



**HERMÈS**  
INTERNATIONAL

**COMBINED GENERAL MEETING  
AS OF 3<sup>RD</sup> JUNE 2014**



**GENERAL ASSESSMENT OF THE YEAR 2013**

## **GENERAL ASSESSMENT OF THE YEAR 2013**

In 2013, strategy was pursued, based on :

- Creativity
- Control of know-how
- Strengthening of the distribution network
- Development of growth relays

## GENERAL ASSESSMENT OF THE YEAR 2013

### CREATIVITY

- Leathersgoods - Saddlery : bag *Maxibox*, pochette *Pliplat*, bag *Constance Cartable*, saddle *Hermès Cavale*...
- Jewellery: collection *Niloticus*, collection *Galop Hermès*...
- Watches : watch *Arceau Petite Lune*, watch *Dressage Chronographe*...
- Perfume : *Jour d'Hermès*, *Épice Marine*, *Eau de narcisse bleu*...
- Tableware: Fine china service *Rallye 24*...

## GENERAL ASSESSMENT OF THE YEAR 2013

### CONTROL OF KNOW-HOW

- Construction of two new leather manufactures in Charente and Isère
- Project to create two new sites in Franche-Comté
- Capacity investments in textile activities in Lyon
- Continuation of vertical integration

## GENERAL ASSESSMENT OF THE YEAR 2013

### STRENGTHENING OF THE DISTRIBUTION NETWORK

- Renovations and enlargements of Beverly Hills in the United States and Milan in Italy
- Opening of 3 branches (of which Ningbo in China and Nagoya Mitsukkoshi in Japan)
- Renovations and enlargements of nine other branches

## GENERAL ASSESSMENT OF THE YEAR 2013

### DEVELOPMENT OF GROWTH RELAYS

- Strong progression of Jewellery
- Dynamism of fashion accessories, in particular shoes
- Extension of the « Maison » universe

## GENERAL ASSESSMENT OF THE YEAR 2013

### NEW YEAR OF STRONG GROWTH OF SALES AND RESULTS

**+ 8.9 %**

OPERATING  
PROFIT

	CURRENT RATES	CONSTANT RATES
SALES	+ 7.8 %	+ 13.0 %
OPERATING PROFIT	+ 8.9 %	
NET RESULT	+ 6.8 %	



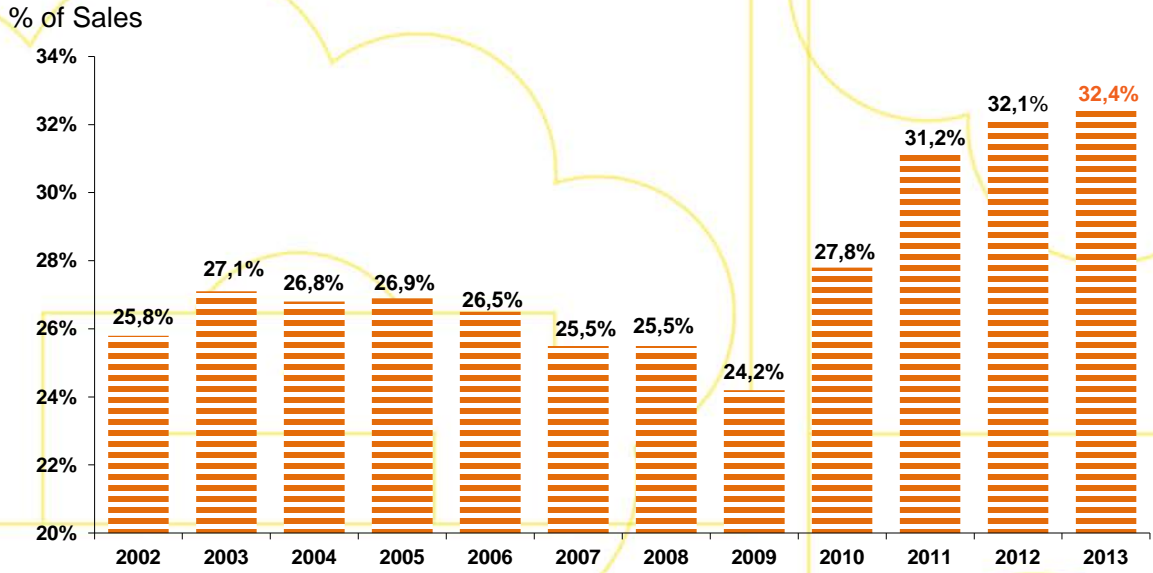
## GENERAL ASSESSMENT OF THE YEAR 2013

### STRONG SALES GROWTH

- Products : All sectors have increased thanks to ambitious designs
- Geographical zones : All Geographical zones contributed to the growth
  - Asia (excl. Japan) and United States were particularly dynamic
  - Europe benefited from a sustained activity despite a difficult economic climate
  - Japan posted a very good performance

