

# COMBINED GENERAL MEETING

May 31, 2016



## FULL YEAR 2015 HIGHLIGHTS



## FULL YEAR 2015 HIGHLIGHTS

### IN 2015, HERMES PURSUED ITS STRATEGY

- Creative energy
- Know-how at the heart of the company
- Development of the distribution network
- Singular events
- Continued job creation



## FULL YEAR 2015 HIGHLIGHTS

### CREATIVE ENERGY

- *Octogone, Virevolte, Harnais* bags...
- Launch of *Voyage en Ikat*, Tableware
- *Écrin d'or* jewellery collection
- Hermès Éditeur by Julio Le Parc
- Apple Watch partnership
- Success of the new women's ready-to-wear collections by Nadège Vanhée-Cybulski



## FULL YEAR 2015 HIGHLIGHTS

### KNOW-HOW AT THE HEART OF THE MAISON

- Opening of the new workshop in Héricourt, ramp-u of the two new sites located in Charente and Isère
- Investments in projects in the regions of Franche-Comté, Normandy and Limousin
- Acquisition of the Tanneries du Puy, specialising in the production of box leather



## FULL YEAR 2015 HIGHLIGHTS

### DEVELOPMENT OF THE DISTRIBUTION NETWORK

- Opening of the Hermès flagship in Miami
- Three new branches : Porto Cervo in Italy, Moliere in Mexico et Perfume outlet in New York
- Two concession take-overs in Japan and in Singapore
- Renovation and extension of over twenty other branches, particularly in Washington DC, Seattle, Boston, Dallas, Houston and São Paulo, in London, Moscow, and in Asia and in Japan



## FULL YEAR 2015 HIGHLIGHTS

### SINGULAR EVENTS

- Singular communication : artist window displays
- Petit h pop-up sales event in Shanghai
- *Leather Forever* in Singapore
- 6<sup>th</sup> *Saut Hermès au Grand Palais*, in Paris
- Trade festival in Bangkok and São Paulo
- Launch of the MANifeste d'Hermès and Hermèsistible sites
- *Wanderland exhibition* in Paris, Londres and Dubaï



## FULL YEAR 2015 HIGHLIGHTS

### STRONG GROWTH IN SALES

	CURRENT RATES	CONSTANT RATES
SALES	+ 18 %	+ 8 %





## GENERAL ASSESSMENT OF THE YEAR 2015

### DEVELOPMENT OF NEW SOURCES OF GROWTH

- Success of women's ready-to-wear
- Dynamic fashion accessories sector, particularly shoes designed by Pierre Hardy
- Strong improvement in jewellery
- Extension of perfumes with *Le Jardin de Monsieur Li*



## FULL YEAR 2015 HIGHLIGHTS

### PERFORMANCE IN ALL SECTORS,

PRODUCTION CAPACITY DEVELOPMENT, SUCCESS OF THE LATEST READY-TO-WEAR COLLECTIONS AND STRONG DEMAND

CHANGES AT CONSTANT RATES  
2015 / 2014

Leather Goods - Saddlery	+ 13 %
Ready-to-wear and Accessories	+ 8 %
Silk and Textiles	- 1 %
Perfumes	+ 3 %
Watches	0 %
Other Hermès Métiers	+ 9 %
Other products	- 1 %



