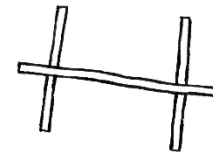
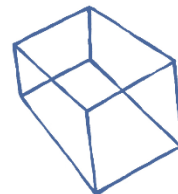


HERMÈS

2019 RESULTS



26 FEBRUARY 2020



2019: IN THE PURSUIT OF DREAMS



- Strengthening the craftsmanship and independent growth model driven by exceptional know-how
- Stimulating creative abundance supported by the freedom of creation and of purchasing
- Pursuing strong local anchoring, dynamic job creation and a commitment to responsible and sustainable development
- Extending and enriching an exclusive international online and offline network, close to local cultures



ACTIVITY



- 2019 revenue amounted to €6,883 million up **+15%** at current exchange rates and **+12%** at constant exchange rates
- Very sustained sales growth in the Group's stores (**+13%** at constant exchange rates)
- All the business lines and all the geographical areas posted growth



RESULTS AND TREASURY

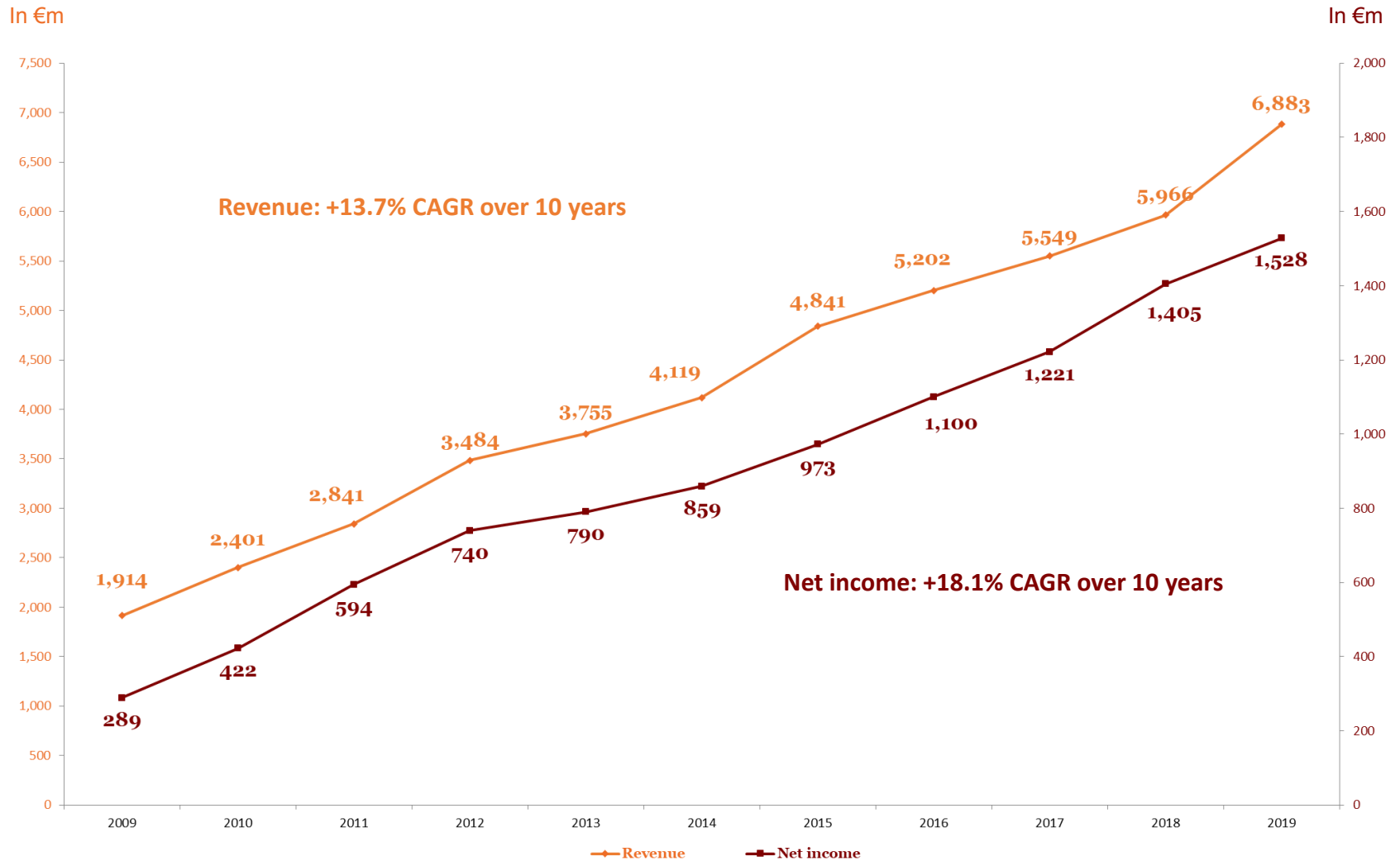


- Recurring operating income⁽¹⁾ reached **€2.3 billion**, up +13%
- Recurring operating profitability⁽¹⁾ reached **34% of sales**
- Consolidated net profit (Group Share) increased by +9%, above the €1.5 billion threshold. Restated from the sale of the Galleria store in 2018, it is up +13%
- Restated net cash of **€4.6 billion** compared to €3.6 billion as of 31 December 2018

(1) After application of IFRS 16



REVENUE AND NET INCOME





CREATION

- Successful men's and women's ready-to-wear collections
- Leather goods collections enriched with **Simone Hermès**, **Saut Hermès**, **Birkin Faubourg** and the **Chimère** line
- New designs for men's and women's silk
- Successful launches of the **Arceau L'Heure de la Lune** men's watch, which won the Calendar and Astronomy Watch Prize at the **Grand Prix de l'Horlogerie** in Geneva, and the new **Black to Light** jewellery line
