



# 2023 First Half Results

28 July 2023



# A RESPONSIBLE CRAFTSMANSHIP BUSINESS MODEL



## CREATIVITY AND SAVOIR-FAIRE

Creativity of the 16 *métiers* around the theme of the year, **Astonishment**

Promotion and exploration of **savoir-faire**



## QUALITY AND DURABILITY

Responsible sourcing

More than **80 exceptional raw materials**



## JOB CREATION AND RESPONSABILITY

Workforce **2x in 10 years**  
**62%** in France

Value-sharing



## INTEGRATION AND EXCLUSIVITY

Local anchoring  
**3** leather goods workshops **openings** in  
**3** French **regions**

Exclusive distribution network  
**2** store **openings**  
**5** **expansions** / renovations







Highlights



## A BOLD CREATION



- Enrichment of the leather goods collection with the models ***In-The-Loop, Maximors, Birkin Picnic and Hacados***
- Successful ***women's and men's Ready-to-Wear*** collections
- Presentation of new ***Chaîne d'ancre*** jewels
- Launch of the ***Un Jardin à Cythère*** new perfume
- Presentation of the ***Home universe collections*** during the *Milan Design Week*
- New chronograph version of the ***Hermès H08*** watch



# THE DEVELOPMENT OF PRODUCTION CAPACITIES



- Three leather goods workshops openings:
  - › Louviers (Eure)
  - › La Sormonne (Ardennes)
  - › Saint-Junien (Haute-Vienne)
- Four leather goods workshops projects ongoing:
  - › Riom (Puy-de-Dôme), scheduled in 2024
  - › L'Isle-d'Espagnac (Charente), scheduled in 2025
  - › Loupes (Gironde), scheduled in 2026
  - › Charleville-Mézières (Ardennes), scheduled in 2027
- Strengthening of capacity investments and vertical integration

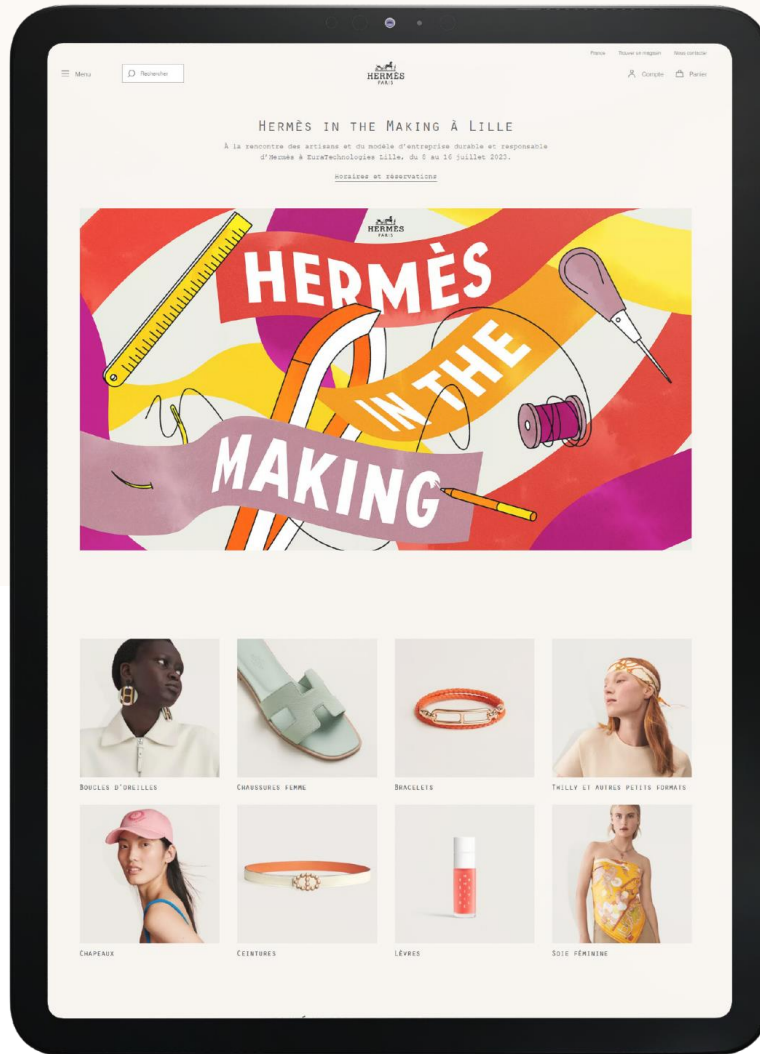


## AN INTEGRATED, OMNICHANNEL AND EXCLUSIVE DISTRIBUTION NETWORK (1/2)



- Investments continuing in the multilocal distribution network
- Opening of new stores:
  - › Naples, fifth store in Florida (United States)
  - › Aspen (United States)
- Expansion and renovation of stores:
  - › Hamburg (Germany)
  - › Nanjing and Beijing Peninsula (China)
  - › Abu Dhabi (United Arab Emirates)

