

# HERMES

*Quarterly information report as at the end of March 2018*

## **Strong Sales growth in the first quarter (+11%) across all the business lines and all geographical areas**

Paris, 3 May 2018

The Group's consolidated revenue amounted to €1,394 million in the first quarter 2018, up 11% at constant exchange rates and 3% at current exchange rates, due to the strengthening of the euro. This solid performance is the result of the well-balanced sales growth. It is particularly healthy as it is mainly based on an increase in volumes in the group's stores (+11% at constant exchange rates).

Axel Dumas, Executive Chairman of Hermès, said: *“All of the métiers have posted strong growth, as well as all regions. I would like to thank the designers, craftspeople and sales teams, and all of the men and women who work for our house for their efforts, which have contributed to achieving these solid results.”*

### **Sales by geographical area at the end of March**

*(at constant exchange rates unless otherwise indicated)*

Over the first quarter 2018, all the geographical areas posted strong growth:

- Asia excluding Japan (+16%) achieved an excellent performance with a positive trend in continental China. In January, the Group inaugurated the new 900sqm Landmark Prince's flagship store in Hong Kong, which has met a great success.
- Japan (+8%) continued outstanding growth.
- America (+9%) progressed well, despite a high comparison basis in the first quarter 2017. The Cancun store opened in Mexico at the end of March.
- Europe excluding France (+7%) and France (+6%) achieved a good performance despite the strengthening of the Euro. The new website was successfully deployed in Europe at the end of March, offering a one-stop address for both editorial content and products which reflect the diversity of the Maison's creations. In France, the 9th *Saut Hermès* event was successfully held at the Grand Palais.

### **Sales by business line at the end of March**

*(at constant exchange rates unless otherwise indicated)*

The performance in the first quarter was driven by sound growth across all the business lines.

Growth in Leather Goods and Saddlery (+8%) was sustained in the first quarter thanks to the success of the collections and the diversity of models, both as regards the iconic bags and the other models, including Constance, Bolide, Halzan, Lindy and Roulis. Production capacities continued to increase, with the opening of the *Manufacture de L'Allan* in early April, and the start of the *Guyenne and Montereau* production site projects, which are likely to be completed by the year 2020.

The Ready-to-Wear and Accessories division (+17%) confirmed its great performance, driven by the success of the ready-to-wear collections and fashion accessories.

The Silk and Textiles business line (+7%) pursued its momentum in the first quarter, benefitting from sustained demand, the diversity of materials and the wealth of creations.

Perfumes (+16%) increased strongly, driven by the success of *Terre d'Hermès* and by successful launches, in particular *Twilly d'Hermès*.

The Watches business line (+11%) reported a good sales performance in the Group's stores, especially in Asia.

Other Hermès business lines (+23%), which encompass Jewellery, Art of Living and Hermès Table Arts, recorded strong development over the quarter.

## **Highlights**

At the end of March, currency fluctuations represented a negative impact of €104 million on revenue.

During the first quarter, Hermès International redeemed 2,917 shares for €1.3 million, outside transactions completed within the framework of the liquidity contract.

## **Galleria sale in Hong Kong**

As announced for the Results publication on 21 March 2018, Hermès Group finalised the sale of its former Galleria store, on 12 April. This transaction should generate a net capital gain in the region of €50 million in 2018.

## **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 at the end of March 2018 is available on the Group's website: <http://finance.hermes.com>.*

## **Upcoming events:**

- 5 June 2018: General Meeting of Shareholders
- 20 July 2018: Publication of Q2 2018 Revenue
- 12 September 2018: Publication of H1 2018 Results

## INFORMATION BY GEOGRAPHICAL AREA (1)

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%
<b>Total Europe</b>	<b>421.5</b>	<b>400.4</b>	<b>5.3%</b>	<b>6.5%</b>
Japan	174.9	178.9	-2.2%	7.5%
Asia Pacific (excl. Japan)	539.8	507.7	6.3%	16.4%
<b>Total Asia</b>	<b>714.7</b>	<b>686.6</b>	<b>4.1%</b>	<b>14.0%</b>
Americas	230.2	240.3	-4.2%	8.8%
Other	27.4	24.4	12.3%	12.4%
<b>TOTAL</b>	<b>1,393.8</b>	<b>1,351.7</b>	<b>3.1%</b>	<b>10.8%</b>

(1) 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%
<b>TOTAL</b>	<b>1,393.8</b>	<b>1,351.7</b>	<b>3.1%</b>	<b>10.8%</b>

(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 – 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 <sup>(1)</sup></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 <sup>(2)</sup>	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](http://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>.*