



HERMÈS RESULTS

2017


HERMÈS
PARIS

MEANING OF OBJECTS

FREEDOM AND CONFIDENCE AT THE HEART OF
THE BUSINESS MODEL

- A business project with a spirit of independence
- The commitment to a model with the dynamics of craftsmanship at the heart of sustainable and profitable growth
- The contemporaneity of the creation
- A network of unique and complementary stores that accompany new uses and purchasing behavior



A vertical strip of a collage featuring various sewing and tailoring tools and patterns. The items include a hand saw, a sewing machine, a hand saw, a ruler, a compass, a can of Pure Silk thread, and various pliers and shears, all interspersed with stars, diamonds, and swirls.



ACTIVITY

REVENUE PASSED THE €5.5 BILLION-MARK

- Strong growth in sales in 2017, up **9%** at constant exchange rates and **7%** at current rates
- A healthy growth mainly based on an increase in volumes
- Growth was sustained in Group's own stores (**+9%** at constant exchange rates) in all the geographical areas



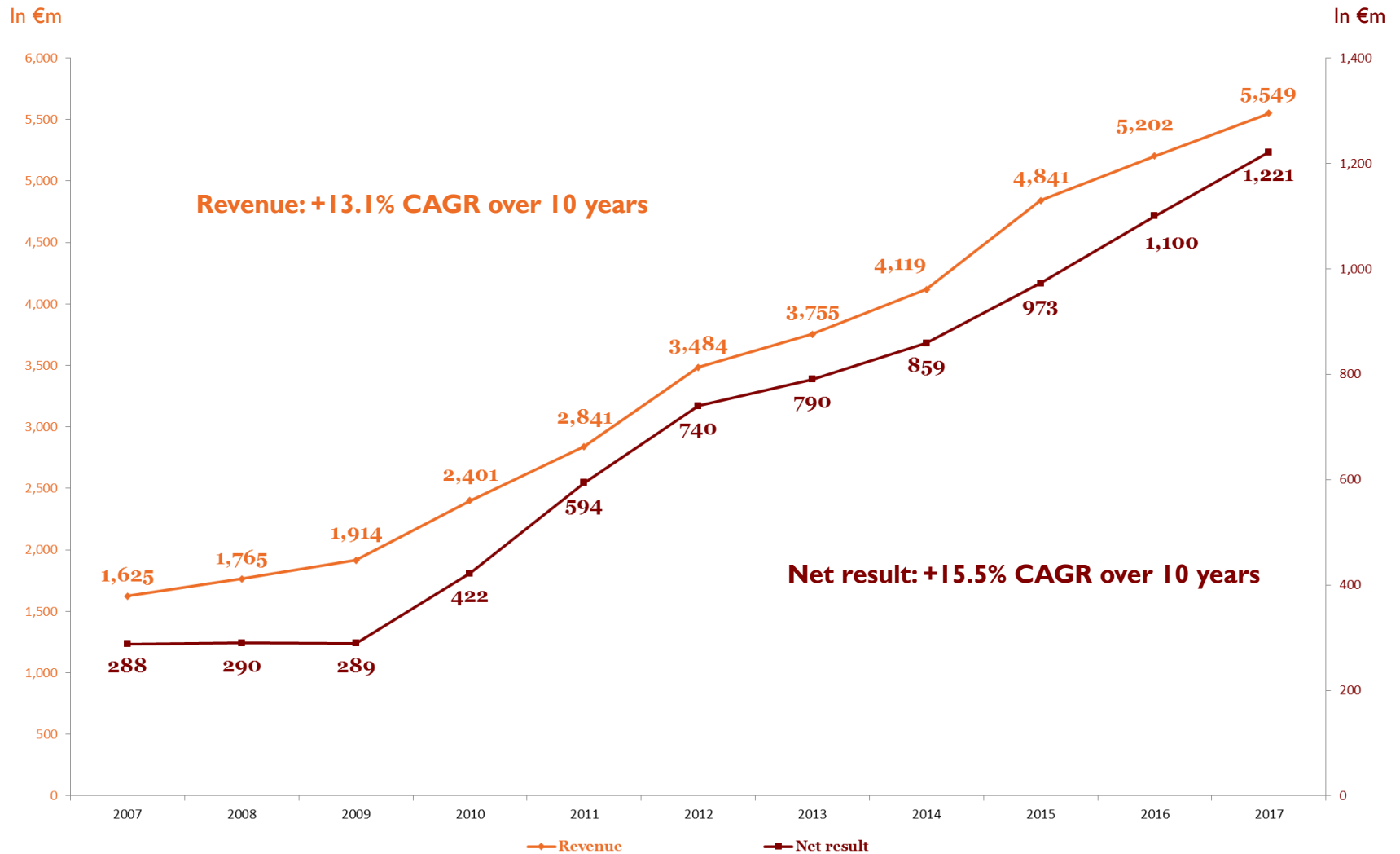


RESULTS

- Recurring operating income amounted to **€1,9 billion** and operating margin reached **34.6 %** of sales, an all-time high
- Consolidated profit (Group share) amounted to **€1,2 billion**, up **11 %**, a record level



REVENUE AND NET RESULT



HERMÈS

TREASURY

- Operating cash flow reached **€1,6 billion**, up by **11 %**
- IFRS net cash position amounted to **€2,9 billion** as at 31st December 2017

HERMÈS





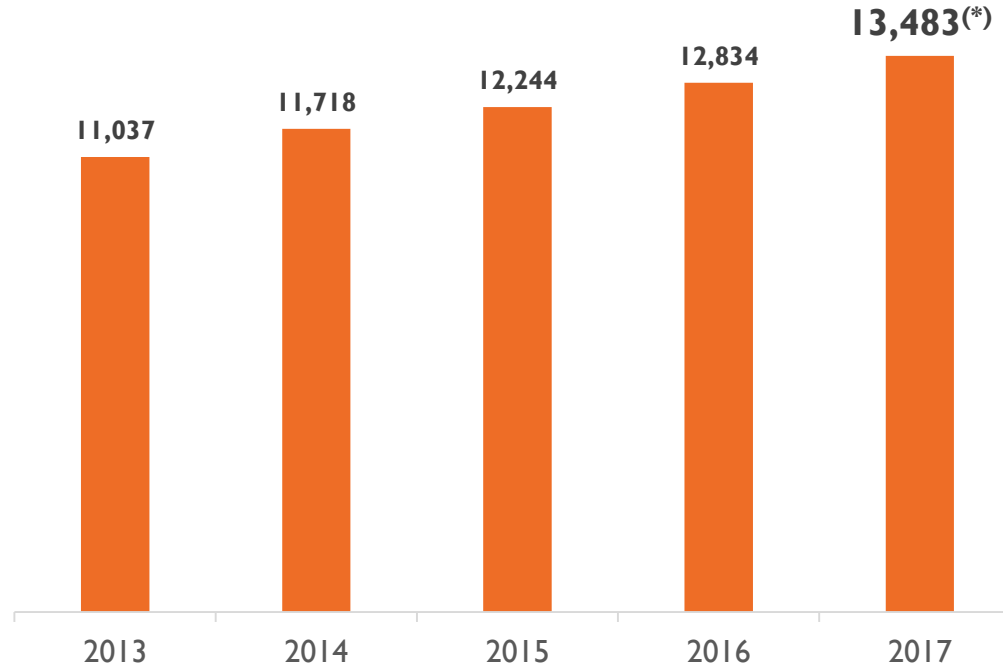
WOMEN AND MEN



WOMEN AND MEN

+650 new hires in 2017 with more than 400 people in France,
mainly in production and sales

