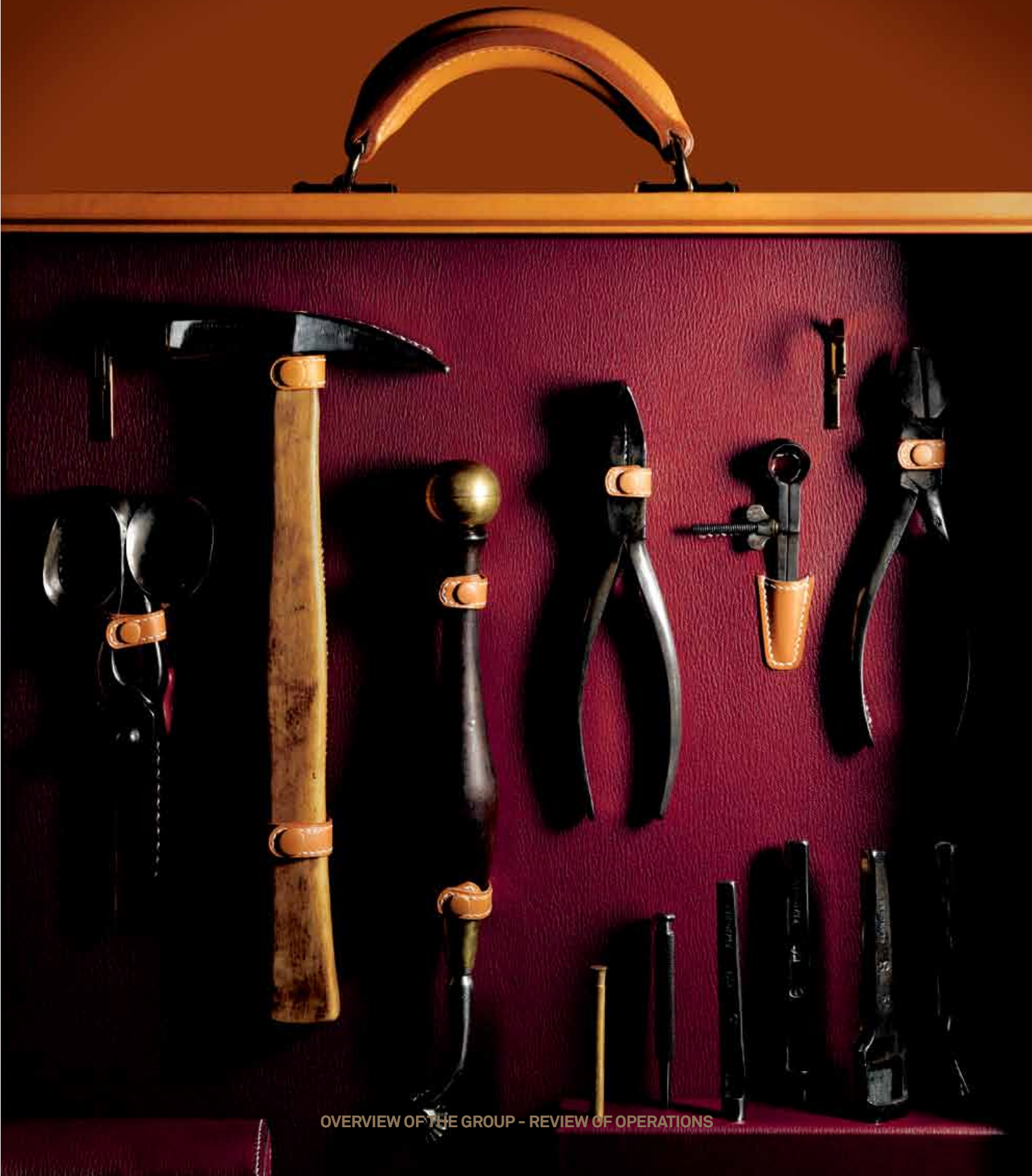
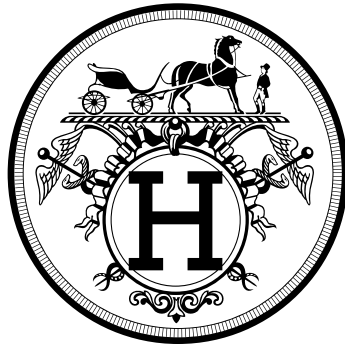


HERMÈS

2011 ANNUAL REPORT



OVERVIEW OF THE GROUP - REVIEW OF OPERATIONS





REGISTRATION DOCUMENT FILED WITH THE AUTORITÉ DES MARCHÉS FINANCIERS

In accordance with Article 212-13 of the AMF General Regulation, this shelf-registration document, which contains the annual financial report and comprises Volume 1 and Volume 2 of the Annual Report, was filed with the AMF on 12 April 2012.

This document may be used in support of a financial transaction only if it is supplemented by an offering circular approved by the AMF.

This document has been drawn up by the issuer and implies the responsibility of its authorised signatories.

This document is a free translation into English of the “Document de Référence”, originally prepared in French, and has no other value than an informative one.

Should there be any difference between the French and the English version, only the French-language version shall be deemed authentic and considered as expressing the exact information published by Hermès.

2011 ANNUAL REPORT
OVERVIEW OF THE GROUP – REVIEW OF OPERATIONS

VOLUME 1

Hermès International

Partnership limited by shares with share capital of €53,840,400.12 - Commercial and Company Register of Paris no. 572 076 396

Registered office: 24 rue du Faubourg Saint-Honoré, 75008 Paris. Tel.: + 33 (0)1 40 17 49 20. Fax: + 33 (0)1 40 17 49 94.

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2011, HERMÈS, CONTEMPORARY ARTISAN

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VOLUME 2

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- Corporate Governance
- Information on Share Capital and Shareholders
- Property and Insurance
- NRE Appendices: Environmental Information
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- Consolidated Financial Statements
- Parent Company Financial Statements
- Five-Year Summary of Financial Data
- Annual General Meeting of 29 May 2012
- Additional Legal Information
- Cross-Reference Tables

Lucille Jallot,
a leatherworker from the
small leather goods
workshop.

MESSAGE FROM THE CHAIRMEN



Bertrand Puech
and Patrick Thomas.

Hermès leapt through 2011 with the grace of a horse nimbly clearing an obstacle on the wings of a theme at the very core of our values.

The “contemporary artisan” idea inspired all the sections of our orchestra to demonstrate the full extent of their talent.

Numerous initiatives implemented in-house and linked to the dialogue we use with our customers helped forge one of the most productive years in Hermès’ history: artisans competed to create the most sophisticated objects, knowledge was shared between various areas of expertise, a festival showcased our skills in several countries, and the Hearts and Crafts film presented the unique profiles of our craftsmen. All of these events perfectly illustrated the priority we give to the quality of the objects we create.

This year’s two collections were peppered with surprises and bold new ideas thought up by our talented creative teams, who remained faithful to the discreet style that has defined creation at Hermès since the very beginning.

A few acquisitions in watchmaking and leather goods, as well as in the more unfamiliar fields of furniture, upholstery fabrics and wallpaper complemented our existing métiers, enabling us to offer our customers an ever greater choice of unique objects.

Three new countries also welcomed Hermès stores: Kuwait, Kazakhstan and India, where the first street-side store was opened in the historic centre of Mumbai. In addition, thirteen new branches were added to our already international retail network.

As in 2010, our commercial and financial results beat all records, enabling us to create over 700 new jobs.

We wish to express our whole-hearted admiration for our Japanese team, who reacted with great composure and courage when faced with an unprecedented catastrophe.

The Hermès family established a holding company that possesses over 50% of Hermès International’s capital, tangibly demonstrating its long-standing determination to preserve the Group’s independence.

The following pages will provide you with an account of the progress we have made and the initiatives that have spurred us along.

We extend our heartfelt thanks to all the Group’s employees for their hard work, and for the solidarity that has united us in our efforts.

With the theme “The gift of time”, we are embracing 2012 with calm confidence and continue to seek excellence in quality, creativity and the service we offer our customers.

Pieces of natural cowhide, which will be used to create an *Orion* suitcase.

Patrick Thomas
Executive Chairman

Émile Hermès SARL
Executive Chairman,
represented by **Bertrand Puech**



GROUP OVERVIEW



Pierre Akdogan,
machine operator from the
custom shirts workshop.

GROUP MANAGEMENT

The role of the Executive Chairmen is to manage the Group and act in its general interest, within the scope of the corporate purpose and subject to those powers expressly granted by law to the Supervisory Board and to General Meetings of shareholders.

Hermès International's executive management is comprised of the Executive Chairmen and the Executive Committee, which consists of six Managing Directors, each of whom has well-defined areas of responsibility. Its role is to oversee the Group's strategic management.

EXECUTIVE CHAIRMEN

Patrick Thomas
Executive Chairman

Émile Hermès SARL
Executive Chairman,
represented by Bertrand Puech

EXECUTIVE COMMITTEE

Patrick Thomas
Executive Chairman

Patrick Albaladejo
Deputy Managing Director
Strategic Development
& Corporate Image

Axel Dumas¹
Managing Director Operations

Pierre-Alexis Dumas
Artistic Managing Director

Beatriz González-Cristóbal Poyo
Managing Director
Marketing

Mireille Maury
Managing Director
Finance & Administration

Guillaume de Seynes
Managing Director
Manufacturing Division
& Equity Investments

¹ As from 2 May 2011.



The Executive Committee.

MANAGEMENT BODIES

The Supervisory Board exercises ongoing control over company management.

For this purpose, it has the same powers as the Statutory Auditors. The Supervisory Board determines the proposed earnings appropriation for the financial year to be submitted to the Annual General Meeting. The Active Partner must consult the Supervisory Board before making any decisions pertaining to strategic options, to consolidated operating and investment budgets or to recommendations to the General Meeting with respect to the distribution of share premiums, reserves and retained earnings. The Supervisory Board also submits to the Active Partner its considered recommendations on the appointment or possible revocation of the powers of the Executive Chairmen.

The Audit Committee ascertains that the consolidated financial statements fairly and accurately reflect the Group's financial position.

The role of the Compensation, Appointments and Governance Committee is to ascertain that the remuneration of the Executive Chairmen complies with the provisions of the Articles of Association and the decisions made by the Active Partner. The Committee also participates in drawing up proposed appointments of corporate executive officers and is responsible for monitoring corporate governance matters.



Éric de Seynes,
Chairman of the Supervisory
Board.



Jérôme Guerrand, Chairman
of the Supervisory Board
until 3 March 2011.

The Active Partner is jointly and severally liable for all the Company's debts, for an indefinite period of time. The Active Partner has the authority to appoint or revoke the powers of the Executive Chairmen, after receiving the considered recommendation of the Supervisory Board. The Active Partner makes all decisions pertaining to the Group's strategic options, consolidated operating and investment budgets, and recommendations to the General Meeting with respect to the distribution of share premiums, reserves and retained earnings, on the recommendation of the Supervisory Board. It may submit recommendations to the Executive Management on any matter of general interest to the Group. It authorises all Company loans, sureties, endorsements and guarantees, any pledges of collateral and encumbrances on the Company's property, as well as the creation of any company or acquisition of an interest whenever the investment amounts to more than 10% of the Group's net worth.

SUPERVISORY BOARD

Éric de Seynes¹
Chairman and member

Jérôme Guerrand²
Chairman and member

Maurice de Kervénoaël
Vice-Chairman

Ernest-Antoine Seillière
Vice-Chairman

Charles-Éric Bauer
Matthieu Dumas
Julie Guerrand
Olaf Guerrand¹
Renaud Momméja
Robert Peugeot
Florence Woerth

AUDIT COMMITTEE

Maurice de Kervénoaël
Chairman

Charles-Éric Bauer
Julie Guerrand³
Renaud Momméja
Robert Peugeot
Florence Woerth

COMPENSATION, APPOINTMENTS AND GOVERNANCE COMMITTEE

Ernest-Antoine Seillière
Chairman

Matthieu Dumas
Robert Peugeot

ACTIVE PARTNER

Émile Hermès SARL,
represented by its
Management Board:

Bertrand Puech
Executive Manager, Chairman and
Member of the Management Board

Philippe Dumas
Vice-Chairman

Hubert Guerrand
Vice-Chairman

Henri Louis Bauer
Sandrine Brekke
Frédéric Dumas
Édouard Guerrand
Agnès Harth
Laurent E. Momméja
Pascale Mussard
Guillaume de Seynes

¹ Since 3 March 2011.

² Until 3 March 2011.

³ Until 2 March 2011.



SIX GENERATIONS OF CRAFTSMEN

Today, Hermès employs 9,081 people worldwide and has 328 exclusive stores, 205 of which are operated directly. Although it has achieved international stature, Hermès has never lost its human touch and continues its tradition of fine craftsmanship.

Thierry Hermès, a harness-maker, set up business in Paris in 1837. Ever since, his descendants have worked to build up the Hermès Group. In 1880, his son transferred the family business to its now-famous address, 24 rue du Faubourg Saint-Honoré, where he expanded into the saddlery business. Soon, he was supplying saddles and harnesses to aristocratic stables all over the world.

In 1918, with the advent of the automobile, the founder's grandson, Émile Hermès, foresaw the changes to come in transportation and envisioned new kinds of lifestyle. He launched a line of fine leather goods and luggage with "saddle stitching". The Hermès style was born and soon extended to clothing, jewellery, silver, diaries, silk scarves, and other items.

Émile Hermès also began a private collection, which was to become a source of inspiration for his designers.

During the 1950s, Émile Hermès' sons-in-law, Robert Dumas and Jean-René Guerrand, took charge of the Company and further diversified its

operations, while taking care to uphold the brand's integrity.

From 1978 and aided by other fifth- and sixth-generation members of the family, Jean-Louis Dumas brought renewed freshness to Hermès by expanding into new crafts and establishing a global network of Hermès stores.

Twenty-eight years later, he handed the reins to Patrick Thomas, Co-Executive Chairman of Hermès since September 2004 (and Managing Director of the Group from 1989 to 1997). The artistic directorship was passed to Pierre-Alexis Dumas in February 2009.

Today, Hermès is active in fourteen different sectors: Leather Goods, Men's and Women's Silks, Men's and Women's Ready-to-Wear, Perfumes, Watches, Diaries, Hats, Footwear, Gloves, Enamel, Art of Living, Tableware and Jewellery. International in scope, Hermès has continued to grow while remaining a family firm with a uniquely creative spirit that blends precision manufacturing with traditional craftsmanship.

For over 170 years, Hermès has been creating, inventing and innovating. Some of our models have never gone out of style, and are still popular today, decades after they were first designed. Reissued, reinterpreted and reinvented, these timeless creations have forged the identity of Hermès.

1837

- Harnesses

1867

- Saddles

Circa 1900

- *Haut à courroies* bag, designed by Émile Hermès

1903

- *Rocabar* blanket

1922

- Belts



1923

- Dual-handled bag

1924

- Fabric gloves with zipper

1925

- First men's garment
- *Mallette à coins rapportés*

1927

- Wristwatches
- *Collier de chien* belt
- *Filet de selle* bracelet

1928

- *Ermeto* watch

1929

- Development of women's and men's fashions

1930

- Diaries
- *Sac à dépêches* briefcase
- *Kelly* bag, designed by Robert Dumas

1937

- Silk scarves

1938

- *Chaîne d'ancre* bracelet, designed by Robert Dumas
- First garment with "silk scarf" pattern

1949

- Printed silk ties

1951

- *Eau d'Hermès*

1954

- Ashtrays
- Bath mats



1961

- *Calèche* fragrance for women

1968

- *Twillaine*: knitwear and silk scarf garments

1969

- *Constance* bag

1970

- *Équipage* fragrance for men

1971

- *Nausicaa* bracelet

1972

- Hermès shoes for women

1974

- *Amazone* fragrance for women

1975

- *Kelly* watch

1976

- First complete men's ready-to-wear collection
- Enamel bracelets

1978

- *Ghillie* shoes

1979

- *Eau de Cologne Hermès*, renamed *Eau d'orange verte* in 1997
- Pleated scarves

1982

- John Lobb, ready-to-wear shoes

1983

- *Clipper* watch

1984

- *Pivoines* porcelain
- *Parfum d'Hermès* fragrance for women
- *Birkin* bag, created by Jean-Louis Dumas

1985

- Silk gavroche scarf

1986

- *Bel Ami* fragrance for men
- *Toucans* porcelain
- *Pippa* furniture

1991

- *Cape Cod* watch



1993

- *Oxer* saddle
- Cristal Saint-Louis *Bubbles* crystal tableware
- *Médor* watch

1994

- Soft bag range
- *Touareg* jewellery

1995

- *24, Faubourg* fragrance for women
- *Fourre-tout* bag
- *Sadhou* diamond ring

1996

- *Fanfare* crystal glasses
- *Charnière* steel flatware
- *Harnais* watch
- *Heure H* watch
- Puiforcat *Nantes* flatware

1997

- Hermès shoes for men

1998

- *Herbag* bag
- Twice-round watch straps
- *Quick* trainers
- Puiforcat *Wave* flatware

1999

- *Hiris* fragrance for women

2000

- *Corlandus* dressage saddle
- *Comète* flatware
- *Tandem* watch
- *Nil* and *Les matins de l'étang* porcelain

2001

- Creation of *Détail* silk scarves
- *Onde* flatware
- *Rythme* porcelain and crystal collection
- *Essentielle* jumping saddle

2002

- *Égypte* sandals in lacquer and leather
- *Picotin* bag
- *Plein cuir* desk line
- *Quark* ring



2003

- *Un Jardin en Méditerranée* fragrance
- *Twilly* in silk twill
- *Dressage* automatic gold watch
- *Étrivière* briefcase

2004

- *Eau des Merveilles* fragrance for women
- *Barénia* watch
- *Brasilia* jumping saddle
- *Hermessence* fragrance collection

2005

- *Herlight* suitcase
- *Kelly 2* watch
- *Un Jardin sur le Nil* fragrance
- *Balcon du Guadalquivir* porcelain

2006

- *Lindy* bag
- *Cape Cod 8 jours* watch
- *Terre d'Hermès* fragrance for men



- *Paris-Bombay* bag
- *Cheval d'Orient* service

2007

- *Carré 70* in vintage silk
- *Kelly Calèche* fragrance for women
- *Fil d'argent* porcelain
- Rose gold and brown diamond jewellery

2008

- *Jypsière* bag
- *Horizon* diary
- *Bardette Andaluz* (children's saddle)
- *Carré fluide* in silk jersey

- *Un Jardin après la Mousson* fragrance
- *Jardin des Orchidées* porcelain

2009

- *Victoria* saddle
- *Cross-dyed/ Dip Dye carré*



- *Colognes Hermès* collection
- *Mosaïque au 24* porcelain
- *Cape Cod Tonneau* watch

2010

- Haute Bijouterie collection
- *Les Maisons enchantées* service in faïence
- Tie in heavy twill
- *Talaris* saddle
- *Voyage d'Hermès* fragrance
- Furniture, Jean-Michel Frank collection

2011

- *Bleus d'Ailleurs* porcelain
- *Tie 7* tie
- *Roulis* bag
- *Berline* bag
- *Toolbox 33* bag
- iPad® station
- *Un Jardin sur le Toit* fragrance
- Jewellery: exceptional creations
- *Arceau Le temps suspendu* watch

KEY FIGURES

KEY CONSOLIDATED DATA (in millions of euros)

| | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---------|---------|---------|----------------------|----------------------|
| Revenue | 2,841.2 | 2,400.8 | 1,914.3 | 1,764.6 | 1,625.1 |
| Recurring operating income | 885.2 | 668.2 | 462.9 | 449.2 | 414.5 |
| Operating income | 885.2 | 668.2 | 462.9 | 449.2 | 423.7 |
| Net income attributable to owners of the parent | 594.3 | 421.7 | 288.8 | 290.2 | 288.0 |
| Operating cash flows | 722.8 | 571.5 | 401.1 | 378.9 | 356.6 |
| Investments (excluding financial investments) | 214.4 | 153.8 | 207.3 | 160.4 | 155.9 |
| Shareholders' equity ¹ | 2,312.8 | 2,150.3 | 1,789.9 | 1,588.5 ² | 1,459.8 ² |
| Net cash position | 1,038.3 | 828.5 | 507.6 | 450.5 | 480.5 |
| Restated net cash ³ | 1,044.2 | 950.1 | 576.4 | 432.4 | 485.5 |
| Economic value added ⁴ | 463.8 | 332.7 | 191.6 | 190.8 | 196.5 |
| Return on capital employed (ROCE) ⁵ | 42% | 32% | 21% | 22% | 25% |
| Number of employees | 9,081 | 8,366 | 8,057 | 7,894 | 7,455 |

1 Equity excluding non-controlling interests.

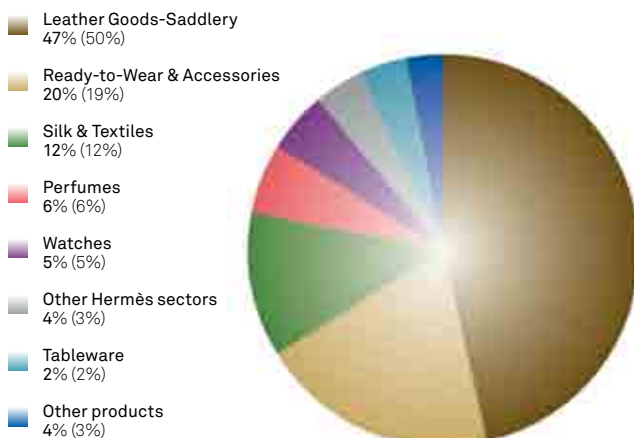
2 After application of IAS 38 on the treatment of samples at the point of sale and of advertising and promotional expenditure.

3 Includes non-liquid financial investments and borrowings.

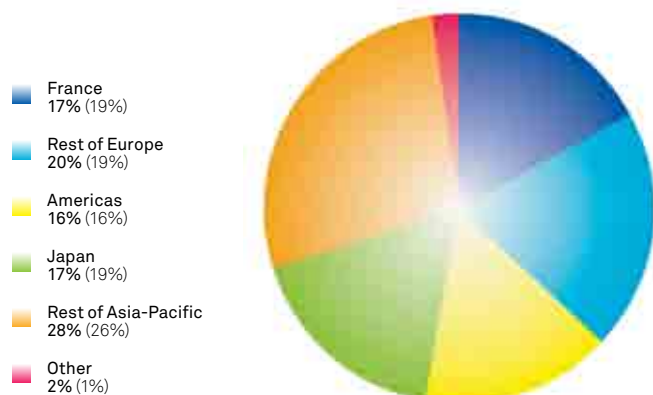
4 Difference between adjusted operating income after tax on operating income and the weighted average cost of capital employed (net value of long-term capital and working capital).

5 Difference between adjusted operating income after tax on operating income and the average cost of capital employed.

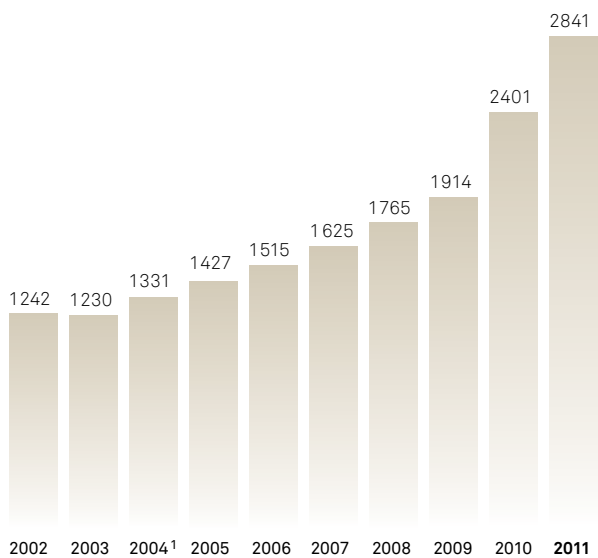
BREAKDOWN OF REVENUE BY MÉTIER 2011 (2010)



BREAKDOWN OF REVENUE BY REGION 2011 (2010)

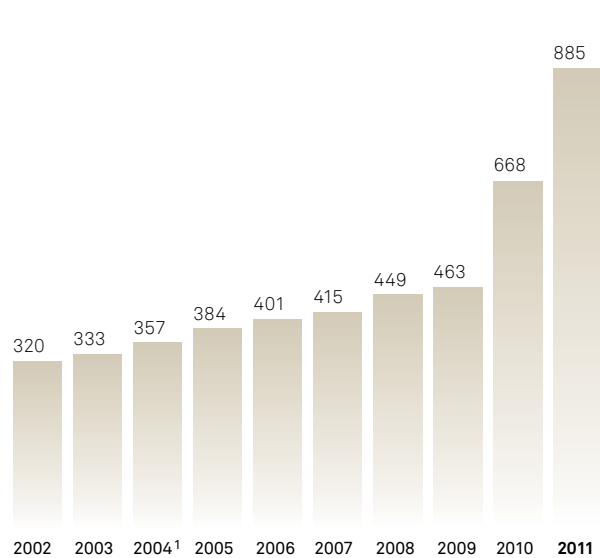


CONSOLIDATED REVENUE (in millions of euros)



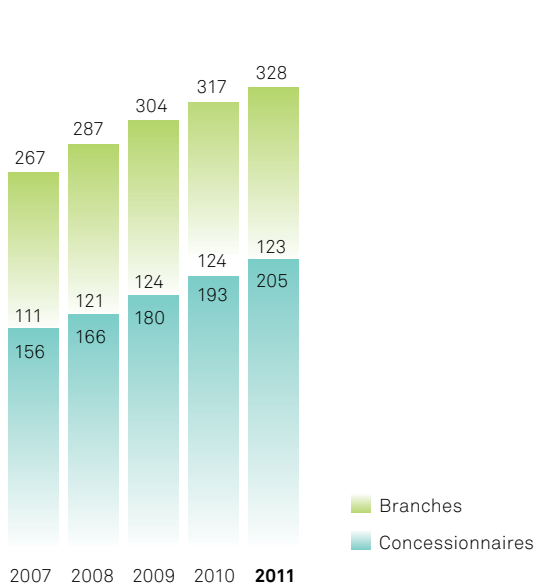
¹ 2004 figures are restated under IFRS.

RECURRING OPERATING INCOME (in millions of euros)

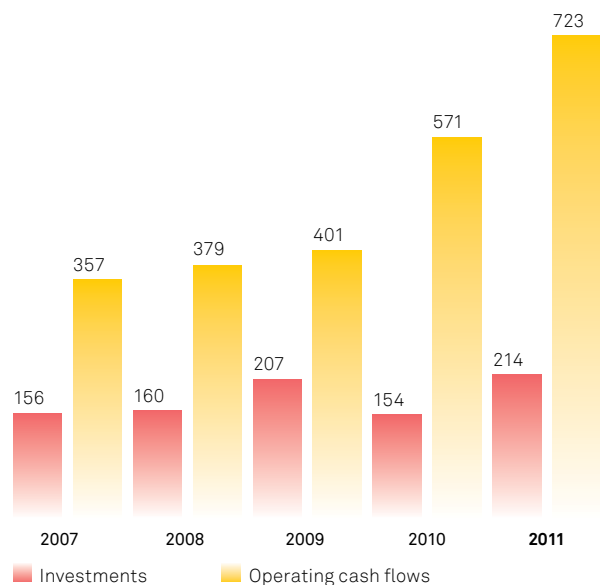


¹ 2004 figures are restated under IFRS.

