

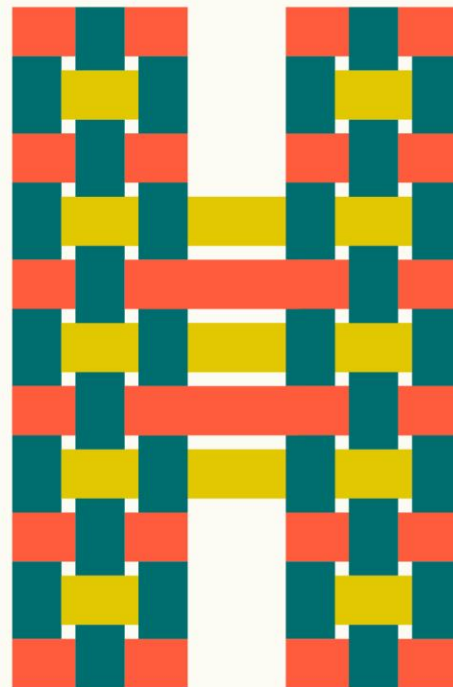
HERMÈS

2020

Full year results



19 FEBRUARY 2021





RESPONSIBILITY, SOLIDARITY AND COMMITMENT

- Responsibility towards its employees
 - Protecting employees' health by implementing strict safety measures
 - Maintaining jobs and basic salaries of its 16,600 employees worldwide
- Solidarity towards the community
 - Donation of €20 million to the AP-HP (*Assistance Publique - Hôpitaux de Paris*) and support provided locally by its subsidiaries worldwide to healthcare services
 - Donation of 45,000 litres of sanitising gel produced by Hermès Parfums on the Vaudreuil site
 - Donation of 145,000 masks to healthcare staff
 - More than 80 initiatives to local communities
- Commitment towards its ecosystem
 - Supporting partners and suppliers
 - Without resorting to governmental support

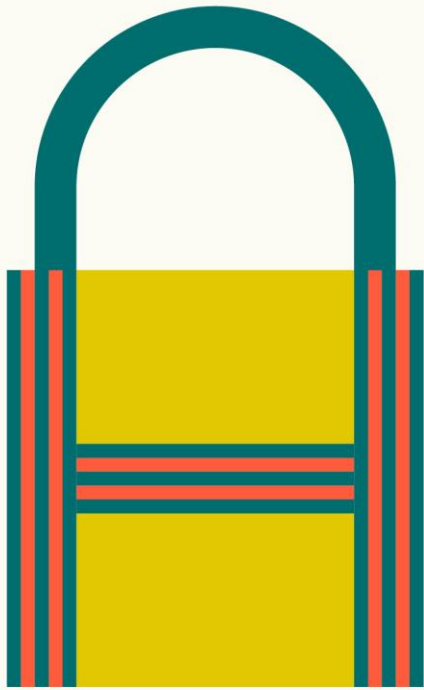




A SOLID, UNIQUE AND AGILE ARTISANAL MODEL

- Quality requirement, creativity and innovation at the heart of the model
- A permanent quest for the excellence of objects, designed to last, to be transmitted and to be repaired
- An integrated (>60%) and local (80%) production in France, the mastery of unique know-how and long-standing relationships with our partners
- An exclusive omnichannel distribution, agility facing changing uses and a volatile context
- The geographic balance of a multi-local network welcoming very loyal local customers
- The solidity and financial independence of a family-owned group, which maintains jobs and strategic investments





