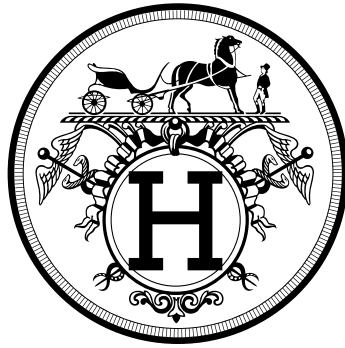


HERMÈS

2012 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 Regulations, 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 16 April 2013.

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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.

2012 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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2012, HERMÈS, THE GIFT OF TIME

MESSAGE FROM THE CHAIRMEN

GROUP OVERVIEW

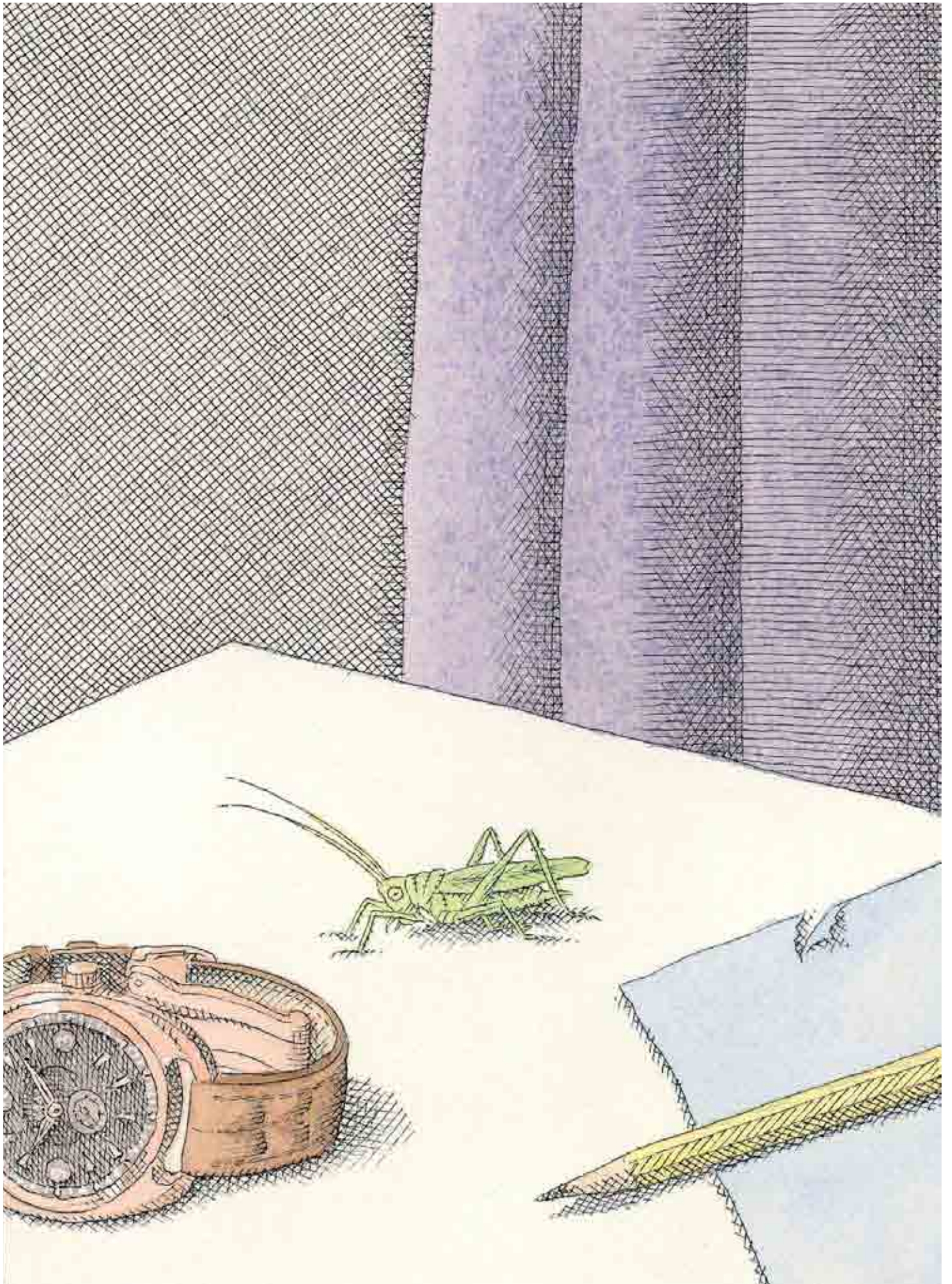
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- Corporate Governance
- Information on Share Capital and Shareholders
- Property and Insurance
- NRE Appendices: Environmental Information
- NRE Appendices: Human Resources
- Consolidated Financial Statements
- Parent Company Financial Statements
- Five-Year Summary of Financial Data
- Annual General Meeting of 4 June 2013
- Additional Legal Information
- Cross-Reference Tables



Dressage watch with H1912
Manufacture movement,
limited edition in rose gold.

Previous page:
spring-summer 2012
advertising campaign.

MESSAGE FROM THE CHAIRMEN



In 2012, Hermès continued to grow. Taking all the time it needed.

In a market that is changing rapidly due, in large part, to the arrival of new customers, Hermès has remained true to its roots while undergoing a profound metamorphosis.

Driven by our creative teams, all our *métiers* renewed their product ranges, skilfully combining traditional Hermès style with modernity. Our growth drivers – namely fine jewellery, home products, watches, fashion accessories and textiles – contributed harmoniously to our recent growth spurt. Many products were added to our already rich and diverse collection, opening up new territories. We also developed some unique, customised items that bear great promise for the future.

Over the last few years, the pace at which we are opening new boutiques has slowed to enable us to focus on enlarging existing points of sale and showing customers the extensive range of products that testify to the richness of the Hermès world. Two new points of sale opened this year: in Wuhan (China) and Taichung (Taiwan).

All our markets remained buoyant, with new territories Asia and the Middle East living up to our expectations. The business model developed by Hermès over the years also proved to be very powerful in our mature markets, such as Europe and the United States. In 2012, Japan also recovered a more-than-satisfactory rate of growth after coping with the events of 2011 brilliantly.

The financial results set out in this annual report confirm the soundness of our strategy. They have been achieved by remaining faithful to the values of craftsmanship and creativity that have nurtured our house since it was founded in 1837.

We would like to thank all our employees for their fruitful efforts, and for the family ethos that has united them and pushed us all forwards.

2013 will be a “sporting” year. The difficult economic and monetary environment, together with the heightened expectations of our customers will present us with many new challenges. Every day, Hermès’ values reflect the aspirations of our clientele just that little bit more. We can thus face these new challenges with complete confidence.

Émile Hermès SARL
Executive Chairman,
represented
by **Henri-Louis Bauer**

Patrick Thomas
Executive Chairman



GROUP OVERVIEW



Spring-summer 2012
advertising campaign.

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 S.A.R.L.
Executive Chairman,
represented by
Henri-Louis Bauer¹

¹ Since 1 July 2012.

EXECUTIVE COMMITTEE

Patrick Thomas
Executive Chairman

Patrick Albaladejo
Deputy Managing Director
Strategic Development
& Corporate Image

Axel Dumas
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

MANAGEMENT BODIES



Éric de Seynes,
Chairman of the Supervisory
Board.

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.

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.

A TRIBUTE TO JÉRÔME GUERRAND



On 4 March 2013, Jérôme Guerrand, a fifth-generation member of the Hermès family, passed away. Chairman of the Hermès International Supervisory Board from 1990 to 2011, he contributed to the success of this house, which he cherished and to which he gave so much. Equipped with exceptional knowledge of the Hermès family, art and history, he enriched the Émile Hermès collection and the *conservatoire des métiers* with a new dimension and depth that reinforced our heritage and helped define our future.

The members of the Supervisory Board and all Hermès International employees are indebted to him for his precious contribution and for the human values he embodied.

SUPERVISORY BOARD

Éric de Seynes
Chairman and member

Maurice de Kervénoaël
Vice-Chairman

Ernest-Antoine Seillière
Vice-Chairman

Charles-Éric Bauer
Matthieu Dumas
Blaise Guerrand ²
Julie Guerrand
Olaf Guerrand ¹
Renaud Momméja
Robert Peugeot
Nicolas Puech ²
Florence Woerth

AUDIT COMMITTEE

Maurice de Kervénoaël
Chairman

Charles-Éric Bauer
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:

Henri-Louis Bauer ³
Executive Chairman, Chairman
and Member of the Management
Board

Philippe Dumas
Vice-Chairman

Hubert Guerrand
Vice-Chairman

Sandrine Brekke
Frédéric Dumas
Édouard Guerrand
Agnès Harth
Laurent E. Momméja
Pascale Mussard
Bertrand Puech ⁴
Guillaume de Seynes

¹ Until 29 May 2012.

² Since 29 May 2012.

³ Since 1 July 2012.

⁴ Also Executive Manager and Chairman until 1 July 2012.



SIX GENERATIONS OF CRAFTSMEN

—
**Today, Hermès employs 10,118 people worldwide and has
 323 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 has continued to expand ever since.

Émile Hermès also began a private collection of paintings, books and objets d'art, which became a source of inspiration for his designers.

During the 1950s, Émile Hermès' sons-in-law, Robert Dumas and Jean-René Guerrand, continued to diversify operations, while

taking care to uphold the brand's integrity: clothing, jewellery, watches, diaries, silk scarves and other items.

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 *métiers* 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 demonstrates its creativity in a range of sectors: leather goods, men's and women's ready-to-wear, footwear, belts, gloves, hats, silks and textiles, jewellery, furniture, furnishing fabrics, wallpaper, tableware, perfumes, watches and petit h.

International in scope, Hermès is characterised by superlative manufacturing inspired by the values of traditional craftsmanship, and remains a family firm with a uniquely creative spirit.

For over 175 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 forge the identity of Hermès.

- | | | |
|--|---|---|
| 1837 | 1928 | • <i>Calèche</i> fragrance for women |
| • Harnesses | • <i>Ermeto</i> watch | |
| | • <i>Sac à Dépêches</i> | 1967 |
| 1867 | | • <i>Constance</i> bag |
| • Saddles | 1930 | |
| | • Diaries | 1970 |
| circa 1900 | | • <i>Équipage</i> fragrance for men |
| • <i>Haut à courroies</i> bag,
designed by Émile Hermès | 1937 | |
| | • First silk scarves | 1971 |
| 1903 | | • <i>Nausicaa</i> bracelet |
| • <i>Rocabar</i> blanket | 1938 | |
| | • <i>Chaîne d'ancre</i> bracelet,
designed by Robert Dumas | 1972 |
| 1922 | • First garment with silk scarf pattern | • First Hermès shoes
for women |
| • Belts | | |
| 1923 | 1949 | 1974 |
| • Dual-handled bag | • Printed silk ties | • <i>Amazone</i> fragrance for women |
| | • <i>Collier de chien</i> belt and bracelet | |
| 1924 | 1951 | 1975 |
| • Fabric gloves with zipper | • <i>Eau d'Hermès</i> | • <i>Passe-Guide</i> bag(2) |
| | | • <i>Kelly</i> watch |
| from 1925 | 1954 | • John Lobb, ready-to-wear shoes |
| • First sports jacket, followed
by the development of women's
and men's fashions (1) | • Porcelain ashtrays | |
| • <i>Mallette à coins rapportés</i> | • Bath mats in printed terry towelling | 1978 |
| | | • First complete men's
ready-to-wear collection |
| 1927 | 1956 | • "Highland" ghillie shoes |
| • Wristwatches | • The bag designed by Robert Dumas
in the 1930s is officially named the <i>Kelly</i> | • Enamel bracelets |
| • <i>Filet de selle</i> bracelet | | |
| | 1961 | 1979 |
| | • <i>Twillaine</i> : knitwear
and silk scarf garment | • <i>Eau de Cologne Hermès</i> ,
renamed <i>Eau d'orange verte</i> in 1997 |
| | | • Pleated scarves |

1. *Pour Monsieur, pour Madame*
Hermès catalogue, 1929.
2. *Passe-Guide* bag, 1975.
3. *Médor* watch, 1993.

1981

- *Clipper* watch

1984

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

1985

- Silk *gavroche* scarves

1986

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

1991

- *Cape Cod* watch

1993

- *Oxer* saddle
- *Médor* watch (3)

1994

- *Soft* bag range
- *Touareg* jewellery
- *Attelage* cutlery

1995

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



1.



2.



3.

1996

- *Fanfare* crystal glasses
- *Harnais* watch
- *Heure H* watch

1997

- First Hermès shoes for men

1998

- *Herbag* bag
- Twice-round watch straps
- *Quick* trainers

1999

- *Hiris* fragrance for women

2000

- *Corlandus* dressage saddle
- *Tandem* watch
- *Nil* and *Les Matins de l'étang* porcelain tableware

2001

- *Essentielle* jumping saddle

2002

- *Égypte* sandals in lacquer and leather
- *Picotin* bag
- *Plein cuir* desk line, a reissued range originally created in the 1930s
- *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
- *Brasilia* jumping saddle
- *Hermessence* fragrance collection

2005

- *Herlight* suitcase
- *Un Jardin sur le Nil* fragrance
- *Balcon du Guadalquivir* porcelain tableware

2006

- *Lindy* bag
- *Cape Cod 8 jours* watch
- *Terre d'Hermès* fragrance for men
- *Cheval d'Orient* porcelain tableware (4)

2007

- 70 scarves in vintage silk (5)
- *Kelly Calèche* fragrance for women
- *Fil d'argent* porcelain tableware
- Rose gold and brown diamond jewellery

2008

- *Jypsière* bag
- *Horizon* diary
- *Bardette Andaluz* (children's saddle)
- Flowing "carré fluide" scarves in silk jersey
- *Un Jardin après la Mousson* fragrance

2009

- *Victoria* saddle
- Cross-dyed/dip-dyed scarves
- *Cognes Hermès* collection (6)
- *Mosaïque au 24* porcelain tableware
- *Cape Cod Tonneau* watch

2010

- *Centaure and Fouet* fine jewellery collection
- *Les Maisons enchantées* faience tableware
- *Talaris* saddle
- *Voyage d'Hermès* fragrance
- Jean-Michel Frank furniture reissued by Hermès
- *Toolbox* bag (7)

2011

- *Bleus d'Ailleurs* porcelain tableware
- *Tie 7* tie
- *Roulis* bag
- *Berline* bag
- *Un Jardin sur le Toit* fragrance
- *Arceau Le temps suspendu* watch
- *Matières et Métiers* collection
- Collection of furnishing fabrics and wallpapers

2012

- Fine jewellery collection of jewellery bags
- *Jour d'Hermès* fragrance for women
- *Module H* modular system of architectural elements
- *Passe-Guide* bag reissued
- 8 cm ties in heavy twill



- 4. *Cheval d'Orient* porcelain tableware, 2006.
- 5. *Swinging Saint-Germain* 70 scarf in vintage silk, 2007.
- 6. *Colognes Hermès* collection, 2009.
- 7. *Toolbox* bag, 2010



KEY FIGURES

KEY CONSOLIDATED DATA (in millions of euros)

	2012	2011	2010	2009	2008
Revenue	3,484.1	2,841.2	2,400.8	1,914.3	1,764.6
Recurring operating income	1,118.6	885.2	668.2	462.9	449.2
Operating income	1,118.6	885.2	668.2	462.9	449.2
Net income attributable to owners of the parent	739.9	594.3	421.7	288.8	290.2
Operating cash flows	884.8	722.8	571.5	401.1	378.9
Investments (excluding financial investments)	370.0	214.4	153.8	207.3	160.4
Shareholders' equity ¹	2,344.4	2,312.8	2,150.3	1,789.9	1,588.5 ²
Net cash position	686.1	1,038.3	828.5	507.6	450.5
Restated net cash ³	721.0	1,044.2	950.1	576.4	432.4
Economic value added ⁴	628.5	463.8	332.7	191.6	190.8
Return on capital employed (ROCE) ⁵	46%	42%	32%	21%	22%
Number of employees	10,118	9,081	8,366	8,057	7,894

¹ Equity excluding non-controlling interests.

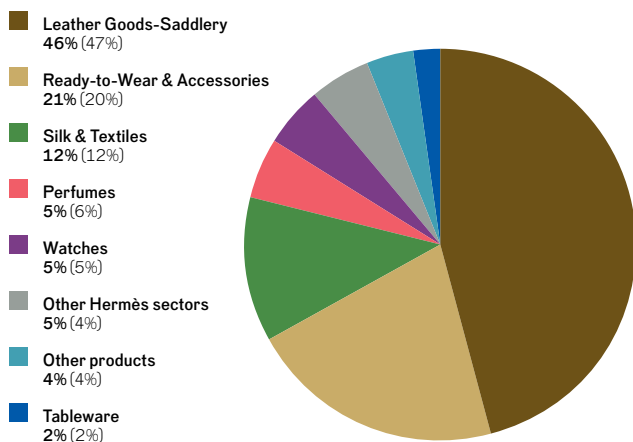
² After application of IAS 38 on the treatment of samples at the point of sale and of advertising and promotional expenditure.

³ Includes non-liquid financial investments and borrowings.

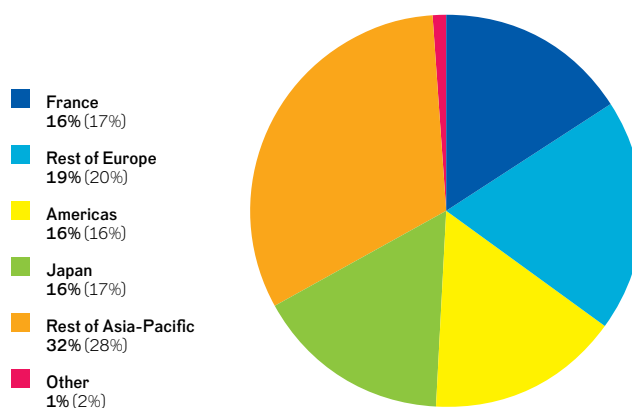
⁴ Difference between adjusted operating income after tax on operating income and the weighted average cost of capital employed (net value of long-term capital and working capital).

