

# HERMÈS

## Sales up 7.6% in the first half

During the first half, the Group's sales were €874.9m, up 7.6% at current exchange rates. At constant exchange rates, sales were steady compared to the first half of 2008.

Hermès products are sold through two separate distribution channels, which delivered contrasting results in the first half: the company-owned stores on one side and, on the other side, the concessionaires and specialised distribution networks, which mainly sell perfumes, watches and tableware (wholesales).

Sales growth for the Group's stores was a solid 19% at current exchange rates. At constant exchange rates, after growth of 12% in the second quarter, retail sales were 9% higher in the first half.

Wholesales, which are more exposed to the economic downturn, receded by 22% over the six months ended 30 June.

### Sales by sector and region

(at constant exchange rates, unless otherwise indicated)

During the first half, Hermès continued to expand its distribution network. It opened five branches (two in the United States, one in England, one in China and one in Korea) and took over one concession in Japan.

The company-owned stores generated sales growth of 19% at current exchange rates and of 9% at constant exchange rates; sales expanded in all regions except Japan, where they receded by 4%.

Owing to a 22% fall in wholesales, primarily due to further contraction in purchases from the specialised distribution networks, consolidated sales for the main regions edged down slightly, except in France and in Non-Japan Asia, where business momentum was fuelled by robust expansion in China and Korea.

By sector, sales were driven by silk scarves, fashion accessories and the Leather Goods & Saddlery division, with persistently strong demand for leather bags. Despite a small improvement in the second quarter, primarily in Perfumes, sales for the other sectors were lower. The decline was most pronounced in Watches and Tableware, where sales generated through non-Group distribution channels were adversely affected by inventory drawdowns.

### 2009 outlook

The trend seen in the first half is in line with the Group's target of steady sales for the full year at constant rates, with a slight contraction in current operating income.

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 the second half during which it will open or renovate more than ten stores, primarily in Asia and in the United States.

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

## INFORMATION BY SECTORS

| In millions of Euros                                   | 1 <sup>st</sup> Half |              | Evolutions      |                            |
|--|----------------------|--------------|-----------------|----------------------------|
|  | 2009                 | 2008         | published       | at constant exchange rates |
| <i>Distribution via the Hermès exclusive network :</i> |                      |              |                 |                            |
| Silk & Textiles  | 98.4                 | 91.1         | 8.0 %           | 1.2 %                      |
| Leathergoods & Saddlery (1)                            | 433.8                | 340.0        | 27.6 %          | 15.7 %                     |
| Ready-to-wear & fashion accessories (2)                | 166.2                | 155.4        | 6.9 %           | (0.5) %                    |
| Other Hermès Sectors (3)                               | 34.6                 | 34.8         | (0.3) %         | (7.2) %                    |
| <i>Subtotal</i>  | <i>733.0</i>         | <i>621.2</i> | <i>18.0 %</i>   | <i>8.3 %</i>               |
| <i>Distribution via specialist outlets :</i>           |                      |              |                 |                            |
| Perfumes   | 53.3                 | 63.5         | (16.1) %        | (17.3) %                   |
| Watches  | 33.5                 | 42.0         | (20.2) %        | (27.2) %                   |
| Tableware  | 17.5                 | 24.5         | (28.4) %        | (31.1) %                   |
| <i>Subtotal</i>  | <i>104.3</i>         | <i>129.9</i> | <i>(19.7) %</i> | <i>(23.1) %</i>            |
| Other products (4)                                     | 37.6                 | 62.0         | (39.3) %        | (40.0) %                   |
| <b>TOTAL</b>   | <b>874.9</b>         | <b>813.2</b> | <b>7.6 %</b>    | <b>(0.4) %</b>             |

(1) Leathergoods & Saddlery 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,...).

