

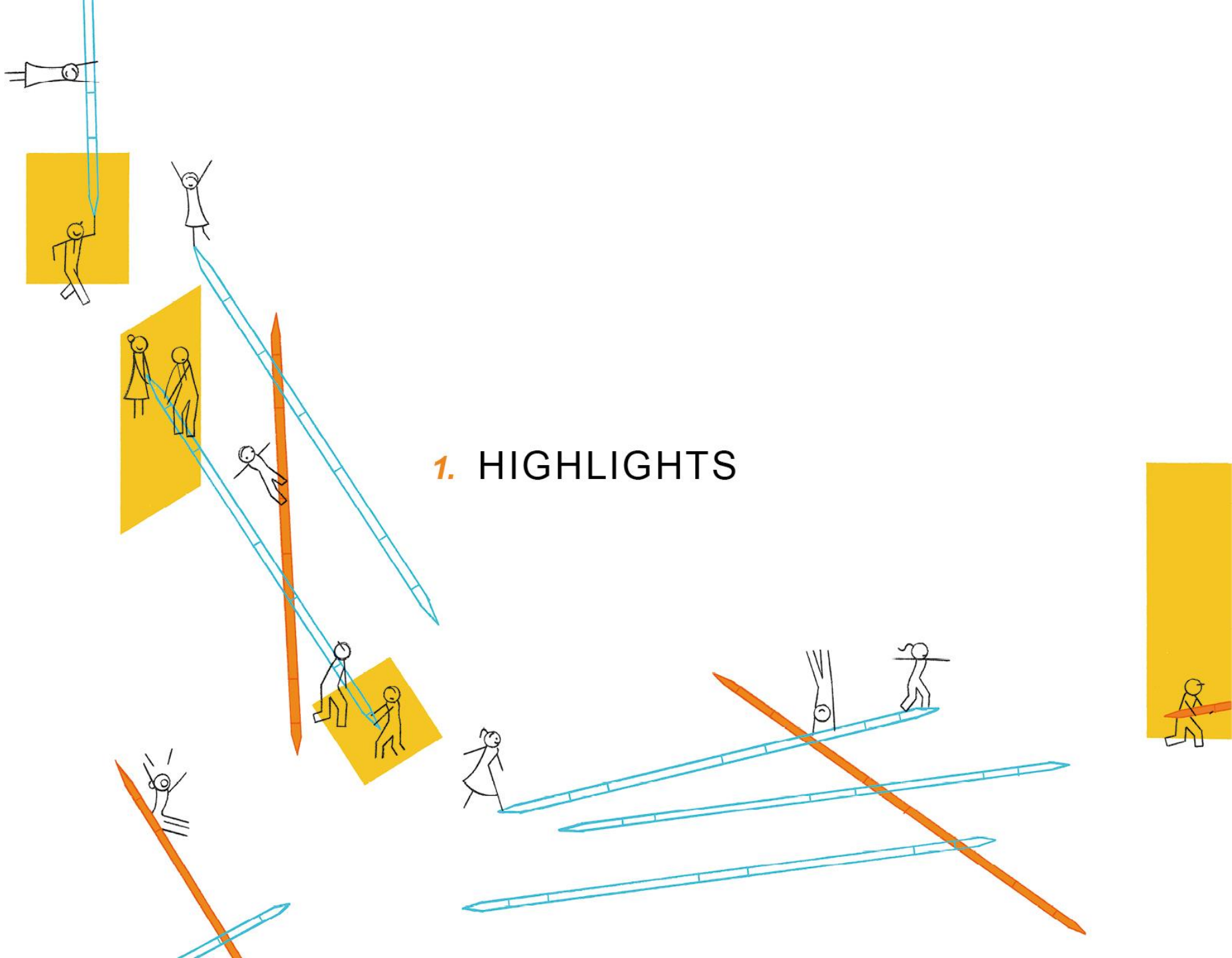


# HERMÈS RESULTS

## First Half 2018

12 SEPTEMBER 2018

# 1. HIGHLIGHTS



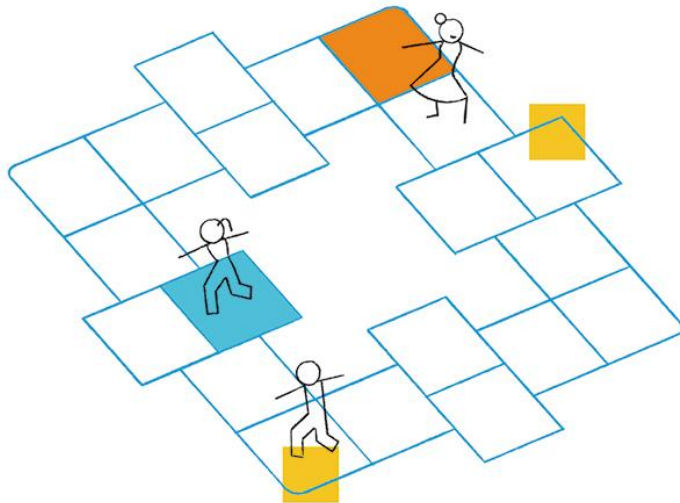


## ACTIVITY

- Sales are up **+11 %** at constant exchange rates and **+5 %** at current rates
- Activity was sustained in the group's stores (**+11 %** at constant rates)
- Growth is primarily organic with few price or perimeter effects



