

# HERMÈS

## *Third quarter financial report (nine months ended 30 September 2009)*

### **Sales up 10% in the third quarter**

In a difficult economic climate, sales expanded by 10% at current exchange rates and by nearly 5% at constant exchange rates in the third quarter.

Third quarter sales were buoyed by strong momentum for stores, with growth of 18% at current exchange rates and of 12% at constant exchange rates, while the dip in wholesale revenues (down 13% at constant exchange rates), derived from perfumes, watches and tableware in particular, was smaller than at the end of June (down 22% at constant exchange rates).

### **Sales for the first nine months by sector and region**

*(at constant exchange rates, unless otherwise indicated)*

Sales for the nine months ended 30 September came to €1,327.1m, up 8.5% at current exchange rates. At constant exchange rates, sales were up 1.4% on the first nine months of 2008.

While wholesale revenues contracted once again (by 19% at constant exchange rates), sales generated by the Group's stores advanced by 19% at current exchange rates and by 10% at constant exchange rates, driven by growth in all regions other than Japan (down 7%).

The rest of Asia registered impressive sales growth, with a rise of 35%, fuelled primarily by robust expansion in China and Korea. Hermès actively expanded its distribution network during the first nine months of 2009. It opened nine new branches, including two in the United States and two in China. It also inaugurated its first store concession in Brazil, in Sao Paulo.

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

### **Significant events during the third quarter**

Fluctuations in exchange rates, and more particularly in the yen, the US dollar and currencies tied to the dollar, produced a strong impact on the Group's sales, with a positive €86 million effect on sales for the nine months to 30 September. There were no other significant events that produced a material impact on the Hermès Group's sales and results during the first nine months of 2009.

During the third quarter, the Hermès Group acquired a building at 167 New Bond Street in London for €83 million.

The Hermès Group did not buy back any shares during the first nine months of 2009, other than shares traded under the liquidity contract.

## **Outlook**

If the trend seen from the beginning of the year continues, the Group's target of steady sales at constant exchange rates over the full year will be slightly exceeded. The current operating income could be around 5% down from 2008, due in particular to weaker currencies against the Euro in the second half.

Hermès will continue to follow its long-term strategy of retaining control over its know-how and distribution network. During the fourth quarter of 2009, Hermès will continue to invest in expanding its distribution network. It plans to open or renovate six branches, including one new store in the United States, in Seattle, and another in Canada, in Calgary. It also has several projects in Asia.

Hermès' sales growth 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 – our strongest advantage in maintaining growth in a business climate that may remain bleak.

## INFORMATION BY SECTORS

In millions of Euros	At end of September		Evolutions	
	2009	2008	published	at constant exchange rates
<i>Distribution via the Hermès exclusive network :</i>				
Silk & Textiles	143.9	136.5	5.4 %	(0.1) %
Leathergoods & Saddlery (1)	657.3	519.1	26.6 %	16.3 %
Ready-to-wear & fashion accessories (2)	257.8	242.2	6.5 %	0.1 %
Other Hermès Sectors (3)	51.7	54.0	(4.3) %	(10.0) %
<b>Subtotal</b>	<b>1 110.7</b>	<b>951.8</b>	<b>16.7 %</b>	<b>8.3 %</b>
<i>Distribution via specialist outlets :</i>				
Perfumes	83.9	92.8	(9.6) %	(10.6) %
Watches	54.3	62.2	(12.7) %	(19.2) %
Tableware	26.1	34.2	(23.8) %	(26.3) %
<b>Subtotal</b>	<b>164.3</b>	<b>189.2</b>	<b>(13.2) %</b>	<b>(16.3) %</b>
Other products (4)	52.0	82.6	(37.0) %	(37.8) %
<b>TOTAL</b>	<b>1 327.1</b>	<b>1 223.6</b>	<b>8.5 %</b>	<b>1.4 %</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	At end of September		Evolutions	
	2009	2008	published	at constant exchange rates
France	253.1	250.6	1.0 %	1.0 %
Europe (Excl. France)	261.6	269.2	(2.8) %	(2.0) %
<b>Total Europe</b>	<b>514.7</b>	<b>519.8</b>	<b>(1.0) %</b>	<b>(0.5) %</b>
Japan	289.7	267.4	8.3 %	(12.5) %
Asia Pacific (Excl. Japan)	296.5	223.0	33.0 %	25.8 %
<b>Total Asia</b>	<b>586.2</b>	<b>490.4</b>	<b>19.5 %</b>	<b>4.9 %</b>
Americas	201.8	182.4	10.6 %	1.6 %
Others (2)	24.4	31.0	(21.3) %	(21.9) %
<b>TOTAL</b>	<b>1 327.1</b>	<b>1 223.6</b>	<b>8.5 %</b>	<b>1.4 %</b>

