




COMBINED GENERAL MEETING

6 June 2017

HERMÈS
INTERNATIONAL

A halftone-style illustration of a tropical scene. In the center, a woman in a white top and shorts is walking. To the left, another person is sitting on the ground with a basket. The background is filled with palm trees and lush vegetation. The overall tone is warm and tropical.

FULL YEAR 2016 HIGHLIGHTS



FULL YEAR 2016 HIGHLIGHTS

CREATIVE ENERGY

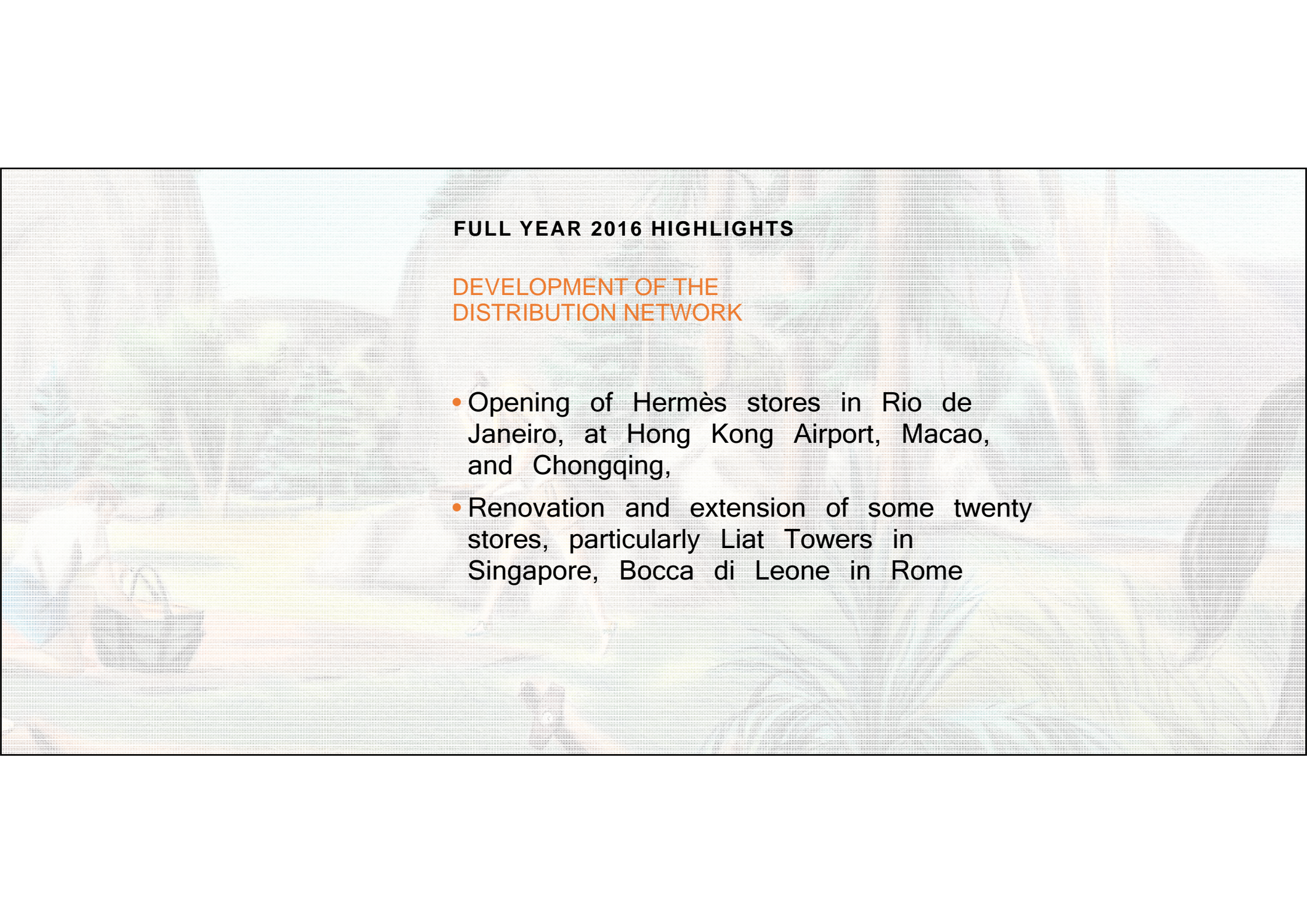
- Rediscovery of the *Verrou* bag
- Launch of the *Carnets d'Equateur* tableware
- *HB-IV Continnum* jewellery collection
- Launch of the women's perfume *Galop d'Hermès*
- New women's fashion collections by Nadège Vanhée-Cybulski



