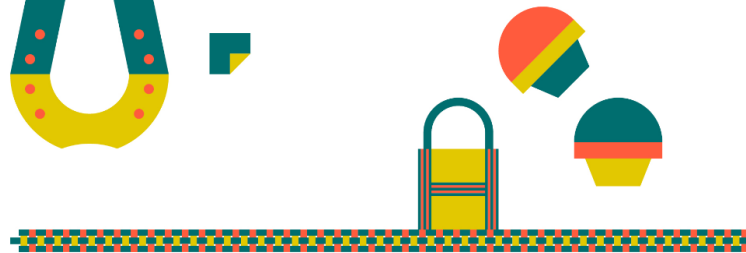


HERMÈS



2020 FULL YEAR RESULTS



Solid Full Year results and strong sales momentum in the 4th quarter

Revenue amounted to €6.4 billion (-6% at constant exchange rates)

Recurring operating income reached 31% of sales

Paris, 19 February 2021

2020 was marked by an unprecedented health and economic crisis. In this uncertain context, Hermès demonstrated its ability to adapt, the agility and strength of its craftsmanship business model.

The reduction in tourist flows was offset by the loyalty of local customers and by the strong increase in online sales

In 2020, the group's consolidated revenue reached €6,389 million, a decrease limited to 6% at constant exchange rates and 7% at current exchange rates. The revenue returned to growth in the second half, with an acceleration in the 4th quarter (+16%). The revenue generated in the group's stores in 2020 was slightly down (-2%). Recurring operating income amounted to €1,981 million at 31% of sales, and net income group share was €1,385 million, down 9% compared to 2019.

Axel Dumas, Executive Chairman of Hermès, said: *“The solidity of our results reflects both the desirability of our collections and the agility of our craftsmanship model. I am proud of the work accomplished by all Hermès employees, who have shown courage, solidarity and commitment, and I thank our customers for their loyalty all over the world.”*

Sales by geographical area at the end of December

(at constant exchange rates unless otherwise indicated)

The revenue generated in 2020 in the group's stores (-2%) reveals a good resistance after an excellent 4th quarter (+21%), and a remarkable performance in Asia and in Japan. Despite the sanitary crisis, Hermès continued to develop its distribution network, with both store openings and the renovation and extension of stores. Wholesale activities (-32%) were mainly penalised by sales to travellers.

The network has flexibly adapted to the global context changes by offering omnichannel solutions to its customers. The success of online sales was confirmed in all regions, and the deployment of the new digital platform continued in Asia and in the Middle East.

- Asia excluding Japan (+14%) posted strong growth driven by an excellent 4th quarter (+47%), in particular thanks to dynamic activity in Greater China, Korea and Australia. Despite new store closures in certain countries in the area, sales were particularly sustained over the last six months of the year. The stores of Daegu Hyundai in Korea, Harbour City in Hong Kong and Dalian in China successfully reopened after being renovated and extended. Rollout of the new digital platform in Asia was pursued in Hong Kong, Macao and Korea, with very high growth in e-commerce sales.
- In Japan (-4%), the recovery since June was particularly dynamic, thanks to the loyalty of local customers. A new store was opened in Osaka in September, and the Sendai Fujisaki store was renovated after expansion. Sales were especially strong on the hermes.jp platform.
- America (-21%) gradually recovered in the second half to grow slightly in the fourth quarter. The Wynn Plaza store in Las Vegas was extended and renovated in October, followed by the Short Hills store in New Jersey in November.
- Europe excluding France (-20 %) and France (-29%) remained penalised by the closure of part of the stores in November in several countries, and by the introduction of new restrictions as of mid-December. The reduction in tourist flows was partly offset by the loyalty of local customers and by the strong increase in online sales. In October, a new store opened in Madrid in the Galería Canalejas and the store in Stockholm was renovated and extended.

