

HERMÈS

2019 FIRST HALF RESULTS



11 SEPTEMBER 2019

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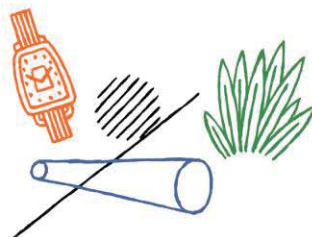


ACTIVITY

- Sales are up **+15%** at current exchange rates and **+12%** at constant exchange rates
- Sales growth was very solid in the Group's stores (**+13%** at constant exchange rates)
- Sustained growth in the first half 2019, in all geographical areas and in all business lines



REVENUE BY GEOGRAPHICAL AREA



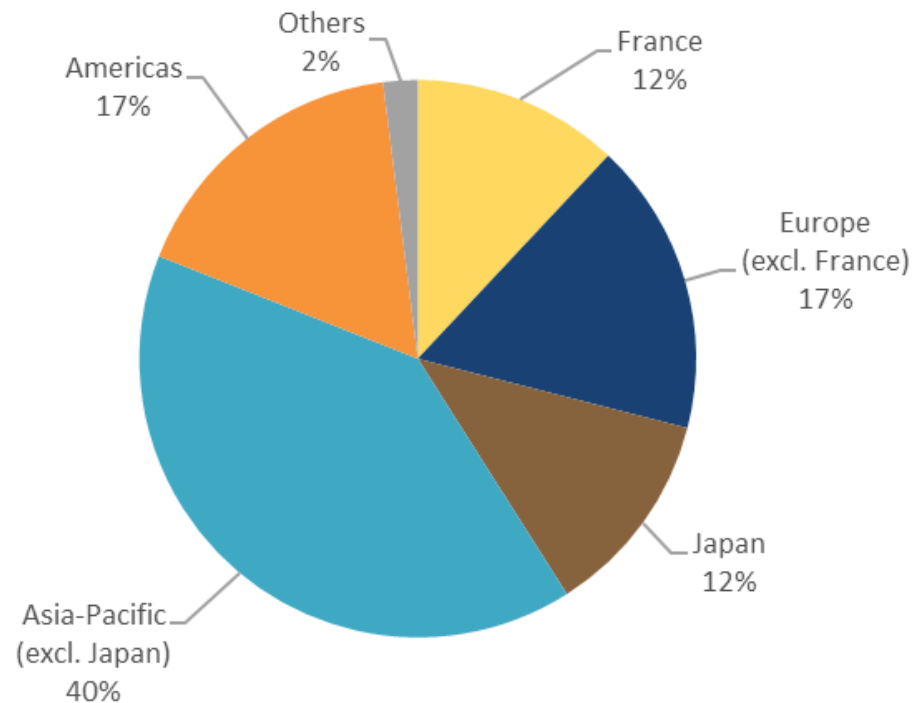


REVENUE BY GEOGRAPHICAL AREA

in €M	June 2019	Change at constant rates
France	406	4.0%
Europe (excl. France)	545	8.8%
EUROPE	950	6.7%
Japan	401	9.8%
Asia-Pacific (excl. Japan)	1,299	17.7%
ASIA	1,700	15.8%
Americas	569	9.8%
Others	65	17.7%
TOTAL	3,284	12.0%



