

HERMÈS

ANNUAL SALES GROWTH OF 10.2% AT CONSTANT EXCHANGE RATES

The Hermès Group's sales reached €1,764.6 m in 2008. They advanced by 10.2% at constant exchange rates and by 8.6% at current exchange rates.

Restated for the acquisition of Soficuir, a group specialised in selecting, buying and tanning exotic skins, sales growth for the year on a like-for-like basis and at constant exchange rates was 8.6%.

Sales moved up in the fourth quarter

(at constant exchange rates)

Business momentum was robust during the Christmas season. Over the fourth quarter, despite a difficult economic climate, sales advanced by 4.5% in the Group's stores and by 1.7% on a consolidated basis. While sales receded by 13% in Japan, they edged up 1% in Europe and the Americas. Growth remained on a strong trend in Asia, with a rise of 25%.

All regions except Japan registered growth over the full year

(like-for-like, at constant exchange rates)

Hermès continued to expand its distribution network in 2008. It opened twelve new branches and renovated or enlarged thirteen other locations.

In Europe, sales were 7% higher over the full year despite a slowdown in the fourth quarter. Five branches were renovated during the year.

In the Americas, following extremely brisk business over the first nine months, growth came to 15% over the full year. The distribution network was enlarged in November with the opening of a new branch in San Diego.

In Japan, in a difficult business climate, especially at the end of the year, sales contracted by 3% despite a small 1% increase in retail sales.

In non-Japan Asia, sales growth remained impressive over the full year, at 22%, including in the fourth quarter (up 25%). Business momentum was driven primarily by robust expansion in China. The Group continued to enlarge its distribution network in 2008, with the addition of eight new stores – three in continental China, two in Macao and its first location in India, in New Delhi.

Silks & Textiles, Leather Goods & Saddlery and Fashion delivered strong growth

(like-for-like, at constant exchange rates)

Silks & Textiles advanced by 11% over the year, driven by the success encountered by the new silk collections for women underpinned by new, innovative designs.

Leather Goods & Saddlery sales were up 14% in 2008, with growth propelled by a 21% rise in sales of leather bags over the year.

Sales for the Ready to Wear & Fashion Accessories division rose by 10% despite a high basis of comparison, due to the new ready-to-wear collections and to the development of fashion accessories. Perfumes registered a 6% advance, driven by the success of *Terre d'Hermès* and the extension of existing lines.

Following an excellent year in 2007, sales receded by 4% in Tableware and by 5% in "Other Hermès Sectors" (Jewellery & Art of Living) due to adverse economic conditions in the fourth quarter. In Watches, sales contracted 9%, primarily due to the fall in the Japanese market.

Targets for 2008 results

The Group will report its 2008 results on 19 March 2009. It expects to be close to its initial target of a steady current operating margin and of a steady net profit in value.

Outlook for 2009

The prevailing uncertainties over the economic situation make it difficult to project sales for 2009. However the target is for sales, excluding the currency impact, to be at least at the same level as in 2008, which could then bring a slight decrease in the operating margin.

Hermès will continue to follow its long-term strategy, of controlling its know-how and distribution network. It will continue to dedicate substantial investment to expand its distribution network and plans to open or renovate more than 20 stores in 2009, primarily in Asia and in the United States.

The Group's business will continue to be driven by the vitality of its know-how and spirit of craftsmanship, coupled with its ambitious, alluring creative designs. This momentum will be sustained by rallying our distribution network's efforts to showcase our lavish collections and to highlight customer service.