- The new **Un Jardin sur la Lagune** fragrance and the **Eau poivrée** olfactory variation for **Twilly d'Hermès**





PRODUCTION

- Inauguration of the 17th leather goods workshop in Fitilieu (Isère)
- Laying of the first stone of leather goods workshops in Guyenne (Gironde) and Montereau (Seine-et-Marne) for an opening in 2020
- Announcement of new production sites in Louviers (Eure) to open in 2021 and in the Ardennes region by 2022
- Inauguration of a new shoe manufacturing site in Italy
- Expansion of the Saint-Junien and Pierre-Bénite for textile sites planned for 2022





DISTRIBUTION NETWORK

- An extended network and new territories opened up in:
 - Orlando, The Mall at Millenia, and New York Meatpacking in the United States
 - Phuket in Thailand
 - Xiamen in China
 - Warsaw in Poland
- Stores expansion and renovation:
 - Amsterdam, Marbella, Stuttgart, Montpellier, Praha and Moscow Stoleshnikov in Europe
 - Qingdao, Iwataya Fukuoka, Bangkok Siam Paragon in Asia
 - San Francisco, Hawaii Waikiki, Vancouver and Mexico Mazaryk in America



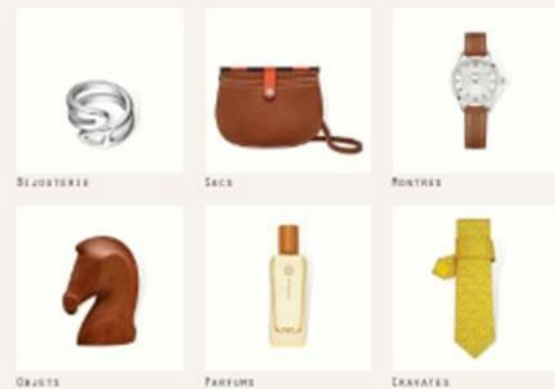
OBJETS DE VIE INTÉRIEURS

Fonctionnels et vivants, les objets Hermès imprègnent l'espace. Ils tiennent leur promesse de nous faire rêver et de nous accompagner dans notre vie de tous les jours.

[Découvrez l'univers de la maison](#)



NOS PÊTICHES



UN ÉDEN SUR PORCELAINE

Découvrez le nouveau service de table Passifolia et plongez au cœur d'une végétation plus vraie que nature.

[Découvrez la collection](#)



DISTRIBUTION NETWORK

- Continued successful deployment of the new *hermes.com* platform: in Japan in June, and in Singapore and Malaysia in October
- Ongoing success of *hermes.cn* in China
- Modern users supported in an omnichannel web-to-store approach
- Improvement of our clients' experience with the newest technologies