Sales by business line at the end of December

(at constant exchange rates unless otherwise indicated)

Leather Goods and Saddlery (-5%), for which demand is very strong, resumed growth in the second half, with an acceleration in the 4th quarter (+18%) reflecting sustained demand and the gradual resumption of deliveries. The increase in production capacities continues, with the Guyenne (Gironde) and Montereau (Seine-et Marne) workshops which will be inaugurated in 2021 and the Louviers site (Eure) in 2022. In addition, a new site in the Ardennes is scheduled for 2023 and the implementation of a second workshop in Auvergne has been announced. Hermès thus reaffirms its strong local integration in France.

The group's other business lines also benefitted from the good momentum of the activity in the different geographical areas. The Ready-to-wear and Accessories division (-9%) continued its growth in the 4th quarter (+12%). The Women's Spring-Summer 2021 fashion show presented in October met with great success, after the digital performance of the men's collection showcased early July. The Silk and Textiles business line (-23%) remained penalised by the drop in sales to travellers.

Perfumes and Beauty recorded a decrease of 19% marked by the contraction of tourist flows. After the very successful launch of the first lipstick collection early February, the Beauty business line continued its development. Watches (+2%) achieved an excellent performance in the 4th quarter (+28%). The other Hermès business lines (+24%) confirmed their strong momentum in the last quarter (+56%) thanks to the Home universe and Jewellery. The new high jewellery *Lignes sensibles* collection was unveiled at the end of September.

Solid results and growth in cash position in 2020

Recurring operating income reached €1,981 million compared to €2,339 in 2019, down 15%. The recurring operating margin improved strongly in the second half to reach 31% on a full-year basis. After a non-recurring profit of €91 million related to the deconsolidation of Shang Xia, the operating income amounted to €2,073 million.

Consolidated net profit group share was €1,385 million versus €1,528 million in 2019, a reduction limited to 9%.

The adjusted free cash flow reached €995 million, after taking into account €448 million of operational investments which reflect the pursuit of strategic projects.

After payment of the ordinary dividend (€474 million) and registration of share buybacks, the restated net cash position increased by €342 million and amounted to €4,904 million, compared to €4,562 million as at 31 December 2019.

In 2020, Hermès International redeemed 168,780 shares for €123 million, excluding transactions completed within the framework of the liquidity contract.

Growth in workforce

The Hermès group continued to recruit and increased its workforce by 1,183 people, of which about half of them coming from the integration of the J3L group, historical supplier of Hermès. At the end of 2020, the group employed 16,600 people, including 10,383 in France.

True to its commitment as a responsible employer, Hermès maintained the jobs and basic salaries of its employees worldwide, without resorting to governmental support. The group will pay in 2021 a €1,250 bonus to all group employees for their commitment and contribution to results.

Outlook

For 2021, the impacts of the Covid-19 epidemic are currently difficult to assess, as the scale, duration and geographic extent of the crisis evolve every day. Our highly integrated craftsmanship model and balanced distribution network, as well as the creativity of our collections and our customers' loyalty give us confidence in the future. The group remains highly committed and active, and gradually adapts measures to those taken by health and public authorities.

In the medium-term, despite the economic, geopolitical and monetary uncertainties around the world, the group confirms an ambitious goal for revenue growth at constant exchange rates.

2021 will be marked by the *Odyssey*, we continue our journey remaining confident in the future, facing the uncertainties of the world whilst remaining true to who we are.

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.

Proposed dividend

At the General Meeting on 4 May 2021, a dividend proposal of €4.55 per share will be made. The €1.50 interim dividend to be paid on 4 March 2021 will be deducted from the dividend approved by the General Meeting.

Upcoming events:

- 22 April 2021: Q1 2021 revenue publication
- 4 May 2021: General Meeting of shareholders
- 30 July 2021: First half 2021 results publication

The press release and the presentation of the 2020 results are available on the group's website:

<https://finance.hermes.com>

At the meeting of the Supervisory Board on 18 February 2021, Executive Management presented the audited financial statements for 2020. Audit procedures have been carried out and the audit report is currently being prepared. The complete consolidated financial statements will be available by 31 March 2021 at <https://finance.hermes.com> and on the AMF website: www.amf-france.org.

