

# HERMÈS

## STRONG SALES GROWTH IN 2011 (+18.3%)

The Hermès Group reported 2011 sales revenue of €2,841.2 million, an increase of 18.3% on the previous year both at current and constant exchange rates. The target for the year has been exceeded, thanks to sustained activity in the company-owned stores in the fourth quarter (15.8% at current exchange rates).

**In 2011, all sectors contributed to this handsome performance, thanks to ongoing innovation and creativity.**

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

The Group enjoyed strong sales in its own stores (+19%) and a sharp increase in sales for the wholesale segment (+15%). The distribution network expanded further with the opening of thirteen branches, the acquisition of four concessions and the renovation or extension of eight others.

Sales growth was driven by America (+26%) and non-Japan Asia (+29%), where six new branches were opened. In Bombay, Hermès opened the first luxury goods store to be located outside a shopping mall, in the historic heart of the city.

In Japan, sales remained virtually stable over the year (-1%), despite the disaster at the beginning of the year.

Sales in Europe rose by 16%, underpinned by dynamic performances from all countries. In France, the new store in the *rue de Sèvres* which opened at the end of 2010 confirmed its initial success. The network in other European countries expanded with the integration of the two Moscow concessions and the opening of new branches in Berlin, Rome, Barcelona and Istanbul. The new, extended Geneva store opened its doors in December.

Silk & Textiles had an excellent year (+23%), buoyed by the success of the new collections and a range of products and styles that are attracting increasing numbers of customers.

Sales were up 12% for the Leather Goods & Saddlery sector, fuelled by continuing strong demand for small leather goods and leather handbags, limited by production capacity.

The Ready-to-Wear & Fashion Accessories division posted an excellent performance (+30%) on the strength of the latest ready-to-wear collections and the extensive fashion accessories offer. Christophe Lemaire's first women's ready-to-wear collection was warmly greeted.

Perfumes (+16%) reaped the benefits of the successful launch of *Un Jardin sur le toit* and the ongoing appeal of the iconic *Terre d'Hermès* fragrance.

Watches (+23%), Jewellery (+27%) and Tableware (+17%) sectors also had an excellent year.

## **Significant events during the fourth quarter**

### ***Shareholder structure***

Under the terms of agreements reached on 3 December 2010, the members of the Hermès family group transferred some 50.2% of Hermès International share capital to a holding company, named H51, which will also have preferential rights to acquire shares still directly owned by family group members. These preferential rights apply to some 12.3% of Hermès International share capital. This internal reclassification of shares will not cause a mandatory public tender offer to be filed, in accordance with the waiver granted by the Autorité des Marchés Financiers on 6 January 2011, a decision upheld by the Paris Court of Appeals on 15 September 2011 (decision which is subject to an appeal to the Supreme Court by ADAM).

### ***Share buybacks***

During the fourth quarter, Hermès International bought back 54,926 of its own shares for €12.7 million (excluding shares traded under the liquidity contract). Over the course of 2011, a total of 1,292,215 shares were bought back for the sum of €286 million.

## **2011 results target**

2011 results will be published on 22 March 2012. Operating margin for the year is expected to increase significantly and exceed 30% of sales against 27.8% in 2010.

## **Interim dividend**

Due to expected increase in results and net cash position, the Executive Management has decided on 8<sup>th</sup> February the payment of an interim dividend amounting to 1.5€ per share. The ex-dividend date shall be 27<sup>th</sup> February and the payment date shall be 1<sup>st</sup> March 2012.

## **2012 Outlook**

Long-term strategy based on maintaining control over its know-how and distribution network will be pursued. Hermès will continue to invest in developing its production capacity and its distribution network, with the opening or renovation of some fifteen branches.

In 2012, as it has done every year since its founding in 1837, Hermès will take time at its own pace or, better still, celebrate time as its theme for the year: “The gift of time”. Time, that singular phenomenon, rules the excellence epitomised in the skilfulness of our saddlers, the meticulous precision of our watchmakers, the virtuosity of our engravers and the dedication to quality of all our craftspeople and designers. Without it, nothing lasting or beautiful could be brought into being. Because of it, our customers find in every object an invitation to a rare, suspended moment of inspired pleasure.