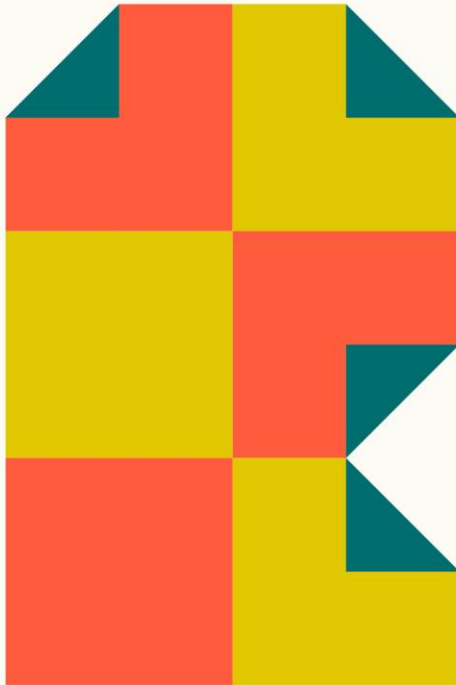
ACTIVITY



ACTIVITY

- Revenue amounted to **€6.4 billion**, a decrease limited to **6%** at constant exchange rates and **7%** at current exchange rates
- The revenue generated in the group's stores (**-2%** at constant exchange rates) returned to growth in the second semester after an acceleration in the 4th quarter and a remarkable performance in Asia and in Japan
- The network has adapted to the global context changes by offering omnichannel solutions to its customers





Revenue
by geographical
area

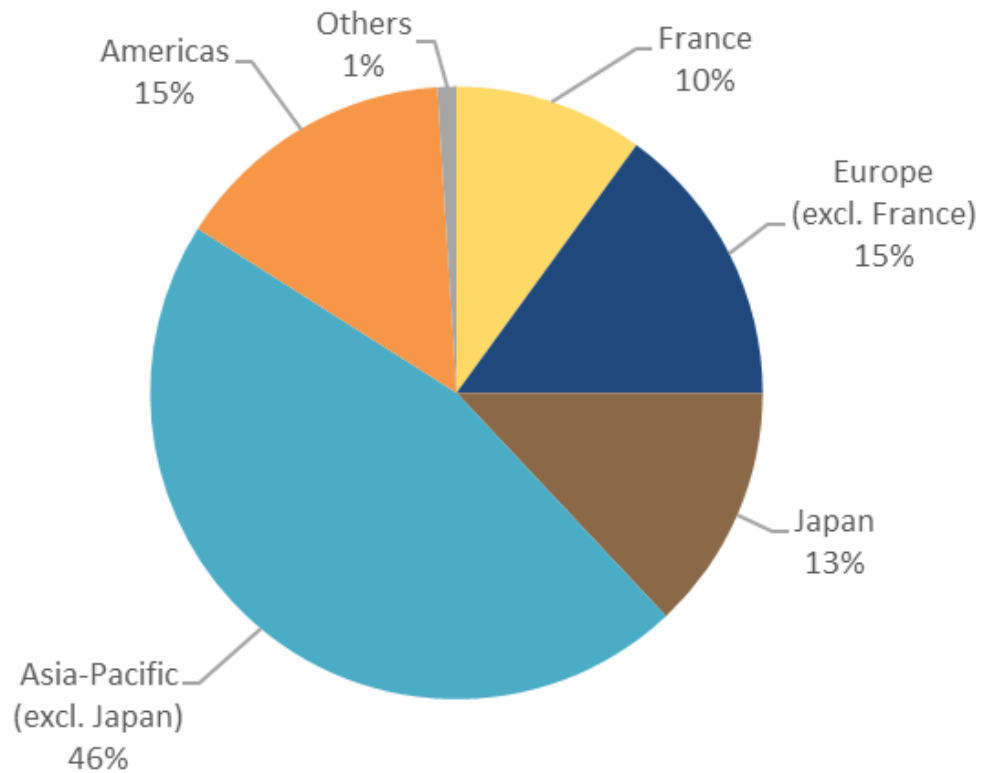


REVENUE BY GEOGRAPHICAL AREA

in €M	2020	Change at constant rates
France	620	(28.6)%
Europe (excl. France)	953	(20.0)%
EUROPE	1,573	(23.6)%
Japan	834	(3.7)%
Asia-Pacific (excl. Japan)	2,915	14.4%
ASIA	3,749	9.9%
Americas	959	(20.5)%
Others	108	(9.9)%
TOTAL	6,389	(6.0)%