KEY FIGURES

<i>In millions of euros</i>	2020	2019
Revenue	6,389	6,883
<i>Growth at current exchange rates vs. n-1</i>	-7.2 %	15.4 %
<i>Growth at constant exchange rates vs. n-1 ⁽¹⁾</i>	-6.0 %	12.4 %
Recurring operating income ⁽²⁾	1,981	2,339
<i>As a % of revenue</i>	31.0 %	34.0 %
Operating income	2,073	2,339
<i>As a % of revenue</i>	32.4 %	34.0 %
Net profit – Group share	1,385	1,528
<i>As a % of revenue</i>	21.7 %	22.2 %
Operating cash flows	1,993	2,063
Investments (excluding financial investments)	448	478
Adjusted free cash flow ⁽³⁾	995	1,406
Equity – Group share	7,380	6,568
Net cash position ⁽⁴⁾	4,717	4,372
Restated net cash position ⁽⁵⁾	4,904	4,562
Workforce (number of employees)	16,600	15,417

⁽¹⁾Growth at constant exchange rates is calculated by applying the average exchange rates of the previous period to the current period's revenue, for each currency.

⁽²⁾Recurring operating income is one of the main performance indicators monitored by the group's General Management. It corresponds to the operating income excluding non-recurring items having a significant impact likely to affect the understanding of the group's economic performance.

⁽³⁾Adjusted free cash flow corresponds to the sum of operating cash flows and change in working capital requirement, less operating investments and repayment of lease liabilities, as per IFRS cash flow statement.

⁽⁴⁾The net cash position includes cash and cash equivalents on the asset side of the balance sheet, less bank overdrafts presented within the short-term borrowings and financial liabilities on the liability side of the balance sheet. It does not include lease liabilities recognised in accordance with IFRS 16.

⁽⁵⁾The restated net cash position corresponds to the net cash position, plus cash investments that do not meet IFRS criteria for cash equivalents as a result of their original maturity of more than three months, minus borrowings and financial liabilities.

REVENUE BY GEOGRAPHICAL AREA ¹

<i>In millions of euros</i>	Fiscal year		Evolutions	
	2020	2019	Published	At constant exchange rates
France	619.6	867.3	(28.6)%	(28.6)%
Europe (excl. France)	953.4	1,201.9	(20.7)%	(20.0)%
Total Europe	1,573.0	2,069.1	(24.0)%	(23.6)%
Japan	833.9	864.0	(3.5)%	(3.7)%
Asia-Pacific (excl. Japan)	2,915.4	2,589.6	12.6%	14.4%
Total Asia	3,749.3	3,453.6	8.6%	9.9%
Americas	959.0	1,240.7	(22.7)%	(20.5)%
Other	108.2	120.0	(9.8)%	(9.9)%
TOTAL	6,389.4	6,883.4	(7.2)%	(6.0)%

<i>In millions of euros</i>	4th quarter		Evolutions	
	2020	2019	Published	At constant exchange rates
France	199.6	244.0	(18.2)%	(18.2)%
Europe (excl. France)	324.1	343.4	(5.6)%	(3.6)%
Total Europe	523.7	587.4	(10.8)%	(9.7)%
Japan	267.3	237.3	12.6%	15.6%
Asia-Pacific (excl. Japan)	920.8	642.7	43.3%	47.4%
Total Asia	1,188.1	880.1	35.0%	38.9%
Americas	352.5	374.0	(5.8)%	0.1%
Other	36.8	29.9	23.3%	23.3%
TOTAL	2,101.1	1,871.3	12.3%	15.6%

¹ Sales by destination.