REVENUE BY GEOGRAPHICAL AREA



REVENUE BY SECTOR

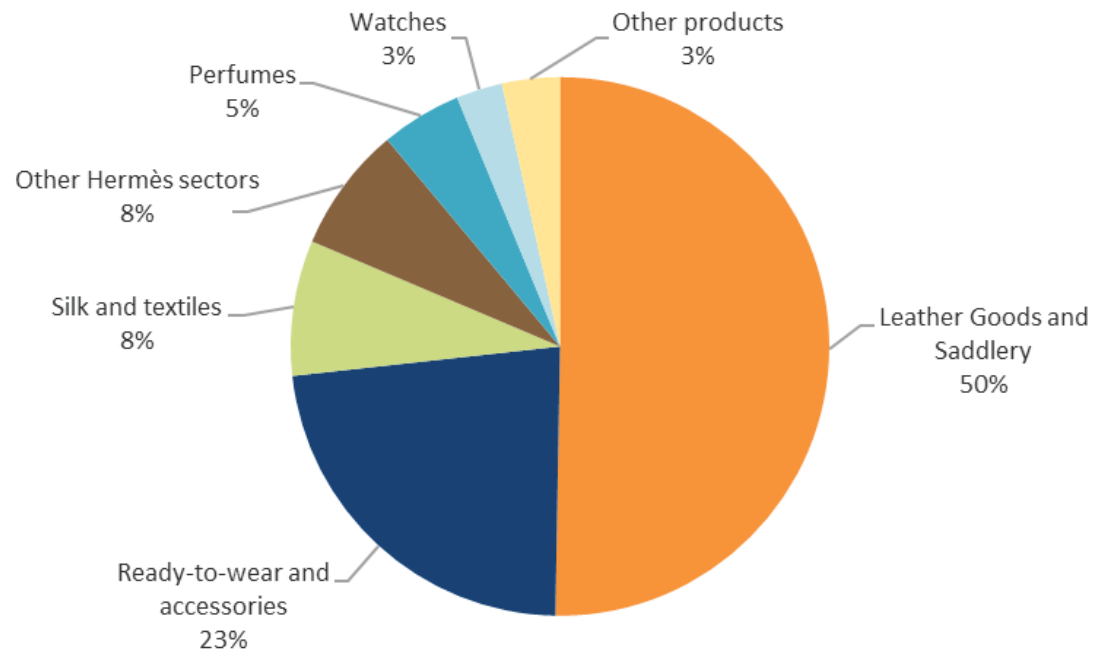


REVENUE BY SECTOR

in €M	June 2019	Change at constant rates
Leather Goods and Saddlery	1,652	12.4%
Ready-to-wear and accessories	755	15.2%
Silk and textiles	267	4.0%
Other Hermès sectors	248	19.4%
Perfumes	159	3.2%
Watches	91	14.2%
Other products	114	2.4%
TOTAL	3,284	12.0%



REVENUE BY SECTOR





RESULTS

- Strong growth of current operating income **(+15%)** and consolidated net income **(+15% ⁽¹⁾)**
- Recurring operating profitability reached **34.8% ⁽²⁾**, close to last year record level, thanks to the leverage effect generated by the sound growth
- Strong cash generation which maintains a high level of restated cash (**€ 3.7 billion** as of 30 June 2019 compared to € 3.6 billion as of 31 December 2018)

(1) Restated from the €53 million capital gains from the Galleria store premises in Hong Kong in 2018

(2) After application of IFRS 16





PRODUCTION

- Inauguration in May of the 17th *Maroquinerie* in Fitilieu, Isère
- Laying in June of the first stone of the *Maroquinerie de Guyenne*, Gironde
- Extension of the Textile site of Pierre-Bénite
- Inauguration of a new shoe manufacturing site, in Italy
- Extension of the *Ganterie-Marquinerie de Saint-Junien*, Haute-Vienne



CREATION

- Very warm reception of the men's and women's ready-to-wear collections
- New bags *Hermès Twins*, *Hermès Clic-H33*, *Kelly mini Picnic*, *Cosmos* line, *Hermès Ultrapla*
- Launch of a new perfume, *Un Jardin sur la Lagune*
- New *Hermès Vivace* jumping saddle
- New watches with women's *Galop d'Hermès* and men's *Arceau L'heure de la lune*



COMMUNICATION

Hermès deploys its creativity throughout its events

- Men universe *Step into the Frame* in London
- Autumn-Winter 2019 Women's Ready-to-Wear show in March at the *Garde Républicaine* in Paris and Men's Ready-to-Wear show in January at the Perret building at the Mobilier National in Paris
- *Silk Mix* in Dubai
- Petit h in Chengdu, China