REVENUE BY GEOGRAPHICAL AREA





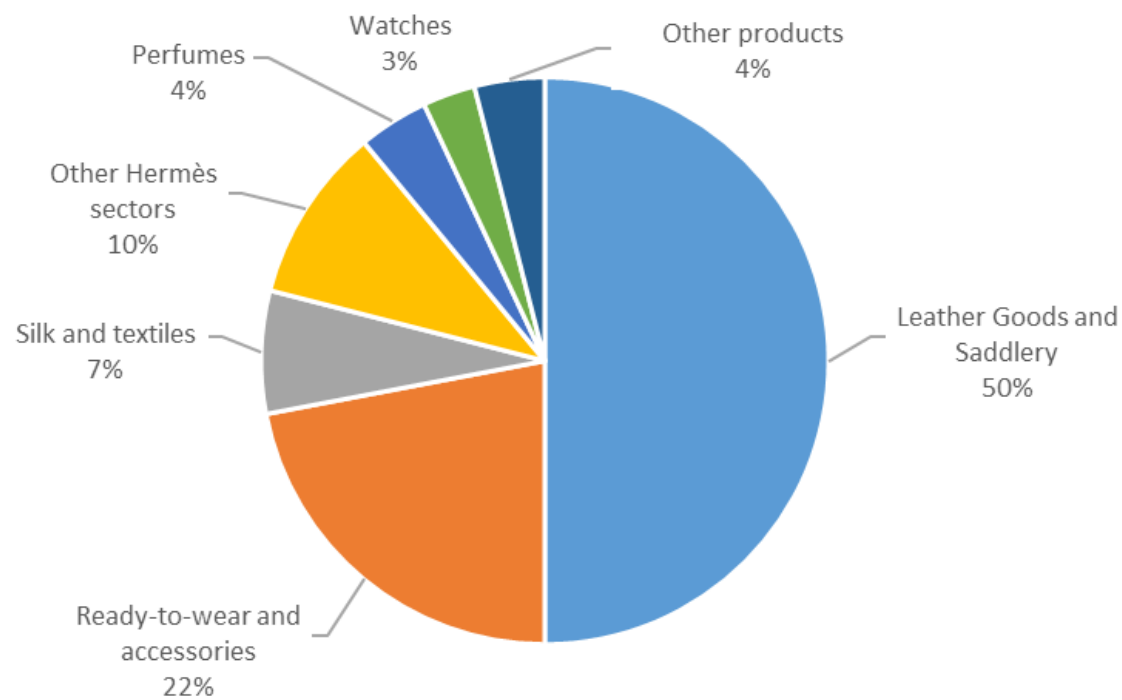
Revenue by sector

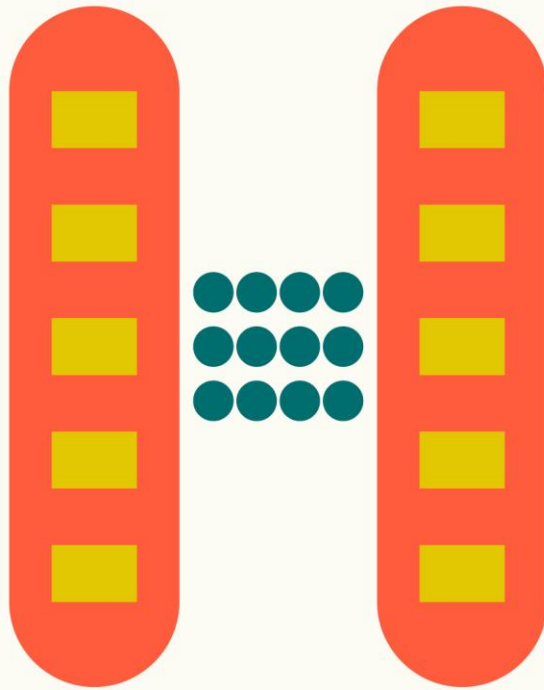
REVENUE BY SECTOR

in €M	2020	Change at constant rates
Leather Goods and Saddlery	3,209	(4.8)%
Ready-to-wear and accessories	1,409	(9.2)%
Silk and textiles	452	(22.8)%
Other Hermès sectors	643	23.9%
Perfumes	263	(19.0)%
Watches	196	2.3%
Other products	218	(15.3)%
TOTAL	6,389	(6.0)%