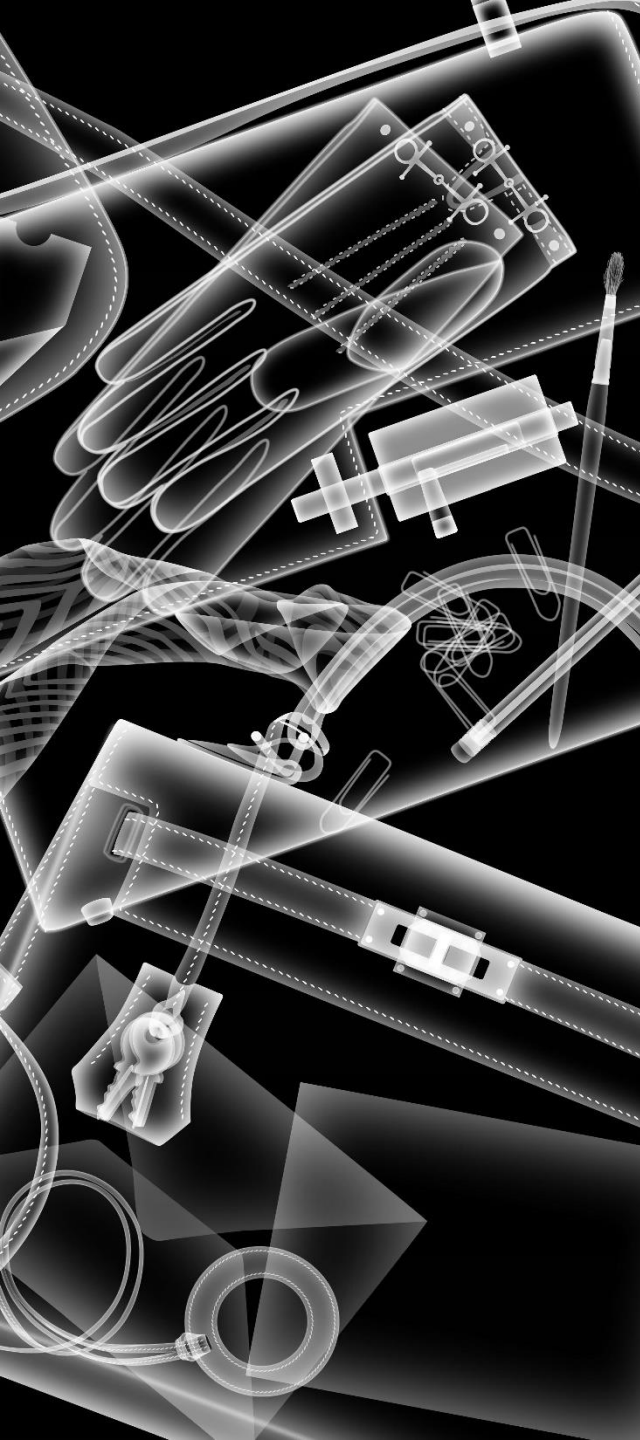


COMMUNICATION



- Enriching the ***Footprints Across the World*** collection of films and rolling out ***the Employeur Brand*** campaign
- Meetings with Hermès craftsmen and designers through ***Hermès Hors les murs*** and ***Hermès Carré Club***
- Successful and well-received autumn-winter 2019 and spring-summer 2020 shows
- Men's Universe events ***Step into the Frame*** in London (UK) and ***Walk the Line*** in Seoul (Korea)





COMMUNICATION

- Emphasising Hermès' identity as leatherworkers and saddlers with ***Please Check In*** in Shanghai (China), ***Petit h*** in Chengdu (China) and Singapore, ***Hermès Bespoke*** in Tokyo (Japan)
- Promoting awareness of the jewellery range with ***Black to Light*** in Paris and the ***Enchaînements libres*** touring exhibition in Shanghai (China), Hong Kong, Tokyo (Japan), New York (US) and Taiwan
- Refreshing the editorial line of ***Le Monde d'Hermès*** magazine
- 10th edition of the ***Saut Hermès*** at the Grand Palais





d'emploi sur [hermes.com/employeur](https://www.hermes.com/employeur)



WOMEN AND MEN

- Continued momentum of job creation in France and worldwide: 15,417 employees at year-end 2019, with over 1,100 new jobs in 2019 including c. 700 in France
- Commitment on gender diversity and professional equality between women and men, and on diversities
- Creating social value: 5th free share plan for employees





COMMUNITIES

- Anchoring in regions with **strong manufacturing know-how**
- Support for **excellence in techniques and know-how**
- Support for local communities, e.g. Hermès supports the ***Réseau Entreprendre 93*** association



THE PLANET

- A highly demanding craftsmanship growth model that ensures a rational growth:
 - R&D and the traceability of materials
 - Support for biodiversity
 - Limiting the house's carbon footprint
 - Object durability and the management of unsold items