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

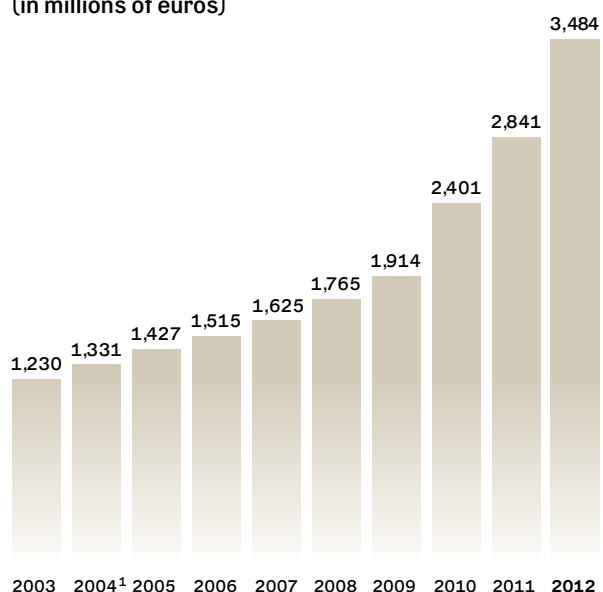
BREAKDOWN OF REVENUE BY MÉTIER 2012 (2011)



BREAKDOWN OF REVENUE BY REGION 2012 (2011)

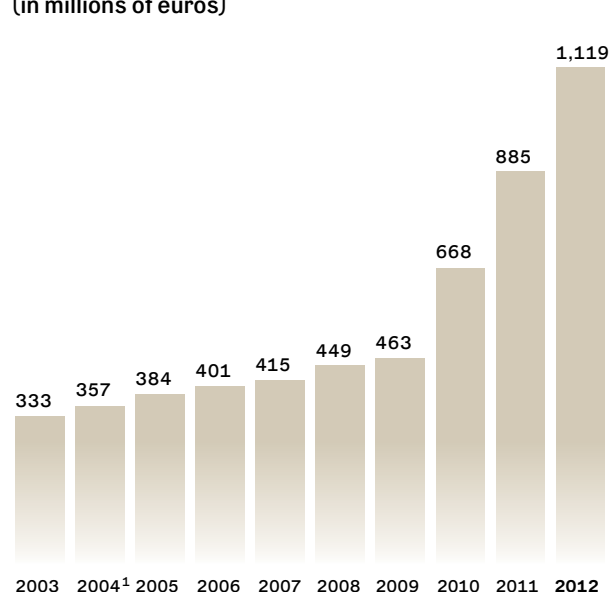


CONSOLIDATED REVENUE (in millions of euros)



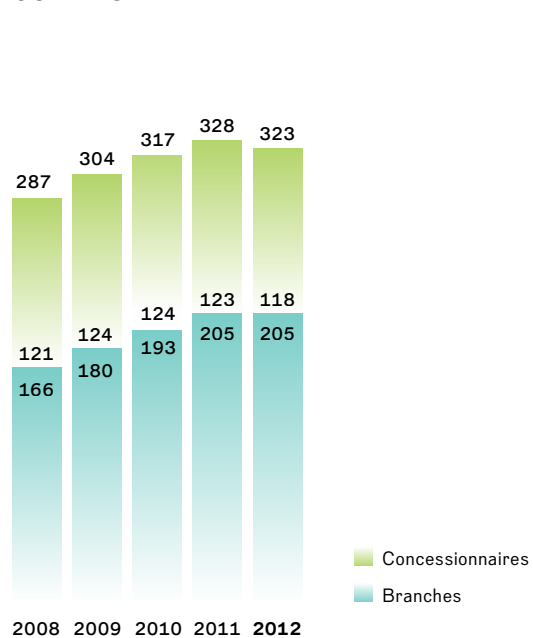
¹ 2004 figures are restated under IFRS.

RECURRING OPERATING INCOME (in millions of euros)

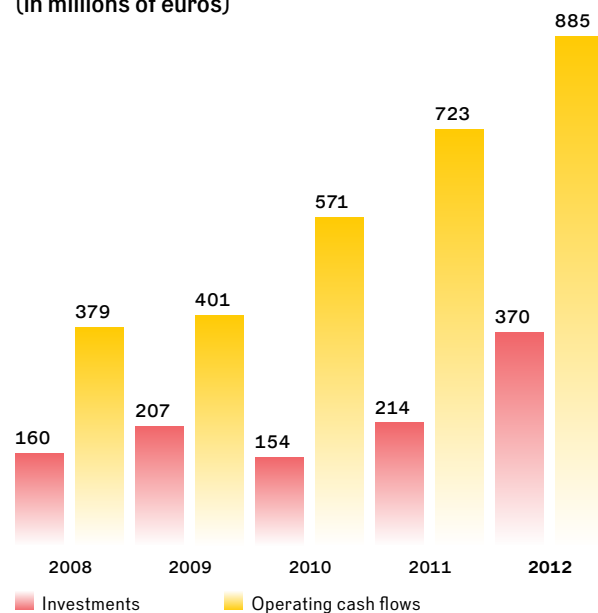


¹ 2004 figures are restated under IFRS.

NUMBER OF EXCLUSIVE RETAIL OUTLETS



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



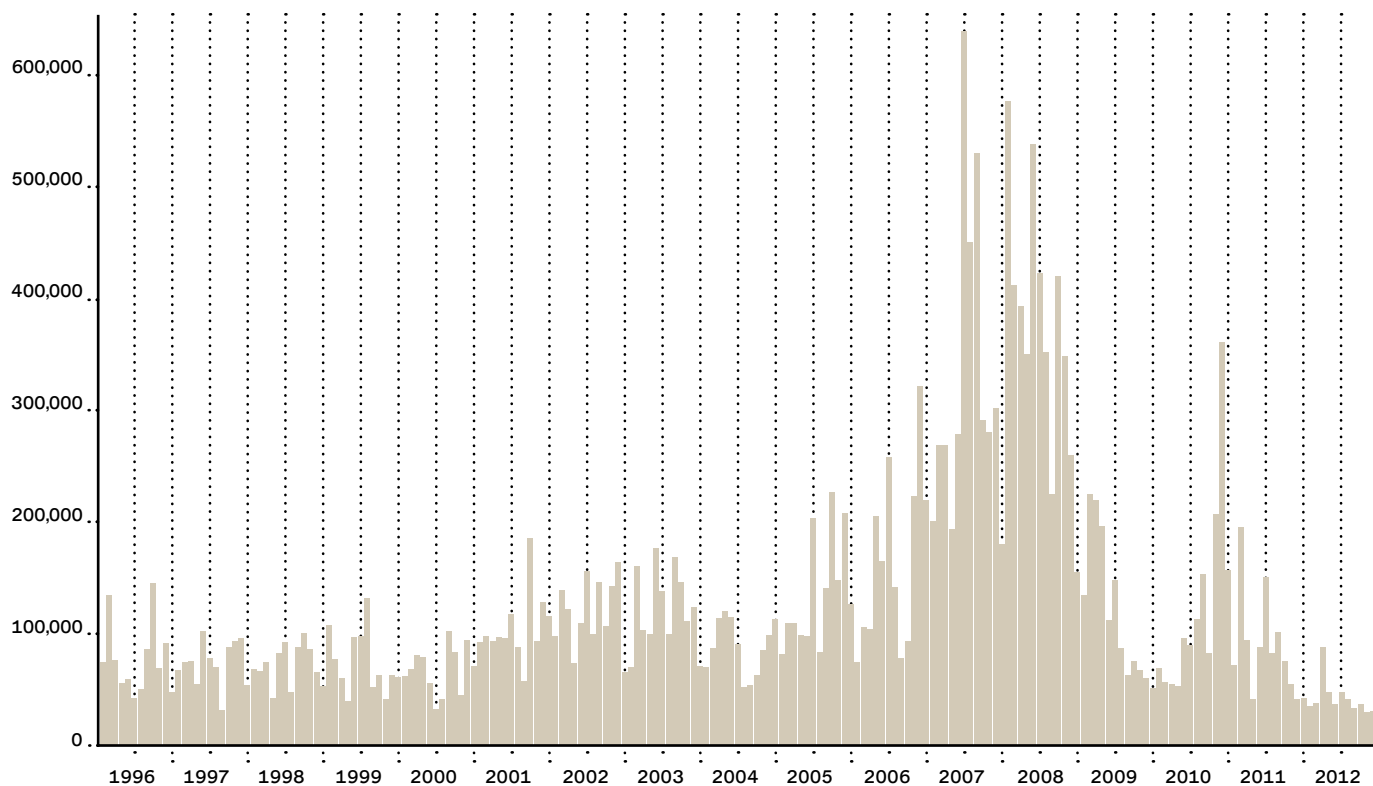
KEY STOCK MARKET DATA

	2012	2011	2010
Number of shares as at 31 December	105,569,412	105,569,412	105,569,412
Average number of shares (excluding treasury shares)	104,087,228	104,556,945	105,162,445
Market capitalisation as at 31 December	€ 23.89 Bn	€ 24.32 Bn	€ 16.54 Bn
Earnings per share (excluding treasury shares)	€ 7.11	€ 5.68	€ 4.01
Dividend per share	€ 2.50 ¹	€ 7.00 ²	€ 1.50
Monthly average daily trading volume	40,572	86,174	124,790
12-month high share price	€ 290.90	€ 272.50	€ 207.75
12-month low share price	€ 207.70	€ 142.05	€ 92.00
12-month average share price	€ 241.84	€ 200.23	€ 125.67
Share price as at 31 December	€ 226.30	€ 230.35	€ 156.75

1 Subject to approval by the Ordinary General Meeting of 4 June 2013. An interim dividend of €1.50 was paid on 1 March 2013.

2 Equivalent to an ordinary dividend of €2.00 and an extraordinary dividend of €5.00.

AVERAGE DAILY TRADING VOLUME (NUMBER OF SHARES)



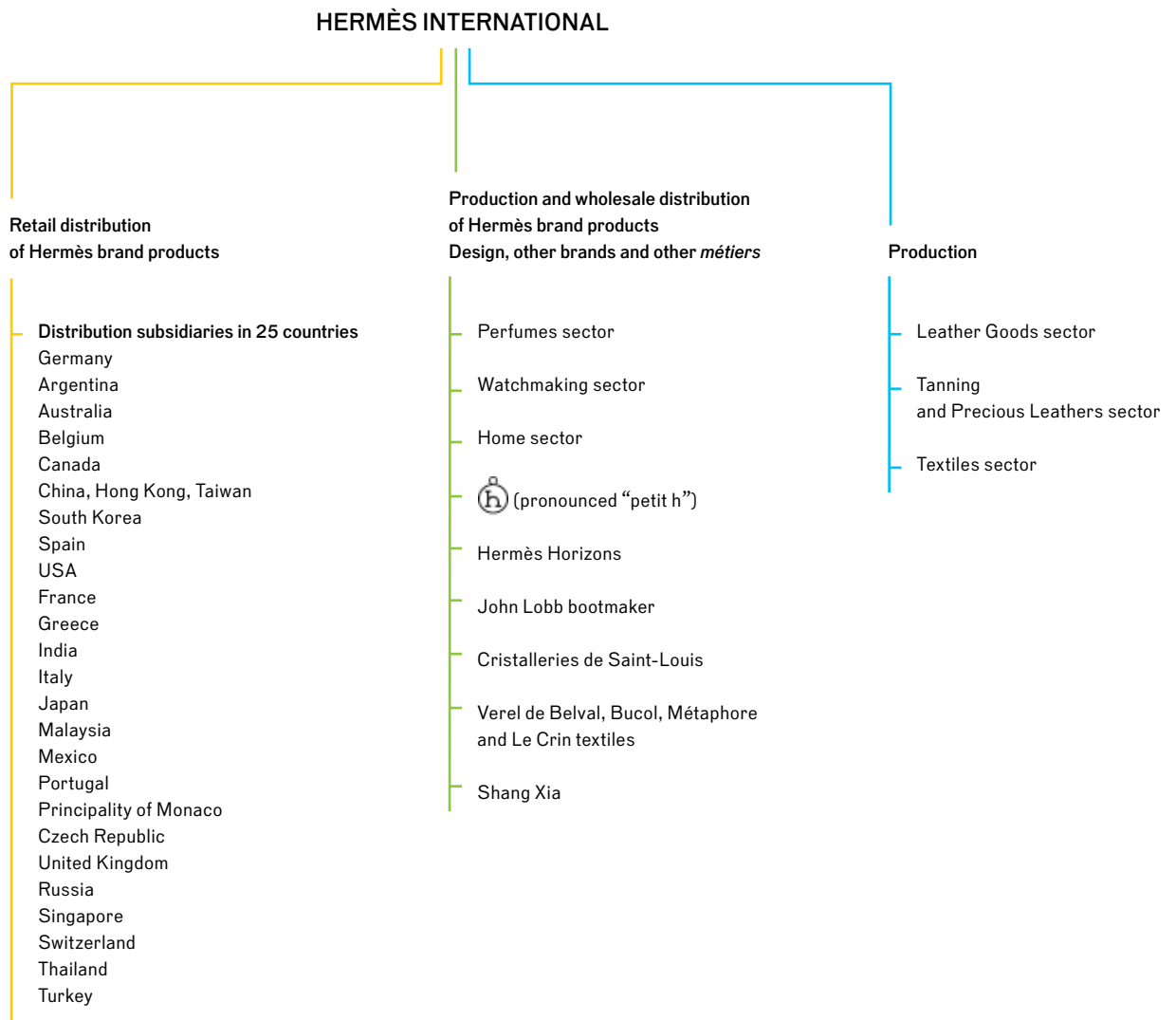
HERMÈS INTERNATIONAL SHARE PRICE ¹ / CAC 40 INDEX (BASE: 100 ON 3 JUNE 1993)

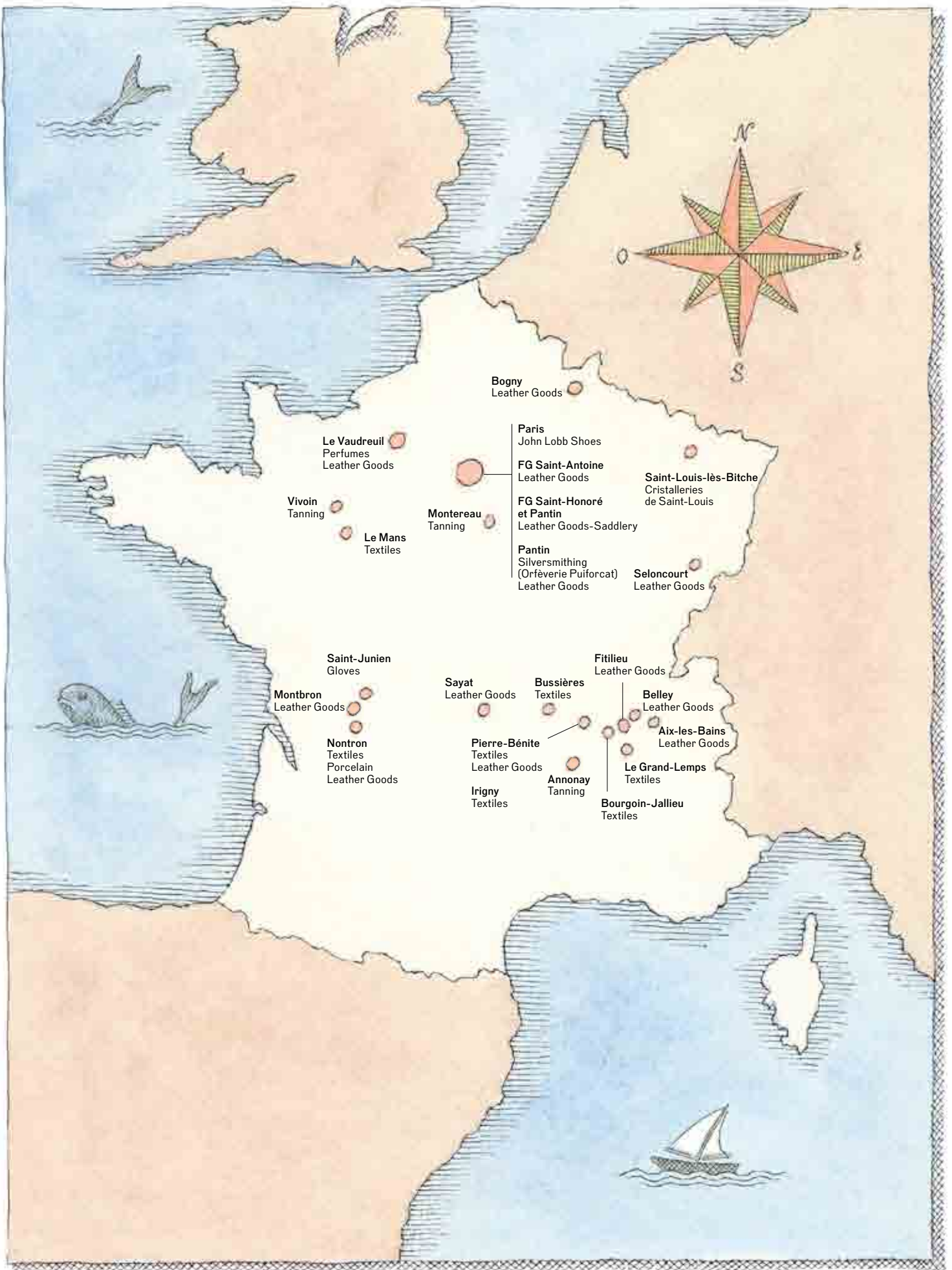


¹ Figures adjusted to reflect stock splits.
The monthly share price trend for Hermès International over the past five years is shown in Volume 2, on page 107.

SIMPLIFIED ORGANISATION CHART

OVERVIEW DESCRIPTION
OF THE GROUP AS AT 31.12.2012









REVIEW OF OPERATIONS

Autumn-winter 2012
advertising campaign.

GENERAL TREND

STRONG SALES AND INCOMES GROWTH

In 2012, the Hermès group reported revenue of €3,484 million, a rise of 23% at current exchange rate and of 16% at constant exchange rates. The operating income is €1,119 million, an increase of 26%.

ACTIVITY BY REGION AND MÉTIER

(At constant exchange rates, unless otherwise indicated)

In 2012, the group expanded further with the opening of two new branches and the renovation or extension of a dozen others.

