

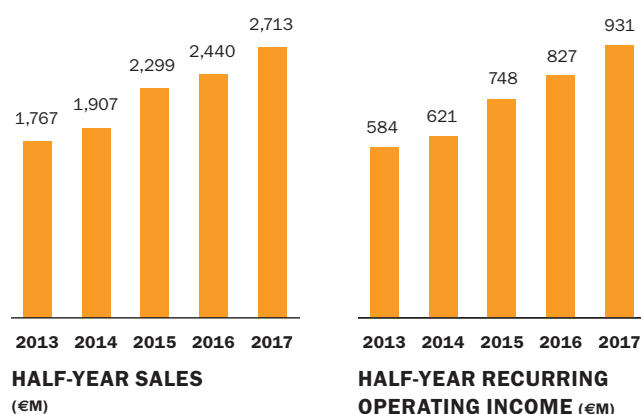
HERMÈS



Excellent performance in sales and results in the 1st half

Operating income from recurring activities rises **13%**

The operating margin reaches an all-time high of **34.3%** of sales



The Group's consolidated revenues amounted to €2,713 million in the first half of 2017, up +11% at current exchange rates and +10% at constant exchange rates. Operating income, up 13 %, amounted to €931 million (34.3% of sales) and net profit reached €605 million, up 11%.

SALES BY GEOGRAPHICAL AREA AT THE END OF JUNE

(AT CONSTANT EXCHANGE RATES UNLESS OTHERWISE INDICATED)

During the first six months of 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 contrasting environment, and with a particularly 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 CONSTANT 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-Marroquinerie 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*, *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.

THE OPERATING MARGIN REACHES AN ALL-TIME HIGH OF 34.3% OF SALES

Recurring operating income rose 13% to €931 million compared to €827 million in H1 2016. The operating margin (34.3% of sales) increased by 0.4 point compared to H1 2016, particularly due to the non-recurring favourable impact of foreign exchange hedges in the first months of the year.

Consolidated net profit (Group share) increased by 11% to €605 million, and represents 22.3% of sales.

Operating cash flows reached €794 million, up 14%. It enabled the Group to finance all capital expenditure (€105 million), the change in working capital requirements (€41 million) and the distribution of the ordinary dividend (€392 million). Net cash, which excludes financial investments of more than three months, amounted to €2,434 million as at 30 June 2017 compared to €2,320 million as at 31 December 2016.

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.

GROWTH IN WORKFORCE

The Hermès Group pursued its recruitments and strengthened its workforce by over 200 people in the first six months. As at the end of June 2017, the Group employed 13,059 people, including 8,060 in France.

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. The performance of the results at the end of June, benefiting from the non-recurring impact of foreign exchange hedging from the year 2016, can not be extrapolated over the full year 2017.

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 original communication.

Limited review procedures have been carried out on the condensed interim consolidated financial statements by the Statutory Auditors in accordance with applicable regulations.

The half-year financial report, the press release and the presentation of the 2017 interim Results are available on the Group's website: <http://finance.hermes.com>.

KEY FIGURES – 2017 FIRST HALF RESULT

<i>in millions of euros</i>	First half of 2017	Fiscal year 2016	First half of 2016
Revenue	2,713.1	5,202.2	2,440.4
Recurring operating income	931.3	1,696.5	826.8
Net income attributable to owners of the parent	605.2	1,100.3	545.4
Operating cash flows	794.2	1,438.7	699.4
Investments (excluding financial investments)	105.2	285.4	107.6
Shareholders' equity ⁽¹⁾	4,564.5	4,382.6	3,863.3
Net cash position	2,434.3	2,319.8	1,513.4
Restated net cash ⁽²⁾	2,530.4	2,345.3	1,625.4
Number of employees	13 059	12 834	12 510

(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.

UPCOMING EVENTS

8 November 2017	Publication of 3rd Quarter 2017 Revenues
8 February 2018	Publication of 2017 Revenues
21 March 2017	Publication of 2017 Results

REMINDER OF PREVIOUS PUBLICATIONS

INFORMATIONS BY GEOGRAPHICAL AREA ⁽¹⁾

in millions of euros	First Half		Evolutions	
	2017	2016	Published	At constant 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	2 nd quarter		Evolutions	
	2017	2016	Published	At constant 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 constant 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	2 nd quarter		Evolutions	
	2017	2016	Published	At constant 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.