NUMBER OF EXCLUSIVE RETAIL OUTLETS



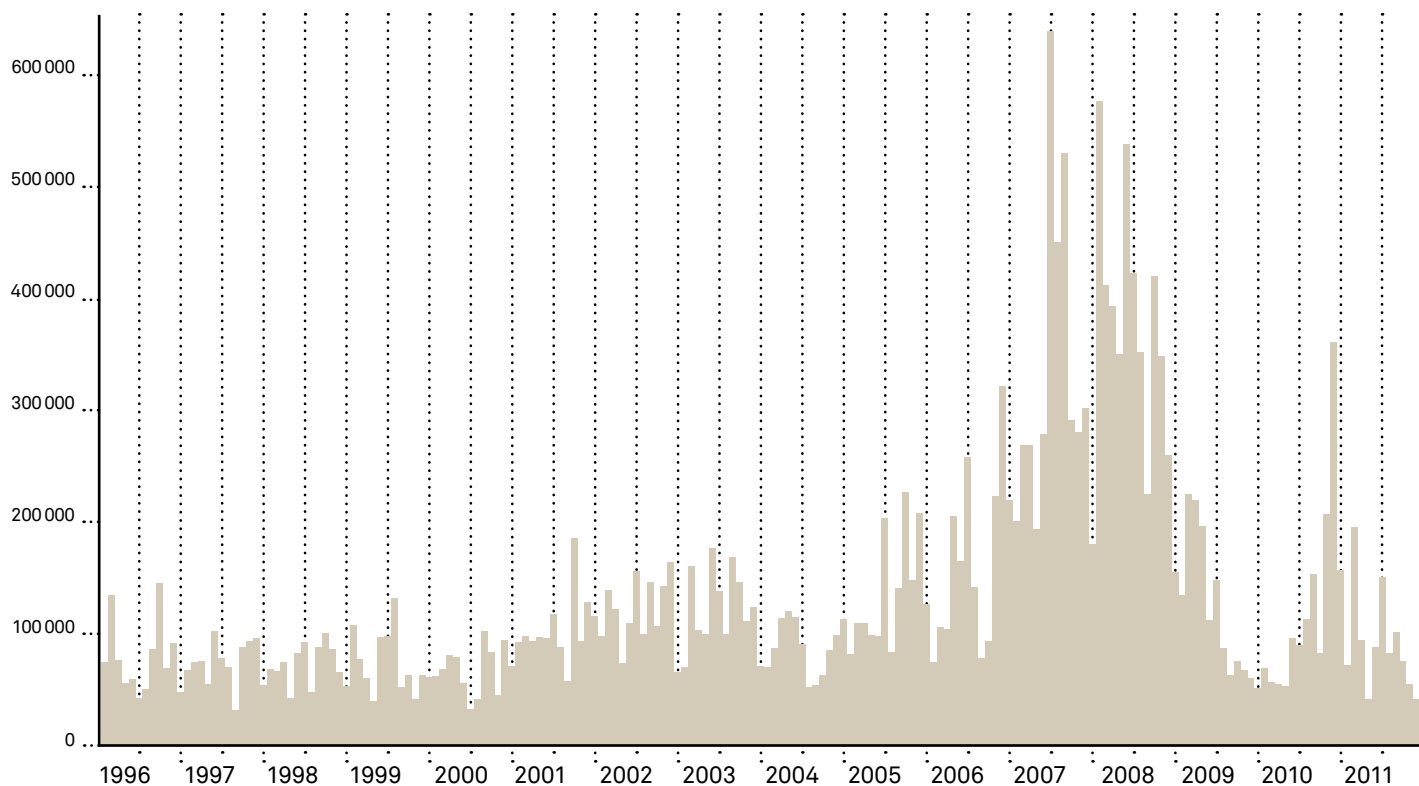
INVESTMENTS (EXCLUDING FINANCIAL INVESTMENTS) AND OPERATING CASH FLOWS (in millions of euros)



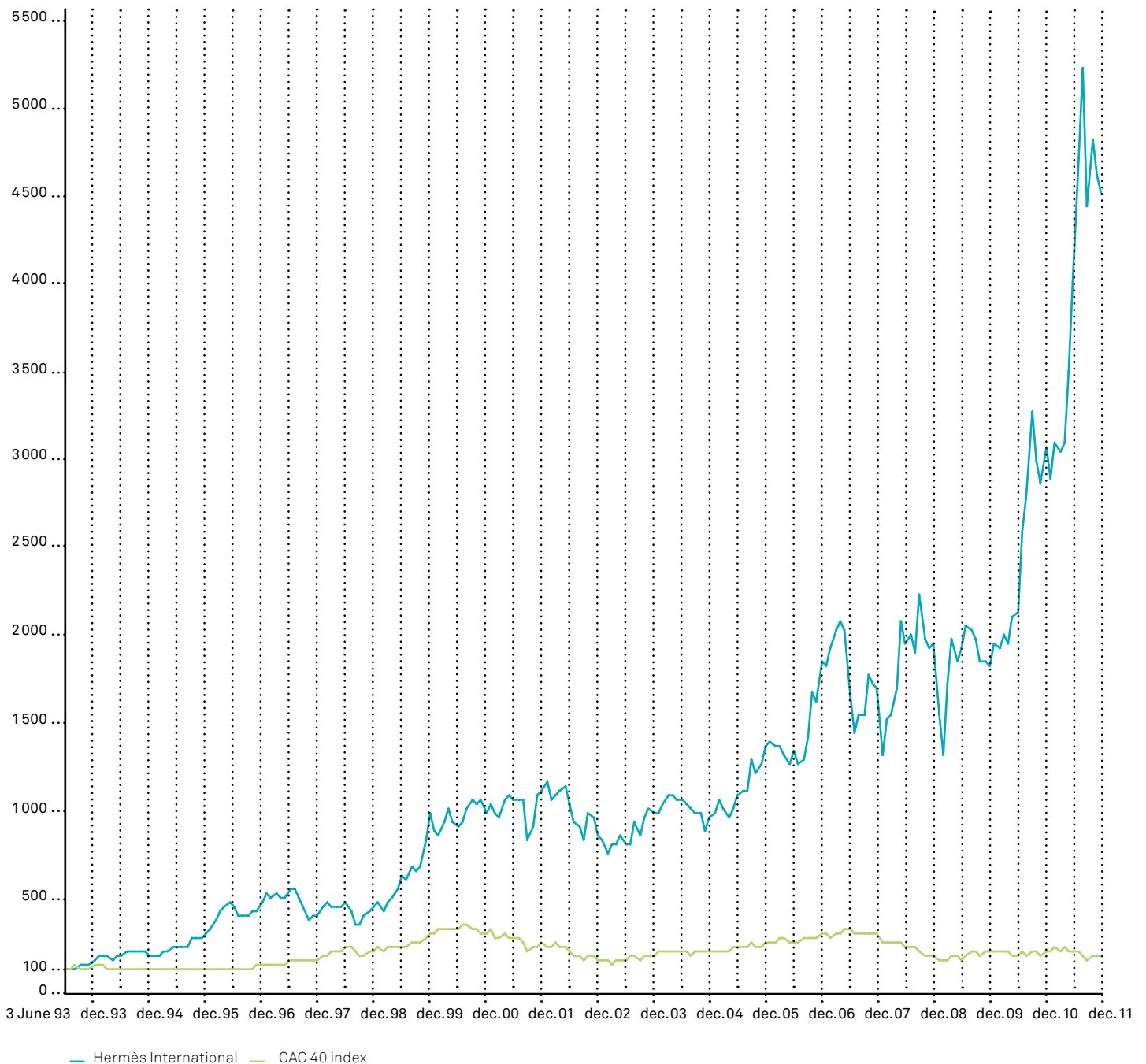
KEY STOCK MARKET DATA

| | 2011 | 2010 | 2009 |
|--|---------------------|-------------|-------------|
| Number of shares as at 31 December | 105,569,412 | 105,569,412 | 105,569,412 |
| Average number of shares (excluding treasury shares) | 104,556,945 | 105,162,445 | 105,128,870 |
| Market capitalisation as at 31 December | € 24.32 Bn | € 16.54 Bn | € 9.85 Bn |
| Earnings per share (excluding treasury shares) | € 5.68 | € 4.01 | € 2.75 |
| Dividend per share | € 7.00 ¹ | € 1.50 | € 1.05 |
| Monthly average daily trading volume | 86,174 | 124,790 | 117,933 |
| 12-month high share price | € 272.50 | € 207.75 | € 106.70 |
| 12-month low share price | € 142.05 | € 92.00 | € 64.84 |
| 12-month average share price | € 200.23 | € 125.67 | € 92.91 |
| Share price as at 31 December | € 230.35 | € 156.75 | € 93.31 |

AVERAGE DAILY TRADING VOLUME (NUMBER OF SHARES)



HERMÈS INTERNATIONAL SHARE PRICE ² / CAC 40 INDEX (BASE: 100 ON 3 JUNE 1993)



1 Subject to approval by the Ordinary General Meeting of 29 May 2012. A proposal will be made for a dividend of €2.00, for which an interim dividend of €1.50 was paid on 1 March 2012, and for an exceptional dividend of €5.00.

2 Figures adjusted to reflect stock splits.

The monthly share price trend for Hermès International over the past five years is shown in Volume 2, on page 82.

SIMPLIFIED ORGANISATION CHART AS AT 31.12.2011

HERMÈS INTERNATIONAL

Retail distribution of Hermès brand products

| | |
|--|--|
| Hermès Sellier 99.77% Divisions Hermès Distribution France, Hermès Distribution Europe <i>France</i> | Herlee 100% <i>China</i> |
| Hermès Bénélux Nordics 100% <i>Belgium</i> | Hermès (China) 100% <i>China</i> |
| Hermès GB 100% <i>United Kingdom</i> | Hermès Asia Pacific 100% <i>China</i> |
| Hermès GmbH 100% <i>Germany</i> | Hermès India Retail and Distributors 51.01% <i>India</i> |
| Hermès Iberica 100% <i>Spain</i> | Hermès Japon 100% <i>Japan</i> |
| Hermès Internacional Portugal 100% <i>Portugal</i> | Hermès Australia 100% <i>Australia</i> |
| Hermès Monte-Carlo 100% <i>Principality of Monaco</i> | Hermès Middle East South Asia 100% <i>Southern Asia</i> |
| Hermès Grèce 100% <i>Greece</i> | Saint-Honoré Consulting 100% <i>India</i> |
| Hermès Italie 100% <i>Italy</i> | Hermès South East Asia 100% <i>Asia-Pacific</i> |
| Hermès Prague 100% <i>Czech Republic</i> | Boissy Retail 100% <i>Singapore – South Korea</i> |
| Hermès Suisse 100% <i>Switzerland</i> | Hermès Korea 94.59% <i>South Korea</i> |
| Hermès Istanbul 100 % <i>Turkey</i> | Hermès Retail (Malaysia) 70% <i>Malaysia</i> |
| Hermès Canada 100% <i>Canada</i> | Hermès Singapore (Retail) 100% <i>Singapore</i> |
| Hermès de Paris (Mexico) 51% <i>Mexico</i> | Saint-Honoré Bangkok 51% <i>Thailand</i> |
| Hermès Argentina 100 % <i>Argentina</i> | Stoleshnikov 12 100% <i>Russia</i> |
| Hermès of Paris 100% <i>USA</i> | |

— Production and wholesale distribution
of Hermès brand products

Design, other brands and other sectors

— Production

— Minority holdings

| |
|---|
| <p>Hermès Sellier 99.77% Divisions Hermès Maison – Hermès Soie et Textiles – Hermès Femme – Hermès Homme – Hermès Maroquinerie–Sellerie – Hermès Bijouterie – Hermès Vente aux voyageurs – Hermès Services Groupe – Hermès Commercial – Hermès Marketing – Hermès, Petit h <i>Hermès products, Shang Xia products - France</i></p> |
| <p>Comptoir Nouveau de la Parfumerie 99.67% <i>Hermès perfumes - France</i></p> |
| <p>La Montre Hermès 100% <i>Hermès watches - Switzerland</i></p> |
| <p>Clerc Thierry Créations 100% <i>Hermès watches - Switzerland</i></p> |
| <p>Castille Investissements 100% <i>Tableware - France</i></p> |
| <p>Compagnie des Arts de la table 100% <i>La Table Hermès - Puiforcat - France</i></p> |
| <p>Compagnie des Cristalleries de Saint-Louis 99.96% <i>Saint-Louis crystal - France</i></p> |
| <p>Holding Textile Hermès 96.17% – <i>Textile - France</i></p> |
| <p>Ateliers A.S. 74.90% - <i>Enoly - France</i></p> |
| <p>Ateliers de tissage de Bussière et de Challes 100% <i>Le Crin - Bucol - France</i></p> |
| <p>Ateliers d'Ennoblement d'Irigny 100% <i>Textile - France</i></p> |
| <p>Faubourg Italia 60% - <i>Textile - Wallpaper - Italy</i></p> |
| <p>Créations Métaphores 100% <i>Verel de Belval - Métaphores - France</i></p> |
| <p>Établissements Marcel Gandit 100% - <i>France</i></p> |
| <p>SIEGL 100% - <i>France</i></p> |
| <p>Société Nontronnaise de Confection 100% – <i>France</i></p> |
| <p>John Lobb 100% – <i>John Lobb shoes - France</i></p> |
| <p>JL & Co 100% <i>John Lobb shoes - United Kingdom</i></p> |
| <p>Hermès Horizon 100% - <i>France</i></p> |
| <p>Full More Group 95% – <i>Shang Xia – China</i></p> |

| |
|--|
| <p>Maroquinerie de Saint-Antoine 100% <i>France</i></p> |
| <p>Maroquinerie de Sayat 100% <i>France</i></p> |
| <p>Maroquinerie de Belley 100% <i>France</i></p> |
| <p>La Manufacture de Seloncourt 100% <i>France</i></p> |
| <p>La Maroquinerie Nontronnaise 100% <i>France</i></p> |
| <p>Manufacture de Haute Maroquinerie 100% <i>France</i></p> |
| <p>Maroquinerie des Ardennes 100% <i>France</i></p> |
| <p>Ganterie de Saint-Junien 100% <i>France</i></p> |
| <p>Maroquinerie Iséroise 100% <i>France</i></p> |
| <p>Maroquinerie de la Tardoire 100% <i>France</i></p> |
| <p>Gordon-Choisy 100% <i>Tanneries - France</i></p> |
| <p>Hermès Cuirs Précieux 100% <i>Tanneries - France</i></p> |
| <p>Exocuirs 100% <i>Switzerland</i></p> |
| <p>Louisiane Spa 100% <i>Italy</i></p> |
| <p>T.C.I.M. 100% <i>France</i></p> |
| <p>Michel Rettli 100% <i>Italy</i></p> |
| <p>Reptile Tannery of Louisiana 100% <i>USA</i></p> |

| |
|--|
| <p>Perrin & Fils 39.52% <i>France</i></p> |
| <p>Vaucher Manufacture Fleurier 21.05% <i>Switzerland</i></p> |
| <p>Joseph Erard Holding 32.5% <i>Switzerland</i></p> |



REVIEW OF OPERATIONS

Nassima Marlin,
leatherworker from
the trunks and
luggage workshop.

GENERAL TREND

ANOTHER YEAR OF EXCEPTIONAL SALES GROWTH

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. Operating income reached €885.2 million, a 32.5% increase versus 2010.

ALL SECTORS CONTRIBUTED TO THIS HANDSOME PERFORMANCE, THANKS TO ON-GOING 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.

The regions

Sales growth was driven by America (+26%) and Asia excl. Japan (+29%), where six new branches were

opened. In Mumbai, 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. Finally, a new extended store opened on quai du Rhône in Geneva to replace the preceding one.

The métiers

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

Leather goods & 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 benefits of the launch of *Un Jardin sur le toit* and the vitality of *Terre d'Hermès* fragrance.

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

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.



KELLY BRACELET IN MILANESE STITCH, ROSE GOLD AND BROWN DIAMONDS

The clasp is a jewel in its own right. Crafted in gold and diamonds, it secures the large bracelet where the crocodile skin appears as a *trompe l'œil* on a Milanese stitch of finely-woven gold strands.

ACTIVITY BY MÉTIER

At Hermès, each *métier* deploys its ambitious creativity and multi-faceted expertise to push beyond the boundaries of excellence in its respective domain. In 2011, as in previous years, a multitude of new products designed and created by Hermès were added to collections comprising over 50,000 items, thereby continuing to nurture growth.

| | 2011 (Revenue in M€) | 2011 (Mix in %) | 2010 (Revenue in M€) | 2010 (Mix in %) | Evolutions published | Evolutions at constant exchange rates |
|--|----------------------------|-----------------------|----------------------------|-----------------------|-------------------------|---|
| Leather Goods-Saddlery | 1,348 | 47% | 1,205 | 50% | 11.9% | 11.5% |
| Ready-to-Wear and Accessories | 576 | 20% | 445 | 19% | 29.3% | 30.0% |
| Silk and Textiles | 347 | 12% | 284 | 12% | 22.2% | 22.6% |
| Other Hermès métiers | 109 | 4% | 87 | 3% | 25.4% | 25.3% |
| Hermès Distribution Network¹ | 2,379 | 83% | 2,021 | 84% | 17.8% | 17.7% |
| Perfumes | 159 | 6% | 138 | 6% | 15.7% | 15.7% |
| Watches | 139 | 5% | 113 | 5% | 23.2% | 22.9% |
| Tableware | 51 | 2% | 44 | 2% | 16.6% | 16.8% |
| Specialised Distribution Networks² | 349 | 13% | 294 | 13% | 18.7% | 18.7% |
| Other products | 113 | 4% | 86 | 3% | 31.1% | 30.6% |
| Consolidated revenue | 2,841 | 100% | 2,401 | 100% | 18.3% | 18.3% |

¹ Products sold primarily in Hermès-exclusive stores (branches and concessionaires).

² Products sold primarily through specialised distribution networks.

THE HERMÈS DISTRIBUTION NETWORK

In 2011, the Hermès-exclusive network alone generated revenue of €2,379 million (83% of consolidated revenue). This network consists of the *métiers* described below:

LEATHER GOODS-SADDLERY

Leather goods and saddlery are Hermès' founding *métier* and account for 47% of sales. Its products include bags, clutch bags, briefcases, luggage, diaries, writing accessories, small leather accessories, saddles and other equestrian items. In 2011, sales rose by 12% at constant exchange rates to reach €1,348 million.

The advent of the motor car at the beginning of the 20th century prompted Hermès to broaden its business activities and apply its unique harness – and saddle – making expertise to a new sector: leather goods.

Today, Hermès products are made by nearly two thousand saddlers and leatherworkers on some ten production sites located in Paris, Pantin and various regions of France. These contemporary artisans still use traditional saddlery methods to fashion outstanding creations that blend quality and elegance. It is this constant dialogue between know-how, creativity and the rigorous selection of materials that generates the magic of Hermès' products, which is then expressed in the manifold shapes, sizes, colours and materials of the leather goods-saddlery *métier*.

In 2011, Hermès recruited more than 150 new artisans to meet continually increasing demand and decided to establish two new production sites in



1. *Égée* clutch in box.
2. *Birkin* ghillies bag in Tadelakt calfskin.
3. *Kelly Picnic* bag in wicker and Barénia calfskin.
4. *Roulis* bag in Fjord cowhide.
5. *Steeple* shopping bag in *Quadrigé*-print H canvas and hackberry wood.
6. *Illico* mini bag in box calfskin.
7. *Bardo 35* bag in Sikkim calfskin.
8. *Berline* bag in Swift calfskin.

France. In parallel, the house intensified its artisan training programmes in keeping with its continual quest to perfect the skills of this precious craft.

The fruits of perpetually renewed creativity, our collections of handbags, luggage, small leather goods and equestrian products enjoyed great success, once again, in 2011.

Throughout the year, a wealth of new designs caused surprise and invited our clients to dream, while our mainstays confirmed their power of attraction: from the *Lindy* to the *Jypsière*, from the *Toolbox* to the *Constance*, from the *Bolide* to the *So Kelly*, and from the *Double Sens* to the *Victoria* or *Picotin*... Meanwhile, nothing could overshadow the iconic *Kelly* and *Birkin*, both constantly reinvented in new colours and leathers.

BAGS AND LUGGAGE

Inspired by our 2011 theme “Hermès, contemporary artisan”, Leather Goods worked closely with other Hermès *métiers* on several occasions to combine

and reinterpret their various crafts with creative flair. This produced, in succession:

- wickerwork, to turn the *Kelly* into a highly unusual basket: the *Kelly Picnic*, with its two wickerwork sides joined together at the flap by thin laced or knotted strips, opens like a little trunk;
- twisted hackberry wood, traditionally used for riding whips, for the handles of the *Steeple* tote. To highlight this association, the emblematic H canvas was printed with the famous *Quadrigé* design;
- the *Berline* handbag, inspired by the leather-upholstered seats of GT sports coupés. With its no-nonsense city-sports look and padded effect, it boasts a broad shoulder strap with an extra strap to accentuate its relaxed feel;
- a transformation of the *Chaîne d’Ancre* link, borrowed from jewellery and turned into slender loops on the *Roulis* bag to emphasise the latter’s graphic silhouette. It has also been beautifully reinterpreted as a decorative clasp on the *Egée* bag. With its magnet concealed between two interlaced links, it illustrates



5.



6.



8.



7.

the consummate skill of the Hermès silversmiths, who manage to render even the most complex final touches invisible;

- a transposition of “bout-fleuri”, the notched and perforated leather-cutting technique traditionally used in shoe-making, to invent ghillie versions of the *Kelly* and *Birkin* bags, all mock-vintage and all already collectors’ items. Even the hanging key holder has been “ghillified”;
- a subverted version of the clasp on the *Sac à Dépêches* to create a very urban little bag, the *Illico mini*, accompanied by a larger version, the *Illico Élan*, to be worn over the shoulder. The curve of the flap on these bags, the twice-polished straps and the closure tabs, all enhanced by the “shadow” of contrasting leather, testify to the skill of our master craftsmen;

- screen-printed leather using a frame technique previously reserved for silk: Sikkim calfskin has been adorned with the equestrian *Rocobar* motif, giving it a dip-dye feel. Graduated tones, a soft and yielding hand like a well-loved piece of silk, and a motif positioned differently on each model: each of these handbags, diaries and fine leather accessories is unique with its own special charm;
- crocodile leather tanned white. Neither totally matt nor super-supple, it has a touch and talcum feel of its own. Named “Nuage crocodile”, this leather is the culmination of several years of

research to obtain a white that is practically pigment-free, guaranteeing a high-quality development over time;

- to conclude this highly creative current phase, the women’s range has adopted a touch of lightness and humour: *Tiny* versions of the *Kelly*, *Birkin* and *Bolide* handbags have given these historic Hermès models the added charm of the miniature.

Meanwhile, men’s bags continue to consolidate their position with every passing season. 2011 marked another stage in their move for independence with the arrival of Sombrero calfskin, an original leather reserved exclusively for men’s products. Ultra-matt and ultra-dark, less discreet than *Box* but less “raw” than *Barenia* calfskin, it will similarly acquire its own fine patina over time.

The men’s bags collection has also been imbued with a new “sports-chic” feel, as expressed by the *Barda* messenger bag, which is very simple and flexible. Reminiscent of a game bag in appearance, it features a broad unattached flap and detailing that recalls the riding world, especially the shoulder strap that passes underneath it like a girth fixing a saddle.

Briefcases followed the same trend: the *Victoria 12h* and *24h* offered a less formal alternative, while unconditionally respecting the masculine requirements of functionality and lightness.

DIARIES AND SMALL LEATHER GOODS

For the calendar refill – the first harbinger of the annual theme that will soon arrive in stores – saddle-stitching was chosen as the visual expression of the “contemporary artisan” spirit. Thus a detail from the *Piqué Sellier* square, created by Cyrille Diatkine, adorned the cover of the 2011 diary.

Still featuring the *Piqué Sellier* motif, *Tout en Carré* stationery was developed with two monoformat versions sold in a gift box. They reinterpreted a jigsaw puzzle of notebooks and pads in various sizes to recreate a square design.

Boosted by the success of the *Silk’In* line, the combination of leather and silk has inspired a following. Diaries took up the theme, with the inside of their zip-up versions clad in printed silk and named *Silkydaily*. From the outside, covered entirely in Epsom calfskin, only the zip-pull hints at the coloured silk waiting within. And to avoid any rivalry between the women’s and men’s silks, the *Citizen Twill* small leather goods range borrowed graphic motifs

from the men’s silks and slipped them inside its pockets. The line’s internal arrangements were thus redesigned to enable the use of Swift calfskin for a beautifully supple result.

Globetrotters can now tour the world and its gaming tables with an ingenious companion, the *Poker* bill clip, which can hold both cash and bank cards. Its mechanism mounted on a flexible rod makes it easy to slip into any pocket.

A similarly clever design characterised the *Token* key ring: with its slim leather link and clasp, it passes through any type of key, while its leather medallion, stamped with the saddle tack motif, adds a cheerful touch of colour.

Lastly, horses continued to remain a theme on large and small leather accessories, with *Paddock* charms including a saddle, horse, horseshoe, riding whip and mane. These miniature bag adornments can be mixed and matched for a fun and attractive hint of humour.



SADDLERY

In 2011, Hermès reiterated its strong ties to the equestrian world by enriching its range of saddles, particularly show-jumping saddles. The sporty *Brasilia* continued to delight all enthusiasts, while the *Talaris*, launched in 2010, indisputably asserted itself as a major technological revolution in the saddlery world (just like Simon Delestre, the French CSIO rider who was ranked in the world's top ten this year, competing on a *Talaris* saddle). This resolutely modern saddle unites traditional Hermès Sellier craftsmanship with the best selected leathers and highly innovative new materials, such as carbon fibre, titanium, polyurethane and die-cast thermo-plastics. These cutting-edge technologies are then combined in a totally original, modular way. A new dressage model, the *Victoria* saddle is an ele-

gant thoroughbred that received an enthusiastic reception from even the most demanding riders. It is the perfect complement to the *Corlandus*, which has become a standard of excellence in the discipline thanks to its precision. Meanwhile, the multi-purpose *Senlis*, a comfortable "all-rounder", continued to please trekking and hunting aficionados.

Apart from saddles, the *métier* continued to develop its equipment for both horse and rider, as well as for stables. The new products released in 2011 perpetuated the unique combination of quality, elegance and sportiness that characterises riding at Hermès: the *Amazonne* tournament jacket, the *Caporal* polo shirt, the *Jockey* jacket in casaque red, or the *Crack* jockey jersey in Prussian blue.

For stables, grooming bags and riders' tote bags have been brightened up by the new Feu colour range.

