

HERMES

Nice rise in sales and profits

Paris, 30 August 2013

The Group's consolidated sales in the first half of 2013 amount to €1,767.2 million, up 11.0% (+14.4% at constant exchange rates).

Recurring operating profit and net profit rose by almost 14%.

Sales by geographical region *(at constant exchange rates unless specified otherwise)*

In the first half of 2013, growth was balanced in all regions of the world:

- Non Japan Asia (+17%) maintained its momentum. The Chinese market continued to display great vitality.
- Japan (+8%) confirmed the turnaround observed in the first quarter, and came back on track to sound growth.
- France (+13%) and the rest of Europe (+14%) posted remarkable performances in a difficult economic environment.
- The Americas (+17%) had an excellent half-year.

Sales by sector *(at constant exchange rates unless specified otherwise)*

Demand for Hermès products remains strong, impelled by great creativity. The expansion of the growth relays bore fruit. Advancement of bag sales remains constrained by production capacity.

Leatherwork & Saddlery (+10%) is continuing its investments, with the expansion of two factories opened in 2012 in Isère and Charente, and with the plan to create two new facilities devoted to artisanal activities in the Franche-Comté region.

Ready-to-wear & Fashion Accessories, flush with the success of the latest ready-to-wear collections and fashion accessories, registered strong growth (+21%).

The Silk and Textiles sector (+13%) is benefiting from the great variety of its collections.

Perfumes (+20%) remained on an uptrend. The new female perfume *Jour d'Hermès* was warmly received and *Terre d'Hermès* continued its growth.

Watches (-1%) were affected by the general downturn in the watch industry and the high basis for comparison of the previous year.

Other sectors (Jewellery and Art of Living) continued to show their great potential for expansion (+40%).

Operating margin reaches 33.1% of sales

Operating profit rose by 14.3% to reach €84.1 million compared to €10.9 million in the first half of 2012. The operating margin (33.1% of sales) improved by one point, due primarily to the positive impact of foreign exchange hedgings.

Consolidated net profit amounts to €81.7 million, up 13.9%.

Cash flow from operations reached €76.2 million, growing 21.3%. The increase was faster than that of net income due to this year's larger proportion of expenses with no cash impact (recognition of hedging instruments at fair value and of bonus share plans). After financing operating and financial investments (€74.9 million), ordinary dividend (€60.3 million) and working capital requirements, net cash position stands at €95.9 million as at 30 June 2013.

Hermès International did not buy back any of its own shares during the first half of 2013, other than shares traded under the liquidity contract.

Hermès had 10,604 employees as at end of June 2013. 486 new jobs were created in the first half, strengthening sales teams and increasing production capacities.

Half-year summarized consolidated accounts have been selectively audited by the Statutory Auditors according to current legislation. They are available at: www.hermes-international.com.

Outlook 2013

In the light of sales achieved in the first half of the year, consolidated sales figure at constant rates could slightly exceed the mid-term growth target of 10%. Depending on currency fluctuations, recurring operating margin could be close to the all-time high reached in 2012 (32.1%).

Hermès will continue to follow its strategy based on creativity, maintaining control over its know-how, expanding its distribution network, strengthening its production capacity and securing its supply sources.

With its new theme of the year "*A sporting life!*" Hermès is resolutely focusing on energy and optimism in 2013. Since its origins, the House has been tapping the sports universe to feed its passion for movement, casual elegance and excellence. For Hermès, sport rises above obsession with performance; it is above all spirit, style and pleasure, and its light shines upon our collections as never before.