REVENUE BY SECTOR

<i>In millions of euros</i>	Fiscal year		Evolutions	
	2020	2019	Published	At constant exchange rates
Leather Goods and Saddlery ¹	3,209.2	3,414.3	(6.0)%	(4.8)%
Ready-to-Wear and Accessories ²	1,408.9	1,574.2	(10.5)%	(9.2)%
Silk and Textiles	452.0	592.5	(23.7)%	(22.8)%
Other Hermès sectors ³	642.6	524.9	22.4%	23.9%
Perfumes	263.2	325.9	(19.2)%	(19.0)%
Watches	195.9	193.4	1.3%	2.3%
Other products ⁴	217.7	258.2	(15.7)%	(15.3)%
TOTAL	6,389.4	6,883.4	(7.2)%	(6.0)%

<i>In millions of euros</i>	4th quarter		Evolutions	
	2020	2019	Published	At constant exchange rates
Leather Goods and Saddlery ¹	1,049.3	922.0	13.8%	17.6%
Ready-to-Wear and Accessories ²	434.5	399.4	8.8%	12.3%
Silk and Textiles	181.0	189.0	(4.2)%	(1.9)%
Other Hermès sectors ³	218.5	144.3	51.4%	55.8%
Perfumes	72.0	79.9	(9.9)%	(9.1)%
Watches	68.2	54.4	25.5%	28.4%
Other products ⁴	77.7	82.4	(5.7)%	(4.7)%
TOTAL	2,101.1	1,871.3	12.3%	15.6%

¹ The “Leather Goods and Saddlery” business line includes bags, riding, diaries and small leather goods.

² The “Ready-to-wear and Accessories” business line includes Hermès Ready-to-wear for men and women, belts, costume jewellery, gloves, hats and shoes.

³ The “Other Hermès business lines” include Jewellery and Hermès home products (Art of Living and Hermès Tableware).

⁴ The “Other products” include the production activities carried out on behalf of non-group brands (textile printing, tanning...), as well as the John Lobb, Saint-Louis, Puiforcat and Shang Xia products.

APPENDIX – EXTRACT FROM CONSOLIDATED ACCOUNTS

Financial statements of the year, including notes to the consolidated accounts, will be available at the end of March 2021 on the website <https://finance.hermes.com>, together with the other chapters of the Annual Financial Report.

CONSOLIDATED INCOME STATEMENT

<i>In millions of euros</i>	2020	2019
Revenue	6,389.4	6,883.4
Cost of sales	(2,013.3)	(2,124.9)
Gross margin	4,376.2	4,758.5
Sales and administrative expenses	(1,698.5)	(1,815.7)
Other income and expenses	(696.2)	(604.0)
Recurring operating income	1,981.4	2,338.9
Other non-recurring income and expenses	91.1	-
Operating income	2,072.5	2,338.9
Net financial income	(86.1)	(68.6)
Net income before tax	1,986.4	2,270.3
Income tax	(613.0)	(751.0)
Net income from associates	16.1	15.9
CONSOLIDATED NET INCOME	1,389.6	1,535.3
Non-controlling interests	(4.1)	(7.0)
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	1,385.4	1,528.2
Earnings per share (<i>in euros</i>)	13.27	14.66
Diluted earnings per share (<i>in euros</i>)	13.21	14.55

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>In millions of euros</i>	2020	2019
Consolidated net income	1,389.6	1,535.3
Changes in foreign currency adjustments ¹	(103.0)	50.1
Hedges of future cash flows in foreign currencies ^{1 2}	54.7	2.8
▪ <i>change in fair value</i>	36.3	(32.9)
▪ <i>recycling through profit or loss</i>	18.3	35.7
Assets at fair value ²	-	-
Employee benefit obligations: change in value linked to actuarial gains and losses ²	(1.8)	(36.0)
Net comprehensive income	1,339.4	1,552.2
▪ <i>attributable to owners of the parent</i>	1,337.2	1,544.4
▪ <i>attributable to non-controlling interests</i>	2.2	7.7

⁽¹⁾ Transferable through profit or loss.