1. Bag charms in Hunter cowhide or Swift calfskin.
2. *Tiny Birkin* bags in Epsom calfskin or smooth Niloticus lizard.
3. *Jige Élan 29* clutch bags in Milo lambskin and lizard.
4. *Tiny Kelly* bags in Epsom calfskin or smooth Niloticus lizard.
5. *Talaris* saddles in carbon and natural cowhide, *Brasilia* and *Victoria* saddles in buffalo hide.



READY-TO-WEAR AND FASHION ACCESSORIES

The Ready-to-Wear and Fashion Accessories métier is the second-largest business line of the Hermès Group, with consolidated sales of 20%. In 2011, sales reached €576 million, an increase of 30% at constant exchange rates.

WOMEN'S READY-TO-WEAR

After a seven-year partnership, Hermès and Jean-Paul Gaultier decided to bring their shared story to a close as the couturier wished to concentrate on his own projects. So in October 2010, Jean-Paul Gaultier presented his last spring-summer 2011 collection created for Hermès.

During this season, clogs clattered to a tempo marked out by flamenco rhythms. Wearing a gaucho hat and with a switch in hand, the rider was dressed in tooled or full-grain leathers set off by a shagreen sheen, with knotted jackets in soft lambskin and crocodile tanned to transparency, the ultimate achievement. Tall, slender silhouettes in jodhpur jumpsuits, Amazon skirts, bloomer

shorts in cotton gabardine or draped dresses in iris and emerald viscose jersey were combined with harness-bit belts, *Étrivière* bracelets and *Jumping* boots in a nod to the equestrian world.

Since the autumn-winter 2011 collection presented in March 2011, Christophe Lemaire has taken over the artistic direction of the Hermès women's ready-to-wear division.

Attributing a signature to this new voice, clean lines revealed the precision of volumes and the beauty of materials. Maxi-hoods, lambskin leggings or jogging bottoms in knitted cashmere were worn by sporty women or regular travellers. Tuscan lambskin and shaved mink added a wild note to winter whites, with hints of grey, taupe and sepia. Tunic dresses in wool crepe boosted the season's success and forecast keen interest in this range, which privileged freedom of movement.

As always, beautiful materials met with well-deserved success. Alongside double-sided cashmere, knits accented with leather details were extremely well received, as were the twillaines, with their characteristic *Jungle Love* and *Brazil* prints.





1. Women's ready-to-wear autumn-winter 2011 collection.
2. Men's ready-to-wear autumn-winter 2011 collection.

2.

MEN'S READY-TO-WEAR

To celebrate this year's "contemporary artisan" theme, Véronique Nichanian has created collections that highlight a cross-fertilisation of expertise, technical prowess and innovation in keeping with the guiding principles of Hermès men's fashion.

A pageant of lightness, the spring-summer 2011 collection was full of hybrid, transforming garments that paid tribute to Jean-Louis Dumas in intense whites and natural shades, highlighted by touches of colour. The materials were worked in original ways using innovative techniques that lent them extraordinary lightness and softness. "Phantom-seam" calfskin, an outstanding example of *trompe l'œil*, required extremely accurate hot stamping. Meanwhile, *Étrivière* lambskin acquired a screen-printed lining featuring the *Pégase d'Hermès* motif, adding total refinement to its very masculine appearance. Creating "burnout cotton" knit required a highly sophisticated production process and several stages of treatment to achieve a discreet openwork effect. A new generation of unstructured, "weightless" jackets with an impeccable hang showcased technical fabrics such as cotton poplin,

linen-silk mixtures or madras fabric. Zip-up shirt-jackets and pyjama-style trousers completed the casual, relaxed and sophisticated summer look.

For autumn-winter 2011, Véronique Nichanian created a range of interpretations of the ideal wardrobe, with a collection bursting with energy and subtlety in rich shades of navy, black, slate grey, petroleum blue, burgundy and bronze, with saffron or turquoise highlights. The materials, too, were warm and comfortable: shower-proof wool serge for close-fitting or wraparound coats, wool jersey for a new generation of suits, or wool and waterproof cotton for jackets with detachable collars in cashmere knit. Here again, many models spotlighted exceptional materials, illustrating Hermès' expertise: pea coats in shaved *Étrivière* mink with tartan lapels, jumpsuits in stag leather or sheepskin, jackets in stretch velvet lambskin with printed reverse, and opulent hand-knitted *Chaîne d'ancre* pullovers.

All of these creations highlighted the special attention paid to the smallest details - whether inside or out, visible or invisible - inherent to the quest for personal luxury.



ANKLE BOOT IN CALFSKIN

This *trompe-l'oeil* calfskin boot produces an unusual gaiter effect thanks to the juxtaposition of two different colours.

ACCESSORIES

The Accessories Department covers enamel and leather jewellery, shoes, belts, gloves and hats.

JEWELLERY ACCESSORIES

Drawing inspiration from the Hermès Conservatoire, this year's printed enamel creations narrated a host of new equestrian tales. Thus the motifs adorning a parade jacket in three colours of gold were reinterpreted by Cathy Latham in *Brandebourgs*, while French, Argentinean, Chinese or Peruvian stirrups were interlaced in Virginie Jamin's *Concours d'étriers*. Meanwhile, the range of graphic motifs brought together in *Quadriges*, where Pierre Perron plays on symmetry and interlacing, provided another nod to the heritage of the house. Finally, pyramid studs, a powerful Hermès emblem, were portrayed in 3D-style in Paul Quenson's *Clous en trompe l'œil*.

Printed pieces played on colour and unexpected associations: surprising, energetic compositions were created using the new "Peinture Acrylique" colour scheme, a real technical feat that illuminates enamel with vibrant shades. In contrast, "Passé" offered a gentle harmony of soft tones.

Strong colours also inspired creations in lacquered wood with the new full, round *Colombo* and *Dune* bracelets, and were surprise features in the *Duncan* and *Deva* horn necklaces.

Horn reworked with silver appeared in cuff bracelets adorned with small, flat studs on *Deli*, or large conical studs on *Dylan*.

Lastly, for the winter, the leather and metal *Pavane* family also delved into Hermès history to create the delicate *Dandy Pavane* four-coil bracelet and choker, or the newest arrival, the *Baby Pavane*.



1. Cuff links in lacquer.

2. Bracelets in lacquered wood.

3. Bracelets in enamel.



HERMÈS SHOES

In 2011, women's shoes showcased both footwear expertise and a mastery of colour.

Reflecting the annual theme, hand-braiding exerted a strong presence: suede goatskin and kidskin were braided directly onto *Caprice* Oxfords, while intertwined strips of raw leather adorned the heels of *Céleste* wedges in a style inspired by basketwork. Interlacing recalled the leather straps of the *Camélia* model, highlighted by hints of saffron, nasturtium, Klein blue and cyclamen.

Meanwhile, emblematic models played with hybrid designs, mixing the H canvas of the luggage range with leather on *Cavale* Oxfords and *City* boots. The *Carina* ballerina, a synonym for everyday comfort with its rubber sole, was released in a whole palette of colours, from lagoon blue through to saffron and paprika. With *Dream*, the ballerina stepped into winter perched on a leather sole and decorated with giant tritone ghillie perforations. Similarly, the flat *Brighton* boot, with its masculine inspiration, embraced winter in new cognac, ochre and coal shades.

Silhouettes from the ready-to-wear range inspired a number of models, such as the two-tone *Détail* boot with its 8.5 cm heel, the *Dahlia* boot with its all-

leather draped look, or the popular *Défilé* thigh-boot. Lastly, faithful to its historic bootmaker's heritage, the *Jumping* was reinvented with new versions in étoupe-coloured Swift calfskin.

Men's shoes constituted a complete wardrobe suitable for all circumstances. The new 2011 models confirmed their all-purpose nature.

The *Wall Street* line, designed for those who like refined, classical shoes, arrived in delicate nuances of hand-aged calfskin and included a new model of Oxfords, the *Dean*. For the more casual man, the *Dustin* boot, both comfortable and supple thanks to its new rubber sole and hand-sewn apron, arrived as back-up for the *Amico* loafers.

Offering a more rock-and-roll feel, *Distance* combined a double leather sole with a rubber insert for all-weather comfort. The *Sport* models confirmed their position with a very colourful collection featuring mint green and Thalassa blue accents, while the *Champion* and *Challenge* models presented a new combination of cotton canvas and leather.

For evenings, the *Fumoir* range stressed refinement with the *Dandy*, graced with a black lining on all models, while the *Dynasty* loafer provided a subtle reference to men's silks.

1. Sandal in suede goatskin and calfskin.
2. Oxford shoe in patinated calfskin.
3. Sandal in suede goatskin.
4. Derby in calfskin.
5. Platform sandal in calfskin.
6. Cap in deerskin.
7. Driving gloves in bouclé lambskin.
8. Belt in Epsom calfskin.
9. Hat in felt and braided lambskin.
10. Gloves in glazed lambskin and silk twill.
11. Belt in Gaucho taurillon, Tadelakt calfskin, crocodile and Swift calfskin.



BELTS

In 2011, Hermès belts kept up the tempo of each season with changes in materials and colours.

The lightweight and summery silk *Capri* belt borrowed print motifs from the tie rack, and was released in an ingenious “kit” form with a removable buckle. For informal wear, it appealed to both men and women.

The leather “kits” also took on a more casual look in a wider, 42-millimetre version, adorned with the *Constance* buckle for the first time, as well as two new distinctive buckles: the all-leather *Dakota*, and the *Idem* for a completely reversible belt. This width also heralded a new interpretation of the pyramid stud, *Clou de Paris*, in a demonstration of our silversmithing skills. Colours were mainly taken from the world of leather goods: Tosca pink/tin grey, electric blue/graphite grey.

Several new products reflecting the annual theme illustrated the virtuosity of our craftsmen: the *Desperado*, an ultra-supple leather braid with finely polished edges and meticulously detailed leather pompoms to tie freely around the waist, the *Duo* belt in soft leather with its ingenious double-D buckle to ensure a perfect fit, or the surprising *Découpe* assembled from segments of all the house’s emblematic leathers in an interplay of textures and colours, designed under the supervision of Christophe Lemaire.

GLOVES

Drawing inspiration from the theme of the year, the glove collections were developed around three specialist Hermès skills:

— the masterful use of micro-perforations, used to create a *trompe-l’œil* design on the leather *Collier de Chien* glove;

— the art of drawing, with a play on drawings running from one hand to the other on the *Absolue* model creating a link with silk designs, and on the half-length *Luz* glove, where glazed lambskin echoed the *Brazil* and *Jungle Love* prints;

— the combination of metal and leather, with *Complice* snap hooks for men and *Chaîne d’ancre* ones for women.

Materials were warm and comfortable for winter: cashmere knit for the *Doux* glove released in a two-tone version for women and a single-coloured version for men, soft plush loop for the *Drive* driving glove and Étrivière goatskin for the *Chemisier* glove.

HATS

This year, Hermès once again expressed its “contemporary artisan” expertise and hatter’s creativity through many new products that showcased exceptional materials.

The *City* bowler made from plaited straw brought touches of colour to a classic base.

For the summer, the *Chaîne d’ancre* knitted print adorned the *Capri* hat, whose very wide brim created a floppy sunhat effect, while the *Charly* stood out for its very narrow brim.

Winter presaged the return of felt, which was combined with leather trimmings inspired by a horse’s bridle on the *Darling*.

Leather was also given pride of place in the all-leather *Duty* hat and the stag leather *Doremi* cap, a sporty version of the *Doudou* model which was very popular in ready-to-wear.

Silk twill scarf 90:

1. *Le Pégase d'Hermès*.
2. *Ex-libris en kimonos*.
3. *Cosmogonie Apache*.
4. *L'Arbre de vie*.
5. *Din Tini Yä Zuë*.
6. Tamponnable H 70 carré in silk and cotton.
7. Silk twill tie.
8. Silk and cashmere ties.
9. Tie 7 ties in silk twill.

SILK AND TEXTILES

Silk and Textiles, the Group's third-largest business line, represents 12% of sales.

In 2011, sales of *carrés*, ties and scarves reached €347 million, an increase of 23% at constant exchange rates.

WOMEN'S SILKS

This year, the silk workshop crossed, mixed and blended inventive ideas, mingling innovation, creation and expertise. In a journey to the heart of craftsmanship, our *carrés* continued to give prominence to the work of the contemporary artisan from here and elsewhere, illustrated through a range of wonderful stories.

Thus the *Din Tini Yä Zuë* square carried us away to Mexico, home of the Otomi women, who are experts in the colourful, simple art of hand-embroidery. Composed of circular motifs peopled with fabulous creatures and strange characters, it celebrates the meeting of man and nature. The *Pégase d'Hermès*, a mythical house figure, was metamorphosed by the artist Christian Renonciat into a vibrant tribute to Leonardo da Vinci and his flying machines. Celestial stallion, it features on our silks today thanks to the work of our printers in Lyon. It is represented in filigree-style, finely printed in 140 format on a shifting silk chiffon, and becomes *Pégase Lumière* when illuminated by a plethora of hand-smoked

sequins, saddle tacks and glass beads applied by the hands of our Indian master embroiderers. In another example of outstanding craftsmanship, the Japanese house of Matsuzakaya, the famous kimono creator, invited us to consult its archives, resulting in the creation of the *Ex-libris en kimonos* design, made up of a patchwork of many different antique kimono motifs.

Meanwhile, Hermès pursued its "socially responsible *carré*" project in 2011 with the *Graff Hermès* silk twill *carré* created by graffiti artist Kongo, who worked on silk rather than concrete with talent and energy. Kongo, who belongs to a community association in the outskirts of Paris, has always been a globetrotter. Helping to propagate this energy, Hermès devoted part of the profits from sales of this *carré* to unveiling and nurturing the diversity of Street Art and encouraging young people to explore creation. This project is a splendid example of a skill that is being shared and perpetuated by contemporary artists.

The Silk and Textiles *métier* never ceases to surprise with its extraordinary new materials and fresh formats. Cotton made its entry into the collection with the T-shirt *carré* in chiné cotton jersey. It is tempting to snuggle up in this large overlocked *carré*, which is very soft, extremely refined and printed with *Monsieur et Madame*... Meanwhile, the supple, flowing and infinitely soft giant *Summer twill carré* set its



sights on upsetting traditional codes: while huge in size, it is incomparably light and weighs barely 80 grammes! This precious material is obtained from meticulously weaving extremely fine silk threads together.

The second edition of works of art on silk continued in 2011. This ambitious joint project between Daniel Buren, a leading contemporary artist, and Hermès came to fruition over the course of the year with numerous exhibitions around the world: New York, London, Tokyo, Brussels, and elsewhere, demonstrating the success of these unique creations.

Once again, women's silks were displayed to advantage around the world in the "Paris Mon Ami" promotional campaign, which reunited four friends: Ella from Paris, Courtney from New York, Anna from London and Kozué from Tokyo. The campaign was used by over 30 countries, which devised and staged specific initiatives that were modern, creative and high-impact, such as fashion-night events or temporary stores. On a fun and interactive website, www.parismonami.com, enthusiasts from around the world were invited to explore the world of silk and tell us their most beautiful *carré* stories.

MEN'S SILKS

In 2011, men's silks nurtured the flame that keeps its customers loyal to its prints by marrying traditional expertise with sensational creations.

The weighty and perfectly hanging *Heavy Twill* silk tie launched in 2010 continued to flourish at the heart of the collections, while the range of timeless ties – still as abundant as ever in classic or fancy twill, and heavy silk – displayed an even broader spectrum

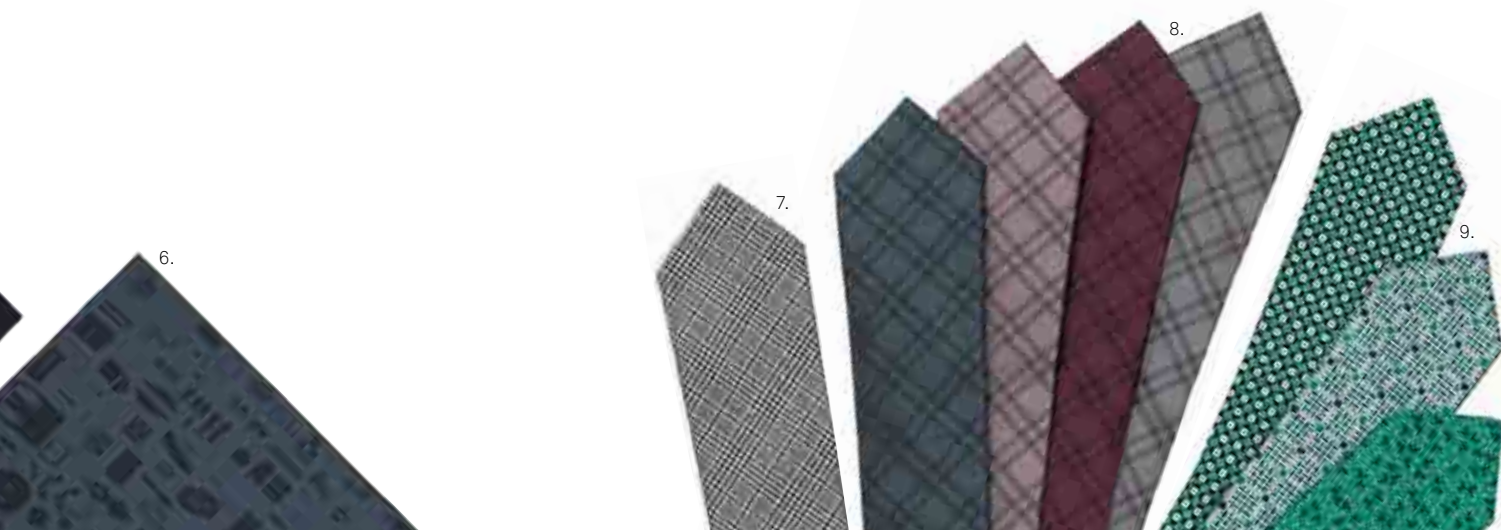
of colours this year. Among the new contemporary ties, the *Celebration Tie*, which commemorates important occasions in life, and the croco-weave heavy silk tie marked the year with their impertinence. Several new releases played with original materials and shapes for a strong on-trend effect: the *Tie 7*, the *Summer Ties*, the *Mini Kilt*, or the ties made from denim or printed sweatshirt material.

There was also plenty of daring in men's *carrés*, particularly with the launch of the first 140 for men, offering a new shape, a new medium, and a fun new vision of the art of printing. This *carré*, evocatively named *L'imprimeur fou* ("the mad printer"), mingled the emblematic *Les Clés* and *L'Art indien des plaines* motifs to create a surprising graphic design.

The *Unleash the dog carré* was another daring creation, brought about by combining the expertise of our Lyon printers with the shirting cotton used in men's ready-to-wear.

Lastly, *Tamponnable* became a real favourite: a *carré* on which the artist Gian Paolo Pagni stamped the tools and utensils of our craftsmen, interpreting the contemporary artisan theme on a very natural-feeling silk and cotton blend.

Innovative wearing styles were also introduced: elegance and simplicity characterised the point-free *H infini carré*, worn unknotted. Composed of two H 70 *carrés* attached together, it evokes natural simplicity and can be worn in any circumstances. Losanges confirmed their status as essentials for the Hermès man, and were extended with a new winter concept, the *Echarpolange*, which hangs like a losange but provides the warmth of a scarf. Scarves were very much in evidence, in summer and winter alike, as woven or knitted expressions of our artisans' expertise.





ENZO MARI CHAIR

Born from a close partnership with the designer Enzo Mari, this chair encapsulates the values of timeless functionality and comfort that are so central to Hermès. Its pure, understated lines are enhanced by polished walnut, a warm and noble wood whose silky touch complements the sensuality of the leather.



OTHER HERMÈS MÉTIERS

Other Hermès *métiers* include Jewellery and the Art of Living. In 2011, they achieved total sales of €109 million, an increase of 25% at constant exchange rates, contributing 4% to the Group's total sales.

JEWELLERY

Gold jewellery enjoyed great success on all markets in 2011.

Boosted by the high profile of Haute Bijouterie presented in travelling exhibitions in China, Europe and the United States, gold jewellery developed thanks to flagship pieces at the heart of its collection, such as the *Collier de chien* and *Finesse* creations.

In addition, the first Hermès Haute Bijouterie collection launched in 2010 was enriched with several variants, particularly in the *Fouet* collection. Thus, the *Fouet* necklace now comes in rose gold and brown diamonds, while new pieces in platinum and white diamonds were developed, including a ring, a bracelet and a pair of earrings.

The different collections caused general surprise and once again confirmed that the creativity and unique expertise of Hermès always work hand-in-hand to foster a vision that is more contemporary than ever. This momentum was sustained by new products for autumn-winter 2011, which were extremely well received by our customers, especially the *Kelly* line.

This now comes in a wide range of models, from the emblematic *Kelly PM* bracelet to the outstanding *Kelly GM* bracelet in Milanese mesh with diamond-paved clasp.

THE ART OF LIVING

The roll-out of Hermès' home collections started in Paris in 2010 and continued throughout 2011 in Hermès stores. 20 boutiques now have dedicated areas presenting our home interior range.

This range now includes new contemporary furniture creations, such as the *Métiers* collection by Enzo Mari, a leading figure in Italian design who presided over the first Prix Emile Hermès awarded in 2008 in Milan, the *Matières* collection by Antonio Citterio, another important and highly original designer, and the *Chaise Sellier* by Denis Montel, Artistic Director of the interior design agency RDAI, who worked with designer Eric Benqué to produce a signature piece. Hermès also presented a collection of furnishing fabrics and wallpaper produced and distributed through a joint subsidiary set up with the Italian fabric house Dedar.

These new creations were presented at the Milan International Furniture Fair in April in a striking travelling pavilion made from cardboard, paper and wood designed by the architect Shigeru Ban. This pavilion was also installed in Tokyo, in October, to welcome our Japanese clients.

1. *Kelly* bracelets in white gold paved with diamonds, in rose gold and diamonds, and in yellow gold and diamonds.
2. Tie sautoir in silver.



SPECIALISED DISTRIBUTION NETWORKS

Specialised distribution networks generated sales of €349 million.

These networks comprise the following *métiers*:

PERFUMES

Confirming the 2010 trend, the Perfumes business line continued to grow in 2011 with a 16% increase in sales. This growth was based on noteworthy product launches and initiatives.

With the arrival of spring came a new garden: *Un Jardin sur le Toit* was added to the Jardins perfume collection, bringing together the ethos of a rooftop garden, the house theme and our perfumer Jean-Claude Ellena. Although it is the fourth opus in the collection, following in the dreamy wakes of *Un Jardin en Méditerranée*, *Un Jardin sur le Nil* and *Un Jardin après la Mousse*, this *Jardin sur le Toit*, with its pioneering spirit, could well have been the very first. This time, Jean-Claude Ellena's source of inspiration was the garden perched on the roof of the Hermès building at number 24, rue du Faubourg Saint-Honoré. It offers a patch of nature created by man at zinc-rooftop level, just next to the workshops, and is inhabited by an apple tree, a pear tree, a magnolia, roses and wild grasses... This holiday garden that goes its own sweet way offers up a crisp, laughing fragrance. Full of contagiously good humour, it was crowned with success as soon as it was launched.

Santal Massoia, meanwhile, brightened up the autumn with its exotic elegance. The tenth fragrance in the *Hermessence* collection, a ground-breaking anthology of olfactory poems, it is as pure and intense as a haiku and offers an original interpretation of wood. This new poem-perfume mingles two milky woods – round and smooth sandalwood, pungent and mellow massoia – with the warmth of

resin and enticing notes of *dulce de leche* and dried fruit. The result is a strange yet familiar character, and a foray into the incongruous and the unexpected. The wood of the massoia, a rare species protected in Indonesia, cannot be used in its raw state in perfumery, and it was Jean-Claude Ellena's ambition to reinvent it. Designed to echo the “substance” of the perfume, the leather case evokes the blended pungency and softness of the fragrance, with moss Gaucho bullcalf on the outside and natural Mysore goatskin on the inside. Available exclusively in Hermès stores, the *Hermessence* collection recorded a remarkable performance in 2011.

Lastly, *Terre d'Hermès* continued its progress in France and around the world, consolidating its status as a great classic with each passing day and confirming its position among the top five men's fragrances sold in France.

Taking its professional strategy even further and striving to achieve its dream, Hermès Parfums completed another stage in its development at the end of 2011 by opening the first Hermès Parfumeur shop in the Belle Parfumerie department of the Printemps Haussmann store in Paris. The standard-bearer of a philosophy that is visibly different, today this boutique harbours all of the house's fragrant tales, elegantly showcased by an original presentation staged in the “Bibliothèque des Parfums”, a piece of furniture from the *Hermessence* collection, or captured in bell jars in a new kind of ceramic. The high point of a year marked by a scrupulous yet generous strategy, the Hermès Parfumeur boutique has managed to assert the rigour and individuality of Hermès on a saturated and trivialised commercial market.

WATCHES

The watch sector represents 5% of the Group's total business, with sales of €139 million in 2011, an increase of 23% at constant exchange rates.

2011 was a year of strong growth for La Montre Hermès, which gained a significant market share in key markets such as China, the United States and even France. In accordance with its policy to continually improve quality, La Montre Hermès invested in a dust-free room for its watch assembly workshop. Apart from this new production tool, the house also acquired a minority holding in the capital of Joseph Erard Holding, its historical supplier of watch cases. These investments show the determination of La Montre Hermès to continue to develop its watchmaking expertise.

2011 also witnessed the launch of numerous new

products, notably watches centred on the theme of imaginary time: *Cape Cod Grandes Heures* and *Arceau Le temps suspendu* were presented at Baselworld. The international launch of *Arceau Le temps suspendu*, organised for more than 220 journalists, was designed as a surrealist journey transporting the visitor through a dream-like sequence beyond time.

This model was also awarded the Men's Watch Prize by the prestigious international panel of judges at the Geneva Grand Prix d'Horlogerie competition.

The Hermès collection of timepieces – all exceptional watches reflecting the artistic *métiers* and their areas of expertise – was embellished with a number of fine creations including the set of enamel *Arceau Fleurs d'indiennes* watches, the Haute Joaillerie *Heures H* watch set with baguette-cut diamonds, and the following pocket watches: *Chevaux Qatari*, *Puzzle* in wood marquetry, and *Promenade de Longchamp* in engraved mother-of-pearl.

1. Parfums-Jardins collection, including *Un Jardin sur le Toit*.
2. *Hermessence* collection, including the tenth fragrance *Santal Massoïa*.
3. *Heure H* watch set with baguette-cut diamonds, in 750 white gold dial and a matt alligator strap.
4. *Cape Cod Grandes Heures* watch in steel, dials with three different time displays, matt alligator straps.



TABLEWARE

Total sales in the tableware *métier*, which includes the activities of La Table Hermès, Les Cristalleries Saint-Louis and the Puiforcat silversmithing house, reached €51 million in 2011, an increase of 17%. The development of stores under the Hermès, Puiforcat and Saint-Louis banners continued, with two new boutiques in Singapore and Indonesia.