Employees worldwide



(*) of which 8,319 in France



PRODUCTION

AN INNOVATIVE CRAFTSMANSHIP DRIVING A
SOUND AND RESPONSIBLE GROWTH



- Ramp-ups of production capacities in Isère, Charente and Franche-Comté, and opening of the *Maroquinerie de Normandie* and the *Ganterie-Maroquinerie 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





CREATION

THE CONTEMPORANEITY OF THE COLLECTIONS

- Four collections in women ready-to-wear
- Innovation in the materials used, exploration of the exceptional know-how of the collections in the men's universe
- New models of bags: *Hermès Cinhétic, Opli, Bolide Shark*
- Creation of the line *Liens d'Hermès* within the Home universe
- Successful launch of the new fragrance *Twilly d'Hermès*
- Success of the *Punk jewelry line*



COMMUNICATION



- An abundance of creativity in communication through new event formats:
 - *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
- Successful major institutional events:
 - 8th 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
 - *Hermès at work* in Tokyo and Milan, *Silk Mix* in Madrid, *petit h* in Seoul





DISTRIBUTION NETWORK

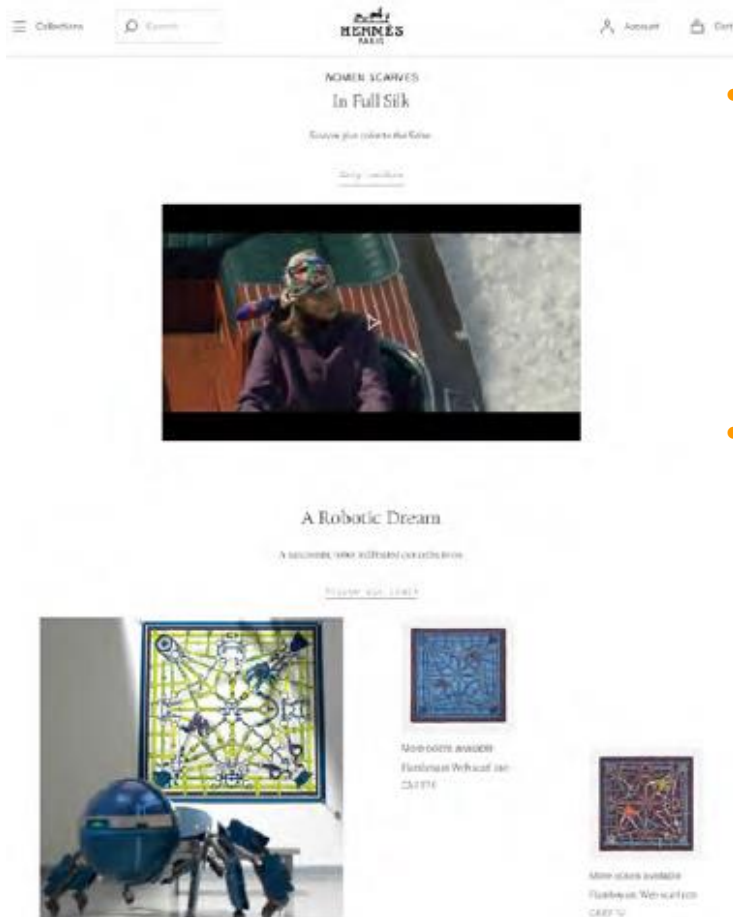
CUSTOMER AT THE HEART OF AN
OMNICHANNEL NETWORK

- Opening of the new São Paulo Iguatemi store in Brazil
- Re-opening with extension of about twenty stores, in particular:
 - Sloane Street in 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



DISTRIBUTION NETWORK

CUSTOMER AT THE HEART OF AN
OMNICHANNEL NETWORK



- Launch of the new website hermes.com in Canada and in the United States that will be deployed in Europe in the first half of 2018, then 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





