

# HERMÈS

## Excellent year 2014 Sales increased by 11% at constant exchange rates

12 February 2015

In 2014, the group's consolidated revenue totalled €1118.6 million, a 11.1% rise at constant exchange rates in a challenging environment. After adjusting for the negative impact of currencies, primarily due to the weakness of the Yen, growth is 9.7%.

In the fourth quarter, growth was 9.6% at constant exchange rates following buoyant activity in the group's own stores (+11.6% at constant exchange rates).

### Sales by region and sector

*(at comparable exchange rates unless otherwise indicated)*

The strong growth in sales generated by the group's own stores in 2014 (+12.7%) results from solid progressions in all regions. Hermès continued the qualitative development of its distribution network with the opening of China's first Maison Hermès in Shanghai in September and the opening, renovation or extension of over fifteen outlets.

### Across 2014, all regions posted strong advances.

America (+15%) confirmed its development potential. In the United States, the Atlanta store was extended, and in Brazil the group resumed control of the Sao Paulo concession.

Japan (+13%) achieved an excellent year, confirming the positive trend observed in the first nine months.

Non-Japan Asia (+13%) posted a good performance in a context marked by recent events in Hong Kong and the slowdown in China's luxury market.

Europe (+7%) continued to progress in a difficult financial climate. Five stores were extended or renovated in France and Spain.

### Ambitious designs stimulating growth in all sectors, with the exception of Watches

The remarkable growth in Leather Goods and Saddlery (+15%), for which demand remains very high, was supported by the increased production capacities of the two new sites in Isère and Charente. Plans to build workshops in Héricourt and l'Allan are underway in Franche-Comté.

Ready-to-wear and Accessories (+12%) have been boosted by the success of the latest ready-to-wear collections and fashion accessories, with particular buoyancy in footwear.

The Silk and Textiles business line (+8%) continues to expand its collections with new formats and exceptional materials. A new online showroom and store for Hermès silk *lamaisondescarres.com* was successfully launched in September.

Perfumes (+10%) continue to grow. Two lines were extended with new launches, *Terre d'Hermès eau très fraîche* and *Jour d'Hermès absolu*, which were warmly received.

Watches (-11%) remain penalized by the decline in the market, particularly in China.

Other Hermès sectors (+15%) continue to grow. Jewellery, which presented its new haute bijouterie collection at the 24 Faubourg Saint Honoré store in Paris, made a significant contribution to this dynamic with the success of the latest collections in gold.

### **Important developments**

At the end of December, fluctuating currencies represented a negative impact of €52 million on revenue.

On 2 September 2014 and led by the President of Paris Commercial Court, the companies Hermès International (Hermès) and Louis Vuitton Moët Hennessy (LVMH) reached a settlement agreement in which LVMH undertook to distribute all the Hermès shares held by the LVMH Group to its shareholders, with the company Christian Dior distributing these shares to its own shareholders. The transaction, which was detailed in a press release circulated by LVMH on 3 November 2014, was still being finalized when the accounts were closed.

Over the course of the year, Hermès International redeemed 39,456 shares for €14.2 million, outside the movements made in the framework of the liquidity contract.

### **2014 target results**

The annual results will be published on 25 March 2015. Despite the negative impact of currencies, operating margin is set to be slightly higher in the region of 31% in 2014, slightly lower than the all-time high achieved in 2013.

### **Interim dividend**

Given the available cash flow, the Executive Management decided on 11 February to pay an interim dividend of €1.50 per share. The ex-coupon date is set for 3 March and the payment date for 5 March 2015.

### **2015 outlooks**

In 2015 and despite the economic, geopolitical and monetary uncertainties over the world; the Group aims at a sales increase of 8% at constant rates.

Thanks to the success of its unique company structure, Hermès will continue its long-term strategy based on creativity, maintaining control over its know-how and protecting its supply sources.