## FULL YEAR 2015 HIGHLIGHTS

### BREAKDOWN OF REVENUE BY SECTOR 2015 / 2014

Watches

3 % / 3 %

Perfumes

5 % / 5 %

Other Hermès Métiers

7 % / 7 %

Silk and Textiles

11 % / 12 %

Ready-to-Wear and Accessories

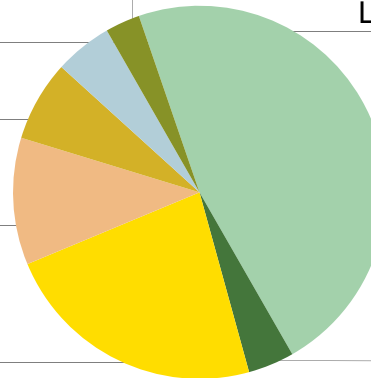
23 % / 23 %

Leather Goods - Saddlery

47 % / 45 %

Other products

4 % / 5 %



## FULL YEAR 2015 HIGHLIGHTS

### GROWTH IN ALL REGIONS

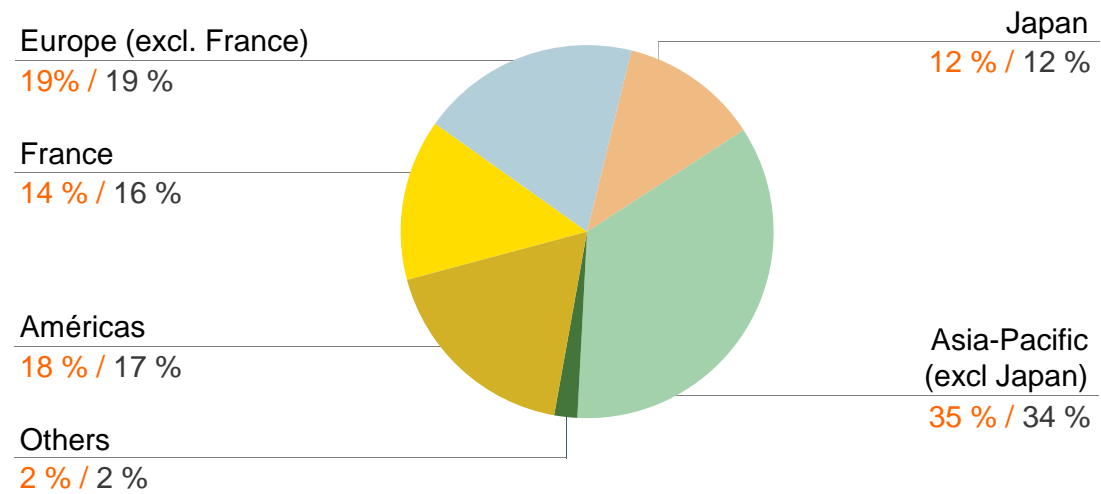
CHANGES AT CONSTANT RATES  
2015 / 2014

FRANCE	+ 6 %
REST OF EUROPE	+ 11 %
AMERICAS	+ 7 %
ASIA-PACIFIC (EXCLUDING JAPAN)	+ 5 %
JAPAN	+ 18 %
OTHERS	- 2 %



## FULL YEAR 2015 HIGHLIGHTS

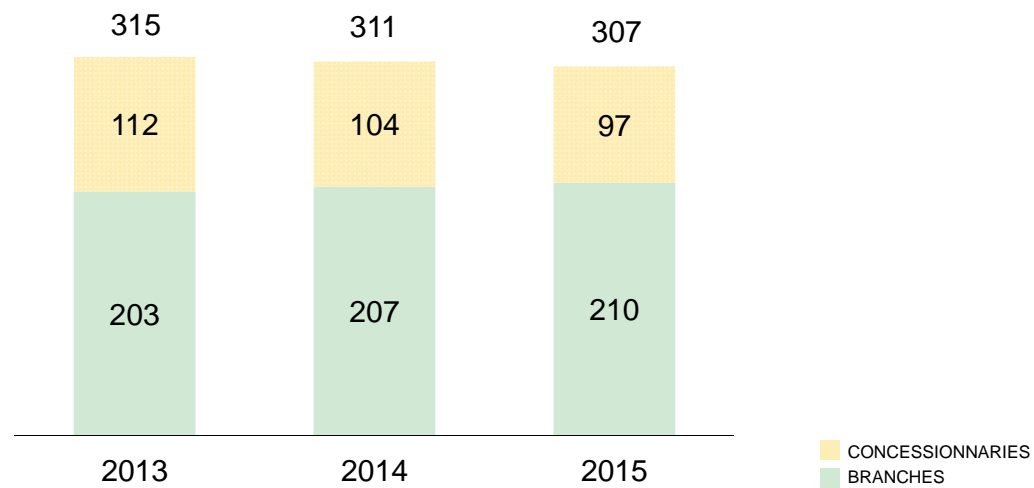
### BREAKDOWN OF REVENUE BY REGION 2015 / 2014



