

HERMÈS RESULTS

2016




HERMÈS
PARIS

HIGHLIGHTS





ACTIVITY

- Sales are up **+7.4 %** at constant rates and **+7.5 %** at current exchange rates
- Activity was steady in the Group's own stores in all regions (**+8 %** at constant rates)
- The retail growth remained solid throughout the year





ACTIVITY

- The development of all sectors continues thanks to the reinforcement of the production capacities, the success of the recent collections and a sustained demand



RESULTS

- Recurring operating income amounted to **€1.7 billion** and operating margin reached **32.6%** of sales
- Consolidated net profit (Group share) amounted €1.1 billion, up 13%



TREASURY

- A strong cash generation with an Operating cash flow up by 18%
- Restated net cash position amounts to **€2,345 million** as at 31st December 2016



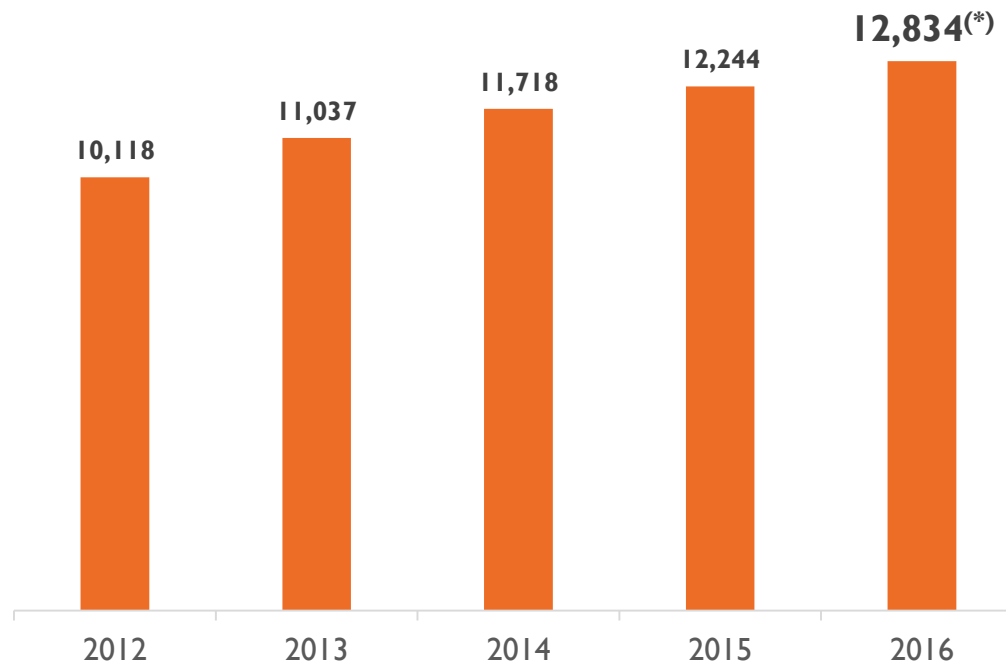


EMPLOYEES



+590 people in 2016, mainly in production and sales

Employees worldwide



(*) of which 7,881 in France





DISTRIBUTION NETWORK

- Stores opening in Rio de Janeiro, Hong Kong Airport, Macao and Chongqing
- Re-opening with extension of about twenty stores: the Liat Towers store in Singapore, the Bocca di Leone store in Rome as well as in Hawaiï, Philadelphia, Lausanne, Australia and Seoul
- One concession takeover in Japan





PRODUCTION

- Increase in production capacities at the new sites in Isère, Charente and Franche-Comté, with the inauguration of the new workshop in Héricourt in April
- Launch of projects for the *Manufacture de l'Allan*, *Maroquinerie de Normandie* and *Saint-Junien*





COMMUNICATION

- Collections of Nadège Vanhée-Cybulski, Women's ready-to-wear
- *Hermès Hors les Murs* event in Paris, Amsterdam, Mexico and Vancouver
- Launch of a new table service *Carnets d'Equateur* and 3 jewellerys ranges, of which the high jewellery, designed by Pierre Hardy entitled *HB IV Continuum*
- Launch of Christine Nagel's first perfume for women *Galop d'Hermès*
- 7th edition of the *Saut Hermès* at the Grand Palais in Paris
- *Robert Dallet* exhibition in collaboration with Panthera in New York