⁽²⁾ Net of taxes.

CONSOLIDATED BALANCE SHEET

ASSETS

<i>In millions of euros</i>	31/12/2020	31/12/2019
Goodwill	42.4	16.2
Intangible assets	221.3	184.1
Right-of-use assets	1,446.1	954.3
Property, plant and equipment	1,646.1	1,541.8
Investment property	73.3	78.0
Financial assets	367.7	357.4
Investments in associates	48.8	79.3
Loans and deposits	55.9	58.1
Deferred tax assets	475.2	510.8
Other non-current assets	23.9	10.5
Non-current assets	4,400.8	3,790.6
Inventories and work-in-progress	1,289.4	1,132.6
Trade and other receivables	249.7	317.9
Current tax receivables	63.5	20.7
Other assets	193.1	198.6
Financial derivatives	121.4	36.5
Cash and cash equivalents	4,732.7	4,384.2
Current assets	6,649.7	6,090.5
TOTAL ASSETS	11,050.5	9,881.1

LIABILITIES

<i>In millions of euros</i>	31/12/2020	31/12/2019
Share capital	53.8	53.8
Share premium	49.6	49.6
Treasury shares	(463.7)	(508.8)
Reserves	6,211.9	5,255.7
Foreign currency adjustments	37.6	138.7
Revaluation adjustments	105.5	50.9
Net income attributable to owners of the parent	1,385.4	1,528.2
Equity attributable to owners of the parent	7,380.1	6,568.1
Non-controlling interests	10.9	7.8
Equity	7,391.0	6,575.9
Borrowings and financial liabilities due in more than one year	18.4	29.6
Lease liabilities due in more than one year	1,447.5	896.0
Non-current provisions	21.7	29.0
Post-employment and other employee benefit obligations due in more than one year	275.2	270.0
Deferred tax liabilities	21.9	24.6
Other non-current liabilities	36.2	32.5
Non-current liabilities	1,820.9	1,281.7
Borrowings and financial liabilities due in less than one year	24.5	20.5
Lease liabilities due in less than one year	195.6	195.6
Current provisions	99.9	101.4
Post-employment and other employee benefit obligations due in less than one year	28.3	18.2
Trade and other payables	448.2	480.4
Financial derivatives	29.3	47.1
Tax liabilities	217.8	360.1
Other current liabilities	794.9	800.2
Current liabilities	1,838.6	2,023.6
TOTAL EQUITY AND LIABILITIES	11,050.5	9,881.1