REVENUE BY GEOGRAPHICAL AREA

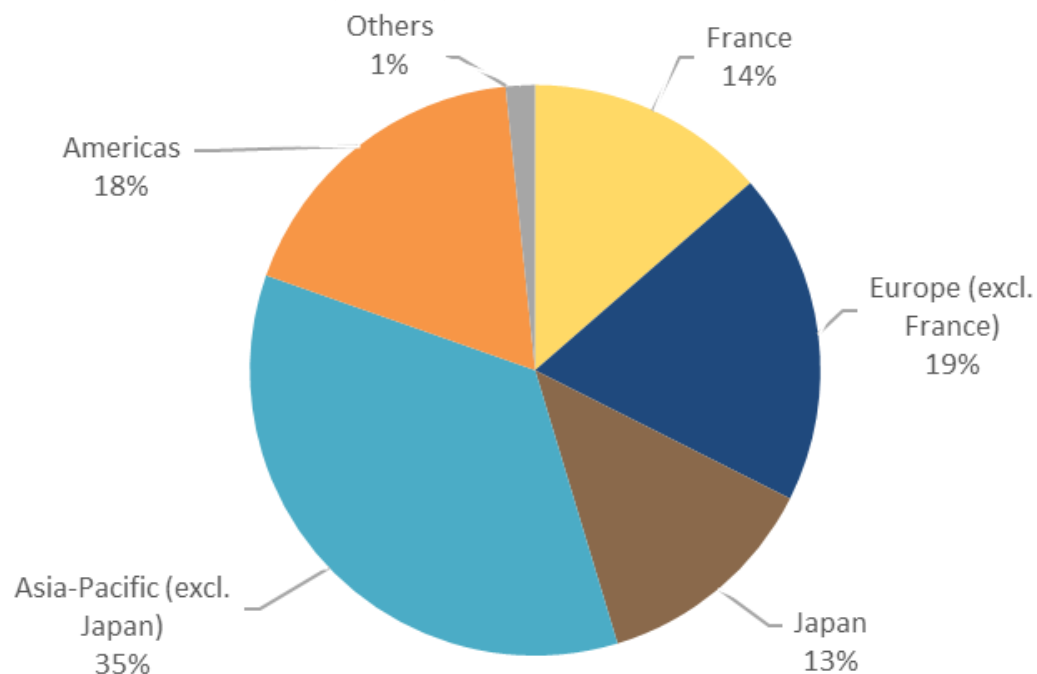


REVENUE BY GEOGRAPHICAL AREA

in €M	2017	Change at constant rates
France	755	5.0%
Europe (excl. France)	1,044	9.6%
EUROPE	1,799	7.6%
Japan	717	4.1%
Asia-Pacific (excl. Japan)	1,946	11.3%
ASIA	2,663	9.2%
Americas	996	7.7%
Others	92	19.9%
TOTAL	5,549	8.6%