## REVENUE BY GEOGRAPHICAL AREA





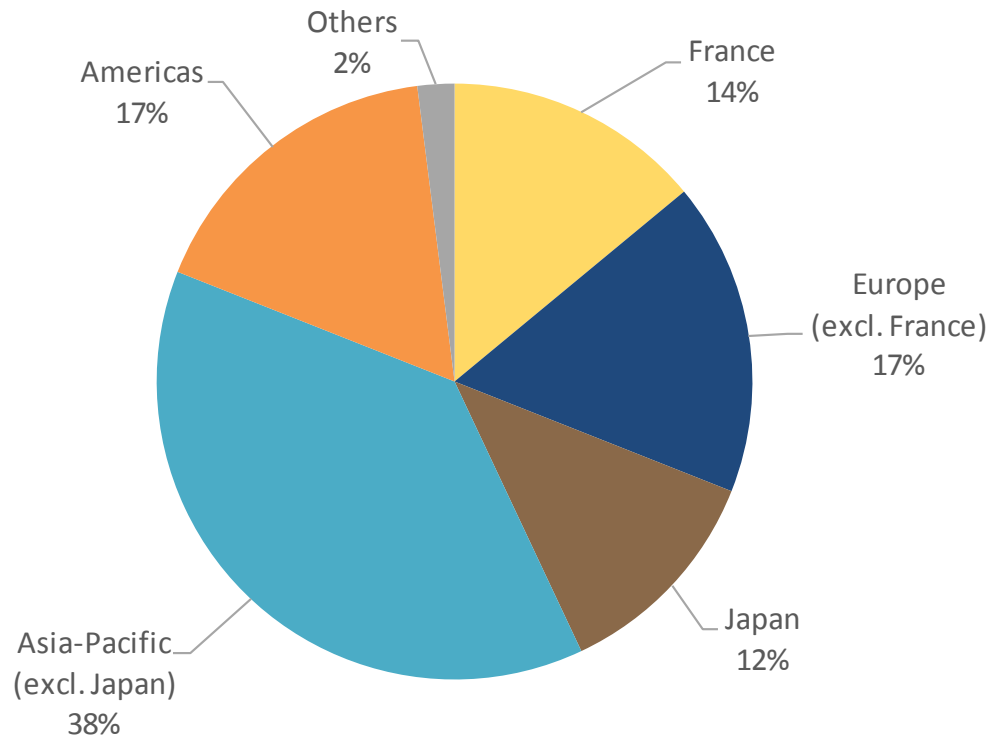
# REVENUE BY GEOGRAPHICAL AREA

in €M	June 2018	Change at constant rates
France	390	8.2%
Europe (excl. France)	501	7.4%
<b>EUROPE</b>	<b>891</b>	<b>7.8%</b>
Japan	345	6.8%
Asia-Pacific (excl. Japan)	1,073	14.9%
<b>ASIA</b>	<b>1,418</b>	<b>12.8%</b>
Americas	490	12.4%
Others	55	16.2%
<b>TOTAL</b>	<b>2,853</b>	<b>11.2%</b>