LA TABLE HERMÈS

La Table Hermès enjoyed well sustained growth, with sales up by 21% at €28 million. A new zone dedicated to Hermès tableware collections was opened in Printemps Haussmann in Paris in 2011. This momentum was fuelled, in particular, by the launch of the new porcelain service *Bleus d'Ailleurs*, which offered a tribute to the history of the blue and white ware that the East India companies imported from China, Japan, Persia, Turkey, Portugal and the Netherlands. *Bleus d'Ailleurs* thus brought a note of travel and the imaginary to everyday tables. Encouraged by the continued success of *Cheval d'Orient* since its launch in 2006, this service has been extended with exceptional pieces in original shapes and sizes. They prolong the tale of a silent cavalcade

on a field of crimson, deep blue or lively gold, applied by hand with a brush and taken straight from the Orient of dreams depicted in Persian miniatures.

LES CRISTALLERIES DE SAINT-LOUIS

With growth of 17% in 2011, Les Cristalleries de Saint-Louis confirmed the upturn they began in 2010 thanks, in large part, to the dynamic markets of the Middle East, Asia and the United States, and due to the very fine new products released in tableware and light fittings. Business also remained steady in carafes and small bottles.

The collections launched this year expressed the full spectrum of the production site's expertise: pure, unequivocal creations bearing the names of leading French designers, with unexpected juxtapositions of symbols and visions. Thus, José Lévy's *Endiablés*, Marie-Christine Dorner's *Lanternes Magiques*, the *Potiche* revisited by Laurence Brabant or the *Inter-valle* tableware line and its vases by Pierre Charpin, all contributed to spotlighting the bounty of the Cristalleries.

Saint-Louis also had fun with its classics in 2011, using its invaluable inheritance innovatively to create a truly revolutionary chandelier that is fitted upside down! Apart from its 180-degree turn, this chandelier is



cloaked in a strange new material, Neodyme, whose colour changes according to the intensity of the light. This new colour was used to enhance a range of new variants in the Saint-Louis collection. Even the emblematic *Apollo* participated in the fun: after passing through the expert, mischievous hands of *petit h*, it was lit up under the knowledgeable gaze of Godefroy de Virieu to become a wall light, portable lamp, ceiling light and triptych. Each of these creations now has its own rightful place in the collection.

The year was punctuated by some noteworthy promotional events, starting with Saint-Louis' return to the international professional Maison&Objet fair in Villepinte after a two-year absence. With a view to showcasing the lighting segment, Saint-Louis also took part in Milan's EuroLuce fair in April for the first time, while the *Starry Night Event* exhibition, which presents Saint-Louis' most emblematic products, concluded its Asian journey in Taiwan.

PUIFORCAT

Puiforcat has recovered its business momentum, bringing its sales up to €6 million (+2% at constant exchange rates).

The launch of a range of kitchen knives, created in collaboration with Michelin-starred chef Pierre

Gagnaire and designed by Gabriele Pezzini, launched a reorientation by Puiforcat towards the creation of a comprehensive "silversmith's art of living" focused on kitchenware, in particular. Six highly distinctive knives, with Indian rosewood handles strengthened by a cruciform structure in solid, mirror-polished steel, and specially designed blades, were thus created. These six innovative, expert tools featuring Evercut® technology that makes knife-sharpening a chore of the past, are sold separately in some cases or as a set.

Meanwhile the *Zermatt* solid steel flatware created in 2010 by designer Patrick Jouin confirmed its popularity and was released in two new finishes: satin matt and gold immersion. With the original mirror-polish finish, it now offers three styles for three different personalities born from the same design.

Lastly, in early September, a "Puiforcat champagne bar" opened its doors on the renovated second floor of the Hermès building in Tokyo, Japan. This cosy, intimate location inspired by the Art Deco world of Puiforcat forms a precious setting for its collections, particularly the *Champagne* range, and invites visitors to try the "champagne cup", a unique tasting utensil in solid silver developed in collaboration with the champagne winemaker Bruno Paillard.

Les Cristalleries de Saint-Louis collections:
 1. The Lanternes Magiques.
 2. The Endiablés.
 3. Puiforcat knives.



2.



3.

LOVE AND RESPECT FOR MATERIALS

Hearts and Crafts

Since 1837, generation after generation of Hermès craftsmen have embodied our founding values: a love of materials, a passion for their *métier*, a desire to learn and an open mind. Today, there are over 3,000 craftsmen working in our various workshops located all over France.

Exceptionally, Hermès agreed to open the doors of its production units to the *Hearts and Crafts* filmmakers, who met with these men and women, the bearers of our precious expertise. This moving testimony, in which the glances, gestures and silences say as much as the words themselves, reveals their impressive depth of knowledge and the pursuit of excellence that drives them

“I take the hides and see what I can do with them. In a single glimpse, I know which parts are which: that’s the back, that’s the front, a flap, a gusset... Each hide is different, so it looks different. Ultimately, you have to ‘read’ each hide.”

Didier Helot, leather-cutter and preparer

“Mastering leather is like training a horse: you need to learn how to tame it in order to achieve your aims, which in this case is creating an elegant, beautiful object that will last a lifetime. It’s pure magic.”

Laurent Goblet, saddler

“Metal is a living material. It is heated, struck, stretched, reheated, annealed, plunged into water and polished... You could say that it’s tortured! Yet, despite all this, it becomes something truly beautiful.”

Nathalie Poirot, polisher

“It’s like your first love. You indulge it, you give it the very best of yourself, you embrace it. We work the metal, giving it a brilliant finish in order to create a beautiful object... Polishing is the task that brings the creation to life.”

Aurély Israel, trainee polisher

OTHER GROUP BRANDS AND PRODUCTS

JOHN LOBB BOOTMAKER

In 2011, business was dynamic in all stores and showed 11% growth, especially on the Asian and American markets. It was noteworthy that despite the March earthquake in Japan and the apathy of this market, sales at the four John Lobb branches finished with a year-on-year increase.

The bespoke order book displayed a significant rise and benefited from the *Spirits of Capitals* travelling exhibition. Presented in New York, Paris, Tokyo, Dubai and Moscow, it raised awareness of the business and attracted new customers. Special orders continued to evoke great enthusiasm, confirming that clients still find the *By Request* customised service very attractive.

In ready-to-wear, the 2011 edition – an Oxford with a narrow square toe – was successfully launched on St Crispin's Day, the patron saint of cobblers. In addition, the positive reception given to soft leather models designed for casual wear was confirmed, especially with the introduction of the rubber-soled *Riviera* loafer.

Sales of personal accessories – small leather goods, belts and socks – benefitted from the prominent launch of the refined *Twinstitch* collection of wallets and card-holders, presented in an innovative combination of suede calfskin and full-grain calfskin.

The introduction of a shoe care and cleaning service in top hotels continued, with the installation of a dedicated area in New York's The Mark named The Mark Shine by John Lobb, complete with a shoeshiner's chair.

Lastly, the production capacity of the Northampton site dedicated to the development and manufacture

of ready-to-wear was increased in 2011. The bespoke trade is preparing to celebrate its 30th anniversary in 2012 against a backdrop of expansion at John Lobb and on all markets in general.

TEXTILES

The textiles business lines unite design, colour and dyeworks, engraving, printing, weaving and fabrication under one roof: Holding Textile Hermès.

2011 was marked by record business levels deriving primarily from excellent internal orders placed by the Hermès Divisions. These admirable results were obtained thanks to the complementarity of the *métiers*, team spirit and a good service rate.

Business with customers outside the Group slowed down in a contrasting situation: clothing fabrics profited from sustained progress, while furnishings had a more difficult year in an economic context that became less favourable after the summer.

The investment programme for the next three years was significantly strengthened, with a view to supporting increasing demand with extended capacity. The main investments in progress concern:

- two new production sites: one dedicated to fabrication/engraving/upholstery fabrics/storage, and the other intended to develop finishing processes, and
- a customised “large width” tool, developed to increase volumes significantly while noticeably improving quality.

Our principal partners are supporting us in this capacity-enlarging process, especially in weaving and fabrication.

In fabrication, a community-support project was set up on the initiative of an employee: the Handysoie workshop, which promotes the professional integration of people with disabilities.



TANNING

Sales in the tanning sector attained €63 million in 2011, representing an increase of 47%, thanks to strong growth in all markets, both geographically and *per métier*. Leather goods was the most dynamic sector, especially in Europe.

The tanning sector handles the purchase, tanning, dyeing and finishing of exotic skins destined for high-quality brands and manufacturers operating in fashion and leather goods (bags, small leather goods, shoes, belts, garments, etc.) and for the top-of-the-range watchmaking industry (watch straps). In 2011, the tanning sector pursued its strategy of improving quality throughout its supply chain and in its factories. The ambitious industrial investment programme made further progress in achieving the sector's objectives: confirming its position of excellence on the fine leathers market, maintaining its exemplary status in terms of ethical and environmental standards, and controlling its water and energy consumption.

HERMÈS HORIZON

2011 was a year of change for this division, with Hermès Intérieur & Design becoming Hermès Horizon. The tone for the future was quickly established, with priority placed on developing production activities in the cladding of large objects while ensuring they retain their initial mobility. These new

activities are the result of innovations in the skills being developed by our craftsmen.

Once again this year, cladding in cars and motorcycles showcased our areas of expertise. First of all, upholstering a convertible Mercedes collector's piece, the SSK, gave rise to an innovation: smooth, waterproof Carrianyl bullcalf, and an ingenious system for attaching bags. Our artisans then used their skills to fully clad an Ambassador, a popular and emblematic Indian car destined for the Hermès store in Delhi. This unique piece required nearly three weeks of work and constituted a real transformation "from pumpkin to carriage". The success of the Yamaha VMAX 1700 H motorcycle should also be highlighted: four of these were clad in 2011, with one vehicle travelling to stores in Zurich, Beijing, Moscow and Tokyo to unanimous acclaim.

Other achievements in 2011 included the culmination of our collaboration with other Hermès *métiers* with the creation of a "custom-built house" for the Kima project in Japan, and the study and production of furniture prototypes for the Jean-Michel Franck and Enzo Mari series. Cladding has also been used to decorate the Berlin and Madison stores, as well as the banister rail in the new Geneva store.

Lastly, following the success of the Kellydoscope, a second specimen of this giant *Kelly* was created specifically for China. It took a month's work to perfect the design of this monumental *Kelly*.

1. The Ambassador, a popular Indian car, clad in leather and decorated by Hermès craftsmen.

THE PASSION, PRIDE AND HUMILITY OF THE *MÉTIER*

“Each design has a story. We investigate it, research it and learn lots of things each time.

Sometimes, I spend 1,500 to 2,000 hours on a drawing, but I’m always learning and that’s important to me.”

Nadine Rabilloud, illustrator

“I love my tools. If I don’t have one, I have to get it! I scour flea markets and websites... In fact, I’m always looking for a tool that I don’t have!”

Jérôme Giboire, saddler and leatherworker

“In our profession, the only way to find out if you are suited to the job is by trying it out. The *métier* needs to love you first. You try it, and it either adopts you or it doesn’t. If it adopts you, then you’re on your way!”

Didier Millot, leatherworker

“I take pride in creating a bag from start to finish, and to think that someone somewhere in the world will carry this bag.”

Alban Le Floch, saddler and leatherworker

“People say: ‘He’s good at his job.’ But it’s not really that; it’s my vocation, my *métier*. With the correct training and hands-on experience, you get better and that’s your goal. After that, it becomes second nature.”

Didier Helot, leather-cutter and preparer

LEARNING, DIALOGUE AND TRANSMITTING EXPERTISE

“I was 16 when I started as an apprentice and now, 33 years later, I’m still here! My father was a fabric-printer, Mum was a weaver and I’m an illustrator.”

Nadine Rabilloud, illustrator

“I was fortunate enough to learn ‘on the job’ as they say. I learnt from my predecessors within the *métier*, one thing led to another. I’ve learnt so much and I continue to learn. Even with 40 years of experience, I’m still learning.”

René Cayon-Glayère, colourist and printer

“Nadine didn’t know how to use the computer and I didn’t know how she worked apart from what my grandmother had told me... So we swapped tools just to see what it was like and both realised that the same gestures are always important, whether you use a pencil, a pen, a brush or the stylus of a graphics tablet.”

Delphine Bayard, illustrator

“Learning truly is an exchange. Everything depends on what the other person wants to know. Despite the barrier*, I love discussing ideas. Teaching somebody something and seeing them understand is a real joy.”

Ali Khatali, polisseur (* editor’s note: Ali is hearing-impaired)

“Khom Sang taught me the ropes of this *métier*. At the beginning, we didn’t know each other but we just got on with things, and listened to each other. It is so much more than an experience, it is a life lesson too. He is a role model for me, almost like a father to me.”

Pierre Schaeffer, mould-maker

SHANG XIA

A year after the first store opened in Shanghai, the rise of this brand championing exceptional Chinese contemporary craftsmanship lived up to its auspicious ambitions.

Shang Xia tells the tale of China, inventing a contemporary art of living with a Chinese twist through high-quality objects in timeless, highly refined style. Objects such as the *Bridge* tea service or the *View* jewellery collection are enjoying great success among the brand's clientele, composed of both Chinese and international customers.

Craftsmanship and creativity are at the heart of Shang Xia's approach, as symbolised by the *Da tian Di* ("Heaven and Earth") furniture range. Made from rare Zitan wood, which has some unique characteristics, the collection combines inherited Chinese cabinet-making skills firmly rooted in excellence with a contemporary aesthetic inspired by the Ming period.

The 2011-2012 collection, developed on the "Man and Nature" theme, offers an extension of the brand's

product range in the context of the Chinese crafts mastered by Shang Xia: furniture, decorative articles, accessories, clothing and jewellery. The accent is on natural materials that symbolise beauty in its purest state: inkstone, "Tai Hu" stone, age-old agate, etc.


This new collection presents, most notably, a rocking chair in Zitan wood representing over 3,700 hours of manual work, a magnificent mah-jong set with a contemporary design, or cashmere-felt garments made using representative expertise from Northern China. In September 2011, an exhibition was organised over 1,500 m² in a very beautiful residence in the French Concession of Shanghai. The event enabled 5,000 people to explore Shang Xia more fully and discover the contemporary Chinese art of living in all its splendour.

The attention devoted to Shang Xia by customers and media around the world attests to a global enthusiasm for quality, authenticity, Chinese culture and exceptional design. These are the fundamental building blocks of the Shang Xia brand.



1. Interior of the Shang Xia store in Shanghai.

PETIT H

A workshop designed and run by Madame Mussard,  (pronounced “petit h”) brings Hermès’ skills and materials together under one roof and offers artists the chance to use them to make “re-creative” works. Off-cuts of leather, sponge, silk or horsehair, bits of porcelain and crystal, fragments of metal and much more: these beautiful, precious materials are set aside in our workshops, unused and brimming with potential, to be reborn in the hands of our craftsmen: saddlers, leatherworkers, silversmiths, couturiers, master glass-makers and china-workers.

Inspired by these noble materials, this undeviating dialogue between ideas and hands brings marvellous, unexpected objects to life that are then sold at ephemeral travelling exhibits displayed in Hermès stores.

Faithful to this concept, petit h displayed its collections in Tokyo’s Ginza store in June, New York’s Madison store in November, and Paris’s Sèvres stores at the end of the year, in a carefully devised exhibition space.

As part of the Tokyo sale in June, Pascale Mussard invited 59 primary-school pupils and a group of saddlers and leatherworkers to the Fujisaki store in Sendai for a weekend exploring the Hermès leather *métier*. Manuela Bosle, Manager of the leather repair workshop in Japan, together with Jérémie Bouissou, Kenji Saito and Hisako Kishimoto from the Ginza and Osaka Midosuji workshops taught the children saddle-stitching on the *Isa* card holder. After listening attentively and concentrating for two hours, these gifted apprentices were proud to hold their very own creations in their hands! The infectious energy and delighted smiles of the children, which went straight to the hearts of those present, were a wonderful expression of the Hermès “contemporary artisan” theme.

OTHER ACTIVITIES OF THE HERMÈS GROUP

This *métier* comprises the business activities carried on at the Group’s production sites on behalf of external brands, such as the packaging of perfumes on the Vaudreuil site in Normandy.



Petit h:

- Panda in Clémence bullcalf.
- Chest of drawers: structure in solid oak, Togo calfskin, *Concours d'étriers* silk scarves and palladium-plated brass jewellery.
- Bedroom necklace in Tadelakt calfskin, Barénia calfskin, strap, crystal ring, ring in palladium-plated brass and other leather-coated components.
- Jigsaw puzzle in matt crocodile.
- Flexible baize clock, letter-opener in Macassar wood, palladium-plated saddle tack, *Kelly* bag studs, hooks in Barénia calfskin and palladium-plated eyelets.
- Car in porosus crocodile, Derma calfskin, Clémence bullcalf and palladium-plated brass.
- Mobile: Gummy calfskin leather flap from the *Valparaiso* bag, handle in bridle cowhide from the *Herbag* bag, snaphooks in palladium-plated brass and steel wires.
- Cup-holders in Togo calfskin, matt crocodile, Tadelakt calfskin, goatskin and shiny crocodile.
- *Les Dix Cavaliers* silk scarf and lambskin link.
- Stole in fine wool and lambskin.

CURIOSITY, AN OPEN MIND AND A CERTAIN WAY OF VIEWING THE WORLD

“When you love an object, you look at it differently depending on the day, but you love it regardless. It’s like a place you find sad one morning; then a bird sings, night gives way to the day and everything comes to life! You’re no longer the same. But that’s something only people who get up early will understand!”

Dominique Deriez, sales representative and saddler

“I didn’t want to follow the same path as everyone else. When I say to people: ‘I make handbags’, they’re surprised and ask me questions.”

Maguelone de Ricaud, leatherworker

“As a teenager, the only thing I could do was sing Baroque music. Leather, depending on how you handle it, can sing too. There’s a real link between leather and music.”

Michaël Matos de Carvalho, leather-cutter

“I have been making jewellery since I was 16 years old. When I first came to France, people told me: ‘You’ll end up a cleaner.’ But I was passionate about jewellery and I learnt everything by coming here. I had to be strong enough not to give up.”

Ali Khatali, polisher

“Before, I didn’t know anything about crystal. One day I woke up and said to myself: ‘Pierre, you haven’t had much experience of beautiful things, you don’t know anything, you’re ignorant. It’s time to wake up and get involved!’”

Pierre Schaeffer, mould-maker



1. Furnishing fabrics and wallpapers.

PARTNERSHIPS

FAUBOURG ITALIA

In addition to its tableware and art of living collections, Hermès is currently developing a complete range for the home that now includes upholstery fabrics and wallpaper. These are being developed in partnership with a key brand in the sector, which is already established in creation/production and in international distribution: the Italian fabric specialist Dedar. A joint subsidiary named Faubourg Italia was thus created in 2011, with Hermès International holding 60% of its capital.

JEAN PAUL GAULTIER

Since it acquired shares in the Jean Paul Gaultier brand in 1999, Hermès has supported its international development. As Jean-Paul Gaultier wished to accelerate the expansion of his fashion house and give it a fresh boost, Hermès sold its 45% holding to the Spanish Group Puig on 3 May 2011, with the couturier's full agreement.

JOSEPH ERARD HOLDING

In the third quarter of 2011, Hermès acquired a 32.5% share in the capital of Joseph Erard Holding, a company established under Swiss law and specialised in the production of top-of-the-range watch cases. Its products are made from various metals, including steel, titanium and precious metals. The firm carries out every manufacturing stage, from stamping, milling and turning to welding and finishing.

PERRIN & FILS

The Hermès Group has a 39.5% stake in the capital of Perrin & Fils. The Perrin Group specialises in weaving for a range of sectors as diverse as lingerie, upholstery fabrics, ready-to-wear and accessories.

VAUCHER MANUFACTURE FLEURIER

Hermès has had a 21% holding in the capital of Vaucher, the watch-making Manufacture, since 2007. Located in the heart of the traditional watchmaking region, between Neuchâtel in Switzerland and the Swiss frontier, the Vaucher Manufacture possesses outstanding expertise and creates top-of-the-range, prestige watch movements.

Detailed key financial information on investments in associates is provided on page 163 of Volume 2.



ARCEAU LETEMPS SUSPENDU WATCH IN STEEL

A simple press on the push-button brings the hands to 12 o'clock and makes the date indicator vanish... As if by magic, this watch changes our relationship to time as something that follows its natural course, hidden and ignored. Press again and real time returns. Everything falls back in place, as we go back to reality.



ACTIVITY BY REGION

The turnover of the Hermès Group totalled €2,841 million in 2011, a rise of 18% at constant and current exchange rates.

| | 2011 (Revenue in M€) | 2011 (Mix in %) | 2010 (Revenue in M€) | 2010 (Mix in %) | Evolutions published | Evolutions at constant exchange rates |
|-----------------------------|----------------------------|-----------------------|----------------------------|-----------------------|-------------------------|---|
| Europe | 1,055 | 37% | 901 | 38% | 17.1% | 16.3% |
| France | 495 | 17% | 437 | 19% | 13.2% | 13.2% |
| Rest of Europe | 560 | 20% | 463 | 19% | 20.8% | 19.3% |
| Americas | 464 | 16% | 385 | 16% | 20.7% | 25.8% |
| Asia-Pacific | 1,280 | 45% | 1,084 | 45% | 18.0% | 16.8% |
| Japan | 472 | 17% | 453 | 19% | 4.1% | (0.7)% |
| Rest of Asia-Pacific | 808 | 28% | 631 | 26% | 28.1% | 29.4% |
| Other | 43 | 2% | 31 | 1% | 36.5% | 35.9% |
| Consolidated revenue | 2,841 | 100% | 2,401 | 100% | 18.3% | 18.3% |

EUROPE

Showing a 16% increase at constant exchange rates, 2011 sales in Europe amounted to €1,055 million, which represents 37% of the Group's total revenue.

In France, business grew by 13%. In other European countries, annual growth was 19%, thanks to particularly dynamic activity in the Group's stores.

The European distribution network was expanded through new store openings in Rome and Istanbul,

1. Window display at 24 Faubourg Saint-Honoré designed by Leïla Menchari, spring 2011.

2. Collections from the Home *métier* presented at the International Furniture Fair in Milan within a nomadic pavilion created by the architect Shigeru Ban and crafted from cardboard, paper and wood.



2.

the extension of the Geneva store, and the takeover of the Russian Gum and Stoleshnikov concessions in Moscow, which were added to the retail network last May.

The year was also marked by two noteworthy moves: the Berlin Mitte store moved into the “Kaufhaus des Westens - KaDeWe” department stores, and the Barcelona Pau Casals store into the “El Corte Inglés Diagonal” department store. A new concessionaire was opened in Maastricht last March and a new corner was opened at Amsterdam airport in June. Lastly, Hermès Parfumeur opened its first perfumes outlet in the Belle Parfumerie department of the Printemps Haussmann store in Paris, while the Hèrmes Maison collections acquired a new, dedicated showroom in Milan.

In 2011, Hermès reiterated its strong links to the equestrian world with the second edition of the *Saut Hermès* competition in April. For three days, the international elite of the showjumping world

competed under the great glass dome of the Grand Palais in Paris. The 2011 edition was devoted to the future and innovation, with three new events reserved for the big names of tomorrow in the “Les Talents Hermès” category. Europe’s fourteen best riders under 25, selected by their federations, competed in teams of two during this highly original competition under the supervision of a coach chosen freely from the riders participating in the CSI 5*. This provided yet another opportunity for Hermès to celebrate the handing-down of knowledge and skill.

AMERICAS

In 2011, the Hermès Group concluded 16% of its sales on the American continent. Sales amounted to €464 million in this



2.

1.



3.



4.

region, an increase of 26% at constant exchange rates, notably thanks to two new stores openings in the United States.

The newest boutique inaugurated by Hermès in the prestigious Short Hills shopping mall in New Jersey has already recorded excellent results. It enjoys a strategic location close to New York and Connecticut, which enables it to attract both a local clientele and customers from the residential zones of the city centre. 2011 also provided an opportunity to return to the Las Vegas Bellagio, where a new boutique was opened in the main hall of this famous hotel.

Faithful to its traditions of harness-making and saddlery, Hermès was pleased to present the first Copa Hermès, a sporting and artistic equestrian event, in Brazil on 22nd and 23rd October. Showjumping remained the most spectacular riding discipline, mingling grace, rigour, energy and mastery with the elegance of both rider and mount. For two days, the country's best riders competed at the Fazenda Boa Vista over a course designed especially for the occasion and adapted to this countryside venue, located 100 kilometres from São Paulo. Young Brazilian competitors took part in the Junior and Young Rider

categories, and a total of 115 riders participated in front of an enthusiastic crowd. All the ingredients were assembled to make this a beautiful event charged with emotion and excitement. Encouraged by this initial success, the Copa 2 will be held next September at the same venue.

ASIA-PACIFIC

In 2011, the Asia-Pacific region generated 45% of Hermès Group sales, with €1,280 million in revenue, representing an increase of 17% at constant exchange rates. The teams in Japan, which was struck by an unprecedented catastrophe in March, displayed exemplary courage and strove to restore normal working conditions quickly, despite the pervading uncertainty. Sales fell by just 1% at constant exchange rates. In other Asian countries, sales increased by 29% at constant exchange rates.

The Asia-Pacific zone benefitted from a significant expansion in the distribution network, with a string of store openings: Hakata Hankyu in Japan, Guangzhou Taikoo and Shanyang MIXC in China, Scotts

1. *Saut Hermès* at the Grand Palais, in Paris, April 2011.
2. Staircase in the Geneva store.
3. Store opening in Berlin.
4. Window display on Madison Avenue, New York.

Square in Singapore, Hyundai Daegu in Korea, and Pune and Mumbai in India.

By opening a store right in the historic heart of Mumbai, Hermès has adopted a new, innovative approach by establishing the first luxury store in India outside the precincts of a hotel or shopping arcade. This bold step was praised by both the press and Indian customers, who were delighted to finally have access to a store at home that offers both the size and experience that could only previously be enjoyed abroad. The exhibition area on the first floor, which adds a touch of soul to this prestigious address, was also warmly received. Three years after it opened its first Indian branch in Delhi, Hermès is

thus asserting its intention to establish a long-term, distinctive presence in this country.

In addition, the Okayama Takashimaya and Nagoya Matsuzakaya concessions have been absorbed into the Hermès distribution network. Elsewhere, the Sydney store in Australia, the Guangzhou La Perle store in China, and the Yokohama Sogo and Tokyo Nihombashi Takashimaya stores in Japan were all renovated and extended over the course of the year. Hermès, Puiforcat and Saint-Louis brand stores continued their development, with two new stores opened in Singapore and Indonesia.

Lastly, three new corners were inaugurated in 2011: one in Singapore airport and two in Taipei airport.