RESULTS





REVENUE BY GEOGRAPHICAL AREA

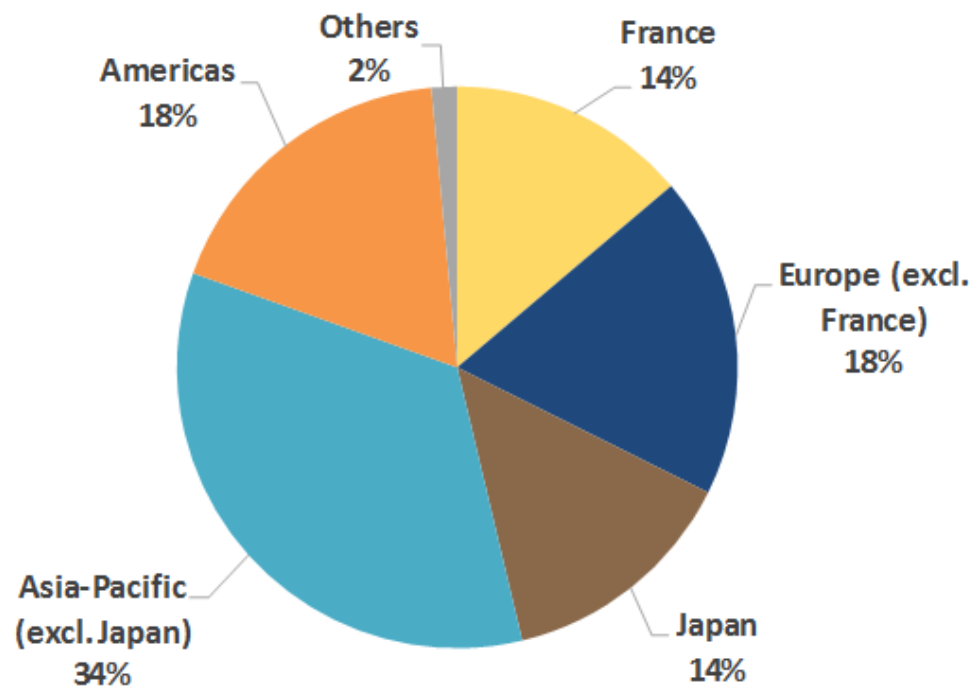


REVENUE BY GEOGRAPHICAL AREA

| in €M | 2016 | Change at constant rates |
|----------------------------|--------------|-----------------------------|
| France | 719 | 5.2% |
| Europe (excl. France) | 964 | 9.2% |
| EUROPE | 1,683 | 7.5% |
| Japan | 724 | 8.6% |
| Asia-Pacific (excl. Japan) | 1,778 | 7.1% |
| ASIA | 2,502 | 7.5% |
| Americas | 941 | 7.2% |
| Others | 77 | 4.8% |
| TOTAL | 5,202 | 7.4% |