REVENUE BY SECTOR





HIGHLIGHTS



RESULTS AND TREASURY

- Operating income amounted to **€2.1 billion**, after a strong improvement in the second half
- Operating profitability reached **32.4%** of sales
- Consolidated net profit (group share) was **€1.4 billion** (-9%)
- Restated net cash of **€4.9 billion** compared to €4.6 billion as of 31 December 2019





CREATION

- Successful launch of the 16th Hermès *métier*: **Beauty**
- Enrichment of the leather goods collection with the ***Chaîne d'ancre*** and ***Birkin cargo*** models, and the ***sac à malice Space***
- Presentation of **women's and men's ready-to-wear** collections with a new digital format for the men's Spring-Summer 2021 fashion show, followed by the women's fashion show in October
- Launch of the ***Lignes sensibles*** high jewellery collection
- Launch of new ***Passifolia*** tableware collection
- Launch of the ***Apple Watch Series 6***





PRODUCTION

- First stone of the Louviers leather workshop (Eure) in September
- Building work continuing at the Guyenne leather workshop in Gironde and the Montereau leather workshop in Seine-et-Marne, for inaugurations scheduled in 2021
- A new site scheduled in the Ardennes region, by 2023 and announcement of the opening of a new leather workshop in the Auvergne region, by 2025
- Building work continuing in the Lyon textile division, with the extension of the Pierre-Bénite site
- Integration of our historical supplier, J3L





DISTRIBUTION NETWORK

- Reinforcement of the relationship with local customers and support to the digitalisation of uses
- Services innovation at each step of the purchasing experience
- Worldwide success of the e-commerce
- Opening of new digital platforms in Asia and in the Middle East





DISTRIBUTION NETWORK

- Investments continuing in the distribution network
- Extension of the network and opening of new territories:
 - Moscow (Russia), Osaka (Japan), Madrid (Spain)
- Store extensions and renovations:
 - Sydney (Australia), Guangzhou and Dalian (China), Tokyo and Sendai Fujisaki (Japan), Taipei (Taiwan), Denver and Las Vegas (USA), Montreal (Canada), Stockholm (Sweden) and Lugano (Switzerland)





COMMUNICATION

- Further balance between physical presence and digital technology
 - Men's digital performance
 - Women's fashion show in Paris
- Initiatives and formats adapted to local sanitary contexts
 - Window displays and *Joyful days* operation
 - Petit h stop-off in Taiwan
- Extended paid media campaigns
 - Campaign entitled ***petit h, c'est l'heure de la re-création !***
 - Home universe campaign, ***Objets de vie intérieurs***
 - Jewellery campaign, ***Joallerie cavalière***





RESPONSIBLE AND SUSTAINABLE DEVELOPMENT



WOMEN AND MEN

- A responsible employer: jobs maintained worldwide and special bonuses granted
- Workforce growth continuing, reaching 16,600 people at the end of 2020, including 10,383 in France
- Education and transmission
 - *École du cuir*, internal schools in textile and tanning
 - Partnerships with regional vocational schools and launch of the *CFA Hermès* project, *Centre de Formation des Apprentis*
 - Fondation d'entreprise Hermès: Manufacto, a craftsmanship discovery programme in collaboration with many schools and training centres
- Commitment to workplace gender equality and diversity
 - 5th rank of the *Financial Times'* Top 100 Diversity Leaders list and 1st place of the *Capital* magazine ranking of France's 500 best employers
 - Signature of a second group disability agreement