REVENUE BY GEOGRAPHICAL AREA





REVENUE BY SECTOR



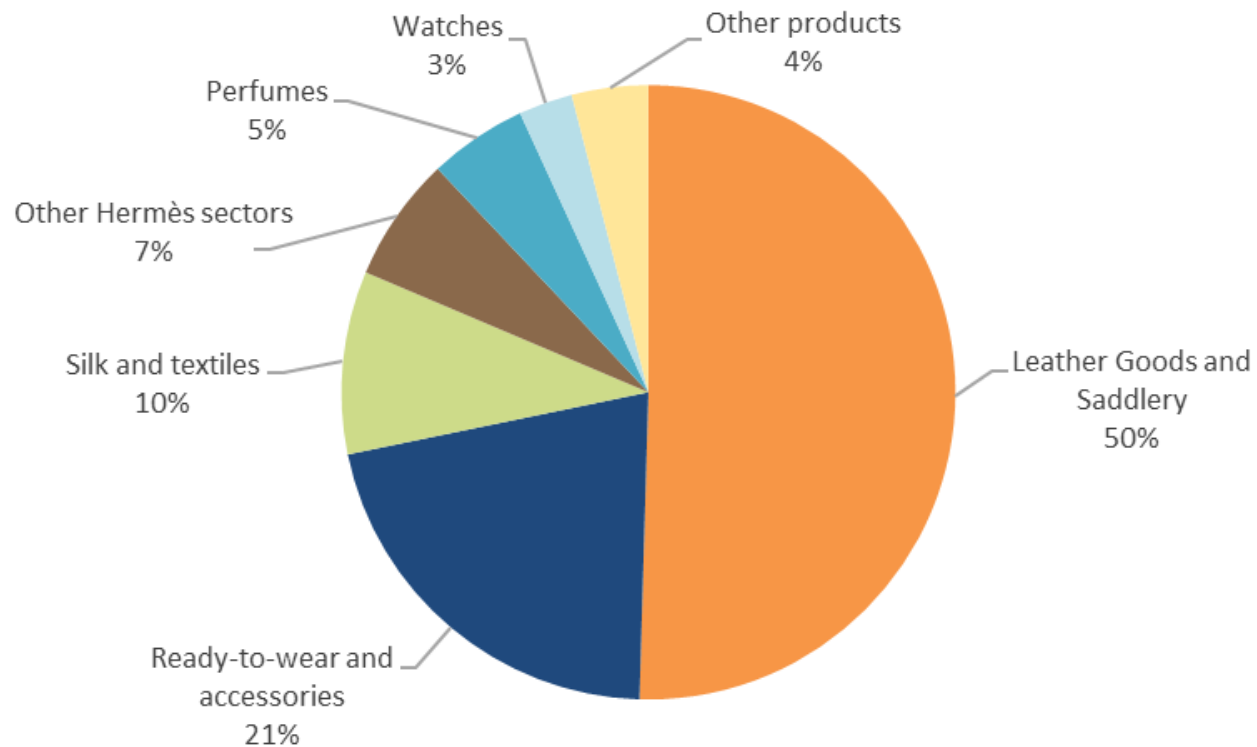


REVENUE BY SECTOR

in €M	2017	Change at constant rates
Leather Goods and Saddlery	2,800	9.7%
Ready-to-wear and accessories	1,181	9.4%
Silk and textiles	534	5.7%
Other Hermès sectors	365	10.5%
Perfumes	287	10.1%
Watches	158	1.4%
Other products	223	(0.9)%
TOTAL	5,549	8.6%



