

HERMES

Quarterly information report as at the end of June 2017

Solid growth in sales in the first six months: +10% at constant exchange rates

Paris, 21 July 2017

The Group's consolidated revenues amounted to €2,713 million in the first six months of 2017, up +11% at current exchange rates and +10% at constant exchange rates. The Group's stores posted a solid increase in sales (+11% at constant exchange rates), in all the geographical areas.

Growth was sustained in the second quarter (+9% at current exchange rates and +8% at constant exchange rates), which confirms the strength year after year of Hermes' business model.

Sales by geographical area at the end of June

(at comparable exchange rates, unless otherwise indicated)

During the first six months 2017, revenue rose in all the geographical areas worldwide:

- Asia excluding Japan (+14%) pursued its great progress, driven particularly by continental China, which gained from positive momentum.
- Japan (+3%) achieved robust growth, despite the strengthening of the Yen.
- America (+9%) developed in a still contrasting environment, and with a high comparison basis in the second quarter.
- Europe (+7%) performed very well, and particularly benefitted from store openings and extensions in Rome in October, and London and Munich in March. France in particular posted a good increase in Group stores.

Sales by sector at the end of June

(at comparable exchange rates, unless otherwise indicated)

The performance in the first half confirmed the positive momentum of the Ready-to-wear and Accessories and the Silk and Textiles business lines.

Growth in Leather Goods and Saddlery (+12%) was sustained thanks to the success of the collections and the diversity of models. The development was supported by the sustained pace of production and the increase in capacities at the three new sites in Charente, Isère and Franche-Comté. In June, the Group opened two new production sites, the *Maroquinerie de Normandie* and the *Ganterie-Maroquinerie* in Saint-Junien.

The Ready-to-wear and Accessories division (+10%) performed well, driven by the success of the ready-to-wear collections as well as jewellery accessories and shoes.

The Silk and Textiles business line (+6%) pursued its positive momentum, with sustained demand and creative diversity.

The Perfumes division (+8%), which gained from the launches of *Galop d'Hermès* and the colognes *Eau de néroli doré* and *Eau de rhubarbe écarlate* in the second quarter 2016, posted an increase.

The Watches business line (-1%), penalised by a still challenging market, showed a slight upturn in the second quarter.

Other Hermès business lines (+13%) which encompass Jewellery, Art of Living and Hermès Table Arts, continued their development.

Highlights

At the end of June, currency fluctuations were favourable, representing a positive impact of €35 million on revenue.

During the first six months, Hermès International redeemed 24,687 shares for €10.4 million, outside transactions completed within the framework of the liquidity contract.

2017 half-year results

The half-year results will be published on 14 September. The operating profitability at the end of June should be close to the highest historical level achieved last year. This performance can not be extrapolated over the full year, due in particular to the favourable impact of foreign exchange hedges in the first months of the year.

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 2017, Hermès is celebrating the "Meaning of objects". By the wealth of its creations and its fundamental style, Hermès accompanies men and women in their everyday lives. And this ambition is what gives our objects meaning.

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 June 2017 is available on the Group's website: <http://finance.hermes.com>.

Coming events:

- 14 September 2107: publication of Results for the first half 2017
- 8 November 2017: publication of Revenue for the 3rd quarter 2017

INFORMATION BY GEOGRAPHICAL ZONE (1)

In millions of Euros	First Half		Evolutions	
	2017	2016	Published	At constants exchange rates
France	360.7	352.3	2.4%	2.4%
Europe (excl. France)	475.5	433.8	9.6%	10.7%
Total Europe	836.2	786.1	6.4%	7.0%
Japan	348.7	329.8	5.7%	3.4%
Asia Pacific (excl. Japan)	998.5	856.1	16.6%	14.3%
Total Asia	1,347.2	1,185.9	13.6%	11.2%
Americas	482.4	431.6	11.8%	8.8%
Other	47.2	36.7	28.6%	28.6%
TOTAL	2,713.1	2,440.4	11.2%	9.7%

