



# HERMÈS

1<sup>st</sup> half 2014 Results

Presentation as of 29 August 2014



# **HIGHLIGHTS**



### HIGHLIGHTS

#### ACTIVITY

- Sales are up 12% at constant rates, and 8% at current rates
- Operating result amounts to € 621M compared to 584M in 1st half 2013. Operating profitability (32.6 % of sales) remains close to the historically high levels reached in 2013. The slight decrease from the 1st half 2013 (33.1 % of sales) is mainly due to the negative currency impact.
- Net result amounts to € 413M and increases by 8%, at the same pace as sales, enabling to maintain the net profitability as that of the 1st half 2013 (21.6 % of sales)



### HIGHLIGHTS

#### ACTIVITY

- Activity was noteworthy in the Group's own stores (+14% at constant rates) despite a high comparison basis
- The negative currency impact amounts to about € -70M of sales (-4 points in growth) mainly due to the weakening of the Yen and the Dollar
- Good growth in all regions, in particular in non-Japan Asia
- Harmonious growth in all sectors, with the exception of watches which were affected by the general downturn in the watch industry





### HIGHLIGHTS

#### TREASURY

- After taking into account the negative impact from fair valuation of hedging instruments, operating cash flow reaches € 499M, up 5%
- Restated net cash position amounts to € 1,017M as at 30<sup>th</sup> June 2014 (€ 946 M under IFRS rules)



## HIGHLIGHTS

### INVESTMENTS

- Investments amount to € 130M, mainly related to :
  - Increased activity of the two new leather workshops in Isère and in Charente, and launch of projects for two new production sites in Franche-Comté
  - Completion for the « Maison des Savoir-faire Jean-Louis Dumas »
  - Developing the distribution network with seven branches being opened or renovated



## HERMÈS – 1<sup>st</sup> half 2014 results

### HIGHLIGHTS

#### DISTRIBUTION NETWORK

- 2 openings of branches in Malaysia (2<sup>nd</sup> store) et in Thaïland (2<sup>nd</sup> store)
- 1 concession taken back in Brasil
- 5 renovations
- Completion of the construction of the « Maison Hermès » in Shanghai



Bangkok store



Melbourne store





## HIGHLIGHTS

### COMMUNICATION

- 5<sup>th</sup> edition of the « Saut Hermès » at the Grand Palais in Paris
- Events around the women's universe in New York and the men's universe in Singapore
- « Festival des Métiers » in Geneva and Hamburg
- Exhibition « Petit h » in Los Angeles