FULL YEAR 2016 HIGHLIGHTS

KNOW-HOW AT THE HEART OF THE COMPANY

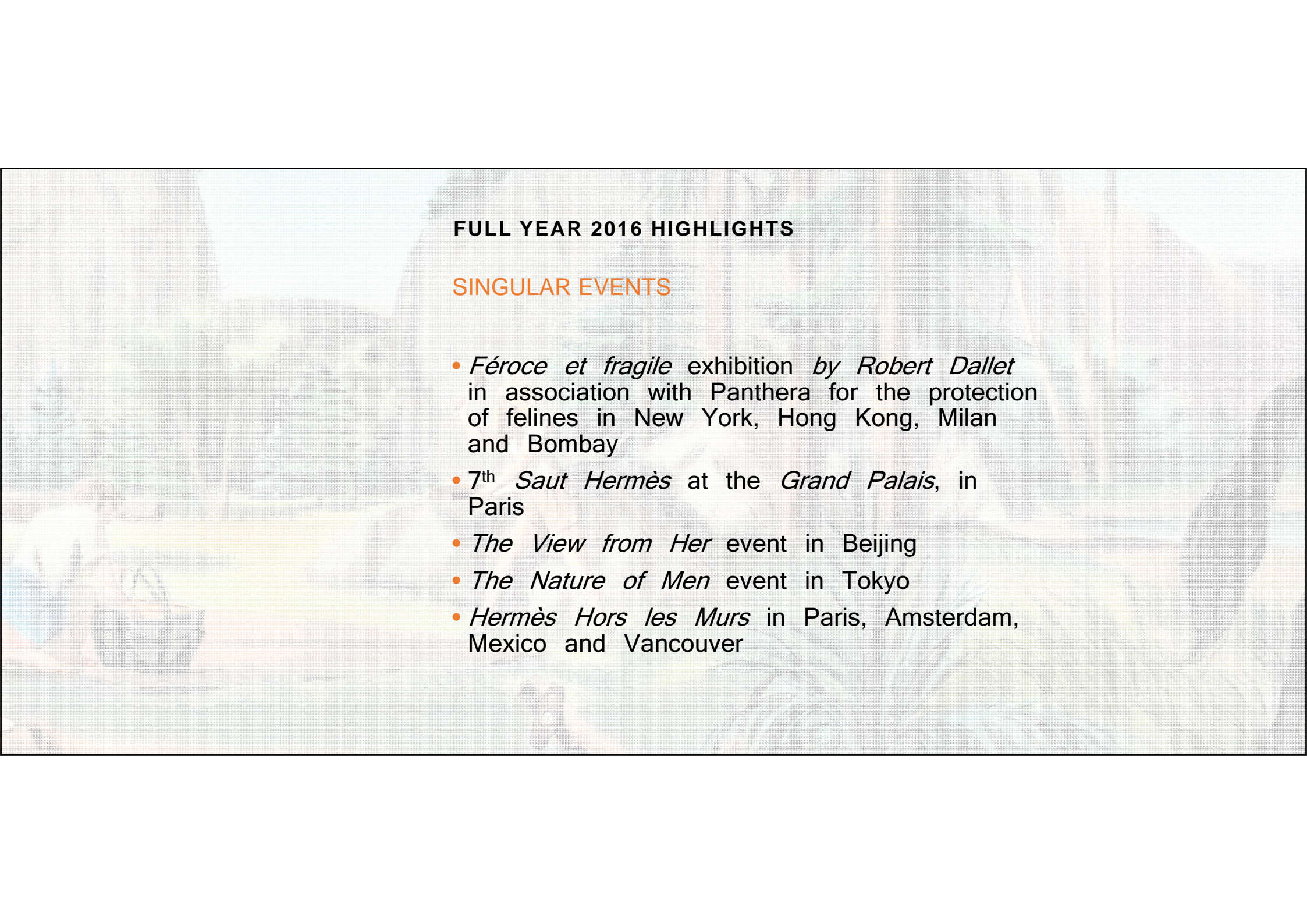
- Inauguration of the workshop in Héricourt,
- Increase in production at the three new sites in Charente, Isère and Franche-Comté
- Investments in projects in Normandy and Limousin
- Training and transfer of our craftsmen's know-how