TERRITORIAL ANCHORING

- 51 production sites organised around expertise hubs, located in 9 different regions in France and opening of new sites, that contribute to revitalising regions
- Solidarity with our partners and suppliers, continued investments and vertical integration
- Transmission of *savoir-faire* and preservation of artisanal culture
- Reinforcement of the dialogue with our stakeholders around climate, biodiversity and local integration challenges

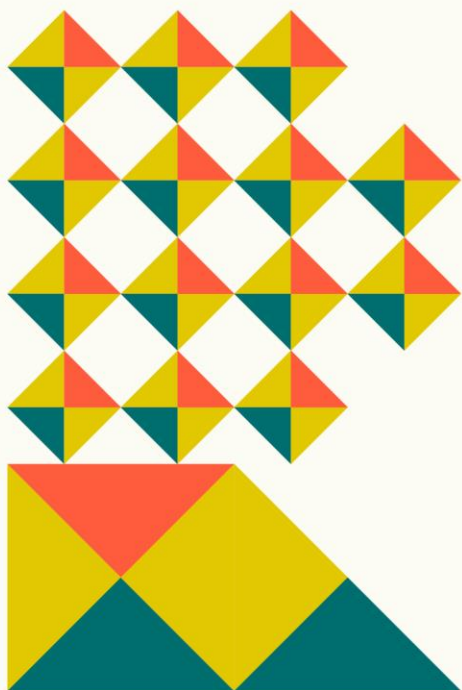




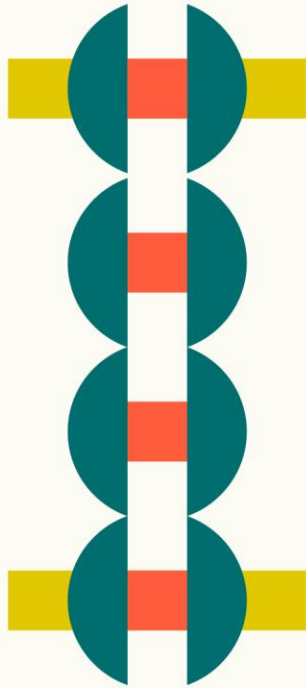
THE PLANET

- Commitment of sustainable procurement reinforced with our suppliers
- Object durability and management of unsold stock
 - Over 120,000 repairs
 - Recycling in line with the principles of a circular economy and donations to not-for-profit organisations
- Reduction of CO2 emissions:
 - In line with our 2030 targets to reduce emissions by 50%
 - Carbon offsetting now beyond scopes 1&2, investment in the *Livelihoods* programme
- New commitments:
 - Biodiversity strategy with Act4Nature International in June 2020, *Global Biodiversity Score* with WWF and CDC Climat
 - Increased transparency : *TCFD* commitment
 - 10% of the variable remuneration of the Executive Chairmen subject to CSR criteria





RESULTS



Income statement



CONSOLIDATED INCOME STATEMENT

in €M	2020	% revenue	2019	% revenue
Revenue	6,389		6,883	
Cost of sales	(2,013)		(2,125)	
Gross margin	4,376	68.5%	4,758	69.1%
Communication	(279)	(4.4)%	(357)	(5.2)%
Other selling, marketing and administrative expenses	(1,420)	(22.2)%	(1,459)	(21.2)%
Other income and expenses	(696)	(10.9)%	(604)	(8.8)%
Recurring operating income	1,981	31.0%	2,339	34.0%
Other non-recurring income and expenses	91			
OPERATING INCOME	2,073	32.4%	2,339	34.0%
Change	-11.4%			

The recurring operating profitability reached 31% of sales,
down 15% year-on-year