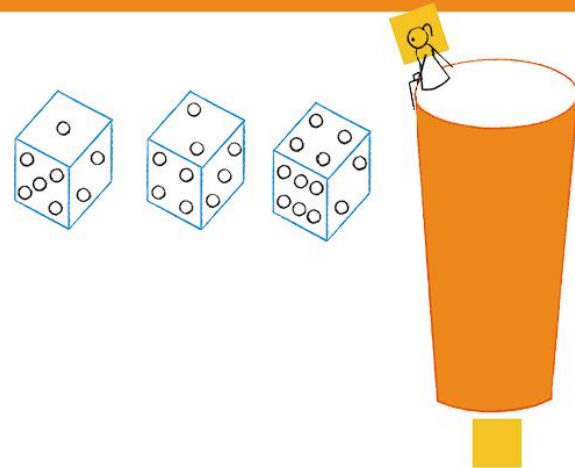
Revenue rose in all geographical areas



# REVENUE BY GEOGRAPHICAL AREA



## REVENUE BY SECTOR







## REVENUE BY SECTOR

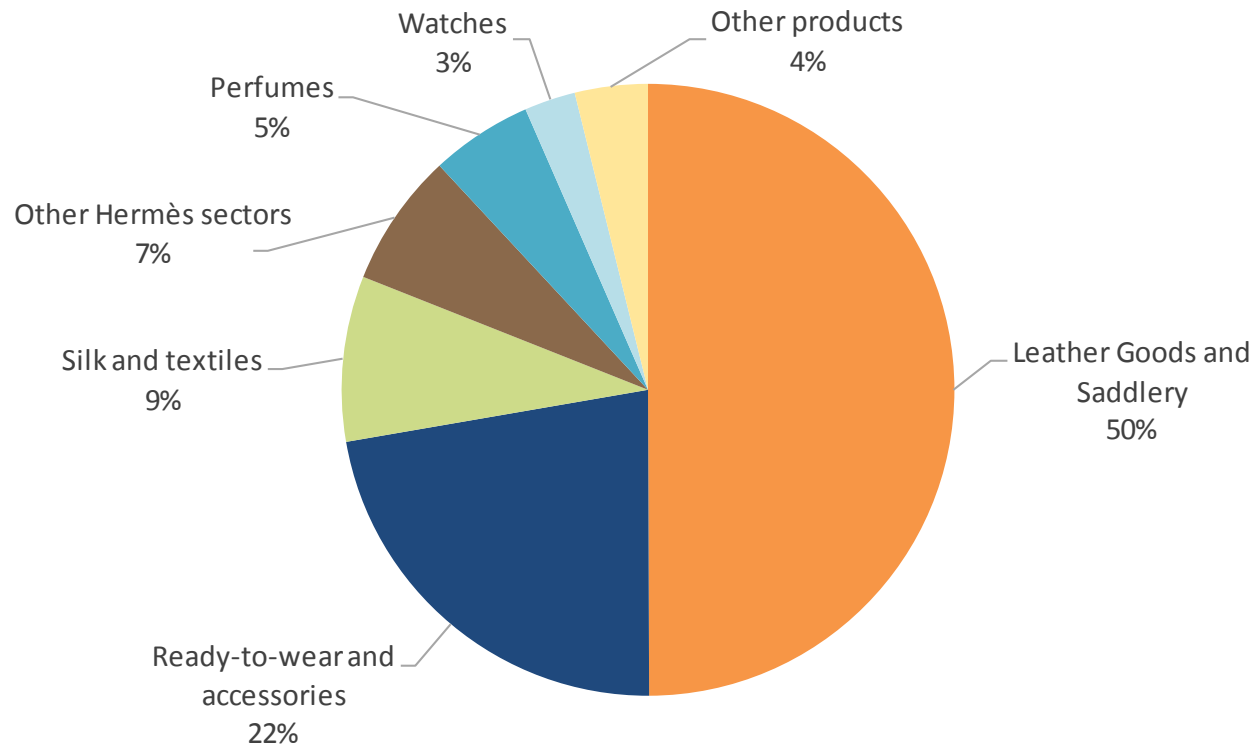
in €M	June 2018	Change at constant rates
Leather Goods and Saddlery	1,425	8.0%
Ready-to-wear and accessories	637	16.7%
Silk and textiles	249	7.1%
Other Hermès sectors	202	24.1%
Perfumes	153	14.9%
Watches	77	9.0%
Other products	110	10.3%
<b>TOTAL</b>	<b>2,853</b>	<b>11.2%</b>