## GENERAL ASSESSMENT OF THE YEAR 2013

OPERATING MARGIN (32,4 %) REACHES ITS HIGHEST HISTORICAL LEVEL



## GENERAL ASSESSMENT OF THE YEAR 2013

### MANY SPECIFIC COMMUNICATION ACTIONS

- 4<sup>th</sup> edition of the « *Saut Hermès* » at the Grand Palais in Paris
- Three events around the men's universe in Miami, Frankfurt and Seoul
- Seven « *Festival des Métiers* » in Beijing, Shen Yang, Hangzhou, London, Düsseldorf, Toronto and Luxemburg
- « *Leather forever* » exhibition in Madrid
- Event around the women's universe « *Mouvement Féminin* » in Paris

## GENERAL ASSESSMENT OF THE YEAR 2013

### NICE PERFORMANCE IN ALL SECTORS

Changes at  
Constant rates  
2013 / 2012

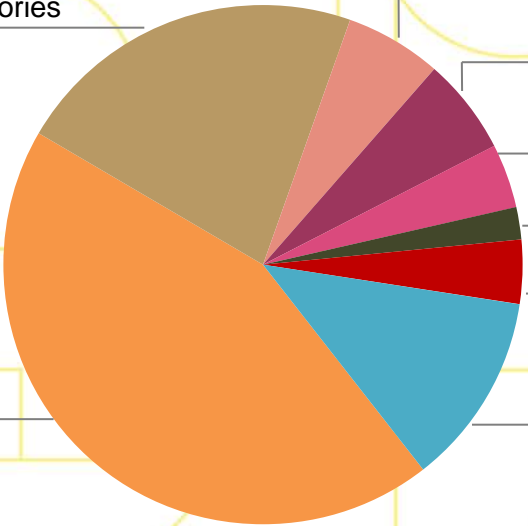
Leather Goods - Saddlery	+ 8.8 %
Ready-to-wear and accessories	+ 17.9 %
Silk and Textiles	+ 11.5 %
Perfumes	+ 14.8 %
Others Hermès métiers	+ 36.5 %
Watches	+ 1.0 %
Tableware	+ 4.4 %
Others products	+ 29.0 %