## FULL YEAR 2015 HIGHLIGHTS

### EVOLUTION OF THE NUMBERS OF STORES

307  
STORES AS  
AT END OF  
2015





## WOMEN AND MEN





## WOMEN AND MEN

**+ 500**  
NEW EMPLOYEES

- Almost 500 new employees in 2015, including more than 400 in France, mainly in the production facilities and sales teams
- At year-end 2015, the Group employed 12,244 people



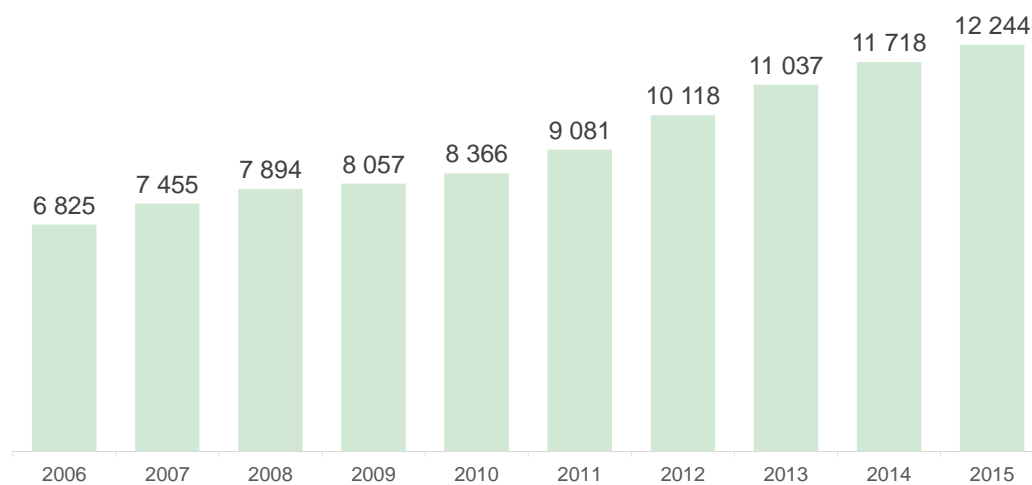




**3 878**  
NEW JOBS  
IN 5 YEARS  
OF WHICH 2 366 IN  
FRANCE