(1) Sales by geographical zones are by destination

(2) Including sales to airline companies

## INFORMATION BY SECTORS

In millions of Euros	3 <sup>rd</sup> quarter		Evolutions	
	2009	2008	published	at constant exchange rates
<i>Distribution via the Hermès exclusive network :</i>				
Silk & Textiles	45.5	45.4	0.1 %	(3.1) %
Leathergoods & Saddlery	223.5	179.0	24.8 %	17.2 %
Ready-to-wear & fashion accessories	91.7	86.8	5.6 %	0.8 %
Other Hermès Sectors	17.0	19.3	(11.5) %	(15.3) %
<b>Subtotal</b>	<b>377.7</b>	<b>330.5</b>	<b>14.3 %</b>	<b>8.2 %</b>
<i>Distribution via specialist outlets :</i>				
Perfumes	30.7	29.3	4.5 %	3.9 %
Watches	20.9	20.2	3.0 %	(2.8) %
Tableware	8.5	9.7	(12.3) %	(14.1) %
<b>Subtotal</b>	<b>60.0</b>	<b>59.3</b>	<b>1.2 %</b>	<b>(1.3) %</b>
Other products	14.4	20.6	(30.1) %	(31.0) %
<b>TOTAL</b>	<b>452.1</b>	<b>410.5</b>	<b>10.2 %</b>	<b>4.8 %</b>

## INFORMATION BY GEOGRAPHICAL ZONES

In millions of Euros	3 <sup>rd</sup> quarter		Evolutions	
	2009	2008	published	at constant exchange rates
France	84.2	82.9	1.5 %	1.5 %
Europe (Excl. France)	92.8	87.4	6.1 %	6.7 %
<b>Total Europe</b>	<b>176.9</b>	<b>170.3</b>	<b>3.9 %</b>	<b>4.2 %</b>
Japan	91.8	92.6	(0.9) %	(17.5) %
Asia Pacific (Excl. Japan)	103.2	75.3	37.2 %	32.9 %
<b>Total Asia</b>	<b>195.0</b>	<b>167.9</b>	<b>16.2 %</b>	<b>5.1 %</b>
Americas	72.1	64.1	12.4 %	6.8 %
Others (2)	8.1	8.1	0.1 %	(1.0) %
<b>TOTAL</b>	<b>452.1</b>	<b>410.5</b>	<b>10.2 %</b>	<b>4.8 %</b>

**REMINDER OF PREVIOUS PUBLICATIONS**

**INFORMATION BY SECTORS**

In millions of Euros	2009			2008		
	T1	T2	S1	T1	T2	S1
<i>Distribution via the Hermès exclusive network :</i>						
Silk & Textiles	52.6	45.8	98.4	49.8	41.3	91.1
Leathergoods & Saddlery	205.9	228.0	433.8	169.2	170.8	340.0
Ready-to-wear & fashion accessories	88.3	77.9	166.2	86.3	69.1	155.4
Other Hermès Sectors	16.2	18.4	34.6	16.9	17.9	34.8
<b>Subtotal</b>	<b>363.0</b>	<b>370.0</b>	<b>733.0</b>	<b>322.1</b>	<b>299.1</b>	<b>621.2</b>
<i>Distribution via specialist outlets :</i>						
Perfumes	22.2	31.1	53.3	31.1	32.3	63.5
Watches	14.7	18.8	33.5	20.9	21.1	42.0
Tableware	7.9	9.6	17.5	10.8	13.7	24.5
<b>Subtotal</b>	<b>44.8</b>	<b>59.5</b>	<b>104.3</b>	<b>62.8</b>	<b>67.1</b>	<b>129.9</b>
Other products	20.6	17.0	37.6	30.2	31.8	62.0
<b>TOTAL</b>	<b>428.4</b>	<b>446.6</b>	<b>874.9</b>	<b>415.1</b>	<b>398.1</b>	<b>813.2</b>

**INFORMATION BY GEOGRAPHICAL ZONES**

In millions of Euros	2009			2008		
	T1	T2	S1	T1	T2	S1
France	79.4	89.5	168.9	82.4	85.2	167.7
Europe (Excl. France)	82.0	86.8	168.8	88.5	93.3	181.8
<b>Total Europe</b>	<b>161.4</b>	<b>176.4</b>	<b>337.7</b>	<b>170.9</b>	<b>178.5</b>	<b>349.5</b>
Japan	96.1	101.8	198.0	92.6	82.2	174.8
Asia Pacific (Excl. Japan)	99.4	93.9	193.3	79.0	68.7	147.7
<b>Total Asia</b>	<b>195.5</b>	<b>195.7</b>	<b>391.2</b>	<b>171.6</b>	<b>150.9</b>	<b>322.5</b>
Americas	64.7	65.1	129.7	61.0	57.3	118.3
Others (2)	6.8	9.4	16.3	11.6	11.3	22.9
<b>TOTAL</b>	<b>428.4</b>	<b>446.6</b>	<b>874.9</b>	<b>415.1</b>	<b>398.1</b>	<b>813.2</b>