FULL YEAR 2016 HIGHLIGHTS

DEVELOPMENT OF THE DISTRIBUTION NETWORK

- Opening of Hermès stores in Rio de Janeiro, at Hong Kong Airport, Macao, and Chongqing,
- Renovation and extension of some twenty stores, particularly Liat Towers in Singapore, Bocca di Leone in Rome



FULL YEAR 2016 HIGHLIGHTS

SINGULAR EVENTS

- *Féroce et fragile* exhibition by Robert Dallet in association with Panthera for the protection of felines in New York, Hong Kong, Milan and Bombay
- 7th *Saut Hermès* at the *Grand Palais*, in Paris
- *The View from Her* event in Beijing
- *The Nature of Men* event in Tokyo
- *Hermès Hors les Murs* in Paris, Amsterdam, Mexico and Vancouver

FULL YEAR 2016 HIGHLIGHTS

STRONG GROWTH IN SALES WHICH PASS THE €5 BILLION MARK

	CURRENT RATES	CONSTANT RATES
REVENUE	+7.5%	+7.4%

FULL YEAR 2016 HIGHLIGHTS

DEVELOPMENT OF ALL THE BUSINESS LINES,

REINFORCED PRODUCTION CAPACITIES AND SUCCESS OF THE LEATHER GOODS AND SADDLERY BUSINESS LINE - THE GROUP'S CORNERSTONE -, WITH THE OTHER BUSINESSES DISPLAYING POSITIVE MOMENTUM IN THE SECOND HALF OF THE YEAR

CHANGES AT CONSTANT RATES
2016 / 2015

Leather Goods - Saddlery	+ 14.0 %
Ready-to-wear and Accessories	0.2 %
Silk and textiles	- 0.8 %
Perfumes	+ 8.5 %
Watches	- 3.2 %
Other Hermès métiers	+ 1.6 %
Other products	+ 10.1 %