OUR EXTERNAL COMMITMENTS

- Reasserting long-standing commitments through:
 - Subjecting 10% of Executive Managers' variable remuneration to CSR criteria
 - The participation of the Hermès Group in collective initiatives, such as the Fashion Pact / Climate Pledge
- Our external CSR rankings:
 - Sustainalytics, November 2019: 72 pts/100, "outperformer" (+20 points year-on-year)
 - CDP, January/February 2020 : "B"-ranked on climate, water and forests
 - OEKOM, May 2019: ranking improved by 3 notches



ACTIVITY



REVENUE BY GEOGRAPHICAL AREA



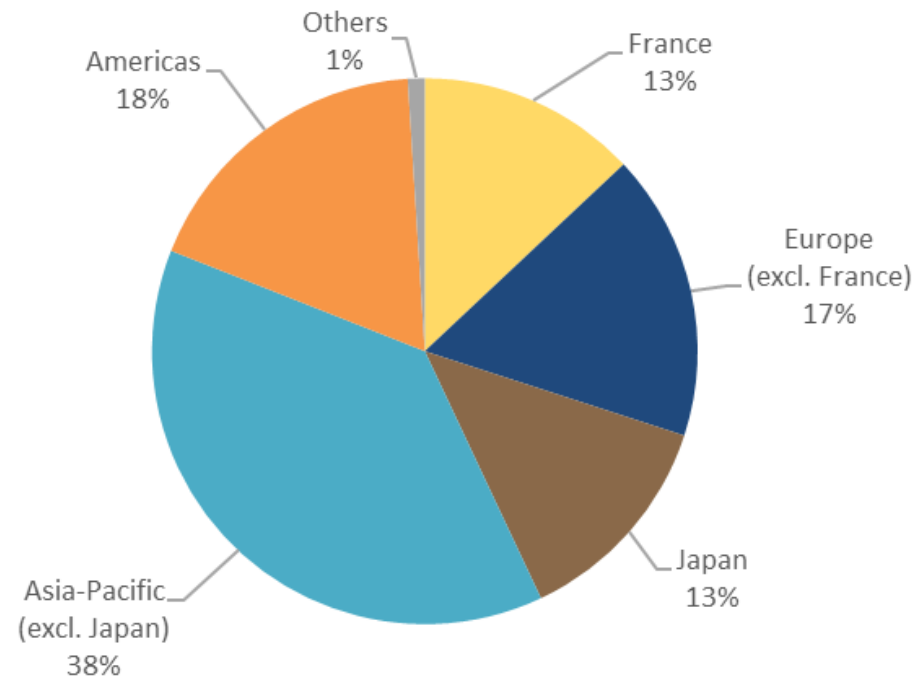


REVENUE BY GEOGRAPHICAL AREA

in €M	2019	Change at constant rates
France	867	8.1%
Europe (excl. France)	1,202	8.1%
EUROPE	2,069	8.1%
Japan	864	8.2%
Asia-Pacific (excl. Japan)	2,590	17.8%
ASIA	3,454	15.3%
Americas	1,241	12.0%
Others	120	10.9%
TOTAL	6,883	12.4%