And affirms its singularity during major institutional events

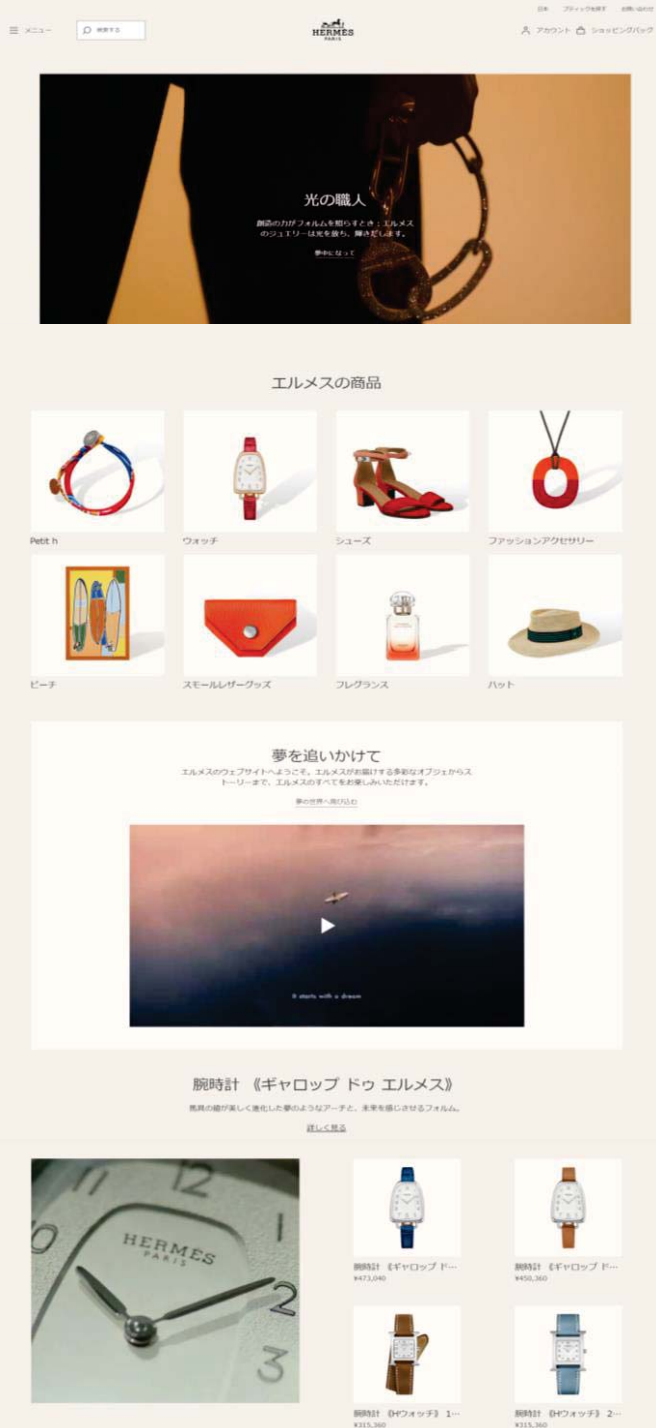
- 10th edition of the *Saut Hermès* in the *Grand Palais* in Paris
- *Hermès at Work* festival in Roma, Italy
- *Hermès Heritage* exhibition in Busan, Korea and Singapore
- New collections from the home universe presented during the Milan Furniture Fair

22·23·24 MARS 2019
JUMPING
INTERNATIONAL CSI 5*



MAIRIE DE PARIS





DISTRIBUTION NETWORK

- New store opening : in the United States, the Mall at Millenia store in Orlando, Meatpacking in New York and the Waikiki store in Hawaii, in the Netherlands the Amsterdam store and in Thailand the Phuket store
- Expansion and renovation of the stores in Marbella in Spain and Stoleshnikov in Russia
- Successful launch of a new version of the e-commerce platform in Japan in June



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INCOME STATEMENT



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 and June 30, 2018
- **Income statement impact:** no significant impact on net income
 - Impact on recurring operating profitability: +0.4pt for each of the semesters
 - Impact on the half-year financial result: interest cost on lease liabilities of € -13 million in 2019 and € -14 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
- **Impact on the cash flow statement presentation**
 - Operating cash flows increased by the depreciation of the rights-of-use (€ +95 million in H1 2019 and € +86 million in H1 2018) and as a counterpart, inclusion of a repayment of lease liabilities
 - 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

