

HERMES

Quarterly information report as at the end of September 2016

**Acceleration of sales growth in the third quarter (+9% at constant exchange rates)
At the end of September, revenues were up 8% at constant exchange rates**

Paris, 3 November 2016

At the end of September 2016, the Group's consolidated revenues amounted to €3 697 million, up 8% at constant exchange rates. At current exchange rates, growth was 7%. The Group's stores posted a solid increase in sales (+9 % at constant exchange rates), in all the regions.

Growth was sustained in the third quarter (+9% at constant exchange rates and +10% at current exchange rates).

Sales by region at the end of September

(at constant exchange rates, unless otherwise indicated)

At the end of September 2016, revenues rose in all regions worldwide:

- Japan (+9%) achieved a remarkable performance thanks to its selective distribution network, despite the strengthening of the yen.
- Asia excluding Japan (+8%) continued its dynamic growth path and gained from store openings at Hong Kong Airport and in Macao, after the May opening of Liat Towers in Singapore. In continental China, the rise in sales continued, even though the context remained challenging in Hong Kong and Macao.
- America (+8%), which benefits from last year's extensions and renovations, is developing in a still uncertain context. The new boutique in Rio de Janeiro, the second in Brazil, opened in July.
- Europe (+7%) posted growth, performing well in the Group's stores which confirm their resistance, despite the impact of recent events, particularly in France.

Sales by sector at the end of September

(at constant exchange rates, unless otherwise indicated)

In a more adverse context, growth over the first nine months of the year was driven by the success of Leather Goods and Saddlery which confirmed its role as the mainstay of the Group.

Growth in Leather Goods and Saddlery (+16%) was solid, thanks to the success of the collections and the diversity of models, in particular the bags Constance, Halzan and Lindy, together with Birkin and Kelly. The development was supported by the sustained pace of deliveries and production, which gained from the capacities of the three new sites in Charente, Isère and Franche-Comté. Investments for a third site in this latter region continue.

The Ready-to-wear and Accessories division (-1%) was down slightly. Its development is particularly driven by the success of the latest women's ready-to-wear collections and shoes.

The Silk and Textiles business line (-6%) was penalized by the events in France and by slowing sales in Greater China and America.

The Perfumes division (+6%) posted an increase, driven by the success of *Terre d'Hermès*, the launch of *Galop d'Hermès*, and by the latest creations such as the Colognes, *Eau de néroli doré* and *Eau de rhubarbe écarlate*.

Watches division (+1%) is penalized by a still challenging market.

Other Hermès business lines (+1%), which encompass Jewellery, Art of Living and Hermès Table Arts, are stable, after strong growth in the 3rd quarter.

Highlights

At the end of September, currency fluctuations were slightly unfavourable, representing a negative impact of €11 million on revenues.

Over the first nine months of the year, Hermès International bought back 245,315 shares for €82.5 million, outside of the transaction as part of the liquidity contract.

Outlook

Thanks to its unique business model, Hermès continues its long-term development strategy based on creativity, maintaining control over know-how and singular communication.

For the full year 2016, as indicated in July and in the half year results publication, Hermès confirms its goal for sales growth at constant exchange rates, which should be below 8%. Operating profitability should be slightly higher than in 2015 given the favourable impact of foreign exchange hedges.

In the medium term, despite growing economic, geopolitical and monetary uncertainties around the world, the Group confirms an ambitious goal for sales growth at constant exchange rates.

In 2016, Hermès is celebrating "nature at a gallop". Through horses, its very first customer, Hermès has developed a genuine and profound bond with nature, built on inspiration, admiration and respect.

*The press release on Revenues as at the end of September 2016 is available on the Group's website:
<http://finance.hermes.com>.*

Upcoming events:

- 8 February 2017: publication of 2016 Revenues
- 22 March 2017: publication of 2016 Results
- 27 April 2017: publication of 1st Quarter 2017 Revenues

INFORMATION BY GEOGRAPHICAL ZONE (1)

In millions of Euros	As of Sept 30th		Evolutions	
	2016	2015	Published	At constant exchange rates
France	521.6	499.2	4.5%	4.5%
Europe (excl. France)	673.4	631.6	6.6%	9.3%
Total Europe	1,195.1	1,130.9	5.7%	7.2%
Japan	506.9	422.2	20.0%	8.5%
Asia Pacific (excl. Japan)	1,290.4	1,225.8	5.3%	8.1%
Total Asia	1,797.3	1,648.1	9.1%	8.2%
Americas	649.8	609.0	6.7%	8.0%
Other	54.9	54.7	0.5%	0.6%
TOTAL	3,697.1	3,442.6	7.4%	7.7%

In millions of Euros	3rd quarter		Evolutions	
	2016	2015	Published	At constant exchange rates
France	169.3	170.9	-1.0%	-0.9%
Europe (excl. France)	239.7	224.9	6.6%	9.8%
Total Europe	409.0	395.8	3.3%	5.2%
Japan	177.1	142.6	24.2%	5.6%
Asia Pacific (excl. Japan)	434.3	383.6	13.2%	14.2%
Total Asia	611.4	526.2	16.2%	11.9%
Americas	218.2	205.1	6.4%	7.3%
Other	18.2	16.0	13.7%	13.8%
TOTAL	1,256.7	1,143.1	9.9%	8.8%

(1) Sales by destination.