REVENUE BY GEOGRAPHICAL AREA



REVENUE BY SECTOR



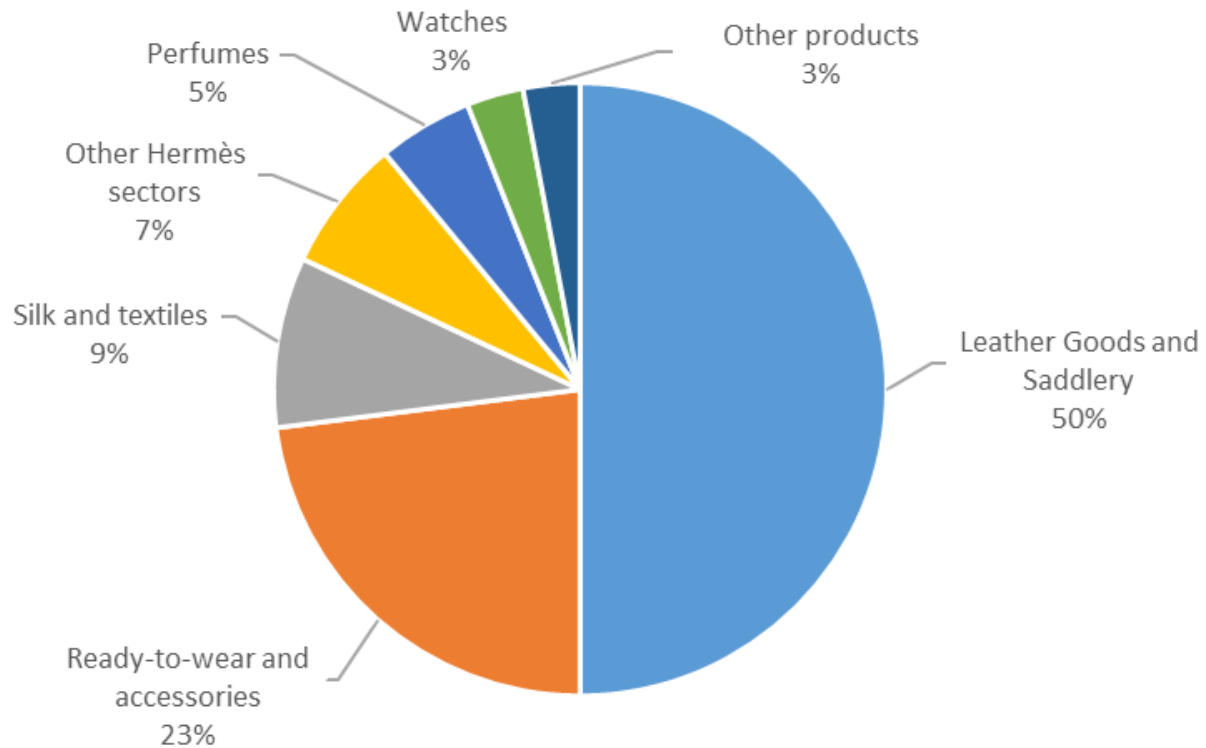


REVENUE BY SECTOR

in €M	2019	Change at constant rates
Leather Goods and Saddlery	3,414	11.3%
Ready-to-wear and accessories	1,574	17.1%
Silk and textiles	592	7.5%
Other Hermès sectors	525	20.4%
Perfumes	326	4.1%
Watches	193	11.6%
Other products	258	7.0%
TOTAL	6,883	12.4%



REVENUE BY SECTOR



INCOME STATEMENT



REMINDER IFRS 16

APPLICATION

- **Principle:** applies to the fixed part of leases (essentially related to store premises)
- In accordance with IAS8, application of the IFRS 16 norm on a full retrospective basis and restatement of the financial statements as at December 31, 2018
- **Income statement impact:** no significant impact on net income
 - Positive impact on 2019 and 2018 recurring operating profitability of around +0.4pt
 - Impact on the financial result: interest cost on lease liabilities of € -25 million in 2019 and € -27 million in 2018
- **Balance sheet impact:** € +1 billion
 - Assets: rights-of-use depreciated over the lease term
 - Liabilities: initial amount of the lease liability equivalent to the discounted present value of future payments
 - No significant impact on opening shareholders' equity at 1 January 2018 (€ -34 million)
- **Impact on the cash flow statement presentation**
 - Operating cash flows increased by the depreciation of the rights-of-use and as a counterpart, inclusion of a repayment of lease liabilities (€ 203 million in 2019 vs € 181 million in 2018)
 - Change of free cash flow definition ⁽¹⁾

(1) Adjusted free cash flow = operating cash flows + change in working capital requirement - operating investments - repayment of lease liabilities, as per IFRS cash flow statement