## WOMEN AND MEN

### JOB CREATIONS CONTINUED





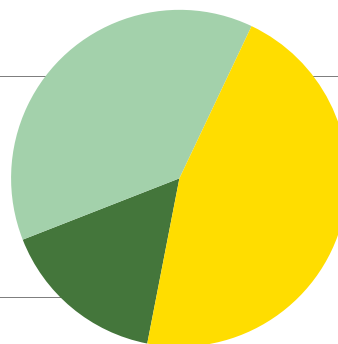
## WOMEN AND MEN

### BALANCE PRODUCTION / SALES

**46 %**  
OF PEOPLE IN  
PRODUCTION

Sales  
38 %

Supports  
16 %



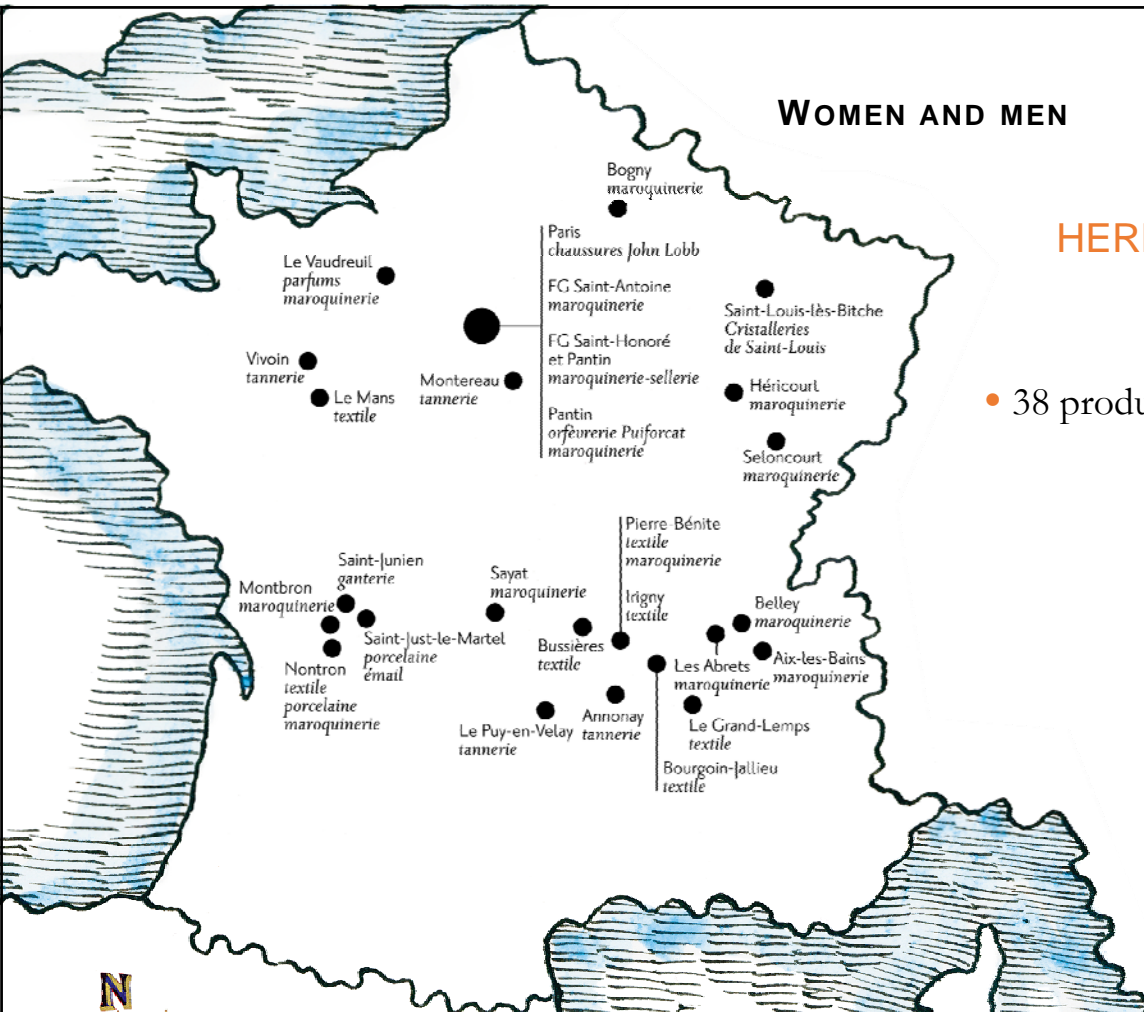
Production  
46 %



## WOMEN AND MEN

## HERMÈS MANUFACTURES

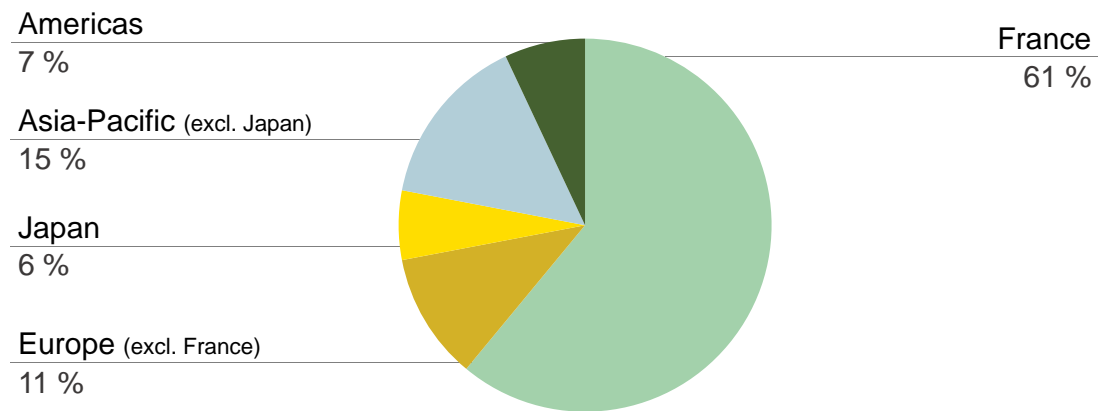
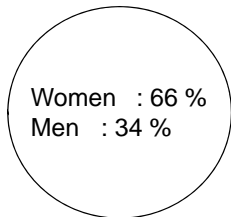
- 38 production sites in France, 16 of them are manufactures