# AN INTEGRATED, OMNICHANNEL AND EXCLUSIVE DISTRIBUTION NETWORK (2/2)



- Strong momentum of e-commerce sales worldwide
- Opening of the new digital platform in Brazil
- Traffic increase and entry point to the Hermès universe for new clients, complementary to the stores
- New omnichannel services and a wider range of products available





# A SINGULAR COMMUNICATION



- Revealing Hermès in an authentic and unconventional manner
  - › **Saut Hermès** at the *Grand Palais éphémère* in Paris
  - › **HermèsFit** in Singapore
  - › **On the Wings of Hermès** in Taipei
  - › **Le Kiosque du Monde d'Hermès** notably in Barcelona, Austin and Strasbourg
  - › **Hermès in the Making** in Lille
- Rediscovering the 16 *métiers* of the house
  - › Silk event, **Kite Festival** in Dubai, Buenos Aires and Busan
  - › Men universe in Tokyo and women universe in Shanghai
  - › petit h in Osaka
  - › Home universe, **Hermès Parade** in Seoul
  - › Jewellery event, **Chaîne d'ancre** at the Faubourg store in Paris





# Responsible and sustainable development



# ARTISANAL AND RESPONSIBLE BUSINESS MODEL



## PEOPLE, AT THE HEART OF OUR VALUES

Acceleration of **job creation**

Maintain the rate of **employees with disabilities** in France > 6%



## CLIMATE STRATEGY

Reduction of emissions between 2018 and 2030 (validated by SBTi) :

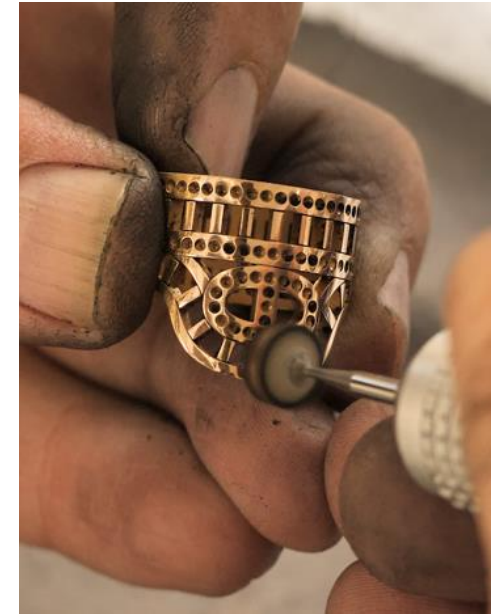
- 50.4% in absolute value scopes 1&2
- 58.1% in intensity scope 3

**100%** renewable energy by 2030

## LOCAL ANCHORING

Sustainable real estate standards:  
2 new E4C2-certified leather goods workshops

**54 production sites** in France



## RESPONSIBLE SECTORS

Renewal of the Jewellery and Watches **certification** (RJC COP)

**100%** of suppliers aligned with the CSR brief by 2024





# HERMÈS SOCIALLY RESPONSIBLE



- Dynamic job creation
  - › At the end of June 2023, the group employed 20,607 people, including 12,875 in France, with an acceleration in job creation
  - › >900 recruitments in the first semester, of which >500 in France
- Value-sharing
  - › A 6<sup>th</sup> free share plan for all employees announced in June
- Training
  - › *École Hermès des savoir-faire*: extension to the Guyenne site
  - › Launch of a certified training course on the profession of cutter
- Commitment for diversity and inclusion
  - › Direct employment rate of people with disabilities: 6.85%



# IMPLEMENTATION OF THE CLIMATE STRATEGY



- Sustainable real estate standards:
  - › Standards for high environmental and social performance real estate
  - › Louviers & la Sormonne: France's first E4C2-certified industrial buildings
- Protection of biodiversity:
  - › Measuring our impact on biodiversity throughout the value chain
  - › Process SBTN (Science Based Targets for Nature) launched with scientific targets aligned with global limits for freshwater, land use, oceans and biodiversity
- Energy sobriety:
  - › Control energy consumption: energy intensity divided by 2 in ten years
  - › Exceeded target of -10% energy consumption for industrial sites and -11% for stores and tertiary sites
  - › 100% renewable electricity in France





Activity





## ACTIVITY



- Revenue in the first half of 2023 reached **€6.7 billion** (+25% at constant rates and +22% at current rates)
- All the regions posted strong growth of 20% or above and all the business lines confirmed their solid momentum
- Sales increased considerably both in the group's stores (+25%) and in wholesale activities (+26%)
- Sales in the second quarter reached **€3.3 billion** (+28% at constant rates and +22% at current rates), with an exceptional performance in Asia which benefitted from a favourable comparison basis