INFORMATIONS BY SECTORS

In millions of Euros	4 th quarter		Evolutions	
	2008	2007	published	at constant rates
<i>Distribution via the Hermès exclusive network :</i>				
Silk & Textiles	71.6	68.7	4.2 %	2.4 %
Leathergoods (1)	244.0	211.9	15.2 %	8.7 %
Ready-to-wear & fashion accessories (2)	94.4	87.7	7.6 %	2.8 %
Other Hermès Sectors (3)	26.3	28.2	-6.8 %	-10.6 %
<i>Subtotal</i>	436.3	396.5	10.0 %	4.9 %
<i>Distribution via specialist outlets :</i>				
Perfumes	32.3	31.5	2.6 %	1.7 %
Watches	32.3	35.7	-9.4 %	-14.4 %
Tableware	13.6	15.8	-14.1 %	-15.8 %
<i>Subtotal</i>	78.2	83.0	-5.7 %	-8.6 %
Other products (4)	26.4	29.8	-11.5 %	-12.3 %
TOTAL	540.9	509.3	6.2 %	1.7 %

(1) Leathergoods include bags & luggages, horse riding, diaries and small leather goods.

(2) Ready-to-wear and fashion accessories include ready-to-wear, male and female, belts, accessories jewellery, gloves, hats and Hermès shoes.

(3) Other Hermès sectors include jewellery and products of the art of living department.

(4) Other products include John Lobb shoes as well as production activities realized for third parties (textile printing, perfumes, tanning,...).

In millions of Euros	At end of December		Evolutions	
	2008	2007	published	at constant rates
<i>Distribution via the Hermès exclusive network :</i>				
Silk & Textiles	208.1	192.7	8.0 %	10.8 %
Leathergoods	763.1	675.0	13.1 %	14.3 %
Ready-to-wear & fashion accessories	336.6	315.2	6.8 %	9.5 %
Other Hermès Sectors	80.3	85.6	-6.1 %	-5.4 %
<i>Subtotal</i>	1,388.1	1,268.5	9.4 %	11.3 %
<i>Distribution via specialist outlets :</i>				
Perfumes	125.1	118.9	5.2 %	6.0 %
Watches	94.5	104.7	-9.7 %	-8.9 %
Tableware	47.8	50.7	-5.8 %	-4.4 %
<i>Subtotal</i>	267.4	274.3	-2.5 %	-1.6 %
Other products	109.1	82.3	32.5 %	33.5 % (*)
TOTAL	1,764.6	1,625.1	8.6 %	10.2 % (*)

(*) respectively -2.4% and +8.6% at constant exchange rates and on a like-for-like basis (excluding Soficuir sales, consolidated with effect 1st July 2007)

INFORMATIONS BY GEOGRAPHICAL ZONES (1)

In millions of Euros	4 th quarter		Evolutions	
	2008	2007	published	at constant rates
France	108.6	105.4	3.2 %	3.2 %
Europe (Excl. France)	112.5	116.0	-3.0 %	-1.6 %
Total Europe	221.1	221.4	-0.1 %	0.7 %
Japan	125.5	118.8	5.6 %	-12.9 %
Asia Pacific (Excl. Japan)	97.5	78.0	25.0 %	25.2 %
Total Asia	223.0	196.8	13.3 %	2.4 %
Americas	82.2	78.5	4.7 %	1.4 %
Others (2)	14.6	12.6	14.5 %	11.4 %
TOTAL	540.9	509.3	6.2 %	1.7 %

(1) Sales by geographical zones are by destination

(2) Including sales to airline companies

In millions of Euros	At end of December		Evolutions		
	2008	2007	published	at constant rates	like-for-like and at constant exchange rates (*)
France	359.3	326.9	9.9 %	9.9 %	7.7 %
Europe (Excl. France)	381.7	345.8	10.4 %	12.0 %	6.6 %
Total Europe	741.0	672.7	10.2 %	11.0 %	7.1 %
Japan	392.9	382.2	2.8 %	-2.7 %	-2.7 %
Asia Pacific (Excl. Japan)	320.5	281.8	13.7 %	22.3 %	22.2 %
Total Asia	713.4	664.0	7.4 %	7.9 %	7.9 %
Americas	264.6	245.6	7.8 %	15.2 %	15.0 %
Others	45.6	42.8	6.4 %	5.3 %	4.4 %
TOTAL	1,764.6	1,625.1	8.6 %	10.2 %	8.6 %

(*) Data excluding Soficuir sales, consolidated with effect 1st July 2007