

Half-year information report as at the end of June 2021

The exceptional first half results rely on our sustainable and responsible model

Revenue up 77% compared to 2020 and 33% compared to 2019 at constant exchange rates

The recurring operating margin reached 41% of sales

The net income amounted to €1,174 million

Paris, 30 July 2021

The group's consolidated revenue amounted to €4,235 million in the first half of 2021, up 77% at constant exchange rates and 70% at current exchange rates compared to 2020. This increase is up 33% at constant exchange rates compared to 2019, both in the first and second quarters. Recurring operating income amounted to €1,722 million (41% of sales) at the end of June. Net income group share reached €1,174 million (28% of sales).

The sales increase in the second quarter (+127% at constant exchange rates and +119% at current exchange rates) reflected the strong sales momentum, in the continuity of the first quarter.

Axel Dumas, Executive Chairman of Hermès, said: *"The results for the first half of the year have been exceptional in nature. But this performance also reflects the momentum and resilience of our model, which puts people, the source of creativity and innovation, as well as the requirement for absolute quality, at its core. These are the key factors of our artisanal approach and the desirability of our objects. We are equipped to cope with uncertainties while remaining faithful to our values."*

Sales by geographical area at the end of June

(at constant exchange rates, unless otherwise indicated)

On the first half 2021, thanks to the continuation of the first quarter trends, all the geographical areas confirmed their strong growth with an acceleration in America and recovery in Europe. Sales in the group's stores increased by 81% at constant exchange rates compared to last year, and by 41% compared to 2019. The network continued to develop with store openings and extensions, and with growing online sales worldwide. Wholesale activities bounced back (+46%) but remained penalised particularly by travel retail.

- Sales in Asia excluding Japan (+87% and +70% over two years) benefitted from a strong dynamic throughout the area. They were driven by the strong performance in Greater China and by the acceleration in sales in Singapore and in Thailand, despite new restrictions in some countries in the second quarter. A store opened in Macau in April, and the *China World* store in Beijing and the store in Brisbane in Australia reopened after renovation and extension. The first *HermèsFit* event playing with Hermès fashion accessories took place in Chengdu in China in June.

- Japan (+59% and +22% over two years) achieved an outstanding performance thanks to the loyalty of local customers, despite new measures introduced as a result of the health state of emergency. The new Omotesando store in Tokyo confirmed its success after opening in February.
- Americas (+115% and +25% over two years) accelerated in the second quarter (+35% compared to the same period in 2019), despite local constraints. The store in Troy, near Detroit, opened in June, in an area rich of history.
- Europe excluding France (+52% and -3% over two years) and France (+35% and -16% over two years) are still penalised by restrictions in certain countries and the reduced tourist flows, although partly offset by the loyalty of local customers and growth in online sales. After being renovated and extended, the store in Zurich reopened in May, in a listed building at the heart of the city cultural and financial district.

Sales by business line at the end of June

(at constant exchange rates, unless otherwise indicated)

At the end of June 2021, all the business lines confirmed their growth, with a remarkable increase in the Ready-to-Wear and Accessories division, Watches and Other Hermès Business Lines (Jewellery and Homeware).

Sales in the Leather Goods and Saddlery division (+63% and +25% over two years) performed well, after being driven by the significant deliveries made at the end of 2020. Demand is sustained, both for the re-invented classics and new models such as the *Hermès Della Cavalleria* bag, which combines leather and metalware around the equestrian universe. The Montereau workshop (Seine-et-Marne) was inaugurated in June. The increase in production capacities continues, with the Guyenne workshop (Gironde) opening scheduled in September, the Louviers site (Eure) for 2022, the new site in Ardennes for 2023 and the second production site in Auvergne for 2024. Hermès continues to strengthen its local presence in France and to create jobs.

The Ready-to-Wear and Accessories division (+98% and +40% over two years) pursued its dynamic growth, thanks to the success of the ready-to-wear and fashion accessories collections. The women's and men's ready-to-wear collection were unveiled both online and in person respectively in March at the *Garde républicaine* and in June at the *Mobilier national* in Paris.

The Silk and Textiles business line (+72% and +6% over two years) posted strong growth thanks to the diversity of the creations, materials and formats which are very successful with our customers. A new innovative printing line has been inaugurated as part of the development of the site near Lyon.

Perfume and Beauty (+65% and +17% over two years) posted growth, thanks to the success of the new men's perfume *H24*. A year after the launch of *Rouge Hermès*, the Beauty range has continued its development with the launch of *Rose Hermès*, a collection of blush and natural, refillable and sustainable lip enhancers.

The Watches business line (+121% and +80% over two years) confirmed its excellent performance, reflecting the technical watch-making expertise and creativity of the collections, with the success of the new men's watch *Hermès H08*, featuring a geometrical and sporty design.