REVENUE BY GEOGRAPHICAL AREA





REVENUE BY SECTOR



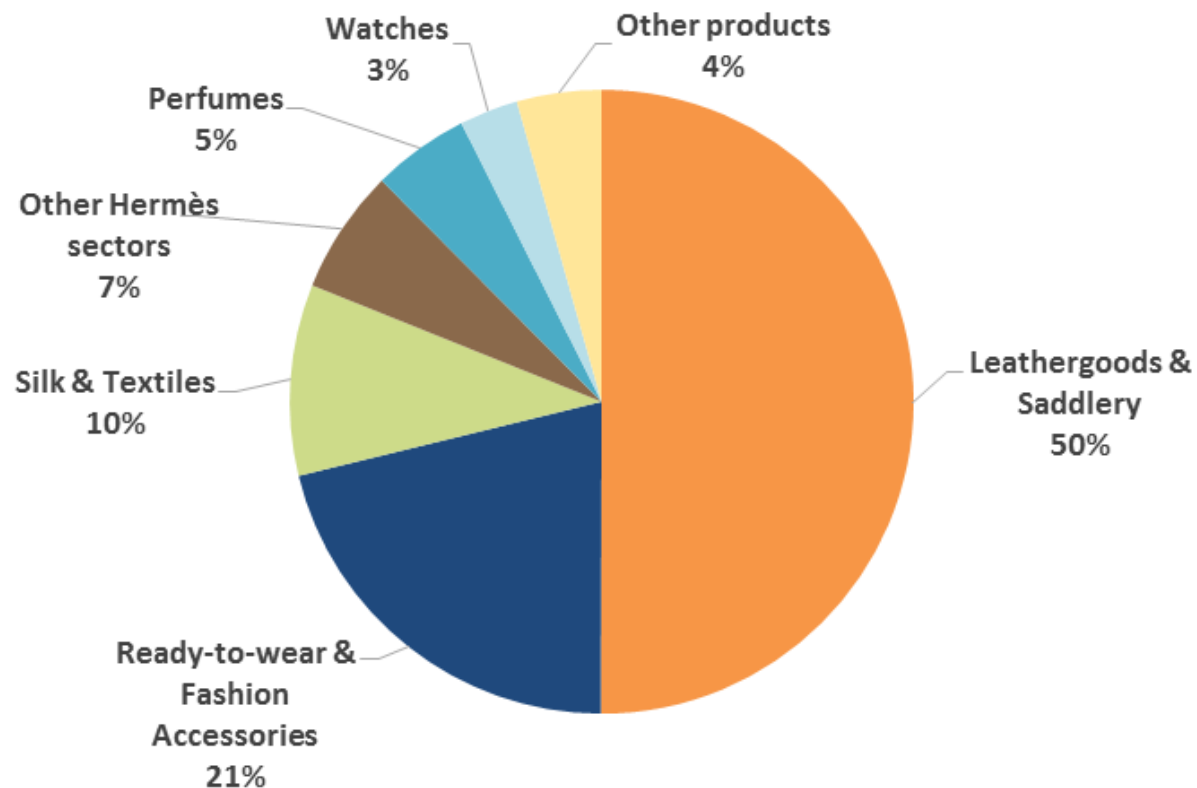


REVENUE BY SECTOR

| in €M | 2016 | Change at constant rates |
|-------------------------------------|--------------|-----------------------------|
| Leathergoods & Saddlery | 2,604 | 14.0% |
| Ready-to-wear & Fashion Accessories | 1,099 | 0.2% |
| Silk & Textiles | 515 | (0.8)% |
| Other Hermès sectors | 336 | 1.6% |
| Perfumes | 262 | 8.5% |
| Watches | 158 | (3.2)% |
| Other products | 228 | 10.1% |
| TOTAL | 5,202 | 7.4% |