CONSOLIDATED INCOME STATEMENT

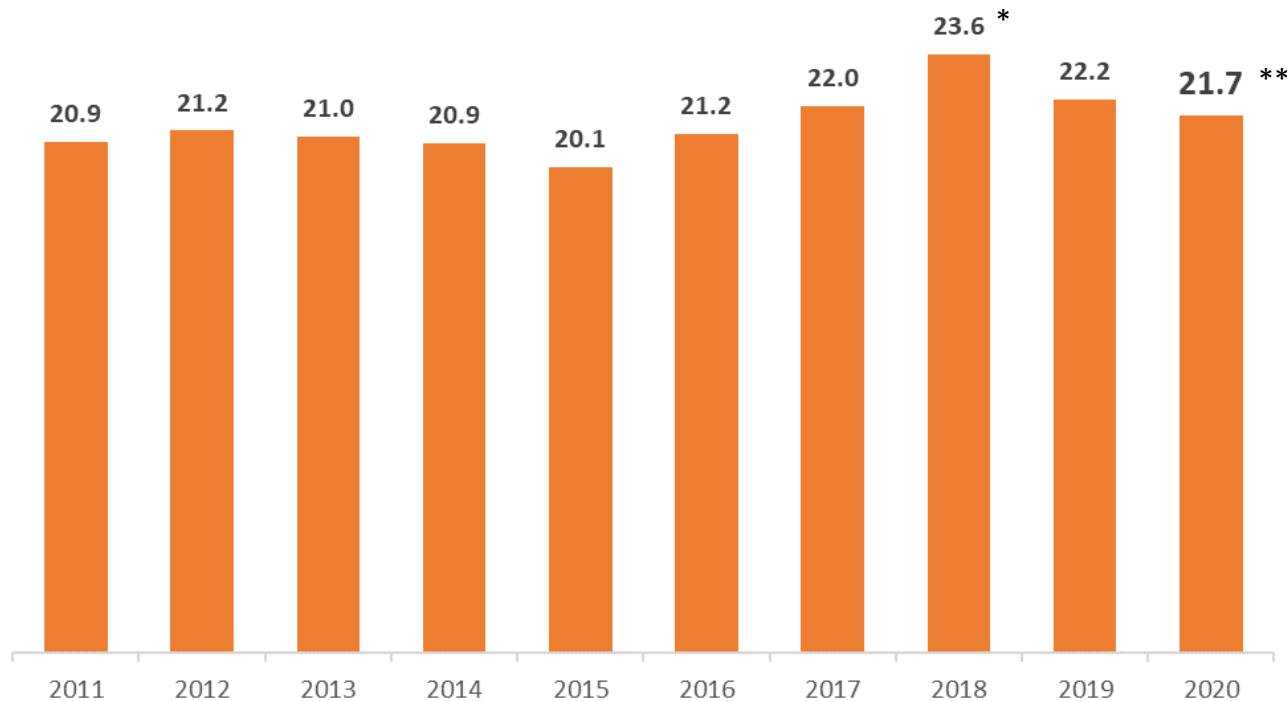
in €M	2020	% revenue	2019	% revenue
OPERATING INCOME	2,073	32.4%	2,339	34.0%
Net financial income	(86)		(69)	
Income tax	(613)		(751)	
	<i>In % of income before tax</i>			
	30.9%		33.1%	
Net income from associates	16		16	
Net income attributable to non-controlling interests	(4)		(7)	
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	1,385	21.7%	1,528	22.2%
<i>Change</i>	<i>-9.3% ⁽¹⁾</i>			

(1) -15% after a non-recurring profit related to the deconsolidation of Shang Xia



EVOLUTION OF NET PROFITABILITY

In % of revenue



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

(**) 20.3% after restatement from the non-recurring profit related to the deconsolidation of Shang Xia in 2020





Investments and cash flow



OPERATING INVESTMENTS

in €M

2020

Stores and distribution	195
Production and divisions	124
Real estate and Group projects	129
Operating investments	448