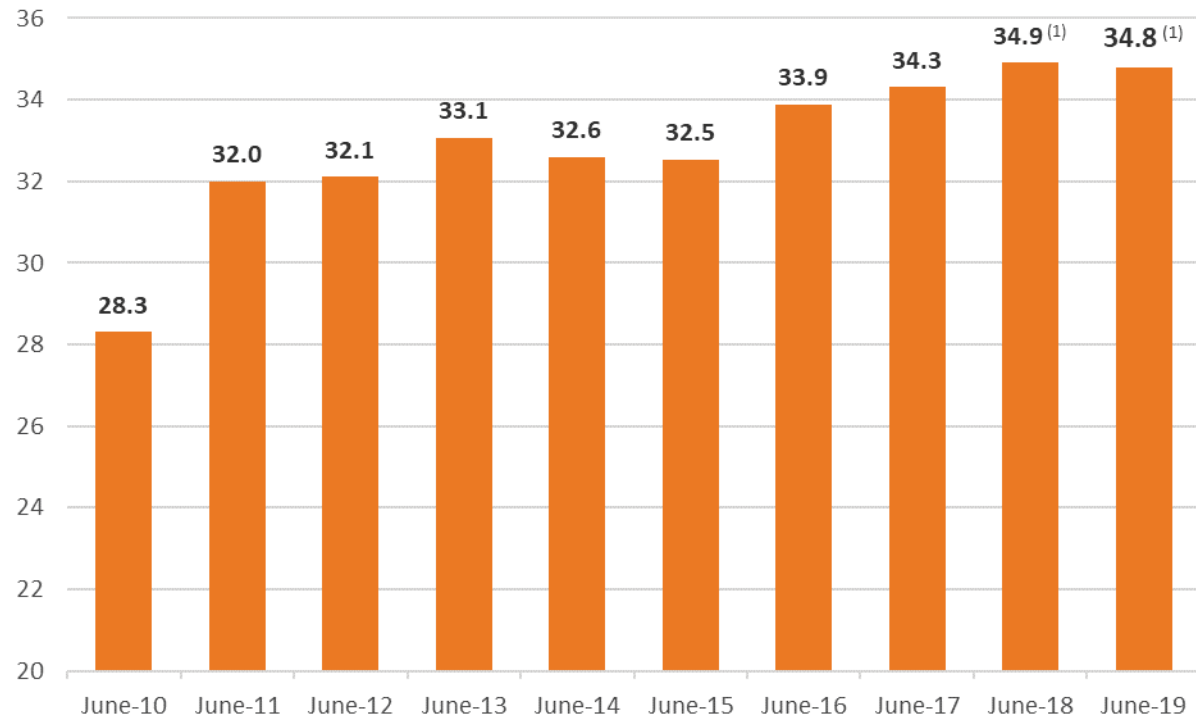
in €M	June 2019	% revenue	June 2018 restated	% revenue
Revenue	3,284		2,853	
Cost of sales	(1,029)		(859)	
Gross margin	2,255	68.7%	1,994	69.9%
Communication	(145)	(4.4)%	(120)	(4.2)%
Selling, marketing and administrative expenses	(697)	(21.2)%	(611)	(21.4)%
Other income and expenses	(269)	(8.2)%	(267)	(9.4)%
Recurring operating income	1,144	34.8%	996	34.9%
Other non-recurring income and expenses			53	
OPERATING INCOME	1,144	34.8%	1,049	36.8%
<i>Change</i>	<i>+9.1%</i>			

**The recurring operating profitability reached 34.8% of sales
at the end of June**



HALF YEAR RECURRING OPERATING PROFITABILITY

In % of revenue



(1) Recurring operating profitability after application of IFRS 16



CONSOLIDATED INCOME STATEMENT



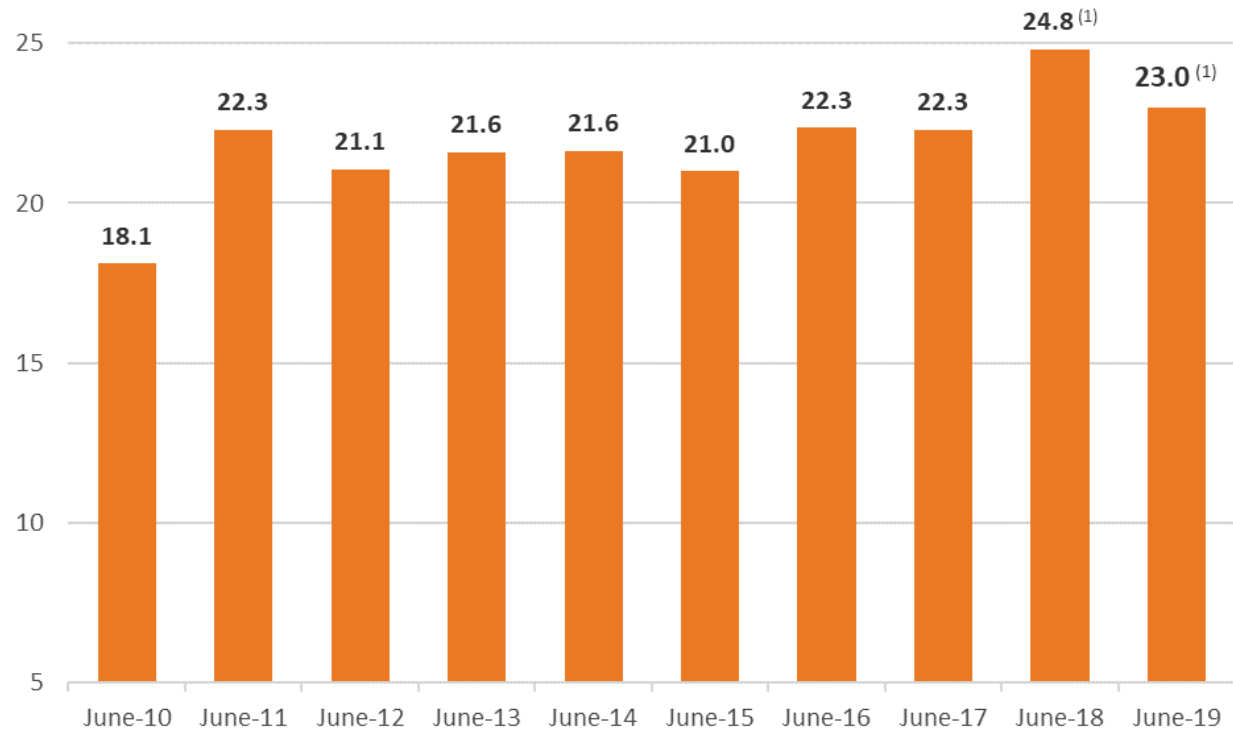
in €M	June 2019	% revenue	June 2018 restated	% revenue
OPERATING INCOME	1,144	34.8%	1,049	36.8%
Net financial income	(16)		(18)	
Income tax	(383)		(335)	
	<i>In % of income before tax</i>			
	34.0%		32.5%	
Net income from associates	13		12	
Net income attributable to non-controlling interests	(3)		(2)	
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	754	23.0%	706	24.8%
Change	+6.8% ⁽¹⁾			

