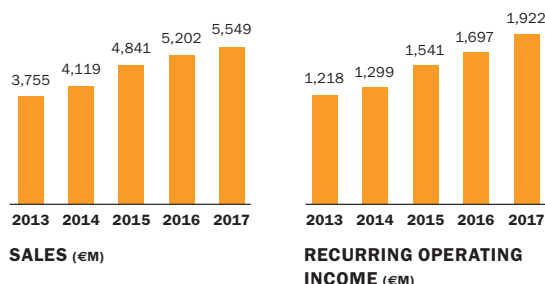


Record profitability in 2017

The operating margin reaches an all-time high of **34.6%** of sales

Recurring operating income rises **+13%**



At the meeting of the Supervisory Board on 20 March 2018, Executive Management presented the audited¹ financial statements for 2017. The Group's consolidated revenue amounted to €5,549 million, up +9% at constant exchange rates and +7% at current exchange rates. Operating income, up 13%, amounted to €1,922 million (34.6% of sales) and net profit increased 11% to €1,221 million.

Axel Dumas, Executive Chairman of Hermès, said: *"Hermès achieves a new year of historic results, thanks to the quality of our know-how, the success of our creations and especially the incredible commitment of the women and men of Hermes that I thank particularly."*

1. Audit procedures completed; audit report under preparation.

ALL THE GEOGRAPHICAL AREAS POSTED GROWTH IN 2017

(AT CONSTANT EXCHANGE RATES UNLESS OTHERWISE INDICATED)

The significant rise in revenues recorded in 2017 in Group stores (+9%) was driven by growth in all the geographical areas. Hermès continued to improve the quality of its distribution network, completing renovation and extension work on almost twenty stores.

Hermès deployed its new website in Canada and then the USA. It will be launched in Europe in the first half of 2018, then in China at the end of the year.

Asia excluding Japan (+11%) pursued its upward curve with a positive outlook in mainland China and in South Asian countries. The context is improving in Hong Kong and Macao. The region particularly extended and renovated the Sogo Fuxing store in Taiwan, Kowloon Elements in Hong Kong and the Kuala Lumpur store in Malaysia.

Japan (+4%) despite a high comparison basis, recorded a sustained increase thanks to its selective distribution network.

America (+8%) achieved a good year in particular in the United States. The stores in Toronto and Palm Beach were renovated and extended at the end of the year. Brazil benefited from the opening of the new São Paulo Iguatemi store in June.

Europe (+8%) confirmed an outstanding performance in the Group stores. This was particularly due to the success of the stores opened or extended on Sloane Street in London, in Munich and Copenhagen. France in particular (+5%), whose store on avenue George V is being renovated, performed well.

SALES BY SECTOR AT THE END OF DECEMBER

(AT CONSTANT EXCHANGE RATES UNLESS OTHERWISE INDICATED)

All sectors recorded growth, with a remarkable performance of the Ready-to-Wear and Accessories, Perfumes and Other sectors.

Growth in Leather Goods and Saddlery (+10%) is in line with the annual growth target in production capacities, in order to meet the strong demand for both

iconic bags and the other models such as the *Constance*, *Halzan*, *Lindy* and *Verrou* bags. Development projects continue with the Manufacture de l'Allan, and the launch of the *maroquinerie de Guyenne* and *de Montereau* which are likely to be completed by the year 2020.

The Ready-to-Wear and Accessories division (+9%) confirmed its great performance, driven by the success of the ready-to-wear collections, fashion accessories and particularly shoes.

The Silk and Textiles business line (+6%), gaining from sustained demand, the diversity of materials and the wealth of creations, pursued its growth.

The Perfumes division (+10%) posted strong growth, particularly due to the successful launch of *Twilly d'Hermès*.

The Watches business line (+1%) recorded a slight increase, with good sales in Group stores. The watches offer presented for the first time in Geneva at the *Salon International de la Haute Horlogerie (SIHH)*.

Other Hermès business lines (+11%) which encompass Jewellery, Art of Living and Hermès Table Arts, continued their development.

THE OPERATING MARGIN REACHED AN ALL-TIME HIGH OF 34.6% OF SALES

Recurring operating income increased 13% to €1,922 million compared to €1,697 million in 2016. The operating margin (34.6% of sales) is up 2.0 points from 2016. This outstanding result is driven mainly by the success of the collections, the very high level of productivity at the production sites and the positive impact of foreign exchange hedges from 2016.

Consolidated net profit (Group share) increased 11% to €1,221 million, representing an all-time high of 22% of sales.

Operating cash flows reached €1,598 million, up 11%, enabling the Group to finance all capital expenditure (€265 million), the ordinary dividend distribution (€399 million) and share redemptions (€187 million). After adjustment for the reduction in working capital requirements (€25 million), the net cash position gained almost €600 million to reach €2,912 million as at 31 December 2017.

In 2017, Hermès International redeemed 433,242 shares for €187 million, outside transactions completed within the framework of the liquidity contract.

GROWTH IN WORKFORCE

The Hermès Group increased its workforce by almost 650 people, including more than 400 in France, mainly in the production units and sales teams. At year-end 2017, the Group employed 13,483 people, including 8,319 in France.

OPENING OF THE LANDMARK PRINCE'S FLAGSHIP AND DISPOSAL OF THE GALLERIA IN HONG KONG

The Hermès Group, which inaugurated on 10 January 2018 its new flagship store at the Landmark Prince's in Hong Kong, signed a promise on 15th, February to sell the premises of its former Galleria store, which it owned. This transaction, which is underway, could generate a net capital gain of around €50 million in the 2018 financial year.

