

## HERMES INTERNATIONAL

Partnership limited by shares with capital of 53,840,400.12 euros,  
listed with the Paris Trade and Companies Register under n° 572 076 396,  
the head office of which is at 24, rue du Faubourg Saint-Honoré 75008 PARIS



## Minutes of the Combined General Meeting of 4 June 2013

On 4 June 2013, the Combined General Meeting of Hermès International met upon first being convened, at the Paris Palais des Congrès, chaired by Mr Eric de SEYNES, Chairman of the Supervisory Board.

The information relative to the quorum are available on the Hermès International financial communication Internet site: [www.hermes-international.com](http://www.hermes-international.com) in the document “*results of the votes during the general meeting on 4 June 2013*”.

Shareholders were asked to vote on:

- ❑ the approval of the parent company’s and consolidated financial statements for fiscal year 2012,
- ❑ the appropriation of the earnings and distribution, on 11 June 2013, of the **balance of the fiscal year’s ordinary dividend that increased by 25%** relative to the previous year (**an interim dividend of €1.50 per share was paid on 1 March 2013**), i.e. **€1.00**,
- ❑ the approval of the regulated agreements and commitments,
- ❑ renewal of the terms of Supervisory Board members **Mrs Julie Guerrand and Mrs Florence Woerth and Mr Charles-Eric Bauer**, for a period of 3 years,
- ❑ the appointment of **Mrs Dominique Senequier** as new member of the Supervisory Board, for a period of 3 years,
- ❑ the determination of the overall amount of the **directors’ fees** and the compensation for the Supervisory Board
- ❑ the authorisation to be given to the Executive Management in order to implement **a share purchase and cancellation programme**,
- ❑ the delegations of competence for the Management in order **to carry out capital operations in various circumstances (financial delegations)**,
- ❑ the delegations of competence for the Executive Management in order to grant **share purchase options** or to award **free shares** to members of a savings plan,
- ❑ a **modification of the articles of association** to allow the temporary appointment, by the active partner, of a third manager.

Before the start of the general meeting, Mr Henri-Louis BAUER, executive manager of the EMILE HERMES Sarl company, executive manager and general partner, pays tribute to Mr Jérôme GUERRAND, Chairman of the supervisory board from 1990 to 2010. He then announces the appointment of Mr Axel DUMAS as co-manager of Hermès International as of 5 June 2013. Mr Axel DUMAS, 42 years of age, is a sixth generation member of the Hermès family and current general manager of operations for HERMES INTERNATIONAL.

Mr Patrick THOMAS, Manager, presents the General report for 2012, while indicating:

- ❑ A year **of strong growth for the sales and results**
- ❑ **Best profitability since the Group’s IPO** in 1993
- ❑ 22.6% growth of the turnover, and 26.4% for the operating income
- ❑ **2012 reflects the backing of the clientele for the Hermès strategy: excellence**

- ❑ Products: all business lines posted fine performances thanks to their extensive know-how, in the service of an ambitious creation
- ❑ Regions: all of the regions are improving. Asia excluding Japan drove the business, while Europe and America posted very good growth. Japan is also contributing to this performance
- ❑ Distribution: the business growth was consistent both in the group's stores and in the external wholesale networks

He then recalls the other highlights from 2012:

- ❑ **Strong increase of investments**, which reflects the strategy of controlling the know-how and distribution: €370 million versus €214 million in 2011
- ❑ The distribution network's development with the opening or renovation of 14 branches
- ❑ The purchase of the actual shell of the Hermès store in Beverly Hills
- ❑ The **construction of the Cité des métiers in Pantin**
- ❑ The strengthening of production capacities and the securing of the procurements
- ❑ Many communication actions around the topic "Le temps devant soi" (The Gift of Time).
  - 3rd edition of the Saut Hermès at the Grand Palais, in Paris
  - Leather Forever exhibition in London
  - Festival des métiers (Festival of crafts) in Madrid, Zurich, Munich and Seoul
  - Kick-off of Module H during the Furniture trade show Milan, in April
  - Press kick-off of the new women's perfume Jour d'Hermès in Delphi, in November.

*A film "Highlights of 2012" is then shown.*

Axel DUMAS, General Manager of Operations, presents:

- ❑ the revenue changes by sectors as a percentage and the distribution of the group's revenue by sector in the form of a chart,

*A film on "Haute Bijouterie" is shown.*

- ❑ the revenue changes by geographical zone as a percentage and the distribution of the group's revenue by geographical zone in the form of a chart,
- ❑ the evolution of the number of stores in the form of a chart, while distinguishing concession holders and branches.

He then presents the human resources data, while mentioning:

- ❑ The **continuation of the creation of jobs** in 2012,
- ❑ The new jobs over 10 years,
- ❑ The balance between the production / sales staff,
- ❑ The Hermès manufactures,
- ❑ The **proportion of staff in France (60 %)**.