Staying true to its Parisian roots, Hermès is inviting us to see 2015 with the eye of the *flâneur*. *Flâneurs* have the gift of being able to escape from the everyday to go out into the world with their eyes wide open and experience a chance meeting, the delights of discovery or the benefits of taking a break.

*INFORMATION BY GEOGRAPHICAL ZONE (1)*

In millions of Euros	4th quarter		Evolutions	
	2014	2013	Published	At constant exchange rates
France	182.7	179.5	1.8%	1.8%
Europe (excl. France)	240.6	216.0	11.4%	11.6%
<b>Total Europe</b>	<b>423.2</b>	<b>395.5</b>	<b>7.0%</b>	<b>7.1%</b>
Japan	143.4	133.5	7.4%	12.6%
Asia Pacific (excl. Japan)	405.8	352.6	15.1%	8.9%
<b>Total Asia</b>	<b>549.2</b>	<b>486.2</b>	<b>13.0%</b>	<b>10.0%</b>
Americas	230.2	190.6	20.8%	15.5%
Other	18.6	19.8	-6.1%	-6.2%
<b>TOTAL</b>	<b>1,221.2</b>	<b>1,092.0</b>	<b>11.8%</b>	<b>9.6%</b>

In millions of Euros	Fiscal Year		Evolutions	
	2014	2013	Published	At constant exchange rates
France	643.9	613.1	5.0%	5.0%
Europe (excl. France)	799.8	737.0	8.5%	8.6%
<b>Total Europe</b>	<b>1,443.6</b>	<b>1,350.1</b>	<b>6.9%</b>	<b>7.0%</b>
Japan	484.4	463.2	4.6%	12.9%
Asia Pacific (excl. Japan)	1,405.0	1,248.1	12.6%	13.1%
<b>Total Asia</b>	<b>1,889.4</b>	<b>1,711.2</b>	<b>10.4%</b>	<b>13.0%</b>
Americas	711.1	627.4	13.3%	14.5%
Other	74.5	66.1	12.7%	12.6%
<b>TOTAL</b>	<b>4,118.6</b>	<b>3,754.8</b>	<b>9.7%</b>	<b>11.1%</b>

(1) Sales by destination.

**INFORMATION BY SECTOR**

In millions of Euros	4th quarter		Evolutions	
	2014	2013	Published	At constant exchange rates
Leathergoods and Saddlery (1)	547.4	470.8	16.3%	13.9%
Ready-to-wear and Fashion accessories (2)	257.6	231.0	11.5%	8.4%
Silk and Textiles	163.8	153.1	7.0%	5.4%
Other Hermès sectors (3)	91.5	77.2	18.5%	16.2%
Perfumes	59.1	51.8	14.1%	13.8%
Watches	44.4	49.6	-10.4%	-12.7%
Other products (4)	57.4	58.5	-2.0%	-2.5%
<b>TOTAL</b>	<b>1,221.2</b>	<b>1,092.0</b>	<b>11.8%</b>	<b>9.6%</b>

In millions of Euros	Fiscal Year		Evolutions	
	2014	2013	Published	At constant exchange rates
Leathergoods and Saddlery (1)	1,842.1	1,633.8	12.7%	14.6%
Ready-to-wear and Fashion accessories (2)	933.6	843.1	10.7%	12.0%
Silk and Textiles	482.3	453.9	6.3%	7.6%
Other Hermès sectors (3)	280.9	247.0	13.7%	15.1%
Perfumes	230.8	209.7	10.1%	10.4%
Watches	148.1	167.2	-11.4%	-10.6%
Other products (4)	200.8	200.1	0.3%	0.7%
<b>TOTAL</b>	<b>4,118.6</b>	<b>3,754.8</b>	<b>9.7%</b>	<b>11.1%</b>

Tableware sales are from now on included in Other Hermès sectors (for La Table Hermès) and in Other products (for Saint Louis and Puiforcat). The effect of this reclassification is presented retrospectively.