Sales expanded across all regions

Sales were stimulated by non-Japan Asia (+25%). The network added two new branches in Taiwan and China and six other stores were renovated or expanded. Japan (+7%) also contributed to this performance after a relatively stable year in 2011.

Growth was impressive in Europe at 15%, with a positive contribution from nearly all countries, and in the Americas (+14%), which is benefiting from the gradual extension of its network.

Lastly, sales to travellers continued to trend up sharply throughout the world.

All métiers delivered a handsome performance, underpinned by their multi-faceted know-how and ambitious designs.

In response to persistently strong demand, in 2012, Leather Goods

and Saddlery (+12%) opened two new workshops in France, in Charente and Isère.

The Ready-to-wear and Accessories division (+22%) benefited from the dynamism of the latter and from its inspired ready-to-wear collections.

In Silk and Textiles (+16%), growth was fed by new formats and by the use of new colours and materials.

For Perfumes (+14%), 2012 was a very good year. *Terre d'Hermès* joined the ranks of the great classics and two lines were enhanced by new launches, *Voyage d'Hermès Parfum* and *L'Ambre des Merveilles*.

In Watches (+17%), sales growth continued to run high in 2012, founded on the development of its Manufacture lines. Other Hermès sectors (+45%) registered an exceptional surge. Hermès jewellery was driven by the success of its creations and the presentation of its second Haute Bijouterie collection. The Art of Living sector continued to broaden the Hermès Home range.

HIGHEST OPERATING MARGIN SINCE THE INITIAL PUBLIC OFFERING IN 1993

Operating income rose by 26% to €1,119 million from €885 million in 2011. The operating margin rose to 32.1% of sales, exceeding the all-time high achieved in 2011.

Consolidated net income, group's share, was €740 million, compared with €594 million in 2011. Restated for the capital gain of €29.5 million generated by the disposal of the equity stake in the Jean Paul Gaultier group in 2011, growth was 31%.

Investments amounted to €370 million and served primarily to expand the distribution network, to buy the property of the Hermès store in Beverly Hills, to increase production capacity and to secure supplies.

Operating cash flow totalled €885 million, a rise of 22%. It covered all investments and payment of the ordinary dividend (€208 million).

After the exceptional dividend of €520 million paid in the previous year, net cash amounted to €686 million at the end of 2012.

GROWTH IN WORKFORCE

The Hermès group created over 800 new jobs, most of them in sales and at its production facilities. At the end of 2012, the group's workforce comprised 10,118 employees, including 6,110 in France.

OUTLOOK FOR 2013

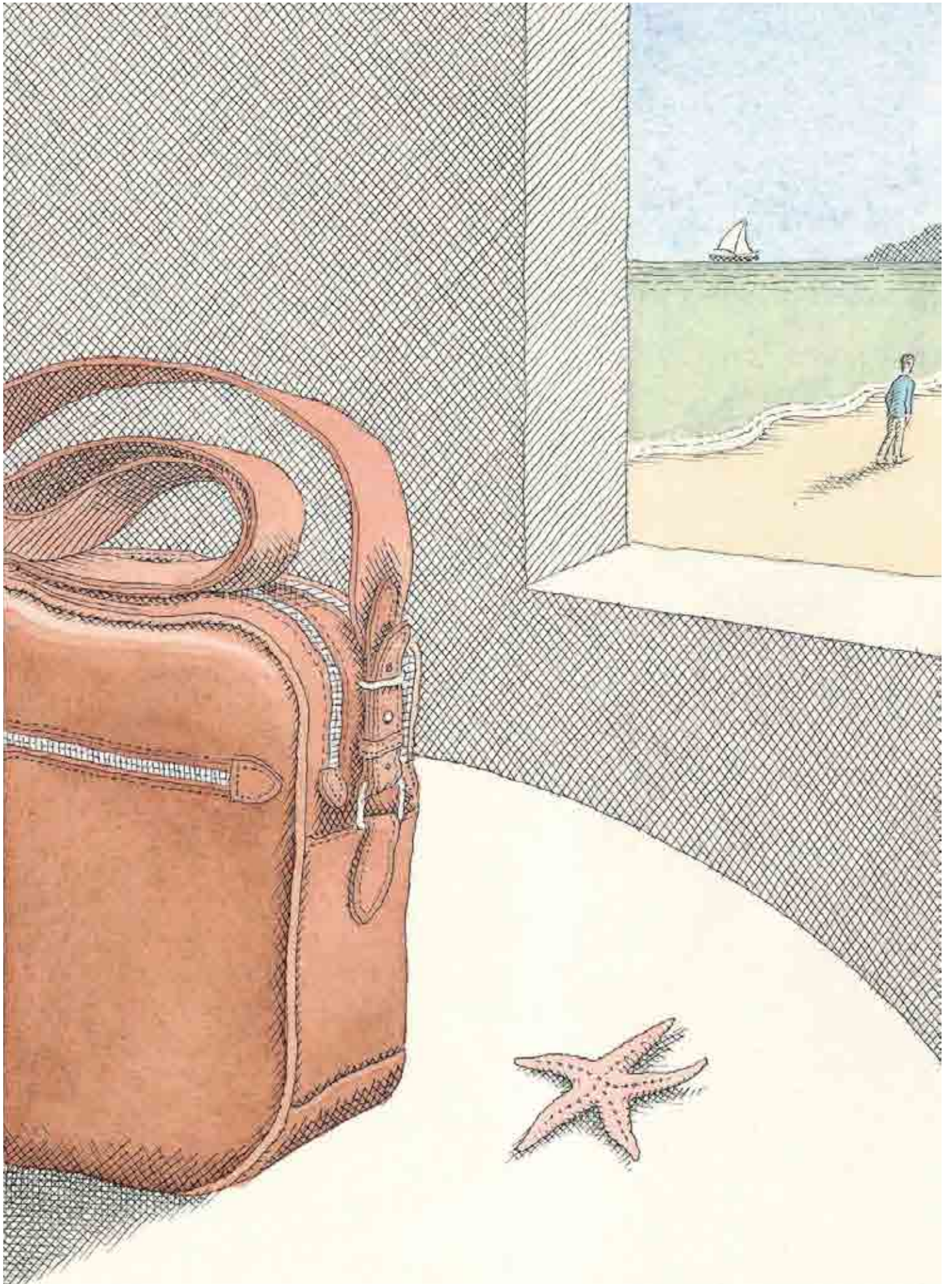
Hermès will continue to follow its long term strategy based on creativity, maintaining control over its expertise, expanding its distribution network, strengthening its production capacity, and protecting its sources of supply.

With its new theme of the year, "A sporting life!", Hermès is resolutely focusing on energy and optimism in 2013. Since its origins, the House has been tapping the sports universe to feed its passion for movement, elegance and excellence. For Hermès, sport rises above obsession with performance; it is spirit, style and pleasure above all, and its spark ignites our collections as never before.

PROPOSED DIVIDEND

A proposal will be submitted to the General Meeting on 4 June 2013 to set the dividend at €2.5 per share. The interim dividend of €1.5 paid on 1 March 2013 will be deducted from the dividend to be approved by the General Meeting.

The complete consolidated financial statements will be available by no later than 30 April 2013 at www.hermes-international.com and on the AMF website at www.amf-france.org.



ACTIVITY BY MÉTIER

The Hermès *métiers* draw on a wide range of skills in pursuit of their ambitious creative objectives. Year after year, driven by a permanent quest for innovation and a deeply embedded culture of excellence, they add to the Hermès collections now comprising over 50,000 items.

In 2012, many new arrivals thus helped expand the group's product ranges and nurture its growth.

	2012 (Revenue in €M)	2012 (Mix in %)	2011 (Revenue in €M)	2011 (Mix in %)	Evolutions published	Evolutions at constant exchange rates
Leather Goods-Saddlery	1,597	46%	1,348	47%	18.4%	11.8%
Ready-to-wear and Accessories	746	21%	576	20%	29.5%	22.3%
Silk and Textiles	425	12%	347	12%	22.4%	15.9%
Other Hermès <i>Métiers</i>	165	5%	109	4%	52.1%	45.0%
Perfumes	184	5%	159	6%	15.5%	14.4%
Watches	173	5%	139	5%	24.5%	17.4%
Tableware	60	2%	51	2%	18.9%	15.5%
Other Products	135	4%	113	4%	19.2%	16.7%
Consolidated revenue	3,484	100%	2,841	100%	22.6%	16.4%

LEATHER GOODS-SADDLERY

Leather goods-saddlery is Hermès' founding *métier*, and today accounts for 46% of group sales. This sector of activity includes bags, clutches, briefcases and luggage, diaries and writing accessories, small leather goods, saddles and other equestrian products. In 2012, sales for this sector totalled €1,597 million, up 12% at constant exchange rates.

The soul of Hermès leatherwork is revealed when authentic, carefully selected materials pass through the expert hands of our master leatherworkers and saddlers, all based in France. The skills of these craftsmen, cultivated through the centuries, have been honed over many years through a patient dialogue between artisan and hide. As the leather is tamed and shaped by the hands of the craftsman, he perpetuates the masterful tradition of saddle- and harness-making, both historic Hermès *métiers*.

This union, which demands unyielding and constant loyalty, as well as physical and technical perfection, is what lies behind the articles that make up our collections. These exceptional products, featuring a wealth of useful details, soon become inseparable long-term companions to our customers, accompanying them on a daily basis in vindication of the time devoted to their creation.

Today, products are made by more than 2,000 leatherworkers and saddlers across a dozen production sites located in Paris, Pantin and various regions of France. Faced with ever-growing demand, Hermès brought in over 200 new craftsmen in 2012 and opened two new production sites in France (in Charente and Isère). In parallel, the house continues to invest in the ongoing perfection of its craftsmen's skills through a series of training programmes.

Supported by perpetually renewed creativity, our collections of handbags, luggage, small leather goods and equestrian products enjoyed great success, once again, in 2012.

A number of models strongly reinforced their status as key items, including the *Lindy*, the *Jypsière*, the *Toolbox*, the *Constance*, the *Bolide*, the *So Kelly*, the *Double Sens*, the *Victoria*, the *Plume*, and the *Picotin*, not forgetting the essential *Kelly* and *Birkin*, which continued to reinvent themselves in new colours and leathers.

Finally, a wealth of new items arrived throughout the year, bringing plenty of surprises and firing the imagination.

BAGS AND LUGGAGE

Inspired by the 2012 theme "The gift of time", our leather goods took the time to tell a range of stories through their collections. Stories about suspended time, time regained or time to come, illustrated by exceptional products featuring an array of details and functions.

And, naturally, time was devoted to exceptional craftsmanship and close attention to even the smallest of details, ensuring that every item bears perfect witness to the gift of time.

Over the course of 2012, leather goods were thus able to:

- tell a story of time regained by reissuing the *Passe-Guide* whose structure, inspired by the world of horses and coaches, requires complex silversmithing work, while its rounded design and curves demand remarkable dexterity during assembly;
- take the time to revive forgotten skills, re-appropriating saddle construction with rings: the *Drag Up*, created in 1964, has thus been brought back through the decades and updated with a modern look using a range of exceptional expertise;



- revisit the past with the 1930s *Faco II* pouch, which has been repositioned from its original formal *Grand Soir* evening style to embrace a more contemporary, everyday use;
- transform precious hides to surprising effect, using an innovative technique that renders them highly supple and crack-free, with a sensual and luxurious hang reminiscent of haute couture fabric, for adorning the *Double Sens Maxi*;
- concentrate on the present with the new *Étribelt* bag: eschewing both nostalgia and futurism, this contemporary and intriguing bag features a trench-coat style belt and an *Étrivière* buckle from the world of saddlery;
- re-embroider the Toile H by hand to create a highly original version of the *Garden*: the *Garden Party Craft*, which has been left unlined to highlight the beauty of its jockey-silk embroidery on the reverse side;
- take inspiration from the equestrian world to create a new tote bag, the *Cabalicol*, whose system of handles and shoulder straps, designed to recall horse harnesses, evokes a halter;
- use wickerwork to transport the *Garden* back to its original gardening roots in a surprising new version: the *Garden Picnic*, which makes subtle reference to the *Kelly Picnic*. The highly technical construction of this wickerwork version was entirely redesigned to provide greater movement and a leather-clad base;

- encourage new travels by creating a fresh line of wheeled luggage, the *Calèche Express* range, which draws on the history of Hermès and positions itself as a modern-day companion thanks to its technical features, practicality and lightness;

- use a combination of its rarest skills to create the *Minibox*, an exceptional mini-trunk whose lock alone is a true gem. This *minaudière* was launched in two new materials: an enamel version featuring the *Quadrige* design (which takes its first steps in the world of leather), and a leather marquetry version that plays with colours and materials.

The men's bags sector was given a new "sport-chic" feel this year, embodied by the *Hebdo* line, a practical and contemporary range that showcases the polishing expertise of the Hermès artisans on its rings. It is available in two formats: *Hebdo Shopping* and *Hebdo Reporter*, both intended for daily use.

Men's leather goods also revisited the past with the *Étrivière II* range, featuring briefcases with the *Étrivière* buckle for a more contemporary, original look.

Finally, the *Édito Computer 50* briefcase embraced the digital age by morphing into a laptop case: its interior now includes a padded herringbone inner pocket that can hold and protect a computer.

1. *Passe-Guide* bag in box.
2. *Drag Up* bag in box.
3. *Faco II* clutch in matt in alligator mississippiensis, rose wood and Barénia calfskin.
4. *Double Sens Maxi* bag in Sikkim calfskin.
5. *Étribelt* bag in Togo calfskin.
6. *Hebdo Shopping* bag in Evergrain calfskin.
7. *Édito Computer 50* laptop case in Togo and Barénia calfskin.
8. *Calèche Express* hand luggage in H Tech canvas and Barénia calfskin.



DIARIES, WRITING ACCESSORIES AND SMALL LEATHER GOODS

For the calendar refill, the first harbinger of the annual theme in stores, a sun-dial design was used as an invitation for customers to set their watches to Hermès time. The right time – neither too fast nor too slow – which banishes boredom in favour of achieving great things!

Hermès has combined its deep-rooted tradition as a harness-maker and saddler with new technologies to create “hybrid” products intended to protect devices and enhance their use, giving customers a range of solutions (electronic and paper).

The *E-Zip*, an ingenious zipped cover for the iPad^{®1}, can be attached very simply thanks to a magnetic strip that takes advantage of the device’s inherent magnetic configuration. It was made available in two versions: the *E-Zip Notebook*, which enables the iPad[®] to be used in conjunction with a calendar refill or a notepad, and the *E-Zip Stand*, equipped with a retractable wedge for viewing the screen in “cinema” position.

The *Remix* line was enriched with two new styles: a travel format,

Remix Voyage, for storing papers and small accessories required when travelling (boarding card, passport, pens, jewellery, etc.), and a “superlative” format, the *Remix Ténor*, an extra-spacious double wallet designed with the most demanding travellers in mind.

Buoyed by its success, the *Azap* line welcomed the *Azap carré*: situated mid-way between the classic and the vertical, it combines practicality, functionality and capacity in a compact size that is ideal for both men and women.

New additions have also been made to the key ring family, with new ingenious models full of sensational symbolic power. The *Loop Lasso* key ring, for instance, with its Swift calfskin link, is a handy everyday tool that is easy to find at the bottom of a bag and can be worn in various ways.

To mark the successful introduction of *Citizen Twill*, a new range of small leather goods for men lined entirely with silk, a wallet in the format of a card-holder was released: the double-fold *Citizen Twill 2 plis*, which features a large notes pocket.

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



1. *E-Zip Notebook* high-tech case for iPad®2 in Epsom calfskin.
2. *Remix Ténor* combined wallet in Sombrero calfskin.
3. *Citizen Twill* card holder in étoupe Swift calfskin.
4. *Azap carré* combined wallet.
5. Wallet in Epsom calfskin.
6. *Cross saddle* – a cross-country saddle with medium-deep seat.



6.

EQUESTRIAN

In 2012, Hermès strengthened its links with the world of competitive equestrianism at the highest international level.

Simon Delestre, one of the world's best riders and a friend of Hermès, took part in the Olympic Games in London in August 2012 equipped with the house's products. These included a saddle designed especially for him and considered by the rider to be one of the most beautiful and high-performance models currently available on the market.

The French showjumping and eventing team also flew the Hermès flag at the Olympics last August, as well as in Aix-la-Chapelle in early July, where the riders won the Nations Cup showjumping event wearing the competition jacket designed especially by Hermès. This competition jacket

combines great elegance with the comfort of a high-tech, light and breathable fabric for perfect freedom of movement. It certainly won the admiration of the eight French riders who wore it in London.

Hermès also consolidated its links with high-level equestrianism by inviting new professional riders to join the Hermès Stables in 2012. This high-ranking international team represent Hermès Equestrianism in the key disciplines of showjumping, dressage and cross country.

The saddle, a historic Hermès product, naturally resides at the heart of these partnerships: from the new jumping or cross-country models to the *Corlandus* for dressage, saddles from the Faubourg workshop will be seen at the world's finest competitions in 2013.

READY-TO-WEAR AND ACCESSORIES

With 21% of consolidated sales, the Ready-to-wear and Accessories *métier* is the group's second largest sector.

In 2012, it generated €746 million in sales, a rise of 22% at constant exchange rates.

WOMEN'S READY-TO-WEAR

2012 witnessed the unveiling of the first summer season by Christophe Lemaire, which was characterised by comfortable, natural materials and clean lines offering discreet chic.

Cotton batiste, linen and pleated shantung silk were enhanced with ladder-stitch details. The collection's shades were also expressed on finely cut summer leathers, lambskin and linen-cotton mixes, providing a neutral colour palette spiced up with flashes of curry, papaya and electric blue. The *Kachinas* print, from a scarf designed by Kermit Oliver in 1992, brings the rhythm of its delicate totems to dresses and twillaines.

The summer season was also marked by the arrival of a complete bathing line, an appropriate area for Hermès, which was a pioneer in "bathing costumes" in the 1930s era of fashionable sporting activities. These historical roots were a natural fit with the rich array of colours and patterns that adorn our scarves, particularly the emblematic *Thalassa* print.