## INFORMATION BY GEOGRAPHICAL ZONES (1)

| In millions of Euros       | 1 <sup>st</sup> Half |              | Evolutions     |                            |
|----------------------------|----------------------|--------------|----------------|----------------------------|
|                            | 2009                 | 2008         | published      | at constant exchange rates |
| France                     | 168.9                | 167.7        | 0.7 %          | 0.7 %                      |
| Europe (Excl. France)      | 168.8                | 181.8        | (7.1) %        | (6.1) %                    |
| <b>Total Europe</b>        | <b>337.7</b>         | <b>349.5</b> | <b>(3.4) %</b> | <b>(2.8) %</b>             |
| Japan                      | 198.0                | 174.8        | 13.2 %         | (9.9) %                    |
| Asia Pacific (Excl. Japan) | 193.3                | 147.7        | 30.8 %         | 22.0 %                     |
| <b>Total Asia</b>          | <b>391.2</b>         | <b>322.5</b> | <b>21.3 %</b>  | <b>4.7 %</b>               |
| Americas                   | 129.7                | 118.3        | 9.7 %          | (1.9) %                    |
| Others (2)                 | 16.3                 | 22.9         | (28.9) %       | (29.3) %                   |
| <b>TOTAL</b>               | <b>874.9</b>         | <b>813.2</b> | <b>7.6 %</b>   | <b>(0.4) %</b>             |

(1) Sales by geographical zones are by destination

(2) Including sales to airline companies

## INFORMATION BY SECTORS

| In millions of Euros                                   | 2 <sup>nd</sup> quarter |              | Evolutions      |                            |
|--|-------------------------|--------------|-----------------|----------------------------|
|  | 2009                    | 2008         | published       | at constant exchange rates |
| <i>Distribution via the Hermès exclusive network :</i> |                         |              |                 |                            |
| Silk & Textiles  | 45.8                    | 41.3         | 10.9 %          | 4.3 %                      |
| Leathergoods & Saddlery                                | 228.0                   | 170.8        | 33.4 %          | 21.0 %                     |
| Ready-to-wear & fashion accessories                    | 77.9                    | 69.1         | 12.7 %          | 5.4 %                      |
| Other Hermès Sectors                                   | 18.4                    | 17.9         | 2.7 %           | (4.4) %                    |
| <i>Subtotal</i>  | <i>370.0</i>            | <i>299.1</i> | <i>23.7 %</i>   | <i>13.6 %</i>              |
| <i>Distribution via specialist outlets :</i>           |                         |              |                 |                            |
| Perfumes   | 31.1                    | 32.3         | (3.9) %         | (5.3) %                    |
| Watches  | 18.8                    | 21.1         | (11.0) %        | (19.0) %                   |
| Tableware  | 9.6                     | 13.7         | (29.5) %        | (32.1) %                   |
| <i>Subtotal</i>  | <i>59.5</i>             | <i>67.1</i>  | <i>(11.3) %</i> | <i>(15.1) %</i>            |
| Other products   | 17.0                    | 31.8         | (46.5) %        | (47.1) %                   |
| <b>TOTAL</b>   | <b>446.6</b>            | <b>398.1</b> | <b>12.2 %</b>   | <b>3.9 %</b>               |

## INFORMATION BY GEOGRAPHICAL ZONES

| In millions of Euros       | 2 <sup>nd</sup> quarter |              | Evolutions     |                            |
|----------------------------|-------------------------|--------------|----------------|----------------------------|
|                            | 2009                    | 2008         | published      | at constant exchange rates |
| France                     | 89.5                    | 85.2         | 5.0 %          | 5.0 %                      |
| Europe (Excl. France)      | 86.8                    | 93.3         | (6.9) %        | (6.2) %                    |
| <b>Total Europe</b>        | <b>176.4</b>            | <b>178.5</b> | <b>(1.2) %</b> | <b>(0.9) %</b>             |
| Japan                      | 101.8                   | 82.2         | 23.9 %         | 0.4 %                      |
| Asia Pacific (Excl. Japan) | 93.9                    | 68.7         | 36.7 %         | 26.0 %                     |
| <b>Total Asia</b>          | <b>195.7</b>            | <b>150.9</b> | <b>29.7 %</b>  | <b>12.1 %</b>              |
| Americas                   | 65.1                    | 57.3         | 13.5 %         | 1.4 %                      |
| Others (2)                 | 9.4                     | 11.3         | (16.9) %       | (17.4) %                   |
| <b>TOTAL</b>               | <b>446.6</b>            | <b>398.1</b> | <b>12.2 %</b>  | <b>3.9 %</b>               |