

HERMÈS

First quarter financial report (three months ended 31 March 2010)

Robust sales growth in the first quarter

Sales for the three months ended 31 March 2010 came to €507.7m, a rise of 20.2% at constant exchange rates and of 18.5% at current exchange rates.

Sales growth was particularly robust for the Group's own stores (up 26% at constant exchange rates), driven by a solid performance across all Hermès sectors. Wholesale revenues, which in 2009 were adversely affected by distributor inventory drawdowns, moved up 4% at constant exchange rates. They benefited from a substantial improvement in business, namely in watches, and from the highly successful launch of the new Voyage d'Hermès fragrance.

First-quarter sales by sector and region

(at constant exchange rates, unless otherwise indicated)

In the first quarter, sales remained on a solid uptrend throughout Europe (up 15 %), both in France and in the rest of the region.

In the Americas (up 25%), the rebound initiated in the fourth quarter of 2009 continued. Growth was spurred by the success of the first Hermès store dedicated to men on Madison Avenue in New York inaugurated in February.

In non-Japan Asia (up 47%), sales generated by the Group's stores remained on an exceptional growth trend. In Japan, sales dipped by a modest 2%.

Silks & Textiles delivered a handsome performance, with growth of 17% underpinned by the success encountered by the new women's silk collections.

Leather Goods & Saddlery remained on a solid trend, with a 23% advance, under the impetus of leather bags, which registered a strong and diversified growth of 22%.

Perfume sales were up 38%, driven by the constant dynamism of *Terre d'Hermès* and by the successful launch of *Voyage d'Hermès* in March.

In Ready-to-Wear and Fashion Accessories, sales advanced by 19%, propelled mainly by the success of fashion accessories, while "Other Hermès sectors" (Jewellery and Art of Living) posted an increase of 6%.

Lastly, in Watches and Tableware, sales showed substantial improvement in the first quarter, with rises of 39% and 23% respectively.

Significant events during the first quarter

No significant events that materially affected the Hermès Group's business occurred during the first quarter of 2010.

The exchange rate trend at end-March was modestly unfavourable. It produced a negative impact of €7m on sales.

The Group did not buy back any shares during the first quarter of 2010, other than shares traded under the liquidity contract.

Outlook for 2010

The Hermès Group will continue to expand in 2010, with the support of its powerful brand and its high-quality distribution network. First-quarter sales growth cannot be extrapolated to the full year owing to the more favourable basis of comparison with the same year-ago period and to persistent economic uncertainties.

Hermès will continue to follow its long-term strategy of maintaining control over its know-how and distribution network. In 2010, Hermès will continue to invest in expanding its distribution network and plans to open and renovate about twenty branches, including the new store on rue de Sèvres in Paris by the end of the year.

During 2010 – the year of “Tales to be told” – 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.

INFORMATION BY SECTORS

In millions of Euros	1 st quarter		Evolutions	
	2010	2009	published	at constant exchange rates
<i>Distribution via the Hermès exclusive network :</i>				
Silk & Textiles	60.4	52.6	14.8%	16.8%
Leathergoods & Saddlery (1)	247.9	205.9	20.4%	22.1%
Ready-to-wear & fashion accessories (2)	103.2	88.3	16.8%	18.9%
Other Hermès Sectors (3)	16.9	16.2	4.3%	5.8%
Subtotal	428.4	363.0	18.0%	19.8%
<i>Distribution via specialist outlets :</i>				
Perfumes	30.6	22.2	38.1%	38.4%
Watches	20.0	14.7	35.8%	39.1%
Tableware	9.7	7.9	22.2%	23.4%
Subtotal	60.3	44.8	34.5%	36.0%
Other products (4)	19.0	20.6	(7.2)%	(7.0)%
TOTAL	507.7	428.4	18.5%	20.2%

(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 st quarter		Evolutions	
	2010	2009	published	at constant exchange rates
France	90.9	79.4	14.5%	14.5%
Europe (Excl. France)	95.1	82.0	15.9%	15.1%
Total Europe	186.0	161.4	15.2%	14.8%
Japan	91.7	96.1	(4.6)%	(1.8)%
Asia Pacific (Excl. Japan)	143.9	99.4	44.8%	46.6%
Total Asia	235.6	195.5	20.5%	22.8%
Americas	77.5	64.7	19.9%	25.2%
Others (2)	8.6	6.8	27.4%	27.3%
TOTAL	507.7	428.4	18.5%	20.2%

(1) Sales by geographical zones are by destination

(2) Including sales to airline companies