# GENERAL ASSESSMENT OF THE YEAR 2013

## ACTIVITY BY SECTOR 2013 / 2012

Ready-to-wear and Accessories  
22 % / 21 %

Leather Goods –Saddlery  
44 % / 46 %



Others Hermès métiers  
6 % / 5 %

Perfumes  
6 % / 5 %

Watches  
4 % / 5 %

Tableware  
2 % / 2 %

Others Products  
4 % / 4 %

Silk and Textiles  
12 % / 12 %

## GENERAL ASSESSMENT OF THE YEAR 2013

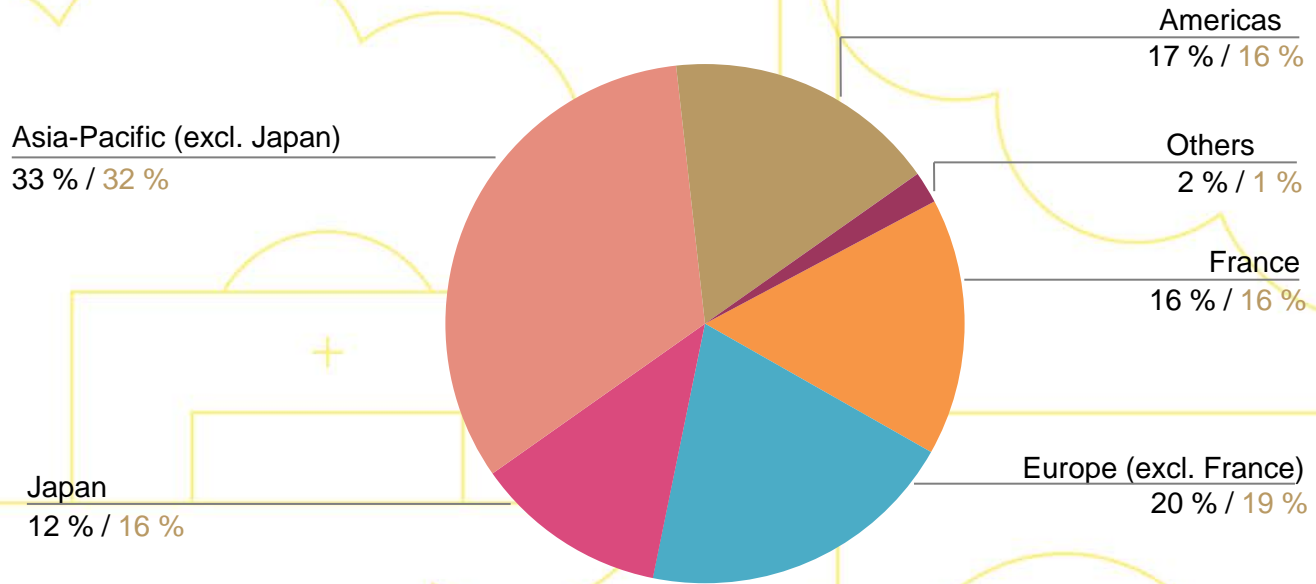
### GROWTH IN ALL GEOGRAPHICAL AREAS

Changes at  
constant rates  
2013 / 2012

FRANCE	+ 10.4 %
REST OF EUROPE	+ 12.9 %
AMERICAS	+ 14.2 %
ASIA-PACIFIC (ex. Japan)	+ 16.4 %
JAPAN	+ 6.5 %
OTHERS	+ 26.0 %

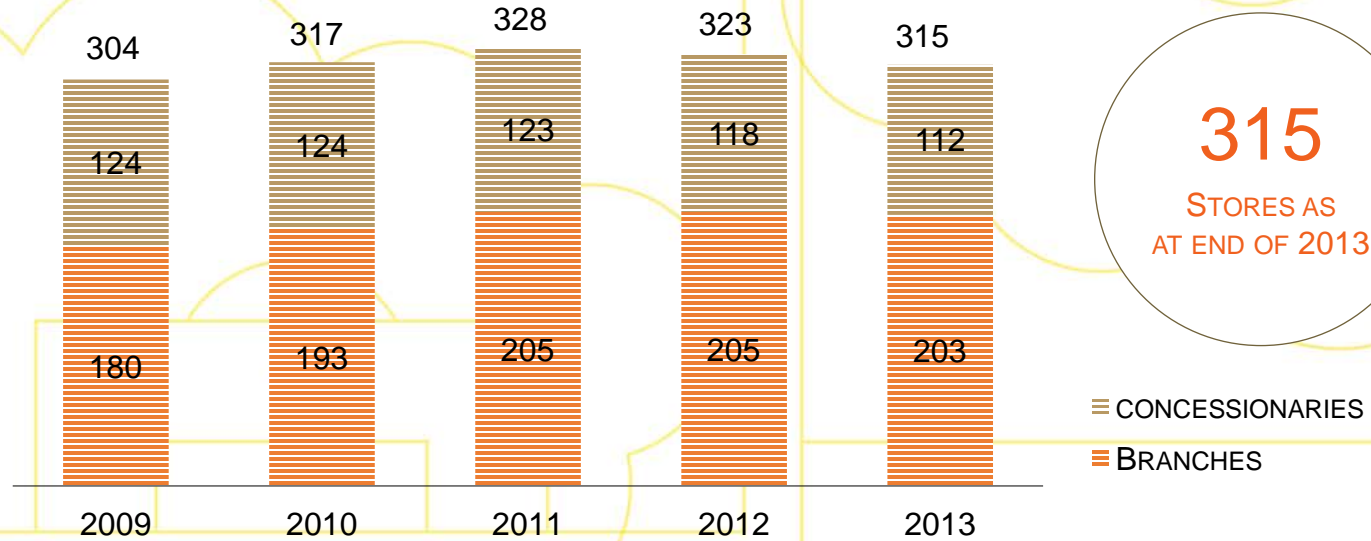
# GENERAL ASSESSMENT OF THE YEAR 2013

## ACTIVITY BY GEOGRAPHICAL AREA 2013 / 2012



# GENERAL ASSESSMENT OF THE YEAR 2013

## EVOLUTION OF THE NUMBER OF STORES





The background is a solid light blue color. It features white line art illustrations of rainbows and clouds. On the left side, there are two rainbows, one above the other, with multiple concentric arcs. To their right, there are several stylized clouds with scalloped edges. The text 'HUMAN RESOURCES' is centered horizontally and vertically in the image.