REVENUE BY SECTOR



RESULTS





INCOME STATEMENT



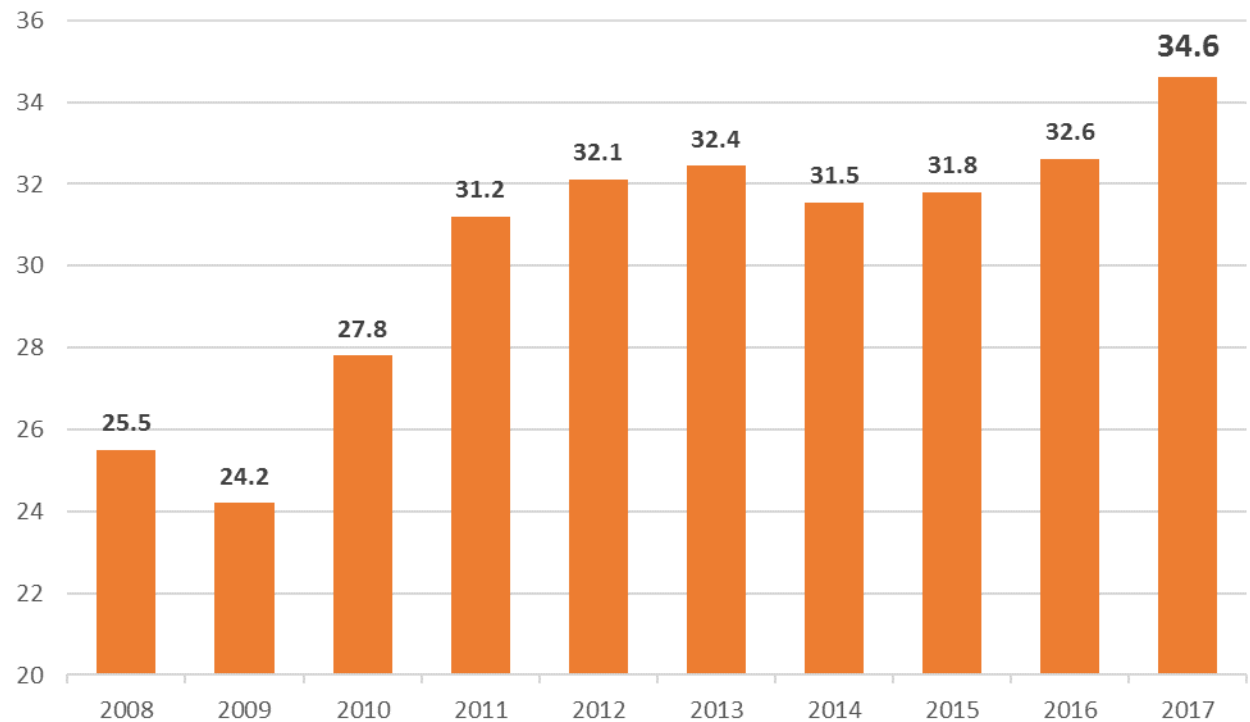
CONSOLIDATED INCOME STATEMENT

in €M	2017	% revenue	2016	% revenue
Revenue	5,549		5,202	
Cost of sales	(1,659)		(1,682)	
Gross margin	3,890	70.1%	3,520	67.7%
Communication	(275)	(5.0)%	(242)	(4.7)%
Selling, marketing and administrative expenses	(1,381)	(24.9)%	(1,303)	(25.0)%
Other income and expenses	(312)	(5.6)%	(279)	(5.4)%
Recurring operating income	1,922	34.6%	1,697	32.6%
Other non-recurring income and expenses	-		-	
OPERATING INCOME	1,922	34.6%	1,697	32.6%
<i>Change</i>	+13.3%			



