

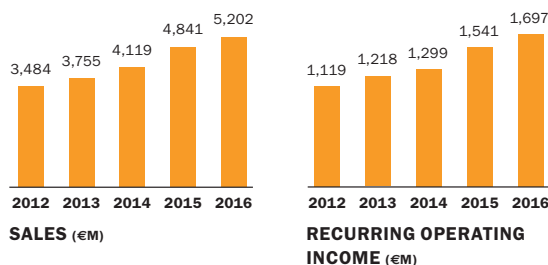
HERMÈS



Excellent performance in sales and results in 2016

Recurring operating income up by **10%**

Operating margin reaches an all-time high of **32.6%** of sales



At the Supervisory Board meeting on 21 March 2017, Executive Management presented the audited financial statements¹ for 2016. The Group's consolidated revenues passed the €5 billion mark to reach €5,202 million, up +7.5% at current exchange rates and +7.4% at constant exchange rates. Recurring operating income, up 10%, amounted to €1,697 million (32.6% of sales) and net profit increased 13% to reach €1,100 million.

ALL GEOGRAPHIES PROGRESSED IN 2016

(AT CONSTANT EXCHANGE RATES UNLESS OTHERWISE INDICATED)

The solid rise in revenue recorded in 2016 in Group stores (+8%) was driven by growth in all geographies. Hermès continued to improve the quality of its distribution

network, with four store openings and several renovations and extension works.

Japan (+9%) performed well thanks to its selective distribution network, despite the strengthening of the Yen and a high comparison basis.

Asia excluding Japan (+7%) pursued its growth, particularly with extensions of the Liat Towers and Takashimaya stores in Singapore and store openings in Macao, at Hong Kong Airport and in Chongqing in China. In mainland China, the Group continued to develop even though the context remains challenging in Hong Kong and Macao.

America (+7%) achieved solid growth, in a contrasting environment. The stores in Hawaii and Philadelphia were renovated and extended at the end of the year.

Europe (+8%) posted growth, performing well which confirms the resistance of the group, despite the impact of recent events. After being extended and renovated in October, the Bocca di Leone store in Rome is experiencing a great success. France (+5%) displayed solid growth.

REVENUE BY SECTOR AT THE END OF DECEMBER

(AT CONSTANT EXCHANGE RATES, UNLESS OTHERWISE INDICATED)

Growth over the year was driven by the success of Leather Goods and Saddlery products which confirm their role as the mainstay of the Group. Otherwise, sales benefitted from a positive momentum at year end in certain sectors such as Silk and the Ready-to-wear and Accessories division.

Growth in Leather Goods and Saddlery (+14%) was remarkable, thanks to the success of the collections and the diversity of models, particularly the Constance, Halzan and Lindy bags alongside the Birkin and Kelly. Development was supported by the sustained pace of deliveries and production, gaining from the capacities of the three new sites in Charente, Isère and Franche-Comté. Investments for a third site in this latter region continued.

The Ready-to-wear and Accessories division was stable over the year and posted a 4% increase in the 4th quarter, driven by the success of the latest women's ready-to-wear and fashion accessories collections, particularly shoes.

The Silk and Textiles business line (-1%) performed well in

1. Audit procedures completed, audit report in progress.

the 4th quarter, after being penalised by events in Europe and by slowing sales in Greater China during the first half of the year.

Perfumes (+9%) posted growth, driven by the success of *Terre d'Hermès*, the launch of *Galop d'Hermès*, and the latest creations such as the Colognes, *Eau de néroli doré* and *Eau de rhubarbe écarlate*.

The Watches business line (-3%) was penalised by a still challenging market and a high comparison basis at year end.

Other Hermès business lines (+2%), which encompass Jewellery, Art of Living and Hermès Table Arts, continued their development.

OPERATING MARGIN REACHED

AN ALL-TIME HIGH OF 32.6% OF SALES

Recurring operating income rose 10% to reach €1,697 million compared to €1,541 million in 2015. Operating margin (32.6% of sales) improved by 0.8 points compared to 2015, particularly due to the favourable impact of foreign exchange hedges.

Consolidated net profit (Group share) increased 13% to €1,100 million, representing 21.2% of sales.

Cash flow from operating activities reached €1,439 million, up by 18%. It enabled the Group to finance all capital expenditure (€262 million) and the distribution of the ordinary dividend (€350 million). After accounting for the decrease in working capital requirements, net cash rose by c. €750 million and amounted to €2,320 million as at 31 December 2016.

In 2016, Hermès International redeemed 319,621 shares for €110 million, outside transactions completed within the framework of the liquidity contract.

GROWTH IN WORKFORCE

The Hermès Group's workforce gained 590 members, including more than 400 in France, mainly in the production facilities and sales teams. At year-end 2016, the Group employed 12,834 people including 7,881 in France.

