



Paris, 11 September 2019

2019 HALF-YEAR RESULTS

Strong growth in sales and results over the first half of the year

Recurring operating income¹ increased by **15%** at the same pace as sales

Recurring operating profitability reached **34.8%**

The Group's consolidated revenue amounted to €3,284 million in the first half of 2019, up +15% at current exchange rates and +12% at constant exchange rates. Recurring operating income increased +15%, at the same pace as revenue, to reach €1,144 million (34.8% of sales). Net profit reached €754 million (23% of sales).

Axel Dumas, Executive Chairman of Hermès, said: "*Hermès registered strong earnings growth over the first half of 2019, reflecting our customers' loyalty in all markets and the creative excellence that drives all business lines.*"

SALES BY GEOGRAPHICAL AREA AT THE END OF JUNE

(AT COMPARABLE EXCHANGE RATES UNLESS OTHERWISE INDICATED)

In the first half of 2019, revenue increased in all geographical areas worldwide.

Asia excluding Japan (+18%) continued its outstanding performance, with positive momentum in continental China

and double-digit growth in all other countries in the area. The Group benefitted from successful store openings and extensions in recent months, particularly Shanghai IFC in China and Marina Bay Sands in Singapore. A new store opened in March in Phuket Floresta in Thailand. Rollout of the new digital platform in Asia will continue at the end of the year in Singapore.

Japan (+10%) confirmed its sound growth. The new platform *hermes.jp* was successfully deployed in June, offering editorial content and products which reflect the diversity of the *Maison's* creations.

America (+10%) posted a strong performance at the end of June, despite a high comparison basis. Last April, the Group opened its 36th store in the USA at the heart of New York's Meatpacking district, and reopened the Waikiki store in Hawaii in June.

Europe excluding France (+9%) and France (+4%) achieved a good performance. The store in Amsterdam has been moved and expanded in May, and the store on Stoleshnikov Lane in the historical centre of Moscow was renovated in June. In France, sales improved during the past months.

SALES BY BUSINESS LINE AT THE END OF JUNE

(AT COMPARABLE EXCHANGE RATES UNLESS OTHERWISE INDICATED)

The momentum in the first half was driven by solid growth across all business lines, with a remarkable performance of the Ready-to-Wear and Accessories division.

Growth in Leather Goods and Saddlery (+12%) was particularly sustained over the first half of the year, based on collections blending style, know-how and diversity of materials. The division's annual growth target remains unchanged. Demand remains very high, both for the *Maison's* classics and other models, such as the *Mosaïque* and *24/24* bags. The increase in production capacities continued, with the ground breaking of the Maroquinerie

¹. Including the impact of the IFRS 16 Leases standard. In accordance with IAS 8, Hermès applied this new standard retrospectively in full and restated the financial statements as at 31 December and 30 June 2018.

de Guyenne workshop in June, scheduled for completion in 2020, and the announcement of a new workshop in Louviers by 2021. Hermès continues to strengthen its local integration in France with the opening of a training centre in Fitilieu (Isère), and the announced extension of the Ganterie-Maroquinerie de Saint-Junien workshop (Limousin region).

The Ready-to-Wear and Accessories division (+15%) pursued its strong growth, thanks to the success of the men's and women's ready-to-wear collections and of fashion accessories and shoes.

The Silk and Textiles business line (+4%) confirmed its positive momentum, benefitting from sustained demand and the diversity of materials, outstanding creativity and know-how. The Pierre-Bénite site (Rhône) will be extended to support development and will accommodate two new printing lines.

Driven by the success of *Terre d'Hermès* and the new creation, *Un Jardin sur la Lagune*, Perfumes (+3%) posted an increase, despite a high comparison basis at the beginning of last year following the launches of *Twilly d'Hermès* and *Eau de Citron noir*.

The Watches business line (+14%) performed very well, reflecting the creativity of the collections. The *Galop d'Hermès* model, inspired by the harness collections, received a very warm welcome.

Other Hermès business lines (+19%) recorded a positive increase over the period, both in Jewellery and in the Home universe.

STRONG GROWTH IN RESULTS ¹ IN THE FIRST HALF

Recurring operating income increased +15%, at the same pace as revenue, to reach €1,144 million compared to €996 million in the first half 2018. Thanks to the leverage effect generated by strong sales growth, the recurring operating margin (34.8%) is close to the all-time high

posted in the first half 2018 (34.9%), despite the negative impact of foreign exchange hedges.

Consolidated net profit (Group share) is €754 million compared to €706 million at the end of June 2018, +7%. Restated for the non-recurring gain from the sale of the former Galleria store premises in Hong Kong in 2018, the increase in net profit is +15%.

Capital expenditure amounted to €170 million and adjusted free cash flow reached €618 million.

After payment of the ordinary dividend (€474 million), the restated net cash position is up €125 million to €3,740 million, compared to €3,615 million as at 31 December 2018.

During the first six months, Hermès International redeemed 56,030 shares for €34 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 500 people over the first six months. At the end of June 2019, the Group employed 14,751 people, including 9,096 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.

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.

In the pursuit of dreams is the theme of the year 2019. Celebrating the dream of Hermès means asserting the need to dare to see even further, to open the field of the imagination that stimulates creation.