All about women - New York



« Petit h » - Los Angeles





**ACTIVITY BY  
GEOGRAPHICAL  
ZONE**

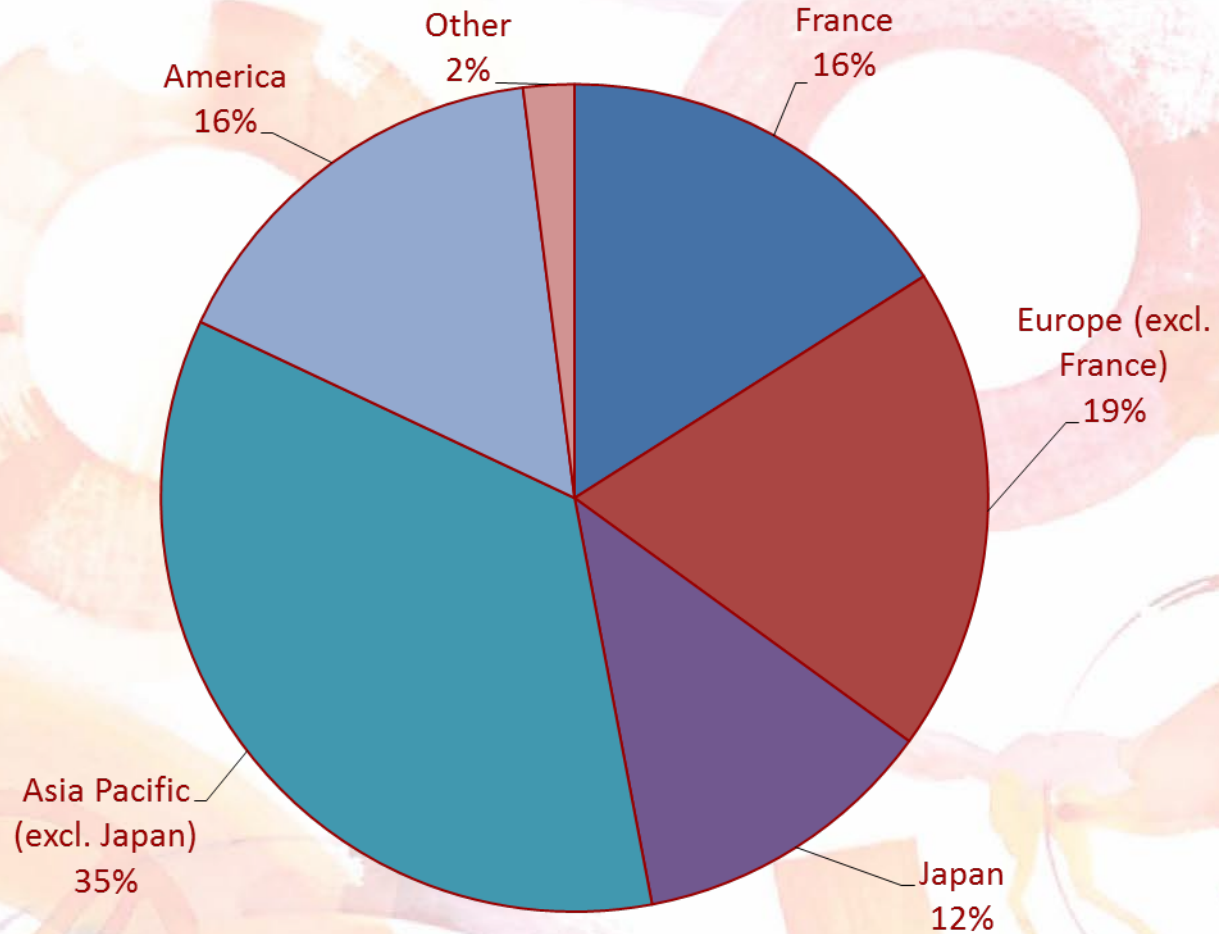


## ACTIVITY BY GEOGRAPHICAL ZONE

(in M€)	June 2014	change at constant rates
France	307.9	6.5%
Europe (excl. France)	370.8	7.3%
<b>EUROPE</b>	<b>678.6</b>	<b>6.9%</b>
Japan	220.8	11.3%
Asia-Pacific (excl. Japan)	662.3	17.2%
<b>ASIA</b>	<b>883.1</b>	<b>15.6%</b>
Americas	306.7	12.6%
Others	38.4	18.6%
<b>TOTAL</b>	<b>1,906.9</b>	<b>12.0%</b>