# Revenue by geographical area





## REVENUE BY GEOGRAPHICAL AREA



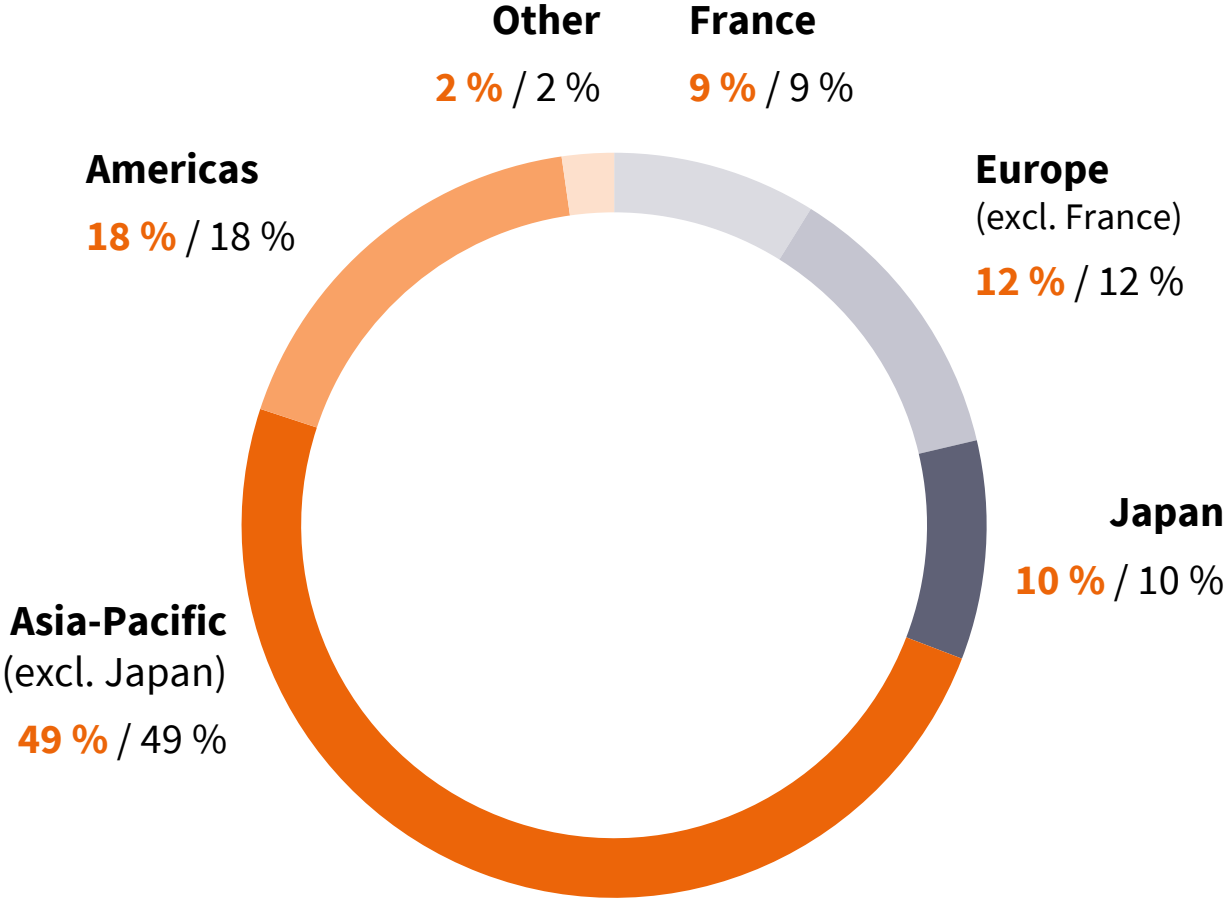
in €m	June 2023	Change at constant rates
France	593	24%
Europe (excl. France)	836	22%
<b>EUROPE</b>	<b>1,428</b>	<b>22%</b>
Japan	636	26%
Asia-Pacific (excl. Japan)	3,297	28%
<b>ASIA</b>	<b>3,932</b>	<b>27%</b>
Americas	1,185	20%
Other	151	42%
<b>TOTAL</b>	<b>6,698</b>	<b>25%</b>