1. Including the impact of the IFRS 16 Leases standard. In accordance with IAS 8, Hermès applied this new standard retrospectively in full and restated the financial statements as at 31 December and 30 June 2018.

Key figures – 2019 first half results

MAIN CONSOLIDATED DATA

<i>in millions of euros</i>	H1 2019	FY 2018 restated (*)	H1 2018 restated (*)
Revenue	3,284	5,966	2,853
Growth at current exchange rates vs. n - 1	15.1%	7.5%	5.2%
Growth at constant exchange rates vs. n - 1 ⁽¹⁾	12.0%	10.4%	11.2%
Recurring operating income ⁽²⁾	1,144	2,075	996
As a % of revenue	34.8%	34.8%	34.9%
Operating income	1,144	2,128	1,049
As a % of revenue	34.8%	35.7%	36.8%
Net profit – Group share	754	1,405	706
As a % of revenue	23.0%	23.6%	24.8%
Operating cash flows	971	1,863	926
Adjusted free cash flow ⁽³⁾	618	1,447	681
Investments (excluding financial investments)	170	312	120
Equity – Group share	5,763	5,470	4,753
Net cash position	3,532	3,465	2,713
Restated net cash position ⁽⁴⁾	3,740	3,615	2,798
Workforce (number of employees)	14,751	14,284	13,764

* 2018 restatements relate to the application of the IFRS 16 - Leases standard on a retrospective basis.

(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) Recurring operating income is one of the main performance indicators monitored by the group's General Management. It excludes non-recurring items having a significant impact likely to affect the understanding of the group's economic performance.

(3) Adjusted free cash flow corresponds to the sum of operating cash flows and change in working capital requirement, less operating investments and repayment of lease liabilities, as per IFRS cash flow statement.

(4) 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 2019 Half Year Results are available on the Group's website: <https://finance.hermes.com>.

COMING EVENTS

Starting 1 January 2020, the Hermès group will communicate on the same day revenue and results for full-year and half-year publications.

- 24 October 2019: Q3 2019 revenue publication
- 26 February 2020: Q4 2019 revenue and 2019 Results publication

REMINDER OF PREVIOUS PUBLICATIONS

INFORMATIONS BY GEOGRAPHICAL AREA ⁽¹⁾

in millions of euros	First Half		Evolutions	
	2019	2018	Published	At constant exchange rates
France	405.8	390.3	4.0%	4.0%
Europe (excl. France)	544.6	500.7	8.8%	8.8%
Total Europe	950.4	891.1	6.7%	6.7%
Japan	400.6	344.8	16.2%	9.8%
Asia-Pacific (excl. Japan)	1,299.3	1,072.8	21.1%	17.7%
Total Asia	1,700.0	1,417.6	19.9%	15.8%
Americas	569.2	489.9	16.2%	9.8%
Other	64.6	54.8	17.8%	17.7%
TOTAL	3,284.2	2,853.4	15.1%	12.0%

in millions of euros	2 nd quarter		Evolutions	
	2019	2018	Published	At constant exchange rates
France	221.0	208.1	6.2%	6.2%
Europe (excl. France)	283.0	261.5	8.2%	8.3%
Total Europe	504.0	469.6	7.3%	7.3%
Japan	196.5	169.8	15.7%	9.9%
Asia-Pacific (excl. Japan)	643.4	533.1	20.7%	18.6%
Total Asia	839.9	702.9	19.5%	16.5%
Americas	299.6	259.7	15.4%	9.8%
Other	31.1	27.4	13.3%	13.2%
TOTAL	1,674.5	1,459.6	14.7%	12.3%

(1) Sales by destination.

INFORMATION BY SECTOR

in millions of euros	First Half		Evolutions	
	2019	2018	Published	At constant exchange rates
Leathergoods and Saddlery ⁽¹⁾	1,652.4	1,425.1	16.0%	12.4%
Ready-to-wear and Fashion accessories ⁽²⁾	754.6	637.3	18.4%	15.2%
Silk and Textiles	266.6	249.4	6.9%	4.0%
Other Hermès sectors ⁽³⁾	247.6	201.7	22.8%	19.4%
Perfumes	158.7	153.2	3.6%	3.2%
Watches	90.5	77.0	17.6%	14.2%
Other products ⁽⁴⁾	113.9	109.8	3.7%	2.4%
TOTAL	3,284.2	2,853.4	15.1%	12.0%

in millions of euros	2 nd quarter		Evolutions	
	2019	2018	Published	At constant exchange rates
Leathergoods and Saddlery ⁽¹⁾	844.2	733.7	15.1%	12.2%
Ready-to-wear and Fashion accessories ⁽²⁾	394.4	330.7	19.3%	16.9%
Silk and Textiles	126.2	117.0	7.8%	5.8%
Other Hermès sectors ⁽³⁾	130.9	106.1	23.4%	20.8%
Perfumes	74.1	71.3	3.9%	3.5%
Watches	47.1	42.7	10.1%	7.6%
Other products ⁽⁴⁾	57.7	58.0	(0.5)%	(1.5)%
TOTAL	1,674.5	1,459.6	14.7%	12.3%

(1) The "Leather Goods-Saddlery" business line includes bags, riding, diaries and small leather goods.

(2) The "Ready-to-wear and Accessories" division includes Hermès Ready-to-wear for men and women, belts, fashion accessories, 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.