## ACTIVITY BY GEOGRAPHICAL ZONE







## HERMÈS - 1<sup>st</sup> half 2014 results



## ACTIVITY BY SECTOR



## HERMÈS - 1<sup>st</sup> half 2014 results

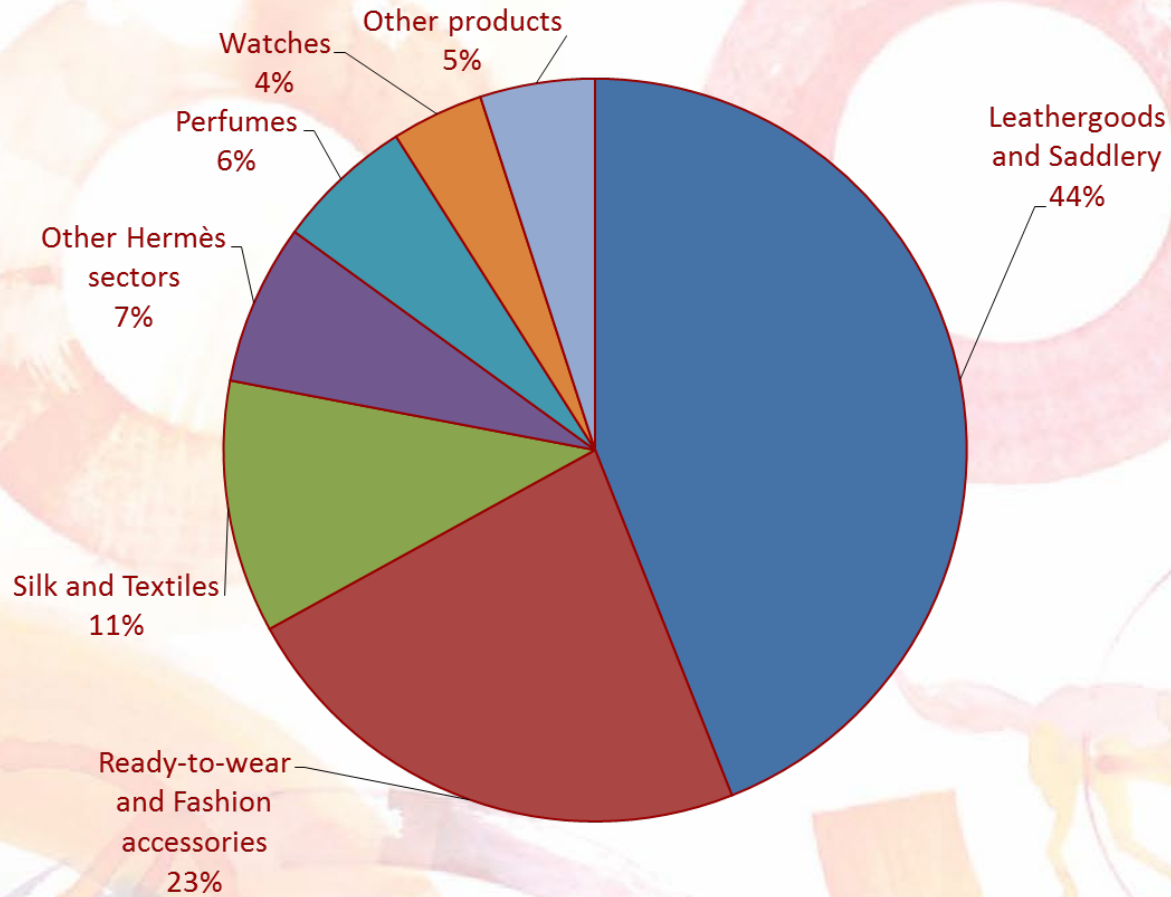
### ACTIVITY BY SECTOR

(in M€)	June 2014	change at constant rates
Leathergoods - Saddlery	840.7	12.6%
Ready-to-wear & Fashion Accessories	440.6	15.8%
Silk & Textiles	216.0	11.3%
Perfumes	114.6	8.0%
Watches	67.2	-6.7%
Other Hermès sectors	124.5	18.0%
Other products	103.3	5.8%
<b>TOTAL</b>	<b>1,906.9</b>	<b>12.0%</b>



