

# HERMÈS

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## **SALES AND CURRENT OPERATING PROFIT GROWTH ABOVE 8%**

Executive Management presented the audited financial statements for 2008 to the Supervisory Board at its meeting of 18 March 2009. These reflect sales growth of 8.6%, or 10.2% at constant exchange rates, and an 8.4% increase in current operating income. Earnings per share moved up 1.8%.

The Hermès Group reported sales of €1,764.6m in 2008, a year-on-year rise of 10.2% at constant exchange rates and of 8.6% at current exchange rates. Restated for the acquisition of the Soficuir group, like-for-like sales growth at constant exchange rates came to 8.6% in 2008.

During the fourth quarter, despite the economic downturn and owing to an excellent year-end, sales expanded by 6.2% at current exchange rates.

### **All regions registered growth, with the exception of Japan.**

*(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 advanced by 7% over the full year despite a slowdown in the fourth quarter. The Group renovated five branches during the year.

In the Americas, following a handsome performance over the first nine months, sales expanded by 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 lacklustre business climate, overall sales contracted by 3% despite a 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 expanded vigorously**

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

The success of the new silk collections for women, with their new, innovative designs, pushed up Silks & Textiles sales by 11% over the year.

Leather Goods & Saddlery sales were up 14% in 2008, with growth propelled by leather bags.

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

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

### **Earnings growth**

Current operating income advanced by 8.4% year-on-year, to €449.2m in 2008 from €414.5m in 2007. The current operating margin remains steady at 25.5% of sales.

Following exceptional income recognised in 2007, the Group's consolidated net income edged up by 0.8% to €290.2m from €288m in the previous year. Earnings per share were 1.8% higher.

At constant exchange rates, current operating income would have advanced by 17% and net income by 9%.

### **Sustained investments in 2008**

Hermès' investments came to €160m. They were dedicated primarily to expanding the distribution network and increasing production capacity.

Hermès International acquired an additional stake in Jean-Paul Gaultier, thereby lifting its interest in that group from 35% to 45%.

Hermès also bought back €50.9m of its own shares and cancelled €48m of these during the year.

Cash flow was €378.9m in 2008, 6.3% higher than the €356.6m registered in 2007. Net cash amounted to €450m at the end of 2008.

### **New jobs created in 2008**

The Group created 439 new jobs, including 263 in France. Hermès had 7,894 employees at the end of 2008, most of them in production and sales.

### **Outlook for 2009**

The trend at the beginning of the year is in line with the target of steady sales. At the end of February, consolidated sales were up slightly owing to the favourable currency trend. At constant exchange rates, sales for the Group's own stores were higher. However, consolidated sales were a bit lower than in the same year-ago period owing to the contraction in sales to specialised distribution networks,

Hermès will continue to follow its long-term strategy of maintaining control over its know-how and distribution network. The Group will continue to invest significantly in expanding its distribution network. It will open or renovate over twenty stores in 2009, primarily in Asia and in the United States.

Hermès' activity will continue to be driven by its craftsmanship and creative spirit.

### **Proposed dividend**

At the Annual General Meeting, the shareholders will be asked to approve a dividend of €1.03 per share.

The Annual General Meeting will take place on 2 June 2009.

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The complete consolidated financial statements will be available by no later than 30 April 2009 at [www.hermes-international.com](http://www.hermes-international.com) and on the AMF website at [www.amf-france.org](http://www.amf-france.org).

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