## WOMEN AND MEN

### WORKFORCE BREAKDOWN BY REGIONS



## WOMEN AND MEN

### SUPPORTING SUSTAINABLE DEVELOPMENT

- Responsible
- Genuine
- Persistent
- Committed




# 2015: CONSOLIDATED FINANCIAL STATEMENTS




## 2015 : CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED INCOME STATEMENT




IN MILLIONS OF EUROS	2015	2014	%
REVENUE	4 841	4 119	+ 18 %
GROSS MARGIN	3 199	2 753	
SELLING, MARKETING AND ADMINISTRATIVE EXPENSES	- 1 419	- 1 292	
OTHER INCOME AND EXPENSE	- 239	- 162	
<b>OPERATING INCOME</b>	<b>1 541</b>	<b>1 299</b>	<b>+ 19 %</b>




## 2015 : CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED INCOME STATEMENT



IN MILLIONS OF EUROS	2015	2014	%
OPERATING INCOME	1 541	1 299	+ 19 %
NET INCOME	- 46	- 25	
INCOME TAX EXPENSE	- 535	- 423	
NET INCOME FROM ASSOCIATES	18	12	
NET INCOME ATTRIBUTABLE TO NON CONTROLLING INTERESTS	- 5	- 4	
<b>NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	<b>973</b>	<b>859</b>	<b>+ 13 %</b>

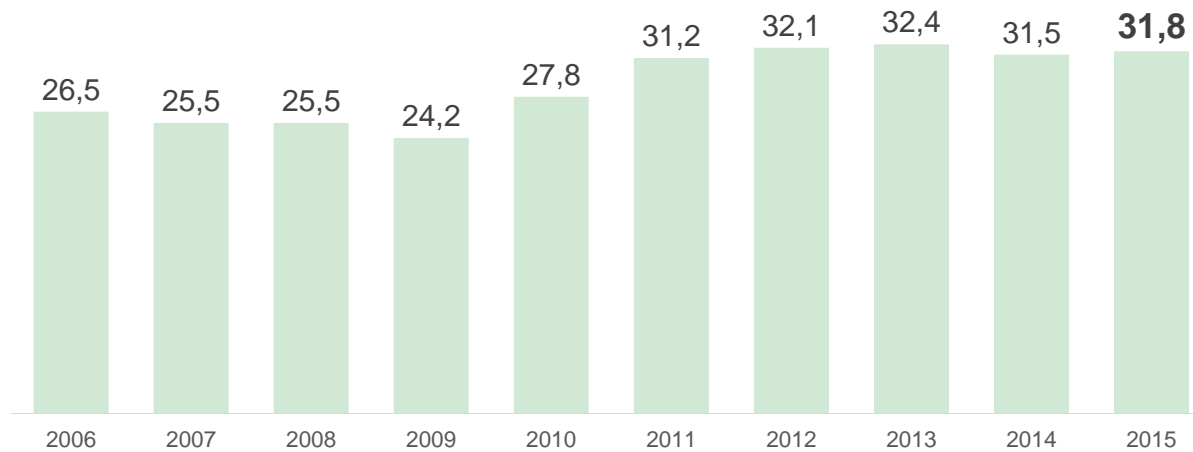




## 2015 : CONSOLIDATED FINANCIAL STATEMENTS


OPERATING MARGIN REACHES  
31,8 % OF THE SALES

In % of sales



## 2015 : CONSOLIDATED FINANCIAL STATEMENTS

### INVESTMENTS



	2015
IN MILLIONS OF EUROS	
STORES AND DISTRIBUTION	135
PRODUCTION CAPACITY AND SECURING OF SUPPLIES	76
REAL ESTATE AND OTHERS	56
<b>TOTAL INVESTMENTS*</b>	<b>267</b>