**Solide growth across all business lines**





# REVENUE BY SECTOR





# RESULTS

- Record results both in terms of current operating margin (**34.5 %** of revenue) and net margin (**24.8 %** of revenue)
- Strong cash generation which maintains a high level of cash (**€ 2,713 million** as of 30 June 2018 compared to €2,912 million as of 31 December 2017)



# PRODUCTION

- Ramp-up of the *Maroquinerie de Normandie* and the *Ganterie-Maroquinerie de Saint-Junien*
- Inauguration in April of the *Maroquinerie de l'Allan*
- Launch of the Guyenne and Montereau production sites projects, scheduled for completion by 2020





# CREATION

- Multiple identities and contrasting tones for women's ready-to-wear
- Graphic games and digressions around volumes for men's ready-to-wear
- The new bags are inspired by the equestrian ride for the *Licol Hermès*, the sport for the *Bolide 1923 Baseball*, a 1972 model for the *Hermès 2002*, while the *Kelly sellier 28*, inlaid with leather, becomes *Kellygraphie*
- *A Walk in the Garden*, new table service
- Launch of a new Cologne, *Eau de citron noir*



# COMMUNICATION



Hermès deploys its creativity throughout its events ...

- *Fast Forward Men* in Shanghai
- *Silk Mix* in Madison and Brussels
- Jewelry Collection *Chaîne d'ancre punk*
- *Hermèsmatic* and *Hermèsistible* offered a different approach to silk and fashion accessories

... and affirms its singularity during major institutional meetings:

- 9<sup>th</sup> edition of *the Saut Hermès* at the *Grand Palais* in Paris
- Pop up store *I tre giochi di prestigio* in Rome
- *Hermès at Work* in Melbourne and Lyon
- *Hermès Heritage* Exhibition in Los Angeles
- First participation to the *International Exhibition of Haute Horlogerie (SIHH)* in Geneva







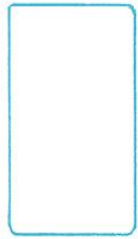
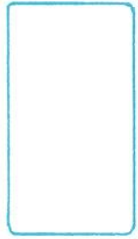
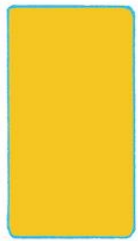
HERMÈS