CONSOLIDATED INCOME STATEMENT

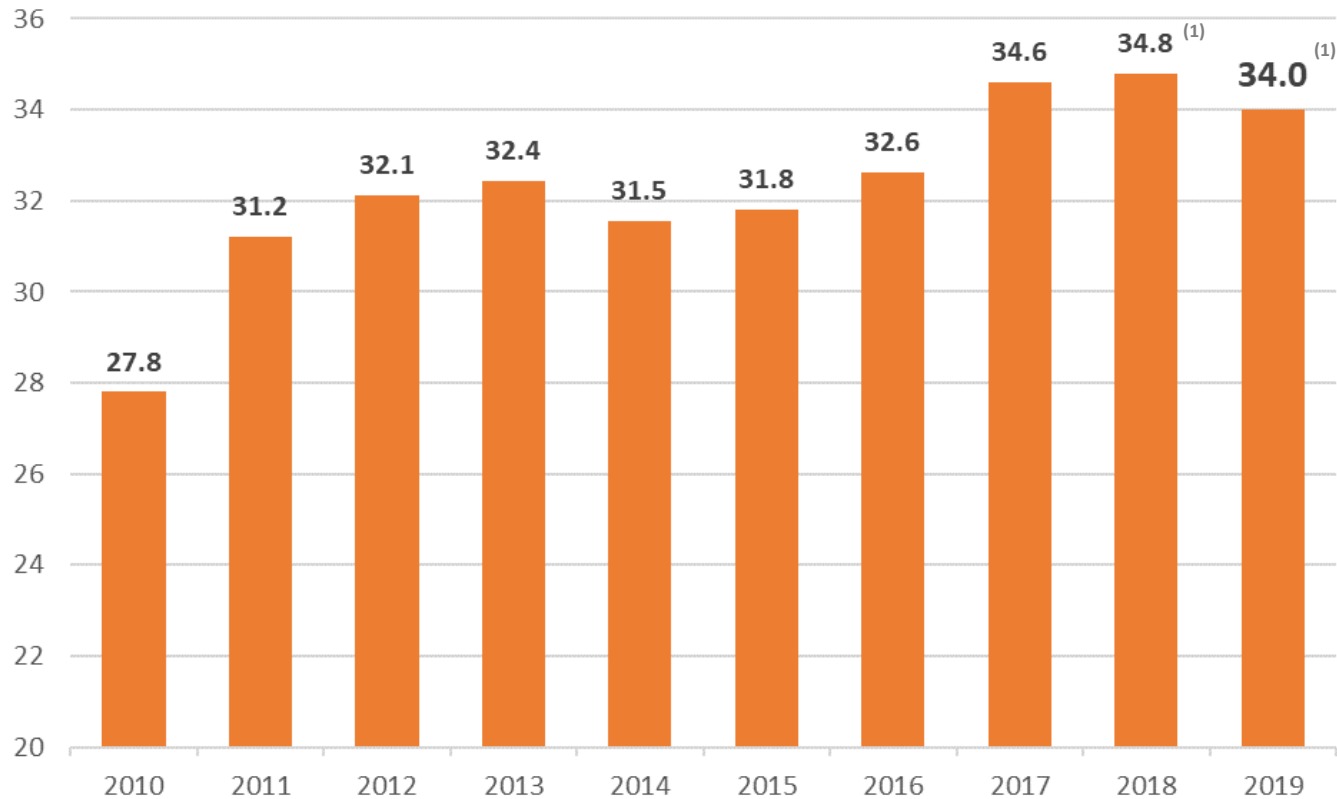
in €M	2019	% revenue	2018 restated	% revenue
Revenue	6,883		5,966	
Cost of sales	(2,125)		(1,792)	
Gross margin	4,758	69.1%	4,174	70.0%
Communication	(357)	(5.2)%	(298)	(5.0)%
Other selling, marketing and administrative expenses	(1,459)	(21.2)%	(1,264)	(21.2)%
Other income and expenses	(604)	(8.8)%	(537)	(9.0)%
Recurring operating income	2,339	34.0%	2,075	34.8%
Other non-recurring income and expenses			53	
OPERATING INCOME	2,339	34.0%	2,128	35.7%
<i>Change</i>	<i>+9.9%</i>			

The recurring operating profitability reached 34.0% of sales, up +12.7% year-on-year