## HERMÈS - 1<sup>st</sup> half 2014 results

### ACTIVITY BY SECTOR







**PROFIT  
AND LOSS  
ACCOUNT**



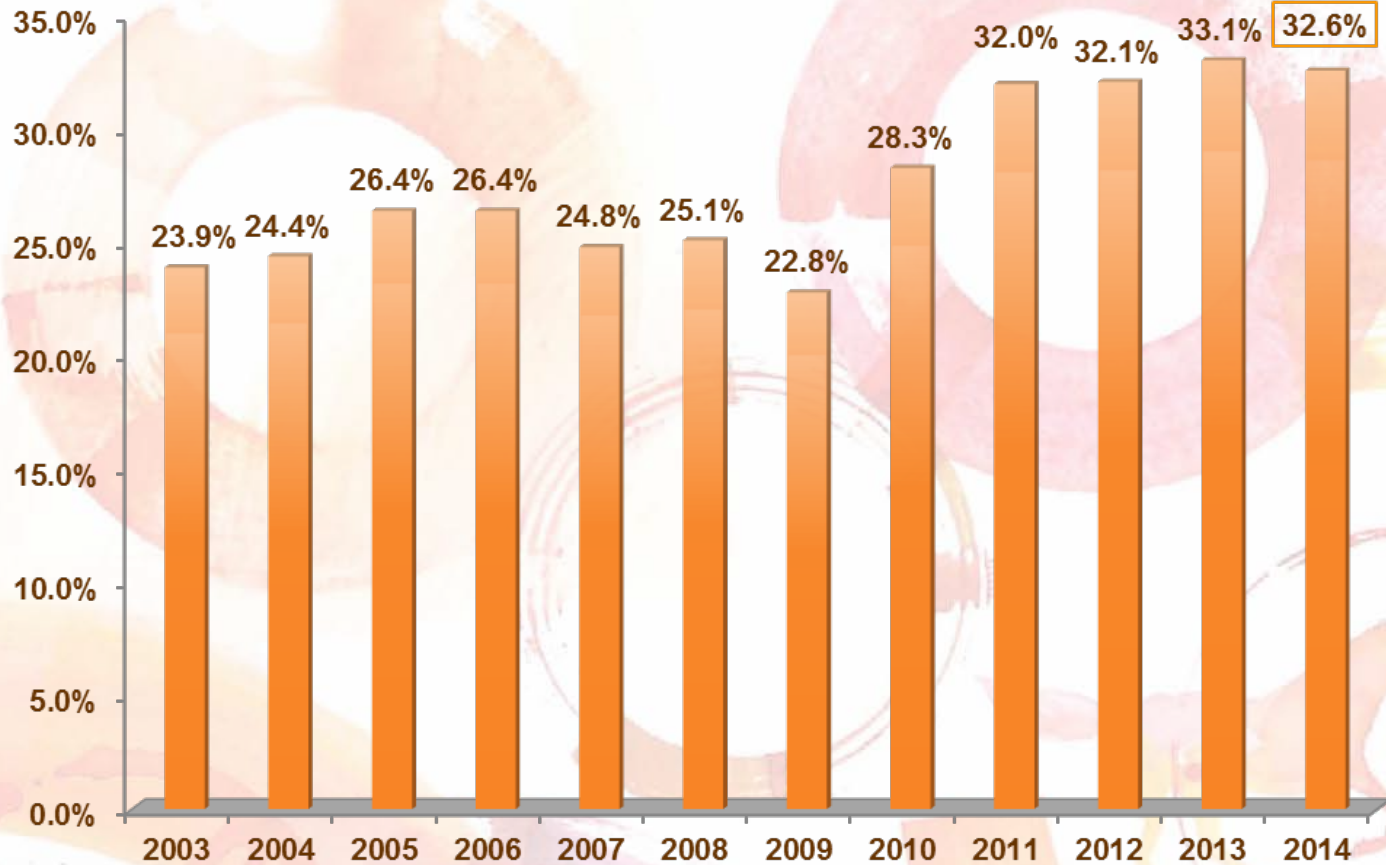
## CONSOLIDATED INCOME STATEMENT

in M€	June 2014	% revenue	June 2013	% revenue
<b>Revenue</b>	<b>1,906.9</b>		<b>1,767.2</b>	
Cost of sales	-608.5		-554.0	
<b>Gross profit</b>	<b>1,298.4</b>	<b>68.1%</b>	<b>1,213.2</b>	<b>68.6%</b>
Selling, marketing and administrative expenses	-612.3		-569.8	
Other income and expense	-64.7		-59.3	
<b>Recurring operating income</b>	<b>621.4</b>	<b>32.6%</b>	<b>584.1</b>	<b>33.1%</b>
Other non-recurring income and expense	-		-	
<b>OPERATING INCOME</b>	<b>621.4</b>	<b>32.6%</b>	<b>584.1</b>	<b>33.1%</b>
<i>Change</i>	<b>+6.4%</b>			



