

HERMES

Quarterly information report as at the end of June 2018

Strong sales growth in the first half of 2018: +11% at constant exchange rates All business lines and all geographical areas posted growth

Paris, 20 July 2018

The group's consolidated revenue amounted to €2,853 million in the first half of 2018, up +11% at constant exchange rates and +5% at current exchange rates. Sales growth was solid and particularly sound in the group's stores (+11% at constant exchange rates).

The sustained growth in the second quarter (+12% at constant exchange rates and +7% at current exchange rates) was driven by the continuing momentum across all business lines and in all geographical areas.

Sales by geographical area at the end of June

(at comparable exchange rates, unless otherwise indicated)

In the first half of 2018, revenue increased in all geographical areas worldwide:

- Asia excluding Japan (+15%) continued its outstanding performance, with positive momentum in continental China and the whole region. The group also benefitted from the January opening of the Landmark Prince's store in Hong Kong. The Changsha store in China opened in May.
- Japan (+7%) confirmed its robust growth with no price effect.
- America (+12%) progressed well with high demand. In May, the group opened its 34th store in the USA, at Palo Alto in the heart of Silicon Valley. The Cancùn store opened in Mexico at the end of March.
- Europe excluding France (+7%) and France (+8%) achieved good performances despite the strengthening of the Euro. The Monaco and Nice stores reopened in June, and the third store in Istanbul, in Emaar Square, opened in May. The new website *hermes.com* was successfully deployed in Europe at the end of March, offering a one-stop address for both editorial content and products, reflecting the diversity of the Maison's creations.

Sales by business line at the end of June

(at comparable exchange rates, unless otherwise indicated)

The performance in the first half was driven by solid growth across all business lines.

Growth in Leather Goods and Saddlery (+8%) was sustained over the first half of the year, based on collections combining style, know-how, diversity of materials and functionality. Demand remains high, both for the Maison's classics and other models, such as the *Roulis*, *Lindy* and *Cinhetic* bags. Production capacities continued to increase, with the opening of the *Manufacture de l'Allan* in April, completing the craftsmanship production capacities in Franche-Comté around the Seloncourt and Héricourt sites, and the start of the Guyenne and Montereau production site projects, scheduled for completion in 2020.

The Ready-to-Wear and Accessories division (+17%) pursued its growth, thanks to the pertinence and boldness of our men's and women's ready-to-wear collections and the success of fashion accessories and footwear. A men's universe event was staged in Shanghai in April.

The Silk and Textiles business line (+7%) confirmed its favourable momentum with sustained demand, thanks to the diversity of materials and wealth of creations, particularly around silk twill and cashmere.

Driven by the successes of *Terre d'Hermès* and of *Twilly d'Hermès*, Perfumes (+15%) recorded a sharp increase.

The Watches business line (+9%) posted a good sales performance in the group's stores.

Other Hermès business lines (+24%), which encompass Jewellery, Art of Living and Hermès Table Arts, recorded strong growth over the period.

Highlights

At the end of June, currency fluctuations were unfavourable, representing a negative impact of €165 million on revenue.

During the first six months, Hermès International redeemed 88,039 shares for €51 million, excluding transactions completed within the framework of the liquidity contract.

As announced for the Revenue publication as at 3 May 2018, a net capital gain in the region of €50 million, resulting from the sale of the former Galleria store in Hong Kong, will be included in the half year operational result.

Hermès International's inclusion in the CAC 40 index on 18 June, decided by the Euronext Scientific Board reflects the strength of its business model.

2018 half year results

The half-year results will be published on 12 September. Current operating profitability at the end of June (excluding non-recurring items) benefits from particularly healthy growth and the accretive impact of foreign exchange on the first part of the year. It should be close to the record level reached in the first half of 2017.

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 as at the end of June 2018 is available on the group's website: <http://finance.hermes.com>.

Coming events:

- 12 September 2018: publication of H1 2018 Results
- 7 November 2018: publication of Q3 2018 Revenue

INFORMATION BY GEOGRAPHICAL AREA (1)

In millions of Euros	First Half		Evolutions	
	2018	2017	Published	At constant exchange rates
France	390.3	360.7	8.2%	8.2%
Europe (excl. France)	500.7	475.5	5.3%	7.4%
Total Europe	891.1	836.2	6.6%	7.8%
Japan	344.8	348.7	(1.1)%	6.8%
Asia Pacific (excl. Japan)	1,072.8	998.5	7.4%	14.9%
Total Asia	1,417.6	1,347.2	5.2%	12.8%
Americas	489.9	482.4	1.5%	12.4%
Other	54.8	47.2	16.1%	16.2%
TOTAL	2,853.4	2,713.1	5.2%	11.2%