RECCURING OPERATING PROFITABILITY

In % of Revenue



(1) Recurring operating profitability after application of IFRS 16



CONSOLIDATED INCOME STATEMENT



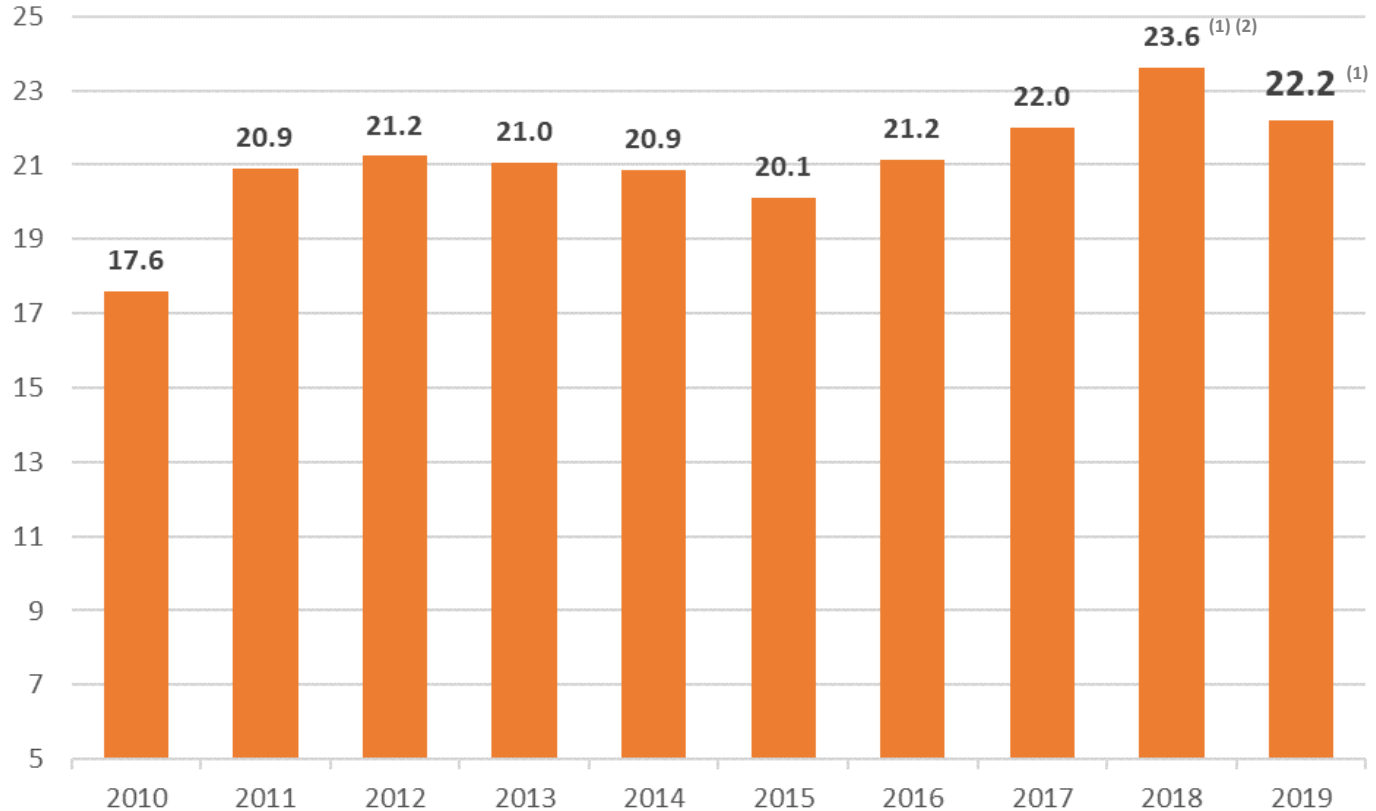
in €M	2019	%	2018	%
		<i>revenue</i>	<i>restated</i>	<i>revenue</i>
OPERATING INCOME	2,339	34.0%	2,128	35.7%
Net financial income	(69)		(62)	
Income tax	(751)		(672)	
		<i>In % of income before tax</i>		<i>32.5%</i>
Net income from associates	16		17	
Net income attributable to non-controlling interests	(7)		(5)	
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	1,528	22.2%	1,405	23.6%
<i>Change</i>				<i>+8.7% (1)</i>

(1) +13% after restatement from the capital gains from the Galleria store premises in Hong Kong in 2018



NET PROFITABILITY

In % of Revenue



(1) Net profitability after application of IFRS 16

(2) 22.7% after restatement from the capital gains from the Galleria store premises in Hong Kong in 2018



INVESTMENTS AND CASH FLOW



OPERATING INVESTMENTS



in €M	2019
Stores and distribution	263
Production and divisions	107
Real estate and Group projects	108
Operating investments	478



RESTATED CASH FLOW STATEMENT

in €M	2019	2018 restated
Operating cash flows	2,063	1,863
Change in working capital	24	77
Cash flows related to operating activities	2,087	1,940
Operating investments	(478)	(312)
Repayment of lease liabilities	(203)	(180)
Adjusted free cash flow	1,406	1,447
Financial investments	(13)	(8)
Dividends paid	(487)	(958)
Treasury share buybacks net of disposals	(53)	(60)
Sale of property	-	69
Other changes	93	75
Change in net cash position	946	565
Closing restated net cash position	4,562	3,615
Opening restated net cash position	3,615	3,050



