

HERMÈS

Quarterly financial report as at end of September 2010

Sales up 31% in third quarter

During the third quarter, sales growth was 20% at constant exchange rates and 31% at current exchange rates, driven by robust momentum generated by the group's own stores. The recovery in wholesale revenues initiated in the first half was confirmed and all Hermès business sectors delivered growth.

Sales for the first nine months amounted to €1,664.8 million. They were up 20% at constant exchange rates and up 25% at current exchange rates.

Sales for the first nine months by sector and region

(at constant exchange rates, unless otherwise indicated)

In Europe, sales rose by 19% in the nine months to 30 September, with a 26% surge in France and persistently solid momentum in the rest of Europe (up 19%) during the third quarter.

In the Americas, sales advanced by 23%, due primarily to the success of the first Hermès store dedicated to men on Madison Avenue in New York.

In non-Japan Asia (up 41%), growth was propelled by a sharp upturn in sales in the Group's own stores across all sectors and by continued expansion of the distribution network, with three new branches opened in China since the beginning of the year. In Japan, sales dipped by 1%.

Silks & Textiles turned in a handsome performance. Sales advanced by 20% over the first nine months, after an excellent third quarter, 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 (up 22%), fuelled by small leather accessories and high demand for leather bags. Sales in this sector were buoyed by the growing success of new bags in addition to the flagship models.

The Ready-to-Wear and Fashion Accessories division delivered a 17% rise, due primarily to fashion accessories.

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

In Watches, the strong recovery initiated during the first half continued, with growth of 34%, while the Tableware sector showed improvement (up 7 %).

Significant events during the third quarter

There were no significant events that produced a material impact on the Hermès Group's activity during the third quarter of 2010.

During the first nine months, changes in exchange rates, particularly for the Japanese yen, US dollar and currencies linked to the dollar against the euro, generated a positive impact of €73 million on the Group's

sales. During the third quarter, when the major currencies weakened against the euro, the currency impact was more pronounced.

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

On 23 October 2010, the LVMH group announced that it held 17,1% of Hermès International's share capital. No legal or statutory ownership threshold disclosures had been filed prior to this announcement.

Outlook

Based on the strong growth achieved in the third quarter, sales growth target for the year could be around 15% at constant exchange rates. Achieving this target assumes that solid sales growth will persist in the fourth quarter, on a particularly high basis of comparison in the fourth quarter of 2009.

Over the full year, the underlying operating margin is expected to improve by one to two percentage points by comparison with the 2009 level, depending on currency trends.

Hermès will continue to follow its long-term strategy of maintaining control over its know-how and distribution network. Over the full year 2010, Hermès will continue to invest in expanding its distribution network. It plans to open or renovate about twenty branches. The new store on rue de Sèvres in Paris will be inaugurated within a few days.

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	At end of September		Evolutions	
	2010	2009	published	at constant exchange rates
<i>Distribution via the Hermès exclusive network :</i>				
Silk & Textiles	180.1	143.9	25.2%	19.9%
Leathergoods & Saddlery (1)	843.2	657.3	28.3%	21.5%
Ready-to-wear & fashion accessories (2)	315.9	257.8	22.5%	17.2%
Other Hermès Sectors (3)	54.6	51.7	5.7%	1.8%
Subtotal	1 393.8	1 110.7	25.5%	19.4%
<i>Distribution via specialist outlets :</i>				
Perfumes	105.4	83.9	25.6%	24.6%
Watches	76.1	54.3	40.1%	33.8%
Tableware	28.6	26.1	9.8%	7.3%
Subtotal	210.1	164.3	27.9%	24.9%
Other products (4)	60.8	52.0	17.0%	15.1%
TOTAL	1 664.8	1 327.1	25.4%	19.9%

(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	At end of September		Evolutions	
	2010	2009	published	at constant exchange rates
France	298.4	253.1	17.9%	17.9%
Europe (Excl. France)	318.9	262.4	21.6%	19.6%
Total Europe	617.3	515.5	19.8%	18.8%
Japan	314.7	289.7	8.6%	(1.0)%
Asia Pacific (Excl. Japan)	448.0	296.5	51.1%	41.3%
Total Asia	762.8	586.2	30.1%	20.4%
Americas	260.1	201.8	28.9%	23.4%
Others (2)	24.6	23.6	4.1%	3.6%
TOTAL	1 664.8	1 327.1	25.4%	19.9%

(1) Sales by geographical zones are by destination.