RECURRING OPERATING INCOME

In % of Revenue



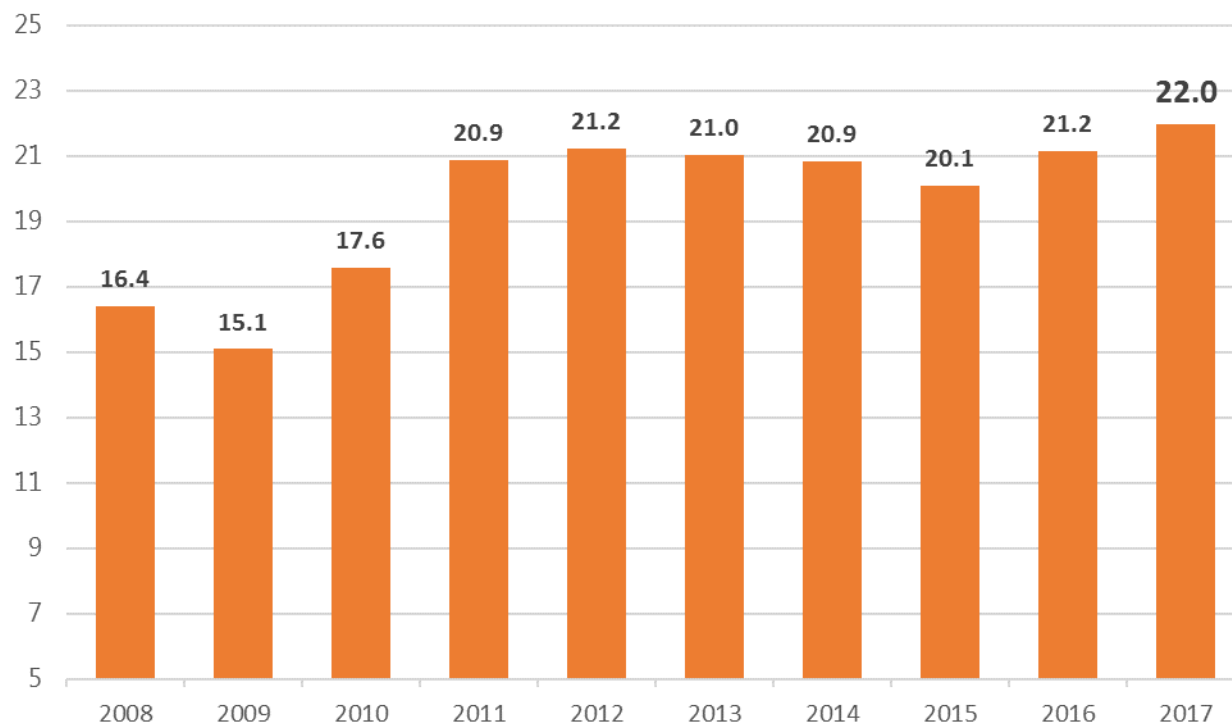
CONSOLIDATED INCOME STATEMENT

in €M	2017	% revenue	2016	% revenue
OPERATING INCOME	1,922	34.6%	1,697	32.6%
Net financial income	(32)		(48)	
Income tax	(669)		(555)	
	<i>In % of income before tax</i>			
	35.4%		33.7%	
Net income from associates	5		11	
Net income attributable to non-controlling interests	(4)		(4)	
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	1,221	22.0%	1,100	21.2%
<i>Change</i>	<i>+11.0%</i>			



NET RESULT

In % of Revenue





OPERATING INVESTMENTS

in €M

2017

Stores and distribution	128
Production and divisions	73
Real estate and Group projects	64
Operating investments	265





RESTATED CASH FLOW STATEMENT

in €M	2017	2016
Operating cash flow	1,598	1,439
Change in working capital	35	22
Investments	(270)	(285)
Dividends paid	(402)	(360)
Other changes	(256)	(84)
Change in net cash position	705	731
Closing restated Net cash position	3,050	2,345
Opening restated Net cash position	2,345	1,614