REVENUE BY SECTOR





INCOME STATEMENT



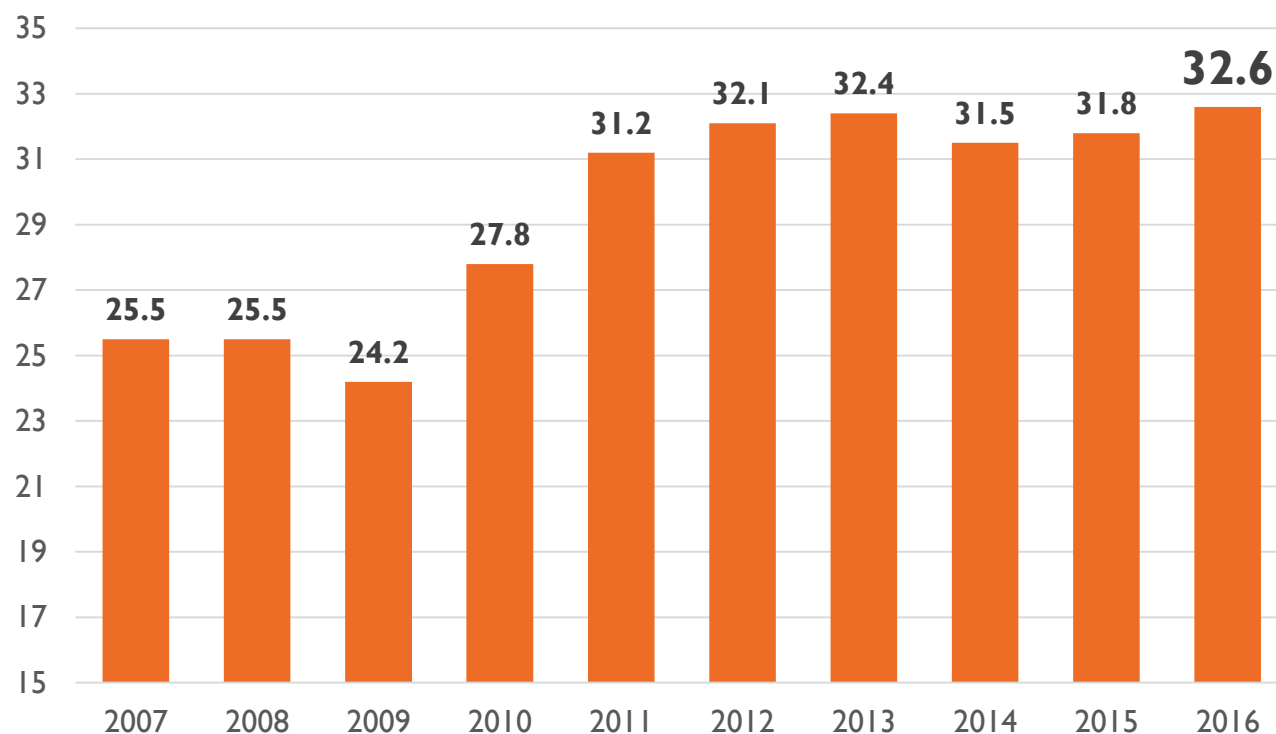
CONSOLIDATED INCOME STATEMENT

| in €M | 2016 | % revenue | 2015 | % revenue |
|--|--------------|--------------|--------------|--------------|
| Revenue | 5,202 | | 4,841 | |
| Cost of sales | (1,682) | | (1,643) | |
| Gross profit | 3,520 | 67.7% | 3,199 | 66.1% |
| Communication | (242) | (4.7)% | (215) | (4.4)% |
| Selling, marketing and administrative expenses | (1,303) | (25.0)% | (1,204) | (24.9)% |
| Other income and expense | (279) | (5.4)% | (239) | (4.9)% |
| Recurring operating income | 1,697 | 32.6% | 1,541 | 31.8% |
| Other non-recurring income and expense | - | | - | |
| OPERATING INCOME | 1,697 | 32.6% | 1,541 | 31.8% |
| Change | +10.1% | | | |



