

HERMÈS

ANOTHER YEAR OF EXCEPTIONAL GROWTH IN SALES AND INCOME

At the meeting of the Supervisory Board on 21 March 2012, Management presented the audited accounts¹ of the 2011 financial year, which are characterized by sales revenue of €2,841.2 million, an increase of 18.3% (identical growth at constant exchange rates), and operating income of €885.2 million, an increase of 32.5%.

In 2011, all sectors contributed to this excellent performance through constantly renewed innovation and creation

(Figures at constant exchange rates except where otherwise stated)

The group benefited from very high sales in its stores (+19%) and strong growth in wholesales (+15%). The distribution network grew with the opening of thirteen branches, the conversion of four concessionaries and the renovation or extension of eight others.

Regions

Growth in revenue was boosted by America (+26%) and non Japan Asia (+29%), which gained six new branches. In Mumbai, Hermès opened the first luxury store outside shopping centres in the city's historic centre.

In Japan, sales were almost stable across the year (-1%), despite the disaster at the start of the year.

In Europe, sales increased by 16% thanks to momentum in all countries. In France, the success of the store on rue de Sèvres, which was opened in late 2010, was confirmed. The network in other European countries was strengthened with the conversion of the two concessionaries in Moscow, as well as the opening of new branches in Berlin, Rome, Barcelona and Istanbul. Finally, a new store on quai du Rhône in Geneva was opened to replace the existing branch.

Sectors

Silk & Textiles had an excellent year (+23%) thanks to the success of the new collections and the diversity of uses and styles available, which are appealing to new customers.

Boosted by small leather goods and leather bags, for which demand continues to outstrip supply, the Leatherwork & Saddlery activity increased by 12%, in line with the house's quality requirements.

The excellent performance of the Ready-to-wear & Fashion accessories division (+30%) was based on the success of ready-to-wear and the diversity of the fashion accessories offer. The first women ready-to-wear collection designed by Christophe Lemaire was warmly greeted by customers.

Perfumes (+16%) are reaping the fruits of the launch of *Un Jardin sur le Toit* and the vitality of *Terre d'Hermès*.

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

¹ *Audit procedures completed, audit report in production*

Net income doubled in two years

Operating income increased by 32.5% to reach €885.2 million versus €668.2 million in 2010. The operating margin gained 3.4 points and reached 31.2% of sales, the best performance recorded by the group since it was first listed on the stock market in 1993.

Investments in communication remained high in 2011 around the annual theme '*Hermès contemporary artisan*'.

The consolidated net income_group's share (€594.3 million versus €421.7 million) increased by 40.9% as compared to 2010. In particular, it includes the gross capital gain (€29.5 million) generated from the disposal of the stake in the Jean-Paul Gaultier Group. In two years, consolidated net income has doubled (€288.8 million in 2009).

The operating cashflow totalled €722.8 million. It has enabled all investments (€214.4 million) to be financed, primarily dedicated to the development of the distribution network and of production capacities, the dividend payment (€167.3 million) and share buy-back (€286.0 million, excluding movements under the liquidity contract) for employees stockholding.

Net cash increased by €210 million to reach €1,038 million at the end of 2011 versus €828 million at the end of 2010.

Growth in workforce

The Hermès Group created 715 new jobs, primarily in the sales teams and manufactures. At the end of 2011, the group accounted 9,081 employees. The policy of allocating free shares to employees will be continued in 2012.

Outlook for 2012

The long-term strategy, based on the acquisition of expertise and the control of the distribution network, will be pursued. Hermès will continue to invest in its production capacities and distribution network, with the opening or renovation of around fifteen branches.

In 2012, as each year since its birth in 1837, Hermès will take its time, even better, celebrate it in choosing the annual theme: '*Le temps devant soi*' (The gift of time). This time, which is so precious, calls for the dexterity and skill of our saddlers, the meticulousness of our watchmakers, the virtuosity of our engravers and the passion for quality shared by all our craftsmen and designers. Without it, nothing beautiful or sustainable could be produced.

Proposed dividend

A proposal will be submitted to the General Meeting on 29 May 2012 to set the dividend at €2 per share. The interim dividend of €1.50 paid on 1 March 2012 will be deducted from the dividend, to be decided by the General Meeting. In addition an exceptional dividend of €5 per share will be proposed to the General meeting.

The full consolidated accounts will be available by 30 April 2012 at the latest at the address www.hermes-international.com as well as on the Web site of the AMF (www.amf-france.org).