

HERMÈS

Sales up 23% in the first half

Sales for the six months ended 30 June 2010 came to €1,074.7m, a rise of 20% at constant exchange rates. Including the favourable currency impact, sales were 22.8% higher.

Sales growth was particularly robust for the group's own stores (up 25% at constant exchange rates), with a solid growth showing by most Hermès sectors. Wholesale revenues, which in 2009 were adversely affected by distributors' inventory drawdowns, primarily in watches and perfumes, resumed on an uptrend.

During the second quarter, sales expanded by 20% at constant exchange rates. Sales generated by the Hermès stores continued to advance at an impressive pace, with a 25% jump.

Sales by sector and region

(at constant exchange rates, unless otherwise indicated)

In Europe, sales were up 17% driven by excellent retail activity in all countries.

In the Americas, the rebound initiated in the fourth quarter of 2009 continued throughout the first six months, with a rise of 26% at end of June. The first Hermès store dedicated to men on Madison Avenue in New York inaugurated at the beginning of the year encountered a strong success.

In non-Japan Asia (up 45%), sales generated by the group's stores remained on an impressive growth trend. Hermès continued to expand its distribution network and opened two new branches in China during the second quarter. In Japan, sales were slightly down (-2%).

Silks & Textiles delivered a handsome performance. Sales advanced by 17%, underpinned by the success of the new women's silk collections, which were enhanced by exceptional new products in cashmere and silk.

Leather Goods and Saddlery remained on a very high growth trend (23%), fuelled by new, high-profile introductions in small leather accessories and leather bags in addition to the flagship models.

Ready-to-Wear and Fashion Accessories delivered a rise of 18%, attributable primarily to the success of fashion accessories

In Perfumes, sales were up 25%, boosted by the successful launch of *Voyage d'Hermès* during the month of March and by persistently strong demand for *Terre d'Hermès*.

After a difficult year in 2009, Watches registered a 33% surge while Tableware sales improved appreciably (up 8%).

First-half results

First-half results will be published on 31 August 2010. Current operating income is expected to show a strong increase, above sales increase, compared with the same year-ago period.

Outlook for 2010

The growth rate registered in the first six months cannot recur in the second half owing to a less favourable comparison basis. However, owing to an excellent second quarter beyond expectations, sales growth target for the year ranges between 10% to 12% at constant exchange rates. This target does not take into account economic factors that could significantly alter the business environment.

Over the full year, current operating margin is expected to improve at least by 100 basis points compared with 2009, depending on currency trends.

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 some twenty branches. It will inaugurate a new store on rue de Sèvres in Paris at 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 Half		Evolutions	
	2010	2009	published	at constant exchange rates
<i>Distribution via the Hermès exclusive network :</i>				
Silk & Textiles	117.3	98.4	19.2%	16.6%
Leathergoods & Saddlery (1)	547.7	433.8	26.3%	22.6%
Ready-to-wear & fashion accessories (2)	201.0	166.2	21.0%	18.3%
Other Hermès Sectors (3)	34.9	34.6	0.9%	(1.0)%
Subtotal	901.0	733.0	22.9%	19.7%
<i>Distribution via specialist outlets :</i>				
Perfumes	67.0	53.3	25.7%	25.2%
Watches	45.5	33.5	35.8%	33.1%
Tableware	19.1	17.5	8.8%	7.6%
Subtotal	131.6	104.3	26.1%	24.8%
Other products (4)	42.1	37.6	12.0%	11.0%
TOTAL	1,074.7	874.9	22.8%	20.0%

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

(2) Ready-to-wear and fashion accessories include ready-to-wear, men and women, 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 Half		Evolutions	
	2010	2009	published	at constant exchange rates
France	192.3	168.9	13.8%	13.8%
Europe (Excl. France)	205.1	169.1	21.3%	19.9%
Total Europe	397.3	338.0	17.6%	16.9%
Japan	203.7	198.0	2.9%	(1.7)%
Asia Pacific (Excl. Japan)	291.4	193.3	50.8%	45.0%
Total Asia	495.2	391.2	26.6%	21.4%
Americas	165.7	129.7	27.7%	25.9%
Others (2)	16.5	16.0	3.2%	2.9%
TOTAL	1,074.7	874.9	22.8%	20.0%

(1) Sales by geographical zones are by destination.

(2) Including sales to airline companies.

INFORMATION BY SECTORS

In millions of Euros	2 nd quarter		Evolutions	
	2010	2009	published	at constant exchange rates
<i>Distribution via the Hermès exclusive network :</i>				
Silk & Textiles	56.9	45.8	24.3%	17.0%
Leathergoods & Saddlery	299.9	228.0	31.5%	23.2%
Ready-to-wear & fashion accessories	97.9	77.9	25.7%	17.6%
Other Hermès Sectors	18.0	18.4	(2.1)%	(6.7)%
Subtotal	472.6	370.0	27.7%	19.8%
<i>Distribution via specialist outlets :</i>				
Perfumes	36.3	31.1	16.9%	15.8%
Watches	25.5	18.8	35.9%	28.7%
Tableware	9.4	9.6	(2.2)%	(5.2)%
Subtotal	71.3	59.5	19.8%	16.5%
Other products	23.0	17.0	35.1%	32.7%
TOTAL	567.0	446.6	27.0%	19.8%

INFORMATION BY GEOGRAPHICAL ZONES

In millions of Euros	2 nd quarter		Evolutions	
	2010	2009	published	at constant exchange rates
France	101.4	89.5	13.2%	13.2%
Europe (Excl. France)	109.9	87.0	26.3%	24.5%
Total Europe	211.3	176.5	19.7%	18.8%
Japan	112.0	101.8	10.0%	(1.6)%
Asia Pacific (Excl. Japan)	147.6	93.9	57.1%	43.6%
Total Asia	259.6	195.7	32.6%	19.8%
Americas	88.2	65.1	35.5%	27.9%
Others (2)	7.9	9.2	(14.6)%	(15.0)%
TOTAL	567.0	446.6	27.0%	19.8%