# **HUMAN RESOURCES**

## HUMAN RESOURCES

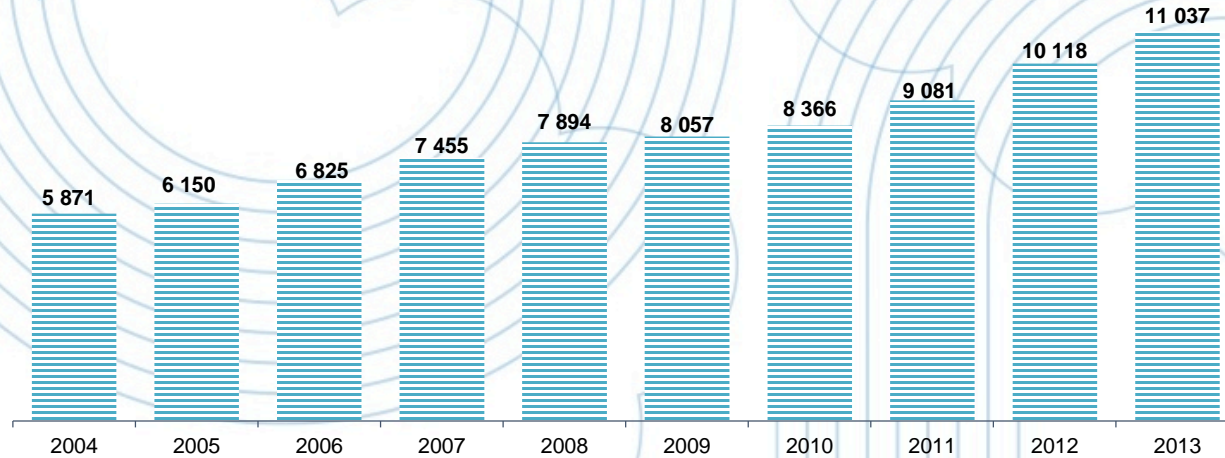
- 919 news jobs created in 2013, of which 521 in France
- Headcount amounted to 11 037 as at end of 2013