# REVENUE BY GEOGRAPHICAL AREA



2023 / 2022





# Revenue by sector







## REVENUE BY SECTOR

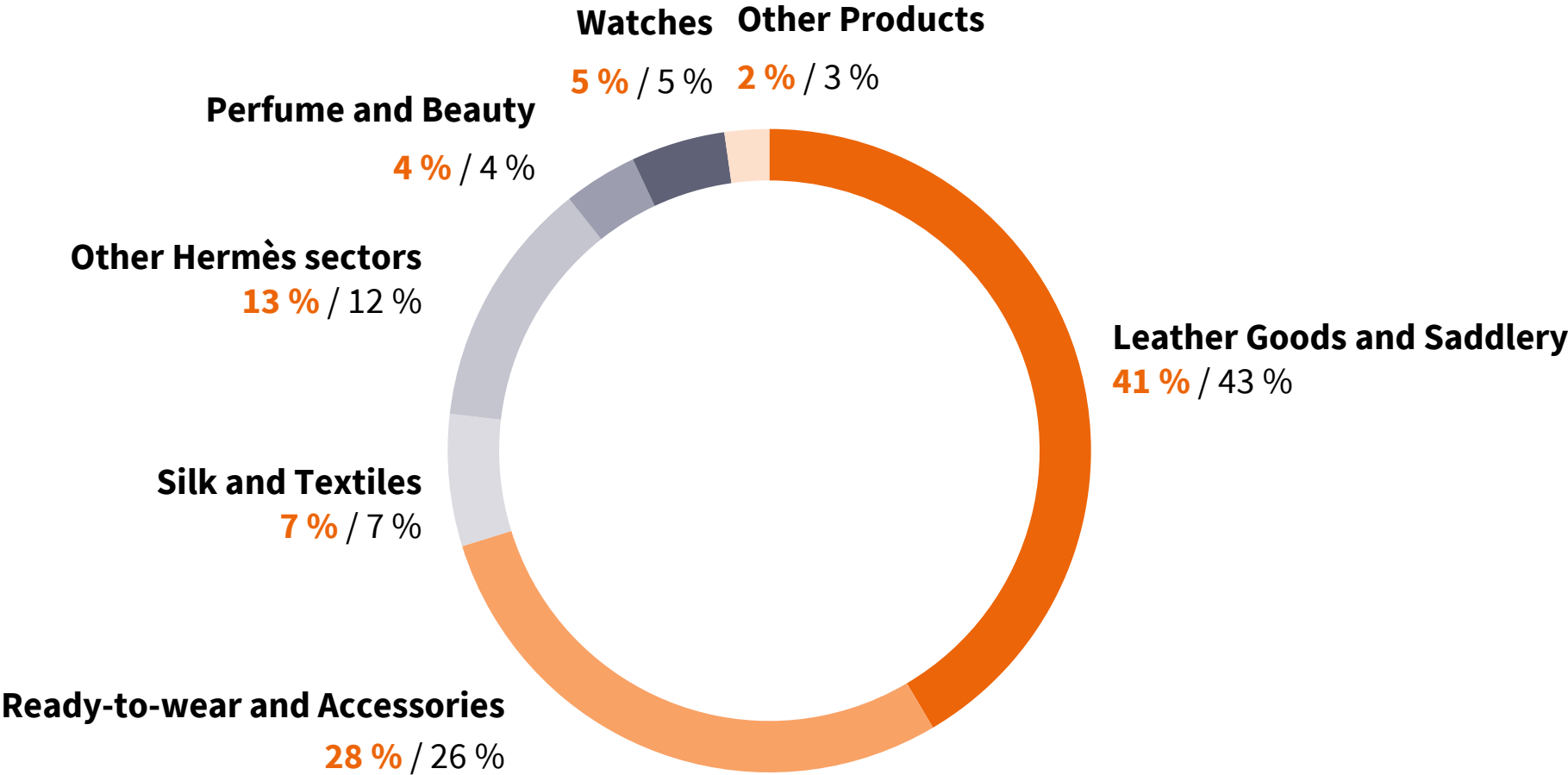


in €m	June 2023	Change at constant rates
Leather Goods and Saddlery	2,780	21%
Ready-to-wear and accessories	1,922	35%
Silk and textiles	444	22%
Other Hermès sectors	836	32%
Perfume and Beauty	249	10%
Watches	317	24%
Other products	150	4%
<b>TOTAL</b>	<b>6,698</b>	<b>25%</b>

# REVENUE BY SECTOR



2023 / 2022





The background features a complex, abstract design. It consists of several overlapping, organic, blob-like shapes in shades of teal and blue. Overlaid on these shapes are numerous black lines that form concentric circles, spirals, and other geometric patterns, creating a sense of depth and movement.