(2) Including sales to airline companies.

INFORMATION BY SECTORS

In millions of Euros	3 rd quarter		Evolutions	
	2010	2009	published	at constant exchange rates
<i>Distribution via the Hermès exclusive network :</i>				
Silk & Textiles	62.8	45.5	38.0%	27.5%
Leathergoods & Saddlery	295.5	223.5	32.2%	19.7%
Ready-to-wear & fashion accessories	114.9	91.7	25.3%	15.8%
Other Hermès Sectors	19.7	17.0	15.5%	7.5%
Subtotal	492.8	377.7	30.5%	19.1%
<i>Distribution via specialist outlets :</i>				
Perfumes	38.4	30.7	25.2%	23.5%
Watches	30.6	20.9	47.0%	35.3%
Tableware	9.5	8.5	11.8%	6.9%
Subtotal	78.5	60.0	30.9%	25.3%
Other products	18.7	14.4	30.0%	25.7%
TOTAL	590.1	452.1	30.5%	20.2%

INFORMATION BY GEOGRAPHICAL ZONES

In millions of Euros	3 rd quarter		Evolutions	
	2010	2009	published	at constant exchange rates
France	106.1	84.2	26.1%	26.1%
Europe (Excl. France)	113.9	93.3	22.0%	19.0%
Total Europe	220.0	177.5	24.0%	22.4%
Japan	111.0	91.8	21.0%	0.4%
Asia Pacific (Excl. Japan)	156.6	103.2	51.7%	35.1%
Total Asia	267.6	195.0	37.2%	18.7%
Americas	94.5	72.1	31.1%	20.3%
Others	8.1	7.6	6.2%	5.1%
TOTAL	590.1	452.1	30.5%	20.2%

REMINDER OF PREVIOUS PUBLICATIONS

INFORMATION BY SECTORS

In millions of Euros	2010			2009		
	Q1 published	Q2 published	S1 published	Q1 published	Q2 published	S1 published
<i>Distribution via the Hermès exclusive network :</i>						
Silk & Textiles	60.4	56.9	117.3	52.6	45.8	98.4
Leathergoods & Saddlery	247.9	299.9	547.7	205.9	228.0	433.8
Ready-to-wear & fashion accessories	103.2	97.9	201.0	88.3	77.9	166.2
Other Hermès Sectors	16.9	18.0	34.9	16.2	18.4	34.6
Subtotal	428.4	472.6	901.0	363.0	370.0	733.0
<i>Distribution via specialist outlets :</i>						
Perfumes	30.6	36.3	67.0	22.2	31.1	53.3
Watches	20.0	25.5	45.5	14.7	18.8	33.5
Tableware	9.7	9.4	19.1	7.9	9.6	17.5
Subtotal	60.3	71.3	131.6	44.8	59.5	104.3
Other products	19.0	23.0	42.1	20.6	17.0	37.6
TOTAL	507.7	567.0	1 074.7	428.4	446.6	874.9

INFORMATION BY GEOGRAPHICAL ZONES

In millions of Euros	2010			2009		
	Q1 published	Q2 published	S1 published	Q1 published	Q2 published	S1 published
France	90.9	101.4	192.3	79.4	89.5	168.9
Europe (Excl. France)	95.1	109.9	205.1	82.0	87.0	169.1
Total Europe	186.0	211.3	397.3	161.4	176.5	338.0
Japan	91.7	112.0	203.7	96.1	101.8	198.0
Asia Pacific (Excl. Japan)	143.9	147.6	291.4	99.4	93.9	193.3
Total Asia	235.6	259.6	495.2	195.5	195.7	391.2
Americas	77.5	88.2	165.7	64.7	65.1	129.7
Others	8.6	7.9	16.5	6.8	9.2	16.0
TOTAL	507.7	567.0	1 074.7	428.4	446.6	874.9