## DISTRIBUTION NETWORK

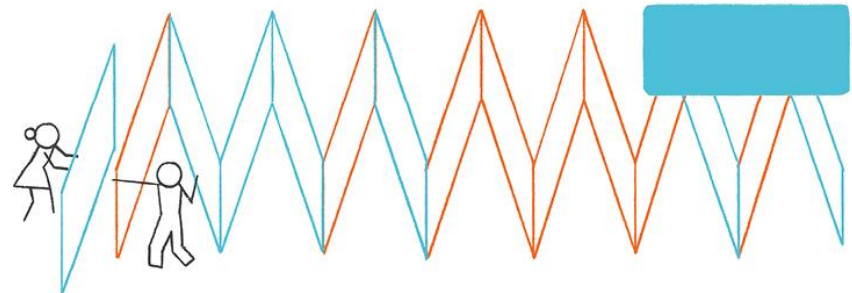
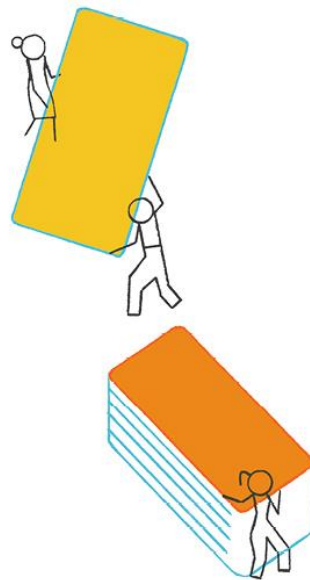
- Opening of Hong Kong, Palo Alto, Changsha, Istanbul Emaar and Cancún stores
- Expansion and renovation of stores in Monaco, Nice, London Selfridges, Venice and Capri
- Continuation of the renovation with extension of the George V store, in Paris



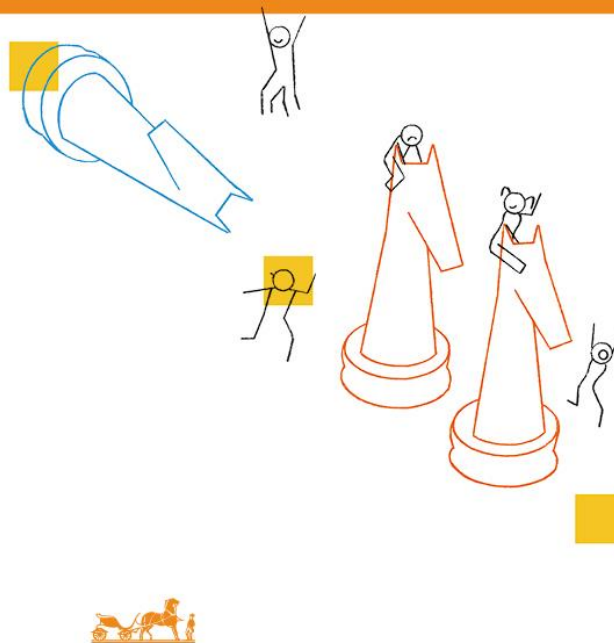




## 2. RESULTS



# INCOME STATEMENT



# CONSOLIDATED INCOME STATEMENT

in €M	June 2018	% revenue	June 2017	% revenue
<b>Revenue</b>	<b>2,853</b>		<b>2,713</b>	
Cost of sales	(859)		(810)	
<b>Gross margin</b>	<b>1,994</b>	<b>69.9%</b>	<b>1,903</b>	<b>70.1%</b>
Communication	(120)	(4.2)%	(120)	(4.4)%
Other selling, marketing and administrative expenses	(710)	(24.9)%	(688)	(25.3)%
Other income and expenses	(180)	(6.3)%	(165)	(6.1)%
<b>Recurring operating income</b>	<b>985</b>	<b>34.5%</b>	<b>931</b>	<b>34.3%</b>
Other non-recurring income and expenses	53		-	
<b>OPERATING INCOME</b>	<b>1,037</b>	<b>36.3%</b>	<b>931</b>	<b>34.3%</b>
<i>Change</i>	<i>+11.4%</i>			