# Results





# Income statement





# CONSOLIDATED INCOME STATEMENT

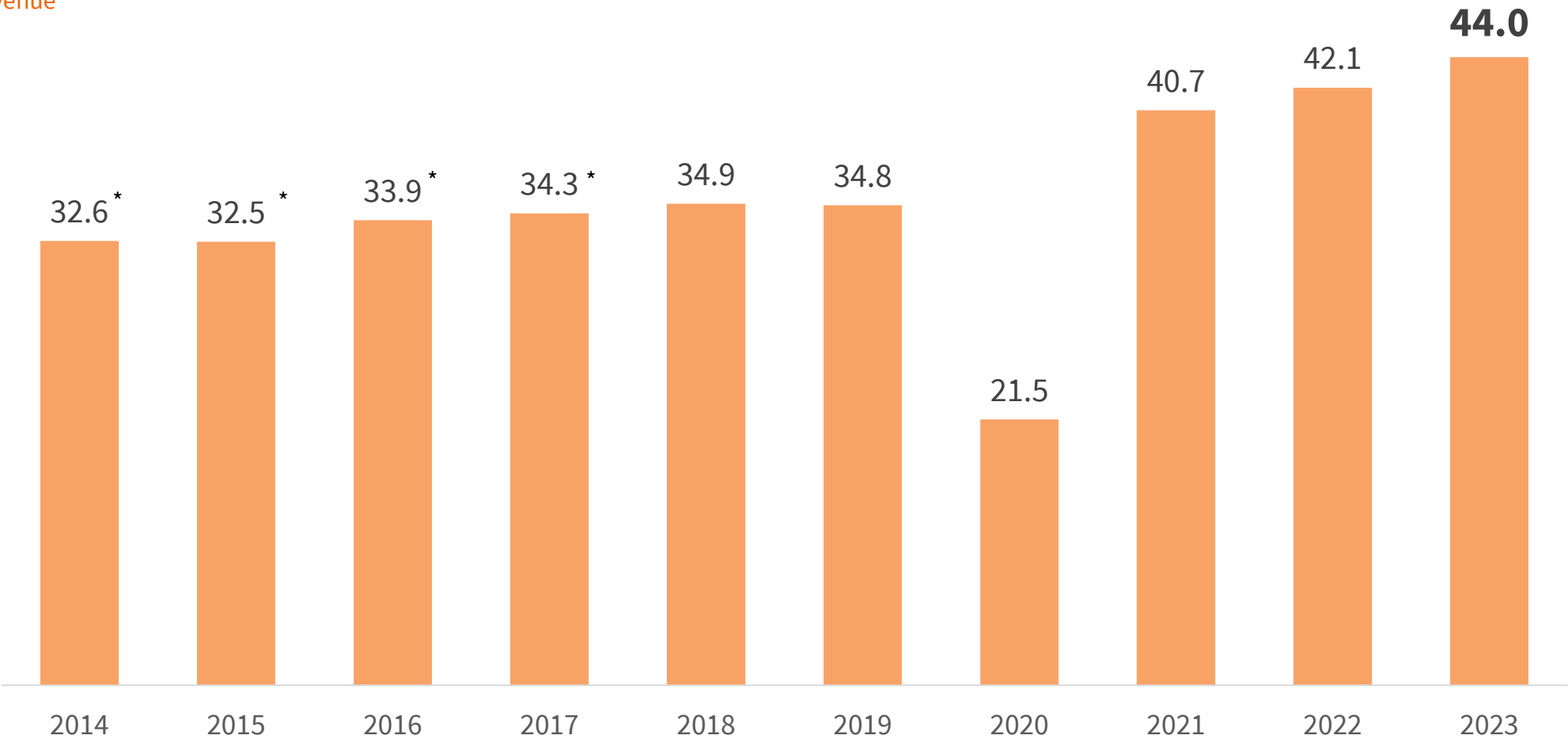


in €m	June 2023	% revenue	June 2022	% revenue
<b>Revenue</b>	<b>6,698</b>		<b>5,475</b>	
Cost of sales	(1,863)		(1,586)	
<b>Gross margin</b>	<b>4,834</b>	<b>72.2%</b>	<b>3,889</b>	<b>71.0%</b>
Communication	(259)	(3.9)%	(196)	(3.6)%
Other sales and administrative expenses	(1,226)	(18.3)%	(982)	(17.9)%
Other income and expenses	(403)	(6.0)%	(406)	(7.4)%
<b>Recurring operating income</b>	<b>2,947</b>	<b>44.0%</b>	<b>2,304</b>	<b>42.1%</b>
Other non-recurring income and expenses				
<b>Operating income</b>	<b>2,947</b>	<b>44.0%</b>	<b>2,304</b>	<b>42.1%</b>
Change y-o-y	<b>+28%</b>			