FULL YEAR 2016 HIGHLIGHTS

BREAKDOWN OF REVENUE BY SECTOR 2016 / 2015

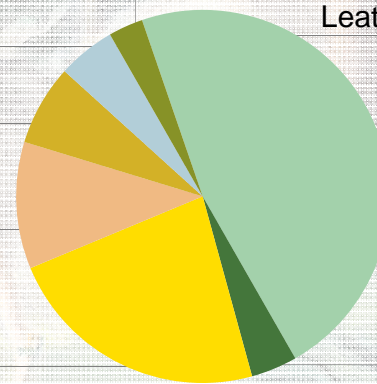
Watches
3 % / 3 %

Perfumes
5 % / 5 %

Other Hermès métiers
7 % / 7 %

Silk and textiles
10 % / 11 %

Ready-to-wear and accessories
21 % / 23 %



Leather Goods and Saddlery
50 % / 47 %

Other Products
4 % / 4 %

FULL YEAR 2016 HIGHLIGHTS

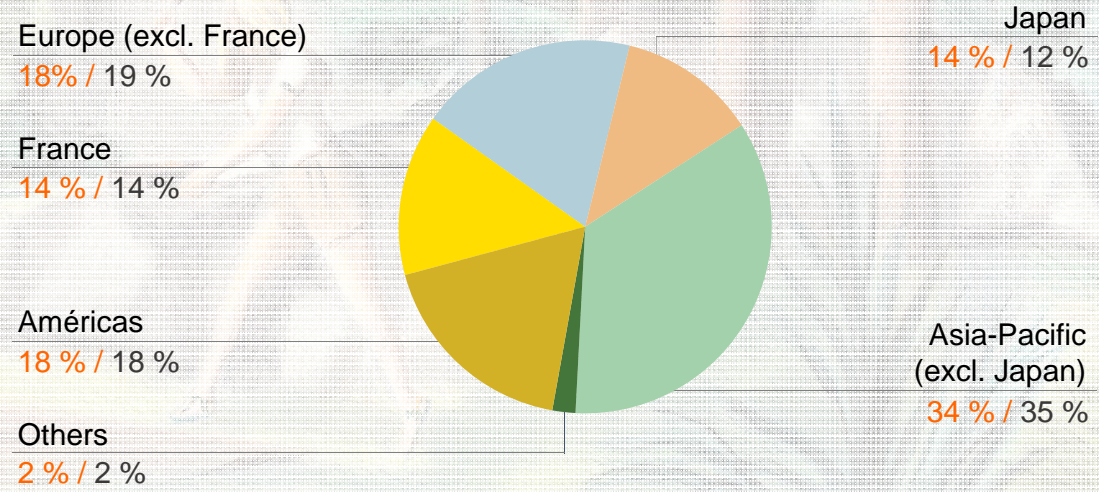
GROWTH IN ALL REGIONS

CHANGES AT CONSTANT RATES
2016 / 2015

FRANCE	+5.2 %
REST OF EUROPE	+9.2 %
JAPAN	+8.6 %
ASIA-PACIFIC (EXCLUDING JAPAN)	+7.1 %
AMERICAS	+7.2 %
OTHERS	+4.8 %

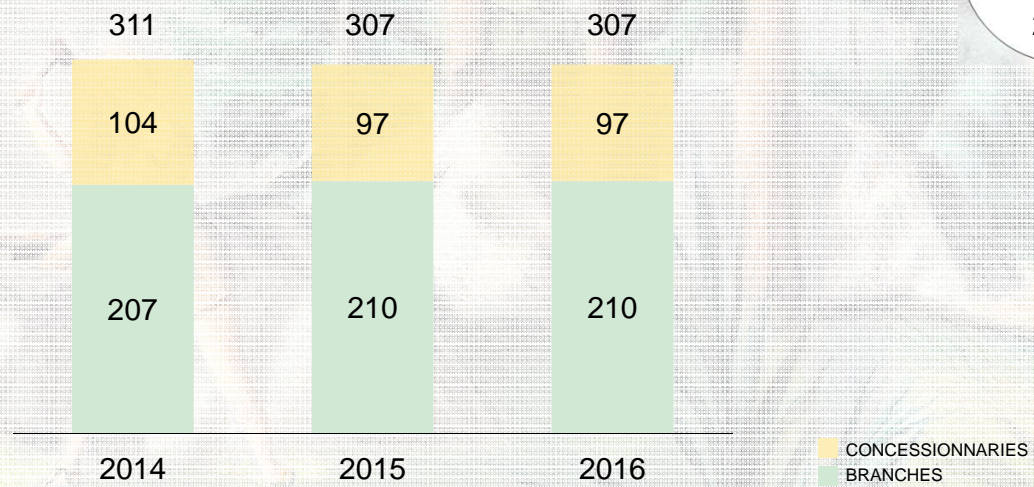
FULL YEAR 2016 HIGHLIGHTS

BREAKDOWN OF REVENUE BY REGIO 2016 / 2015



FULL YEAR 2016 HIGHLIGHTS

ÉVOLUTION OF THE NUMBERS OF STORES



307
STORES AS
AT END OF
2016



WOMEN AND MEN

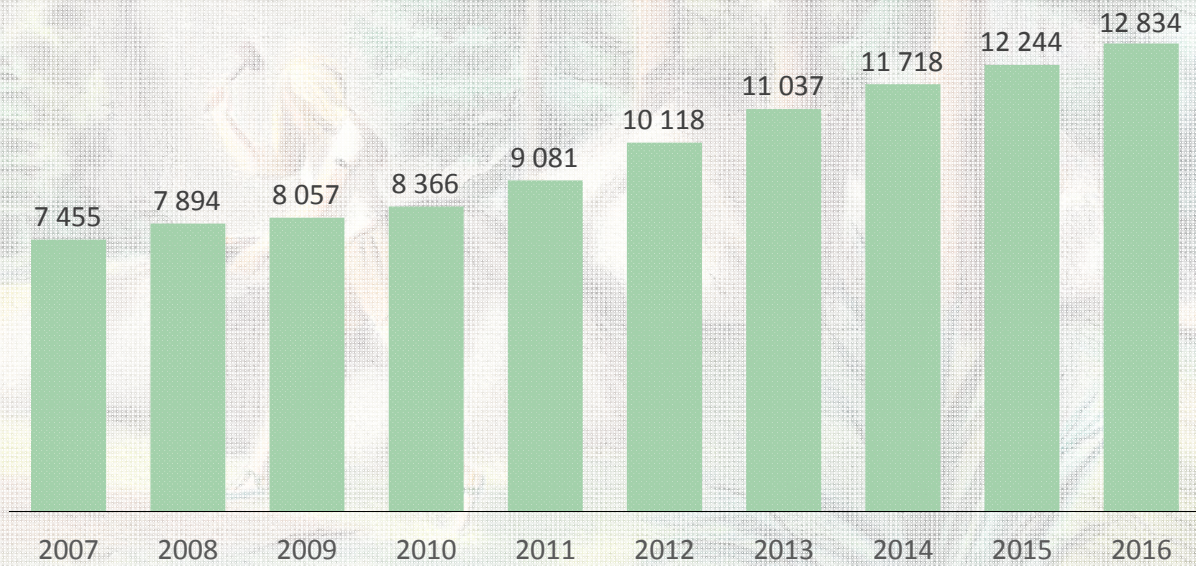
WOMEN AND MEN

+ 590
EMPLOYEES

- 590 new employees in 2016, of which more than 400 in France, mainly in workshops and sales teams
- A workforce of 12,834 at year end 2016