## HERMÈS – 1<sup>st</sup> half 2014 results

### HALF YEAR CURRENT OPERATING PROFIT (in % of sales)







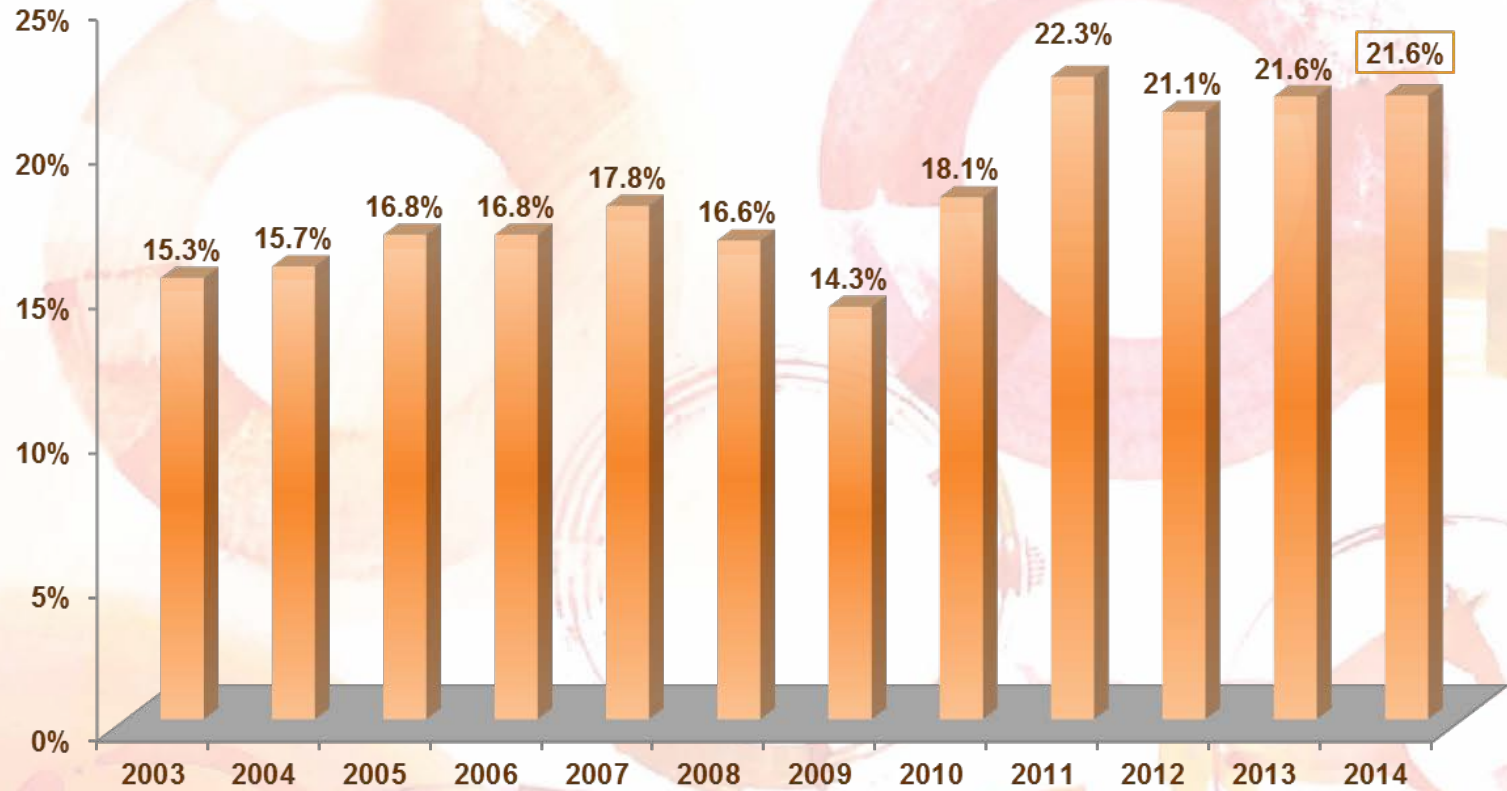
## CONSOLIDATED INCOME STATEMENT

in M€	June 2014	% revenue	June 2013	% revenue
<b>OPERATING INCOME</b>	<b>621.4</b>	<b>32.6%</b>	<b>584.1</b>	<b>33.1%</b>
Net financial income	-7.8		-8.2	
Income tax expense	-203.7		-191.1	
	-33.2%		-33.2%	
Net income from associates	5.6		1.9	
Net income attributable to non-controlling interests	-3.0		-5.0	
<b>NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	<b>412.5</b>	<b>21.6%</b>	<b>381.7</b>	<b>21.6%</b>
<i>Change</i>	<b>+8.1%</b>			



## HERMÈS – 1<sup>st</sup> half 2014 results

### HALF YEAR NET RESULT (in % of sales)





## INVESTMENTS

in M€

June 2014

Stores and distribution	75
Production and securing of supplies	33
Real estate and others	22
<b>Investments</b>	<b>130</b>





## IFRS CASH FLOW STATEMENT

in M€	June 2014	June 2013
Operating cash flow	499	476
Change in working capital	-157	-155
Investments	-130	-95
Dividends paid	-291	-271
Other changes	3	-45
<i>Change in net cash position</i>	-76	-90
<b>Closing IFRS Net cash position</b>	<b>946</b>	<b>596</b>
<b>Opening IFRS Net cash position</b>	<b>1 022</b>	<b>686</b>



## RESTATED CASH FLOWS STATEMENT

in M€	June 2014	June 2013
Operating cash flow	499	476
Change in working capital	-157	-155
Investments	-130	-75
Dividends paid	-291	-271
Other changes	5	-49
<i>Change in net cash position</i>	<i>-74</i>	<i>-74</i>
<b>Closing restated Net cash position</b>	<b>1 017</b>	<b>647</b>
<b>Opening restated Net cash position</b>	<b>1 091</b>	<b>721</b>



**HERMÈS**

# **2014 OUTLOOK**





## HERMÈS – 2014 OUTLOOK

### LONG-TERM STRATEGY TO BE PURSUED

- Alliance between creativity and exceptional craftsmanship.
- Control of our know-how.
- Reinforcement of the distribution network.



## HERMÈS – 2014 OUTLOOK

- Strengthening of production capacities and continuing vertical integration
- Development of growth relays
- Further development of the distribution network with about fifteen branches being opened or renovated
- Opening of the Hermes Maison in Shanghai in September 2014