1. Window display in Singapore.
2. Store opening in Sydney.



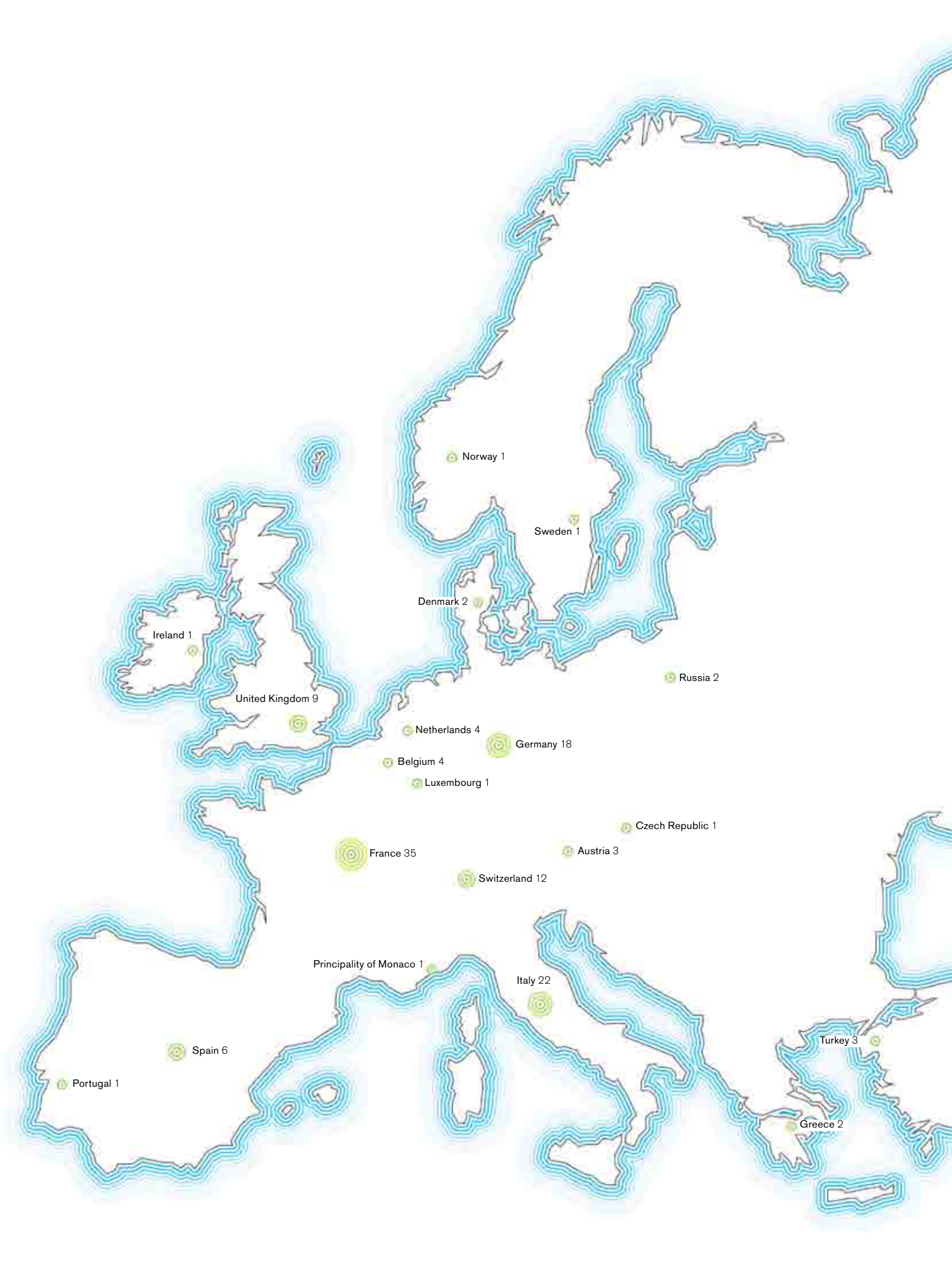
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BRACELETS IN PRINTED ENAMEL

Exquisite examples of Hermès' enamel craftsmanship, these bracelets offer an array of colours to match the women's silk collection. The patterns, inspired by the parade jacket with its decorative cords as well as the four-sided stud, come in soft, nuanced harmonies or bright, contrasting colours.



HERMÈS AROUND THE WORLD

Hermès products are available worldwide through a network of 328 exclusive stores and 13 other retail outlets. Hermès watches, perfumes and tableware are also sold through networks of specialised stores, in airport duty-free stores and on board aircraft.

341 RETAIL OUTLETS

EUROPE

Austria: 3

3 stores (cessionnaires)

Belgium: 4

3 stores (branches):

Antwerp

Brussels

Knokke-le-Zoute

1 store (cessionnaire)

Czech Republic: 1

1 store (branch):

Prague

Denmark: 2

2 stores (cessionnaires)

France: 35

15 stores (branches):

Aix-en-Provence

Biarritz

Bordeaux

Cannes

Deauville

Lille

Lyon

Marseille

Paris faubourg Saint-Honoré

Paris George-V

Paris Sèvres

Rennes

Rouen

Saint-Tropez

Strasbourg

20 stores (cessionnaires)

Germany: 18

10 stores (branches):

Baden-Baden

Berlin (2)

Cologne

Düsseldorf

Frankfurt

Hamburg

Hanover

Munich

Nuremberg

8 stores (cessionnaires)

Greece: 2

1 store (branch):

Athens

1 store (cessionnaire)

Ireland: 1

1 store (branch):

Dublin

Italy: 22

12 stores (branches):

Bologna

Capri

Florence

Milan

Naples

Padua

Palermo

Porto Cervo

Rome (2)

Turin

Venice

10 stores (cessionnaires)

Luxembourg: 1

1 store (cessionnaire)

Norway: 1

1 store (cessionnaire)

Netherlands: 4

2 stores (branches):

Amsterdam

Amsterdam Bijenkorf

2 stores (cessionnaires)

Portugal: 1

1 store (branch):

Lisbon

Principality of Monaco: 1

1 store (branch):

Monte-Carlo

Russia: 2

2 stores (branches)

Moscow Gum

Moscow Stolesnikov

Spain: 6

6 stores (branches):

Barcelona Paseo de Gracia

Barcelona Diagonal

Madrid

Madrid Corte Inglés

Marbella

Valencia

Sweden: 1

1 store (cessionnaire)

Switzerland: 12

9 stores (branches):

Basel

Bern

Crans

Geneva

Gstaad

Lausanne

Lugano

Saint-Moritz

Zurich

3 stores (cessionnaires)

Turkey: 3

2 stores (branches):

Istanbul

Istanbul Istinye

1 store (cessionnaire)

United Kingdom: 9

8 stores (branches):

Glasgow

London Harrods

London Bond Street

London Royal Exchange

London Selfridges

London Sloane Street

Manchester

Manchester Selfridges

1 store (cessionnaire)



Canada 5

USA 49

Mexico 4

Caribbean 1

Panama 1

Brazil 1

Chile 1

Argentina 1

NORTH AMERICA

Canada: 5

4 stores (branches):

Calgary

Montreal

Toronto

Vancouver

1 store (concessionaire)

Caribbean: 1

1 store (branch):

Saint-Barthélemy

USA: 49

27 stores (branches):

Atlanta

Bergen County

Beverly Hills

Boston

Charlotte

Chicago

Dallas

Denver

Hawaii Ala Moana

Hawaii Duty Free Kalakaua

Hawaii Duty Paid Waikiki

Houston

King of Prussia

Las Vegas (CityCenter)

Las Vegas Bellagio

Las Vegas Wynn

Miami Bal Harbour

New York Madison

New York Man on Madison

New York Wall Street

Palm Beach

San Diego

San Francisco

Seattle

Short Hills

South Coast Plaza

Washington Fairfax

9 stores (concessionaires)

13 other retail outlets

Mexico: 4

3 stores (branches):

Mexico Mazaryk

Mexico Palacio Perisur

Mexico Santa Fe

1 store (concessionaire)

SOUTH AMERICA

Argentina: 1

1 store (branch):

Buenos Aires

Brazil: 1

1 store (concessionaire)

Chile: 1

1 store (concessionaire)

Panama: 1

1 store (concessionaire)

Window displays in Houston
and on Madison Avenue, New York.





ASIA

China: 21

19 stores (branches):
Beijing China World
Beijing Palace Hotel
Beijing Park Life
Chengdu Maison-Mode
Dalian
Guangzhou La Perle
Guangzhou Taikoo Hui
Hangzhou Eurostreet
Hangzhou Tower
Harbin
Kunming Golden Eagle
Nanjing Deji
Qingdao Hisense Plaza
Shanghai
Shanghai IFC
Shenyang Mixc
Shenzhen City Crossing
Suzhou Matro
Wuxi Commercial Mansion
2 stores (cessionaires)

Hong Kong: 8

8 stores (branches):
Galleria
HK Peninsula Hotel
Hong Kong Airport
Kowloon Elements
Lee Gardens
Ocean Center
Pacific Place
Sogo

India: 3

3 stores (branches):
Mumbai
New Delhi
Pune

Indonesia: 3

3 stores (cessionaires)

Japan: 51

31 stores (branches):
Chiba Sogo
Fukuoka Hakata
Hankyu Iyotetsu Takashimaya
Kobe Daimaru
Kobe Sogo
Kyoto Takashimaya
Nagoya Matsuzakaya
Nagoya JR Takashimaya
Okayama Takashimaya
Osaka Hilton
Osaka Midotsuji
Osaka Pisa Royal
Osaka Takashimaya
Osaka Umeda Hankyu
Sapporo Daimaru
Sendai Fujisaki
Tachikawa Isetan
Tokyo Ginza
Tokyo Ikebukuro Seibu
Tokyo Marunouchi
Tokyo Nihombashi Mitsukoshi
Tokyo Nihombashi Takashimaya
Tokyo Ritz-Carlton Hinokicho
Tokyo Shibuya Seibu
Tokyo Shibuya Tokyu
Tokyo Shinjuku Isetan
Tokyo Shinjuku Takashimaya
Tokyo Tamagawa Takashimaya
Urawa Isetan
Yokohama Sogo
Yokohama Takashimaya
22 stores (cessionaires)

Macau: 3

3 stores (branches):
Four Seasons
One Central
Wynn

Malaysia: 2

1 store (branch):

Kuala Lumpur Pavilion
1 store (cessionaire)

Philippines: 1

1 store (cessionaire)

Singapore: 8

5 stores (branches):
Liat Tower
Marina Bay Sands
Scottswalk
Takashimaya
Scotts Square
3 stores (cessionaires)

South Korea: 19

10 stores (branches):
Busan Paradise
Hyundai
Hyundai Daegu
Seoul Dosan Park
Seoul Galleria
Seoul Hyundai Coex

Seoul Shilla
Seoul Shinsegae Busan
Seoul Shinsegae North
Seoul Shinsegae South
9 stores (cessionaires)

Taiwan: 9

6 stores (branches):
Flagship Tapei – Bellavista
Kaohshung Han Shin
Mitsukoshi Tainan
Regent Taipei
Sogo Fuxing Taipei
Sogo Taichung
3 stores (cessionaires)

Thailand: 3

2 stores (branches):
Bangkok Emporium
Bangkok Siam Paragon
1 store (cessionaire)

Vietnam: 1

1 store (cessionaire)

MIDDLE EAST AND OTHERS

Barhein: 1

1 store (cessionaire)

Koweit : 1

1 store (cessionaire)

Lebanon: 1

1 store (cessionaire)

Qatar: 1

1 store (cessionaire)

United Arab Emirates: 3

3 stores (cessionaires)

Kazakhstan : 1

1 store (cessionaire)

OCEANIA

Australia : 5

5 stores (branches):
Brisbane
Gold Coast
Marina Mirage
Gold Coast Surfers Paradise
Melbourne
Sydney Skygarden

Guam: 2

1 store (branch)
1 store (cessionaire)

New Caledonia: 1

1 store (cessionaire)

Saipan: 1

1 store (branch)

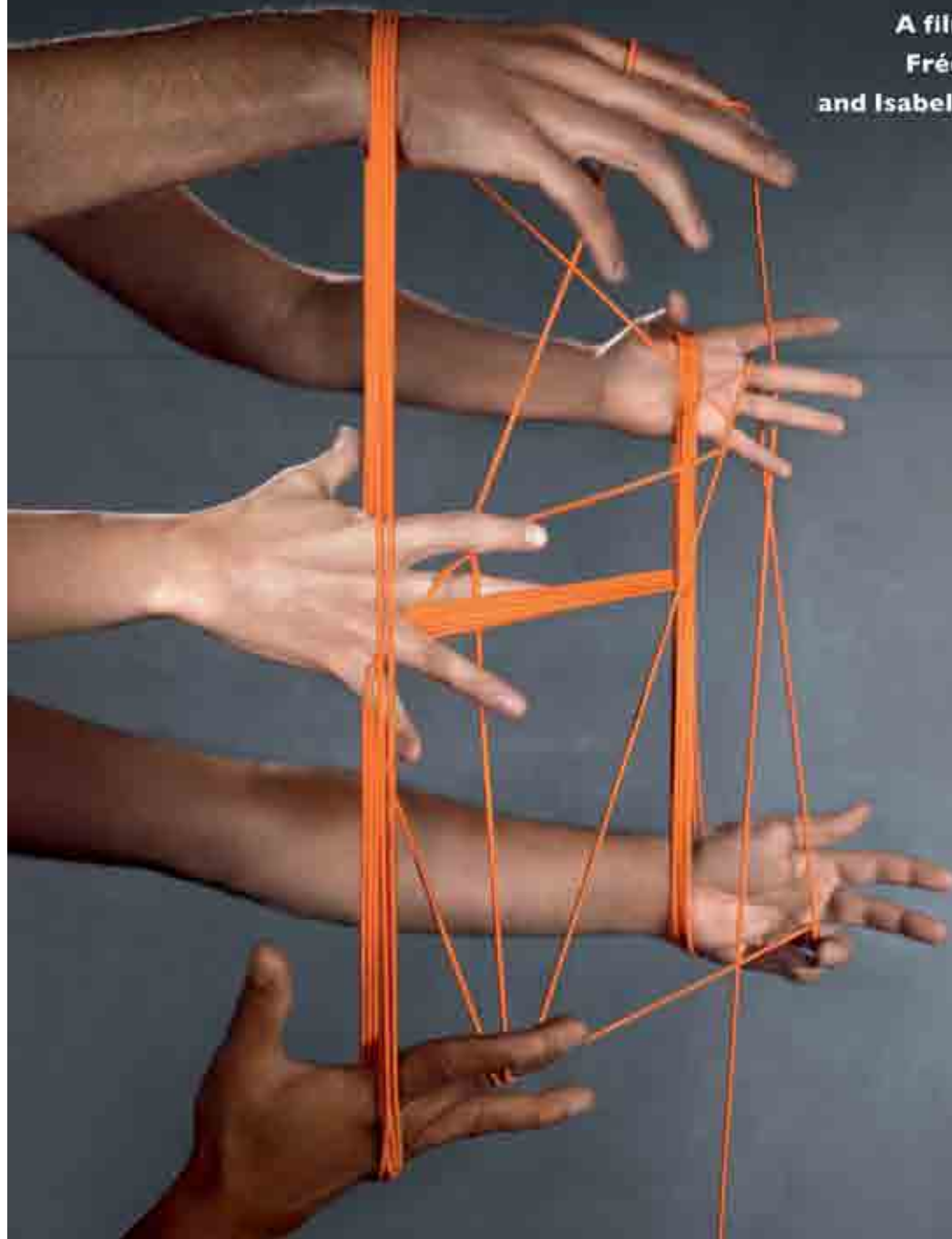
Window displays in Dosan and Sydney.



Hearts and Crafts

THE PEOPLE THAT MAKE HERMÈS

A film directed by
Frédéric Laffont
and Isabelle Dupuy-Chavanat




HERMÈS
PARIS

In 2011, investments in communication amounted to €148 million, which represented an increase of 16% in comparison to 2010. In keeping with the principles of our strategy, nearly two thirds of this budget was devoted to non-media operations.

The annual theme, “Hermès, contemporary artisan”, was celebrated with numerous events across the entire network, and engendered two international projects honouring the passion, consummate skill and modern sensibility of those who help keep Hermès at the forefront.

The “Festival des Métiers” (Festival of Crafts) showcased the diversity and expertise of Hermès’ staff in sixteen different *métiers*, brought together in a travelling workshop that made stopovers in several major cities in Europe, Asia, Americas and the Middle East. Visitors had the opportunity of watching them at work building a saddle, working leather, printing silk, creating ties, setting diamonds, making watches, painting china by hand, and more. Beyond demonstrations of technical skill, the direct,

face-to-face dialogue with our artisans gave visitors a better understanding of the efforts that the quest for excellence demands, and a glimpse of the passion that drives those who pursue it. Visits were organised for groups of students, and many teachers were impressed by the instructive and interactive aspects of the exhibition. This initiative will be continued into 2012 and beyond.

The film *Hearts and Crafts* is another testimony to Hermès’ vision of craftsmanship. It reveals the techniques and expertise used, as well as the career paths and inspirations of the men and women who fashion the highly desirable objects in our collections. It also offers a perfect illustration of the human dimension, the passion and the pride that underpin craftsmanship. A tribute to the artisans working in the many Hermès *métiers*, this short film, lasting 47 minutes, has been widely distributed internationally: in cinemas, on cable television channels, aboard the aircraft of leading airlines, at festivals, in schools and universities, on the Internet and at private showings.

In addition, several of our *métiers* were spotlighted during important events.

Hermès Men's universe was the focus of an evening reception held in Beijing for a selection of customers and journalists from China, Hong Kong, Taiwan and South Korea. During this unusual, poetically staged event held in the Art District, they were shown the ready-to-wear, shoes, losanges and ties, watches, perfumes, belts, bags, luggage and leather goods collections. In a setting characterised by metal and light, an entertaining and inventive sequence of ten tableaux followed by a fashion show displaying the autumn-winter 2011 collection created by Véronique Nichanian successfully communicated the richness of Hermès Men's universe: elegant, comfortable and attentive to details.

Meanwhile, Hermès Women's universe travelled the globe with the first Trunk Show displaying Christophe Lemaire's collection, featuring some twenty silhouettes. These more private presentations enabled our clients to familiarise themselves with the new collection, try on the clothes and grasp the values they embodied. This autumn-winter 2011 collection also

gave rise to a fashion show in Tokyo on 1st September for a panel of journalists and clients, who were touched by the presence of the creator himself. These various presentations gave our exacting and informed clientele the opportunity to discover the subtle and refined style of Christophe Lemaire for Hermès.

In addition, our "Paris Mon Ami" events toured our branches throughout the year, generating a spark of imagination and introducing our younger customers to new silk and enamel designs, as well as the most free-and-easy ways of wearing scarves and bracelets. Creating, informing, demonstrating, explaining, learning and listening – photographers and stylists were present to coordinate and immortalise the delightfully happy, creative atmosphere of these gatherings.

Lastly, our renewed commitment to furniture, fabrics, wallpaper and art-of-living accessories was confirmed during Milan's International Furniture Show in April, with the presentation of our first collection of contemporary furniture displayed in the striking architectural setting of a pavilion designed by Japanese architect Shigeru Ban.



1. The "Festival des Métiers" in Brussels.
2. "Paris Mon Ami" event at the Balajo, Paris.
3. Cover of the "Paris Mon Ami" brochure.
4. Fashion show for the men's ready-to-wear autumn-winter 2011 collection in Beijing.



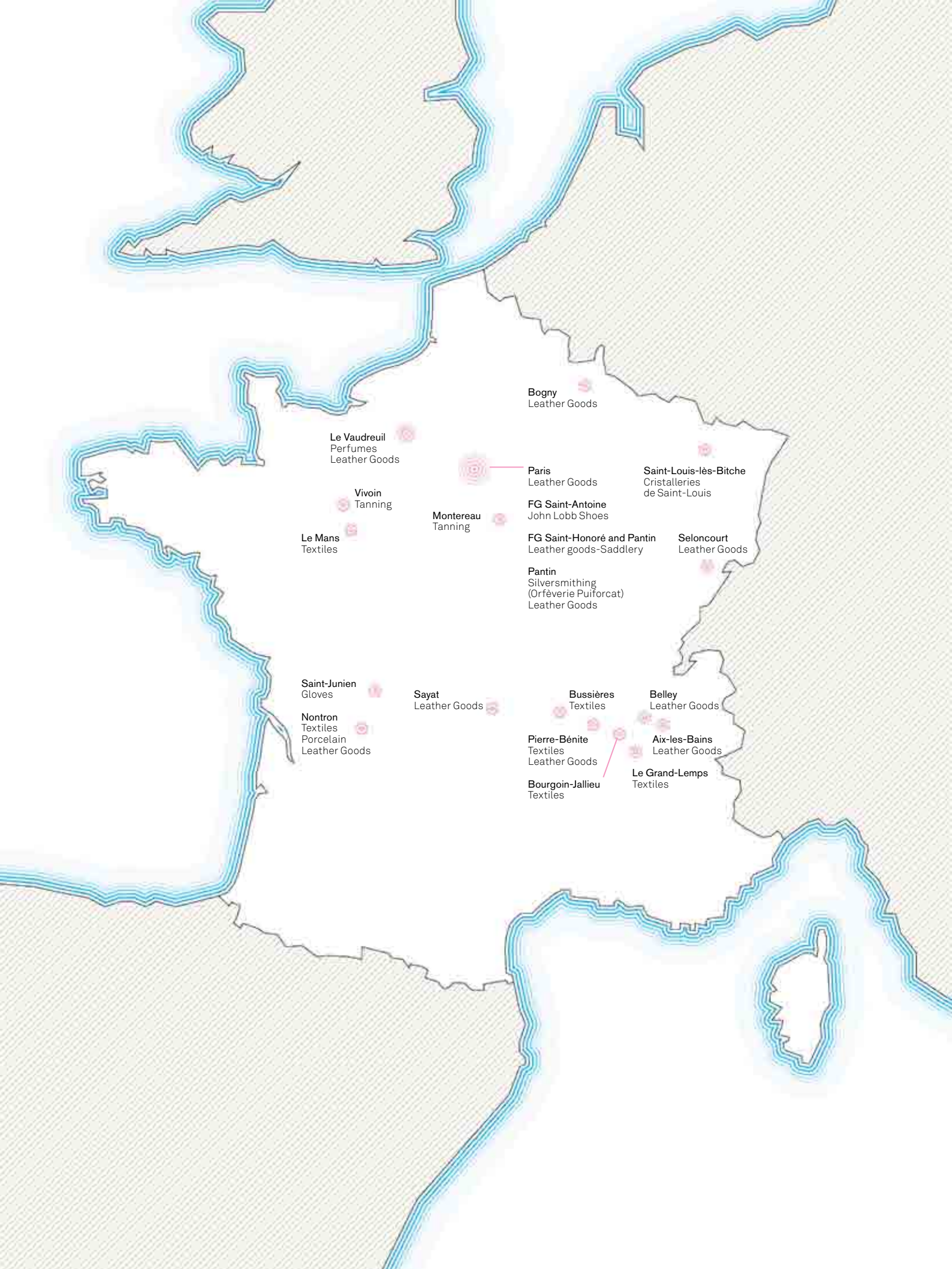
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4.



Bogny
Leather Goods

Le Vaudreuil
Perfumes
Leather Goods

Paris
Leather Goods

Saint-Louis-lès-Bitche
Cristalleries
de Saint-Louis

Vivoin
Tanning

Montereau
Tanning

FG Saint-Antoine
John Lobb Shoes

FG Saint-Honoré and Pantin
Leather goods-Saddlery

Seloncourt
Leather Goods

Le Mans
Textiles

Pantin
Silversmithing
(Orfèverie Puiforcat)
Leather Goods

Saint-Junien
Gloves

Sayat
Leather Goods

Bussièrès
Textiles

Belley
Leather Goods

Nontron
Textiles
Porcelain
Leather Goods

Pierre-Bénite
Textiles
Leather Goods

Aix-les-Bains
Leather Goods

Bourgoin-Jallieu
Textiles

Le Grand-Lemps
Textiles

ENVIRONMENT

The Group's industrial scope remained stable in 2011: as in 2010, it comprises 33 production units spread across 27 sites. On these premises, Hermès creates objects to extremely high quality standards, using traditional craftsmanship and natural materials like leather and silk. Successfully controlling the consumption of natural resources, such as water and energy, and respecting the environment remain priorities for all production units and *métiers*.

OUR GOALS

Since 2003, the Group's Industrial Department has consistently operated an environmental programme for all *métiers* and members of its 33 production units, with the same objectives:

- to comply with environmental and workplace health and safety (EHS) regulations and to prepare for changes in such regulations whenever possible;
- to respect natural resources, particularly water, and conserve energy resources;
- to enhance production processes by choosing the cleanest possible technologies and the most environmentally friendly materials available;
- to minimise waste production and to reuse and recycle whenever possible;
- to reduce the carbon footprint of our business operations.

In 2011, Hermès operated 29 production units in France. The regular rise in both the number of these

units and their business activities over the last ten years has been carefully managed in harmony with local authorities and the various stakeholders involved. Industrial employment in France progressed thanks to the creation of 200 new jobs in 2011; the announced opening of two new leather production units (Montbron in Charente and Fitialieu in Isère) should ensure that 2012 continues in this positive vein.

OUR ACCOMPLISHMENTS

WATER: CONSERVING A VITAL NATURAL RESOURCE

At the beginning of 2002, Hermès launched a programme to reduce water consumption. The 2011 financial year coincided with the tenth anniversary of its creation and the results achieved after this decade of effort and investment can be summarised as follows:

- The Group's revenue grew from €1,242 million in



2002 to €2,841 million in 2011, representing an increase of 129%. In-house production consistently accounted for approximately 75% of this revenue.

- To achieve this, the Group's industrial scope was extended by the acquisition of three leather goods production facilities (Belley, Ardennes and MHM) in the last ten years, while five others were rebuilt or expanded (Sayat, Pierre-Bénite, Seloncourt, Nontron and Saint-Antoine). Three exotic-skin tanneries (Vivoin, Cuneo and RTL), and new business operations (such as enamel work at Nontron or the engraver Gandit) were also added to the Group.

- In the same decade, industrial employment rose by 68% from 2,258 to 3,796 people, while the Group's water consumption fell by 41%. Between 2010 and 2011, despite an approximately 20% increase in in-house production in all *métiers*, water consumption fell by 3%. This accomplishment was mainly due to a reduction in water consumption in the textile sector, which has fully benefited from investments made in frame-washing machines, for example, which recycle water during the printing phase at Ateliers AS and SIEGL, and from the optimisation of workshops operating at full load. In the Tanning sector, the increase in consumption is more modest than in production thanks to the replacement of paddle vats by revolving drums for the rinsing stage at Gordon Choisy and RTL. The reduced consumption at Vaudreuil is due to the departure of a tenant who was renting part of the facility.

Work also continued to improve effluent quality. SIEGL, for example, has managed to reduce the amount of solvent it uses for

cleaning its screen-printing tables by 29%, even though production increased by 5%. This was achieved through the installation of new machines that minimise the amount of solvent applied and optimise its recovery. In the Vivoin tannery, a study carried out by AMDEC led to changing the effluent storage bladder tank, enhancing the reliability of the wastewater treatment station.