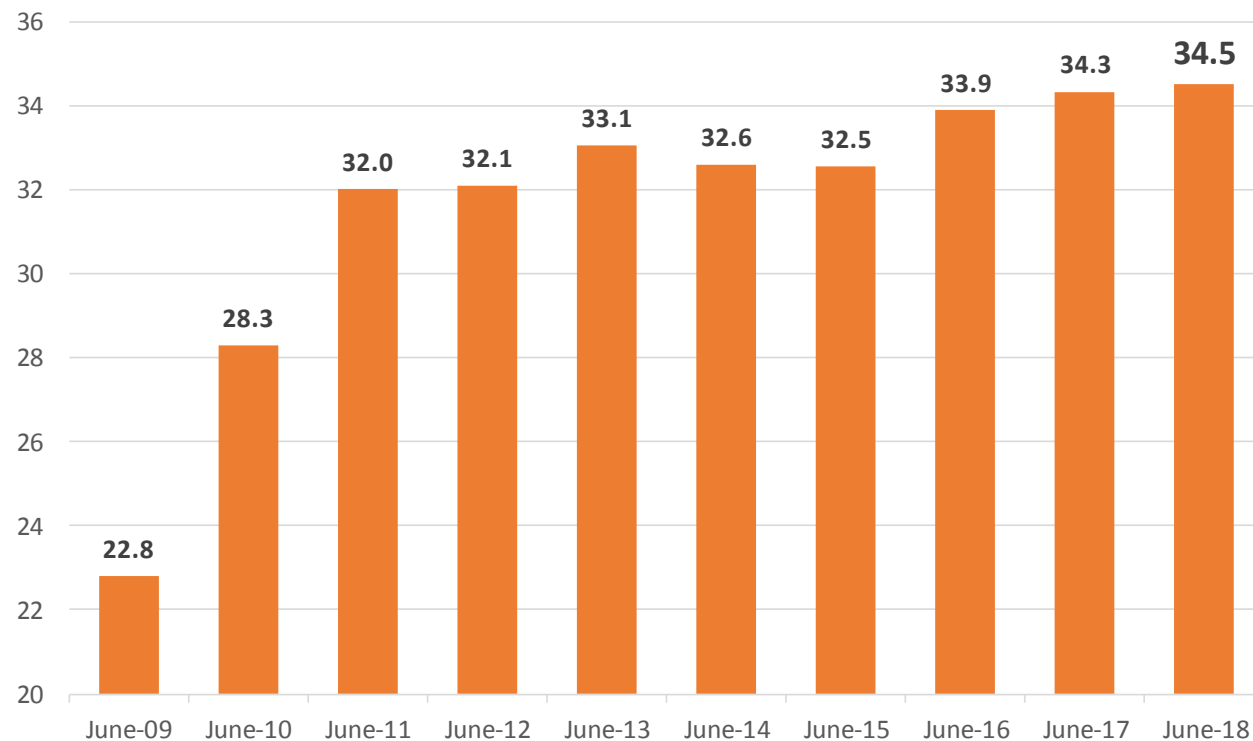
The half-year current operating margin reaches an all-time high of **34.5%** of sales