RECURRING OPERATING INCOME

In % of Revenue



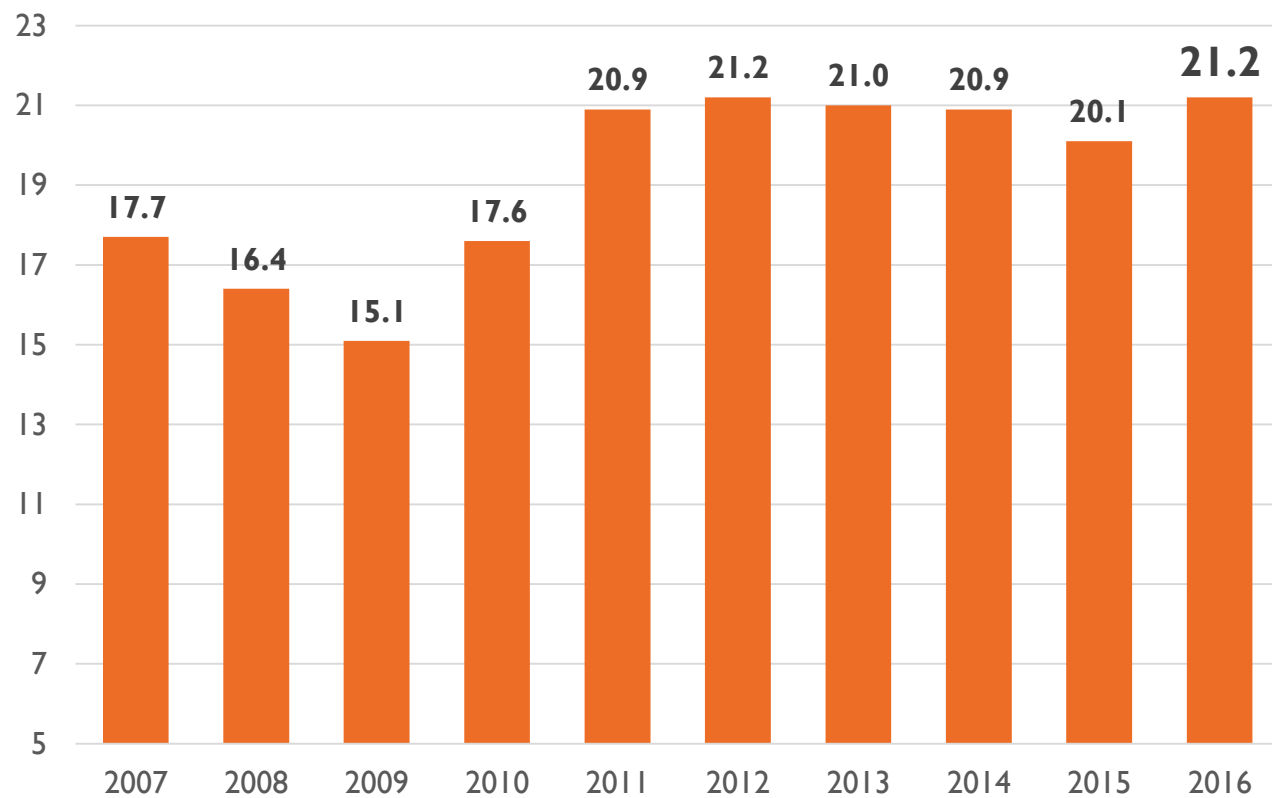
CONSOLIDATED INCOME STATEMENT

| in €M | 2016 revenue | % revenue | 2015 revenue | % revenue |
|--|-----------------|--------------|-----------------|--------------|
| OPERATING INCOME | 1,697 | 32.6% | 1,541 | 31.8% |
| Net financial income | (48) | | (46) | |
| Income tax expense | (555) | | (536) | |
| | 33.7% | | 35.8% | |
| Net income from associates | 11 | | 18 | |
| Net income attributable to non-controlling interests | (4) | | (5) | |
| NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT | 1,100 | 21.2% | 973 | 20.1% |
| Change | +13.1% | | | |

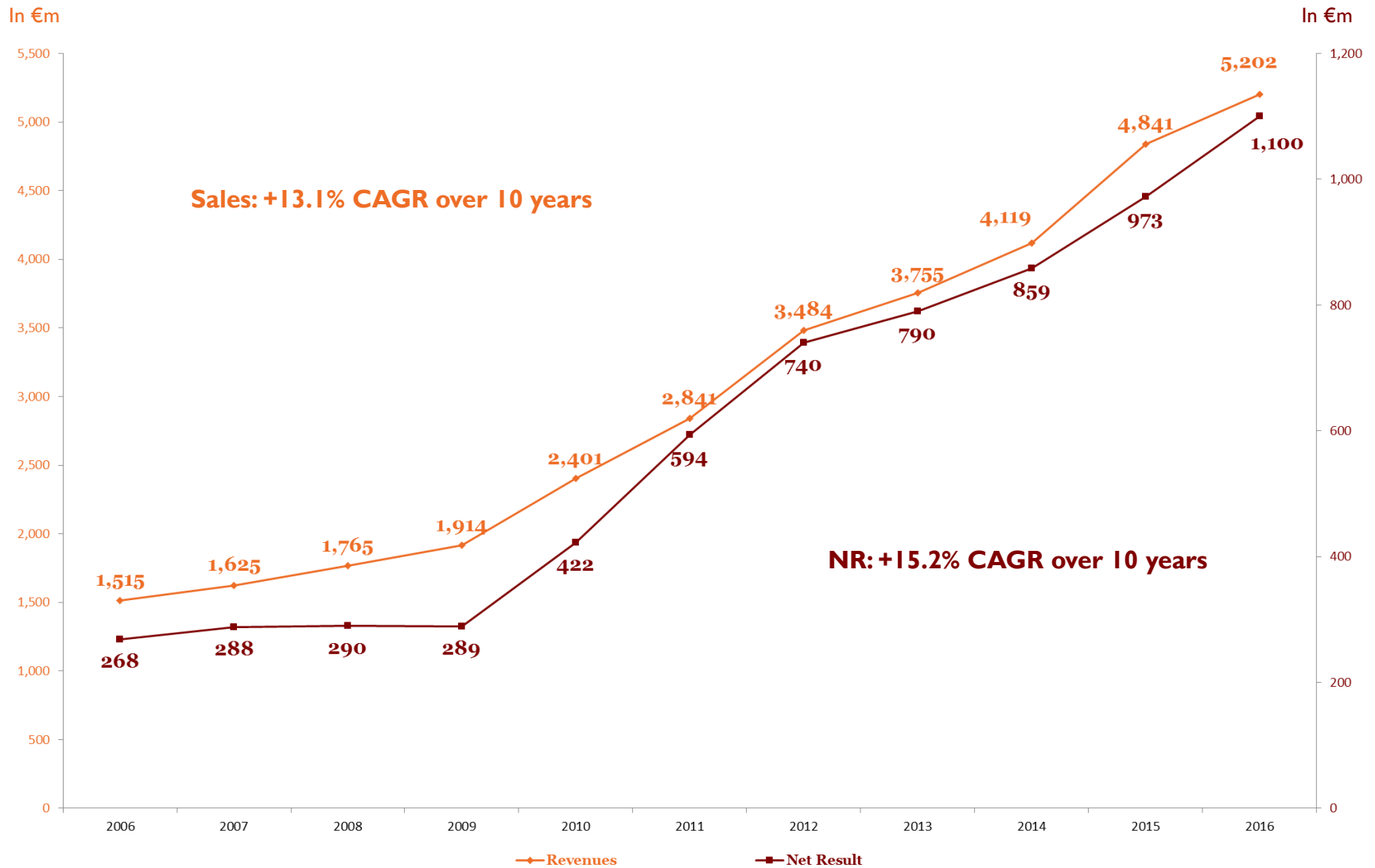


NET RESULT

In % of Revenue



REVENUE AND NET RESULT





INVESTMENTS

| in €M | 2016 |
|--------------------------------|------------|
| Stores and distribution | 127 |
| Production and divisions | 71 |
| Real estate and Group projects | 65 |
| Operational investments | 262 |