In millions of Euros	2nd quarter		Evolutions	
	2018	2017	Published	At constant exchange rates
France	208.1	189.4	9.9%	9.9%
Europe (excl. France)	261.5	246.5	6.1%	8.2%
Total Europe	469.6	435.8	7.7%	8.9%
Japan	169.8	169.9	(0.0)%	6.1%
Asia Pacific (excl. Japan)	533.1	490.7	8.6%	13.4%
Total Asia	702.9	660.6	6.4%	11.6%
Americas	259.7	242.1	7.3%	15.9%
Other	27.4	22.8	20.2%	20.2%
TOTAL	1,459.6	1,361.3	7.2%	11.6%

(1) Sales by destination.

INFORMATION BY SECTOR

In millions of Euros	First Half		Evolutions	
	2018	2017	Published	At constant exchange rates
Leather Goods and Saddlery (1)	1,425.1	1,404.0	1.5%	8.0%
Ready-to-wear and Accessories (2)	637.3	579.2	10.0%	16.7%
Silk and Textiles	249.4	246.3	1.3%	7.1%
Other Hermès sectors (3)	201.7	172.3	17.0%	24.1%
Perfumes	153.2	134.4	14.0%	14.9%
Watches	77.0	75.0	2.7%	9.0%
Other products (4)	109.8	101.9	7.8%	10.3%
TOTAL	2,853.4	2,713.1	5.2%	11.2%

In millions of Euros	2nd quarter		Evolutions	
	2018	2017	Published	At constant exchange rates
Leather Goods and Saddlery (1)	733.7	708.1	3.6%	8.4%
Ready-to-wear and Accessories (2)	330.7	296.3	11.6%	16.4%
Silk and Textiles	117.0	112.5	4.0%	7.8%
Other Hermès sectors (3)	106.1	88.5	19.8%	25.2%
Perfumes	71.3	63.3	12.6%	13.5%
Watches	42.7	41.7	2.5%	7.3%
Other products (4)	58.0	50.9	14.0%	15.8%
TOTAL	1,459.6	1,361.3	7.2%	11.6%

(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 sectors” 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 AREA (a)

In millions of Euros	1st quarter		Evolutions	
	2018	2017	Published	At constant exchange rates
France	182.2	171.3	6.4%	6.4%
Europe (excl. France)	239.3	229.1	4.4%	6.5%
Total Europe	421.5	400.4	5.3%	6.5%
Japan	174.9	178.9	-2.2%	7.5%
Asia Pacific (excl. Japan)	539.8	507.7	6.3%	16.4%
Total Asia	714.7	686.6	4.1%	14.0%
Americas	230.2	240.3	-4.2%	8.8%
Other	27.4	24.4	12.3%	12.4%
TOTAL	1,393.8	1,351.7	3.1%	10.8%

(a) Sales by destination.

INFORMATION BY SECTOR

In millions of Euros	1st quarter		Evolutions	
	2018	2017	Published	At constant exchange rates
Leathergoods and Saddlery (1)	691.3	695.9	-0.7%	7.5%
Ready-to-wear and accessories (2)	306.6	282.9	8.4%	17.1%
Silk and Textiles	132.4	133.8	-1.0%	6.6%
Other Hermès sectors (3)	95.6	83.8	14.1%	23.1%
Perfumes	81.9	71.1	15.2%	16.1%
Watches	34.2	33.3	2.8%	11.3%
Other products (4)	51.8	51.0	1.5%	4.9%
TOTAL	1,393.8	1,351.7	3.1%	10.8%

(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).

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REMINDER – 2017 KEY FIGURES

	(In € million)	
	FY 2017	FY 2016
Revenue	5,549	5,202
<i>Growth at current exchange rates vs. n-1</i>	6.7%	7.5%
<i>Growth at constant exchange rates vs. n-1 ⁽¹⁾</i>	8.6%	7.4%
Recurring operating income	1,922	1,697
<i>As a % of revenue</i>	34.6%	32.6%
Net profit – Group share	1,221	1,100
<i>As a % of revenue</i>	22.0%	21.2%
Operating cash flows	1,598	1,439
Investments (excluding financial investments)	270	285
Equity – Group share	5,039	4,383
Net cash position as per IFRS	2,912	2,320
Restated net cash position ⁽²⁾	3,050	2,345
Workforce (number of employees)	13,483	12,834

(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

The complete consolidated financial statements are available at <http://finance.hermes.com> and on the AMF website (www.amf-france.org).

The press release and the presentation of the 2017 Results are available on the group's website: <http://finance.hermes.com>.