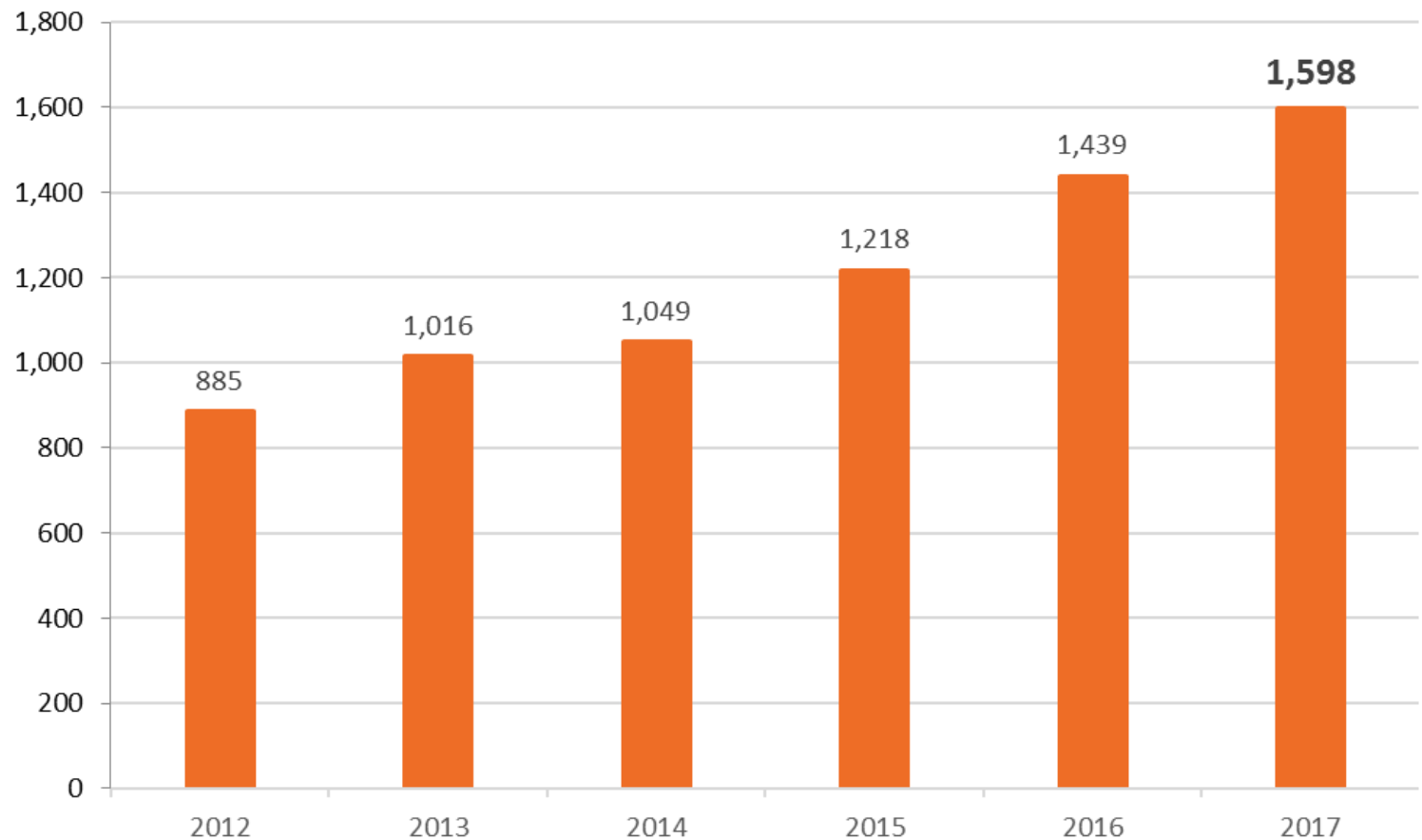
IFRS CASH FLOW STATEMENT

in €M	2017	2016
Operating cash flow	1,598	1,439
Change in working capital	35	22
Investments	(413)	(298)
Dividends paid	(402)	(360)
Other changes	(226)	(54)
Change in net cash position	592	749
Closing IFRS Net cash position	2,912	2,320
Opening IFRS Net cash position	2,320	1,571



EVOLUTION OF THE OPERATING CASH FLOWS

In €m



EVOLUTION OF DIVIDEND PER SHARE

Exceptional dividend
In € per share

Ordinary dividend
for the period
In € per share





OUTLOOK



OUTLOOK

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





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
- In 2018, Hermès is celebrating the theme "Let's Play!". Beyond mere recreation, this guiding vision reminds us of the importance of enjoyment as a driver of creativity, innovation and agility.



IN 2018 "LET'S PLAY !":

HAVING FUN IS A SERIOUS MATTER

EMPREINTES
SUR
LE MONDE

- Hermès continues to increase its production capacities with the inauguration of the *Manufacture de l'Allan* in the first half of 2018
- Continued development of the distribution network. Successful opening in January of a new 900 sq. meters store in Central, Hong Kong
- Launch of the hermes.com new website, a unique address hosting both the online store and institutional contents, first in Europe, then in China in the second half of the year
- hermes.com also gives an opportunity to reveal to the public all the actions led by Hermès and the Hermès Foundation in the field of CSR issues





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