RESTATED CASH FLOW STATEMENT

| in €M | 2016 | 2015 |
|---|--------------|--------------|
| Operating cash flow | 1,439 | 1,218 |
| Change in working capital | 22 | 2 |
| Investments | (285) | (267) |
| Dividends paid | (360) | (840) |
| Other changes | (84) | 7 |
| Change in net cash position | 731 | 120 |
| Closing restated Net cash position | 2,345 | 1,614 |
| Opening restated Net cash position | 1,614 | 1,494 |



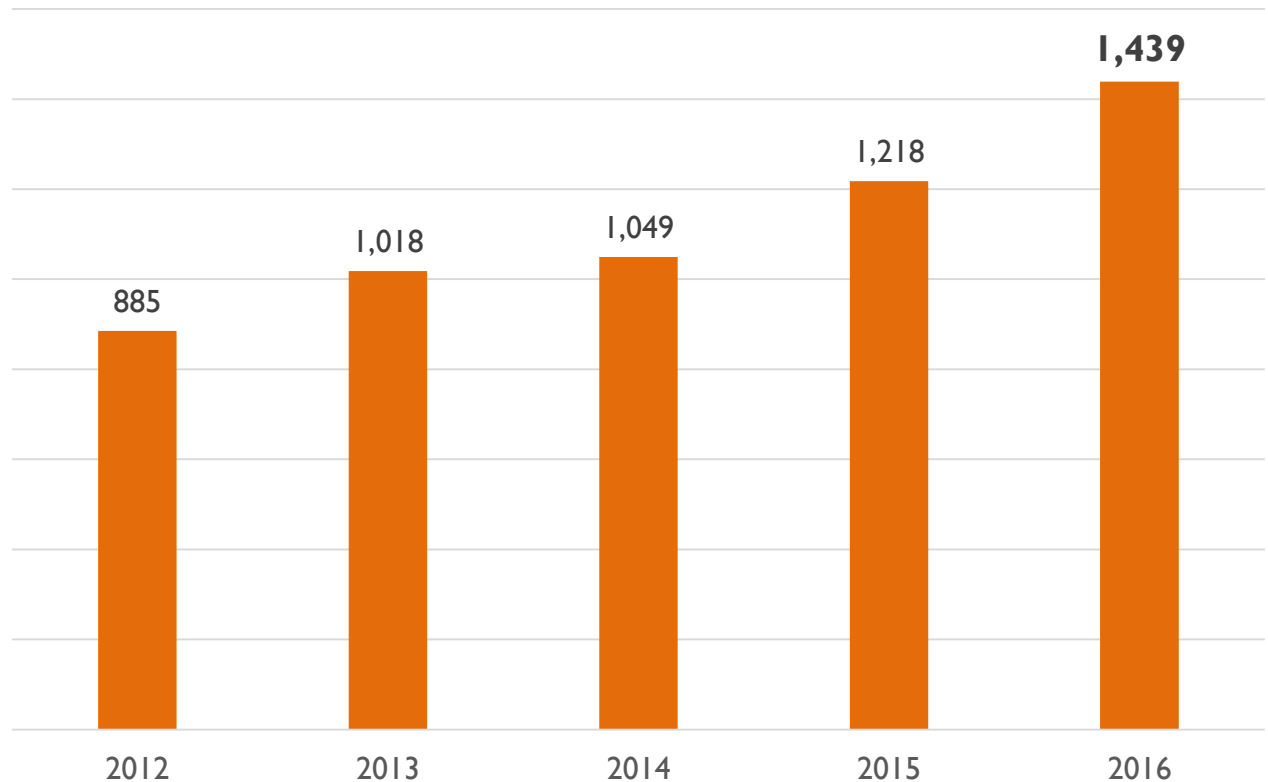
IFRS CASH FLOW STATEMENT

| in €M | 2016 | 2015 |
|---------------------------------------|--------------|--------------|
| Operating cash flow | 1,439 | 1,218 |
| Change in working capital | 22 | 2 |
| Investments | (298) | (267) |
| Dividends paid | (360) | (840) |
| Other changes | (54) | 36 |
| Change in net cash position | 749 | 150 |
| Closing IFRS Net cash position | 2,320 | 1,571 |
| Opening IFRS Net cash position | 1,571 | 1,422 |