+ 919

JOB CREATIONS

## HUMAN RESOURCES

### JOB CREATIONS CONTINUED IN 2013

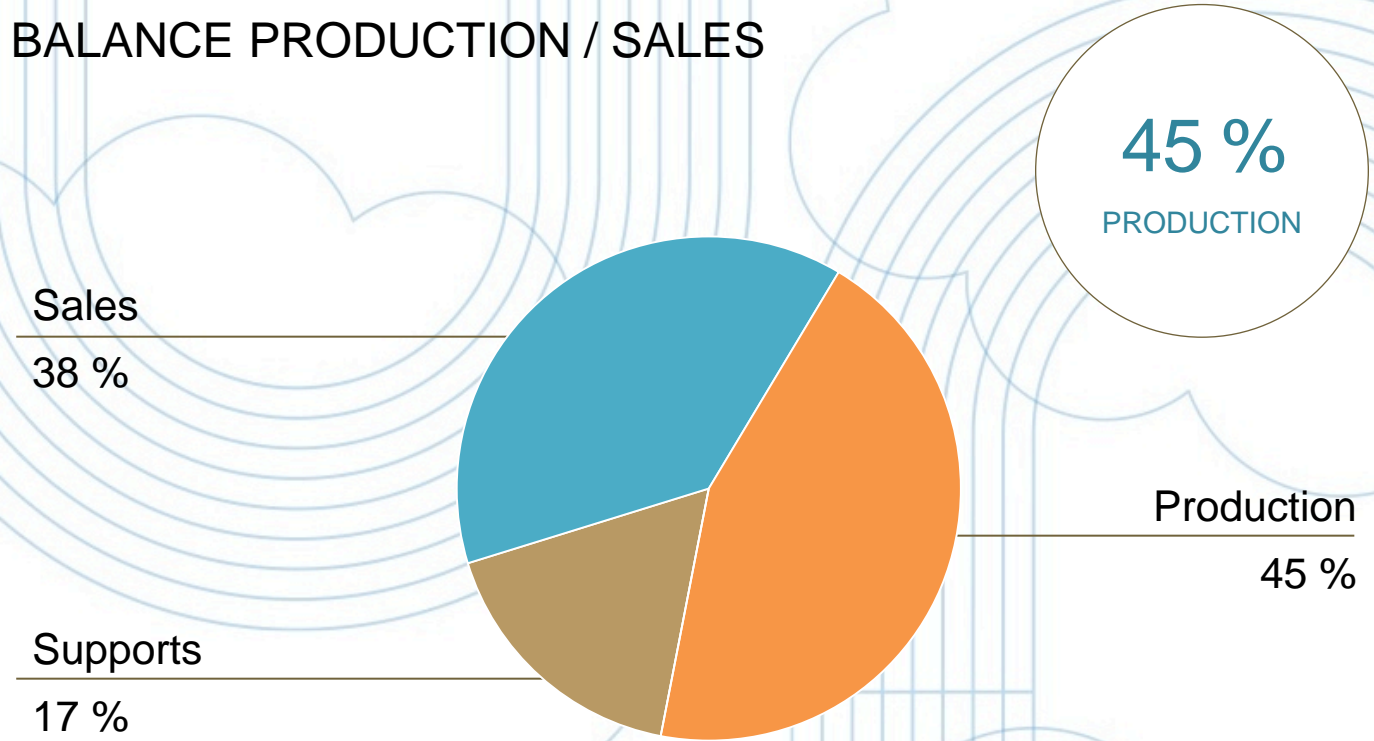


**3 143**

NEW JOBS IN 5 YEARS  
OF WHICH 1 627 IN  
FRANCE

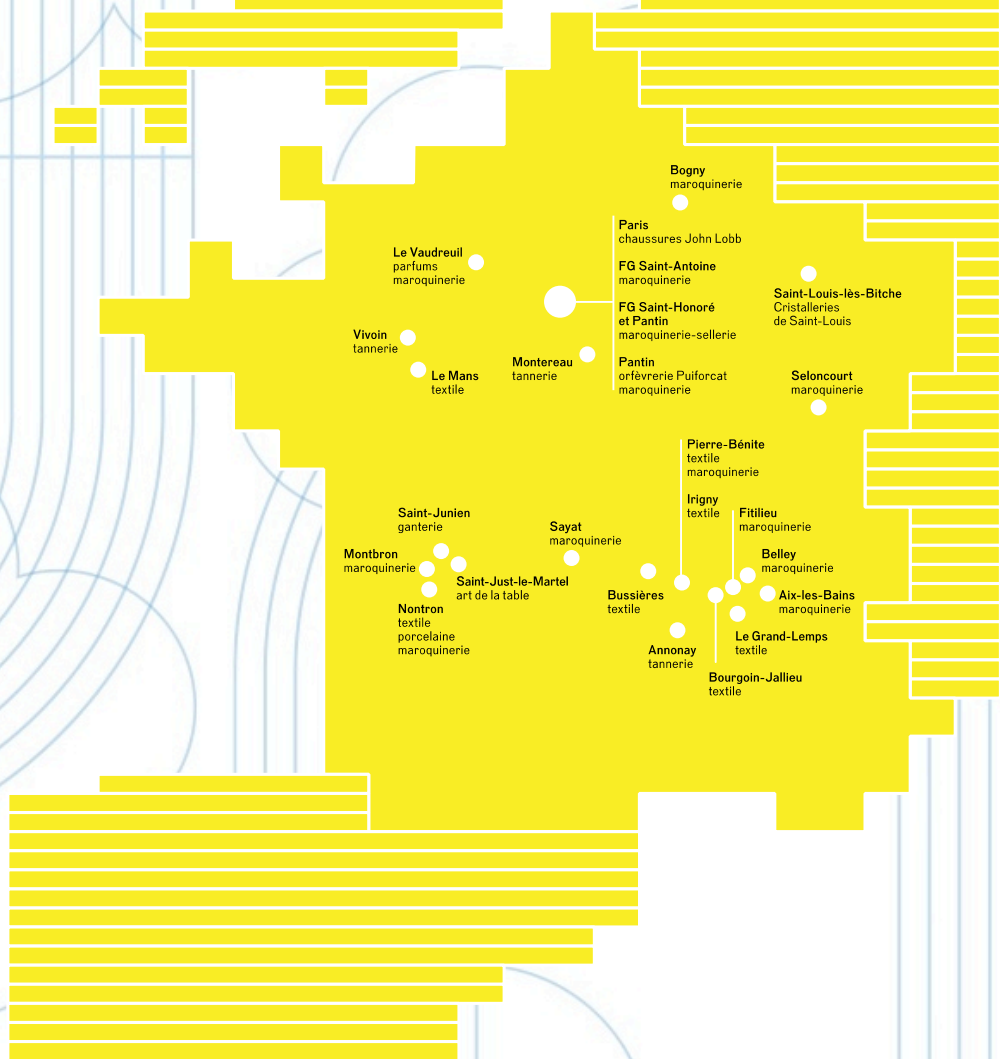
# HUMAN RESOURCES

## BALANCE PRODUCTION / SALES



# HUMAN RESOURCES

# HERMÈS MANUFACTURES



## HUMAN RESOURCES

### DISTRIBUTION OF WORKFORCE BY GEOGRAPHICAL AREA

Americas

7 %

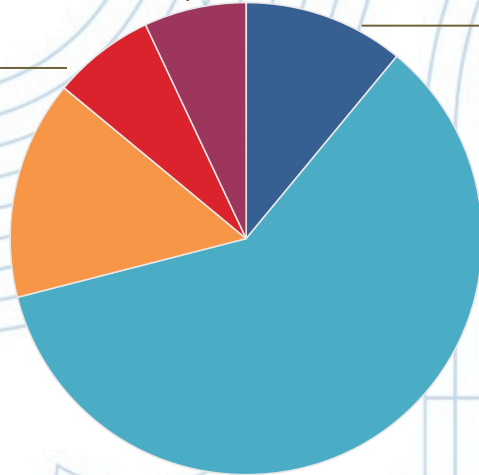
Japan

7 %

Asia-Pacific

(Excl. Japan)

15 %



Europe

(Excl. France)

11 %

France

(production 41 %)

60 %

60 %

IN FRANCE

Women : 66 %

Men : 34 %





**2013 : CONSOLIDATED STATEMENTS**

## 2013 : CONSOLIDATED STATEMENTS

IN MILLIONS OF EUROS	2013	2012	%
TURNOVER	3 755	3 484	+ 8 %
GROSS PROFIT	2 584	2 373	
ADMINISTRATIVE AND COMMERCIAL EXPENSES	- 1 215	- 1 130	
OTHER INCOME AND EXPENSES	- 151	- 124	
OPERATING INCOME	1 218	1 119	+ 9 %



## 2013 : CONSOLIDATED STATEMENTS

IN MILLIONS OF EUROS	2013	2012	%
OPERATING PROFIT	1 218	1 119	
FINANCIAL RESULT	- 23	- 19	
CORPORATE INCOME TAX	- 398	- 349	
SHARE OF NET INCOME OF ASSOCIATES	2	-	
MINORITY INTEREST	- 9	- 11	
NET INCOME – GROUP'S SHARE	790	740	+ 7 %