# HALF YEAR RECURRING OPERATING PROFITABILITY EVOLUTION



in % of revenue



\* Avant IFRS16





# CONSOLIDATED INCOME STATEMENT

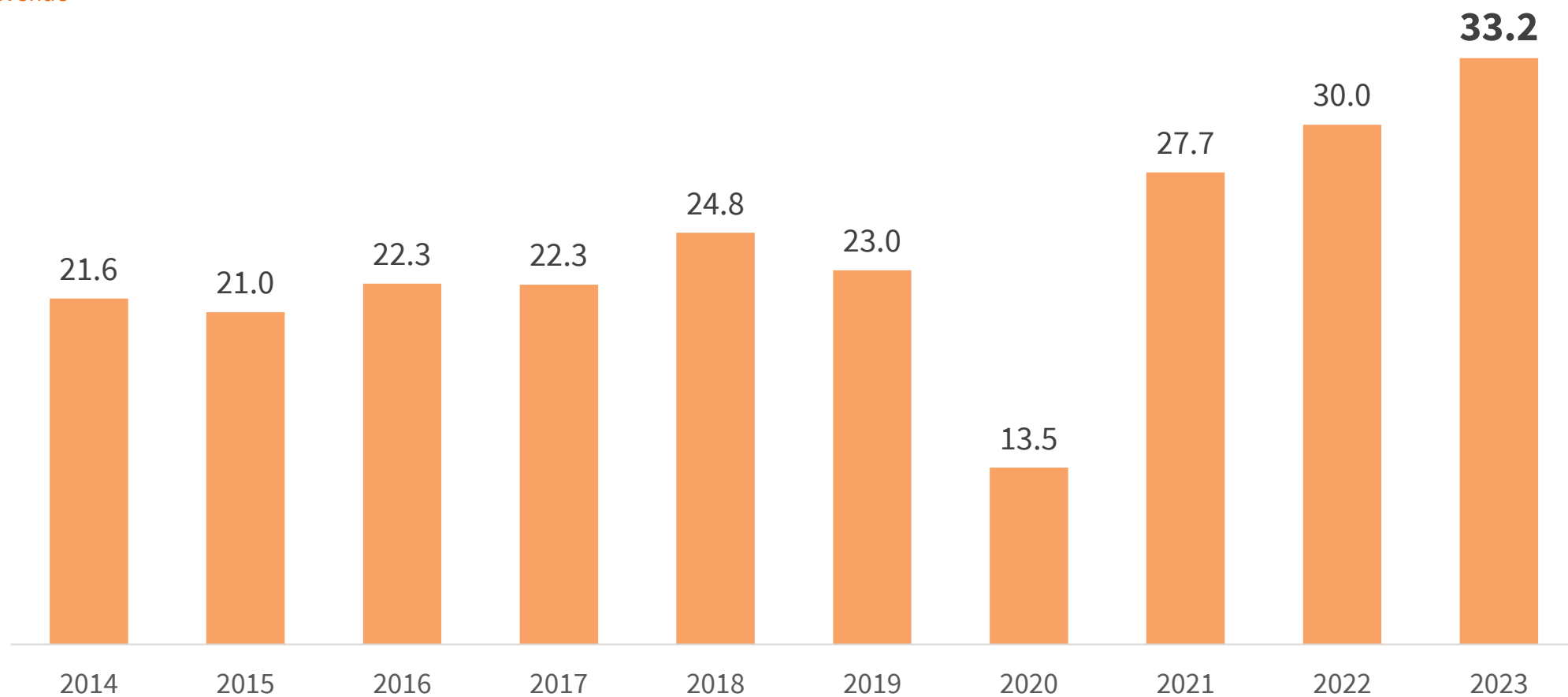


in €m	June 2023	% revenue	June 2022	% revenue
<b>Operating income</b>	<b>2,947</b>	<b>44.0%</b>	<b>2,304</b>	<b>42.1%</b>
Net financial income	75		(35)	
Income tax	(831)		(647)	
	<i>In % of income before tax</i>		<i>In % of income before tax</i>	
	27.5%		28.5%	
Net income from associates	43		25	
Non-controlling interests	(8)		(6)	
<b>Net income attributable to owners of the parent</b>	<b>2,226</b>	<b>33.2%</b>	<b>1,641</b>	<b>30.0%</b>
<i>Change y-o-y</i>	<b>+36%</b>			