ENERGY CONSERVATION

Despite substantially higher production volumes, aggregate energy consumption fell by 4% between 2010 and 2011 thanks to favourable climatic conditions. Milder winter temperatures explain roughly half of the 9% reduction in gas consumption, while the other half is due to enhanced insulation (at Belley, for example) or to the improved weatherproofing of buildings (at Seloncourt, for instance). These initiatives, which were adopted after energy analyses were conducted, enabled all leather goods production facilities to reduce their gas consumption by 11%. The increase in electricity consumption was limited to 6% thanks to a gradual switchover to low-energy lighting. As an example, the Bobigny Logistics Centre has reduced its electricity consumption by 40% since 2005 by replacing its ceiling lights and by substituting the neon lights used in picking by LED light bars.

REDUCING OUR CARBON FOOTPRINT

In mid-2010, Hermès obtained its "Bilan Carbone®" overall carbon audit for its distribution and production facilities. Each individual

CHANGE IN WATER CONSUMPTION

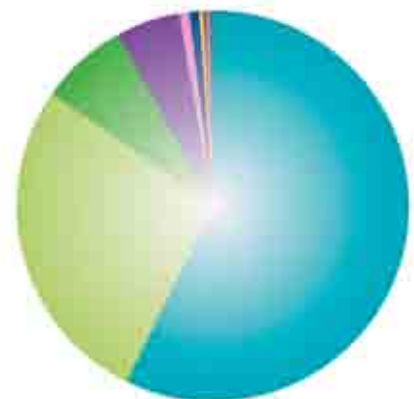
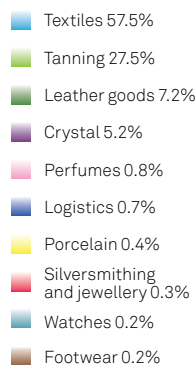
in thousands of m³



(including Hermès Cuir Précieux from 2008)

WATER CONSUMPTION

BY MÉTIER



audit was carried out by independent specialists according to the method outlined by the French Environment and Energy Management Agency (ADEME).

This overall carbon audit helped us to reflect on our energy consumption in general, and to pursue the initiatives that were launched in 2010. In consequence, maritime transportation of the untanned hides that supply the Group’s Tanning section has developed, reducing the Group’s carbon footprint by a factor of ten in comparison to air transport. The majority of *Alligator Mississippiensis* alligator hides from Florida and Louisiana, as well as the *Crocodilus Niloticus* skins from Africa are now shipped by boat, while we continue to search for new ways of setting up a maritime shipping structure for *Crocodilus Porosus* skins originating in Asia and Australia. On a different note, the wood furnace at Nontron, which uses a renewable energy resource, provided two-thirds of the site’s heating in 2011.

Finally, raising awareness is a decisive factor for progress in this area: an “eco-action day” was organised at Pierre-Bénite, while parking spots reserved for car-sharing have been created with specific badges distributed to the vehicles in question.

ENCOURAGING PARTICIPATION

An Environment-Health-Fire-Safety Network (known as the EHSI network) has been in place since 2003. Coordinated by the Industrial Department, it organises Hermès’ initiatives in these areas. The network comprises some twenty members, who meet on a

quarterly basis to share their results and best practices, find out more about new regulations and develop action plans for the future together.

In 2011, an outside consulting firm was contracted to initiate the third cycle of EHSI audits in our various units. Seven audits were carried out in 2011, and they will continue at a rate of approximately one per month over the next three years. A new information system has been installed to help monitor audits and ensure that sites are compliant with regulations. All users received training on this new system over the course of the year.

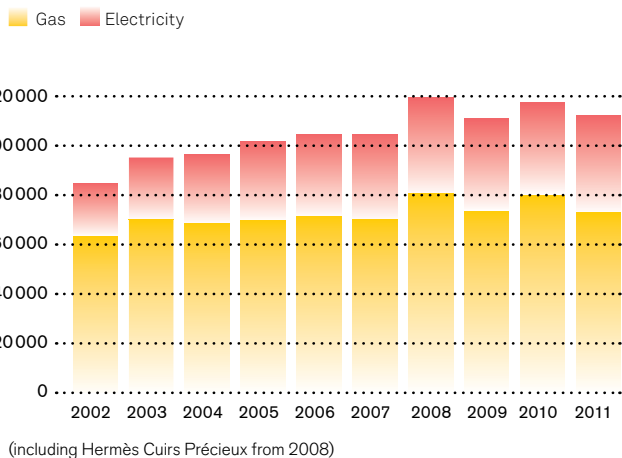
The Group’s intranet site continued to build awareness about sustainable development among Hermès employees, both in and outside of France. All the issues addressed by Hermès, such as the environment, health and safety, together with the activities carried out by the network are explained on the website; it also reports regularly on local initiatives that address themes such as biodiversity or organic farming.

CONCLUSION

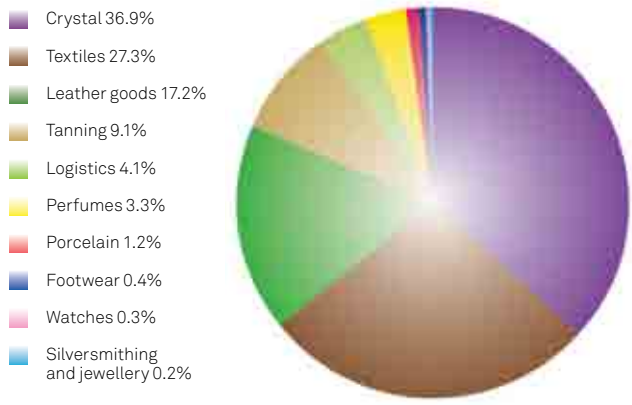
The Group did not accrue any provisions for environmental liabilities in the 2011 financial statements. None of the Group’s companies was ordered by a court to pay compensation for environmental damages during the year.

A detailed description of this programme in each métier appears in Volume 2, on page 103.

CHANGE IN ENERGY CONSUMPTION



GAS AND ELECTRICITY CONSUMPTION BY MÉTIER





GRAFF HERMÈS SILK TWILL CARRÉ 90

Street art gets silky. Hermès lets Kongo, an internationally renowned graffiti artist, work his magic. He uses silk twill as a concrete wall, creating a bold, bright and beautiful design with vibrant splashes of colour.

HERMÈS: A RESPONSIBLE, COMMITTED EMPLOYER

ACTIVE IN-HOUSE DRIVE IN ORDER TO MOTIVATE, INVOLVE, CELEBRATE...

In 2011, the in-house life of Hermès was punctuated by many initiatives intended to strengthen the feeling of belonging, to create links between employees, and to encourage efficient and harmonious exchanges and cooperation.

Tandem, the exchange programme between leather and textile craftsmen and salespeople in the international distribution network, continued. This year, twenty two-person teams in France and around the world had the opportunity to exchange their day-to-day life for that of a craftsman or of another salesperson, for one week. As such, forty quality experiences were enjoyed while providing even more satisfaction than expected, and they elicited great interest amongst all contributors to the reception and content of the programmes that are carefully designed each week.

In Lyon, on 9 June 2011, the Halle Tony Garnier welcomed 1,500 employees from the entire region, for the annual Forum H information meeting, followed by a joint lunch. The subjects covered served to add to the curiosity of an audience that was eager to learn more about the house and its projects for the future: 2010 main events, the outlook for 2011, the shared ambitions of the Home division of Hermès, the industrial innovations as well as the developments in the international distribution network.

The Podiums, the twice-yearly event for presenting the collections to all Hermès stores, provided a new opportunity to invite some eighty craftsmen to discover the new collections. Standing before the presentation of the objects resulting from their creation, they were able to grasp the importance of their art and understand the requirements of the stores, that will in turn try to bring to life the dreams of their customers. This event is also an ideal opportunity for

exchanges between craftsmen, involved in the *métier* and salespeople, a meeting place that highlights the key role played by each person.

At the Ateliers Hermès in Pantin, the laying of the first stone of the “Cité des Métiers” was celebrated on 12 May 2011. All of the employees who gathered together for this occasion had been invited, in the previous weeks, to learn more about the architectural project for this future building, that has been designed as a living space to promote both exchanges and the feeling of belonging, thanks to the creation of areas dedicated to each *métier*. This location will open in 2013, and will accommodate approximately 1,200 employees.

La Compagnie des Arts de la Table celebrated its 20th anniversary in Nontron on 5 May. Purchased in 1991 as an Adidas shoe factory, this plant that creates



1. Hermès employees were invited to lay the foundation stone of the “Cité des Métiers” in Pantin on 12 May 2011.



designs on porcelain has undergone many developments, beginning with its conversion from the shoe industry to the porcelain craftmaking. It then took on the manufacturing of all enamel bracelets under the Hermès brand, before witnessing the nearby construction of the Société Nontronnaise de Confection and of the Maroquinerie Nontronnaise. It was an adventure that prompted certain craftsmen to change craft more than three times, in a constant effort to further their skill and to meet the requirements specific to each *métier*. Today, Nontron has become a wonderful centre of craftsmanship that contributes to the local influence of Hermès. Evolving, becoming involved and successfully developing new know-how, these are some of the challenges taken up – and joyfully celebrated – by the Hermès craftsmen in Nontron.

As for La Maroquinerie de Saint-Antoine, located in the heart of Paris, it celebrated its 10th anniversary. Ten precious years to create in-house cohesion and a pride of belonging within a site that was born out of the purchase of three Paris leather goods companies: Nehel, Avril & Morio and Patte. It now employs ninety-six people representing seventeen nationalities, a fine example of diversity!

The other event celebrated at the Halle Tony Garnier in Lyon on 9 June 2011 was the 10th anniversary of the construction of the

textile subsidiary, Holding Textile Hermès. HTH has expanded rapidly in the last decade, building a textile production sector integrated into the Group and with tools suited to the needs of Hermès and of its external customers. This textile sector includes seven companies recognised as “Living Heritage Companies”, that provide tailor-made solutions for all markets, thanks to know-how that covers the entire textile production chain: traditional and inkjet textile printing, weaving, photoengraving, dyeing and dressing, cloth making, the creation and production of upholstery fabrics, etc. As a result of this expertise, the Hermès textile division is the leader in France, with more than 600 employees.

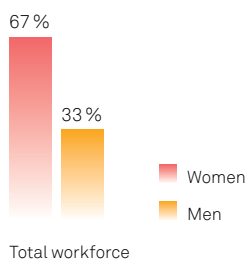
CULTURE AND GROWTH, THE TWO PRIORITIES FOR DEVELOPING TALENT

To better explain and define the management’s values and dimensions, the Hermès LeADer grocer poet system was set up in 2011. It defines the reference framework that will progressively become the backdrop for the team managers and HR players, and that will equally guide the management behaviour and methods in the service of the values that underscore our ethics and our unique company project. In parallel, the manager training programmes intensified in 2011,

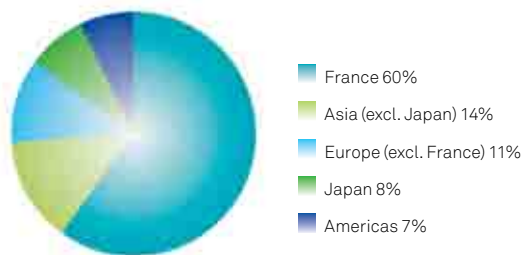


Tenth anniversary of the Maroquinerie de Saint-Antoine in Paris.

BREAKDOWN OF WORKFORCE BY GENDER



BREAKDOWN BY REGION



BREAKDOWN BY JOB CATEGORY



allowing 220 people at different levels of the organisation to develop their maturity and their managerial reflexes through sequences of exchanges, openness and experimentation with tools.

To continue with the integration of new employees, the numbers of which again grew this year, six Mosaïque sessions provided 290 new employees in Europe with a 3-day opportunity to discover the world of Hermès, its identity, its history, its values and its projects. In parallel, the H Tree sessions welcomed more than 120 new employees from the Northern Asia region over two and a half days in Seoul, the headquarters of Hermès Korea.

The IFH programme for the in-depth sharing of the Hermès culture, intended for managers, was held for fifty-five people from the international network, who spent ten days immersed in the house's culture and in the city of Paris.

The product familiarity training was also extended in order to provide more than 220 salespeople from the European network with a chance to develop their culture with regard to our métiers, as well as their knowledge of the creation and manufacturing specifics of the items produced by Hermès.

Designed with a global view and then rolled out and adapted locally, the programmes of the *École des Marchands Hermès* (Hermès Marchants School) continued to enhance the professionalism of the

sales teams. All in all, nearly 350 Hermès ambassadors have taken a moment to reflect on their practices and to acquire techniques that will help to renew the energy that they require each day, in their demanding customer service and reception profession.

The *Prix des Entrepreneurs Hermès 2010* (Entrepreneurs' Prize), intended to highlight projects that create value, was awarded to three teams in July 2011. Firstly petit h, for the creation of a new and promising métier surrounding the re-creation of objects by artists, thanks to the skill of the craftsmen and using Hermès materials. The teams from the store at 691 Madison in New York won 2nd place for the Hermès Dream, an Internet service that enables our customers to tell the people around them about their wish list, thereby providing an ideal gift idea for some upcoming occasion! 3rd place went to the *Saut Hermès* for organising an international level obstacle jumping competition and an artistic event focusing on horses, at the Grand Palais in Paris. This recognised annual event re-establishes Hermès' ties with the equestrian world, while promoting the house's values of excellence and elegance. Finally, a Special prize was awarded to the Cristalleries de Saint-Louis for their initiatives as part of the *Valorisation des Acquis de l'Expérience* (confirmation of skills earned through experience), a project with a major social dimension, that places the skills acquired within the company in the service of professional development and employability.

FORWARD-LOOKING SKILLS MANAGEMENT AT HERMÈS CUIRS PRÉCIEUX

For a better understanding of the skill levels within tannery sites, a mapping of the production trades was prepared. This is used to facilitate transfers between trades, to clarify job titles and to encourage the versatility of the trades. This action promotes the notion of the development of the employees and of the company, rather than a purely defensive attitude when faced with changes.

In the spirit of developing talent on all levels of the company, and faced with the absence of initial tannery training on the secondary school level, the exotic skins tannery division of Hermès Cuir Précieux began a training programme for high-potential operators in 2011. This six-week programme is supported by HCP, designed in coordination with the division (FFTM, Forthac) and is provided by the Centre Technique du Cuir. Its aim is to support the development of these craftsmen, and to provide HCP with a talent incubator for tanning or finishing technicians.

VALIDATION DES ACQUIS DE L'EXPÉRIENCE (VAE) AT SAINT-LOUIS

The *Validation des Acquis de l'Expérience* project initiated in early 2010 at the Cristalleries de Saint-Louis, part of a collective accompaniment initiative under the direction of the plant and of the VAE platform of the Lorraine region, took concrete shape with twenty-five certification applications.

On 31 December 2011, twenty-one national education diplomas (seven professional aptitude certificates, four vocational baccalaureates, two applied arts certificates, one of which was partially obtained, four advanced vocational training certificates and one applied arts diploma), three university diplomas (two professional degrees and one Masters degree) and two qualifications from the Ministry of Employment and from the CNAM (including one partial) were awarded. Also, two university certification programs are still in progress.

This project was recognised during the awarding of the first work-study trophies in Nancy on 30 March 2011, and it also received the jury's special prize as part of the *Prix des Entrepreneurs Hermès*.

Wishing to continue this project that recognises professional experience, the Cristalleries de Saint-Louis have already re-committed to the VAE platform in order to make this same system available to its employees in 2012.

THREE NEW BEST CRAFTSMAN IN FRANCE AT SAINT-LOUIS

Three new employees were awarded the title of *Un des Meilleurs Ouvriers de France* (One of the Best Craftsman in France) in 2011, namely two glassblowers and one crystal cutter, with the latter being the first woman recognised in this trade class. Organised every three years, this contest recognises craftsmen who are pursuing excellence while representing French know-how.

DIVERSITY

In addition to being awarded a *Handi Plus Rhône* Trophy in June 2011 for its job preservation operation, the HTH division once again mobilised this year for the disability week, by arranging visits to its production sites for disabled jobseekers, as well as for partner ESATs (work-based service and aid institutions). A recycling project for printing frames, that combines sustainable development and diversity, is currently being deployed with an ESAT.

Moreover, one group employee is developing a personal project to create a solidarity-based company that associates clothing manufacturing and disability, called *Handysoie*.

Under the partnership set up in 2010 with the *Nos quartiers ont des talents* association, eighteen sponsors, managers at Hermès, worked to assist twenty-one young people who were looking for their first jobs. Fifteen of them have had concrete outcomes.



TOOLBOX 33 BAG IN SWIFT CALFSKIN

A new Extra-Large addition to the *Toolbox* family. Its light chevron-weave lining and perfectly designed inside pockets highlight its practicality.

PRESENTATION OF THE ADRESSE OPERATION

The theme for 2011 “*Hermès, contemporary artisan*” was a wonderful opportunity to infuse every part of the house with a craftsman’s spirit for the whole year. As part of the *Adresse* project, coordinated by the Group HR department, many initiatives were undertaken in the service of four shared objectives: highlighting the know-how of craftsmen, developing ways to recognise craftsmen, strengthening the pride of belonging, and making it easier to share and pass on know-how.

Why the *Adresse*? Because this word – as spelt in French – has two meanings: the dexterity and skill that each craftsman develops in his trade, but also the location where he works.

The starting point was in December 2010, during a festive evening at the Ateliers Hermès in Pantin, the *rondes des savoir-faire* (circle of know-hows), during which our expertise was showcased through demonstrations and the presentation of objects that strongly illustrate contemporary craftsmanship. This provided an opportunity to announce the many initiatives that are part of the *Adresse* that would punctuate 2011 in different ways.

In January 2011, at the time of the launch of the annual theme on all manufacturing sites, all of the employees in France received a *Carnet d’Adresse* (*Skills Booklet*). This illustrated document was intended to explicitly share the values of craftsmanship that always exists between craftsmen and actors in other *métiers*. As such, each employee was encouraged, in the day-to-day performance of his or her profession, to refer to all of these founding values of the exceptional Hermès craftsmanship. This booklet was accompanied by a film that presented the Group’s know-how, while also indicating the addresses and functions of the various sites.

Open Days were organised on twenty-four sites, and welcomed nearly 7,500 visitors, including employees’ friends and family. This was an opportunity for each craftsman to share the pride of their *métier*, through their relatives’ perception of their work environment.

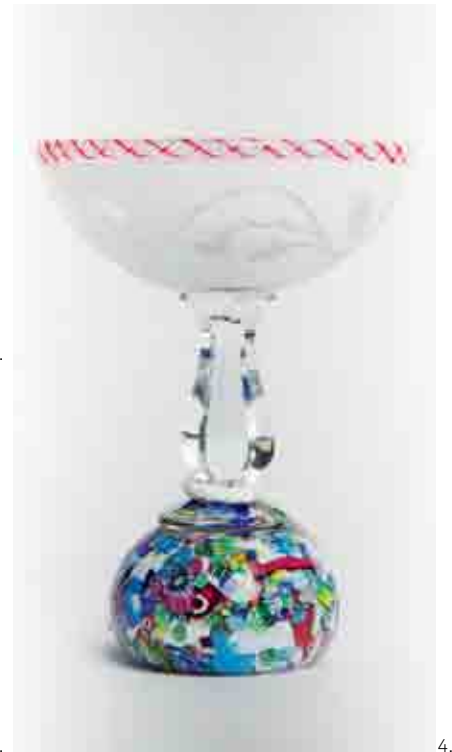
These open days also provided an opportunity for many craftsmen to work together on the preparation and organisation of these presentations to ensure special moments, and provide every visitor with an opportunity to grasp the overall quality of all things.

The *Prix de l’Adresse* (Skills Prize) led to the creation of exceptional objects by thirty-four teams made up of craftsmen from twenty-two sites. The announcement of this new type of contest in February 2011 immediately generated considerable enthusiasm. All in all, more than 160 Hermès craftsmen, representing all of its *métiers*: leather, textiles, boot-making, enamel, watchmaking, porcelain, jewellery and silverware, as well as crystal, decided to reproduce or interpret an item from the Hermès archives. Seven months later, in December 2011, after hundreds of hours of work, thirty-four items were presented to a jury made up of personalities from the house. Twelve teams received a Hermès Masterpiece Prize or a Special prize. Reviving or relearning know-how that is no longer or seldom used, and enhancing the pleasure of sharing with others as part of a collective adventure, these were some of the ideas behind this highly coveted prize, in addition to the emulation and recognition that it generated for all of its participants.

For nearly 3 days in Lisbon, *Une Adresse à Lisbonne* (An address in Lisbon) brought together 250 craftsman from all the manufacturing sites, to discuss the “contemporary artisan in ten years from now”. Passionate about their *métiers* and in possession of treasured know-how, the participants pooled their experience and desires in a warm and family setting, in order to build on the craftsmanship of a house that is constantly growing. By drawing on the Hermès fundamentals, its origins and history, its uniqueness, values and projects, they were able to learn even more about the house and to share the day-to-day realities of their *métiers*. In a spirit of continuous progress, some of their proposals from the creativity workshops will be implemented on the sites starting in 2012.

The *Parcours d’Adresse* (Skills Workshop), a programme of discoveries and exchanges, was launched

1. Cocktail and city shirt.
2. A case for *Pétanque* boules, a Provençal game.
3. *Pullman* bag.
4. Ring-holder.



in the autumn of 2011. Teams of ten were given a chance to explore a sector for a week, through moments of discovery in various locations both within Hermès and on the outside (partners, museums, schools, etc.), with a somewhat longer visit to the heart of a workshop. The idea behind each *Parcours d'Adresse* is to learn more about the manufacturing cycle of a Hermès object, from the raw material to the quality control of the finished product. In 2011, five of these workshops provided an opportunity for fifty randomly selected craftsmen to learn about a sector. The density of these events, organised around the worlds of silk, porcelain, crystal and leather, provided them with an intense initiation into a different *métier*, and an understanding of other craftsmen, for their personal enrichment and development. This programme will continue throughout 2012, with twenty-one workshops and more than 200 employees involved.

On 6 December 2011, the *Fête de l'Adresse* (Skills Celebration) celebrated the year of the contemporary artisan, a year that overflowed with cheerful initiatives, and with fine successes for the Group. More than anything else, the celebration was an opportunity to award the *Prix de l'Adresse*, and to unveil each of the thirty-four creations. This contest was particularly stirring since, over and above the technical ambition that it elicited and its rapprochement of craftsmen and contemporary know-how, it encouraged one's surpassing one's self and led to concrete results.

A temporary section devoted to *Adresse* has been created on the Toile H intranet website, in order to centralise and extensively share the initiatives intended to promote know-how within the context of this special event. This section contains an agenda of the events, as well as reports and interviews, photographs and quotations from the craftsmen...

Finally, to thank all of the craftsmen involved in the development of Hermès in France who are united in their passion, the craftsmen from Saint-Louis made them a gift that is much more than symbolic, that combines beauty and usefulness: two *Cleopatra* tankards to commemorate 2011 and "Hermès, contemporary artisan".

In conclusion, the year of the contemporary artisan paid homage to the 3,000 Hermès craftsmen working in fourteen *métiers*, while providing them with many opportunities to meet with one another, to exchange, to learn about and discover each other's realities, to launch common challenges and to make strong lasting and enriching ties that will perpetuate the house's craftsmanship tradition, while always developing it. This positive momentum will continue to bear fruit through other operations that will naturally arise within these factories and be carried out between them.

FONDATION D'ENTREPRISE HERMÈS



EXPERTISE AT THE HEART OF PHILANTHROPY

In 2011, the Fondation d'Entreprise Hermès highlighted its philanthropic vision of placing expertise at the heart of its commitments. To appreciate, pass on or even preserve traditional skills. To see them used in a dialogue with contemporary creation, or as a lever for social and environmental action.

In this fourth year of its first five-year mandate (April 2008 – April 2013), the Foundation consolidated its dual vocation of culture and solidarity, and pursued its activities along the lines laid down in previous years, giving concrete form to some emblematic projects and programmes of both international and local scope.

The Foundation's philosophy, which is linked to the humanist culture of its founding companies Hermès International and Hermès Sellier, has led it to view traditional skills in a contemporary sense as beneficial to a more harmonious world. It encourages the production of its own programmes, supports people engaged in external projects and builds bridges between the different fields in which it operates.

QUESTIONING AND TREASURING THE EXPERTISE OF EXCELLENCE

Offering a mirror image of the *métiers* present at Hermès, this line of action enables the Foundation to cultivate the recognition and practice of outstanding craftsmanship. The resulting partnerships

cover a broad palette of diverse realities. Thus the Foundation works hand-in-hand with cultural institutions and structures that favour economic development, crystallising these two aspects of human activity around traditional skills.

In 2011, the Foundation joined forces with Sèvres-Cité de la Céramique to set up the *Expertise and Modernity workshop*, bringing the viewpoints and methods of two French higher education institutions face-to-face: Sciences Po (Political Science) and ENSCI (Ecole Nationale Supérieure de Création Industrielle – National Postgraduate School of Industrial Creation) in Paris. Furthermore, its ongoing support of the cultural activities organised by Sèvres-Cité de la Céramique enabled the Foundation to join the institution's Benefactors' Circle at the end of the year. The aim of this circle is to "share and propagate the common values of excellence, where the art of sensitivity is intimately bound up with the economic realities of the 21st century, encouraging heritage and contemporary creation to engage in an ongoing dialogue".

The Foundation also lent its support to the Prix Etienne Vatelot (City of Paris international competition for the creation of stringed instruments and bows) for the first time, and granted the Musée des Arts et Métiers in Paris a budget for the restoration of some noteworthy pieces. It also concluded its multi-year partnership with Marc Petitjean for his documentary film about kimono painter Kunihiko Moriguchi, a National Treasure living in Japan.

SUPPORTING THE EMERGENCE OF CREATION

In 2011, the Fondation d'Entreprise Hermès confirmed its position as a committed cultural stakeholder and reinforced its role as a producer in the fields of design and the performing and visual arts.



1. Prix Émile Hermès 2011
(design): *Shelved Cooking* by
Esther Bacot, Arnaud Le Cat
and Luther Quenum, first prize.
2. *New Settings* 2011
programme (performing arts). 1.

The year thus saw the second edition of the Prix Émile Hermès, the Foundation's international design competition. Organised around the theme "Heat, me-heat, reheat", it attracted over 60,000 visitors to its website and generated 1,460 applications from 63 countries. The panel of judges, chaired by architect Toyo Ito, awarded three prizes and a commendation in October, highlighting collective efforts in particular.

The results will be online on the event's specific website, www.prixemilehermes.com, until the third edition of the competition gets underway. In addition to sponsoring this competition, the Foundation also supported design at various other events including the Bourse Agora, the Design Parade festival in Villa Noailles (Hyères), and at the Musée des Arts Décoratifs in Paris.

The Foundation also fostered encounters between the performing and visual arts during the first edition of *New Settings*, an annual international programme that breaks down barriers between the various artistic disciplines. The winning shows were staged in November at the Théâtre de la Cité Internationale in Paris and are still continuing their respective tours, going out to meet the general public. In the performing arts field, the Foundation participated in the production of two shows: *Pas de Deux* by Raimund Hoghe and *Sacre* by David Wampach (Association Achles).