## 2013 : INVESTMENTS

IN MILLIONS OF EUROS

DISTRIBUTION

**2013**

95

PRODUCTION AND SECURING OF  
SUPPLIES

83

REAL ESTATE AND OTHERS

54

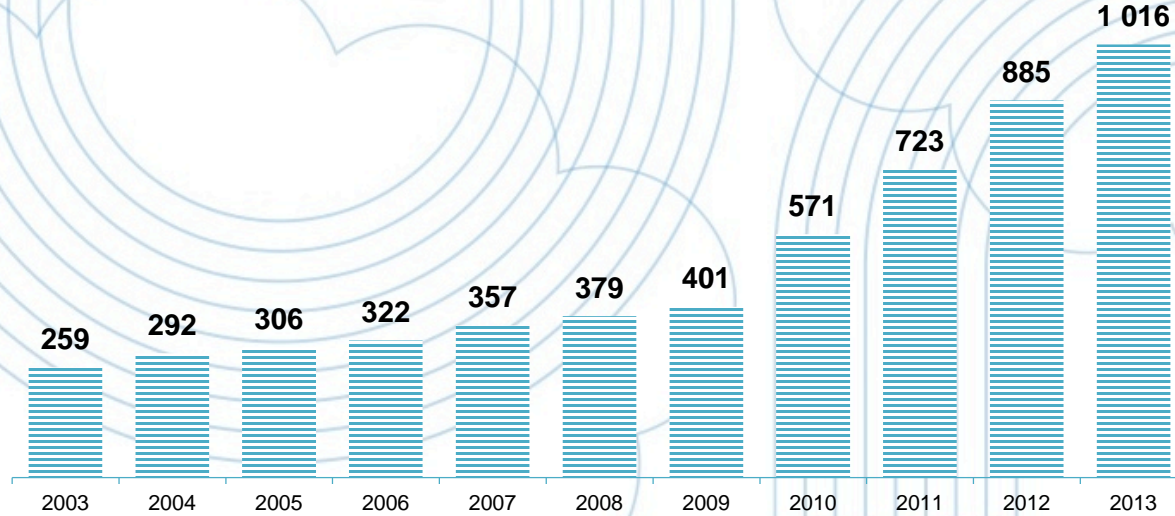
TOTAL INVESTMENTS\*

232

\* EXCLUDING FINANCIAL INVESTMENTS

## 2013 : CASH FLOW

IN MILLIONS OF EUROS



+ 14,8 %

## 2013 : RESTATED CASH FLOW STATEMENT

IN MILLIONS OF EUROS	2013
CASH FLOW FROM OPERATIONS	1 016
INVESTMENTS	- 232
CHANGE IN OPERATING WORKING CAPITAL	- 74
DIVIDENDS	- 273
SHARE BUYBACKS	- 3
OTHER MOVEMENTS	- 64
CHANGE IN NET RESTATED CASH POSITION	370
CLOSING RESTATED NET CASH POSITION	1 091

NET CASH  
**1 091**  
MILLIONS OF EUROS

## 2013 : SIMPLIFIED BALANCE SHEET AS AT 31 DECEMBER

IN MILLIONS OF EUROS

ASSETS	2013	2012
NON CURRENT ASSETS	1 688	1 603
STOCKS	813	727
OTHER CURRENT ASSETS	383	379
CASH AND CASH EQUIVALENT	1 054	697
TOTAL	3 938	3 406

## 2013 : SIMPLIFIED BALANCE SHEET AS AT 31 DECEMBER

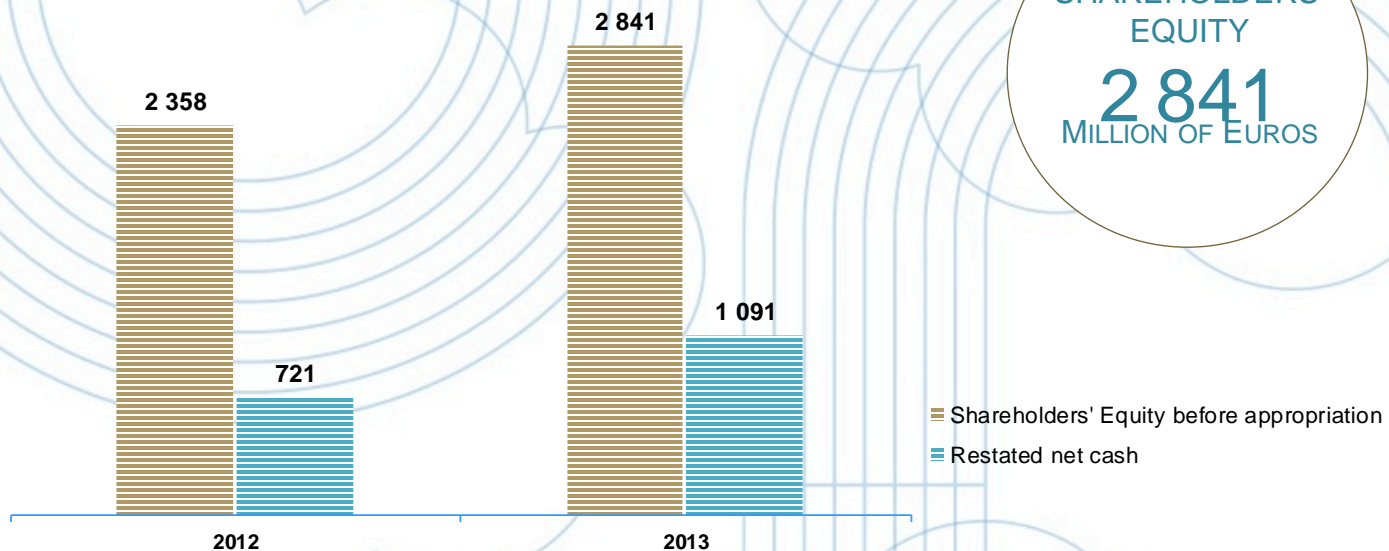
IN MILLIONS OF EUROS

LIABILITIES	2013	2012
SHAREHOLDERS' EQUITY BEFORE APPROPRIATION	2 841	2 358
PROVISIONS	130	130
OTHER LIABILITIES	967	918
TOTAL	3 938	3 406

## 2013 : CONSOLIDATED STATEMENTS

### SHAREHOLDERS' EQUITY AND RESTATED NET CASH

IN MILLIONS OF EUROS







## **2014 OUTLOOK**



## OUTLOOK 2014

- Development of growth relays
- Strengthening of production capacities and vertical integration
- Development of the distribution network to be pursued with around twenty branches being opened or renovated.
- Completion of the construction of the Hermès Maison in Shanghai for the opening is planned for September 2014.

