6%) and operating income of €1,119 million, (up 26.4%).

SALES BY SECTOR AND REGION

(at constant exchange rates, unless otherwise indicated)

Sales generated by the group's own stores advanced by 23% at current exchange rates and by 16% at constant exchange rates. In 2012, Hermès opened two new branches and renovated or enlarged twelve others.

Sales expanded across all regions

Sales were stimulated by non-Japan Asia (up 25%). The network added two new branches in Taiwan and China and six other stores were renovated or expanded. Japan (up 7%) also contributed to this performance after a relatively stable year in 2011.

Growth was impressive in Europe at 15%, with a positive contribution from nearly all countries, and in the Americas (up 14%), a region that is benefiting from the gradual extension of its network.

Lastly, sales to travellers continued to trend up sharply throughout the world.

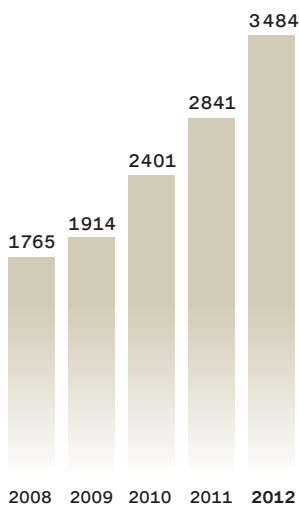
All sectors delivered a handsome performance, underpinned by their multi-faceted expertise and ambitious designs

In response to persistently strong demand, in 2012, Leather Goods and Saddlery (up 12%) opened two new workshops in France, in Charente and Isère.

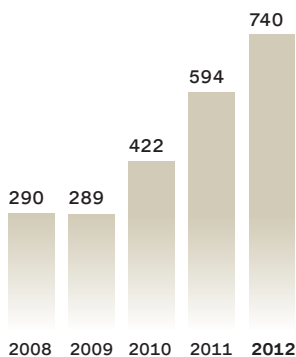
The Ready-to-wear and Accessories division (up 22%) benefited from the dynamism of the latter and from the inspiration of the ready-to-wear collections. New formats and the use of new colours and materials contributed to the growth of Silk & Textiles (up 16%).

For Perfumes (up 14%), 2012 was a very good year. *Terre d'Hermès* joined the ranks of the great classics and two lines were enhanced by new launches, *Voyage d'Hermès Parfum* and *L'Ambre des Merveilles*. In Watches (up 17%), sales growth continued to run high in 2012, based on the development of "manufacture" lines. Other Hermès sectors (up 45%) registered an exceptional surge. Hermès jewelry was driven by the success of its creations and the presentation of its second Haute Bijouterie collection. The Art of Living sector continued to broaden the Hermès Maison range.

SALES (€M)



NET INCOME (€M)



HIGHEST OPERATING MARGIN SINCE THE INITIAL PUBLIC OFFERING IN 1993

Operating income rose by 26.4% to €1,119 million from €885 million in 2011. The operating margin rose to 32.1% of sales, exceeding the all-time high achieved in 2011.

Consolidated net income, group's share, was €740 million, compared with €594 million in 2011. Restated for the capital gain of €29.5 million generated by the disposal of the equity stake in the Jean-Paul Gaultier group in 2011, growth was 31%.

Investments amounted to €370 million and served primarily to expand the distribution network, to buy the property of the Hermès store in Beverly Hills, to increase production capacity and to secure supplies. Operating cash flow totalled €885 million a rise of 22%. It covered all investments and payment of the ordinary dividend (€208 million). After the exceptional dividend of €520 million paid in the previous year, net cash amounted to €686 million at the end of 2012.

GROWTH IN WORKFORCE

The Hermès group created over 800 new jobs, most of them in sales and at its production facilities. At the end of 2012, the group's workforce comprised 10 118 employees, of which 6 110 in France.

OUTLOOK FOR 2013

Hermès will continue to follow its long term strategy based on creativity, maintaining control over its know-how, expanding its distribution network, strengthening its production capacity, and protecting its sources of supply.

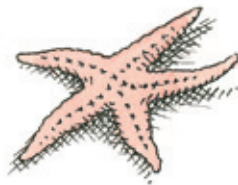
With its new theme of the year, "A sporting life!", Hermès is resolutely focusing on energy and optimism in 2013. Since its origins, the House has been tapping the sports universe to feed its passion for movement, elegance and excellence. For Hermès, sport rises above obsession with performance; it is spirit, style and pleasure above all, and its spark ignites our collections as never before.

PROPOSED DIVIDEND

A proposal will be submitted to the General Meeting on 4 June 2013 to set the dividend at €2.5 euros per share. The interim dividend of €1.5 paid on 1 March 2013 will be deducted from the dividend to be approved by the General Meeting.

The complete consolidated financial statements will be available by no later than 30 April 2013 at www.hermes-international.com and on the AMF website at www.amf-france.org.

2013, HERMÈS, A SPORTING LIFE



Hermès International

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