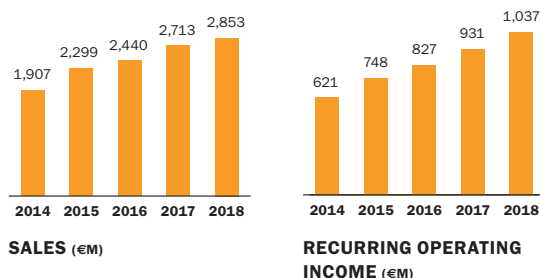


## Excellent sales performance and results over the first half of the year

Recurring operating profitability reaches an all-time high of **34.5%** of sales

Net profit increases by **17%** to reach **€708 million**



The Group's consolidated revenue amounted to €2,853 million in the first half of 2018, up +11% at constant exchange rates and +5% at current exchange rates. Recurring operating income increased by 6% to reach €985 million (34.5% of sales). After inclusion of €53 million in capital gains on disposal of property, operating income amounted to €1,037 million (36.3% of sales) and net profit increased by 17% to €708 million.

Axel Dumas, Executive Chairman of Hermès, said: "Hermès achieved an exceptional performance in the first half of the year. Our commitment to the quality of know-how, the spirit of innovation as well as the creativity, always renewed, and the dedication of the women and men of Hermès, base the singularity and the integrity of our economic model; a strong model in a worldwide context that remains uncertain and unstable."

### SALES BY GEOGRAPHICAL AREA AT THE END OF JUNE

(AT CONSTANT EXCHANGE RATES UNLESS OTHERWISE INDICATED)

In the first half of 2018, revenue increased in all geographical areas worldwide.

Asia excluding Japan (+15%) continued its outstanding performance, with positive momentum in continental China and the whole region. The group also benefitted from the January opening of the Landmark Prince's store in Hong Kong. The Changsha store in China opened in May.

Japan (+7%) confirmed its robust growth with no price effect.

America (+12%) progressed well with high demand. In May, the group opened its 34th store in the USA, at Palo Alto in the heart of Silicon Valley. The Cancun store opened in Mexico at the end of March.

Europe excluding France (+7%) and France (+8%) achieved good performances despite the strengthening of the Euro. The Monaco and Nice stores reopened in June, and the third store in Istanbul, in Emaar Square, opened in May. The new website hermes.com was successfully deployed in Europe at the end of March, offering a one-stop address for both editorial content and products, reflecting the diversity of the Maison's creations.

### SALES BY BUSINESS LINE AT THE END OF JUNE

(AT CONSTANT EXCHANGE RATES UNLESS OTHERWISE INDICATED)

The performance in the first half was driven by solid growth across all business lines.

Growth in Leather Goods and Saddlery (+8%) was sustained over the first half of the year, based on collections combining style, know-how, diversity of materials and functionality. Demand remains high, both for the Maison's classics and other models, such as the *Roulis*, *Lindy* and *Cinhetic* bags. Production capacities continued to increase, with the opening of the Manufacture de l'Allan in April, completing the craftsmanship production capacities in Franche-Comté around the Seloncourt and Héricourt sites, and the start of the Guyenne and Montereau production site projects, scheduled for completion in 2020.

The Ready-to-Wear and Accessories division (+17%) pursued its growth, thanks to the pertinence and boldness of our men's and women's ready-to-wear collections and the success of fashion accessories and footwear. A men's universe event was staged in Shanghai in April.

The Silk and Textiles business line (+7%) confirmed its favourable momentum with sustained demand, thanks to the diversity of materials and wealth of creations, particularly around silk twill and cashmere.

Driven by the successes of *Terre d'Hermès* and of *Twilly d'Hermès*, Perfumes (+15%) recorded a sharp increase.

The Watches business line (+9%) posted a good sales performance in the group's stores.

Other Hermès business lines (+24%), which encompass Jewellery, Art of Living and Hermès Table Arts, recorded strong growth over the period.

#### RESULTS REACH AN ALL-TIME HIGH

Recurring operating income increased by +6% to €985 million compared to €931 million in the first half 2017. Thanks to a particularly sound growth and the accretive impact of foreign exchange over the first six months, the recurring operating margin gained 0.2 point to reach 34.5% of sales.

After inclusion of €53 million in capital gains resulting from the sale of the former Galleria store premises in Hong Kong, operating income amounts to €1,037 million, up +11%, reaching 36.3% of sales.

Consolidated net profit (Group share) increased by +17% to €708 million, representing 24.8% of sales.

Operating cash flows reached €849 million, up 7%, enabling the Group to finance all capital expenditure (€120 million), the change in working capital requirements (€37 million) and the ordinary dividend distribution (€428 million). After payment of the extraordinary dividend (€521 million), the net cash position was €2,713 million as at 30 June 2018, compared to €2,912 million as at 31 December 2017.

During the first six months, Hermès International redeemed 88,039 shares for €51 million, excluding transactions completed within the framework of the liquidity contract.

#### GROWTH IN WORKFORCE

The Hermès Group is pursuing its recruitment process and increased its workforce by almost 280 people over the first six months. At the end of June 2018, the Group employed 13,764 people, including 8,476 in France.