The winter collection drew inspiration from *gaucho* style to create an urban look composed of strict, carefully designed pieces that highlight soft, warm layering in double-sided cashmere and flannel. Scarves and ponchos woven from leather and cashmere were also designed for wrapping up against the cold. Hybrid or full-grain lambskin brought nuances of rust, cinnamon, saffron and fir green to light up the collection. Eveningwear played with matt and glossy materials in a wealth of prints, enhancing silk with the ultra-precise designs of *Cannes*, the geometric shapes of *La Fabrique des rubans*, the Persian spirit of *Tabriz*, or the blurred chronology of *Le Laboratoire du Temps*.

With these two collections, Christophe Lemaire laid the foundations for an inventive new wardrobe for the Hermès woman that revolves around generic, yet always different, shapes.

1. Women's ready-to-wear
spring-summer 2012 collection.

2. Men's ready-to-wear
autumn-winter 2012 collection.





2.

MEN'S READY-TO-WEAR

Inspired by the annual theme “The gift of time”, Véronique Nichanian’s collections placed emphasis on innovation and modernity, in keeping with her previous menswear creations. The spring-summer 2012 collection alternated soft, carefree silhouettes with more structured, dynamic looks. It was underpinned by sophisticated materials, and noble fibres including linen, super 250’s wool and summer cashmere combined with innovative fabrics such as engineering wool, raffia-effect plaiting and honeycomb piqué. This made for garments that had a fresh feel, light structure and intense colour.

A new *24 Chronos* model joined jackets and deconstructed suits, left entirely un-lined with an impeccable hang. Drawstring-waist and pyjama-style trousers, shorts, shark-collared polo shirts and *Jockey* shirts with ribbed collars and contrasting sleeves suggested an utterly relaxed look.

Reversible parkas and jackets, together with hooded jumpers and polo jackets were also available in soft “gomme” lambskin combined with high-tech toilovent, in block-colour linen-cotton

mixes or featuring a screen-printed *Coaching* motif. A new *Driving* theme was also unveiled, with straight jackets and safari jackets in nappa lambskin adorned with fishnet details.

For autumn-winter, Véronique Nichanian created a meticulous, spirited and energetic collection that showcased an urban feel in sombre tones (carbon, navy, midnight blue, ebony, liquorice, dark khaki, plum and black) and winter hues (pebble, glacier). Silhouettes were more defined, with closely adjusted fits and supple, light clothes accentuated by perfectly executed designs: new jacket models with collars in cashmere and wool knit, or detachable collars in printed silk or jacquard cotton, new trench coats and belted coats, biker and aviator jackets, and more.

Some surprising materials attracted attention: hi-tech seersucker, shower-proof wool serge, plain smooth velvet, chintz serge, wool and linen with a patina look, wool felt and sheepskin, sport calfskin for innovative suits, and reversible jackets in astrakhan.

The year’s “The gift of time” theme perfectly reflected Véronique Nichanian’s philosophy, which is founded on timeless modernity.

ACCESSORIES

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

JEWELLERY ACCESSORIES

Inspired by the annual theme, several original creations were introduced: new models, new colours, new effects and new formats, all bringing brand new characteristics, all equally ideal for men or women and all in synergy with our silk and ready-to-wear items.

The *Émail* collection thus welcomed a new mega-large format and showcased finishes featuring silky colours and aubergine sections for a dip-dye effect. The technical prowess of a laser-etched herringbone effect gave the enamel an exceptional grain.

In parallel, the collection was enriched with some exceptional, highly artisanal pieces, such as the *Favori* bracelet by petit h and the *Fugue* bracelet in Burmese lacquer applied over plaited horse hair and bamboo.

The leather collection was renewed while showcasing our

traditional expertise. It highlighted leather-working, perfect stitching and the incorporation of metallic pieces, and offered a range of wearing options for both men and women. The *Frenchy* bracelet for men illustrates this perfectly.

Horn and wood were also brought to the fore. The collections were boosted by new models, including the *Fongo* bracelet and the long *Frida* necklace in lacquered wood. Innovative finishes set off the various plays on materials: the dark, warm shimmer of Maccassar lacquer, the glossy appearance of Ximan lacquer, or the subtle reliefs on engraved lacquer.

HERMÈS SHOES

In 2012, women's shoes offered collections that reflected the annual theme, featuring a subtle interplay between tradition and innovation.

The spring-summer collection was characterised by the presence of strong, contemporary models on metallic heels. This perfect combination was underscored by multiple contrasts between



materials: the sheen of metallic leather with the softness of suede goatskin, graphic cut-outs with gentle curves, or plain leathers with the intense, vivid colours of contemporary high-tech fabrics.

A highly original event accompanied the autumn-winter 2012 collection in France, with the creation of a pop-up store on Rue de Sèvres dedicated exclusively to women's shoes. The collection celebrated artisanal expertise with notable models including the *Fascination* thigh boot, whose long, supple, tapered lines lengthen the figure, or the exceptional *Flocon* boot featuring a removable alpaca gaiter.

The year's star model was the *Florida* pump with its resolutely Hermès shape, while the emblematic *Night* sandal was adorned with crystal powder for a chic evening look.

Once again, men's shoes combined comfort and elegance in 2012, drawing on a wide range of expertise.

Thus the spring-summer collection highlighted hand stitching with the *Keaton* model and structural virtuosity with the *Easy* sandal, whose three straps cut from the same piece of leather constitute a real technical feat. Finally, an array of particularly soft moccasins and sandals were offered in a selection of materials and colours (*Amico*).

The autumn-winter 2012 range showcased hand-applied patinas on the *Foster* model to bring nuance and depth of colour. Meanwhile, the casual chic *Harnacheur* line in grained calfskin and *Étrivière* stirrup leather was complemented by the *Flag* model. The *Dan* model was re-released in new Toscan calfskin to enhance its winter look.

1. Bracelet in Burmese lacquer.
2. Extra-wide bracelet in enamel with herringbone pattern.
- 3-4. Extra-wide bracelets in enamel.
5. Sandal in suede goatskin.
6. Boot in calfskin.
7. Derby in patinated calfskin.
8. Boot in suede calfskin with alpaca gaiter.
9. Thigh-boot in calfskin.
10. Belt in bridle leather.
11. Belt in felt and Swift calfskin.
12. Belt with two-tone strap.
13. Glove in glazed lambskin and cashmere.
14. Cap in grained calfskin.
15. Hat in grained calfskin.



BELTS

In 2012, the belts collection continued to grow and highlight Hermès' saddlery and silversmithing expertise.

A new chapter in the story of our belt kits was also written with the release of a new 13 mm "mini" range featuring two new highly feminine buckles. These true "jewellery belts" were available in classic versions or in solid gold diamond-paved varieties.

The emblematic *Étrivière* continued its astonishing metamorphoses: a double-tongue buckle and two-tone wool strap on the *Équinoxe* model, reversible on the smart *Eurêka* design, and an extra-large version for the *Étrivière 70*.

The year also saw original combinations of materials, including the use of wool felt for the first time on the *Fusion* and *Farandole* models. Borrowed from equestrianism and cut with a raw edge, it offered both flexibility and hold.

On a more rock 'n' roll note, the *Figure* belt in fully perforated, easily adjustable bridle leather with no visible stitching was adorned with a metal buckle showing a subtle H.

GLOVES

True to its goal of offering a complete collection for all seasons, Hermès launched several new items for spring-summer, some playing with all-over perforations on short or long gloves (*Écho*), while others formed a subtle "H" on the top side of the hand (*Écuyère*). Other models were inspired by the house's symbolic design codes, such as the *Kelly* padlock outlined by the seams on *Élégant* gloves and mittens.

Printed jersey was included in the collections for the very first time, with a silk interlock glove in short or long versions printed with two women's ready-to-wear motifs: *Thalassa* or *Kachinas*.

The new winter arrivals revolved around three key themes:

- metallic pieces with models closed by an *Étrivière* bracelet, and

most notably, a very masculine glove available in deerskin or baby lamb;

- traditional expertise showcased by top-stitched H seams (*Flash*), threaded strips (*Finesse*) or maxi-ghillies on a long glove (*Fancy*);
- sub-zero temperatures, with the clever *Fusion* driving glove equipped with a cashmere cuff, or the unrivalled comfort of the new cashmere *Feeling* model inspired by the classic *Nervures droites*.

HATS

Summer 2012 was all about large, light hats like the *Éden* with its very wide brim, or the *Ève*, which marries the retro appeal of a single pleat with a contemporary design.

Prints were out in force on caps, visors and brimmed hats of varying widths, with a variety of motifs including *Vent portant*, *Pavois*, *Thalassa*, *Arcs-en-ciel*, *Next block* and *Médillons déchaînés*.

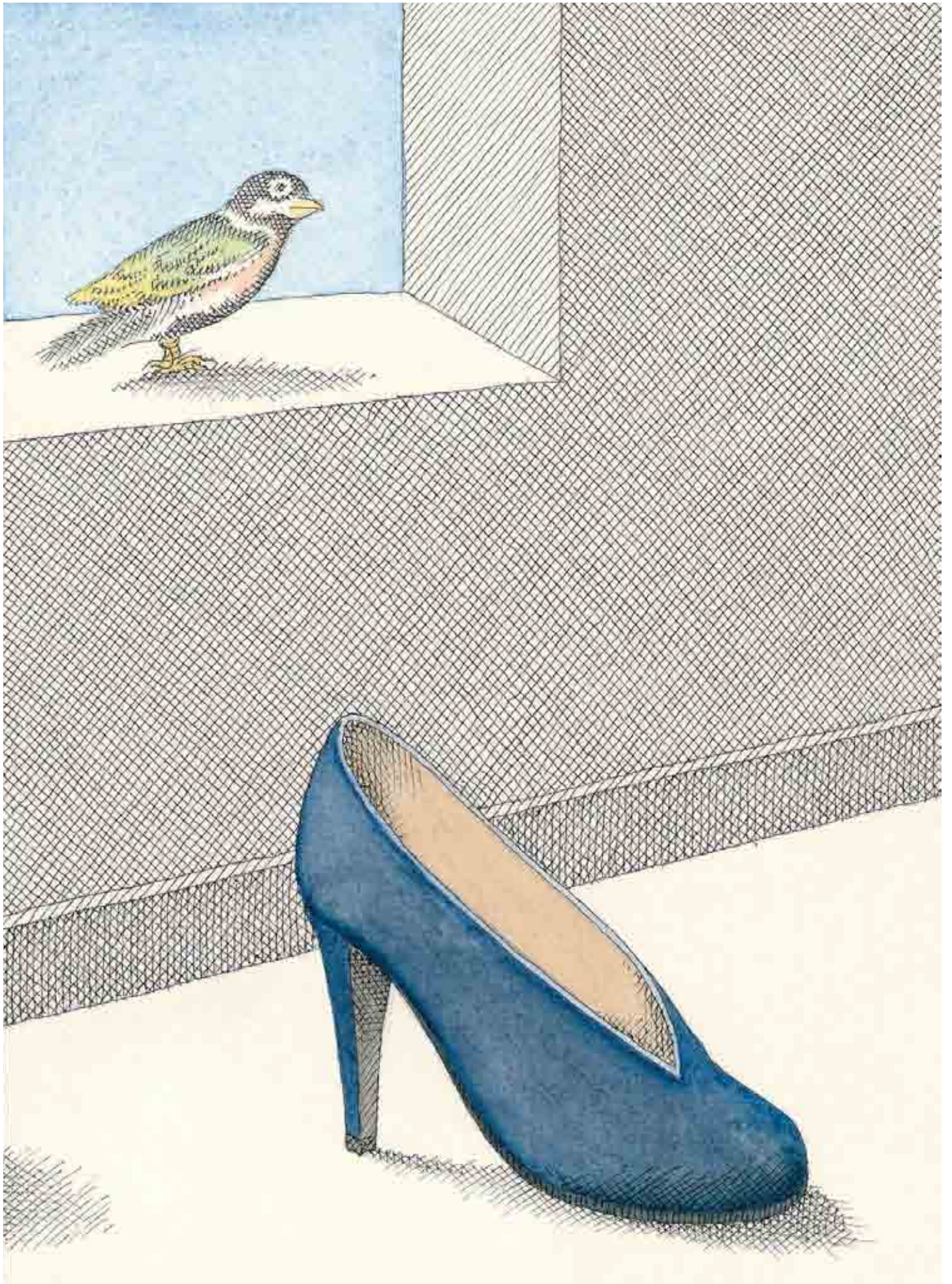
In synergy with the ready-to-wear *Bain* swimwear line, Hermès also released a collection of hats for the beach, featuring classic unisex models in plain jersey terry towelling, and two models to match the women's ready-to-wear range, *Égerie* and *Easy*, with a *Thalassa* print on terry towelling.

Édouard, a new hybrid article with a medium, soft, simple and elegant brim, also enriched the collections.

The winter collection saw a predominance of small-brimmed hats, with the *Flora* bell hat making a noticeable impact alongside the *Fracas* with its feminine, asymmetrical trim.

Winter was distinguished once again by comfortable, precious materials for both men and women. These included calfskin on the highly feminine and close-fitting *Frida* cap, and the return of beaver felt (*Farnese*) and traditional felt (*Mantoue*).

Finally, furs remained an essential staple for the cold weather with the *Frileux* cap and the *Fedora*, a sporty chapka in cotton gabardine and mink.





1.

SILK & TEXTILES

Silk and Textiles is Hermès' third largest sector and accounts for 12% of sales. In 2012, sales of scarves and ties totalled €425 million, up 16% at constant exchange rates.

WOMEN'S SILKS

What better invitation to travel through time, revisiting the past and inventing the future, than a Hermès silk scarf? Firmly embedded in the house's history and backed by expertise that has been handed down from one generation to the next, the silks sector provides exceptional products every year imbued with their own unique essence.

It was therefore entirely natural that the theme of time took centre stage in the 2012 collections. In the *Le Laboratoire du Temps* scarf, ideas bubble, bobbins multiply, wires conduct, gears clatter and hourglasses are filled and emptied at will. Pierre Marie's design has all the life, vibrancy and exhilaration of a carnival, with the explosive spark of a firework! A series of medallions form the famous elongated 8, a symbol of infinity,

and narrate the history of the world, spurning any notion of precise chronology.

Time is the ally of this *métier* when it comes to reflecting, imagining and offering new materials and colours. The Summer twill became the Plume twill: an extremely light, all-seasons silk twill that is perfect for giant formats. A further innovation resulted from combining the ancient art of natural indigo dyeing, practised by the "blue village" craftsmen in Bangladesh, with Hermès' silk-printing expertise. This fusion led to the creation of unique, hand-dyed creations in various formats. The collection was introduced to boutiques in November 2012, and has already enjoyed great success.

In 2012, Hermès decided to repeat its "socially responsible scarf" project. This time, the *Astrologie Nouvelle* silk twill scarf was used to raise money for Libraries Without Borders, an NGO that supports the creation of libraries around the world and assists those who run them. Designed by Françoise Faconnnet and reinterpreted by Cyrille Diaktine, this scarf was inspired by an ingenious Renaissance astrological chart, which traces the paths of the sun



2.

and the moon. Its alternating, original motifs reinvent history and play with time.

2012 also welcomed the third body of work from Hermès Éditeur, confirming its intention, declared in 2008, to establish regular interaction and encounters focused on the silk scarf. Talented Japanese artist Hiroshi Sugimoto worked on this project, whose objective was to produce works of art on silk and forge a unique connection between contemporary art and the skills of our printers. This partnership resulted in a limited series of 140 numbered scarves in 20 subtle colour gradations, all different and printed in giant format on Plume twill. They have been exhibited around the world.

MEN'S SILKS

As is the case every year, men's silks offered a range of new interpretations based on Hermès' traditional expertise and creations. The first innovation came with a new, reduced width of 8 cm (compared with the former 9.1 cm) for the majority of the collection. Although a subtle difference, it brought a major touch of modernity to all the models concerned.

Affirming its presence in the ties collections, heavy twill took a new direction. This weightier, more matt silk twill tie now features a host of original, more graphic designs. Combining the elegance of "classic" ties with the humour of "creative" ties, it offered a resolutely quirky take on the contemporary world. The autumn-winter 2012 collection made humorous reference to today's digital landscape with designs like the *Puce* (chip), *Keyboard* and *USB*, with the latter containing a small secret pocket for storing a USB flash drive.

Elsewhere, in men's scarves, Hermès played with materials and techniques once more. The playful prints of the *L'Imprimeur fou* design, for instance, were again included in the year's two collections. By turning the frames of two illustrations upside down, or by rotating the frames of the same design back on themselves, the *L'Imprimeur fou* offered a surprising new graphic motif with underlying hints of some iconic Hermès designs. This humorous vision of the art of printing gave a boost to the more traditional skills. 2012 also saw the launch of the *Chaîne d'ancre* scarf in a new blend of cotton and cashmere, and the *Recto/Verso 70* scarf, which is plain on one side and printed on the other.

Finally, some bold designs also made their mark on the year. This was true of the *C'est la fête 70* scarf. It was born from a partnership between Hermès and Daiske Nomura, a young Japanese illustrator who was spotted at the Designboom competition, where he won the Special Jury Prize. Daiske Nomura's surprising design presents a ghostly rider and his skeletal horse, a rather peculiar theme that manages to incorporate the house's symbols brilliantly.

1. Prototype of the Hermès Éditeur scarf, *Couleurs de l'ombre 128 1/7*, by the artist Hiroshi Sugimoto.

2. 8 cm tie in heavy twill.

OTHER HERMÈS MÉTIERS

The other Hermès métiers cover Jewellery and the Art of Living. In 2012, they achieved sales of €165 million, representing a 45% rise at constant exchange rates and accounting for 5% of the group's total turnover.

JEWELLERY

The second fine jewellery collection was launched in March 2012 at an exclusive event in the Faubourg Saint-Honoré boutique for customers and the press.

In this new collection, Pierre Hardy wanted to pay tribute to a métier that resides at the very heart of Hermès: leather goods. Four gold and diamond jewellery bags were produced: two precious miniaturisations of the famous *Kelly* and *Birkin* bags, and two bold reinterpretations of the famous *Nausicaa* and *Chaîne d'ancre* motifs that are so emblematic of our jewellery creations.