OUTLOOK

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

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

In 2017, Hermès will be celebrating the "Meaning of objects". Hermès, by the richness of its style and the radicality of its creations, elegantly accompanies today's men and women in their everyday lives. And it is this ambition that gives meaning to our objects.

PROPOSED DIVIDEND

At the Annual General Meeting of 6 June 2017, a dividend of €3.75 per share will be proposed. The interim dividend of €1.50 paid on 24 February 2017 will be deducted from the dividend voted by the Annual General Meeting.

KEY FIGURES 2016

<i>in millions of euros</i>	Fiscal year 2016	First half of 2016	Fiscal year 2015
Revenue	5,202.2	2,440.4	4,841.0
Operating income	1,696.5	826.8	1,540.7
Net income attributable to owners of the parent	1,100.3	545.4	972.6
Operating cash flows	1,438.7	699.4	1,218.2
Investments (excluding financial investments)	285.4	107.6	266.6
Shareholders' equity ⁽¹⁾	4,382.6	3,863.3	3,742.0
Net cash position	2,319.8	1,513.4	1,571.2
Restated net cash ⁽²⁾	2,345.3	1,625.4	1,614.0
Number of employees	12,834	12,510	12,244

(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.

The complete consolidated financial statements will be available by 30 April 2017 at <http://finance.hermes.com> and on the AMF website (www.amf-france.org).
The press release on the 2016 Results is available on the Group's website: <http://finance.hermes.com>

UPCOMING EVENTS

27 April 2017	Publication of Q1 2017 Revenue
6 June 2017	General Meeting of Shareholders
21 July 2017	Publication of Q2 2017 Revenue
13 September 2017	Publication of H1 2017 Results

REMINDER OF PREVIOUS PUBLICATIONS

INFORMATIONS BY GEOGRAPHICAL AREA ^(a)

<i>in millions of euros</i>	Fiscal Year		Evolutions	
	2016	2015	Published	At constant exchange rates
France	719.2	683.8	5.2%	5.2%
Europe (excl. France)	963.7	905.8	6.4%	9.2%
Total Europe	1,682.9	1,589.6	5.9%	7.5%
Japan	724.1	600.2	20.6%	8.6%
Asia Pacific (excl. Japan)	1,777.8	1,694.0	4.9%	7.1%
Total Asia	2,501.9	2,294.2	9.1%	7.5%
Americas	940.8	884.1	6.4%	7.2%
Other	76.7	73.2	4.7%	4.8%
TOTAL	5,202.2	4,841.0	7.5%	7.4%

<i>in millions of euros</i>	4 th quarter		Evolutions	
	2016	2015	Published	At constant exchange rates
France	197.6	184.6	7.1%	7.1%
Europe (excl. France)	290.2	274.1	5.9%	9.0%
Total Europe	487.8	458.7	6.3%	8.2%
Japan	217.2	178.0	22.0%	8.9%
Asia Pacific (excl. Japan)	487.4	468.1	4.1%	4.4%
Total Asia	704.6	646.1	9.1%	5.6%
Americas	290.9	275.1	5.8%	5.5%
Other	21.7	18.5	17.0%	17.1%
TOTAL	1,505.1	1,398.5	7.6%	6.6%

(a) Sales by destination.

INFORMATION BY SECTOR

<i>in millions of euros</i>	Fiscal Year		Evolutions	
	2016	2015	Published	At constant exchange rates
Leathergoods and Saddlery ⁽¹⁾	2,603.7	2,274.3	14.5%	14.0%
Ready-to-wear and Fashion accessories ⁽²⁾	1,099.1	1,100.6	(0.1)%	0.2%
Silk and Textiles	515.3	521.2	(1.1)%	(0.8)%
Other Hermès sectors ⁽³⁾	336.0	331.9	1.2%	1.6%
Perfumes	261.9	241.4	8.5%	8.5%
Watches	157.9	163.2	(3.2)%	(3.2)%
Other products ⁽⁴⁾	228.3	208.5	9.5%	10.1%
TOTAL	5,202.2	4,841.0	7.5%	7.4%

<i>in millions of euros</i>	4 th quarter		Evolutions	
	2016	2015	Published	At constant exchange rates
Leathergoods and Saddlery ⁽¹⁾	742.3	673.9	10.2%	8.5%
Ready-to-wear and Fashion accessories ⁽²⁾	297.8	284.7	4.6%	4.1%
Silk and Textiles	180.8	162.4	11.3%	11.0%
Other Hermès sectors ⁽³⁾	103.0	98.3	4.9%	4.3%
Perfumes	66.9	57.2	17.0%	16.9%
Watches	45.4	50.8	(10.6)%	(11.6)%
Other products ⁽⁴⁾	68.8	71.2	(3.4)%	(2.9)%
TOTAL	1,505.1	1,398.5	7.6%	6.6%

(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 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.