#### 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.

## KEY FIGURES – 2018 FIRST HALF RESULT

<i>in millions of euros</i>	H1 2018	FY 2017	H1 2017
Revenue	2,853	5,549	2,713
Growth at current exchange rates vs. n - 1	5.2%	6.7%	11.2%
Growth at constant exchange rates vs. n - 1 <sup>(1)</sup>	11.2%	8.6%	9.7%
Recurring operating income	985	1,922	931
As a % of revenue	34.5%	34.6%	34.3%
Operating income	1,037	1,922	931
As a % of revenue	36.3%	34.6%	34.3%
Net profit – Group share	708	1,221	605
As a % of revenue	24.8%	22.0%	22.3%
Operating cash flows	849	1,598	794
Investments (excluding financial investments)	128	270	105
Equity – Group share	4,789	5,039	4,564
Net cash position	2,713	2,912	2,434
Restated net cash position <sup>(2)</sup>	2,798	3,050	2,530
Workforce (number of employees)	13,764	13,483	13,059

(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.

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

The half-year financial report, the press release and the presentation of the 2018 Half Year Results are available on the Group's website: <http://finance.hermes.com>.

## COMING EVENTS

7 November 2018	Publication of Q3 2018 Revenue
8 February 2019	Publication of 2018 Revenue
20 March 2019	Publication of 2018 Results

## REMINDER OF PREVIOUS PUBLICATIONS

INFORMATIONS BY GEOGRAPHICAL AREA <sup>(a)</sup>

<i>in millions of euros</i>	First Half		Evolutions	
	2018	2017	Published	At constant exchange rates
France	390.3	360.7	8.2%	8.2%
Europe (excl. France)	500.7	475.5	5.3%	7.4%
<b>Total Europe</b>	<b>891.1</b>	<b>836.2</b>	<b>6.6%</b>	<b>7.8%</b>
Japan	344.8	348.7	(1.1)%	6.8%
Asia Pacific (excl. Japan)	1,072.8	998.5	7.4%	14.9%
<b>Total Asia</b>	<b>1,417.6</b>	<b>1,347.2</b>	<b>5.2%</b>	<b>12.8%</b>
Americas	489.9	482.4	1.5%	12.4%
Other	54.8	47.2	16.1%	16.2%
<b>TOTAL</b>	<b>2,853.4</b>	<b>2,713.1</b>	<b>5.2%</b>	<b>11.2%</b>

<i>in millions of euros</i>	2 <sup>nd</sup> quarter		Evolutions	
	2018	2017	Published	At constant exchange rates
France	208.1	189.4	9.9%	9.9%
Europe (excl. France)	261.5	246.5	6.1%	8.2%
<b>Total Europe</b>	<b>469.6</b>	<b>435.8</b>	<b>7.7%</b>	<b>8.9%</b>
Japan	169.8	169.9	(0.0)%	6.1%
Asia Pacific (excl. Japan)	533.1	490.7	8.6%	13.4%
<b>Total Asia</b>	<b>702.9</b>	<b>660.6</b>	<b>6.4%</b>	<b>11.6%</b>
Americas	259.7	242.1	7.3%	15.9%
Other	27.4	22.8	20.2%	20.2%
<b>TOTAL</b>	<b>1,459.6</b>	<b>1,361.3</b>	<b>7.2%</b>	<b>11.6%</b>

(a) Sales by destination.

## INFORMATION BY SECTOR

<i>in millions of euros</i>	First Half		Evolutions	
	2018	2017	Published	At constant exchange rates
Leathergoods and Saddlery <sup>(1)</sup>	1,425.1	1,404.0	1.5%	8.0%
Ready-to-wear and Fashion accessories <sup>(2)</sup>	637.3	579.2	10.0%	16.7%
Silk and Textiles	249.4	246.3	1.3%	7.1%
Other Hermès sectors <sup>(3)</sup>	201.7	172.3	17.0%	24.1%
Perfumes	153.2	134.4	14.0%	14.9%
Watches	77.0	75.0	2.7%	9.0%
Other products <sup>(4)</sup>	109.8	101.9	7.8%	10.3%
<b>TOTAL</b>	<b>2,853.4</b>	<b>2,713.1</b>	<b>5.2%</b>	<b>11.2%</b>

<i>in millions of euros</i>	2 <sup>nd</sup> quarter		Evolutions	
	2018	2017	Published	At constant exchange rates
Leathergoods and Saddlery <sup>(1)</sup>	733.7	708.1	3.6%	8.4%
Ready-to-wear and Fashion accessories <sup>(2)</sup>	330.7	296.3	11.6%	16.4%
Silk and Textiles	117.0	112.5	4.0%	7.8%
Other Hermès sectors <sup>(3)</sup>	106.1	88.5	19.8%	25.2%
Perfumes	71.3	63.3	12.6%	13.5%
Watches	42.7	41.7	2.5%	7.3%
Other products <sup>(4)</sup>	58.0	50.9	14.0%	15.8%
<b>TOTAL</b>	<b>1,459.6</b>	<b>1,361.3</b>	<b>7.2%</b>	<b>11.6%</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.