Our fine jewellery was innovative both in terms of style, with the introduction of a new way of wearing jewellery, and technique. The soft flexibility of the pink-gold scales adorning the *Kelly* jewellery bag recreates the illusion of crocodile skin. The fine chainmail on the delicate *Nausicaa* jewellery bag highlights the expertise of the chain-maker, a traditional element of the Hermès jewellery sector. The *Chaîne d'ancre* jewellery bag, meanwhile, featuring a lace-like structure of white-gold links set with over 11,000 diamonds, was hailed as the jewellery design of the year by Spanish *Vogue*.

2012 was also marked by the birth of the *Alchimie* bracelet, which blends several emblematic Hermès jewellery creations – the *Collier de chien*, *Kelly*, *Boucle Sellier* and *Chaîne d'ancre* – in a delicate band of pink gold and diamonds. This precious item, inspired by horse harnesses, features a yoking ring as its buckle in tribute to the house's equestrian roots.

From its earliest days, Hermès has been renowned for the exceptional way it works with silver and gold. This year, silver was highlighted in the new *Galop Hermès* range, where a horse adorned with a mane of brown diamonds takes centre stage on an exceptional jewellery set.

ART OF LIVING

Having unveiled collections of contemporary furniture, upholstery fabrics and wallpaper in 2011, Hermès reasserted its commitment to the home in 2012. Decorative objects, tableware, furniture and textiles all embody Hermès' values thanks to the quality and expertise they demand.

To demonstrate this commitment, Hermès made headlines at the Milan International Furniture Fair in April when it presented *Module H*, a modular system of architectural elements for decorating interior walls or creating partitions (patent pending). *Module H* provides a flexible, mobile and adaptable approach to interior design, and channels Hermès' unique vision, sensibility and know-how into personalising our homes. It also echoes



the interior upholstering of apartments that took place in the 1920s and 1930s in collaboration with Jean-Michel Frank.

To design these architectural elements, Pierre-Alexis Dumas, Artistic Director of Hermès, approached Shigeru Ban, an architect renowned for his love of lightness. Ban devised an openwork aluminium structure, where the cut-outs suggest the famous Hermès H. Both functional and decorative, this structure can be used as a partition wall or mural cover. It can be left blank or covered with 90 cm square modules – a nod to the famous Hermès scarves – clad in various leathers and precious hides, and worked with the saddler's stitch, mille-feuille technique or as origami. This upholstering, executed in strict accordance with Hermès' traditional procedures, is also available in a selection of fabrics, enabling numerous model and material combinations. Light and easy to install, these modules can be moved at will to form a repositionable decorative element with infinite geometrical possibilities.

In parallel, Hermès decorated an entire apartment in Singapore for the very first time. This project illustrates our ambition to develop a personalised decorating service that incorporates the house's

collections as well as exceptional pieces made to measure in the leather goods workshops. From products to services, from the fabrication of objects to the study of spaces, Hermès now offers a complete world for the home presented in dedicated sections of 40 Hermès boutiques.

In parallel, Hermès has continued to develop its new *métiers* with an original collection of upholstery fabrics and panoramic wallpapers printed with poetic illustrations and contemporary graphics, including *Équateur*, a large-scale vision of equatorial fauna and flora, or *Circuit 24*, a contemporary interpretation of the emblematic *Chaîne d'ancre* motif, both launched in 2012 and already must-have items. The development of pieces produced using exceptional know-how, such as hand-spun and woven cashmere blankets, the embroidered *Équateur* throw or the carved wooden chess set, have also contributed to the expansion of this *métier*. This was reinforced by the success of the *Odyssee* vases, illustrative blankets and objects in lacquer. Rich colours, luxurious materials and narrative fantasies are now more central than ever to our collections of decorative objects and textiles for the home.

1. From left to right: *Kelly* bracelet in rose gold and diamonds, *Collier de chien* bracelet in white gold, *Chaîne d'ancre enchainée* bracelet in rose gold.
2. *Collier de chien* bracelet in yellow gold.
3. *Feuillage imprimé* fabric in abaca, shown in clay.



PERFUMES

With sales of €184 million, the Perfumes sector experienced a very positive 2012 thanks to the combined effect of new initiatives for the *Voyages d'Hermès* and *Eau des Merveilles* ranges, and improved communications to bolster the position of *Terre d'Hermès*.

Despite a sluggish economic situation, Hermès Parfums recorded excellent annual sales growth (+14%) across all its markets, particularly in Asia and the Middle East. In Eastern Europe and Central Asia, the opening up of new markets was accompanied by highly encouraging initial results.

Growth was primarily nurtured by *Terre d'Hermès*, a key fragrance whose increased sales were driven by new communications media (film, print, web). The line continues to win market share in France and around the world, buoyed by its status as a “great classic”.

In addition to *Terre d'Hermès*, two collections were expanded: the *Voyage d'Hermès* range with *Voyage d'Hermès Parfum*, and the *Eau des Merveilles* range with *L'Ambre des Merveilles*.

Vivacious, uplifting and generous, *Voyage d'Hermès Parfum* opened the year and had its own specific visual identity. Expressing the quintessence of the *Voyage d'Hermès* signature, the original bottle was dressed in black (in contrast with the eau de toilette) as if promising a new intensity.

In the second semester, *Eau des Merveilles* opened a new chapter with *L'Ambre des Merveilles*. Hermès perfumer Jean-Claude Ellena wanted it to “narrate the mysteries of amber, of its delights and sensuality, as vanilla meets the warmth of labdanum and the moistness of patchouli”. In reference to its light and bright feel, its self-righting bottle is decorated with a precious and mysterious gold ring, amplifying the olfactory richness and carnal texture of the fragrance. The magnifying-glass bottle also features a shower of stars. Finally, throughout the festive season, a handbag accessory was included with all women's perfumes: a padlock spray bottle, available with a gold or silver finish.

2012 came to a close with the exclusive in-store launch of a new women's fragrance, *Jour d'Hermès*, available in all networks from February 2013.



1.



2.



3.

1. *Terre d'Hermès* perfume.
2. *L'Ambre des Merveilles* perfume.
3. *Voyage d'Hermès Parfum*.

WATCHES

The Watches *métier* represents 5% of the group's total business, with sales of €173 million in 2012, an increase of 17% at constant exchange rates.

La Montre Hermès managed to maintain strong growth in 2012 despite an overall slowdown in the watch exports market. This increase was higher than that of the Swiss watchmaking industry as a whole, and demonstrated Hermès' ability to expand its clientele in the prestigious watchmaking segment. The development of our network of exclusive La Montre Hermès stores enabled us to enhance distribution selectivity while guaranteeing that our service and image standards were upheld.

Pursuing its quest to find and integrate new skills, La Montre Hermès acquired the company Natéber, its traditional supplier of dials. It also increased its production staff to continue improving the quality management of its products.

The year 2012 also marked 100 years of watchmaking by Hermès. To celebrate this milestone, La Montre Hermès highlighted its

heritage and launched its first collections fitted exclusively with mechanical Manufacture movements developed in partnership with Vaucher Manufacture Fleurier.

The men's *Dressage* collection was entirely redesigned and fitted with the H1837 movement, while the *Arceau Écuyère* collection – the first women's range from the *Arceau* family – introduced the new H1912 mechanical Manufacture movement. These two models were presented to customers and the press at the "Time in Motion" event, which explored the movement and rhythm of time through contemporary dance. Three shows took place in London, Singapore and Macao during the second half of the year.

Finally, exceptional pieces were particularly popular, with models embodying a range of unique expertise. The *Arceau* watch in straw marquetry and the *Arceau Pocket* watch with a dial enamelled using the ancient *plique-à-jour* technique, for example, aroused a great deal of curiosity at Baselworld. These exceptional creations showcased artistic craftsmanship and contributed strongly to the results of the Hermès collection.



Arceau watch in 750 white gold, dial in two-tone straw marquetry with herringbone pattern, bracelet in indigo-blue matt alligator.



1.

TABLEWARE

Total sales in the tableware *métier*, which includes the activities of La Table Hermès, Les Cristalleries de Saint-Louis and the Puiforcat silversmithing house, reached €60 million in 2012, an increase of 16%.

LA TABLE HERMÈS

Despite a difficult economic context in 2012, La Table Hermès experienced another year of sustained growth, with sales up by +11%. This phenomenon was nurtured, in particular, by the remarkable performance of our traditional mainstays *Cheval d'Orient*, *Balcon du Guadalquivir* and *Mosaïque au 24*, combined with the international success of *Bleus d'Ailleurs* launched a year earlier. The latter, which pays tribute to the history of ceramics and the fantasy of travel, proved popular with all cultures and enjoyed renewed success on every continent. During the year, it was enriched with new pieces that combined the exceptional with the fantastical: from the incredible food platter and little winking napkin ring to the emblematic tall cup, it continued its journey along new paths.

Adada, a new range of porcelain, also enhanced the children's range. A baby plate, bowl and cup were created in soft, bright colours and depicted horses and clouds swirling, trotting and galloping along on a magical ride inspired by an archived tie

design by Philippe Mouquet. With this range devoted entirely to children's meals, La Table Hermès helped to develop the Hermès baby gifts collection, as did several other *métiers* in 2012.

The Nontron site, mainly dedicated to decorating white china creations, provided a unique contribution to the growth of Hermès' *métiers*. Its artisans used their talent to design and manufacture innovative porcelain or enamelled objects with high added value, symbolising the excellence of Hermès.

LES CRISTALLERIES DE SAINT-LOUIS

With 24% growth in 2012, Les Cristalleries de Saint-Louis continued to build on their 2011 success thanks mainly to the dynamic markets in Asia and the United States, the enthusiasm with which new tableware, decoration and lighting creations were met, as well as support from the cafes and small bottles business.

The new year got off to a dazzling start with rigorous yet imaginative collections. Reviving the tradition of vases for specific uses, José Lévy came up with *Corollaire*, a coloured bouquet of flower vases featuring a daring and surreal design. Inspired by the rituals of tea drinking, Laurence Brabant created *Théorème*, a collection of quirky and original tea tumblers, while the Le Chaud et Le Froid workshops combined their skills to create the *Oxymore* range, characterised by neo-retro accents.



2.

1. Saint-Louis *Serpent* paperweight.
2. *Bleus d'Ailleurs* porcelain tableware.
3. *L'Horloge* Jean Puiforcat.



3.

Buoyed by this highly colourful start to the year, the September collection welcomed a new trio of designers. Adrien Rovero created *Opercule*, a rhythmic display of ideas in which crystal converses with lacquered wood to produce lidded boxes with multiple uses. Émilie Colin Garros and Philippine Lemaire devised *En Cage*, a poetic collection of photophores in which candlelight caresses crystal and invites the imagination to run free.

Once again, Saint-Louis demonstrated exceptional creativity imbued with gentle irony, endlessly transcended by the breath and hand of man. Throughout the year, the crystalworks continued to reinvent heritage, playing with its own references. *Arlequin*, the classic, dazzling chandelier, was lit with a thousand colours in a breathtaking play on light. Available for the first time in a horizontal format, *Vibration* became a chandelier emphasising clean, modern lines. The *Patrimoine* collection drew inspiration from the rich crystalworks archives to come up with vases and dishes in clear or amethyst crystal. Still very much in favour, the Paperweights family welcomed a poetic new collection of sea and desert flowers, together with a new limited edition, *Le Serpent*, in reference to the 2013 Chinese year of the snake.

Promotional activities in 2012 were all about colour: the collections presented in January at the Maison & Objet trade show gave rise to a travelling exhibition, *Color Mania*, which stopped in the United States, Korea, France and Italy. Approximately 35 dinners and showcases around the world highlighted the cuts and colours that have come to characterise Saint-Louis' most emblematic collections. The *Corollaire* vases, *Arlequin* chandeliers, *Théorème* tea tumblers and *Opercule* boxes received great coverage from the world's press, who were also impressed by the gigantic size and incredible light given off by the largest chandelier ever produced by Saint-Louis: nine metres tall and

with 212 cascading lights, it certainly lit up journalists' eyes around the world!

PUIFORCAT

As the ultimate expert in contemporary silversmithing, Puiforcat creates extraordinary utensils and objects for enthusiasts and aesthetes.

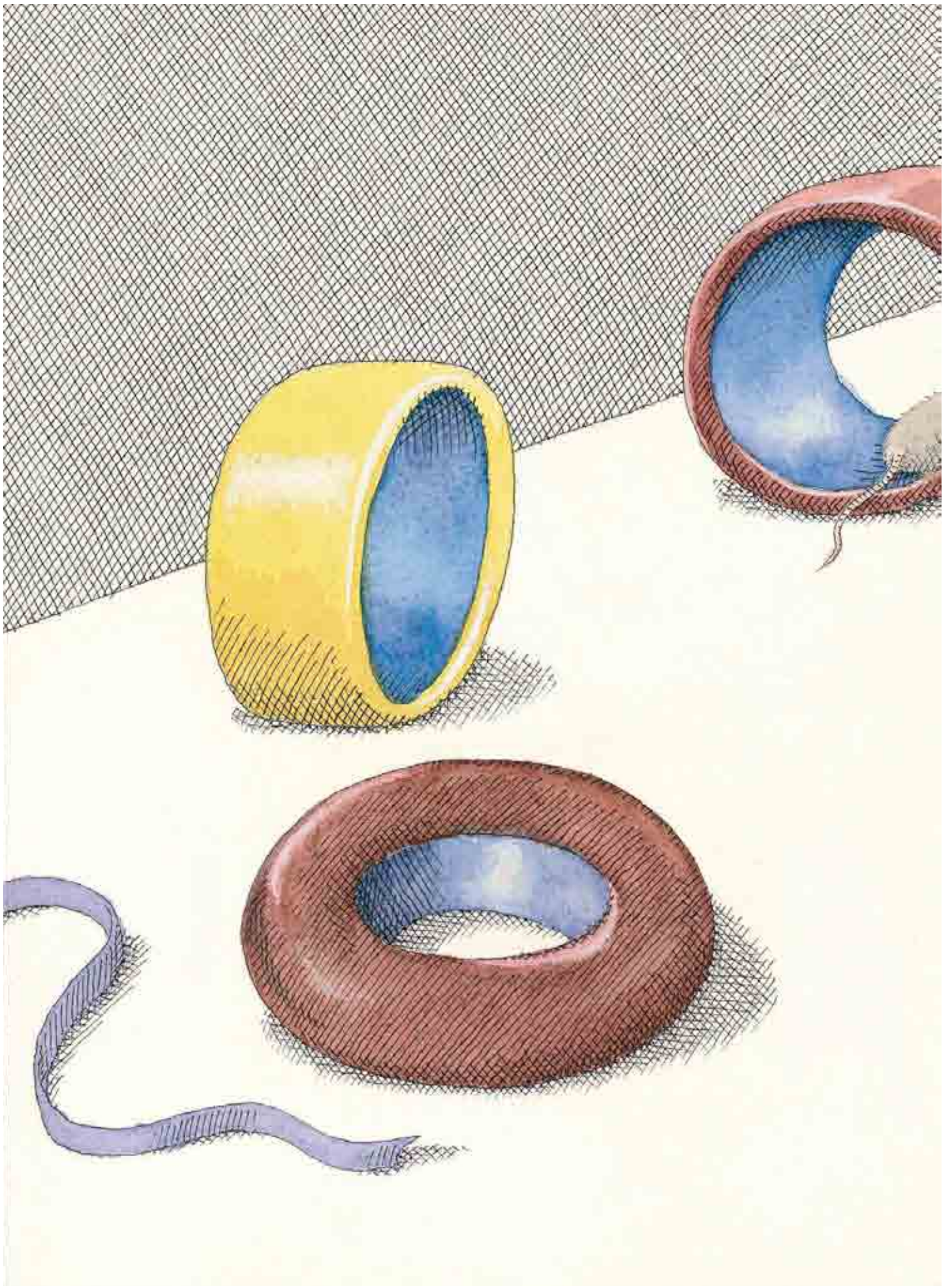
In 2012, Puiforcat reaped the rewards of its dynamic activity, recording growth of +11% and confirming its position as an exceptional "niche" brand. The range has moved towards utensils and decorative objects to create a comprehensive "silversmithing lifestyle" collection that goes beyond tableware.

The year was also marked by reissues of extraordinary pieces harking back to the heritage of Jean Puiforcat, such as the *Art déco* lamp, produced in a limited series by the workshop's artisans. Created using over two kilogrammes of solid silver, it featured a natural white onyx stone light diffuser and cutting-edge technology, with LED lighting and a touch-sensitive dimmer switch.

The *Jean Puiforcat Horloge* also made a comeback in September. This fine example of superlative silversmithing from 1932 was fitted with a 21-day mechanical movement, a special mechanism developed by a Swiss specialist in pendulum movements.

Celebrating the art of taste, the "champagne cup" – a unique tasting implement made from solid silver – remained successful and welcomed a new gold immersion finish for 2012. In addition, a new steak knife joined the *Couteaux d'orfèvre* range of steel and rosewood kitchen knives launched in collaboration with chef Pierre Gagnaire in 2011 and designed by Gabriele Pezzini.

Finally, Puiforcat's visual identity was completely reworked: a new contemporary interpretation of the logo, inspired by the modernism of Art Deco, was designed and a new colour scheme introduced. The website www.puiforcat.com was also entirely redesigned.



OTHER GROUP BRANDS AND PRODUCTS

JOHN LOBB BOOTMAKER

In 2012, John Lobb's business underwent great expansion, with particularly sustained growth in Asia, the Middle East and Russia. In its traditional markets, especially France and Germany, as well as in the United States and Japan, the company strengthened its hold and improved its visibility in department stores and specialist distribution networks.

The John Lobb boutique in New York relocated at the beginning of the year, and now enjoys a prime location at 800 Madison Avenue.

John Lobb managed to reaffirm its creative leadership in its core *métier*, as illustrated by the success of the new minimalist and refined ankle boot produced for the annual Saint-Crépin meeting on 25 October. This renewed leadership was also expressed by two partnerships that revived the brand's British origins. The first of these, with car manufacturer Aston Martin, was announced in the spring and resulted in the launch of a new sport, driving and leisure shoe. The second offered Paul Smith the chance to work with John Lobb to co-create three special edition models. This collection, which reflects both the creativity of Paul Smith and the renowned high quality of John Lobb, received an enthusiastic reception.

The production sites in Paris (made-to-measure items) and Northampton (ready-to-wear and special orders) welcomed the extra human and material resources necessary to meet the increase in demand. In parallel, initiatives intended to consolidate and pass on traditional skills were intensified. These efforts gave rise to an increase in production volume and to continual improvements in quality, which have now reached unmatched levels.