The Other Hermès business lines (+100% and +92% over two years) confirmed their momentum, thanks to Homeware and Jewellery. The new jewellery collection named *Kellymorphose*, inspired by the *Kelly* bag which becomes a new jewellery signature, was unveiled at the Faubourg Saint-Honoré store in Paris.

Exceptional results in the first half of 2021

After a first half of 2020 marked by the stores and production sites closure, during which the group maintained the jobs and basic salaries of its employees worldwide, the first half of 2021 benefited from the sharp rebound in sales and from a particularly high inventory flow rate.

Recurring operating income reached €1,722 million compared to €535 million in the first half of 2020 and €1,144 in the first half of 2019. Thanks to the leverage effect generated by the strong sales growth, while controlling costs, the recurring operating margin reached 41% compared to 22% at the end of June 2020.

Consolidated net income group share was €1,174 million versus €335 million at the end of June 2020.

Operating investments amounted to €214 million and the adjusted free cash flow reached €1,236 million.

After the payment of the ordinary dividend (€476 million) and share buybacks, the restated net cash increased by €617 million to €5,521 million, compared to €4,904 million as of December 31, 2020.

During the first six months, Hermès International redeemed 142,131 shares for €162 million, excluding transactions completed within the framework of the liquidity contract.

A sustainable and responsible model

The Hermès Group has continued to recruit and added nearly 400 people to its workforce in the first half of the year. At the end of June 2021, the group employed 16,966 people, including 10,607 in France.

Hermès has reasserted its commitments to preserving natural resources, supporting local communities and reducing its carbon emissions, in line with its 2030 objectives of reducing GHG emissions by 50% in absolute value relating to its own activities (scopes 1 and 2) and by 50% in intensity for other indirect emissions (scope 3), compared to the 2018 reference year. In this regard, the house renewed its commitment to the 3rd Livelihoods Carbon Fund in June.

Hermès pursued its commitments in the areas of education and know how transmission, launching the Hermès Apprentice Training Centre, *l'Ecole Hermès des savoir-faire*. Moreover, the *Fondation d'entreprise Hermès* extended the Manufacto programme designed to introduce schoolchildren to craft trades to schools in France, to Italy and England.

Outlook

For 2021, the impacts of the COVID-19 pandemic are still difficult to assess. 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.

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 is 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.

Limited review procedures have been carried out on the condensed interim consolidated financial statements by the Statutory Auditors in accordance with applicable regulations.

The half-year financial report, the press release and the presentation of the 2021 Half Year Results are available on the Group's website: <https://finance.hermes.com>

Upcoming events:

- 21 October 2021: Q3 2021 revenue publication
- 18 February 2022: publication of the 2021 annual results
- 20 April 2022: General meeting of shareholders

FIRST HALF 2021 KEY FIGURES

<i>In millions of euros</i>	H1 2021	FY 2020	H1 2020	H1 2019
Revenue	4,235	6,389	2,488	3,284
<i>Growth at current exchange rates vs. n-1</i>	70.2%	(7.2)%	(24.2)%	15.1%
<i>Growth at constant exchange rates vs. n-1 ⁽¹⁾</i>	76.7%	(6.0)%	(24.9)%	12.0%
Recurring operating income ⁽²⁾	1,722	1,981	535	1,144
<i>As a % of revenue</i>	40.7%	31.0%	21.5%	34.8%
Operating income	1,722	2,073	535	1,144
<i>As a % of revenue</i>	40.7%	32.4%	21.5%	34.8%
Net profit – Group share	1,174	1,385	335	754
<i>As a % of revenue</i>	27.7 %	21.7%	13.5%	23.0%
Operating cash flows	1,487	1,993	634	971
Investments (excluding financial investments)	214	448	162	170
Adjusted free cash flow ⁽³⁾	1,236	995	27	618
Equity – Group share	8,024	7,380	6,340	5,763
Net cash position ⁽⁴⁾	5,326	4,717	3,742	3,532
Restated net cash position ⁽⁵⁾	5,521	4,904	3,922	3,740
Workforce (number of employees)	16,966	16,600	15,698	14,751

⁽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

	First half		Evolution /2020		Evolution /2019
	2021	2020	Published	At constant exchange rates	At constant exchange rates
In millions of Euros					
France	341.2	252.2	35.3%	35.3%	(16.0)%
Europe (excl. France)	521.9	348.9	49.6%	51.8%	(2.8)%
Total Europe	863.1	601.2	43.6%	44.9%	(8.4)%
Japan	469.0	322.2	45.6%	58.5%	22.2%
Asia-Pacific (excl. Japan)	2,153.0	1,183.7	81.9%	86.5%	69.7%
Total Asia	2,621.9	1,505.9	74.1%	80.5%	58.5%
Americas	667.9	336.8	98.3%	115.1%	25.3%
Other	82.3	44.1	86.4%	87.0%	27.5%
TOTAL	4,235.1	2,488.0	70.2%	76.7%	32.8%