INFORMATION BY SECTOR

In millions of Euros	As of Sept 30th		Evolutions	
	2016	2015	Published	At constant exchange rates
Leathergoods and Saddlery (1)	1,861.4	1,600.5	16.3%	16.3%
Ready-to-wear and Fashion accessories (2)	801.3	815.9	-1.8%	-1.1%
Silk and Textiles	334.5	358.8	-6.8%	-6.1%
Other Hermès sectors (3)	233.0	233.6	-0.3%	0.5%
Perfumes	194.9	184.1	5.9%	5.9%
Watches	112.6	112.4	0.2%	0.6%
Other products (4)	159.5	137.3	16.2%	16.8%
TOTAL	3,697.1	3,442.6	7.4%	7.7%

In millions of Euros	3rd quarter		Evolutions	
	2016	2015	Published	At constant exchange rates
Leathergoods and Saddlery (1)	630.2	533.0	18.2%	16.3%
Ready-to-wear and Fashion accessories (2)	283.8	281.8	0.7%	0.1%
Silk and Textiles	104.3	108.2	-3.6%	-4.1%
Other Hermès sectors (3)	82.4	78.7	4.7%	4.4%
Perfumes	70.3	63.8	10.3%	10.2%
Watches	38.0	37.4	1.5%	0.4%
Other products (4)	47.7	40.2	18.6%	19.2%
TOTAL	1,256.7	1,143.1	9.9%	8.8%

(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).

(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 ZONE (1)

In millions of Euros	2016			2015		
	Q1 Report	Q2 Report	S1 report	Q1 Report	Q2 Report	S1 report
France	164.1	188.2	352.3	155.4	172.9	328.3
Europe (excl. France)	211.4	222.3	433.8	192.4	214.4	406.7
Total Europe	375.6	410.6	786.1	347.8	387.3	735.1
Japan	167.8	162.0	329.8	141.6	138.1	279.7
Asia Pacific (excl. Japan)	425.7	430.4	856.1	417.0	425.2	842.2
Total Asia	593.5	592.4	1 185.9	558.6	563.3	1 121.9
Americas	204.2	227.5	431.6	194.5	209.3	403.8
Other	17.4	19.3	36.7	21.3	17.3	38.7
TOTAL	1 190.7	1 249.7	2 440.4	1 122.2	1 177.2	2 299.4

(1) Sales by destination.

INFORMATION BY SECTOR

In millions of Euros	2016			2015		
	Q1 Report	Q2 Report	S1 report	Q1 Report	Q2 Report	S1 report
Leathergoods and Saddlery	590.6	640.6	1 231.2	511.3	556.1	1 067.4
Ready-to-wear and Fashion accessories	256.4	261.1	517.5	262.3	271.8	534.1
Silk and Textiles	121.1	109.1	230.3	133.9	116.7	250.6
Other Hermès sectors	70.4	80.2	150.6	72.2	82.7	154.9
Perfumes	59.9	64.7	124.6	62.0	58.3	120.3
Watches	34.5	40.1	74.6	35.7	39.3	75.0
Other products	57.9	53.9	111.8	44.7	52.4	97.1
TOTAL	1 190.7	1 249.7	2 440.4	1 122.2	1 177.2	2 299.4

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REMINDER OF KEY FIGURES – 2016 FIRST HALF RESULT

in millions of euros

	First half of 2016	Fiscal year 2015	First half of 2015
Revenue	2,440.4	4,841.0	2,299.4
Operating income	826.8	1,540.7	748.2
Net income attributable to owners of the parent	545.4	972.6	482.5
Operating cash flows	699.4	1,218.2	573.9
Investments (excluding financial investments)	107.6	266.6	101.4
Shareholders' equity ⁽¹⁾	3,863.3	3,742.0	3,227.8
Net cash position	1,513.4	1,571.2	951.9
Restated net cash ⁽²⁾	1,625.4	1,614.0	1,018.3
Number of employees	12,510	12,244	11,857

(1) Corresponds to equity excluding non-controlling interests.

(2) The restated net cash includes non-liquid financial investments, as defined by the IAS 39 standard, and borrowings.

Limited review procedures have been carried out on the condense interim consolidated financial statements by the Statutory Auditors in accordance with applicable regulations.

The interim activity report, the press release and the presentation of the 2016 interim Results are available on the Group's website: <http://finance.hermes.com>.