## INFORMATION BY GEOGRAPHICAL ZONES (1)

In millions of Euros	4 <sup>th</sup> quarter		Evolutions	
	2011	2010	Published	At constant exchange rates
France	150.9	138.8	8.7%	8.6%
Europe (Excl. France)	172.4	144.4	19.4%	18.2%
<b>Total Europe</b>	<b>323.3</b>	<b>283.3</b>	<b>14.1%</b>	<b>13.5%</b>
Japan	140.5	138.5	1.5%	(5.1)%
Asia Pacific (Excl. Japan)	230.4	182.9	26.0%	24.5%
<b>Total Asia</b>	<b>371.0</b>	<b>321.3</b>	<b>15.5%</b>	<b>12.0%</b>
Americas	145.4	124.6	16.7%	17.9%
Others (2)	12.9	6.8	90.3%	89.7%
<b>TOTAL</b>	<b>852.5</b>	<b>736.0</b>	<b>15.8%</b>	<b>14.3%</b>

In millions of Euros	At end of December		Evolutions	
	2011	2010	Published	At constant exchange rates
France	494.9	437.2	13.2%	13.2%
Europe (Excl. France)	559.7	463.4	20.8%	19.3%
<b>Total Europe</b>	<b>1 054.6</b>	<b>900.6</b>	<b>17.1%</b>	<b>16.3%</b>
Japan	471.6	453.2	4.1%	(0.7)%
Asia Pacific (Excl. Japan)	808.0	630.9	28.1%	29.4%
<b>Total Asia</b>	<b>1 279.6</b>	<b>1 084.1</b>	<b>18.0%</b>	<b>16.8%</b>
Americas	464.2	384.7	20.7%	25.8%
Others (2)	42.8	31.3	36.5%	35.9%
<b>TOTAL</b>	<b>2 841.2</b>	<b>2 400.8</b>	<b>18.3%</b>	<b>18.3%</b>

(1) Sales by geographical zones are by destination.

(2) Including sales to airline companies.

## INFORMATION BY SECTORS

In millions of Euros	4 <sup>th</sup> quarter		Evolutions	
	2011	2010	Published	At constant exchange rates
<i>Distribution via the Hermès exclusive network :</i>				
Silk & Textiles	119.8	103.7	15.5%	14.5%
Leathergoods & Saddlery	398.4	361.6	10.2%	8.1%
Ready-to-wear & fashion accessories	166.8	129.5	28.8%	27.6%
Other Hermès Sectors	39.0	32.0	22.0%	21.3%
<b>Subtotal</b>	<b>724.0</b>	<b>626.7</b>	<b>15.5%</b>	<b>13.9%</b>
 <i>Distribution via specialist outlets :</i>				
Perfumes	37.9	32.4	17.1%	16.8%
Watches	41.9	36.4	14.9%	13.0%
Tableware	16.1	15.0	7.0%	6.6%
<b>Subtotal</b>	<b>95.9</b>	<b>83.9</b>	<b>14.3%</b>	<b>13.3%</b>
Other products	32.6	25.4	28.5%	27.6%
<b>TOTAL</b>	<b>852.5</b>	<b>736.0</b>	<b>15.8%</b>	<b>14.3%</b>