OUTLOOK

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.

In 2018, Hermès is celebrating the theme "Let's play!". Beyond mere recreation, this guiding vision reminds us of the importance of enjoyment as a driver of creativity, innovation and agility.

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.

PROPOSED DIVIDEND

A proposal will be submitted to the General Meeting on 5 June 2018 to set the dividend at €4.10 per share. The €1.50 interim dividend paid on 22 February 2018 will be deducted from the dividend to be approved by the General Meeting. In addition, an exceptional dividend of €5.00 per share will be proposed to the General meeting.

KEY FIGURES 2017

<i>in millions of euros</i>	Fiscal year 2017	Fiscal year 2016
Revenue	5,549	5,202
<i>Growth at current exchange rates vs. n - 1</i>	6.7%	7.5%
<i>Growth at constant exchange rates vs. n - 1⁽¹⁾</i>	8,6%	7.4%
Recurring operating income	1,922	1,697
<i>As a % of revenue</i>	34.6%	32.6%
Net profit – Group share	1,221	1,100
<i>As a % of revenue</i>	22.0%	21.2%
Operating cash flows	1,598	1,439
Investments (excluding financial investments)	270	285
Equity – Group share	5,039	4,383
Net cash position as per IFRS	2,912	2,320
Restated net cash position ⁽²⁾	3,050	2,345
Workforce (number of employees)	13,483	12,834

(1) Growth at constant exchange rates is calculated by applying the average exchange rates of the previous period to the current period's revenue, for each currency.

(2) The restated net cash position includes short-term investments that do not meet IFRS cash equivalents criteria mainly because their original maturity exceeds three months.

The complete consolidated financial statements will be available by 30 April 2018 at <http://finance.hermes.com> and on the AMF website (www.amf-france.org).

The press release and the presentation of the 2017 Results are available on the Group's website: <http://finance.hermes.com>.

COMING EVENTS

3 May 2018	Publication of Q1 2018 Revenue
5 June 2018	General Meeting of Shareholders
20 July 2018	Publication of Q2 2018 Revenue

REMINDER OF PREVIOUS PUBLICATIONS

INFORMATIONS BY GEOGRAPHICAL AREA ^(a)

<i>in millions of euros</i>	Fiscal Year		Evolutions	
	2017	2016	Published	At constant exchange rates
France	754.9	719.2	5.0%	5.0%
Europe (excl. France)	1,044.1	963.7	8.3%	9.6%
Total Europe	1,799.0	1,682.9	6.9%	7.6%
Japan	716.6	724.1	(1.0)%	4.1%
Asia Pacific (excl. Japan)	1,946.0	1,777.8	9.5%	11.3%
Total Asia	2,662.6	2,501.9	6.4%	9.2%
Americas	995.8	940.8	5.8%	7.7%
Other	91.8	76.7	19.8%	19.9%
TOTAL	5,549.2	5,202.2	6.7%	8.6%

<i>in millions of euros</i>	4 th quarter		Evolutions	
	2017	2016	Published	At constant exchange rates
France	205.1	197.6	3.8%	3.8%
Europe (excl. France)	299.2	290.2	3.1%	4.6%
Total Europe	504.3	487.8	3.4%	4.3%
Japan	201.2	217.2	(7.4)%	3.0%
Asia Pacific (excl. Japan)	483.5	487.4	(0.8)%	5.1%
Total Asia	684.6	704.6	(2.8)%	4.4%
Americas	286.8	290.9	(1.4)%	5.2%
Other	23.4	21.7	7.8%	7.9%
TOTAL	1,499.1	1,505.1	(0.4)%	4.6%

(a) Sales by destination.

INFORMATION BY SECTOR

<i>in millions of euros</i>	Fiscal Year		Evolutions	
	2017	2016	Published	At constant exchange rates
Leathergoods and Saddlery ⁽¹⁾	2,800.3	2,603.7	7.6%	9.7%
Ready-to-wear and Fashion accessories ⁽²⁾	1,181.1	1,099.1	7.5%	9.4%
Silk and Textiles	534.3	515.3	3.7%	5.7%
Other Hermès sectors ⁽³⁾	365.0	336.0	8.6%	10.5%
Perfumes	287.5	261.9	9.8%	10.1%
Watches	157.5	157.9	(0.3)%	1.4%
Other products ⁽⁴⁾	223.4	228.3	(2.1)%	(0.9)%
TOTAL	5,549.2	5,202.2	6.7%	8.6%

<i>in millions of euros</i>	4 th quarter		Evolutions	
	2017	2016	Published	At constant exchange rates
Leathergoods and Saddlery ⁽¹⁾	742.7	742.3	0.1%	5.8%
Ready-to-wear and Fashion accessories ⁽²⁾	298.5	297.8	0.2%	5.6%
Silk and Textiles	171.9	180.8	(4.9)%	(0.9)%
Other Hermès sectors ⁽³⁾	108.4	103.0	5.2%	10.0%
Perfumes	67.0	66.9	0.0%	1.0%
Watches	44.0	45.4	(3.0)%	1.8%
Other products ⁽⁴⁾	66.6	68.8	(3.2)%	(1.0)%
TOTAL	1,499.1	1,505.1	(0.4)%	4.6%

(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.