

# HERMÈS

*Quarterly information report as at the end of September 2018*

## **Strong sales growth continued at the end of September: +11% at constant exchange rates All geographical areas posted growth**

Paris, 7 November 2018

The Group's consolidated revenue amounted to €4,316 million at the end of September 2018, up +11% at constant exchange rates and +7% at current exchange rates. The strong and sound increase in sales in Group stores (+11% at constant exchange rates) confirmed the trends seen over the first half of the year.

Growth was particularly robust in the third quarter (+10% at constant exchange rates and +9% at current exchange rates), driven by the continuing momentum in all the geographical areas.

Axel Dumas, Executive Chairman of Hermès, said: *«Hermès realized a very strong growth over the first nine months of the year, in all regions. We keep our optimism for the future, but we are also thankful for the past.»*

### **Sales by geographical area at the end of September** *(at comparable exchange rates, unless otherwise indicated)*

At the end of September 2018, all the geographical areas posted an increase in revenue:

- Asia excluding Japan (+14%) continued to see a significant increase in Mainland China and throughout the area. The Xi'an store in China opened in September, following the May opening of the Changsha store and that of the Landmark Prince's store in Hong Kong in January. The new commercial website *hermes.cn*, successfully launched in China on 17 October, allows online sales throughout all the Chinese territory.
- Japan (+7%) confirmed its momentum with no price or scope effect.
- America (+13%) posted significant growth with sustained demand. The Las Vegas City Center store was extended in the 3<sup>rd</sup> quarter, after the successful opening in May of the store in Palo Alto, at the heart of the Silicon Valley.
- Europe excluding France (+7%) and France (+7%) both delivered a sound performance despite high comparison bases in the third quarter last year, especially with positive developments in the UK, in Italy and in the Parisian stores. The store located on avenue George V will reopen in the 4<sup>th</sup> quarter after being renovated and extended.

### **Sales by business line at the end of September** *(at comparable exchange rates, unless otherwise indicated)*

At the end of September, all the business lines reported growth.

Growth in Leather Goods and Saddlery (+9%) was sustained and in line with the annual target, around collections that combine traditional know-how and implement authentic, singular materials, both for the

revisited classic bags and other models, including *Lindy*, *Verrou*, *Cinhetic* and *24/24*. The increase in production capacities continued, with the *Manufacture de l'Allan* workshop gaining momentum after its April opening in the Franche-Comté regional site, and the launch of the Guyenne and Montereau workshop projects, scheduled for completion by 2020.

The Ready-to-Wear and Accessories division (+15%) pursued its dynamic activity. The Women's Spring-Summer 2019 collection, presented at the Hippodrome Paris Longchamp, was a great success. Demand was also high for fashion accessories and shoes.

The Silk and Textiles business line (+4%) posted an increase despite a record comparison basis in the 3<sup>rd</sup> quarter 2017, with collections blending diversity of materials and a wealth of designs.

Perfumes (+9%) performed well, thanks to the new olfactory variations *Terre d'Hermès Eau intense vetiver* and the confirmed success of *Twilly d'Hermès*, launched in September last year.

The Watches business line (+8%) benefited from a good sales performance particularly in Group stores.

Other Hermès business lines (+23%), which encompass Jewellery, Art of Living and Hermès Table Arts, recorded a strong development over the period, thanks to gold jewellery in particular.

## Highlights

At the end of September, currency fluctuations were unfavourable, representing a negative impact of €170 million on revenue.

Over the first nine months, Hermès International redeemed 98,266 shares for €56.9 million, outside transactions completed within the framework of the liquidity contract.

## 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.

*The press release on Revenue at the end of September 2018 is available on the Group's website:  
<http://finance.hermes.com>*

## Coming events:

- 8 February 2019: 2018 Revenue publication
- 20 March 2019: 2018 Results publication
- 25 April 2019: Q1 2019 Revenue publication
- 4 June 2019: General Meeting of Shareholders

**INFORMATION BY GEOGRAPHICAL ZONE (1)**

<b>In millions of Euros</b>	<b>As of Sept 30th</b>		<b>Evolutions</b>	
	<b>2018</b>	<b>2017</b>	<b>Published</b>	<b>At constant exchange rates</b>
France	587.3	549.9	6.8%	6.8%
Europe (excl. France)	784.4	744.9	5.3%	7.1%
<b>Total Europe</b>	<b>1,371.8</b>	<b>1,294.8</b>	<b>5.9%</b>	<b>7.0%</b>
Japan	526.1	515.4	2.1%	7.2%
Asia Pacific (excl. Japan)	1,591.9	1,462.6	8.8%	13.8%
<b>Total Asia</b>	<b>2,118.0</b>	<b>1,977.9</b>	<b>7.1%</b>	<b>12.1%</b>
Americas	747.9	709.0	5.5%	13.0%
Other	78.2	68.4	14.3%	14.4%
<b>TOTAL</b>	<b>4,315.8</b>	<b>4,050.1</b>	<b>6.6%</b>	<b>10.7%</b>

<b>In millions of Euros</b>	<b>3rd quarter</b>		<b>Evolutions</b>	
	<b>2018</b>	<b>2017</b>	<b>Published</b>	<b>At constant exchange rates</b>
France	197.0	189.2	4.1%	4.1%
Europe (excl. France)	283.7	269.4	5.3%	6.7%
<b>Total Europe</b>	<b>480.7</b>	<b>458.6</b>	<b>4.8%</b>	<b>5.6%</b>
Japan	181.3	166.7	8.8%	8.1%
Asia Pacific (excl. Japan)	519.0	464.1	11.8%	11.7%
<b>Total Asia</b>	<b>700.4</b>	<b>630.7</b>	<b>11.0%</b>	<b>10.7%</b>
Americas	258.0	226.6	13.9%	14.0%
Other	23.4	21.2	10.2%	10.3%
<b>TOTAL</b>	<b>1,462.5</b>	<b>1,337.1</b>	<b>9.4%</b>	<b>9.6%</b>

(1) Sales by destination.