In addition, the Foundation concluded its first programme of artists-in-residence at Hermès manufacturing units in early 2011 with the joint-production (with the craftsmen) of the first works designed by young visual artists on the various sites involved: the Maroquinerie de Sayat, Holding Textile Hermès, the Maroquinerie des Ardennes and the Cristalleries de Saint-Louis. The second edition of this programme started in the autumn, with four new artists taking up residence with Puiforcat, and at the Maroquinerie de Saint-Antoine, the Maroquinerie de Pierre-Bénite and the Cristalleries de Saint-Louis.

Lastly, the Foundation's programme of exhibitions continued with eighteen new productions presented to the general public in Hermès' six exhibition



2.



1.

venues (La Verrière in Brussels, Le Forum in Tokyo, the Atelier Hermès in Seoul, Third Floor in Singapore, The Gallery at Hermès in New York and TH13 in Berne), around the superb jacaranda in front of the Mexico City store, and in the *H Box* (a programme supporting video art), which travels the world from one museum to another (the Artsonje Center in Seoul, the Today Art Museum in Beijing and the Guangdong Museum of Art in Guangzhou in 2011). The Foundation also supported the Prix Marcel Duchamp in favour of young French visual artists, and the *La Valise Mexicaine* exhibition at the Rencontres de la Photographie event in Arles.

DEVELOPING LOCAL PHILANTHROPY THAT COMBINES EDUCATION AND EXPERTISE

The Foundation disseminates Hermès' distinctive philosophy of mutual cooperation throughout the cultural world and supports those who initiate projects in the field of education, a vital tool for improving living conditions and building a better future.

This commitment was brought to the fore at Hermès' production sites in 2011, helping to create a more close-knit social fabric through neighbourhood initiatives targeting young people in need of career guidance. Two major programmes, coordinated jointly by local associations and political figures, were thus awarded sponsorship agreements, helping to establish relation-

ships between our production sites and other workshops. The sports association Sport dans la Ville, which is active across France's Greater Lyon area in the municipalities neighbouring the Maroquinerie de Pierre-Bénite and Holding Textile Hermès, invites young people to cultural and sporting events and encourages them to find out about professions that are likely to interest them. In the same vein, the Foundation supports the Mission Locale de la Lyr institution, which promotes professional integration and training. It works with young people who have left the educational system early in Pré-Saint-Gervais, Les Lilas and Pantin to introduce them to craft trades through a training centre, conferences, interviews with craftsmen and workshop visits.

In the field of education, the Foundation has also signed new partnerships with Frères des Hommes for its literacy and training scheme for apprentice joiners in Senegal, with 4 Tomorrow and its Poster for Tomorrow competition promoting access to education, with Secours Catholique for its arts and crafts training for young unemployed people in Georgia, and with the Lia Rodrigues free dance school in Brazil.

The Foundation also renewed various national and international partnerships in 2011 (in Brazil, India, Thailand, Sub-Saharan Africa, Korea, Canada, and elsewhere), concluded for a period of several years to enhance their effectiveness.

USING LOCAL EXPERTISE TO HELP PRESERVE BIODIVERSITY

Since its creation in 2008, the Fondation d'Entreprise Hermès has joined forces with the French Institute for Sustainable Development and International Relations (IDDRI) to boost its support of research and to develop the dissemination of knowledge to the general public. In 2011, it confirmed its intention to participate in initiatives taken to promote biodiversity, confirming the notion that local traditional skills can help favour preservation.

Thus a new annual conference entitled "Market-based instruments for biodiversity: nature at any cost?" was organised on 8 June 2011 in Paris to complement the cycle inaugurated in 2010. In particular, it provided an opportunity to compare and debate the points of view of different international researchers on this question. IDDRI also received financial aid to finalise its research programme supported by the Foundation since 2009: "Decision-making processes in the field of biodiversity: the weight of economic arguments".

Between February and April 2011, the Foundation launched its first call for international projects, "Biodiversity and local knowledge", and granted finance

for two years to two programmes. The first project, "From Biocultural Community Protocols to the Ark of Livestock Biodiversity", submitted by the League for Pastoral Peoples and Endogenous Livestock Development, aims to create a quality label to enhance the value of livestock products from three nomadic communities in India, Pakistan and Kenya. The second project, "MicroMegs", developed by the Institut Agronomique Méditerranéen de Montpellier, aims to promote discussion between cooperatives in the Cevennes in France and producers of saffron, argan, Barbary fig oil, rose water and other products in Morocco.

An agreement was also signed at the end of the year with Conservation International to entrust the rational management of the Madidi National Park forest in Bolivia to a cooperative of indigenous Ecuadorean artisans in the context of its output production.

Last of all, following positive feedback on the 2009 pilot gardening project in Tamil Nadu (India), the Fondation d'Entreprise Hermès has prolonged its aid to the INDP (Intercultural Network for Development and Peace) for the extension of its medicinal herb gardens programme.

www.fondationdentreprisehermes.org



1. Olivier Metzger exhibition at the TH13 gallery (photography). *Bambi*, Nevada, 2010.

2. Call for "Biodiversity and local knowledge" projects (environment). From Biocultural Community Protocols to the Ark of Livestock Biodiversity, Rajasthan (India).

RISK MANAGEMENT

LIMITING INDUSTRIAL RISKS AND PROTECTING THE ENVIRONMENT

The Group Industrial Department implements and coordinates the initiatives designed to protect our manufacturing assets, our employees and the environment, in all of the house's thirty-three production sites. It relies on the industrial departments in the business sectors and on the site directors to have internal diagnostics and audits carried out by specialised third parties and to prepare operational action plans. The recommendations resulting from these analyses in the areas of organisation, procedures, training or investments are subject to careful follow-up. Safety-related expenditures and investments are considered to be a priority when making budget choices. The initiatives and accomplishments of Hermès with regard to the environment are presented in the "Environment" section (page 77 of Volume 1) of this Report.

MINIMISING RISKS TO OUR PROPERTY ASSETS

All property-related transactions are handled by the Property Development Department, which centralises and helps control critical processes, including:

- identification and assessment of the viability of retail store locations, production facilities and administrative offices based on qualitative and technical criteria;
- direct or indirect oversight of key construction projects in France, to ensure the work is carried out properly;
- supervising inspection plans applicable to the Group's main sites and covering structural/fire safety issues, compliance with labour laws and environmental considerations. These inspections are

supplemented by prevention system reviews carried out by the Group's insurance companies.

Furthermore, the Property Safety Committee is responsible for oversight of potential risks and for ascertaining that Group safety rules are duly applied. It also systematically follows up on all action plans.

PROTECTING OUR ASSETS THROUGH A PRUDENT INSURANCE PROGRAMME

The Group holds policies from leading insurers to provide property and casualty, operating loss and civil liability cover, as described in the "Insurance" section in Volume 2 (page 101).

In addition to this insurance cover, Hermès has adopted an active risk prevention policy and carefully follows up on recommendations issued by the insurers.

COMPLIANCE WITH APPLICABLE LAWS IN ALL AREAS

The Group keeps abreast of changes in legislation and case law in all relevant areas to ensure that it complies with French and foreign laws and regulations. It uses in-house resources and outside firms for its legal and regulatory watch.

Internally, to address the growing complexity of different areas of the law, the Legal Department is organised by centres of expertise specialising in each major branch of the law: intellectual property, corporate and securities, real estate, business law (contracts of all kinds, competition, distribution, consumer law).

Labour and tax matters are respectively handled by the Group Human Resources Department and Group Tax Department, which work in conjunction with the Legal Department as necessary.

In addition, in each region where the Group operates, Hermès uses leading local law firms that specialise in the many areas covered.

While the Group is involved in ongoing litigation, there are no pending settlements that are expected to produce a material impact on its business or on its financial results.

The Company is not aware of any other pending or potential governmental, legal or arbitration proceedings that may have, or that over the last twelve months have had, a material impact on its financial condition or profitability and/or on the financial condition or profitability of the Group.

UPHOLDING OUR INTELLECTUAL PROPERTY RIGHTS

The Group continues actively to protect its creations in every possible way, including through the registration of brand names, trademarks, design marks and patents. The shapes of the “Kelly” and “Birkin” bags have been registered as three-dimensional trademarks both in France and abroad. Expanding the scope of protection of these rights has yielded significant, visible results in the Group’s ongoing battle against counterfeiting.

Hermès remains exposed to the sale of counterfeit goods over the Internet. It prosecutes sites that offer counterfeit items to the public with the same steadfast determination that it fights brick-and-mortar stores that sell unlawful imitations.

BALANCING AND SAFEGUARDING OUR DISTRIBUTION

Hermès holds a unique place in the luxury market and represents only a minute fraction of it (between 1% and 1.5% of a market valued at just over €187 billion in 2011). Hence, the Group has relatively little exposure to general trends in the sector. Its extensive portfolio of products reduces the risk of dependence on any particular sector or range and its distribution is well-balanced geographically. Hermès is present in nearly 350 sales outlets, 205 of which are directly operated by the Group (these account for 80% of sales revenue). It relies on a distribution organisation that significantly reduces customer risk.

Moreover, revenue has limited seasonal exposure: in 2010, the Group generated 54% of total sales in the second half of 2011, compared with 55% in 2010 and 54% in 2009.

In each country where the Group operates, products are distributed through a selective distribution network specific to each house, in keeping with applicable local laws. Hermès is implementing a number of actions to ensure compliance with local requirements.

CONSERVATIVE TREASURY AND CURRENCY MANAGEMENT

As the Group has a cash surplus, it is not exposed to liquidity risk and it applies a conservative policy in managing market risks, including interest rate and counterparty risks. Because the bulk of its production is in the euro zone and as it derives a significant percentage of its sales in US dollars, Japanese yen and other Asian currencies, Hermès is naturally exposed to currency risks. In this respect, treasury and currency management is centralised by the Group Treasury Department and follows stringent management and oversight rules.

On a monthly basis, the Treasury Security Committee ascertains that these procedures have been followed and that any risks identified have been addressed. The Group’s investment policy places the priority on maintaining liquidity to minimise risk and to give it financial leeway to respond quickly and independently when it needs to make strategy changes. The Group deals only with leading banks and financial institutions. Most cash surpluses are invested for the short term, mainly in money-market mutual funds offered by leading financial institutions and in deposit certificates issued by top-rated banks, with very low sensitivity.

Exposure to currency risk is systematically hedged on an annual basis as a function of projected cash inflows and outflows. The Finance Department adjusts its procedures and tools on an ongoing basis to accommodate changes in its environment.

IT RISK MONITORING AND MANAGEMENT

Hermès' expenditure on IT systems (equipment and maintenance) is on par with that of its peers in the sector. Its goal is to ensure good operational performance and to control IT-related risks. The Group's IT Systems Department works under an information technology governance charter and has drawn up a corpus of procedures that apply to all Group companies. IT system security audits have been carried out within the major subsidiaries to verify compliance with the Group's procedures.

In 2011, work to further enhance IT systems security entailed harmonising the different systems in use around a standard ERP system and the continued roll-out of a new, state-of-the-art management tool for the stores and distribution subsidiaries.

IT risk prevention work conducted in 2011 focused primarily on enhancing the security of PCs, the scheduling and enhanced security of the processes run by the central computers, and improving critical back-up and fault tolerance systems to ensure the continuity of operations in the event of an incident.

As is the case each year, network intrusion testing and computer crash simulations were carried out.

CONTROL OVER SOURCING

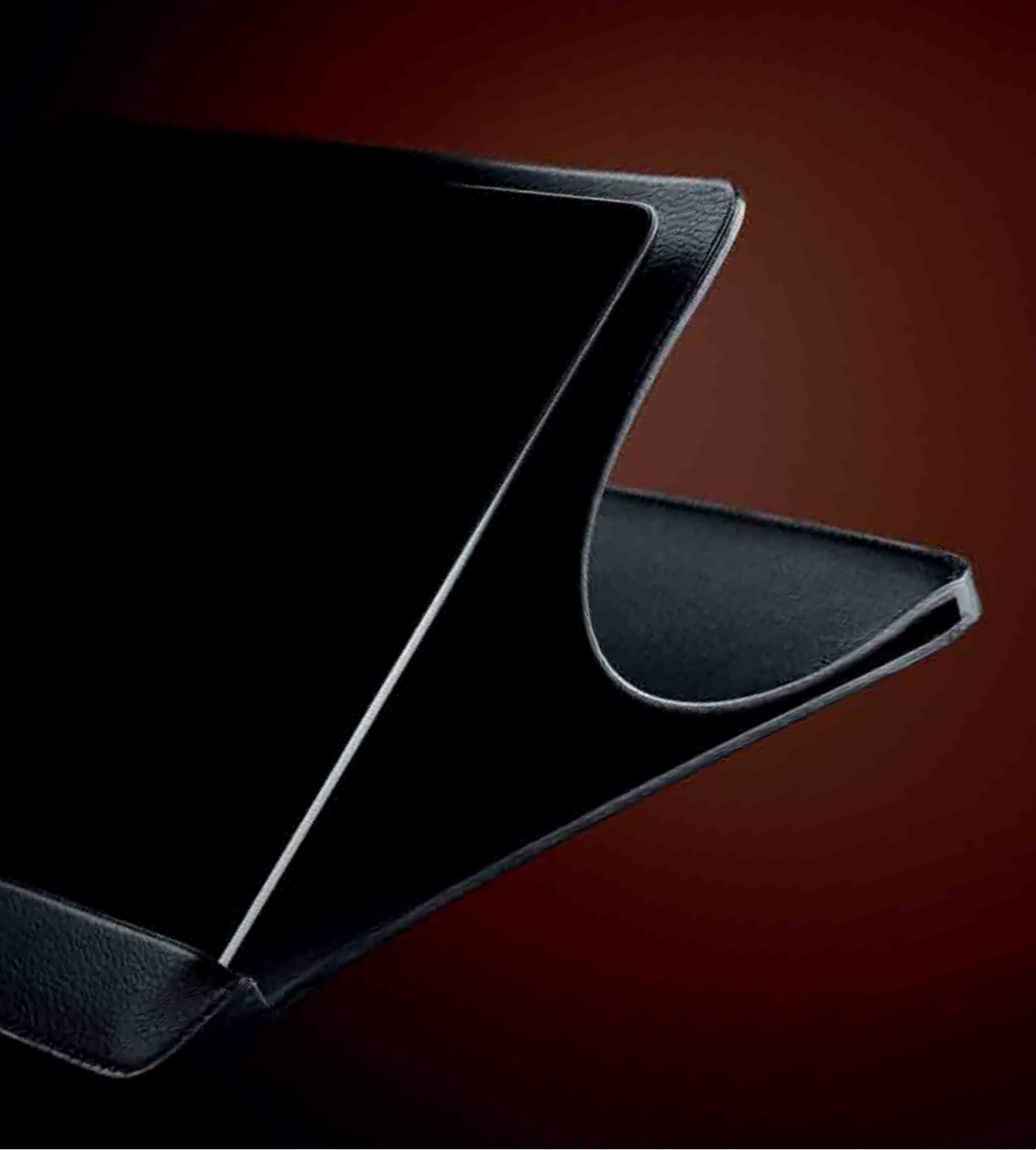
Hermès retains control over production and over two-thirds of its products are manufactured in-house. Hermès has developed long-term relationships with its partners and suppliers, thereby protecting its sources of supply and critical know-how. Hermès carries out targeted audits to ascertain that its suppliers' operations meet

the Group's expectations. In some cases, it will buy into carefully selected companies to ensure the stability of these relationships. Significant work has also been carried out to optimise and secure the supply chain.

AN ACTIVE RISK MANAGEMENT APPROACH

The Audit and Risk Management Department plays a dual role within the Group. Firstly, it identifies risks and provides assistance to operational managers in developing action plans to strengthen internal controls. It works with the relevant departments and participates in oversight of major risks and in the different risk committees.

Risk mapping projects are conducted within the different Hermès entities on a regular basis. Based on the findings of these analyses, action plans have been drawn up as needed. As described in the Report from the Chairman of the Supervisory Board on internal control and risk management procedures (Volume 2, page 28), via internal audits, the Audit and Risk Management Department plays a key role in providing a clear overall view of the Group's control over its key risks, particularly by analysing the internal control organisation for financial information. It works closely with the other departments to coordinate local actions in areas such as internal communications and self-assessment procedures, thereby helping to instill a culture of risk awareness that fosters a spirit of caution and initiative within the Company.



IPAD® STATION IN SWIFT CALFSKIN

Much more than a simple protective case: a smart, transportable station for the iPad®. Its leather base combined with its beautifully supple flap enable the user to work and play in different positions: inclined for typing; vertically for viewing, etc.

The iPad® brand is the property of Apple, Inc.

CONSOLIDATED RESULTS

CONSOLIDATED RESULTS

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 gross margin reached 68.8%, an increase of 2.7 points versus 2010, owing to the favorable currency impact and exceptional level of sales activity in both production businesses and the group stores.

Selling, marketing and administrative expenses, which represented €945.7 million versus €802.2 million in 2010, include notably €148.2 million of advertising expenditure which increased significantly (+16.0% at constant exchange rates) and represented 5.2% of sales.

Other income and expenses came to €123.9 million. This includes €96.6 million of depreciation and amortisation charges, which rose to persistently high investments and in particular the large number of branches which were opened or renovated over the past two years.

Operating income strongly increased (+32.5%) to reach €885.2 million versus €668.2 million in 2010.

The operating margin advanced by 3.4 points reaching 31.2% of sales versus 27.8% in 2010, the groups best performance.

Net financial income represents a profit of €12.4 million versus an expense of €(12.5) million registered in 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.

The income tax expense decreased to that of 2010 and was due mainly to the impact of the disposal of the stake in the Jean Paul Gaultier Group. The tax expense reached €289.8 million in 2011 versus €220.9 million in 2010.

Net income attributable to non-controlling interests totalled €9.2 million versus €10.0 million.

After a net loss of €4.5 million from associates, group net income increased by 40.9%, reaching €594.3 million versus €421.7 million in 2010.

BREAKDOWN OF INVESTMENTS

| (in millions of euros) | 2011 | 2010 | 2009 |
|---|--------------|--------------|--------------------|
| Operating investments | 185.2 | 138.2 | 197.8 ² |
| Investments in financial assets | 29.2 | 15.5 | 9.5 |
| <i>Subtotal - Investments (excluding financial investments)</i> | <i>214.4</i> | <i>153.8</i> | <i>207.3</i> |
| Financial investments (1) | 19.6 | 62.5 | 69.8 |
| Total investments | 234.0 | 216.3 | 277.1 |

¹ The financial investments correspond to the investments for which the sensitivity and maturity require that they be classified as financial assets in accordance with IFRS.

² During 2009, the Hermès Group purchased a building at 167 New Bond Street in London for €80 million.

INVESTMENTS

In 2011, Hermès pursued a rhythm of sustained expansion with €214.4 million of investments (excluding financial investments). The development of the distribution network was pursued with the opening of thirteen branches, the takeover of four concessionaries and the renovation or expansion of eight others.

FINANCIAL POSITION

The operating cashflow totalled €722.8 million. It has enabled all operating investments (€214.4 million), the dividend payment (€167.3 million) and share buy-back (€286.0 million, excluding movements under the liquidity contract) for employees stockholding.

After a €13.1 million reduction in working capital requirement, the net cash position rose by €209.8 million and reached €1,038.3 million as at 31 December 2011 versus €828.5 million as at 31 December 2010.

Restated net cash (including non-current financial investments and borrowings) totalled €1,044.2 million as at 31 December 2011, versus €950.1 million as at 31 December 2010.

Strong earnings growth drove up shareholders' equity to €2,312.8 million as at 31 December 2011 versus €2,150.3 million as at 31 December 2010.

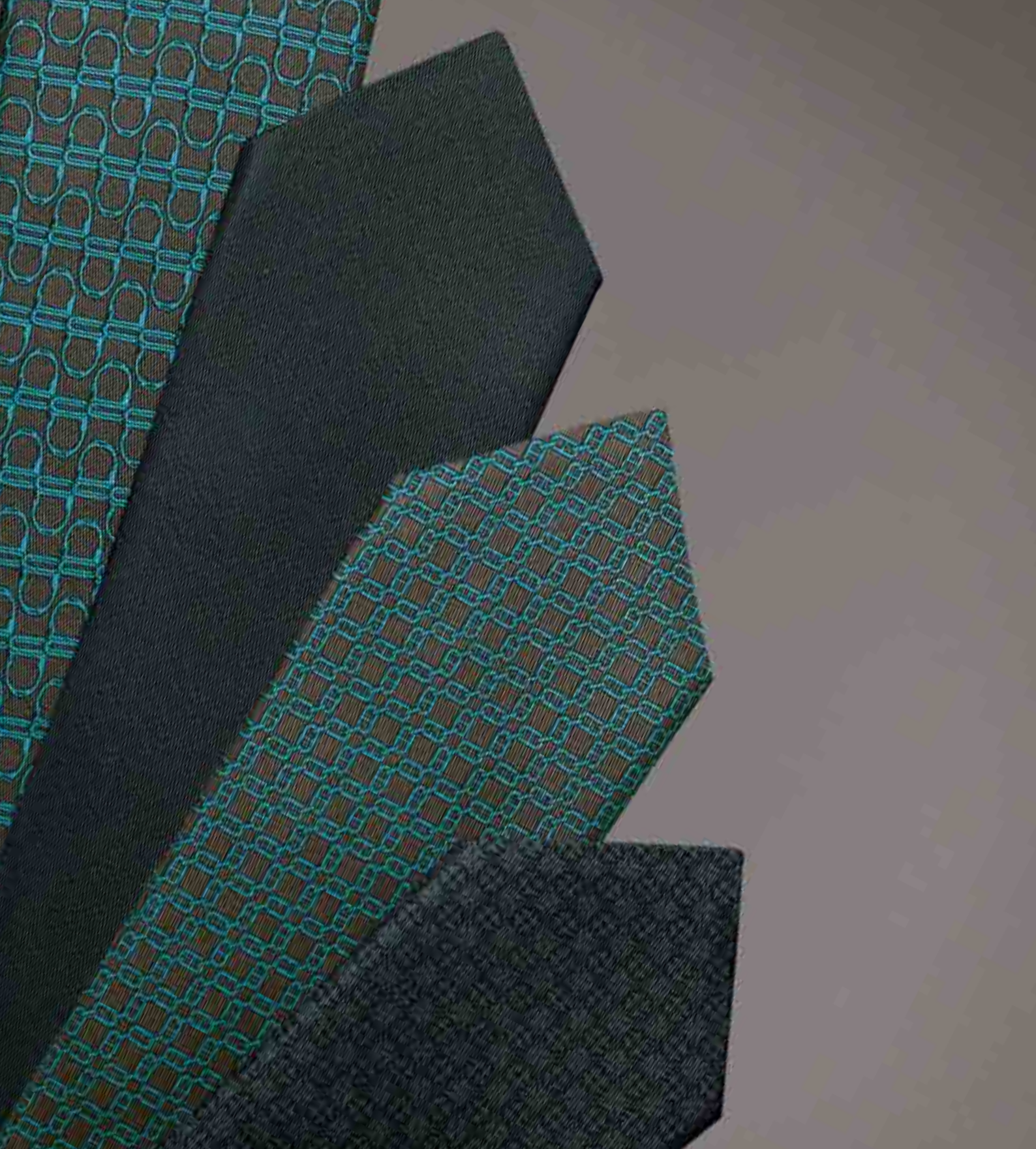
VALUE CREATION

The notions of economic value added and return on capital employed were implemented within Hermès several years ago as performance indicators for the Group's investments. Economic value added is the difference between adjusted operating income after operating tax and the weighted average cost of capital employed (net value of long-term assets and working capital). Return on capital employed is the difference between adjusted operating income after operating tax and the average cost of capital employed.

High earnings growth in 2011 drove up economic value added to €464 million in 2011, an increase of more than 39% compared to 2010 (€333 million). Return on capital employed increased appreciably from 32% to 42%, owing to a strong earnings growth and decrease in working capital requirements.

EXCEPTIONAL EVENTS

No exceptional events occurred in 2011.



TIE 7 TIES IN SILK TWILL

A narrow, discreet and elegant tie for all occasions. Printed with graphic and modern patterns, it celebrates summer in refreshing colours: turquoise and british racing green.

OUTLOOK

With “The gift of time” as our theme for 2012, Hermès is maintaining control of its growth better than ever before.

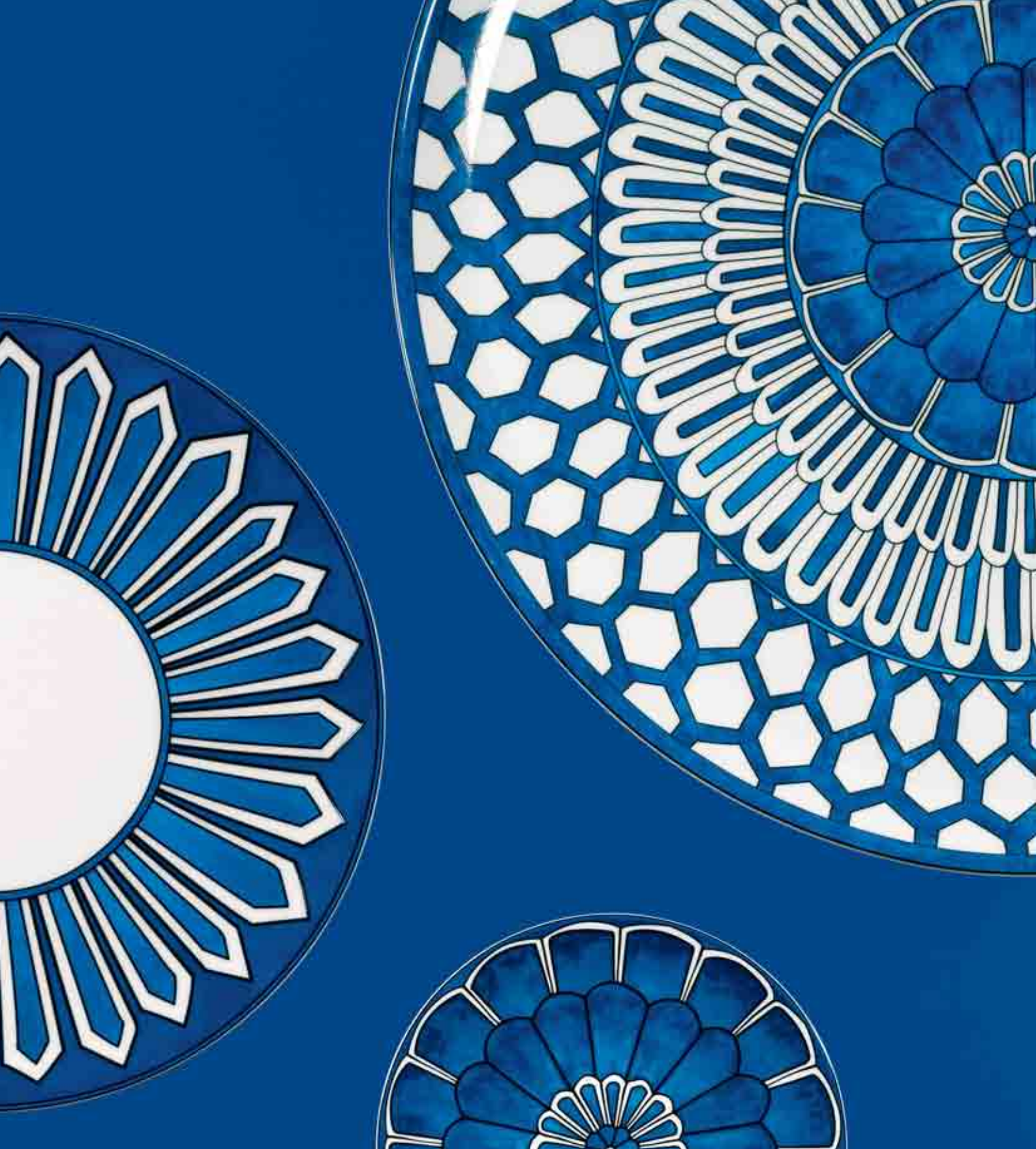
2011 was a record-breaking year that has proven Hermès’ ability to rise to the challenges of growth without compromising its independence. The house responded excellently to a second year of exponential growth backed by strong sales, even if our increased production capacity was unable to satisfy the explosion in demand entirely. This tension results from our sustained commitment to maintain high standards in all stages of our objects’ creation, from selecting the finest materials through to respecting the expertise that guarantees the excellence of our creations, down to their tiniest details. We will continue to increase our production capabilities throughout 2012: it is a priority. To rise to this challenge, training and the transmission of expertise are necessary. No corners will be cut. Because this is what it takes to fulfil our customers’ requirements. Following several years of rapid geographical expansion around the world (excluding Japan), our

priority for 2012 is renovation and extending our sales areas in particular. This is necessary to support the development of the *métiers* that drive our growth, enabling the full wealth of their collections to be showcased. Our stores are our best ambassadors.