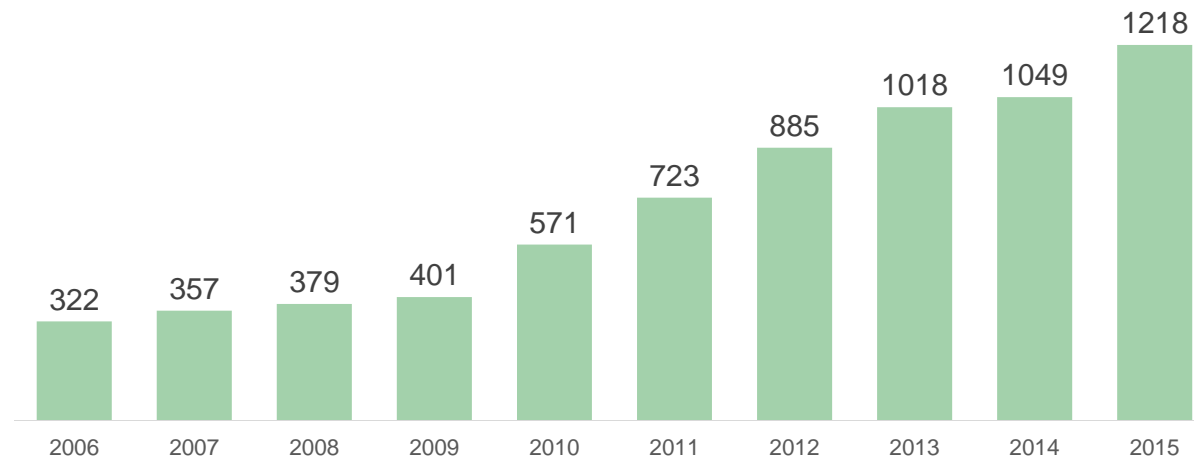
\* EXCLUDING FINANCIAL INVESTMENTS



## 2015 : CONSOLIDATED FINANCIAL STATEMENTS

### OPERATING CASH FLOWS

IN MILLIONS OF EUROS



+ 16 %



## 2015 : CONSOLIDATED FINANCIAL STATEMENTS

### RESTATED CASH FLOW STATEMENT

IN MILLIONS OF EUROS	2015	2014
<b>OPERATING CASH FLOWS</b>	<b>1 218</b>	<b>1 049</b>
INVESTMENTS (excluding financial investments)	- 267	- 322
CHANGE IN WORKING CAPITAL	2	- 105
DIVIDENDS PAID	- 840	- 295
OTHER CHANGES	+ 7	+ 76
<b>CHANGE IN RESTATED NET CASH POSITION</b>	<b>120</b>	<b>403</b>
<b>CLOSING RESTATED NET CASH POSITION</b>	<b>1 614</b>	<b>1 494</b>

NET CASH  
**1 614**  
MILLIONS OF  
EUROS

## 2015 : CONSOLIDATED FINANCIAL STATEMENTS

### SIMPLIFIED BALANCE SHEET AS AT 31 DECEMBER

IN MILLIONS OF EUROS

ASSETS	2015	2014
NON CURRENT ASSETS	2 092	1 977
INVENTORIES	949	912
OTHER CURRENT ASSETS	558	437
CASH AND CASH EQUIVALENTS	1 589	1 442
<b>TOTAL</b>	<b>5 188</b>	<b>4 768</b>