*A film on the "Parcours d'adresse" (Dexterity course) is then shown.*

Mrs Mireille MAURY, Managing Director Finances and Administration, presents the consolidated financial statements:

- ❑ The consolidated profit and loss statement,
- ❑ The investments,
- ❑ The operating cash flow,
- ❑ The restated cash flow table,
- ❑ The simplified consolidated balance sheet (assets and liabilities),
- ❑ The shareholders equity and the restated net cash.

Mr Patrick THOMAS presents a look back at **20 years of trading on the Stock Exchange:**

- ❑ In 20 years, the turnover has increased by 8 times, and the net income by 23,
- ❑ The average annual growth rate of the turnover has been 12%, with 18% for the net earnings,
- ❑ Over the period, the operating income increased by 18 times,
- ❑ The operating margin stands at 32.1% in 2012 versus 14% in 1993,
- ❑ In 20 years, the shareholders equity and cash have multiplied by 10 times,
- ❑ The profitability of the shareholders equity has doubled,

- ❑ The development strategy for the distribution network and the oversight of the know-how was deployed,
- ❑ The group created many jobs, both in France and around the world,
- ❑ Over the period, the share price and the dividend per share increased by an average of 21% per year,
- ❑ The stock market capitalisation was equal to €24 billion by late 2012.

Mr Patrick THOMAS presents the outlook for 2013:

- ❑ 1st quarter turnover: +10.3%,
- ❑ Continuing development of the distribution network, with the opening or renovation of some fifteen branches,
- ❑ Finalising of the works on a house of Hermès in Shanghai, that is expected to open in early 2014,
- ❑ Completion of the construction of the Cité des métiers in Pantin,
- ❑ Continuing increase of the production capacities and pursuit of the group strategy to secure its procurements,
- ❑ Kick-off of the new women's perfume *Jour d'Hermès*,
- ❑ Development of the House activity and of the springboards for growth.

*A film is shown on the advertising campaign for the "Jour d'Hermès" perfume.*

Mr Patrick THOMAS finishes with the following:

- ❑ Hermès, continually re-asserted values
  - Exceptional craftsmanship
  - Strong creativity and innovation
  - Constantly renewed style
- ❑ In 2012, the house of Hermès selected the annual theme "Le temps devant soi" (The Gift of Time), that inspired many original creations.
- ❑ In 2013, with its new annual theme "**Chic, le sport !**" (A sporting life!), Hermès is clearly setting its sights on energy and optimism

*Three internet clips on the 2013 theme: "Chic le Sport" (A sporting life!) are shown.*

Before beginning the discussions and proposing the resolutions for a vote, the Chairman introduces Mrs Dominique SENEQUIER, then mentions the report from the Chairman of the Supervisory Board, the report from the Supervisory Board, and gives the floor to the auditors.

During the discussions, the following subjects are brought up by the shareholders, journalists or financial analysts:

- ❑ percentage of individual shareholders,
- ❑ the development of the number of branches,
- ❑ the division of the share's face value,
- ❑ the creation of a shareholders' club,
- ❑ the method for setting the upper limit of €400 for the share buyback programme,
- ❑ the possible participation in the capital of a Chinese investment fund as a result of Mrs. Dominique SENEQUIER acquiring an interest in the capital,
- ❑ the securing of the procurements that must be strategically controlled,
- ❑ the reasons why the company continues to be listed on the Stock Exchange,
- ❑ the availability of a reference document,
- ❑ the possible sale by LVMH of part of its equity interest,
- ❑ the increase of the equity interests in the companies Vaucher and Joseph Erard,
- ❑ the future partnerships with John Lobb
- ❑ the dividend payment in shares,
- ❑ the impact of the higher prices for raw materials, notably cashmere, on the margin,
- ❑ the relations with LVMH,
- ❑ the complaint targeting the cancellation of the Equity Swaps,
- ❑ the measures taken to protect the lorries delivering finished products,
- ❑ the risks facing the business in France in the event of tourists losing interest, notably in Paris,
- ❑ the establishments in the Middle East,
- ❑ the possible development of fountain pens,
- ❑ the opening of a Shang Xia store in the rue de Sèvres in Paris,
- ❑ the recourse to cottage industries in the regions,
- ❑ the struggle against counterfeiting,
- ❑ eyewear.

Eric de SEYNES thanks Patrick THOMAS, for whom this was probably the last general meeting in the capacity of manager. In the name of the employees, shareholders and members of the Supervisory Board, he thanks Patrick THOMAS for his tremendous quality, his commitment and his management efforts throughout these recent years. Patrick THOMAS is offered a long and warm round of applause.

Finally, the votes are expressed using electronic boxes. Their operation as well as the correct conduct of the overall meeting are verified by Jean-Louis HAUGUEL, Process server.

The detailed results of the votes indicate that **21 resolutions**, including 9 extraordinary resolutions, **were adopted with a very large majority**.

These results, as well as the slides shown in support of the presentations by the speakers are available on the Hermès International financial communication Internet site: [www.hermes-international.com](http://www.hermes-international.com) in the document “*results of the votes during the general meeting on 4 June 2013*”.

The 2014 annual ordinary general meeting will be held on 3 June.