Our training efforts will be intensified to encourage every employee to adhere to our unique culture, to its transmission and, consequently, to its continuation. Within a context of strong staff growth, the focus on training is crucial for the future.

We will continue to develop numerous promotional activities. In addition to pursuing some already highly efficient initiatives such as the “Festival des Métiers”, exhibitions and events in original and atypical settings will showcase the magic and playfulness that characterise Hermès. Our commitment to the digital domain will be strongly reinforced by image-driven action plans and by developing our online boutique.

In 2012, a new year of growth lies before us. Now it is up to us to seize this opportunity as we see fit and embrace “The gift of time”.



BLEUS D'AILLEURS PORCELAIN

As a tribute to porcelain from the East, Bleus d'Ailleurs celebrates a nomadic shade of blue, which has been exulted through time and travels. Adorned with geometric designs that evoke this history – a pine cone, honeycomb, petals – the service features multiple shapes and sizes to suit all uses.

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2011

| (in millions of euros) | 2011 | 2010 |
|---|----------------|----------------|
| Revenue (Note 3) | 2,841.2 | 2,400.8 |
| Cost of sales (Note 4) | (886.4) | (815.0) |
| Gross profit | 1,954.8 | 1,585.8 |
| Selling, marketing and administrative expenses (Note 5) | (945.7) | (802.2) |
| Other income and expense (Note 6) | (123.9) | (115.4) |
| Recurring operating income (Note 3) | 885.2 | 668.2 |
| Other non-recurring income and expense | - | - |
| Operating income | 885.2 | 668.2 |
| Net financial income (Note 7) | 12.4 | (12.5) |
| Pre-tax income | 897.7 | 655.7 |
| Income tax expense (Note 8) | (289.8) | (220.9) |
| Net income from associates (Note 15) | (4.5) | (3.1) |
| Consolidated net income | 603.4 | 431.7 |
| Net income attributable to non-controlling interests (Note 21) | (9.2) | (10.0) |
| Net income attributable to owners of the parent (Note 3) | 594.3 | 421.7 |
| Earnings per share (in euros) (Note 9) | 5.68 | 4.01 |
| Diluted earnings per share (in euros) (Note 9) | 5.66 | 4.00 |

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

| (in millions of euros) | 2011 | 2010 |
|---|--------------|--------------|
| Consolidated net income | 603.4 | 431.7 |
| Actuarial gains and losses (Note 20.3) | (3.0) | (8.9) |
| Foreign currency adjustments (Note 20.3) | 24.4 | 75.9 |
| Derivatives included in equity (Note 20.3) | (35.4) | (25.3) |
| Gain/(loss) on sale of treasury shares (Note 20.3) | (11.4) | 2.0 |
| Income tax relating to components of other comprehensive income (Note 20.3) | 12.5 | 11.8 |
| Comprehensive income | 590.5 | 487.1 |
| Attributable to owners of the parent | 581.3 | 475.4 |
| Attributable to non-controlling interests | 9.2 | 11.8 |

The note numbers refer to the Notes to the Consolidated Financial Statements in Volume 2 of the 2011 Annual Report.

NB: The values shown in the tables are generally expressed in millions of euros. In certain cases, the effect of rounding up/down can lead to a slight discrepancy on the level of the totals or variations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011**ASSETS**

(in millions of euros)

| | 31/12/2011 | 31/12/2010 |
|---|----------------|----------------|
| Non-current assets | 1,377.1 | 1,354.8 |
| Goodwill (Note 10) | 38.7 | 37.2 |
| Intangible assets (Note 11) | 96.7 | 75.2 |
| Property, plant & equipment (Note 12) | 869.4 | 774.2 |
| Investment property (Note 13) | 98.8 | 98.3 |
| Financial assets (Note 14) | 29.8 | 151.7 |
| Investments in associates (Note 15) | 12.9 | 14.3 |
| Loans and deposits (Note 16) | 35.0 | 24.3 |
| Deferred tax assets (Note 8.3) | 194.2 | 178.1 |
| Other non-current assets (Note 18) | 1.7 | 1.5 |
| Current assets | 1,871.3 | 1,563.8 |
| Inventories and work in progress (Note 17) | 534.5 | 468.6 |
| Trade and other receivables (Note 18) | 175.7 | 159.0 |
| Current tax receivables (Note 18) | 0.8 | 1.1 |
| Other current assets (Note 18) | 94.4 | 69.5 |
| Fair value of financial instruments (Note 22.2.3) | 17.7 | 21.7 |
| Cash and cash equivalents (Note 19.1) | 1,048.2 | 843.8 |
| TOTAL ASSETS | 3,248.4 | 2,918.6 |

The note numbers refer to the Notes to the Consolidated Financial Statements in Volume 2 of the 2011 Annual Report.

EQUITY & LIABILITIES BEFORE APPROPRIATION

(in millions of euros)

| | 31/12/2011 | 31/12/2010 |
|--|----------------|----------------|
| Equity | 2,325.5 | 2,163.2 |
| Share capital (Note 20) | 53.8 | 53.8 |
| Share premium | 49.6 | 49.6 |
| Treasury shares (Note 20) | (304.1) | (33.0) |
| Reserves | 1,881.2 | 1,621.3 |
| Foreign currency adjustments (Note 20.1) | 67.1 | 42.7 |
| Derivatives included in equity (Note 20.2) | (29.1) | (5.9) |
| Net income attributable to owners of the parent (Note 3) | 594.3 | 421.7 |
| Non-controlling interests (Note 21) | 12.7 | 12.9 |
| Non-current liabilities | 147.6 | 130.8 |
| Borrowings and debt (Notes 22.3 and 22.4) | 18.4 | 17.9 |
| Provisions (Note 23) | 14.5 | 14.4 |
| Post-employment and other employee benefit obligations (Note 25) | 60.8 | 56.3 |
| Deferred tax liabilities (Note 8.3) | 17.5 | 12.1 |
| Other non-current liabilities (Note 26) | 36.4 | 30.1 |
| Current liabilities | 775.3 | 624.6 |
| Borrowings and debt (Notes 22.3 and 22.4) | 20.5 | 26.0 |
| Provisions (Note 23) | 28.8 | 31.0 |
| Post-employment and other employee benefit obligations (Note 25) | 6.2 | 6.2 |
| Trade and other payables (Note 26) | 299.7 | 234.6 |
| Fair value of financial instruments (Note 22.2.3) | 58.3 | 30.1 |
| Current tax liabilities (Note 26) | 89.9 | 76.3 |
| Other current liabilities (Note 26) | 271.9 | 220.3 |
| TOTAL EQUITY AND LIABILITIES | 3,248.4 | 2,918.6 |

The note numbers refer to the Notes to the Consolidated Financial Statements in Volume 2 of the 2011 Annual Report.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2011

| (in millions of euros) | 2011 | 2010 |
|---|----------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income attributable to owners of the parent (Note 3) | 594.3 | 421.7 |
| Depreciation and amortisation (Notes 11 and 12) | 111.1 | 97.1 |
| Impairment losses (Notes 11 and 12) | 2.1 | 3.8 |
| Marked-to-market value of derivatives | 1.5 | 7.1 |
| Currency gains/(losses) on fair value adjustments | 1.3 | (8.3) |
| Change in provisions | 7.3 | 23.2 |
| Net income from associates (Note 15) | 4.5 | 3.1 |
| Net income attributable to non-controlling interests (Note 21) | 9.2 | 10.0 |
| Capital gains/(losses) on disposals | (28.7) | 2.0 |
| Deferred tax | 8.7 | 2.8 |
| Accrued expenses and income related to share-based payments (Note 30.4) | 11.7 | 9.1 |
| Operating cash flows | 722.8 | 571.5 |
| Cost of net debt | 2.3 | 3.5 |
| Current tax expense | 287.1 | 226.5 |
| Operating cash flows before cost of debt and current tax expense | 1,012.2 | 801.5 |
| Change in working capital (Note 19.2) | 2.7 | 59.5 |
| Cost of net debt | (2.3) | (3.5) |
| Income tax paid | (276.7) | (193.6) |
| Net cash from operating activities | 735.9 | 663.8 |
| CASH FLOWS USED IN INVESTING ACTIVITIES | | |
| Purchase of intangible assets (Note 11) | (20.7) | (23.9) |
| Purchase of property, plant and equipment (Notes 12 and 13) | (164.5) | (114.4) |
| Investments in associates | (29.2) | (15.5) |
| Purchase of other financial assets (Note 14.1) | (19.6) | (62.5) |
| Amounts payable relating to fixed assets | 0.6 | 2.0 |
| Proceeds from sales of operating assets | 0.2 | 0.4 |
| Proceeds from disposals of consolidated securities | - | 0.1 |
| Proceeds from sales of other financial assets (Note 14.1) | 165.6 | 25.7 |
| Net cash used in investing activities | (67.6) | (188.1) |
| CASH FLOWS USED IN FINANCING ACTIVITIES | | |
| Dividends paid | (167.3) | (119.1) |
| Purchase of treasury shares | (284.6) | (0.5) |
| Borrowings | 40.0 | 1.8 |
| Reimbursements of borrowings | (39.8) | (23.1) |
| Net cash used in financing activities | (451.8) | (140.9) |
| Effect of changes in the scope of consolidation (Note 19.1) | 0.1 | 0.1 |
| Effect of foreign currency exchange on intragroup transactions | (7.6) | (26.5) |
| Effect of foreign currency exchange (Note 19.1) | 0.8 | 12.5 |
| CHANGE IN NET CASH POSITION (Note 19.1) | 209.8 | 320.9 |
| Net cash position at beginning of period (Note 19.1) | 828.5 | 507.6 |
| Net cash position at end of period (Note 19.1) | 1,038.3 | 828.5 |
| CHANGE IN NET CASH POSITION (Note 19.1) | 209.8 | 320.9 |

The note numbers refer to the Notes to the Consolidated Financial Statements in Volume 2 of the 2011 Annual Report.



UN JARDIN SUR LE TOIT

The Hermès garden, a little slice of heaven on the roof of 24, rue du Faubourg-Saint-Honoré, inspired Jean-Claude Ellena to create this fourth fragrance in the Parfums-Jardins collection. Fruity, vegetal and floral, like a secret garden inhabited by wild grasses and magnolias, apple trees and pear trees, *Un Jardin sur le Toit* sparkles with light and joy.



SAC À DÉPÊCHES IN SOMBRERO CALFSKIN

This sturdy bag, in ultra-matt Sombrero calfskin, comes in two very dark, almost black colours: ebony and charcoal. It proudly underlines the very masculine style of the range.

SHAREHOLDER'S GUIDE

FINANCIAL INFORMATION

Since 2005, Hermès International's annual report has been registered with the Autorité des Marchés Financiers (AMF) as a shelf-registration document. The annual report is prepared jointly by Hermès' Legal Department, Finance Department and Publishing Department and is available in French and English versions.

The Annual Report is available in hard copy or on CD-ROM free of charge upon written request sent to the Company.

The Annual Report may be consulted and downloaded on the Company's financial reporting website, www.hermes-international.com.

Shareholders and investors can also find the following information on the site, in French and in English:

- quarterly sales;
- half-year and full-year results;
- monthly statements of the number of shares and voting rights;
- disclosures on the share buyback programme;
- documents needed to prepare for the Annual General Meeting;
- minutes of the Annual General Meeting and results of votes on resolutions submitted to shareholders;
- press releases;
- most recent Articles of Association;
- annual information documents;
- letters to the shareholders.

SHAREHOLDER INFORMATION

The Letter to the Shareholders, which keeps shareholders informed on the Company's business and financial results, is available on www.hermes-international.com.

Shareholders and investors may obtain information on the Hermès Group by contacting:

M. Lionel Martin-Guinard
Deputy Finance Manager
Hermès International
24, rue du Faubourg-Saint-Honoré, 75008 Paris.
Tel.: +33 (0) 1 40 17 49 26
Fax: +33 (0) 1 40 17 49 54
E-mail: lionel.martin.guinard@hermes.com

Financial information website:
www.hermes-international.com.

During the lifetime of this Annual Report, the shareholders may consult the following documents relating to Hermès International on the Company's website (www.hermes-international.com) and/or at the Company's main administrative office at 13/15 rue de la Ville-l'Évêque, 75008 Paris, during business hours, or at its nearby annexe, by appointment only:

- the Company's Articles of Association;
- the registration documents for the last two financial years.

2012 CALENDAR (FOR INFORMATION ONLY)

| | |
|---|------------------|
| Q1 2012 consolidated sales: | 3 May 2012 |
| Combined General Meeting of shareholders: | 29 May 2012 |
| Q2 2012 consolidated sales: | 19 July 2012 |
| H1 2012 consolidated net income: | 31 August 2012 |
| Q3 2012 consolidated sales: | to be determined |

HOW TO BUY HERMÈS INTERNATIONAL SHARES

REGISTERED SHARES

These shares are registered in a securities account opened with:

BNP PARIBAS SECURITIES SERVICES

Services aux Émetteurs
Immeuble G.M.P. Europe
9, rue du Débarcadère
93761 Pantin Cedex
Tel.: +33 (0) 826 10 91 19

Shareholders who opt for this method of administration automatically receive the Shareholders' Newsletter, notices of General Meetings and a form to complete if they wish to receive a hard copy of the Annual Report. They may place orders to buy or sell shares with BNP Paribas Securities Services under the terms and conditions stipulated in the service agreement.

Fully registered shares are handled directly by BNP Paribas Securities Services. You must sign a service agreement to open a fully registered share account, setting out the terms and conditions for buying and selling shares via BNP Paribas. The Company covers the custody fees.

Administered registered shares are handled by another financial institution that may apply custody fees.

BEARER SHARES

Bearer shares are handled by another financial institution that may apply custody fees. Shareholders who opt for this form of administration are not known to the Company and must identify themselves if they wish to obtain documents and attend General Meetings.

HOW TO PARTICIPATE IN GENERAL MEETINGS OF SHAREHOLDERS

All shareholders or representatives of shareholders are entitled to attend the Meeting and participate in the proceedings, regardless of the number of shares they hold. However, in order to attend the Meeting, to be represented at the Meeting or to vote by mail, shareholders must be shareholders of record as evidenced by registration of shares in their name (or in the name of the financial intermediary registered on their behalf if they are not residents of France) by 12:00 midnight (CET) on the third business day preceding the Meeting:

- in the register of registered shares held on behalf of the Company by its agent BNP Paribas Securities Services; or
- in a securities account held by the financial intermediary with which their shares are registered if the shares are bearer shares.

Shareholders may choose to participate in the General Meeting in one of three different ways:

- by attending the Meeting and voting in person;
- by voting by post: by casting their vote by postal ballot or by giving a proxy to the Chairman of the General Meeting or to another authorised representative;
- by voting online: by casting their vote online or by giving a proxy to the Chairman of the General Meeting or to another authorised representative.

IF YOU WISH TO ATTEND THE GENERAL MEETING OF HERMÈS INTERNATIONAL

To expedite admittance to the General Meeting, shareholders are asked to obtain an admission card prior to the Meeting, which they will receive by post or which may be downloaded by following these instructions:

- If you did not opt to receive the meeting notice by e-mail, and your shares are registered shares, you will automatically receive the meeting notice together with the attendance form by post; you should complete the form and return it in the enclosed postage-paid envelope. In addition, all registered shareholders may now

obtain an admission card online. You need only to log on to the GISproxy site using your access code, as described in the «Voting online» section below.

– If you hold bearer shares, you should request a certificate from your financial intermediary evidencing your status as a shareholder as of the date of the request. Your financial intermediary will then forward this certificate to BNP Paribas Securities Services, which will send you an admission card.

If you have not received your admission card by the third business day before the General Meeting and if you hold bearer shares, you should request a shareholding certificate from your custodian institution; if you hold registered shares, you may register directly at the General Meeting.

On the day of the Meeting, all shareholders will be asked to submit evidence of their status as shareholders and proof of identity at the registration desk.

IF YOU ARE UNABLE TO ATTEND THE GENERAL MEETING OF HERMÈS INTERNATIONAL

Shareholders who are unable to attend the General Meeting may vote by post or online, either directly or by giving their proxy to the Chairman of the Meeting, or any other representative authorised for this purpose.

If voting by post:

If you hold registered shares, you will automatically receive the attendance form together with the meeting notice.

If you hold bearer shares, you should send a request to your custodian institution, which will forward the attendance form together with a shareholding certificate to BNP Paribas Securities Services. Requests for attendance forms will be honoured only if received by no later than Friday, 18 May 2012. The duly completed form should be returned using the enclosed postage-paid envelope and must be received by BNP Paribas Securities Services by no later than 12:00 midnight (CET) on Friday, 25 May 2012.

Voting online:

Shareholders may now vote online before the General Meeting via a dedicated secure website, by following the instructions below:

If you hold *registered shares*:

If you hold fully registered shares and wish to vote online, before the Meeting, you should log onto the website at the address shown below, using the identification number and password that was sent to you.

If you hold administered registered shares, you may request that your password be sent to you by post, by logging onto the GISproxy website, using the login code shown in the upper right corner of the attendance form enclosed with the meeting notice sent to you by post.

If you hold *bearer shares*:

If you hold bearer shares and wish to vote online before the General Meeting, you should request a shareholding certificate from the financial institution that is the custodian of your shares and provide your e-mail address. The custodian will send the shareholding certificate, together with your e-mail address, to BNP Paribas Securities Services, the manager of the online voting site. BNP Paribas Securities will use this e-mail address to send you a username and a password, which will enable you to log onto the site at the address shown below.

In both cases, you need only follow the instructions that will appear on the screen.

The secure website dedicated to voting will open on 9 May 2012. Shareholders may vote online before the General Meeting until 3:00 p.m. (CET) on the day before the meeting, i.e., until Monday, 28 May 2012.

To avoid possible bottlenecks on the dedicated website, it is recommended that you not wait until the last minute before voting.

Address of the secure dedicated website:

<https://gisproxy.bnpparibas.com/hermesinternational.pg>

It is specified that:

Shareholders who have already voted, applied for an admittance card or requested a shareholding certificate (Article R.225-85 of the Code de Commerce):

- may not choose another method of participating in the meeting;
- may opt to sell some of all of their shares.

However, if the sale takes place before 12:00 midnight (CET) on Thursday, 24 May 2012, the Company shall invalidate or make the applicable changes to any postal vote, online vote, proxy, admis-

sion card or shareholding certificate, as appropriate. The authorised intermediary acting as custodian shall notify the Company or its agent of any such sale and shall forward the necessary information. Any sale or other transaction completed after 12:00 midnight CET on Thursday, 24 May 2012, by any means whatsoever, shall not be notified by the authorised financial intermediary or taken into consideration by the Company, notwithstanding any agreement to the contrary.

Proxies:

In accordance with the provisions of Article R 225-79 of the Code de Commerce, notice of the appointment or revocation of a proxy may be made by post, under the same conditions as those applying to the appointment of a proxy, and must be sent to the General Meeting Department (*Service assemblées générales*) of BNP Paribas Securities Services.

Such notice may also be made online, and will be processed more rapidly, by following the instructions below:

If you hold *fully registered shares*:

– you may submit your request by logging onto Planetshares, “My Shares”, using your customary username and password, then going to “My shareholder area – My general meetings” and clicking on the “Appoint or Revoke Proxy” button.

If you hold *bearer shares or administered registered shares*:

– you should send an e-mail to paris.bp2s.france.cts.mandats@bnpparibas.com.

This e-mail must contain the following information: name of the company concerned, date of the general meeting, last name, first name, address, bank references of the shareholder, as well as the first name, last name and, if possible, the address of the proxy.

– Shareholders should ask the financial intermediary that manages their securities account to send a written confirmation to the General Meeting Department of BNP Paribas Securities Services – CTS Assemblées Générales – Les Grands Moulins de Pantin, 9, rue du Débarcadère, 93761 Pantin Cedex.

Only instructions pertaining to the appointment or revocation of proxies should be sent to the above e-mail address; any requests or instructions pertaining to other matters will not be considered and/or processed.

In order for instructions on the appointment or revocation of proxies submitted by e-mail to be duly taken into consideration, the confirmation notice must be received by no later than 3:00 p.m. (CET) on the day before the Meeting. Instructions to appoint or revoke a proxy sent by post must be received by no later than three calendar days before the date of the Meeting.

| THRESHOLD | EQUIVALENT (%) | RELATED OBLIGATIONS |
|--------------------|----------------|---|
| 1/20 ^e | 5.00% | |
| 1/10 ^e | 10.00% | Statement of intent |
| 3/20 ^e | 15.00% | Statement of intent |
| 1/5 ^e | 20.00% | Statement of intent |
| 1/4 | 25.00% | Statement of intent |
| 3/10 ^e | 30.00% | File a public takeover bid or offer of exchange |
| 1/3 | 33.33% | |
| 1/2 | 50.00% | |
| 2/3 | 66.66% | |
| 18/20 ^e | 90.00% | |
| 19/20 ^e | 95.00% | |

OWNERSHIP THRESHOLD DISCLOSURES

STATUTORY OWNERSHIP THRESHOLDS (ARTICLES L. 233-7 ET SEQ. OF THE CODE DE COMMERCE AND ARTICLES L.433-3 ET SEQ. OF THE CODE MONETAIRE ET FINANCIER)

Any natural or legal person, acting alone or jointly, coming into possession of more than 5% of Hermès International's share capital or voting rights (see table below) is required to disclose to the Company the total number of shares or voting rights held.

Such disclosure must also be made whenever the percentage of share capital or voting rights held falls below one of the thresholds indicated above.

Any person who is subject to this requirement must also disclose these facts to the AMF.

Owing to the existence of double voting rights, in practice, twenty-two thresholds must be monitored.

The thresholds may be attained after shares are acquired or sold, whether by means of purchase, transfer, merger, demerger, scrip dividends or by any other means, or following a change in the apportionment of voting rights (gain or loss of double voting rights). The shares to be taken into account include not just newly acquired shares, but the shares that the shareholder has the right to acquire at its sole initiative pursuant to an agreement (contract of sale, option, etc.) and those that the shareholder can acquire at its sole initiative, immediately or in the future, as a result of holding a financial instrument (bond redeemable for shares, equity swap, warrant, etc.). Share ownership threshold disclosures must be filed no later than by the close of business on the fourth trading day following attainment of the threshold.

By the 15th of each month, the Company publishes a report on its website (www.hermes-international.com) disclosing the total number of shares, the total number of theoretical voting rights

(including shares disqualified from voting) and the total number of exercisable voting rights (excluding shares disqualified from voting) that make up the share capital on the last day of the previous month.

OWNERSHIP THRESHOLDS AS PROVIDED BY THE ARTICLES OF ASSOCIATION

Any natural or legal person, acting alone or jointly, coming into possession, in any manner whatsoever, within the meaning of Articles L 233-7 et seq. of the Code de Commerce, of a number of shares representing 0.5% of the share capital and/or of the voting rights in General Meetings, or any multiple of this percentage, at any time, even after attaining one of the thresholds as provided by Articles L. 233-7 *et seq.* of the Code de Commerce, is required to disclose to the Company the total number of shares it owns by sending a notice by registered post, return receipt requested to the registered office within five days from the date it has exceeded one of these thresholds.

Such disclosure must also be made, under the same conditions as those provided above, whenever the percentage of share capital and/or voting rights held falls below one of the aforesaid thresholds.

In the event of failure to comply with these requirements, the shares exceeding the threshold which is subject to disclosure shall be disqualified from voting.

In the event of an adjustment, the corresponding voting rights may be exercised only after expiration of the period stipulated by law and the applicable regulations.

Unless one of the thresholds covered by the aforesaid Article L. 233-7 is attained, this sanction shall be applied only at the request of one or several shareholders individually or collectively holding at least 0.5% of the Company's share capital and/or voting rights and duly recorded in the minutes of the General Meeting.

Cover: tool case created by Hermès craftsmen for the "Prix de l'Adresse" competition.

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p. 17: Vicente Sahuc.

p. 18: Lionel Koretzy (*Cape Cod* watch), Studio des Fleurs (*Quark* ring).

p. 19: Studio des Fleurs (*Terre d'Hermès* fragrance), Vicente Sahuc (Dip Dye *Jungle Love* scarf).

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p. 34: Vicente Sahuc (nos 1 and 3), Quentin Bertoux (nos 2 and 4).

p. 35: Vicente Sahuc (*Talaris* and *Victoria* saddles), Studio des Fleurs (*Brasilia* saddle).

p. 36: Alistair Taylor-Young.

p. 37: Karim Sadli.

p. 39: Vicente Sahuc.

p. 40: Vicente Sahuc.

p. 41: Frédéric Azler (nos 6 and 10), Vicente Sahuc (nos 7, 9, 8, 11).

p. 42-43: Studio des Fleurs (nos 1, 2, 3, 4), Vicente Sahuc (nos 5, 6, 7, 8, 9).

p. 45: Théo Delhaste (*Kelly* bracelets), Vicente Sahuc (tie sautoir).

p. 46: Studio des Fleurs (the *Parfums-Jardins* collection), Bertrand Bozon (*Hermessence* collection except *Santal Massoïa*), Nicolas Krabal (*Santal Massoïa*).

p. 47: Claude Joray (*Heure H* watch), Jacques Boulay (*Cape Cod* watch).

p. 48-49: Patrick Burban (*Lanternes Magiques* and *Endiablés*), Bertrand Bozon (Puiforcat knives).

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