

# HERMÈS

## *Third quarter financial report (nine months ended 30 September 2011)*

### **Business momentum persistently robust in the third quarter**

Revenue for the nine months ended 30 September 2011 came to €1,989 million, a rise of 20.2% at constant exchange rates and of 19.5% at current exchange rates.

In the third quarter, revenue expanded by 18.2% at constant exchange rates and by 15.8% at current exchange rates. Sales growth for the Group's own stores remained solid (up 19.1% at constant exchange rates), in spite of a high comparison basis.

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

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

The remarkable growth trend in the Americas (30%) and in non-Japan Asia (32%) registered in the first half persisted in the third quarter. The distribution network was enlarged with the addition of a new branch in China and a third store in India, in Bombay. The Bombay store is in the historical city centre and is the first Western luxury goods shop located outside a shopping centre.

In France, sales advanced by 15% under the impetus of the store opened on rue de Sèvres at the end of 2010. The other European countries delivered exceptional growth of 20%, driven by the integration of the two Moscow concessions last May and the opening of new branches in Berlin and Rome.

In Japan, sales were slightly higher in the third quarter.

All business lines contributed to this handsome performance, which is underpinned by ongoing innovation and creativity.

Silks & Textiles delivered sales growth of 27% owing to the success of the new products developed over the past several seasons.

In Leather Goods & Saddlery, sales moved up 13% due to strong demand for small leather goods and leather bags. The new handbag models, including the *Lindy* and *Jypsière*, have become highly popular among customers, alongside the great Hermès classics.

Ready-to-wear & Fashion Accessories registered 31% growth due to the success of the latest ready-to-wear collections and to the extensive array of fashion accessories. The first women's ready-to-wear collection designed by Christophe Lemaire was warmly greeted.

Perfumes (up 15%) benefited from the successful launch of *Un Jardin sur le toit* and of continued growth in sales of *Terre d'Hermès*.

Lastly, the rebound in sales of Watches (up 28%), Jewellery, (up 31%) and Tableware (up 22%) was confirmed.

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

On 15 September 2011, the Paris Court of Appeals upheld the exemption from the requirement to file for a public offering granted by the AMF (Autorité des Marchés Financiers) to the Hermès family group.

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During the third quarter, Hermès International bought back 912,662 of its own shares for €211.7 million (excluding shares traded under the liquidity contract). Over the first nine months of 2011, a total of 1,237,289 shares were bought for €273.4 million.

In addition, to reinforce control over its know-how, the Group acquired a 32.5% equity interest in Joseph Erard, a Swiss manufacturer of high-end watch cases.

## **Outlook**

Owing to the high growth registered in the third quarter, the Group has upgraded its annual sales target. Sales growth could be between 15% to 16% at constant exchange rates. Meeting this target will be highly contingent on the business sectors' ability to meet stepped-up demand ahead of the year-end holiday season.

Over the full year, current operating margin is expected to be slightly higher than the record level achieved in 2010.

Hermès will continue to follow its long-term strategy of maintaining control over its know-how and distribution network. Over the full year 2011, Hermès will continue to invest in expanding its distribution network, with plans to open and renovate some twenty branches.

During 2011, under the theme “Hermès, Contemporary Artisan”, sales growth will continue to be driven by the Group's ambitious, alluring creative designs and by the vitality of its craftsmanship.

**INFORMATION BY GEOGRAPHICAL ZONES (1)**

In millions of Euros	At end of September		Evolutions	
	2011	2010	published	at constant exchange rates
France	344.1	298.4	15.3%	15.3%
Europe (Excl. France)	387.3	318.9	21.4%	19.8%
<b>Total Europe</b>	<b>731.4</b>	<b>617.3</b>	<b>18.5%</b>	<b>17.6%</b>
Japan	331.1	314.7	5.2%	1.1%
Asia Pacific (Excl. Japan)	577.5	448.1	28.9%	31.5%
<b>Total Asia</b>	<b>908.6</b>	<b>762.8</b>	<b>19.1%</b>	<b>18.9%</b>
Americas	318.8	260.1	22.6%	29.6%
Others (2)	29.9	24.6	21.7%	21.2%
<b>TOTAL</b>	<b>1 988.7</b>	<b>1 664.8</b>	<b>19.5%</b>	<b>20.2%</b>

In millions of Euros	3 <sup>rd</sup> quarter		Evolutions	
	2011	2010	published	at constant exchange rates
France	111.8	106.1	5.4%	5.4%
Europe (Excl. France)	138.1	113.9	21.3%	20.2%
<b>Total Europe</b>	<b>249.9</b>	<b>220.0</b>	<b>13.6%</b>	<b>13.0%</b>
Japan	115.8	111.0	4.3%	3.2%
Asia Pacific (Excl. Japan)	201.9	156.6	28.9%	33.9%
<b>Total Asia</b>	<b>317.7</b>	<b>267.6</b>	<b>18.7%</b>	<b>21.4%</b>
Americas	106.6	94.5	12.9%	21.8%
Others	9.0	8.0	12.0%	11.2%
<b>TOTAL</b>	<b>683.2</b>	<b>590.1</b>	<b>15.8%</b>	<b>18.2%</b>

(1) Sales by geographical zones are by destination.