WOMEN AND MEN

JOBS CREATIONS CONTINUED



3 753

NEWS JOBS IN 5
YEARS
OF WHICH 2 366 IN
FRANCE

WOMEN AND MEN

BALANCE PRODUCTION / SALES

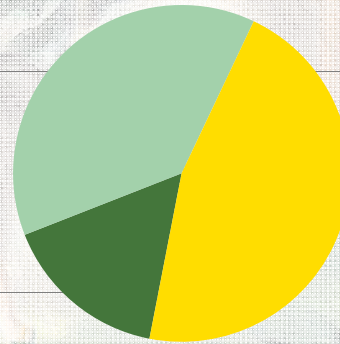
46 %

PEOPLE IN
PRODUCTION

Sales
38 %

Supports
16 %

Production
46 %





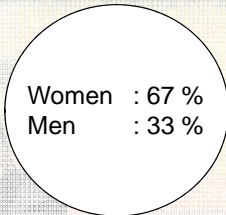
WOMEN AND MEN

HERMÈS MANUFACTURES

- 38 production sites in France, 17 of them are manufactures

WOMEN AND MEN

WORKFORCE BREAKDOWN BY REGIONS



Américas

7 %

Asia-Pacific (excl. Japan)

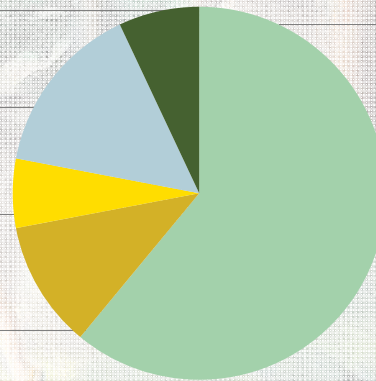
15 %

Japan

6 %

Europe (excl. France)

11 %



France

61 %



GENERAL REPORT FOR 2016

CORPORATE SOCIAL RESPONSIBILITY AT HERMÈS IN 2016

“We are all architects of sustainable development”

- A policy firmly rooted in our values, consistent with the core dimensions of craftsmanship
- Pragmatic, participatory and durable
- Economic, social and environmental sustainability

Real achievements around our five strategic priorities

- Know-How: training and transfer of knowledge
- A People-centred corporate project
- Materials and Suppliers: mindful consumption and partnerships
- Environment: energy consumption delinked from growth, carbon offset (Livelihoods)
- Stakeholders: local action, projects supported by the Hermès Corporate Foundation

The background of the page is a halftone (dotted) pattern of a tropical beach scene. In the foreground, a person is sitting on the sand, and another person is standing nearby. The middle ground shows a sandy beach with some vegetation. The background is filled with tall palm trees and a clear sky. The overall tone is bright and sunny.

**2016 : CONSOLIDATED FINANCIAL
STATEMENTS**

2016 : CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

IN MILLIONS OF EUROS	2016	2015	%
REVENUE	5 202	4 841	+ 7,5 %
GROSS MARGIN	3 520	3 199	
SELLING, MARKETING AND ADMINISTRATIVE EXPENSES	- 1 545	- 1 419	
OTHER INCOME AND EXPENSE	- 279	- 239	
OPERATING INCOME	1 697	1 541	+ 10 %

2016 : CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

IN MILLIONS OF EUROS	2016	2015	%
OPERATING INCOME	1 697	1 541	+ 10 %
NET INCOME	- 48	- 46	
INCOME TAX EXPENSE	- 555	- 536	
NET INCOME FROM ASSOCIATES	11	18	
NET INCOME ATTRIBUTABLE TO NON CONTROLLING INTERESTS	- 4	- 5	
NET INCOME ATTRIBUTABLE TO OWNERS OT THE PARENT	1 100	973	+ 13 %