(1) Restated from the capital gains from the Galleria store premises in Hong Kong in 2018, the net income increased at the same pace as revenue by 15%.



HALF YEAR NET PROFITABILITY

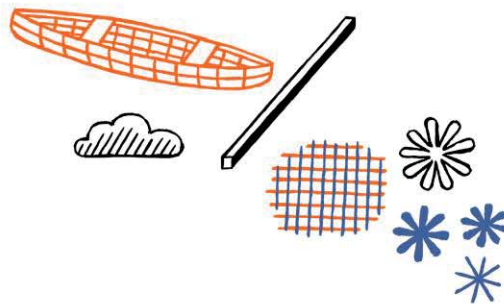
In % of revenue



(1) Net profitability after application of IFRS 16



INVESTMENTS AND CASH FLOW





OPERATING INVESTMENTS

in €M

June 2019

Stores and distribution	95
Production and divisions	28
Real estate and Group projects	48
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Operating investments	170



RESTATED NET CASH FLOW STATEMENT

in €M	June 2019	June 2018 restated
Operating cash flows	971	926
Change in working capital	(88)	(38)
Cash flows related to operating activities	882	888
Operating investments	(170)	(120)
Repayment of lease liabilities	(95)	(87)
Free Cash Flow	618	681
Net financial investments	(1)	(8)
Dividends paid	(486)	(958)
Treasury share buybacks net of disposals	(33)	(52)
Sale of property	-	69
Other changes	27	16
Change in net cash position	125	(252)
Closing restated net cash position	3,740	2,798
Opening restated net cash position	3,615	3,050



IFRS CASH FLOW STATEMENT

in €M	June 2019	June 2018 restated
Operating cash flows	971	926
Change in working capital	(88)	(38)
Cash flows related to operating activities	882	888
Operating investments	(170)	(120)
Repayment of lease liabilities	(95)	(87)
Free Cash Flow	618	681
Net financial investments	(62)	44
Dividends paid	(486)	(958)
Treasury share buybacks net of disposals	(33)	(52)
Sale of property	-	69
Other changes	29	16
Change in net cash position	67	(199)
Closing IFRS net cash position	3,532	2,713
Opening IFRS net cash position	3,465	2,912





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.
- 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 THE PURSUIT OF DREAMS

In 2019, Hermès celebrates the theme *In the pursuit of dreams*, our ability to unleash our imagination...

In the second half 2019 Hermès continues its development:

- Laying the first stone of the Montereau manufacture in Ile-de-France in September 2019
- The opening and expansion of the stores in Xiamen (China), Iwataya Fukuoka (Japan), Stuttgart, Vancouver (Canada) and the flagship in San Francisco (USA), as well as the opening of the Warsaw store (Poland), a new market for Hermès
- New events: jewellery with *Black to Light* presented at the Faubourg Saint Honoré store in Paris, the home universe in Hong Kong, Dubai and Abu Dhabi and the masculine universe in Seoul (Korea)