	2 nd quarter		Evolution /2020		Evolution /2019
	2021	2020	Published	At constant exchange rates	At constant exchange rates
In millions of Euros					
France	188.1	83.4	125.5%	125.5%	(14.9)%
Europe (excl. France)	294.0	114.3	157.3%	158.6%	5.3%
Total Europe	482.1	197.7	143.9%	144.7%	(3.6)%
Japan	227.8	108.6	109.9%	135.6%	24.0%
Asia-Pacific (excl. Japan)	1,022.8	582.9	75.5%	79.2%	62.9%
Total Asia	1,250.7	691.5	80.9%	87.9%	53.9%
Americas	376.9	78.3	381.4%	416.4%	34.8%
Other	41.7	15.1	176.2%	177.1%	34.5%
TOTAL	2,151.4	982.5	119.0%	127.1%	32.8%

¹ Sales by destination.

REVENUE BY SECTOR

In millions of Euros	First half		Evolution /2020		Evolution /2019
	2021	2020	Published	At constant exchange rates	At constant exchange rates
Leather Goods and Saddlery ¹	1,999.3	1,280.1	56.2%	62.9%	24.9%
Ready-to-Wear and Accessories ²	1,025.1	537.0	90.9%	98.0%	40.1%
Silk and Textiles	273.9	165.2	65.8%	71.9%	5.8%
Other Hermès sectors ³	462.3	239.2	93.2%	100.4%	92.1%
Perfume and Beauty	184.1	112.9	63.1%	64.5%	16.9%
Watches	158.8	74.2	113.9%	120.6%	79.7%
Other products ⁴	131.6	79.3	66.1%	69.2%	16.9%
TOTAL	4,235.1	2,488.0	70.2%	76.7%	32.8%

In millions of Euros	2 nd quarter		Evolution /2020		Evolution /2019
	2021	2020	Published	At constant exchange rates	At constant exchange rates
Leather Goods and Saddlery ¹	1,011.3	509.0	98.7%	107.0%	24.2%
Ready-to-Wear and Accessories ²	551.7	211.3	161.1%	170.4%	44.8%
Silk and Textiles	125.6	50.2	149.9%	158.6%	3.0%
Other Hermès sectors ³	234.0	116.4	101.0%	108.6%	84.5%
Perfume and Beauty	85.3	30.8	176.4%	179.0%	16.2%
Watches	80.7	33.2	143.0%	150.5%	76.0%
Other products ⁴	62.9	31.6	99.4%	103.5%	10.5%
TOTAL	2,151.4	982.5	119.0%	127.1%	32.8%

¹ The “Leather Goods and Saddlery” business line includes bags, riding, memory holders 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 and Puiforcat.

REMINDER – 1ST QUARTER 2021
REVENUE BY GEOGRAPHICAL AREA ^(a)

<i>In millions of euros</i>	1 st quarter		Evolutions /2020		Evolutions /2019
	2021	2020	Published	At constant exchange rates	At constant exchange rates
France	153.1	168.9	(9.3)%	(9.3)%	(17.2)%
Europe (excl. France)	227.9	234.7	(2.9)%	(0.8)%	(11.6)%
Total Europe	381.0	403.5	(5.6)%	(4.4)%	(13.9)%
Japan	241.1	213.6	12.9%	20.0%	20.6%
Asia-Pacific (excl. Japan)	1,130.1	600.9	88.1%	93.6%	76.4%
Total Asia	1,371.3	814.5	68.4%	74.3%	63.2%
Americas	290.9	258.5	12.6%	22.6%	14.7%
Other	40.6	29.0	39.7%	40.1%	20.9%
TOTAL	2,083.7	1,505.5	38.4%	43.7%	32.8%

(a) Sales by destination.

REVENUE BY SECTOR

<i>In millions of euros</i>	1 st quarter		Evolutions /2020		Evolutions /2019
	2021	2020	Published	At constant exchange rates	At constant exchange rates
Leather Goods and Saddlery ¹	987.9	771.1	28.1%	33.6%	25.7%
Ready-to-Wear and Accessories ²	473.4	325.8	45.3%	50.9%	35.1%
Silk and Textiles	148.4	115.0	29.0%	33.9%	8.5%
Other Hermès sectors ³	228.3	122.9	85.8%	92.8%	100.6%
Perfume and Beauty	98.9	82.1	20.5%	21.4%	17.5%
Watches	78.1	41.0	90.3%	96.5%	83.8%
Other products ⁴	68.7	47.7	44.0%	46.4%	23.3%
TOTAL	2,083.7	1,505.5	38.4%	43.7%	32.8%

¹ The “Leather Goods and Saddlery” business line includes bags, riding, memory holders 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.

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