## 2015 : CONSOLIDATED FINANCIAL STATEMENTS

### SIMPLIFIED BALANCE SHEET AS AT 31 DECEMBER

IN MILLION OF EUROS

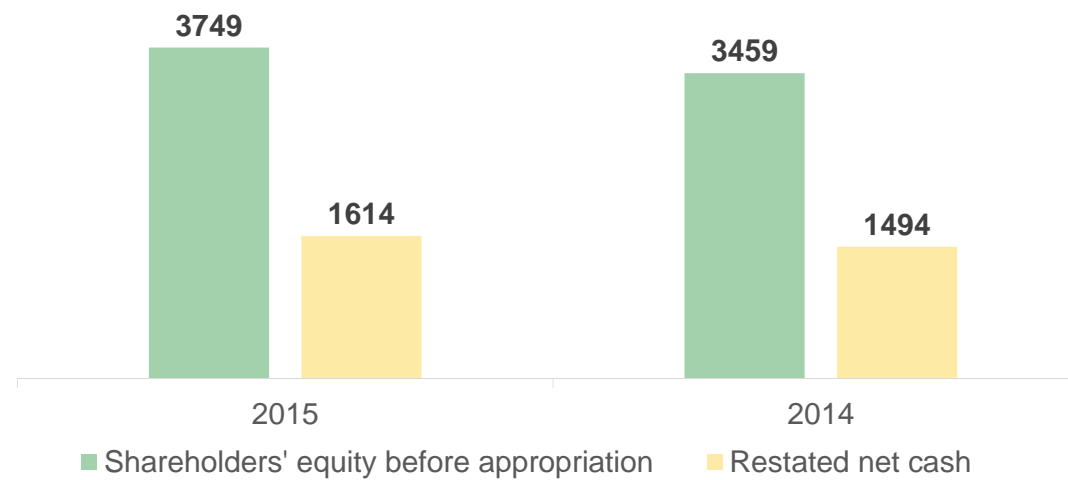
LIABILITIES	2015	2014
EQUITY	3 749	3 459
PROVISIONS	221	169
OTHER LIABILITIES	1 218	1 140
<b>TOTAL</b>	<b>5 188</b>	<b>4 768</b>



## 2015 : CONSOLIDATED FINANCIAL STATEMENTS

### SHAREHOLDERS' EQUITY AND RESTATED NET CASH

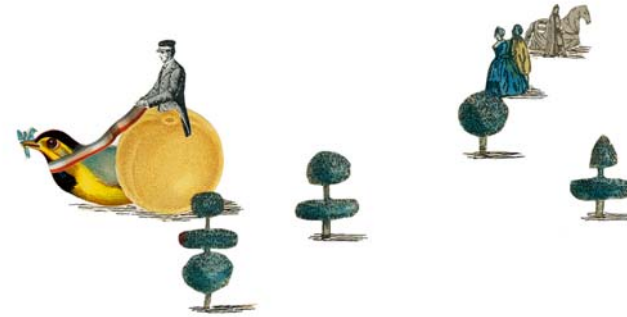
IN MILLIONS OF EUROS



SHAREHOLDERS'  
EQUITY  
**3,7**  
BILLIONS OF EUROS



## OUTLOOK







## 1<sup>st</sup> QUARTER 2016

- Q1 revenue : + 6 % at constant rate and current exchange rates
- + 8 % in Group stores

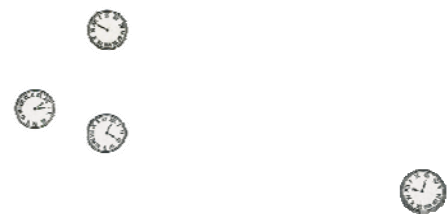




## OUTLOOK

- 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





## MAIN RÉOLUTIONS



## MAIN RESOLUTIONS

### ORDINARY RESOLUTIONS 2015 : DIVIDEND APPROVAL

- Dividend per share proposed by the supervisory board

IN EUROS

ORDINARY DIVIDEND

EXTRAORDINARY DIVIDEND

2011	2012	2013	2014	2015
2.00	2.50	2.70	2.95	3.35
5.00			5.00	

\* Including an interim dividend of 1.50 € paid on February 26, 2016



## MAIN RESOLUTIONS

### ORDINARY RESOLUTIONS

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



## MAIN RESOLUTIONS

### ORDINARY RESOLUTIONS

- *Re-election of 3 supervisory Board members (6<sup>th</sup> à 8<sup>th</sup>)*

For three years:

- Mr. Charles-Éric Bauer
- Mrs Julie Guerrand
- Mrs Dominique Senequier

- *Appointment of a new supervisory Board member (9<sup>th</sup>)*
  - Mrs Sharon MacBeath





## SHARON MACBEATH

- Group Senior Vice-Président Human Resources of REXEL
- Graduated of Glasgow University, the Panthéon-Sorbonne University and INSEAD
- British nationality



## MAIN RESOLUTIONS

### ORDINARY RESOLUTIONS

- *Notice of compensation elements due or awarded to Executive Chairmen for the financial year ending 31 December 20165 (10<sup>th</sup> and 11<sup>st</sup>)*
  - Mr. Axel Dumas
  - The company Émile Hermès SARL





## MAIN RESOLUTIONS

### REMINDER OF PRINCIPLES OF DEFINITION OF COMPENSATION TO THE EXECUTIVE CHAIRMEN

- The active partner decides each year the effective compensation of each Executive Chairman 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:
- **Gross annual compensation (Variable compensation):** 0.20% of consolidated income before tax for the previous financial year
- **Additional compensation (Fixed compensation):** indexed to growth in consolidated revenue for the previous financial year, at constant exchange rates and on the same scope of consolidation



## MAIN RESOLUTIONS

### ORDINARY AND EXTRAORDINARY RESOLUTIONS

- Share buy-back programme (12<sup>th</sup>)
  - Authorisation for 10% of share capital
  - Maximum amount that may be committed: 1 billion Euros
  - Objectives: galvanise the share through a liquidity contract, cancellation, sale, allocation of bonus shares and share purchase options, growth by acquisition
  - Maximum purchase price: 500 Euros
  - Authorisation validity: 18 months
- Authorisation to cancel shares (13<sup>th</sup>)
- Authorisation for 10% of share capital
- Authorisation validity: 24 months



## MAIN RESOLUTIONS

### EXTRAORDINARY RESOLUTIONS

- Delegation of authority to the Executive Management to grant share purchase options (14<sup>th</sup>) and award bonus shares (15<sup>th</sup>)
- Framework for allocations to Executive Chairmen:
  - The strike price of options will include no discount
  - Specific cap of 0.05%
  - Serious and demanding performance conditions to be met over several consecutive years
  - Obligation to retain shares
- Authorisation validity: 38 months





# STATUTORY AUDITORS' REPORTS

ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

PricewaterhouseCoopers Audit  
Christine Bouvry

Didier Kling & Associés  
Christophe Bonte – Didier Kling



## STATUTORY AUDITORS' REPORTS

ISSUED IN RESPECT OF THE ORDINARY PART 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
- Application of accounting principles relative to fixed assets and inventories



## STATUTORY AUDITORS' REPORTS

ISSUED IN RESPECT OF THE ORDINARY PART OF THE GENERAL MEETING

### REPORTS ON THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS

- Impairment tests
- Valuation of pension obligations and other employee benefits
- Annual financial statements
- Valuation of financial investments



## STATUTORY AUDITORS' REPORTS

### SPECIAL REPORT ON RELATED-PARTY AGREEMENTS AND COMMITMENTS

- One agreement authorised in 2015 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 SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION CONTAINED IN THE MANAGEMENT REPORT

- No observation



## STATUTORY AUDITORS' REPORTS

ISSUED IN RESPECT OF THE EXTRAORDINARY PART OF THE GENERAL MEETING

### REPORTS ON VARIOUS RESOLUTIONS CONCERNING YOUR COMPANY'S CAPITAL

- Capital reduction by cancellation of purchased shares (13<sup>th</sup> resolution)
- Allocation of stock options (14<sup>th</sup> resolution)
- Free allocation of existing shares (15<sup>th</sup> resolution)
- No observation





# COMBINED GENERAL MEETING

AS OF 31<sup>ST</sup> May 2016