2016 : CONSOLIDATED FINANCIAL STATEMENTS

OPERATING MARGIN REACHES
32,6 % OF THE SALES

In % of Sales



2016 : CONSOLIDATED FINANCIAL STATEMENTS

INVESTMENTS

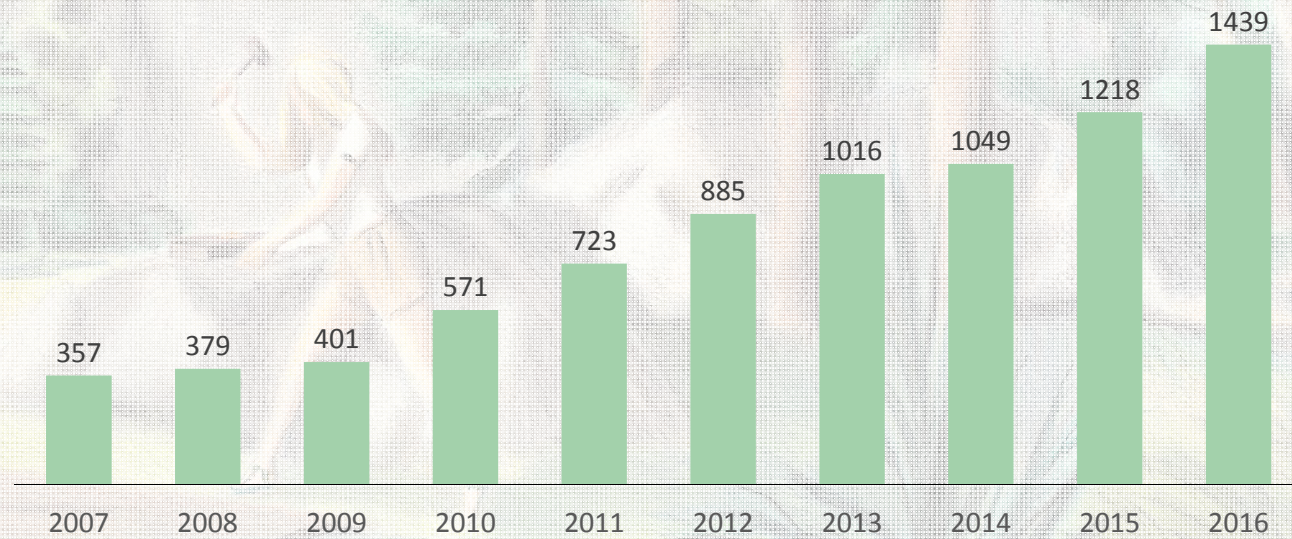
IN MILLIONS OF EUROS	2016
STORES AND DISTRIBUTION	127
PRODUCTION CAPACITY AND SECURING OF SUPPLIES	71
REAL ESTATE AND OTHER	65
TOTAL INVESTMENTS*	262

* EXCLUDING FINANCIAL INVESTMENTS

2016 : CONSOLIDATED FINANCIAL STATEMENTS

OPERATING CASH FLOWS

IN MILLIONS OF EUROS



+ 18 %

2016 : CONSOLIDATED FINANCIAL STATEMENTS

RESTATED CASH FLOW STATEMENT

NET CASH
2 345
MILLIONS OF EUROS

IN MILLIONS OF EUROS	2016	2015
OPERATING CASH FLOWS	1 439	1 218
INVESTMENTS	- 285	- 267
CHANGE IN WORKING CAPITAL	22	2
DIVIDENDS PAID	- 360	- 840
OTHER CHANGES	- 84	+ 7
CHANGE IN RESTATED NET CASH POSITION	731	120
CLOSING RESTATED NET CASH POSITION	2 345	1 614

2016 : CONSOLIDATED FINANCIAL STATEMENTS

SIMPLIFIED BALANCE SHEET AS AT 31 DECEMBER

IN MILLIONS OF EUROS

ASSETS	2016	2015
NON CURRENT ASSETS	2 186	2 092
INVENTORIES	915	949
OTHER CURRENT ASSETS	569	558
CASH AND CASH EQUIVALENT	2 329	1 589
TOTAL	5 999	5 188