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>In millions of euros</i>	Number of shares	Share capital	Share premium	Treasury shares	Consolidated reserves and net income attributable to owners of the parent	Actuarial gains and losses	Foreign currency adjustments	Revaluation adjustments			Equity attributable to owners of the parent	Non-controlling interests	Equity
								Financial investments	Hedges of cash flows in foreign currencies				
As at 1 January 2019	105,569,412	53.8	49.6	(465.2)	5,792.6	(97.0)	88.0	100.3	(52.3)		5,469.8	4.9	5,474.7
Net income attributable to owners of the parent	-	-	-	-	1,528.2	-	-	-	-	-	1,528.2	7.0	1,535.3
Other comprehensive income	-	-	-	-	-	(36.0)	49.4	-	2.8	-	16.2	0.7	16.9
Comprehensive income	-	-	-	-	1,528.2	(36.0)	49.4	-	2.8	-	1,544.4	7.7	1,552.2
Change in share capital and share premiums	-	-	-	-	-	-	-	-	-	-	0.0	-	-
Purchase or sale of treasury shares	-	-	-	(43.5)	(5.4)	-	-	-	-	-	(48.9)	-	(48.9)
Share-based payments	-	-	-	-	87.7	-	-	-	-	-	87.7	-	87.7
Dividends paid	-	-	-	-	(482.6)	-	-	-	-	-	(482.6)	(4.0)	(486.6)
Other	-	-	-	-	(3.5)	-	1.3	-	-	-	(2.2)	(0.8)	(3.0)
As at 31 December 2019	105,569,412	53.8	49.6	(508.8)	6,917.0	(133.0)	138.7	100.3	(49.5)		6,568.1	7.8	6,575.9
Net income attributable to owners of the parent	-	-	-	-	1,385.4	-	-	-	-	-	1,385.4	4.1	1,389.6
Other comprehensive income	-	-	-	-	-	(1.8)	(101.1)	-	54.7	-	(48.2)	(1.9)	(50.1)
Comprehensive income	-	-	-	-	1,385.4	(1.8)	(101.1)	-	54.7	-	1,337.2	2.2	1,339.4
Change in share capital and share premiums	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase or sale of treasury shares	-	-	-	45.1	(166.4)	-	-	-	-	-	(121.3)	-	(121.3)
Share-based payments	-	-	-	-	79.0	-	-	-	-	-	79.0	-	79.0
Dividends paid	-	-	-	-	(485.1)	-	-	-	-	-	(485.1)	(4.5)	(489.6)
Other	-	-	-	-	2.2	-	-	-	-	-	2.2	5.4	7.5
AS AT 31 DECEMBER 2020	105,569,412	53.8	49.6	(463.7)	7,732.1	(134.8)	37.6	100.3	5.2		7,380.1	10.9	7,391.0

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In millions of euros</i>	2020	2019
CASH FLOWS RELATED TO OPERATING ACTIVITIES		
Net income attributable to owners of the parent	1,385.4	1,528.2
Depreciation and amortisation of fixed assets	271.0	236.2
Amortisation of right-of-use assets	243.2	211.5
Impairment losses	54.3	28.5
Mark-to-Market financial instruments	0.6	(0.3)
Foreign exchange gains/(losses) on fair value adjustments	29.7	(19.0)
Change in provisions	26.3	41.0
Net income from associates	(16.1)	(15.9)
Net income attributable to non-controlling interests	4.1	7.0
Capital gains or losses on disposals and impact of changes in scope of consolidation	(89.9)	1.2
Deferred tax expense	5.4	(29.0)
Accrued expenses and income related to share-based payments	79.0	87.7
Dividend income	(0.1)	(13.3)
Other	(0.3)	(0.3)
Operating cash flows	1,992.7	2,063.3
Change in working capital requirements	(350.3)	23.9
Change in net cash related to operating activities (A)	1,642.4	2,087.3
CASH FLOWS RELATED TO INVESTING ACTIVITIES		
Operating investments	(448.4)	(478.0)
Acquisitions of consolidated shares	(71.6)	-
Acquisitions of other financial assets	(36.1)	(89.4)
Disposals of operating assets	0.2	0.3
Disposals of consolidated shares and impact of losses of control	81.4	-
Disposals of other financial assets	10.0	35.0
Change in payables and receivables related to investing activities	10.8	23.5
Dividends received	21.4	37.5
Change in net cash related to investing activities (B)	(432.2)	(471.1)
CASH FLOWS RELATED TO FINANCING ACTIVITIES		
Dividends paid	(489.6)	(486.6)
Repayment of lease liabilities	(198.7)	(202.8)
Treasury share buybacks net of disposals	(122.1)	(53.1)
Borrowing subscriptions	8.2	0.0
Repayment of borrowings	(7.9)	(0.3)
Change in net cash related to financing activities (C)	(810.2)	(742.8)
Foreign currency translation adjustment (D)	(54.6)	33.1
CHANGE IN NET CASH POSITION (A) + (B) + (C) + (D)	345.3	906.5
Net cash at the beginning of the period	4,371.6	3,465.1
Net cash at the end of the period	4,716.9	4,371.6
CHANGE IN NET CASH POSITION	345.3	906.5