**INFORMATION BY SECTOR**

<b>In millions of Euros</b>	<b>As of Sept 30th</b>		<b>Evolutions</b>	
	<b>2018</b>	<b>2017</b>	<b>Published</b>	<b>At constant exchange rates</b>
Leather Goods and Saddlery (1)	2,155.0	2,057.6	4.7%	9.2%
Ready-to-Wear and Accessories (2)	974.9	882.7	10.5%	14.9%
Silk and Textiles	363.4	362.4	0.3%	4.2%
Other Hermès sectors (3)	304.0	256.6	18.5%	23.3%
Perfumes	238.4	220.5	8.1%	8.7%
Watches	118.3	113.5	4.2%	8.4%
Other products (4)	161.8	156.8	3.2%	4.8%
<b>TOTAL</b>	<b>4,315.8</b>	<b>4,050.1</b>	<b>6.6%</b>	<b>10.7%</b>

<b>In millions of Euros</b>	<b>3rd quarter</b>		<b>Evolutions</b>	
	<b>2018</b>	<b>2017</b>	<b>Published</b>	<b>At constant exchange rates</b>
Leather Goods and Saddlery (1)	730.0	653.7	11.7%	11.7%
Ready-to-Wear and Accessories (2)	337.6	303.5	11.2%	11.7%
Silk and Textiles	114.0	116.1	(1.8)%	(1.6)%
Other Hermès sectors (3)	102.3	84.3	21.4%	21.9%
Perfumes	85.2	86.1	(1.1)%	(0.9)%
Watches	41.3	38.5	7.2%	7.3%
Other products (4)	52.0	54.9	(5.3)%	(4.9)%
<b>TOTAL</b>	<b>1,462.5</b>	<b>1,337.1</b>	<b>9.4%</b>	<b>9.6%</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.

## REMINDER OF PREVIOUS PUBLICATIONS

### INFORMATION BY GEOGRAPHICAL ZONE (1)

In millions of Euros	2018			2017		
	Q1 Report	Q2 Report	H1 report	Q1 Report	Q2 Report	H1 report
France	182.2	208.1	390.3	171.3	189.4	360.7
Europe (excl. France)	239.3	261.5	500.7	229.1	246.5	475.5
<b>Total Europe</b>	<b>421.5</b>	<b>469.6</b>	<b>891.1</b>	<b>400.4</b>	<b>435.8</b>	<b>836.2</b>
Japan	174.9	169.8	344.8	178.9	169.9	348.7
Asia Pacific (excl. Japan)	539.8	533.1	1,072.8	507.7	490.7	998.5
<b>Total Asia</b>	<b>714.7</b>	<b>702.9</b>	<b>1,417.6</b>	<b>686.6</b>	<b>660.6</b>	<b>1,347.2</b>
Americas	230.2	259.7	489.9	240.3	242.1	482.4
Other	27.4	27.4	54.8	24.4	22.8	47.2
<b>TOTAL</b>	<b>1,393.8</b>	<b>1,459.6</b>	<b>2,853.4</b>	<b>1,351.7</b>	<b>1,361.3</b>	<b>2,713.1</b>

(1) Sales by destination.

### INFORMATION BY SECTOR

In millions of Euros	2018			2017		
	Q1 Report	Q2 Report	H1 report	Q1 Report	Q2 Report	H1 report
Leather Goods and Saddlery (1)	691.3	733.7	1,425.1	695.9	708.1	1,404.0
Ready-to-Wear and Accessories (2)	306.6	330.7	637.3	282.9	296.3	579.2
Silk and Textiles	132.4	117.0	249.4	133.8	112.5	246.3
Other Hermès sectors (3)	95.6	106.1	201.7	83.8	88.5	172.3
Perfumes	81.9	71.3	153.2	71.1	63.3	134.4
Watches	34.2	42.7	77.0	33.3	41.7	75.0
Other products (4)	51.8	58.0	109.8	51.0	50.9	101.9
<b>TOTAL</b>	<b>1,393.8</b>	<b>1,459.6</b>	<b>2,853.4</b>	<b>1,351.7</b>	<b>1,361.3</b>	<b>2,713.1</b>

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## **REMINDER OF KEY FIGURES – 2018 FIRST HALF RESULT**

### **Main consolidated data**

<i>In millions of euros</i>	<b>H1 2018</b>	<b>FY 2017</b>	<b>H1 2017</b>
Revenue	2,853	5,549	2,713
<i>Growth at current exchange rates vs. n-1</i>	5.2%	6.7%	11.2%
<i>Growth at constant exchange rates vs. n-1 <sup>(1)</sup></i>	11.2%	8.6%	9.7%
Recurring operating income	985	1,922	931
<i>As a % of revenue</i>	34.5%	34.6%	34.3%
Operating income	1,037	1,922	931
<i>As a % of revenue</i>	36.3%	34.6%	34.3%
Net profit – Group share	708	1,221	605
<i>As a % of revenue</i>	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>*