2016 : CONSOLIDATED FINANCIAL STATEMENTS

SIMPLIFIED BALANCE SHEET AS AT 31 DECEMBER

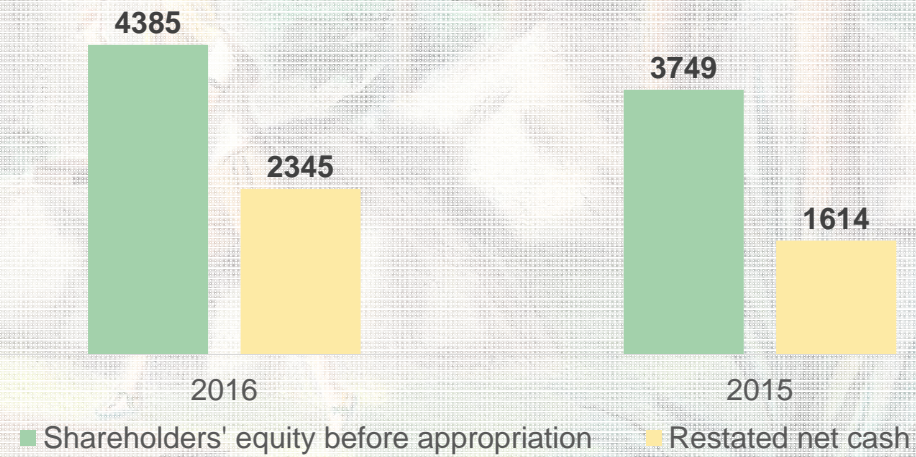
IN MILLION OF EUROS

LIABILITIES	2016	2015
EQUITY	4 385	3 749
PROVISIONS	287	221
OTHER LIABILITIES	1 327	1 218
TOTAL	5 999	5 188

2016 : CONSOLIDATED FINANCIAL STATEMENTS

SHAREHOLDER'S EQUITY AND RESTATED NET CASH

IN MILLIONS OF EUROS



SHAREHOLDERS'
EQUITY
4,4
BILLIONS OF EUROS



OUTLOOK

OUTLOOK

1st QUARTER 2016

- Q1 Revenue: 13.5% at current exchange rates and +11.2% at constant exchange rates
- +13% in group stores
- Strong sales growth in the first quarter thanks to the business momentum in all the geographic areas



OUTLOOK

- Long-term development strategy based on creativity, maintaining control over know-how and singular communication
- Strengthening of production capacities
- A dynamic distribution network, with the opening or renovation of over twenty branches
- Continued job creation

A group of people in a meeting, with a woman in the center holding a microphone and speaking. The image is a halftone print with a grid pattern. The text "MAIN RESOLUTIONS" is overlaid in the center in a bold, orange font.

MAIN RESOLUTIONS

MAIN RÉSOLUTIONS

RESOLUTIONS RELATING TO ORDINARY BUSINESS 2016: DIVIDEND

- Dividend per share proposed by the Supervisory Board

IN EURO	2012	2013	2014	2015	2016
COMMON SHARE DIVIDEND	2.50	2.70	2.95	3.35	3.75 *
EXTRAORDINARY DIVIDEND			5.00		

* Including an interim dividend of 1,50 € paid on February 24, 2017



MAIN RÉSOLUTIONS

ORDINARY RESOLUTIONS

- *Approval of the regulated-party agreements and commitments (5th)*

MAIN RÉOLUTIONS

ORDINARY RESOLUTIONS

- *Opinion on the compensation elements owed or allocated to Executive Chairmen in respect of the year ended (7th and 8th)*
- Mr Axel Dumas
- Émile Hermès SARL

MAIN RÉSOLUTIONS

REMINDER OF PRINCIPLES OF DEFINITION OF COMPENSATION TO THE EXECUTIVE CHAIRMEN

- The Active Partner decides on the effective compensation of each Executive Chairman each year within the limits determined in accordance with Article 17 of the Articles of Association and the decisions of the General Meeting of 31 May 2001 as follows:
- **Fixed compensation (additional compensation):**
indexed to growth in consolidated revenue for the previous financial year, at constant exchange rates and on the same scope of consolidation
- **Variable compensation (gross annual compensation):**
0.20% of consolidated net income before tax for the previous financial year

MAIN RÉSOLUTIONS

RESOLUTIONS RELATING TO ORDINARY BUSINESS

- *Renewal of three expiring appointments of Supervisory Board members (9th to 11th)*

For three years: - Mrs Monique Cohen
 - Mr Renaud Momméja
 - Mr Eric de Seynes

- *Appointment of two new Supervisory Board members (12th and 13th)*

For three years*: - Mrs Dorothee Altmayer

For one year*: - Mrs Olympia Guerrand

* terms decided by random draw

- *Increase in total attendance fees (14th)*

- €600,000

MAIN RÉOLUTIONS

DOROTHEE ALTMAYER



- Self-employed clinical psychologist specialising in parent-child dialogue, psychological assessments and individual art therapy sessions for children
- Graduate of Psychoprat
- French national