## 1st quarter 2014

- 1st quarter Turnover : + 10.1 %
- + 14.7 % at constant exchange rates

**PRESENTATION OF MAIN RESOLUTIONS**



## 2013 : DIVIDEND

### DIVIDEND PER SHARE PROPOSED BY THE SUPERVISORY BOARD

IN EUROS

	2009	2010	2011	2012	2013
ORDINARY DIVIDEND	1.05	1.50	2.00	2.50	2.70*
EXTRAORDINARY DIVIDEND			5.00		-

\* Including an interim dividend of 1.50 € paid on February 28, 2014



## PRESENTATION OF MAIN RESOLUTIONS

### RESOLUTIONS ON ORDINARY BUSINESS

3 terms of Supervisory Board members maturing :  
Maurice de Kervénoaël, Renaud Momméja, and Éric de Seynes

- Re-election (6<sup>th</sup> and 7<sup>th</sup>)  
for 3 years : Renaud Mommeja, and Éric de Seynes
- Appointment of a new supervisory Board member (8<sup>th</sup>)  
for 3 years: Monique Cohen replaces Maurice de Kervénoaël  
who is not seeking a new term

## MONIQUE COHEN



- Managing Partner at Apax Partners
- Polytechnique School
- Master in mathematics and licence in law

## PRESENTATION OF MAIN RESOLUTIONS

### RESOLUTIONS ON ORDINARY BUSINESS

Directors' fees and compensation of the Supervisory Board (9<sup>th</sup>) :  
maximum global amount to be fixed at 500 000€

## PRESENTATION OF MAIN RESOLUTIONS

### RESOLUTIONS ON ORDINARY BUSINESS

Approval of the commitments made to Mr. Axel Dumas regarding the cessation of his duties as Executive Chairman. (10<sup>th</sup> )

- Top-up pension scheme
- Commitment regarding the cessation of his duties



## PRESENTATION OF MAIN RESOLUTIONS

### RESOLUTIONS ON ORDINARY BUSINESS

#### Opinion on the compensation elements owed or allocated to the Executive Chairmen (11<sup>th</sup> à 13<sup>th</sup>)

- Axel Dumas (11<sup>th</sup>) : From 5th June 2013 to 31st December 2013
- Émile Hermès Sarl (12<sup>th</sup>) : From 1st to 31st December 2013
- Patrick Thomas (13<sup>th</sup>) : From 1st to 31st December 2013 and from 1st to 31st January 2014

## PRESENTATION OF MAIN RESOLUTIONS

### RESOLUTIONS ON ORDINARY AND EXTRAORDINARY BUSINESS

- Share buyback program (14<sup>th</sup>)
  - Authorisation up to 10 % of the capital
  - Maximum amount of funds to be committed : 800 million euros
  - Purposes: ensuring the liquidity through a contract, cancelling, transferring, allotting to employees and stock options
  - Maximum purchase price : 400 euros
  - Term of the authorization : 18 months
- Authorisation of shares cancellation (15<sup>th</sup>)
  - Authorisation up to 10 % of the capital
  - Term of authorisation : 24 months

## PRESENTATION OF MAIN RESOLUTIONS

### RESOLUTIONS ON EXTRAORDINARY BUSINESS

- Autorisation to the Executive Management to award share purchase options (16<sup>th</sup>) and to award free bonus ordinary shares in the Company for no consideration (17<sup>th</sup>)
  - Term : 38 months
  - Common ceiling of 2% of the number of existing shares for bonus and purchase options granted
  - Specific conditions for the Executive Chairmen

## PRESENTATION OF MAIN RESOLUTIONS

### RESOLUTIONS ON EXTRAORDINARY BUSINESS

- Amendment of the articles of association (18th)

For the purposes of determining the provisions for the appointment of Supervisory Board members representing the employees in compliance with the provisions of the law of 14 June 2013 relative to the safeguarding of employment.