EVOLUTION OF THE OPERATING CASH FLOWS

In €M

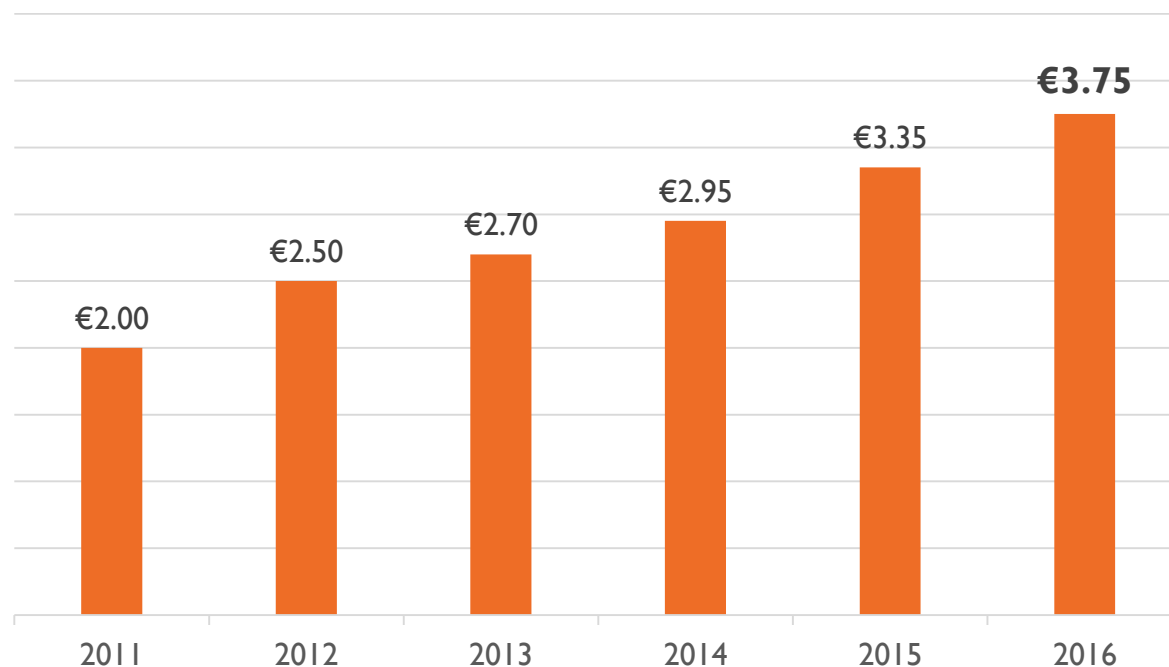


EVOLUTION OF DIVIDEND BY SHARE

Ordinary dividend

In €/share

For the period



OUTLOOK





OUTLOOK

- Thanks to its unique business model, Hermès will continue its long-term development strategy based on creativity, maintaining control over know-how and a singular communication
- The development of the distribution network will continue with the opening, renovation or extension of more than twenty subsidiaries





OUTLOOK

- 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.