MAIN RÉSOLUTIONS

OLYMPIA GUERRAND



- Property Manager
- Bachelor of Arts in History of Art specialising in photography from the College of Santa Fe
- French and Portuguese national

MAIN RÉSOLUTIONS

RESOLUTIONS RELATING TO ORDINARY BUSINESS

- *Renewal of the tenured statutory auditors' appointment (15th and 16th)*
 - PricewaterhouseCoopers Audit
 - Didier Kling & Associés
- *End of the substitute statutory auditors' appointments (15th and 16th)*

MAIN RÉSOLUTIONS

RESOLUTIONS RELATING TO ORDINARY AND EXTRAORDINARY BUSINESS

- *Share buyback programme (6th)*
 - Authorisation for 10% of share capital
 - Maximum amount that may be committed: 1.5 billion Euros
 - Objectives: galvanise the share through a liquidity contract, cancellation, sale, allocation of free shares and stock options, growth by acquisition
 - Maximum purchase price: 600 Euros
 - Authorisation validity: 18 months
- *Authorisation to cancel shares (17th)*
 - Authorisation for 10% of share capital
 - Authorisation validity: 24 months

MAIN RÉSOLUTIONS

RESOLUTIONS RELATING TO EXTRAORDINARY BUSINESS

- *Delegations of (financial) authority to the Executive Management to issue shares, capital securities or debt securities*
 - Incorporation of reserves, profits and/or premiums and allocation of free shares and/or increase in the par value of existing shares (18th)
 - With preferential subscription rights maintained (19th) or with cancellation of the preferential subscription right but possibility of defining a period of priority (20th)
 - For subscribers to a company savings plan (21th)
 - By private investment (22th)
 - In return for a contribution in kind (23th)
 - Validity of authorisations: 26 months



STATUTORY AUDITORS' REPORTS

ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

PricewaterhouseCoopers Audit
Christine Bouvry

Didier Kling & Associés
Christophe Bonte - Didier Kling

STATUTORY AUDITORS' REPORTS

ISSUED IN RESPECT OF THE ORDINARY BUSINESS OF THE GENERAL MEETING

REPORTS ON THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS

- **Purpose:**
 - Obtain reasonable assurance that the financial statements and information present a true and fair view
- **Opinion on the annual and consolidated financial statements: unconditional certifications**
- **Basis of the opinion:**
 - Consolidated financial statements: methods of application of accounting principles relating to fixed assets and inventories; valuation methods of pension plan commitments and other employee benefits
 - Annual financial statements: valuation methods of investments

STATUTORY AUDITORS' REPORTS

ISSUED IN RESPECT OF THE ORDINARY BUSINESS OF THE GENERAL MEETING

SPECIAL REPORT ON RELATED-PARTY AGREEMENTS AND COMMITMENTS

- No new agreement was authorised in 2016 by the Supervisory Board
- Continued performance of agreements and commitments approved in previous years

REPORT ON INTERNAL CONTROL, RISK MANAGEMENT AND CORPORATE GOVERNANCE (ON THE REPORT FROM THE CHAIRMAN OF THE SUPERVISORY BOARD)

- No observation

REPORT ON THE CONSOLIDATED EMPLOYMENT, ENVIRONMENTAL AND CSR INFORMATION CONTAINED IN THE MANAGEMENT REPORT

- No observation

STATUTORY AUDITORS' REPORTS

ISSUED IN RESPECT OF THE EXTRAORDINARY BUSINESS OF THE GENERAL MEETING

REPORTS ON THE VARIOUS RESOLUTIONS CONCERNING YOUR COMPANY'S CAPITAL

- Capital reduction through cancellation of purchased shares (17th resolution)
- Issue of shares and/or securities with preferential subscription rights maintained and/or cancelled (19th and 20th resolutions)
- Issue of shares and/or capital securities to subscribers to a group or company savings plan (21st resolution)
- Issue of shares and/or securities with preferential subscription right cancelled (22nd resolution)
- Issue of shares and/or capital securities in return for contributions in kind (23rd resolution)
- No remark made



COMBINED GENERAL MEETING

6 June 2017

HERMÈS
INTERNATIONAL