The communications team concentrated on developing online presence, publishing a new corporate and trade website, as well as an official John Lobb Facebook page. Furthermore, the shoe care and maintenance service provided in luxury hotels continued to expand through innovative partnerships with the Plaza Athénée in Paris and the Mandarin Oriental in Hong Kong.

TEXTILES

Textile production activities, coordinated by Holding Textile Hermès, bring design, colouring, engraving, weaving, printing, dyeing, finishing and fabrication skills together under one roof.

2012 was marked by the strength of internal orders placed by Hermès divisions. These excellent results were due to the complementarity of our *métiers* and to the preservation of good service despite the structural work that is currently underway.

Investments continued at a sustained pace, with most notably:

- the introduction of a "large-width" tool, custom-designed to increase volumes significantly while improving quality,
- the amalgamation of the engraving, furniture production and logistics teams on the same newly acquired site in Bourgoin-Jallieu. This is being accompanied by a widespread plan to enhance training and recruitment in fabrication.
- the development of a dyeing and dressing business to strengthen our finishing processes.

The main partners, particularly in weaving and fabrication, also recorded increased volumes and undertook expansions intended to boost their capacities.

Finally, the graduate scheme for textile engineers combined with the arrival of numerous new apprentices helped to support the sector's evolution while ensuring that expertise is preserved and passed on.

1. *Zouzou*, rhinoceros white ostrich leather created by Leïla Menchari for the windows of the 24 Faubourg Saint-Honoré store in Paris in 1978.

2. The upholstering of a car interior by the Hermès Horizons teams: combining traditional expertise, innovation and technical specifications.

TANNING AND PRECIOUS LEATHERS

The Tanning sector handles the purchase, tanning, dyeing and finishing of 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 2012, the Tanning sector generated external sales of €69 million, representing an increase of 10%. This result is explained by the resilience of the global exotic skins market, primarily in the fashion and leather goods segments.

The sector also intensified its search for high-quality raw materials, reinforcing its long-term

relationships with partners and affirming that improvements in quality and the development of expertise throughout the production and distribution chains are both key strategic priorities.

An ambitious investment programme was introduced to support this initiative and help the sector attain its objectives while consolidating its top-tier position in the precious leathers market, in particular through:

- the development and protection of its sources of supply,
- the permanent quest for innovation and creativity,
- the development of a production tool that expands and improves expertise and efficiency,



- the continuation of its exemplary performance in ethical and environmental standards.

At the end of 2012, Hermès invested in securing its access to the most exceptional skins. New acquisitions strengthened Hermès Precious Leather, maintaining and developing the sector's supplies and skills.

HERMÈS HORIZONS

Created in 2011, the role of Hermès Horizons is to extend our upholstery activities to a wide range of mobile objects. Various projects that used traditional craftsmanship to create innovative results consolidated this position in 2012.

Hermès Horizons was commissioned by a major car manufacturer to redesign and upholster the interior of a luxury vehicle. This special order, limited to a series of just three cars, enabled the craftsmen to illustrate the full extent of their expertise by combining a classic leather with an exotic leather. It also gave the teams an opportunity to demonstrate their ability to rethink interior spaces. The result of over 800 hours of development and production, the first car delivered was truly exceptional.

In aeronautics, a project involving the interior decoration of a private jet was launched. The design work has been finalised, and production will end in 2013. It is another prime example of how Hermès Horizons can masterfully design and create a space by combining traditional skills, innovation, the extreme technical constraints associated with a high-technology sector, and partnerships with major manufacturers and cutting-edge design offices. A new type of leather that retains its quality and feel despite having a fire-retardant treatment was also developed for this project.

To reassert their links with the nautical sector, the teams were also involved in upholstering a Swan yacht measuring over twenty-five metres long. For this project, the craftsmen chose to work with natural Enea, a new leather for the sailing world developed from a saddle leather.

In addition, Hermès Horizons continued to provide its expertise to other Hermès sectors, producing, for example, a monumental

dresser for an interior design project in an apartment in Singapore, and contributing to the development of various furniture collections and to *Module H*, a modular system of architectural elements. Several in-store upholstery projects were also carried out, notably in Hong Kong, Taipei, Madison and Ginza.

Finally, in 2012, Hermès Horizons intensified its research and development efforts in upholstery and mobility. This research will find applications in future Hermès projects.



1. The Shang Xia boutique in Beijing.
2. *Dragon Cloud* tea service in porcelain and bamboo, limited edition of 8 sets.
3. petit h hammock.
4. Following page: *Terre d'H* fabric in abaca and cotton, shown in étoupe.

SHANG XIA

The brand championing contemporary Chinese craftsmanship is pursuing its development in its third financial year. 2012 was marked by the opening of a second Shang Xia store in October at the heart of the Guomao mall in Beijing, a renowned address for luxury shopping.

A superb exhibition of Shang Xia items organised in a traditional 1,000 m² house by the edge of a lake in the heart of the city commemorated this inauguration. Some 3,000 VIP guests were invited to visit this exceptional venue.

Ever-faithful to its positioning, Shang Xia provides a contemporary take on the Chinese art of living, offering sophisticated objects imbued with timeless style. The *Bridge* tea service, one of the brand's bestsellers, symbolises this vision:

- a unique style, which illustrates a contemporary and highly refined vision of the Chinese tea aesthetic,
- typically Chinese materials transformed by ancient techniques

that incarnate the excellence of Chinese craftsmanship (high-temperature porcelain and bamboo weaving),

- a strong commitment to suggesting a Chinese way of living that is both functional and refined.


The 2012-2013 collection was developed on an "In · Out" theme, and offered a delightfully subtle extension of the ranges that embody the skills developed by Shang Xia: furniture, decorative objects, accessories, clothes and jewellery.

This new collection provided a high-quality panorama of contemporary China: a magnificent desk in Zitan (imperial wood), together with a Zitan and woven-leather chair, a delicate tea service in imperial colours, and reversible clothes made from Mongolian cashmere. The jewellery, meanwhile, showcased an ancient craft native to Beijing: *Nei Hua*, or the art of "interior painting".

Symbolising the brand's success, two more sales outlets, including one in Paris, are due to open in 2013.



PETIT H

A workshop designed and run by Madame Pascale 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. Thus, scraps of noble materials from the production workshops – leather, terry towelling, silk, horsehair, pieces of porcelain, crystal and metal, etc. – become unused “nuggets” that are reborn in the hands of leatherworkers and saddlers, silversmiths, couturiers, and master glass- and porcelain-makers under the watchful gaze of designers.

This direct interaction between ideas and hands, inspired by these noble materials, brings marvellous, unexpected objects to life, which are then sold through ephemeral travelling exhibitions in Hermès boutiques.

Once again this year, the petit h tour took to the road and stopped off in several cities around the world: Berlin in April, Hong Kong in November and Brussels in December.

As a testing ground for innovation and creativity within Hermès, the petit h workshop saw several of its creations taken up by other *métiers* within the group and diffused, in larger quantities and more widely, throughout the entire network of Hermès and Saint-Louis stores.

The petit h workshop also opened its doors in June 2012 for the Designer’s Days events, showcasing the wealth of materials, skills and creativity of the Hermès group. Visitors had the chance to discover the “treasure cave” that stores all Hermès materials (leathers, fabrics, silks, cashmere, metal parts, crystal, silversmithing pieces, etc.), and to meet artisans from a range of the group’s production sites (leatherworkers and saddlers, silversmiths, crystal and porcelain specialists, etc.) as well as the many artists who operate in the workshop.

OTHER ACTIVITIES OF THE GROUP

These business activities are carried out on the group’s production sites on behalf of external brands, such as the packaging of perfumes on the Vaudreuil site in Normandy.

3.



PARTNERSHIPS**FAUBOURG ITALIA**

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

JOSEPH ERARD HOLDING

In 2011, La Montre 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

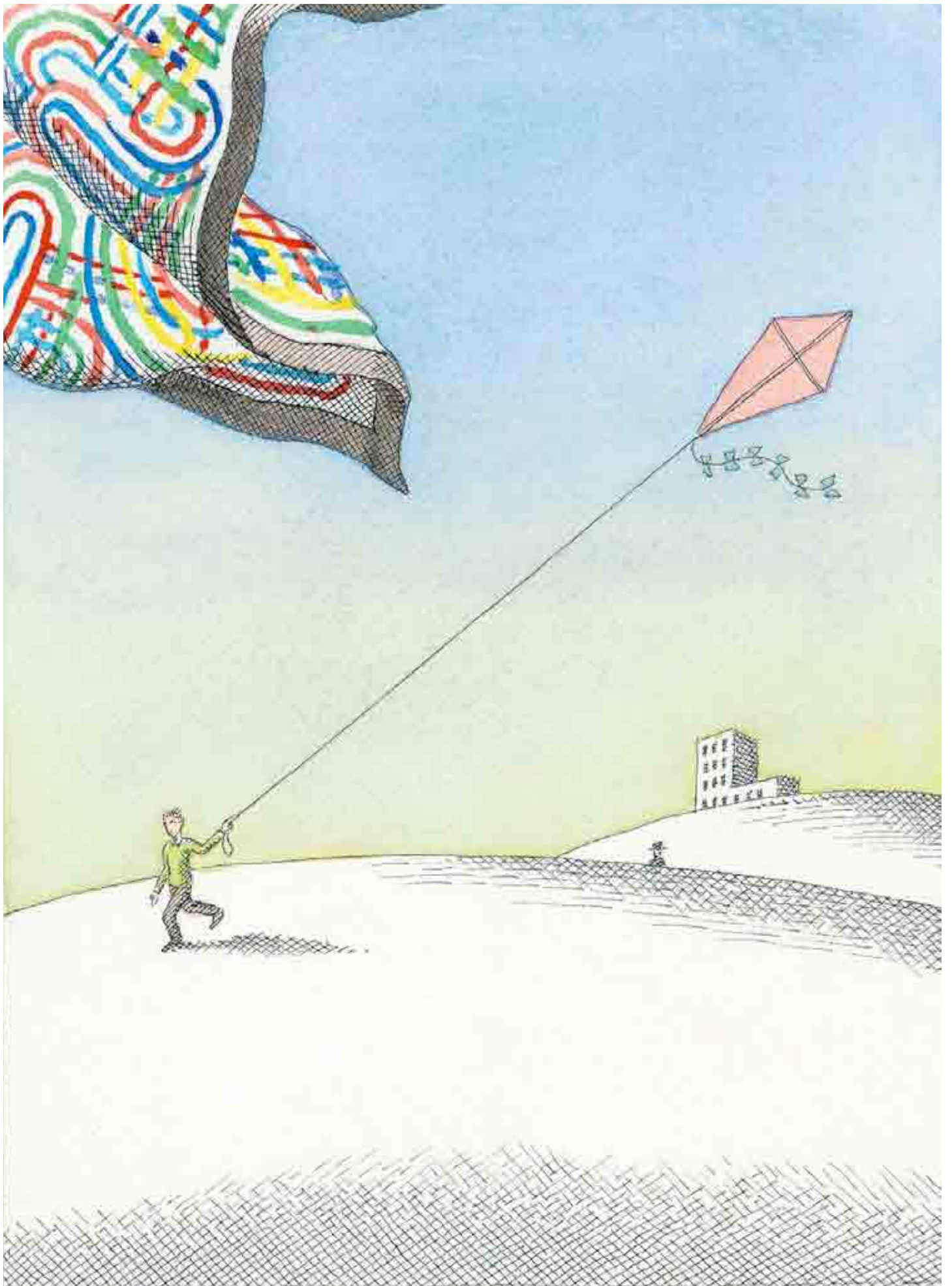
Holding Textile Hermès has a 39.5% stake in the capital of Perrin & Fils. The Perrin Group specialises in weaving for a range of sectors as diverse as lingerie, furnishing fabrics, ready-to-wear and accessories.

VAUCHER MANUFACTURE FLEURIER

La Montre Hermès has a 25% holding in the capital of Vaucher, the watchmaking Manufacture. Located in the heart of traditional watchmaking territory, between Neuchâtel in Switzerland and the French border, the Vaucher Manufacture has superior expertise in premium and prestige watch movements.







ACTIVITY BY REGION

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The turnover of the Hermès Group totalled €3,484 million in 2012,
a rise of 16% at constant exchange rates and of 23% at current exchange rates.
—

	2012 (Revenue in €M)	2012 (Mix in %)	2011 (Revenue in €M)	2011 (Mix in %)	Evolutions published	Evolutions at constant exchange rates
Europe	1,217	35%	1,055	37%	15.4%	14.5%
France	556	16%	495	17%	12.2%	12.2%
Rest of Europe	662	19%	560	20%	18.2%	16.6%
Americas	569	16%	464	16%	22.5%	14.0%
Asia-Pacific	1,645	48%	1,280	45%	28.6%	18.5%
Japan	545	16%	472	17%	15.6%	6.8%
Rest of Asia-Pacific	1,100	32%	808	28%	36.2%	25.4%
Other	53	1%	43	2%	22.9%	22.5%
Consolidated revenue	3,484	100%	2,841	100%	22.6%	16.4%

EUROPE

Sales in Europe rose by 15% at constant exchange rates to €1,217 million in 2012, which represented 35% of the group's total turnover. In France, sales expanded by 12%. In other European countries,

annual growth was 17%, thanks to particularly dynamic activity in the group's stores.

This year, Europe benefited from the excellent performance of two stores opened in December 2011. For their first year of operation, the Diagonal boutique in Barcelona's Corte Inglés department

From left to right:
windows of the Hermès shops
in Madrid, Amsterdam,
Rue de Sèvres in Paris, and
Madison Avenue in New York.

store and the Istinye Park store in Istanbul enjoyed great success among local customers and tourists. Several events, such as the installation of a giant *Kelly* at Istinye, helped to attract this new clientele.

The zone also benefited from the relocation of our Geneva store at the end of 2011 to a new three-storey location with nearly 480 m² of sales space at 39 Rue du Rhône, and from the extension of our Saint-Moritz store over the course of the year, which now occupies an area of 165 m² spread over two floors.

Our London shop in Harrods was also renovated and extended this year. In addition, from 8 to 27 May 2012, the “*Leather Forever*” exhibition at the Royal Academy of Arts gave Londoners a view of the wealth of Hermès' skills and creations, and of

the exceptional quality of its leather goods in a atmospheric setting full of poetry and surprise. Over this two-week period, 16,500 people came to get an inside view of Hermès' culture and its passion for excellence.

The hermes.com website continued to broaden the scope of its activity and now sells our products online in six new European countries: Denmark, Sweden, Norway, Finland, Ireland and Austria.

Lastly, our network of stores dedicated to travelling customers pursued its strategy of improving the quality of the range of products and services on offer. Its aim was to present a wider range of Hermès objects in larger sales areas and in increasingly improved environments.



AMERICAS

In 2012, the Hermès group generated 16% of its sales in the Americas. Turnover in this zone reached €569 million, an increase of 14% at constant exchange rates.

The end of the year was marred by the arrival of Hurricane Sandy, which seriously affected the New York region and led to the closure of our boutiques in New York, Bergen County, King of Prussia and Short Hills during the first few days of the holiday period (between Thanksgiving and Christmas). Despite this, our teams made a special effort to usher in the festive season in the best possible conditions, and we wish to pay tribute to their sense of service and can-do attitude. The United States made a brilliant success of the

new Short Hills store, which opened in October 2011, and of our Bellagio boutique in Las Vegas, which opened in November 2011.

In 2012, the subsidiary concentrated on renovating and extending its existing stores, especially those in Beverly Hills and Miami. Hermès acquired full ownership of the Beverly Hills store, which enjoys a prime location on Rodeo Drive. It will now be enlarged to offer a wider range of products, especially for the home, on three floors. Until the store is reopened in September 2013, the Beverly Hills staff are receiving customers in a temporary boutique that was set up nearby in January 2012. In Miami, the Bal Harbour branch moved to the city's new Design District in March 2013, where it has a larger sales area spread over three floors, before our permanent premises are established in 2014.



From left to right:
 windows of the Hermès shops
 in Hong Kong Airport,
 Ginza in Tokyo, Wynn in Macau,
 Beijing Park Life and in Osaka
 Midosuji.

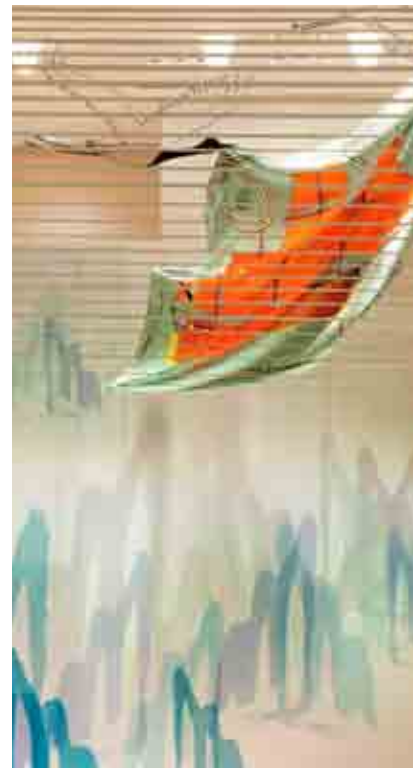
In addition, the Americas zone was enriched in 2012 by a new online boutique for Canada and a new concessionaire store in Monterrey, Mexico's second largest city. Meanwhile, the Palacio Perisur branch, in Mexico City's Palacio de Hierro, was renovated and its sales area doubled. In the United States, the 13 sales outlets located in Neiman Marcus department stores were closed over the course of the year. In April 2012, La Table Hermès, Puiforcat and Saint-Louis launched a joint invitation to discover their iconic collections and new creations in a shared store dedicated to tableware and interior decoration: a new 280 m² area installed at 41 Madison Avenue, in the building that houses the New York Tabletop Market and its 23 floors of showrooms, at 41 Madison Avenue. This space will be used to welcome our retail partners as well as our community of architects, decorators and the press.

ASIA-PACIFIC

In 2012, the Asia-Pacific zone represented 48% of Hermès turnover. It generated €1,645 million in sales, an increase of 19% at constant exchange rates. In Japan, sales progressed by 7% at constant exchange rates. In the rest of Asia, turnover expanded by 25% at constant exchange rates.