# HALF YEAR NET PROFITABILITY EVOLUTION



in % of revenue

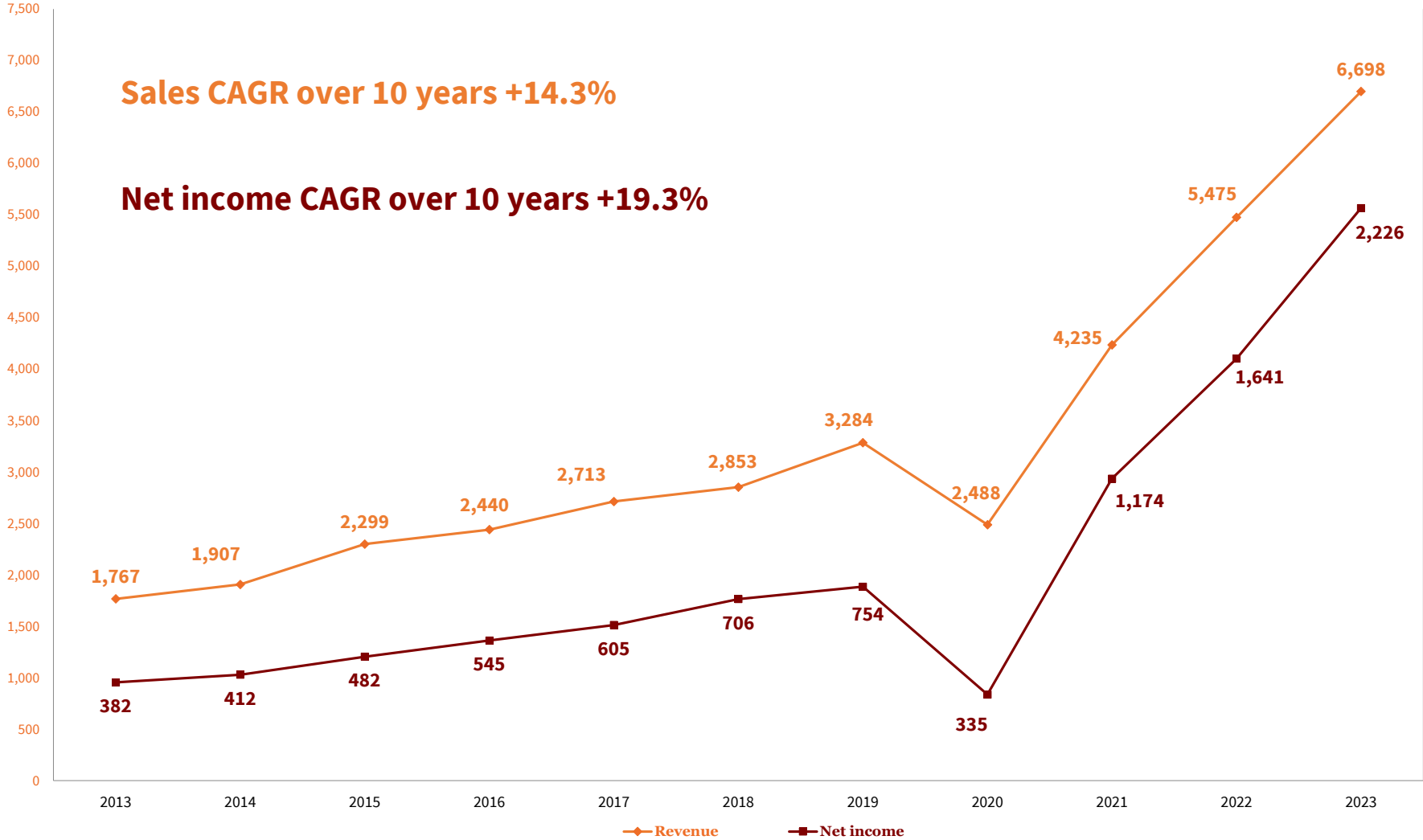




# HALF YEAR REVENUE AND NET INCOME EVOLUTION



in €m



in €m

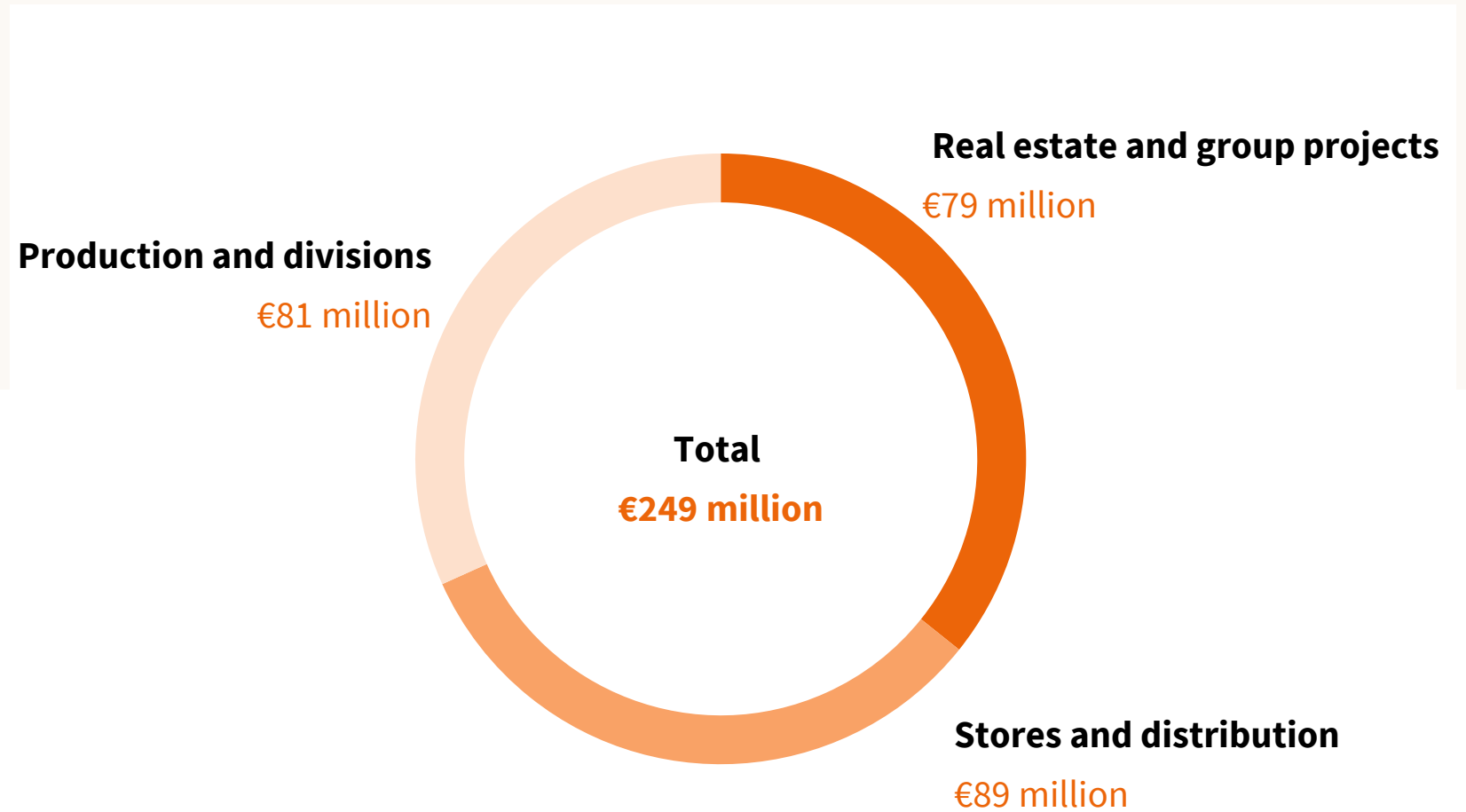


# Investments and cash flow





# OPERATING INVESTMENTS





# RESTATED CASH FLOW STATEMENT



in €m	June 2023	June 2022
Operating cash flows	2,615	2,001
Change in working capital	(509)	(261)
<b>Cash flows related to operating activities</b>	<b>2,106</b>	<b>1,740</b>
Operating investments	(249)	(190)
Repayment of lease liabilities	(137)	(128)
<b>Adjusted free cash flow</b>	<b>1,720</b>	<b>1,421</b>
Financial investments	(92)	(10)
Dividends paid	(1,384)	(850)
Treasury share buybacks net of disposals	-	(115)
Other changes	(138)	169
Change in net cash position	106	615
<b>Closing restated net cash position</b>	<b>9,848</b>	<b>7,685</b>
<b>Opening restated net cash position</b>	<b>9,742</b>	<b>7,070</b>





# Simplified balance sheet





An abstract background featuring a bright blue sky with wispy white clouds. A large, textured yellow sun is positioned in the upper center. A black silhouette of a person riding a horse is centered in the lower half. The word "Outlook" is written in a bold, black, sans-serif font across the middle of the image, overlapping the sun and the rider.

# Outlook





## OUTLOOK



- The group continues the year 2023 with confidence, thanks to the highly integrated artisanal model, the balanced distribution network, the creativity of collections and the loyalty of clients
- 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 singular communication





## 2023: ORANGE, THE COLOUR OF ASTONISHMENT



- Acceleration of job creation
- Continued investments in production capacities and vertical integration
- Store openings and expansions, notably:
  - › Los Angeles Topanga and Chicago (United States)
  - › Chengdu and Beijing SKP (Mainland China)
  - › Bordeaux (France) and Vienna (Austria)
- Launch of the 5<sup>th</sup> chapter of Hermès Beauty around the eyes in September
- Continuation of programmes backed by the Fondation d'entreprise Hermès: Manufacto and Manuterra to be rolled out in other academies and other countries



The background is a collage of orange and pink textured paper. A central arched window frame is drawn with thick black lines. To the left, a rectangular frame is partially visible. To the right, a stylized plant with several leaves is sketched in black. The overall style is hand-drawn and artistic.

# Questions and answers