RESTATED CASH FLOW STATEMENT

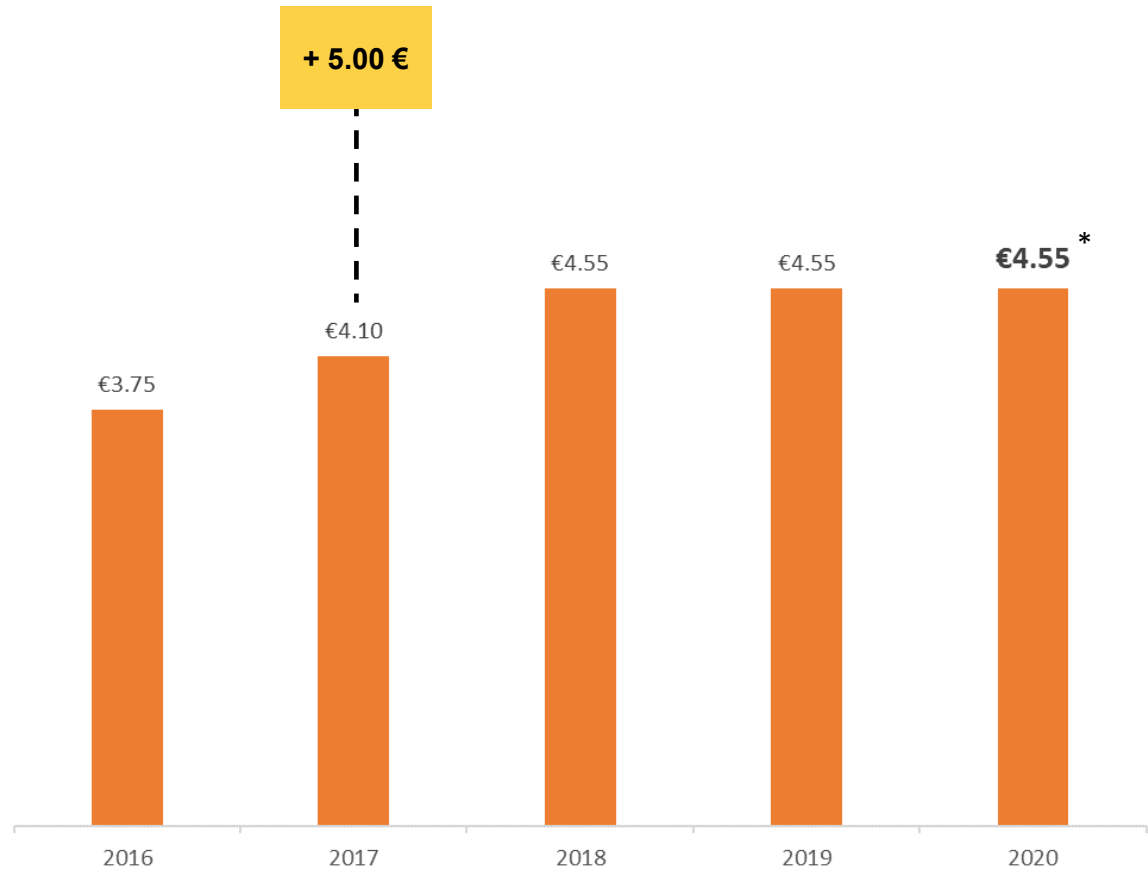
in €M	2020	2019
Operating cash flows	1,993	2,063
Change in working capital	(350)	24
Cash flows related to operating activities	1,642	2,087
Operating investments	(448)	(478)
Repayment of lease liabilities	(199)	(203)
Adjusted free cash flow	995	1,406
Financial investments	(93)	(13)
Dividends paid	(490)	(487)
Treasury share buybacks net of disposals	(122)	(53)
Other changes	51	93
Change in net cash position	342	946
Closing restated net cash position	4,904	4,562
Opening restated net cash position	4,562	3,615