The zone benefited from new stores opened in the last quarter of 2011 (Guangzhou Taikoo Hui and Shenyang MIXC in China, Scotts Square in Singapore and Daegu Hyundai in Korea) and 2012 (FE21 Taichung in Taiwan and Wuhan International Plaza in China).

In addition, a second concession store was inaugurated in Vietnam. Four years after Hermès first established a presence



in Hanoi, a new boutique has thus opened its doors in the heart of Ho Chi Minh City. With 205 m² of sales floors and a 30 m high facade, this store in the street near the opera enjoys excellent visibility and a prime setting in the heart of what used to be Saigon.

In parallel, the eight Hermès branches identified as having significant development potential have been renovated and extended: the Lee Gardens in Hong Kong, the Wynn in Macao, the Regent Taipei and the Kaohsiung Hanshin in Taiwan, the Hangzhou Tower and Shanghai Plaza 66 in China, and the Umeda Hankyu and the Takashimaya Tamagawa in Japan.

Located right in the centre of Shanghai, the renovated Shanghai Plaza 66 store laid out over two floors is now the largest in continental China, with a surface area of 540 m². On the ground floor,

visitors are invited to explore the worlds of silk, jewellery, watches and leather before taking the Moleanos limestone stairs up to the first floor, where a new perspective on the silk and leather goods departments can be enjoyed, and where a central area displays Hermès products for the home.

Lastly, the future House of Hermès project in China has given rise to major renovation work on a building that dates back to the era of the French Concession in Shanghai. The costly restructuring of this historic listed building, scheduled to open in the first half of 2014, will accommodate the group's fifth House of Hermès.

Over the next few years, Hermès will continue the qualitative development of its distribution network in China in response to continuously rising demand, with the aim of conserving its unique image and a select product range.





HERMÈS AROUND THE WORLD

Hermès products are available worldwide through a network of 323 exclusive stores.

Hermès watches, perfumes and tableware are also sold through networks of specialised stores and in airport duty-free stores.

323 RETAIL OUTLETS

EUROPE

Austria: 2

2 stores (cessionaires)

Belgium: 4

3 stores (branches):

Antwerp

Brussels

Knokke-le-Zoute

1 store (cessionaire)

Czech Republic: 1

1 store (branch):

Prague

Denmark: 2

2 stores (cessionaires)

France: 33

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

18 stores (cessionaires)

Germany: 19

10 stores (branches):

Baden-Baden

Berlin KaDeWe

Berlin West

Cologne

Düsseldorf

Frankfurt

Hamburg

Hanover

Munich

Nuremberg

9 stores (cessionaires)

Greece: 2

1 store (branch):

Athens

1 store (cessionaire)

Ireland: 1

1 store (branch):

Dublin

Italy: 19

11 stores (branches):

Bologna

Capri

Florence

Milan

Naples

Padua

Palermo

Rome

Rome campo Marzio

Turin

Venice

8 stores (cessionaires)

Luxembourg: 1

1 store (cessionaire)

Norway: 1

1 store (cessionaire)

Netherlands: 4

2 stores (branches):

Amsterdam Bijenkorf

Amsterdam PC Hoofstraat

2 stores (cessionaires)

Portugal: 1

1 store (branch):

Lisbon

Principality of Monaco: 1

1 store (branch):

Monte-Carlo

Russia: 2

2 stores (branches)

Moscow GUM

Moscow Stoleshnikov

Spain: 6

6 stores (branches):

Barcelona Diagonal

Barcelona Paseo de Gracia

Madrid Castellana

Madrid Ortega y Gasset

Marbella

Valencia

Sweden: 1

1 store (cessionaire)

Switzerland: 12

9 stores (branches):

Basel

Bern

Crans

Geneva

Gstaad

Lausanne

Lugano

Saint-Moritz

Zurich

3 stores (cessionaires)

Turkey: 3

2 stores (branches):

Istanbul

Istanbul Istinye

1 store (cessionaire)

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 (cessionaire)





AMERICA

Argentina: 1

1 store (branch):
Buenos Aires

Brazil: 1

1 store (concessionaire)

Canada: 5

4 stores (branches):

Calgary

Montreal

Toronto

Vancouver

1 store (concessionaire)

Caribbean: 1

1 store (branch):

Saint-Barthélemy

Chile: 1

1 store (concessionaire)

Mexico: 5

3 stores (branches):

Mexico Masaryk

Mexico Palacio Perisur

Mexico Santa Fe

2 stores (concessionaires)

Panama: 1

1 store (concessionaire)

USA: 36

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 Bellagio

Las Vegas CityCenter

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)



1. Previous page:
window of the Hermès
shop in Barcelona.

2. Window of the Hermès
shop in Buenos Aires.

2.



ASIA

China: 21

20 stores (branches):
 Beijing China World
 Beijing Park Life
 Beijing Peninsula Palace Hotel
 Chengdu Maison Mode
 Dalian Furama Hotel
 Guangzhou La Perle
 Guangzhou Taikoo Hui
 Hangzhou Eurostreet
 Hangzhou Tower
 Harbin Mykal
 Kunming Golden Eagle
 Nanjing Deji
 Qingdao Hisense Plaza
 Shanghai IFC
 Shanghai Plaza 66
 Shenyang Mixc
 Shenzhen City Crossing
 Suzhou Matro
 Wuhan International Plaza
 Wuxi Commercial Mansion
 1 store (concessionaire)

Hong Kong: 8

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

India: 3

3 stores (branches):
 Bombay
 New Delhi
 Pune

Indonesia: 2

2 stores (concessionaires)

Japan: 47

30 stores (branches):
 Chiba Sogo
 Fukuoka Hakata Hankyu
 Kobe Daimaru
 Kobe Sogo
 Kyoto Takashimaya
 Matsuyama Iyotetsu Takashimaya
 Nagoya JR Takashimaya
 Nagoya Matsuzakaya
 Okayama Takashimaya
 Osaka Hilton
 Osaka Midosuji
 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 Shibuya Seibu
 Tokyo Shibuya Tokyu
 Tokyo Shinjuku Isetan
 Tokyo Shinjuku Takashimaya
 Tokyo Tamagawa Takashimaya
 Urawa Isetan
 Yokohama Sogo
 Yokohama Takashimaya
 17 stores (concessionaires)

Macau: 3

3 stores (branches):
 Four Seasons
 One Central
 Wynn

Malaysia: 2

1 store (branch):
 Kuala Lumpur Pavilion
 1 store (concessionaire)

Philippines: 1

1 store (concessionaire)

Singapore: 8

5 stores (branches):
 Liat Tower
 Marina Bay Sands
 Scotts Square
 Scottswalk
 Takashimaya
 3 stores (concessionaires)
South Korea: 19
 10 stores (branches):
 Busan Hyundai
 Busan Shinsegae
 Daegu Hyundai
 Seoul Dosan Park
 Seoul Galleria
 Seoul Hyundai
 Seoul Hyundai Coex
 Seoul Shilla
 Seoul Shinsegae
 Seoul Shinsegae Gangnam
 9 stores (concessionaires)

Taiwan: 10

7 stores (branches):
 Kaohsiung Hanshin
 Taichung FE21
 Taichung Sogo
 Tainan Mitsukoshi
 Taipei Bellavita
 Taipei Regent
 Taipei Sogo Fuxing
 3 stores (concessionaires)

Thailand: 3

2 stores (branches):
 Bangkok Emporium

Bangkok Siam Paragon
 1 store (concessionaire)

Vietnam: 2

2 stores (concessionaires)

MIDDLE EAST AND OTHERS

Bahrain: 1

1 store (concessionaire)

Kazakhstan: 1

1 store (concessionaire)

Kuwait: 1

1 store (concessionaire)

Lebanon: 2

2 stores (concessionaires)

Qatar: 1

1 store (concessionaire)

United Arab Emirates: 4

4 stores (concessionaires)

OCEANIA

Australia: 5

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

Guam: 2

1 store (branch)
 1 store (concessionaire)

New Caledonia: 1

1 store (concessionaire)

Saipan: 1

1 store (branch)



Window of the Hermès shop
 in Bombay.

COMMUNICATION

“The gift of time” theme, chosen by the Artistic Direction of Hermès, reflects our relationship with the long term, a constant that is deeply rooted at the very heart of our identity. Focusing on the long term is a sure path to success, with time reserved for reflection, rigour and patience in our quest for excellence. For generations, Hermès has been looking at a bigger, more ambitious picture, and its communication pursues this objective with exacting standards and imagination.

Throughout 2012, our challenge was to make this unique relationship with time palpable.

As our *Festival des Métiers* continued its world tour, emphasis was placed on the time devoted to creation and attention to detail. Exceptional expertise would eventually perish if it had to bow to

deadlines, take technical short cuts and yield to poisoned compromises. Direct contact between artisans proudly displaying their expertise and visiting customers or members of the public becomes a privileged opportunity for sharing. Demonstrating the fabrication of ties, the printing of silks, the saddle stitch, the setting of gems, engraving, the decoration of porcelain and a host of other techniques highlights the profoundly human dimension of craftsmanship and imbues the objects in question with emotion.

The Hermès theme of time was also a chance for celebration. Thanks to the event *Swinging Silk*, we were able to communicate the imagination and cheer that characterise our women’s silk collection around the world. To attract a newer, younger clientele that is full of energy, we decided to invite them to a “silk ball”



1. "8 Cravates", an interactive installation created by Miguel Chevalier.
2. *Swinging Silk* event at the opening of the Ho Chi Minh City shop in Vietnam.
3. *Leather Forever* exhibition in London.
4. *Univers femme* event in Shanghai.



2.



3.



4.

featuring an original choreography. The 1960s-inspired event had a lively, happy-go-lucky feel and offered a welcome antidote to today's troubled climate. From the choice of venues to the dancers' costumes and suggested activities, retro style was omnipresent in even the smallest of details, while the richness and diversity of our collections were duly honoured. The fun our guests had illustrated that they were more than satisfied by the event, which generated a great deal of positive energy around the brand.

Hermès continues to grow, as do its collections which are now so vast that getting to grips with the entire range is quite a challenge! We must think of Hermès as three main collections – men, women and the home – and invent ways of spotlighting them individually. In Shanghai, our Women's Collection evening, attended by almost a thousand guests from all over Asia, presented jewellery, shoes, handbags, small leather goods and a special collection of ten couture silk scarves as part of Christophe Lemaire's ready-to-wear fashion show. Invited to stroll from room to room, each designed as an artistic installation with its own atmosphere and decoration, our guests were surprised and delighted by this opportunity to discover the richness and poetry of the Hermès women's world, and its great harmony of style.

Men's creations were showcased at the Palais Brongniart in Paris, former home to the Parisian stock exchange. Véronique Nichanian's show presented an urban, comfortable but very smart vision of male attire, with accessories to complete an elegant and sophisticated wardrobe.

In Antwerp, Tokyo, Milan and Seattle, visual artist Miguel Chevalier projected two interactive works of art in exhibition venues and shopping centres. A pioneer of virtual and digital art, he incorporated eight heavy twill tie designs into his work to offer an unusual vision of men's silk that sparked a great deal of curiosity. Hermès home collections were very much in evidence, once again, at the Milan International Furniture Fair, where we presented *Module H*, an innovative concept that was warmly received by the trade press. Developed with Japanese architect Shigeru Ban, this modular system of architectural elements allows each individual to design his or her dream interior. In addition, a full range of furniture, furnishing fabrics, wallpapers and decorative objects were introduced into a dozen Hermès stores around the world.

Meanwhile, London was delighted to host our *Leather Forever* exhibition in the prestigious Royal Academy of Arts. This retrospective presented collections of Hermès leather items dating back to the earliest days, in a range of tableaux that harmoniously combined traditional values with digital technology.

Finally, a third series of artists' silk scarves were created in partnership with the great Japanese photographer Hiroshi Sugimoto. The *Couleurs de l'ombre* collection, inspired by the artist's work on the diffraction of light, received an enthusiastic reception from the international press and quickly became collectors' pieces. The collection was presented at some of the world's major contemporary art fairs, including Art Basel.



FONDATION D'ENTREPRISE HERMÈS: TOWARDS A SECOND MANDATE

—
In 2012, the Fondation d'Entreprise Hermès furthered its missions of committed sponsorship
by extending its cultural and community programmes, both internationally and locally.
The year was filled with events, from artists' residencies and exhibitions to lectures and workshops.
—





“Wilder Mann” exhibition
by Charles Fréger at the TH13
gallery (photograph):
Cerbul din Corlata, Roumanie.

THE FOUNDATION'S MISSION

The Fondation d'Entreprise Hermès supports those who strive to learn, master, pass on and explore the creative crafts necessary for building the world of today and inventing the world of tomorrow. Keeping traditional skills and new applications at the heart of its quest, the Foundation acts on two complementary fronts: expertise and creation, and expertise and transmission.

The Foundation develops its own programmes, which include exhibitions and artists' residencies for the visual arts, New Settings for the performing arts, the Émile Hermès prize for design, and invitations for new biodiversity projects. It also supports organisations operating in these fields on the five continents.

All the many, varied initiatives of the Fondation d'Entreprise Hermès are dictated by a single guiding conviction: *What we do creates who we are.*

ARTISTIC CREATION

Faithful to the mode of operation defined when it was first created, the Fondation d'Entreprise Hermès developed its cultural activities (visual arts, performing arts, design) in 2012 by working on its own programmes and by supporting external projects that shared its commitments and convictions.

This year, the second edition of its artists' residency programme came to a close, and a third was established in the wake of its success: four young visual artists mentored by four established artists – Richard Deacon, Susanna Fritscher, Giuseppe Penone and Emmanuel Saulnier – in the Hermès production facilities: Oh You Kyeong at Puiforcat, Andrés Ramirez at Holding Textile Hermès,

Félix Pinquier at the Maroquinerie de Belley and Oliver Beer at the Cristalleries de Saint-Louis.

This programme is being accompanied by documentation co-published with Actes Sud and available from bookshops. Furthermore, the 16 works produced by the artists in residence from 2010 to 2013 will be exhibited at the Palais de Tokyo (Paris) in summer 2013. They retrace the creative and human adventures of these artists, who were given carte blanche to create a work of art using the skills and materials available to them in the workshops. Abroad, the Foundation continued its cultural programming, producing 14 exhibitions in spaces made available by Hermès in Brussels (La Verrière), Tokyo (the Forum), Seoul (L'Atelier Hermès), Singapore (Third Floor), New York (The Gallery at Hermès) and Berne (TH13), with the aid of specialist exhibition curators. This programme also often provides assistance with the creation of new pieces presented by the artists in these exhibitions.

The year was also marked by the second edition of the New Settings programme, which aims to support theatrical productions devised by visual and performance artists working together. Four projects were supported and presented at the Théâtre de la Cité Internationale (Paris) between 9 and 18 November: *Baron Samedi* by Alain Buffard with Nadia Lauro, *Curtain* by Jonah Bokaer and Daniel Arsham, *The Magic of Spectacular Theater* by Gérald Kurdian and *Voleuse* by Julie Nioche and Virginie Mira. The general public were thus given a glimpse of the various modes of collaboration and the diversity of the works engendered by these encounters between different artistic disciplines.

In the performing arts, the Foundation supported the *Danse Elargie* competition (Théâtre de la Ville in Paris and Musée de la Danse in Rennes), the *Transforme* training programme (Fondation Royaumont), the *Plastique Danse Flore* festival (Potager du Roi, Versailles), and the Centre National de la Danse (Pantin).

It also contributed to the *Bourse Agora* for design, *Design Parade* (Villa Noailles), the *Club des Partenaires des Arts Décoratifs*, the *Marcel Duchamp* prize for contemporary art and *Nuit Blanche* in Paris, to name but a few.

PERPETUATION

This area of activity, also in perfect accord with the Hermès *métiers*, enables the Foundation to promote the recognition and practice of skills by incorporating them as far as possible into a virtuous principle that combines culture, economy and solidarity. The partnerships concluded in this way to encourage the perpetuation of skills – so important to the world of craftsmanship – resulted in a range of activities.

The “Expertise and Modernity” workshop, set up in 2011 in partnership with Sèvres-Cité de la céramique, drew to a close in May 2012. Bringing the viewpoints and methods of two Parisian higher education institutions face-to-face – Sciences Po and the Ecole Nationale Supérieure de Création Industrielle (ENSCI, or National Postgraduate School of Industrial Creation) – its objective was to determine the role of modernity in craftsmanship. The result of this work, shaped by numerous contributions from professionals, was unveiled at the *Design Parade* festival at the Villa Noailles (Hyères). It took the form of an “artisanal laboratory of innovative

and experimental production” and was accompanied by *Shifumi* magazine, a publication compiled by students.

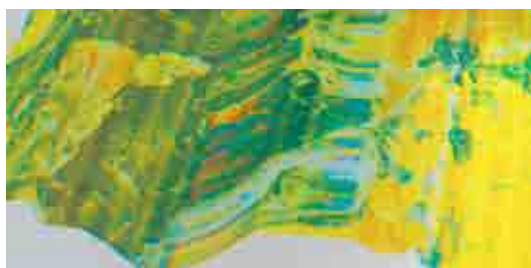
In order to perpetuate the technical and scientific heritage linked to artisanal skills, the Foundation continued to support the Musée des Arts et Métiers (Paris) in 2012, financing the restoration of the Duhamel high-warp ribbon loom (1747) in particular, which will return to the permanent exhibition upon completion.

Since the end of the year, the Foundation has been committed to helping the “Syndicat Mixte de la Cité Internationale de la Tapisserie et de l’Art Lissé” to train a specialist instructor in the craft of Aubusson tapestry-weaving to ensure the perpetuation of this skill. The Foundation has also set up a partnership with Union Rempart to promote the vocational training of young people in difficult circumstances through the practice of trades linked to the conservation of architectural heritage.

In addition, it supported a mason-training programme specialised in the Nubian Vault technique in sub-Saharan Africa, the “Carpenters’ Apprentices” project run by “Frères des Hommes” in Senegal, the pan-African graphic design workshops led by the “4 Tomorrow” association, as well as the creation of a resource centre dedicated to hand-performed crafts in Pantin, among others.