**Sale of the former Galleria store premises** resulting in  
€53 million in capital gains



# HALF YEAR RECURRING OPERATING INCOME

In % of Revenue



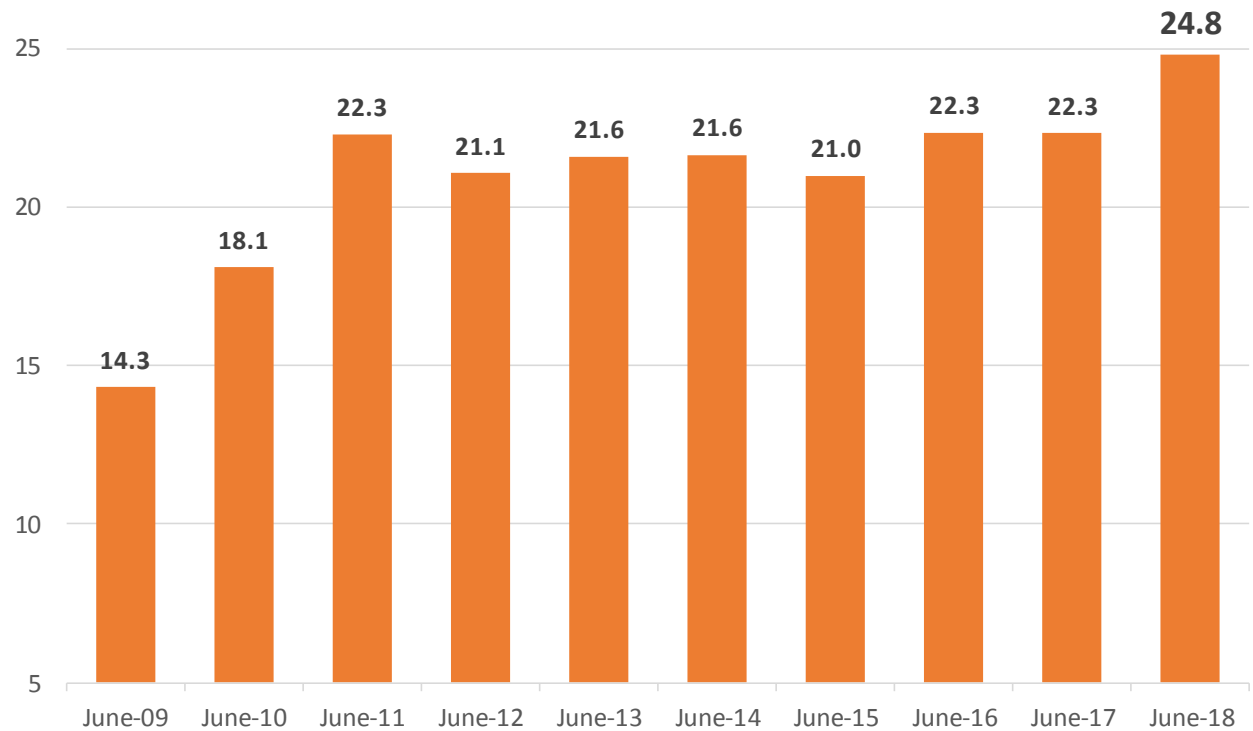
# CONSOLIDATED INCOME STATEMENT

in €M	June 2018	% revenue	June 2017	% revenue
<b>OPERATING INCOME</b>	<b>1,037</b>	<b>36.3%</b>	<b>931</b>	<b>34.3%</b>
Net financial income	(4)		(10)	
Income tax	(336)		(323)	
	<i>In % of income before tax</i>		<i>35.0%</i>	
Net income from associates	12		8	
Net income attributable to non-controlling interests	(2)		(1)	
<b>NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	<b>708</b>	<b>24.8%</b>	<b>605</b>	<b>22.3%</b>
<i>Change</i>	<i>+17.0%</i>			



# HALF YEAR NET RESULT

In % of Revenue







# INVESTMENTS

in €M

June 2018

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Stores and distribution	61
Production and divisions	32
Real estate and Group projects	34
<b>Investments</b>	<b>128</b>

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## RESTATED CASH FLOW STATEMENT

in €M

June 2018    June 2017

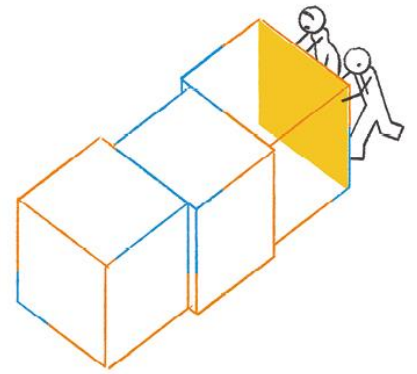
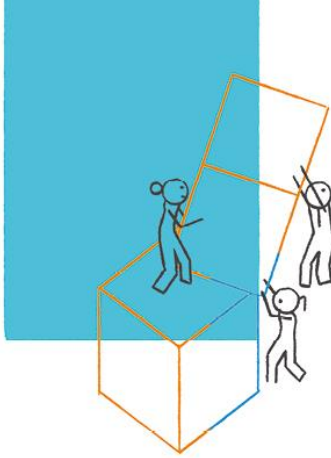
Operating cash flows	849	794
Change in WCR related to the activity	(74)	(27)
Investments	(128)	(105)
Dividends paid	(958)	(402)
Sale of property	69	-
Other changes	(11)	(75)
Change in net cash position	(252)	185
<b>Closing restated Net cash position</b>	<b>2,798</b>	<b>2,530</b>
<b>Opening restated Net cash position</b>	<b>3,050</b>	<b>2,345</b>