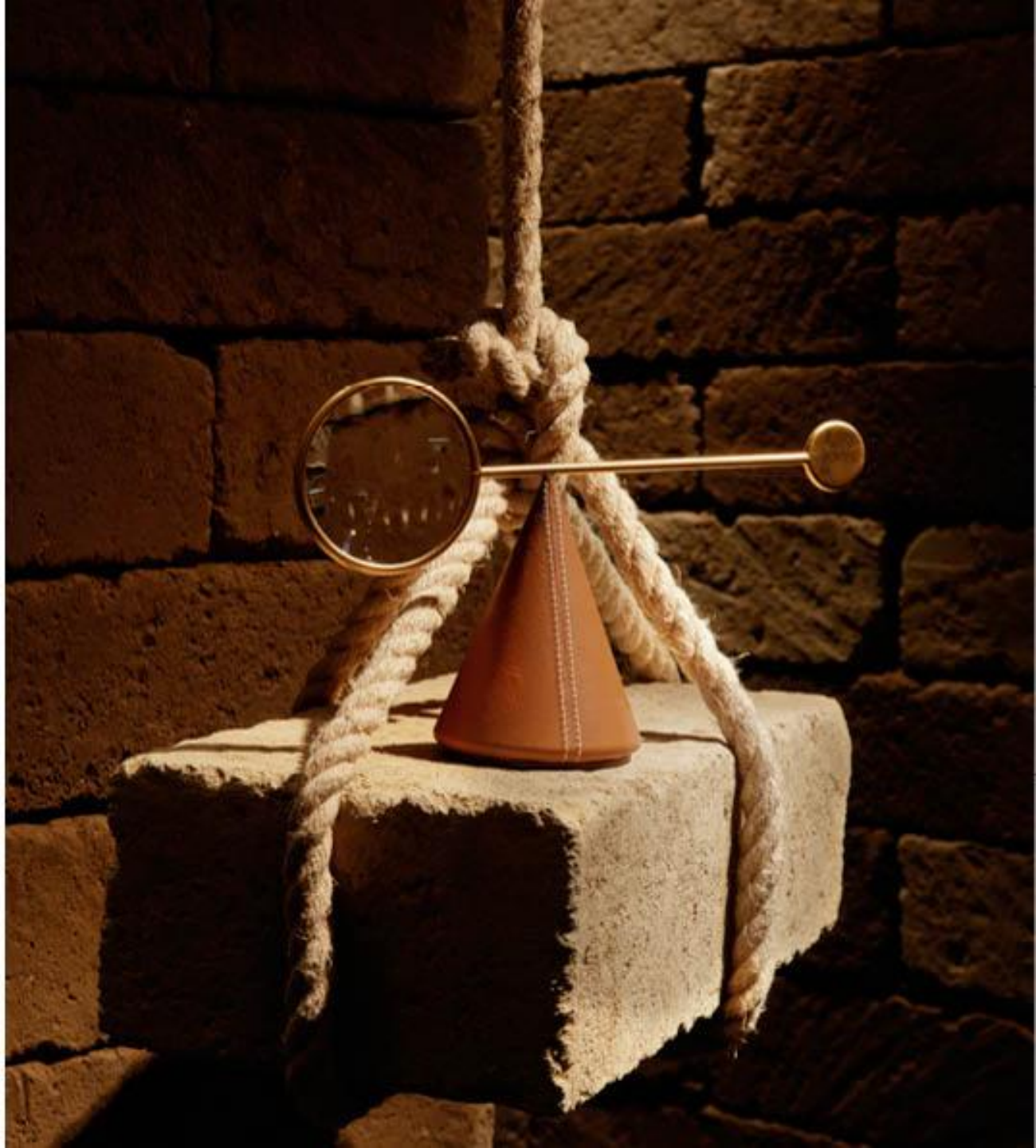
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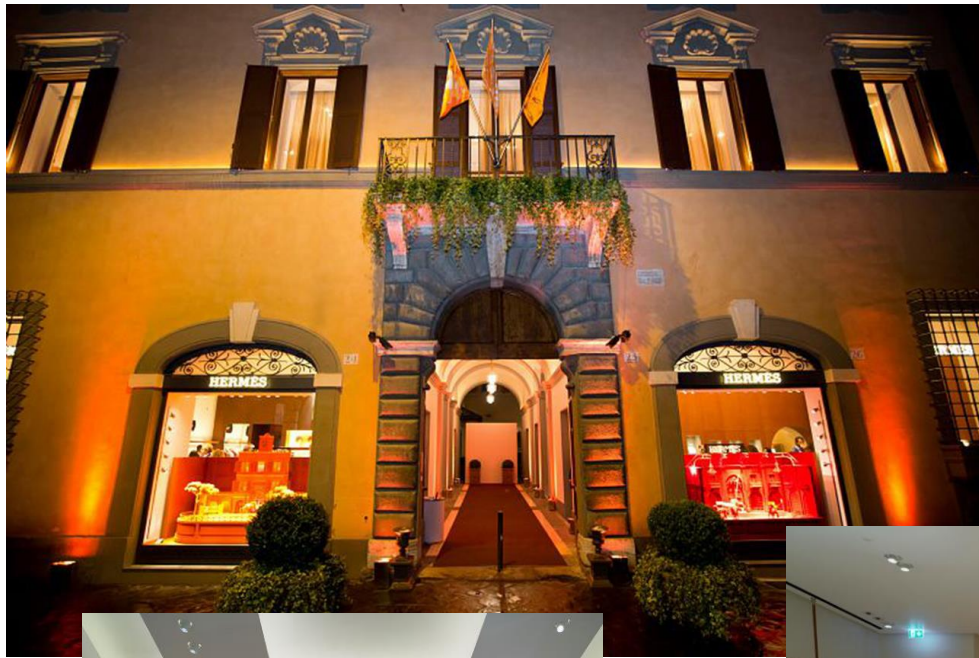
Appendix





Rio de Janeiro





Bocca di Leone – Roma



Hermès Hors les Murs Paris