- (1) Leathergoods & Saddlery include bags & luggages, horse riding, memory holders and small leather goods.
- (2) Ready-to-wear and Fashion accessories include ready-to-wear, men and women, belts, accessories jewellery, gloves, hats and Hermès shoes.
- (3) Other Hermès sectors include jewellery and Hermès Maison products (Art of Living and La Table Hermès)
- (4) Other products include John Lobb shoes, Saint-Louis, Puiforcat, Shang Xia as well as production activities realized for third parties (textile printing, perfumes, tanning...).

**REMINDER OF PREVIOUS PUBLICATIONS**

**INFORMATION BY GEOGRAPHICAL ZONE**

In millions of Euros	2014					2013				
	Q1 Report	Q2 Report	S1 report	Q3 report	YTD 09/12	Q1 Report	Q2 Report	S1 report	Q3 report	YTD 09/12
France	146.0	161.9	307.9	153.3	461.2	137.9	151.3	289.2	144.4	433.6
Europe (excl. France)	183.2	187.6	370.8	188.5	559.2	168.2	178.7	346.9	174.1	521.0
<b>Total Europe</b>	<b>329.2</b>	<b>349.4</b>	<b>678.6</b>	<b>341.8</b>	<b>1,020.4</b>	<b>306.1</b>	<b>330.0</b>	<b>636.1</b>	<b>318.5</b>	<b>954.6</b>
Japan	116.7	104.1	220.8	120.2	341.0	110.3	111.1	221.4	108.2	329.6
Asia Pacific (excl. Japan)	329.3	333.0	662.3	337.0	999.2	292.0	299.2	591.2	304.2	895.4
<b>Total Asia</b>	<b>446.0</b>	<b>437.1</b>	<b>883.1</b>	<b>457.2</b>	<b>1,340.3</b>	<b>402.3</b>	<b>410.3</b>	<b>812.6</b>	<b>412.4</b>	<b>1,225.1</b>
Americas	150.1	156.5	306.7	174.2	480.9	133.0	153.1	286.1	150.7	436.7
Other	18.1	20.3	38.4	17.4	55.9	15.4	17.1	32.4	13.9	46.3
<b>TOTAL</b>	<b>943.5</b>	<b>963.4</b>	<b>1,906.9</b>	<b>990.6</b>	<b>2,897.4</b>	<b>856.8</b>	<b>910.4</b>	<b>1,767.2</b>	<b>895.5</b>	<b>2,662.7</b>

**INFORMATION BY SECTOR**

In millions of Euros	2014					2013				
	Q1 Report	Q2 Report	S1 report	Q3 report	YTD 09/12	Q1 Report	Q2 Report	S1 report	Q3 report	YTD 09/12
Leathergoods and Saddlery	409.9	430.8	840.7	454.0	1,294.7	372.5	407.4	779.9	383.1	1,163.0
Ready-to-wear and Fashion accessories	214.6	226.0	440.6	235.4	676.0	187.8	207.8	395.6	216.4	612.0
Silk and Textiles	114.5	101.5	216.0	102.6	318.5	105.0	96.6	201.7	99.1	300.8
Other Hermès sectors	60.5	64.0	124.5	64.9	189.4	53.8	55.9	109.7	60.1	169.8
Perfumes	60.8	53.7	114.6	57.1	171.7	57.8	48.9	106.7	51.1	157.8
Watches	32.8	34.4	67.2	36.5	103.7	34.5	40.4	74.9	42.7	117.6
Other products	50.3	52.9	103.3	40.1	143.4	45.4	53.3	98.6	42.9	141.6
<b>TOTAL</b>	<b>943.5</b>	<b>963.4</b>	<b>1,906.9</b>	<b>990.6</b>	<b>2,897.4</b>	<b>856.8</b>	<b>910.4</b>	<b>1,767.2</b>	<b>895.5</b>	<b>2,662.7</b>