In millions of Euros	At end of December		Evolutions	
	2011	2010	Published	At constant exchange rates
<i>Distribution via the Hermès exclusive network :</i>				
Silk & Textiles	346.9	283.8	22.2%	22.6%
Leathergoods & Saddlery (1)	1 348.0	1 204.8	11.9%	11.5%
Ready-to-wear & fashion accessories (2)	575.7	445.4	29.3%	30.0%
Other Hermès Sectors (3)	108.6	86.6	25.4%	25.3%
<b>Subtotal</b>	<b>2 379.2</b>	<b>2 020.6</b>	<b>17.8%</b>	<b>17.7%</b>
 <i>Distribution via specialist outlets :</i>				
Perfumes	159.4	137.8	15.7%	15.7%
Watches	138.7	112.6	23.2%	22.9%
Tableware	50.8	43.6	16.6%	16.8%
<b>Subtotal</b>	<b>348.9</b>	<b>294.0</b>	<b>18.7%</b>	<b>18.7%</b>
Other products (4)	113.1	86.2	31.1%	30.6%
<b>TOTAL</b>	<b>2 841.2</b>	<b>2 400.8</b>	<b>18.3%</b>	<b>18.3%</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	Q3 published	YTD 09/11	Q1 published	Q2 published	S1 published	Q3 published	YTD 09/10
France	108.5	123.7	232.2	111.8	344.1	90.9	101.4	192.3	106.1	298.4
Europe (Excl. France)	117.7	131.6	249.3	138.0	387.3	95.1	109.9	205.1	113.9	318.9
<b>Total Europe</b>	<b>226.2</b>	<b>255.3</b>	<b>481.5</b>	<b>249.9</b>	<b>731.4</b>	<b>186.0</b>	<b>211.3</b>	<b>397.3</b>	<b>220.0</b>	<b>617.3</b>
Japan	102.6	112.6	215.2	115.8	331.1	91.7	112.0	203.7	111.0	314.7
Asia Pacific (Excl. Japan)	192.1	183.5	375.6	201.9	577.5	143.9	147.6	291.4	156.6	448.0
<b>Total Asia</b>	<b>294.7</b>	<b>296.2</b>	<b>590.9</b>	<b>317.7</b>	<b>908.6</b>	<b>235.6</b>	<b>259.6</b>	<b>495.2</b>	<b>267.6</b>	<b>762.8</b>
Americas	105.1	107.1	212.2	106.6	318.8	77.5	88.2	165.7	94.5	260.1
Others	11.1	9.8	20.9	9.0	29.9	8.6	7.9	16.5	8.1	24.6
<b>TOTAL</b>	<b>637.1</b>	<b>668.4</b>	<b>1 305.5</b>	<b>683.2</b>	<b>1 988.7</b>	<b>507.7</b>	<b>567.0</b>	<b>1 074.7</b>	<b>590.1</b>	<b>1 664.8</b>

**INFORMATION BY SECTORS**

In millions of Euros	2011					2010				
	Q1 published	Q2 published	S1 published	Q3 published	YTD 09/11	Q1 published	Q2 published	S1 published	Q3 published	YTD 09/10
<i>Distribution via the Hermès exclusive network :</i>										
Silk & Textiles	78.6	72.4	151.0	76.0	227.1	60.4	56.9	117.3	62.8	180.1
Leathergoods & Saddlery	302.9	327.2	630.1	319.5	949.6	247.9	299.9	547.7	295.5	843.2
Ready-to-wear & fashion accessories	129.4	131.4	260.9	148.1	408.9	103.2	97.9	201.0	114.9	315.9
Other Hermès Sectors	21.0	23.1	44.1	25.6	69.6	16.9	18.0	34.9	19.7	54.6
<b>Subtotal</b>	<b>531.9</b>	<b>554.2</b>	<b>1 086.1</b>	<b>569.2</b>	<b>1 655.2</b>	<b>428.4</b>	<b>472.7</b>	<b>901.0</b>	<b>492.9</b>	<b>1 393.8</b>
<i>Distribution via specialist outlets :</i>										
Perfumes	40.9	37.8	78.8	42.7	121.4	30.6	36.3	67.0	38.4	105.4
Watches	27.9	31.4	59.3	37.5	96.8	20.0	25.5	45.5	30.6	76.1
Tableware	10.8	13.0	23.9	10.9	34.8	9.7	9.4	19.1	9.5	28.6
<b>Subtotal</b>	<b>79.6</b>	<b>82.3</b>	<b>161.9</b>	<b>91.1</b>	<b>253.0</b>	<b>60.3</b>	<b>71.3</b>	<b>131.6</b>	<b>78.5</b>	<b>210.1</b>
Other products	25.6	31.9	57.5	22.9	80.5	19.0	23.0	42.1	18.7	60.8
<b>TOTAL</b>	<b>637.1</b>	<b>668.4</b>	<b>1 305.5</b>	<b>683.2</b>	<b>1 988.7</b>	<b>507.7</b>	<b>567.0</b>	<b>1 074.7</b>	<b>590.1</b>	<b>1 664.8</b>