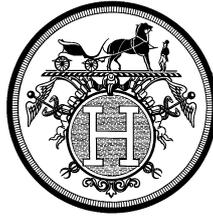


## HERMÈS INTERNATIONAL

Partnership Limited by Shares with capital of €53,840,400.12,  
listed with the Paris Trade and Companies Register under no. 572 076 396  
Head office: 24, rue du Faubourg Saint-Honoré 75008 PARIS



## Report on the Combined General Meeting of 5 June 2018

On Tuesday 5 June 2018 at 9.30 a.m., the Combined General Meeting of Hermès International met, at the Palais des Congrès in Paris, chaired by Mr. Eric de SEYNES, Chairman of the Supervisory Board.

The information relative to the quorum is available on the Hermès International financial communication Internet site: <http://finances.hermes.com> in the "*results of the votes of the general meeting of 5 June 2018*".

Shareholders were asked to vote on:

- the approval of the parent company's and the consolidated financial statements for the fiscal year 2018,
- the appropriation of the earnings and the distribution, on 11 June 2018, of the remainder of ordinary dividend for the year (since an interim dividend of €1.50 per share was paid on 22 February 2018), that is €2.60 per share, to which will be added the exceptional dividend of €5.00 per share, that is a total amount of €7.60 per share; i.e. a total dividend of €9.10 per share, compared with €3.75 the previous year.
- the approval of related- party agreements and commitments,
- the authorisation to be given to the Executive Management in order to implement a share purchase and cancellation programme,
- the opinion to be given ("Say on pay") on the compensation elements owed or allocated to the Executive Management,
- the re-election of the terms of Supervisory Board members Mrs Olympia GUERRAND, Mr Matthieu DUMAS and Mr Blaise GUERRAND, for a period of 3 years, and Mr Robert PEUGEOT, for a period of 1 year,
- the authorisation granted to Executive Management for the effect of reducing the share capital by cancellation of all or part of the treasury shares held by the Company.

Before the start of the general meeting, the shareholders were able to attend a performance by The Free Bows, an all-female string quartet that revisits all the greatest rock hits.

After a brief welcome and introductory address, the Chairman then gave the floor to Mr Henri-Louis BAUER.

Mr. Henri-Louis BAUER, manager of the company EMILE HERMÈS Sarl, Executive Chairman and Active partner, pointed out the strength of the Group's results, despite the difficult global context. He wanted to emphasize that such success is the product of a joint effort, and he warmly thanked all the craftsmen and employees of each of the Group's divisions.

The Chairman then started the general meeting of Hermès International.

Mr. Axel DUMAS, Manager, presented the general report for 2017, while mentioning the highlights of the year:

In 2017, HERMÈS pursued its strategy, based on:

- ❑ Creativity energy
  - The collections in women's ready-to-wear
  - Innovation in the materials, exploration of the exceptional know-how of the collections in the men's universe
  - New models of bags: *Hermès Cinhetic*, *Bolide Shark*
  - Creation of the line *Lien d'Hermès* within the home universe
  - Successful launch of the new fragrance *Twilly d'Hermès*
  - Success of the *Chaîne d'ancre punk* jewelry line

A film "Chaîne d'ancre punk" was shown.

- ❑ The investment in the know-how and their transmission within Hermès:
  - Ramp-ups of production capacities in Isère, Charente and Franche-Comté
  - Opening of the *Maroquinerie de Normandie* and the *Ganterie-Marroquinerie de Saint Junien* in June
  - Development projects continue with the opening of, the *Maroquinerie de l'Allan*, in 2018, and the launch of the *Manufacture de Guyenne* and the *Manufacture de Montereau* for completion in 2020
  - Recruitment and training of craftsmen, and responsible growth
- ❑ The development of the distribution network
  - Opening of the new in Sao Paulo Iguatemi store in Brazil
  - Re-opening with extension of about twenty stores, in particular:
    - Sloane Street London, Munich, Athens in Europe
    - Toronto and Palm Beach in North America
    - New Delhi, Sogo Fuxing in Taiwan, Kuala Lumpur, Tokyo, Yokohama, and Kowloon Elements in Hong Kong in Asia
  - Three concession takeovers in Monterrey and Guadalajara in Mexico, and in Copenhagen in Denmark
  - Launch of the new digital platform hermes.com in Canada and in the United-States of America that was deployed in Europe in the first half of 2018, and will be launched in China at the end of the year
  - Initiatives of new buying experiences: Gion pop-up store in Kyoto, *petit h* pop-up sales in Rome and Seoul

A film about "The event of *petit h* in Dosan Park in South Korea" was shown.

- ❑ Singular events
  - Success major institutional events:
    - 8<sup>th</sup> edition of the *Saut Hermès*
    - The *Margiela: the Hermès Years* exhibition in Anvers, and *Hermès à tire-d'aile – The Worlds of Leïla Menchari* in Paris
  - An abundance of creativity through new events:
    - *Hermèsmatic* and *Hermèsistible* for Silk and fashion Accessories
    - *Hermès Club* in Shanghai for the women's universe in Shanghai, *DwnTwnMen* in Los Angeles, *MenUpsideDown* in Hong Kong for the men's universe, and *Through The Walls* in Singapore for the home universe

A film about "The men's universe 'Men Upside Down' in Hong Kong" was shown.