In millions of Euros	2nd quarter		Evolutions	
	2017	2016	Published	At constants exchange rates
France	189.4	188.2	0.6%	0.6%
Europe (excl. France)	246.5	222.3	10.9%	12.2%
Total Europe	435.8	410.6	6.2%	6.9%
Japan	169.9	162.0	4.8%	5.2%
Asia Pacific (excl. Japan)	490.7	430.4	14.0%	12.4%
Total Asia	660.6	592.4	11.5%	10.5%
Americas	242.1	227.5	6.4%	4.2%
Other	22.8	19.3	18.2%	18.3%
TOTAL	1,361.3	1,249.7	8.9%	8.3%

(1) Sales by destination.

INFORMATION BY SECTOR

In millions of Euros	First Half		Evolutions	
	2017	2016	Published	At constants exchange rates
Leathergoods and Saddlery (1)	1,404.0	1,231.2	14.0%	12.2%
Ready-to-wear and fashion accessories (2)	579.2	517.5	11.9%	10.4%
Silk and Textiles	246.3	230.3	7.0%	5.8%
Other Hermès sectors (3)	172.3	150.6	14.4%	13.0%
Perfumes	134.4	124.6	7.9%	7.7%
Watches	75.0	74.6	0.5%	-1.2%
Other products (4)	101.9	111.8	-8.9%	-8.7%
TOTAL	2,713.1	2,440.4	11.2%	9.7%

In millions of Euros	2nd quarter		Evolutions	
	2017	2016	Published	At constants exchange rates
Leathergoods and Saddlery (1)	708.1	640.6	10.5%	9.7%
Ready-to-wear and fashion accessories (2)	296.3	261.1	13.5%	12.7%
Silk and Textiles	112.5	109.1	3.1%	2.9%
Other Hermès sectors (3)	88.5	80.2	10.4%	9.8%
Perfumes	63.3	64.7	-2.1%	-2.2%
Watches	41.7	40.1	4.1%	2.9%
Other products (4)	50.9	53.9	-5.6%	-5.2%
TOTAL	1,361.3	1,249.7	8.9%	8.3%

(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	1st quarter		Evolutions	
	2017	2016	Published	At constant exchange rates
France	171.3	164.1	4.4%	4.4%
Europe (excl. France)	229.1	211.4	8.3%	9.2%
Total Europe	400.4	375.6	6.6%	7.1%
Japan	178.9	167.8	6.6%	1.7%
Asia Pacific (excl. Japan)	507.7	425.7	19.3%	16.1%
Total Asia	686.6	593.5	15.7%	12.0%
Americas	240.3	204.2	17.7%	14.0%
Other	24.4	17.4	40.0%	40.0%
TOTAL	1,351.7	1,190.7	13.5%	11.2%

(1) Sales by destination.

INFORMATION BY SECTOR

In millions of Euros	1st quarter		Evolutions	
	2016	2015	Published	At constant exchange rates
Leathergoods and Saddlery (1)	695.9	590.6	17.8%	15.0%
Ready-to-wear and fashion accessories (2)	282.9	256.4	10.3%	8.0%
Silk and Textiles	133.8	121.1	10.5%	8.5%
Other Hermès sectors (3)	83.8	70.4	19.1%	16.8%
Perfumes	71.1	59.9	18.8%	18.5%
Watches	33.3	34.5	(3.5)%	(5.9)%
Other products (4)	51.0	57.9	(11.9)%	(11.9)%
TOTAL	1,351.7	1,190.7	13.5%	11.2%

(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).

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REMINDER – KEY FIGURES 2016

			In €million
	2016	H1 2016	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
Equity attributable to owners of the parent ⁽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 position ⁽²⁾	2,345.3	1,625.4	1,614.0
Workforce (number of employees)	12,834	12,510	12,244

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

(2) The restated net cash position includes illiquid financial investments and borrowings.

*The full consolidated financial statements are available at <http://finance.hermes.com>
and on the AMF website (www.amf-france.org).*

The press release for the 2016 Results is available on the Group's website: <http://finance.hermes.com>