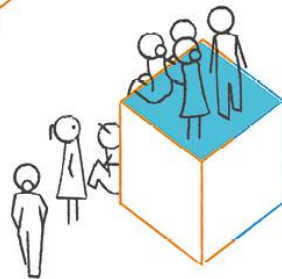
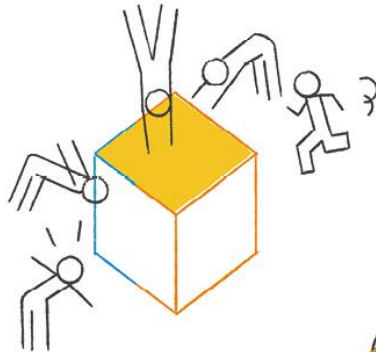
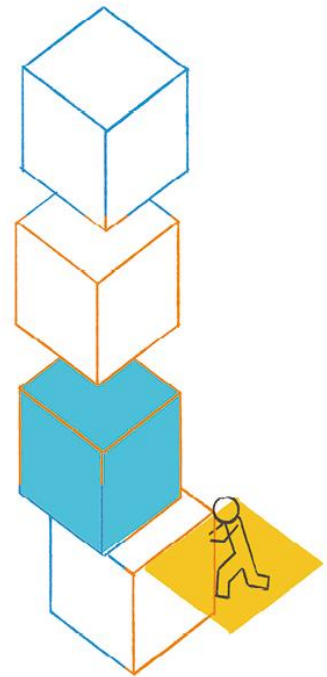
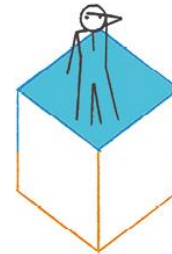
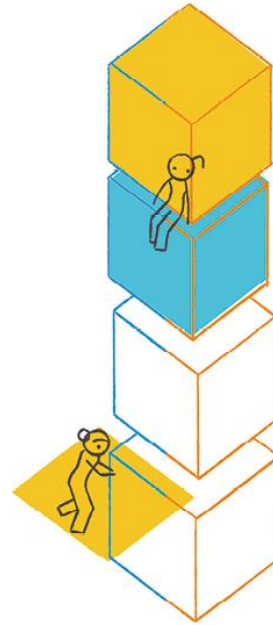
# IFRS CASH FLOW STATEMENT

in €M	June 2018	June 2017
Operating cash flows	849	794
Change in WCR related to the activity	(74)	(27)
Investments	(143)	(190)
Dividends paid	(958)	(402)
Sale of property	69	-
Other changes	58	(61)
Change in net cash position	(198)	114
<b>Closing IFRS Net cash position</b>	<b>2,713</b>	<b>2,434</b>
<b>Opening IFRS Net cash position</b>	<b>2,912</b>	<b>2,320</b>





### 3. OUTLOOK







# 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.
- 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.





# OUTLOOK

- The launch of the site *hermes.com* in China at the end of the year, a unique address for online store and institutional contents, reaffirms the entrepreneurial spirit dear to Hermès.
- By combining spirit of conquest and craftsmanship, Hermès renews its creative work in all business lines.
- Hermès' distribution network continues to expand worldwide, including store openings or expansions at the George V Avenue in Paris, in Shanghai IFC, reopenings in Busan in Korea and in Osaka in Japan.