EVOLUTION OF THE DIVIDEND PER SHARE

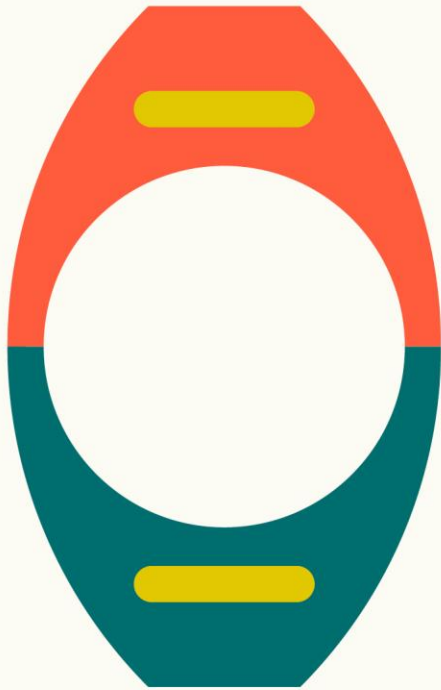
Exceptional dividend
In € per share

Ordinary dividend
For the period
In € per share



* Ordinary dividend proposed for shareholders' approval at the next General Meeting





OUTLOOK



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
- 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
- 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

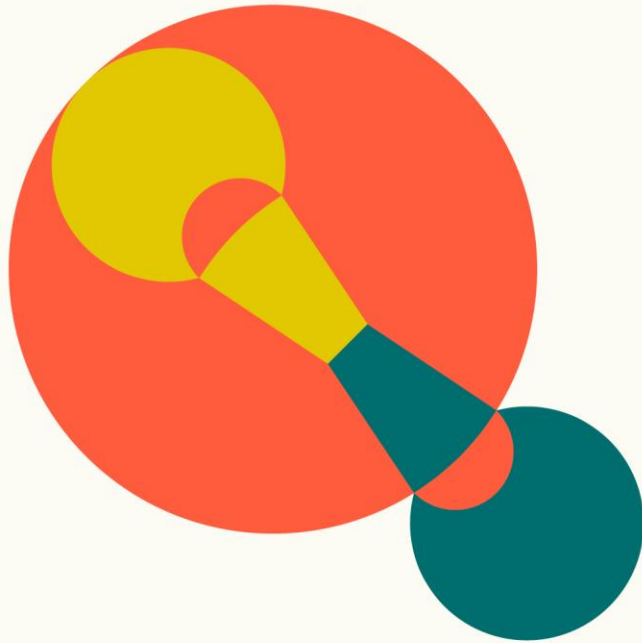




2021: AN ODYSSEY

- Strengthening of our investments in production capacity and regional anchoring: inauguration of Guyenne (Gironde) and Montereau (Seine-et-Marne) leather goods workshops
- Development and diversification of our distribution network, with stores opening and extension as well as the launch of new digital platforms in Thailand and Taiwan
- Research and development of new exceptional materials to complete the house's offer
- **H24** new men's perfume and **H08** men's watch launches
- Welcoming of Steve Guerdat, our new equestrian partner

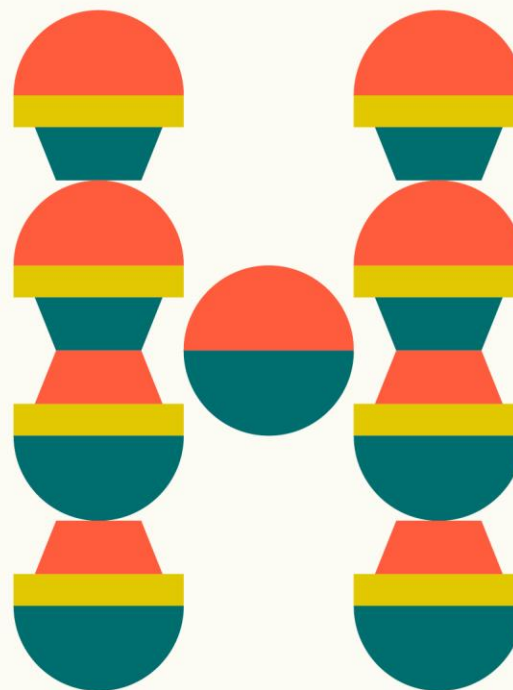





Questions
and answers



19 FEBRUARY 2021



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