(2) Including sales to airline companies.

## INFORMATION BY SECTORS

In millions of Euros	At end of September		Evolutions	
	2011	2010	published	at constant exchange rates
<i>Distribution via the Hermès exclusive network :</i>				
Silk & Textiles	227.1	180.1	26.1%	27.3%
Leathergoods & Saddlery (1)	949.6	843.2	12.6%	13.0%
Ready-to-wear & fashion accessories (2)	408.9	315.9	29.4%	31.1%
Other Hermès Sectors (3)	69.6	54.6	27.5%	27.8%
<b>Subtotal</b>	<b>1 655.2</b>	<b>1 393.8</b>	<b>18.8%</b>	<b>19.5%</b>
<i>Distribution via specialist outlets :</i>				
Perfumes	121.4	105.4	15.3%	15.4%
Watches	96.8	76.1	27.1%	27.9%
Tableware	34.8	28.6	21.7%	22.3%
<b>Subtotal</b>	<b>253.0</b>	<b>210.1</b>	<b>20.4%</b>	<b>20.9%</b>
Other products (4)	80.5	60.9	32.2%	31.9%
<b>TOTAL</b>	<b>1 988.7</b>	<b>1 664.8</b>	<b>19.5%</b>	<b>20.2%</b>

In millions of Euros	3 <sup>rd</sup> quarter		Evolutions	
	2011	2010	published	at constant exchange rates
<i>Distribution via the Hermès exclusive network :</i>				
Silk & Textiles	76.0	62.8	21.0%	24.1%
Leathergoods & Saddlery	319.5	295.5	8.1%	10.3%
Ready-to-wear & fashion accessories	148.1	114.9	28.9%	32.4%
Other Hermès Sectors	25.6	19.7	29.9%	32.2%
<b>Subtotal</b>	<b>569.2</b>	<b>492.9</b>	<b>15.5%</b>	<b>18.1%</b>
<i>Distribution via specialist outlets :</i>				
Perfumes	42.7	38.4	11.2%	11.6%
Watches	37.5	30.6	22.4%	24.9%
Tableware	10.9	9.5	15.0%	16.8%
<b>Subtotal</b>	<b>91.1</b>	<b>78.5</b>	<b>16.0%</b>	<b>17.4%</b>
Other products	22.9	18.7	22.5%	23.3%
<b>TOTAL</b>	<b>683.2</b>	<b>590.1</b>	<b>15.8%</b>	<b>18.2%</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, 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,...).

**REMINDER OF PREVIOUS PUBLICATIONS**

**INFORMATION BY GEOGRAPHICAL ZONES**

In millions of Euros	2011			2010		
	Q1 published	Q2 published	S1 published	Q1 published	Q2 published	S1 published
France	108.5	123.7	232.2	90.9	101.4	192.3
Europe (Excl. France)	117.7	131.6	249.3	95.1	109.9	205.1
<b>Total Europe</b>	<b>226.2</b>	<b>255.3</b>	<b>481.5</b>	<b>186.0</b>	<b>211.3</b>	<b>397.3</b>
Japan	102.6	112.6	215.2	91.7	112.0	203.7
Asia Pacific (Excl. Japan)	192.1	183.5	375.6	143.9	147.6	291.4
<b>Total Asia</b>	<b>294.7</b>	<b>296.2</b>	<b>590.9</b>	<b>235.6</b>	<b>259.6</b>	<b>495.2</b>
Americas	105.1	107.1	212.2	77.5	88.2	165.7
Others	11.1	9.8	20.9	8.6	7.9	16.5
<b>TOTAL</b>	<b>637.1</b>	<b>668.4</b>	<b>1 305.5</b>	<b>507.7</b>	<b>567.0</b>	<b>1 074.7</b>

**INFORMATION BY SECTORS**

In millions of Euros	2011			2010		
	Q1 published	Q2 published	S1 published	Q1 published	Q2 published	S1 published
<i>Distribution via the Hermès exclusive network :</i>						
Silk & Textiles	78.6	72.4	151.0	60.4	56.9	117.3
Leathergoods & Saddlery	302.9	327.2	630.1	247.9	299.9	547.7
Ready-to-wear & fashion accessories	129.4	131.4	260.9	103.2	97.9	201.0
Other Hermès Sectors	21.0	23.1	44.1	16.9	18.0	34.9
<b>Subtotal</b>	<b>531.9</b>	<b>554.2</b>	<b>1 086.1</b>	<b>428.4</b>	<b>472.6</b>	<b>901.0</b>
<i>Distribution via specialist outlets :</i>						
Perfumes	40.9	37.8	78.8	30.6	36.3	67.0
Watches	27.9	31.4	59.3	20.0	25.5	45.5
Tableware	10.8	13.0	23.9	9.7	9.4	19.1
<b>Subtotal</b>	<b>79.6</b>	<b>82.3</b>	<b>161.9</b>	<b>60.3</b>	<b>71.3</b>	<b>131.6</b>
Other products	25.6	31.9	57.5	19.0	23.0	42.1
<b>TOTAL</b>	<b>637.1</b>	<b>668.4</b>	<b>1 305.5</b>	<b>507.7</b>	<b>567.0</b>	<b>1 074.7</b>