- ❑ Strong growth in sales which reaches the €5.5 billion mark
- ❑ Development of all business lines with a remarkable performance of the ready-to-wear and accessories, perfumes and other sectors and strong success of the leather goods and saddlery

Mr. Axel DUMAS then presented:

- ❑ The variations and distribution of revenue by sector in 2017/2016,
- ❑ The variations and distribution of revenue by geographic region,
- ❑ The change in the number of stores, distinguishing dealers and branches.

- ❑ The evolution and breakdown of employees (women and men)
  - Workforce of 13,483 employees at year end 2017 including 8,319 in France
  - 649 new employees in 2017 of which more than 400 in France, mainly in workshops and sales teams

*A film "Footsteps across the world: the leather workshops of la Tardoire in Montbron" was shown.*

- ❑ The continued creation of jobs in 2017 (over 10 years),
- ❑ The balance between the production / sales employees,
- ❑ The Hermès manufactures,
- ❑ The workforce breakdown by geographic region (62% in France).
- ❑ The Corporate Social and environmental responsibility at Hermès in 2017
  - A collective initiative "All artisans of our sustainable development":
    - A singular approach nurtured by our history of craftsmanship: responsibility, authenticity,
    - respect for time
    - Development ethics
  - Our action reinforced in 2017, particularly:
    - Disability Agreement in France
    - 2/3 of our electricity comes from "green" sources
    - Water and energy consumption delinked from growth
    - Second investment in the Livelihoods carbon fund, after 6 years of success of the first fund

*A film about "The projects supported by the Livelihoods fund" was shown.*

- Leave a positive imprint on the world, through three themes:
  - Women and men: humanistic vision of HR management, knowledge transfer
  - The planet: respect for raw materials and our natural environment
  - Our partners: a role as a corporate citizen and responsibility to local communities
- Share the fruits of our success and give back to the world a part of what it gives us
  - Actions by the Group, our business lines and our distribution subsidiaries
  - Role of the Hermès corporate Foundation

*A film about "The support lines of the Hermès corporate Foundation" was shown.*

Mr. Eric du HALGOUET, Assistant Managing Director Finance, presented the consolidated financial statements:

- ❑ Profit and loss statement,
- ❑ Operating margin which reached 34.6% of the sales,
- ❑ Investments,
- ❑ Operating cash flows,
- ❑ Restated cash flow statement,
- ❑ Simplified consolidated balance sheet (assets and liabilities),
- ❑ Shareholders' equity and restated net cash.

To conclude on the figures, Mr. Axel DUMAS presented the outlook for 2018:

- ❑ Long-term development strategy based on creativity, maintaining control over know-how and singular communication
- ❑ Strengthening of our production capacities
- ❑ A dynamic distribution network with the opening or
- ❑ renovation of over twenty branches
- ❑ Continued job creation
- ❑ New stores opening in January in Central Hong Kong and in March at Dubai Mall
- ❑ Inauguration of the *Manufacture de l'Allan* in April
- ❑ European launch of the new hermes.com website at the end of March
- ❑ 1<sup>st</sup> quarter 2018:
  - Q 1 2018 revenue: +11% at constant exchange rates and + 3% at current exchange rates
  - + 11% in group stores
  - Strong sales growth in the first quarter across all the business lines and in all geographical areas

*A film "The digital application of H Pitch" was shown.*

The Chairman presented the main resolutions put to the vote by the meeting.

In particular, the amendment to the 6<sup>th</sup> resolution was mentioned.

Regarding the recent progression of the Hermès International's share price and in order to maintain the option to implement, if need be, the share repurchase program, the Executive Management has proposed during the meeting to raise the maximum buying-in price, to be brought from €650 to €750. The maximum aggregate amount of funds which can be used remains unchanged, at €1,500 million.

Prior to the meeting, the Executive Management Board and the Supervisory Board had approved the text of the amended resolution.

As it is an amendment to a resolution included in the agenda, the shares of the shareholders who had voted by mail were, unless specific instruction from such shareholders, withdrawn from the calculation of the quorum and of the vote, regardless of the way of the vote cast by such shareholders on the resolution initially drafted in the agenda.

Then, before starting the debates, the Chairman mentioned the Supervisory Board's report on corporate governance, and the Supervisory Board's report to the Combined General Meeting of 5 June 2018 and gave the floor to the statutory auditors.

The statutory auditors made a presentation on their reports.

The Chairman informed the Assembly that no written question was sent to the company.

During the discussions, the following subjects were addressed by the shareholders, journalists or financial analysts:

- The implementation of a dividend increase for the most loyal shareholders,
- The details of the expenses resulting from the changes in the French and the American taxation,
- The opening of a new shop in Palo Alto and the Group's intentions in the digital sector,
- The skills and the training of the craftsmen that are necessary in order to support ongoing growth of the leatherwork,
- Hermès' desirability,
- The equity ratio,
- The production times of certain leather bags,
- The cows' nutrition
- The long-term strategic vision of the Group.

Finally, the votes were cast using electronic boxes. Their operation and the correct conduct of the overall meeting were verified by Mrs Stéphanie SCHAMBOURG, bailiff.

The detailed results of the votes indicated that **14 resolutions**, including 2 extraordinary resolutions, **were adopted with a very large majority**.

These results, as well as the slides shown in support of the presentations, are available on the Hermès International financial communication Internet site: [finances.hermes.com](https://finances.hermes.com) in the document "*results of the votes of the general meeting of 5 June 2018*".

The 2019 annual ordinary general meeting will be held on Tuesday 4 June.