IFRS CASH FLOW STATEMENT

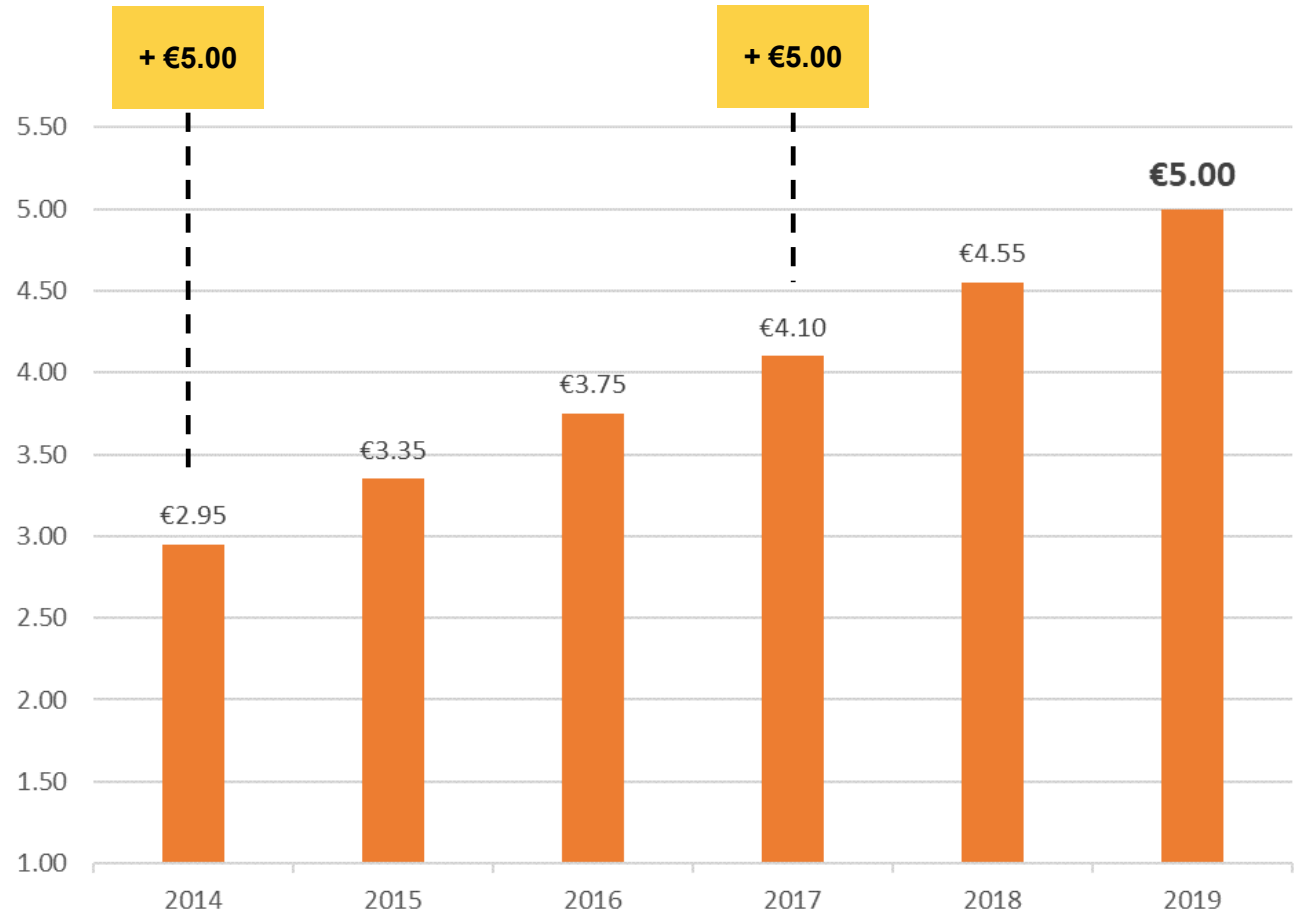
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Adjusted free cash flow	1,406	1,447
Net financial investments	(53)	(19)
Dividends paid	(487)	(958)
Treasury share buybacks net of disposals	(53)	(60)
Sale of property	-	69
Other changes	93	75
Change in net cash position	907	553
Closing IFRS net cash position	4,372	3,465
Opening IFRS net cash position	3,465	2,912



EVOLUTION OF THE 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 ever best quality
- In the medium term, despite economic, geopolitical and monetary uncertainties around the world, the Group confirms an ambitious goal for revenue growth at constant exchange rates
- 2020 will follow previous years' trend: the strengthening of the craftsmanship business model of sustainable and responsible growth





2020: INNOVATION IN THE MAKING

- In 2020, celebrating **Innovation in the making**: constant innovation, the fruit of creativity and the excellence of hand-craftsmanship
- Launching Hermès' 16th *métier*: Beauty in March
- Introducing innovations: the double-sided scarf, the line of anodised aluminium cuff bracelets, new materials and new objects
- Opening of a new flagship store in Sydney (Australia) and planned re-openings of over fifteen stores
- The ongoing roll out of e-commerce in the first half of 2020, with the launch of the new platform in Hong Kong, Macao and Korea



QUESTIONS AND ANSWERS