In parallel, the Foundation continued to sponsor children: pupils on the “Petits Dégourdis de Sèvres” programme (France) had the opportunity to try their hands at ceramics, while children temporarily suspended from their schools attended the educational programmes offered by the Museum of Arts and Design (New York). In New Delhi, India, it renewed its support to Tara Tots, a hostel for young children living on the streets.

1-2. Oh You Kyeong at Puiforcat.
3. Félix Pinquier at the Maroquinerie de Belley.
4. Andrés Ramirez at the Holding Textile Hermès.
5. Oliver Beer at the Cristalleries de Saint-Louis.



1.

2.

3.

4.

5.

La Voûte nubienne (Nubian Vault),
a training programme for builders
in sub-Saharan Africa.



CONSERVING NATURAL RESOURCES

As a partner of the French Institute for Sustainable Development and International Relations (IDDRI) since 2008, working towards developing environmental initiatives, the Fondation d'Entreprise Hermès has been steadily refining the scope of its approach. Today, its environmental sponsorship focuses on establishing relationships between local expertise and the preservation of biodiversity.

Thus an initial international "Biodiversity and Local Knowledge" call for projects, launched in 2011, made it possible to finance two programmes ending in 2012. One of these was the *Ark of Livestock Biodiversity* set up by the League for Pastoral Peoples and Endogenous Livestock Development (LPP), which aims to create a label to protect and make the most of the products resulting from livestock breeding (using ancestral methods) carried out by three nomadic communities in India, Pakistan and Kenya.

The second was *Micromegas*, a programme set up by the Institut Agronomique Méditerranéen, which aims to establish a link between two agricultural pilot zones: the Cévennes natural park (France) and the Middle Atlas biosphere reserve (Morocco).

2012 also saw the third annual conference organised with the IDDRI. This event, on the theme "Politics versus nature? Towards a reform of subsidies that jeopardise biodiversity", brought international specialists together in Paris to discuss the results of their research on the topic.

Initiated in 2011, the Foundation pursued its exclusive sponsorship of the Bibliothèque Nationale de France in 2012 for a projected Resource Centre dedicated to sustainable development, where

thousands of printed and digital documents devoted to environmental matters will be made available to the public.

It also supported an organic farming project run by the Intercultural Network for Development and Peace (INDP) in Tamil Nadu (India), IDDRI research programmes and Conservation International Bolivia, which helps craftsmen make products from the natural resources of a forest.

BEYOND 2012:

A NEW FIVE-YEAR ACTION PLAN

The French legal framework for sponsorship establishes company foundations for five years. The Fondation d'Entreprise Hermès, which was created in 2008, thus reaches the end of its first mandate in 2013. The year 2012 was therefore devoted in part to drawing up a new programme for the next five years, while pursuing the development of its current activity in parallel.

The new resources allocated to the Foundation will enable it to continue its work in favour of individuals and organisations that use their skills and expertise to build a better world.

This second mandate will continue along the same lines as the first, building on the progress that has already been made to extend the scope of its public-interest mission. The Foundation will assert its identity and specific values in the fields of culture and solidarity, both in France and abroad.

SUSTAINABLE DEVELOPMENT AND THE ENVIRONMENT

When it comes to sustainable development, Hermès' mission is to strengthen our corporate project around the authenticity of each product and the application of our house's ethics to all aspects of our business.

By authenticity, we especially mean respecting natural raw materials and developing artisanal skills, essentially in France. Formalised in a charter, our corporate ethics enhance Hermès' relationships with its staff, suppliers, customers and shareholders.

Hermès is an attentive, concerned and committed company which conducts its business in a way that respects its ecological, social, economic and cultural environment. The group selects suppliers who are at the forefront of their speciality, and who are exemplary in terms of the quality of their products and services, as well as their social and environmental policies.

For some years now, the group's efforts in this respect have been coordinated by a Sustainable Development Committee in which our Executive Committee members actively participate. The Committee notably published an ethics charter and set up an intranet site intended to keep staff informed and share good practices. In 2011, the Group reinforced its commitment by creating a Sustainable Development Department and an Operations Committee. In 2012, group guidelines were drawn up to help ensure the consistency of everyone's missions.

In June 2012, as part of its voluntary carbon compensation strategy, Hermès also joined the Livelihoods Fund, a group of companies financing carbon compensation projects with extremely beneficial social and environmental effects. Livelihoods supports projects in Africa, India and Indonesia, where the goal is to replant over a hundred million trees and ensure long-term economic development for the local populations.

Finally, Hermès' ongoing interest in humanitarian causes was expressed through the Fondation d'Entreprise Hermès. Created in 2008, the Foundation supports philanthropic projects that focus on expertise, transmission of knowledge and creativity.

Many sustainable development initiatives were set up in the

various group entities. Whether social, environmental or corporate, these initiatives are described in the corresponding sections of this report.

INDUSTRIAL DEPARTMENT

AN EVOLVING SCOPE

In 2012, our long-standing strategy to consolidate and strengthen the group's manufacturing capacity was pursued and intensified in four *métiers*:

- Against a background of strong growth, the Leather Goods division opened two new manufacturing sites during the year: the Maroquinerie Iséroise in Fitolieu and the Maroquinerie de la Tardoire in Montbron. Both are currently operating in temporary premises until the permanent facilities, which were designed in line with HEQ (High Environmental Quality) requirements, are ready for use.

- In the Textiles subsidiary, two major investments were made during 2012. A pre-existing dyeing facility in Irigny was acquired, and investments to modernise our resources and transfer the equipment used in the finishing processes housed at Ateliers AS (under the Enoly brand) were immediately set in motion. The subsidiary now boasts a modern dyeing and finishing facility, called AEI (Atelier d'Ennoblement d'Irigny, or "Irigny Finishing Studio"), which helps widen our expertise and optimise flows. The acquisition of the ITH building in Bourgoin-Jallieu enabled us to gradually unite the activities of Gandit (engraving of printing frames) and Créations Métaphore (furnishing fabrics). The greater surface area acquired also made it possible to expand the subsidiary's capacity to host visitors and to set up a new silk manufacturing workshop.

- In accordance with its strategy to safeguard supplies, the Tanneries and Precious Leathers division extended its scope in 2012 with the Annonay Tannery and new facilities in Australia and the United States.

- Lastly, in 2012, the Watchmaking division acquired the dial manufacturer Natéber, pursuing its strategy to master all areas of watchmaking expertise following an equity investment in Erard (case manufacturer) and Vaucher (movement manufacturer).

Overall, Hermès now operates forty-five production units, thirty-four of which are in France spread over thirty-eight geographical locations (twenty-eight in France, four in Australia, two in Switzerland, two in the United States, one in Great Britain and one in Italy), not forgetting the Bobigny logistics platform. The regular increase in the number of production facilities located in France has been undertaken in close consultation with the local authorities and various stakeholders. Industrial employment amounted to 4,453 jobs at the end of 2012, representing an increase, against 2011, of 505 jobs in France and 657 worldwide (437 in real terms).

METHODOLOGY

The scope of the environmental data in this report encompasses all the production and logistics entities controlled by the group. Consolidation data in water and energy consumption is shown below, while the detailed figures relating to each sector, the amounts of waste and qualitative information about each *métier*'s specific issues are given on page 117 to 137 of volume 2.

Since 2011, Hermès has been using an accessible online reporting system to collect data about consumption on each site. This software also makes it possible to access documentation explaining how the indicators for the data collected are organised and defined. A consistency check is carried out automatically when the figures are input and then again at the time of overall consolidation by the Industrial Department. The figures published include data from AEI, ITH and Natéber, but not from the new entities owned by Leather Goods and Tanneries and Precious Leathers. These entities will gradually be included in the environmental measuring and monitoring process at a pace determined by their technical characteristics and local constraints.

OUR GOALS

Working with the *métiers* and all those involved in our production sites, the Industrial Department is pursuing an environmental programme whose goals have remained unchanged since 2003:

- to comply with environmental and workplace health and safety (EHS) regulations and to prepare for changes in these regulations whenever possible;
- to respect natural resources, particularly water, and conserve energy;
- 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.

Everyone's efforts are needed if we are to achieve these goals. An environment, health and safety 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 results and best practices, undergo training and develop action plans for the future together.

In 2011, an outside consulting firm was contracted to conduct the third cycle of EHS audits in our various units over the course of two and half years. Twenty-one audits had been conducted by the close of 2012 and they will continue at a rate of approximately one per month until completion in December 2013. An information system has been introduced on our sites to coordinate the monitoring of these audits and ensure the group's environmental reporting and compliance with regulations.

The group's intranet site continued to build awareness about sustainable development among Hermès employees, both in and outside of France. The issues addressed by Hermès, relating both to the environment and to health and safety, are explained on the site, which also reports regularly on activities organised by the EHS network and local initiatives addressing biodiversity, energy saving, sustainable development week, and more.

OUR ACCOMPLISHMENTS

In early 2002, Hermès launched a programme to reduce water consumption. This continued in 2012 with a drop in consumption of 2% in real terms in relation to 2011, despite growth of around 20% in production activity.

This performance is the result of a number of initiatives involving practically all our production sites. For example, the TCIM tannery at Vivoin cut its consumption by 16% in 2012, mainly by optimising distribution points and improving the management of water use in the wet sector. The replacement of an open-loop air conditioning system at the Pantin CIA contributed to a drop of almost 10% in consumption at the Leather Goods centre, which no longer uses water for industrial purposes. In the Textiles division, the recycling of the water used to clean the mixers in the kitchen at Ateliers AS coupled with the installation of a new frame-washing machine that uses four times less water at SIEGL were just two of the many focused measures used to keep the increase in consumption to 4% in real terms despite a growth in business of close to 25%.

If we include the new Natéber, AEI and ITH businesses, the group's

overall consumption rose by 9% from one year to the next. However, between 2002 and 2012, production rose, like turnover, by a factor of 2.8, while water consumption dropped by 34%.

ENERGY CONSERVATION

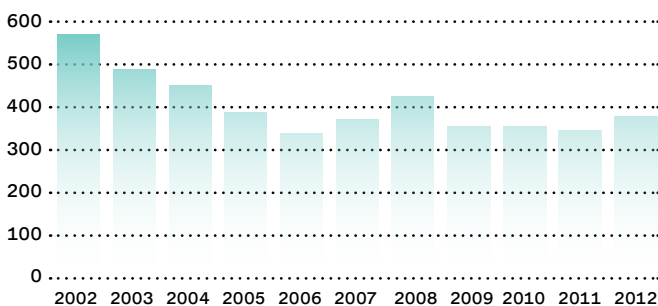
Despite the sharp rise in production volumes but due to more favourable climate conditions, the rise in our overall energy consumption was just 3% in real terms (8% if we include consumption by AEI, ITH and Natéber).

The milder winter temperatures partly explain why gas consumption rose by only 9% in comparison to the growth in business. Additionally, major renovation and insulation work was carried out on the roofs and facades at the Bobigny and Vaudreuil sites. As the work was completed during 2012, it only had a partial impact on the year's consumption figures.

Better management of the heating, ventilation and air conditioning installations, coupled with major improvements in lighting at Seloncourt and Bobigny, in particular, have enabled us to restrict the rise in electricity consumption to 6%.

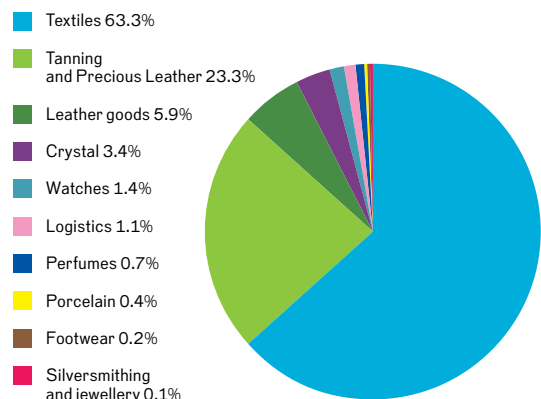
CHANGE IN WATER CONSUMPTION

in thousands of m³



(including Hermès Precious Leather from 2008, Natéber, ITH and AEI from 2012)

WATER CONSUMPTION BY MÉTIER



REDUCING OUR CARBON FOOTPRINT

During the second half of 2012, Hermès began updating the analysis of its greenhouse gas emissions on its production and distribution sites, using the “Bilan Carbone” assessment method aided by two independent external specialists.

Since 2010, the results of this undertaking have provided food for thought in terms of energy consumption in general, and more specific action plans within the framework of our water-energy-carbon-waste plan. Because our activities are highly diverse and emissions vary widely from one division to another, each *métier* drew up a plan addressing its own specific issues.

A major concern for the Leather Goods division, for example, is focusing attention on the consumption of fine, rare raw materials of exceptional quality. Here, consumption is optimised by jointly implementing best practices and taking steps to keep rejects down and re-use offcuts.

For the Tanneries and Precious Leathers centre, switching from the traditional method of air freight to maritime shipping of raw skins constituted a major step forwards. Following careful analysis

and far-reaching trials, which began in 2009, the use of maritime transport increased from 30% in 2011 to 49% in 2012.

BIODIVERSITY

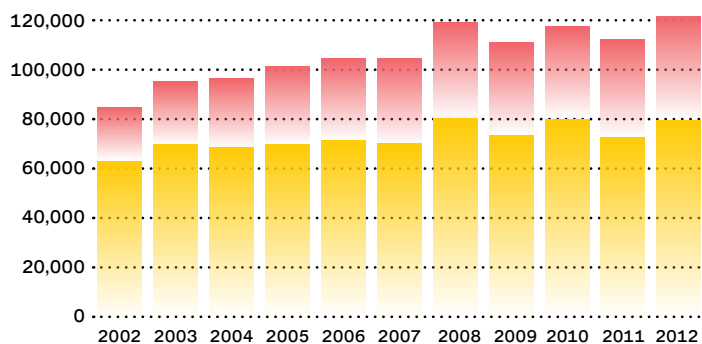
Biodiversity protection is addressed not only at group level but also by each individual *métier* depending on its own specific issues. For example, Hermès abides by laws intended to combat illegal logging, such as the Lacey Act in the United States, and the guidelines of the Washington Convention (CITES) which protects endangered plant and animal species threatened with extinction worldwide. Furthermore, the sheepskins and cowhides used at Hermès come exclusively from countries in Europe, and we have committed partnerships with our tanners.

CONCLUSION

The group did not accrue any provisions for environmental liabilities in the 2012 financial statements and none of the group's companies was ordered by a court to pay compensation for environmental damages during the year.

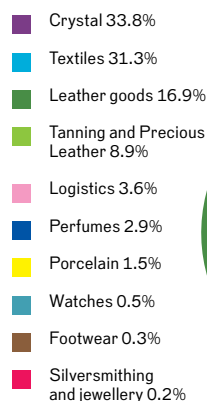
CHANGE IN ENERGY CONSUMPTION (in MWH)

Gas Electricity



(including Hermès Precious Leather from 2008, Natéber, ITH and AEI from 2012)

GAS AND ELECTRICITY CONSUMPTION BY MÉTIER



PROPERTY DEVELOPMENT DEPARTMENT

Since 2008, the group's Property Development Department has been operating an environmental policy based on the following principles:

- systematically adopt an environmentally friendly stance during construction;
- help protect the environment by ensuring that building projects are properly suited to their setting and the local architecture, while simultaneously preserving the ecosystem;
- use renewable energy sources whenever possible;
- employ energy-saving methods;
- put quality first in terms of architecture, functionality and sustainability, in a constant effort to ensure users' well-being;
- strive for flexible, adaptable construction geared towards future developments, while encompassing running costs from the very earliest stages;
- anticipate, whenever possible, regulatory and technical developments and incorporate them in our projects;
- ensure the safety of all those present on our major worksites through the systematic appointment of a health and safety coordinator, working independently from the project management team, and by organising worksite audits.

This policy applies to all potential tertiary sector and production sites. It is implemented in cooperation with the group's project managers and external partners (architects, builders, service providers and suppliers) chosen by the Property Development Division.

IN-STORE ACCOMPLISHMENTS

Improving energy efficiency in our boutiques means optimising the main hubs of energy consumption, i.e. lighting and air conditioning. The choice of materials, a reduction in weight and an effort to source supplies locally also improve our "Bilan Carbone" assessments at worksites and during refurbishments.

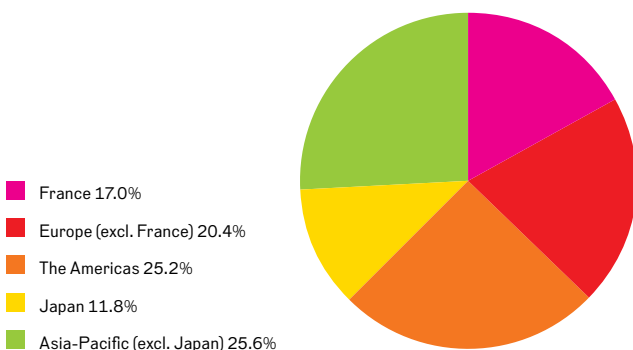
LIGHTING

Since 2010, LED lighting has been used for our watch and jewellery window displays and for the shelves in all our new and refurbished stores. At the end of 2012, this system was operational in about one third of our shops.

An "all LED" lighting (including ceiling lighting) experiment was conducted in three European pilot stores in 2011 and 2012. Initial results are optimistic, recording a drop of over 20% in electricity consumption. The "all LED" solution is expected to become the norm for all projects from 2013 onwards.

Other initiatives (sub-metering, presence detection, lighting

ELECTRICITY CONSUMPTION OF BRANCHES BY GEOGRAPHICAL ZONE



scenarios and new technical solutions) are constantly being assessed and will be progressively implemented in projects once approved by our test stores.

AIR CONDITIONING

The reduction in electricity consumption coupled with the fact that LED lighting generates much less heat than traditional lighting has enabled us to consider the option of downsizing our air conditioning devices in stores. This approach will be adopted on future worksites.

MATERIALS

Since 2011, the thickness of the stone used for floors has been optimised. Brass and Corian have been replaced by other more environmentally friendly materials, resulting in a significant reduction in overall weight.

In 2012, a provisional concept store design which involved re-using furniture was developed and implemented in Europe and the United States.

Lastly, in partnership with suppliers, a systematic effort is being made to give preference to locally obtained materials whenever possible. For example, in 2012, the new facade of a boutique in China undergoing refurbishment was created entirely from local stone.

METHODOLOGY

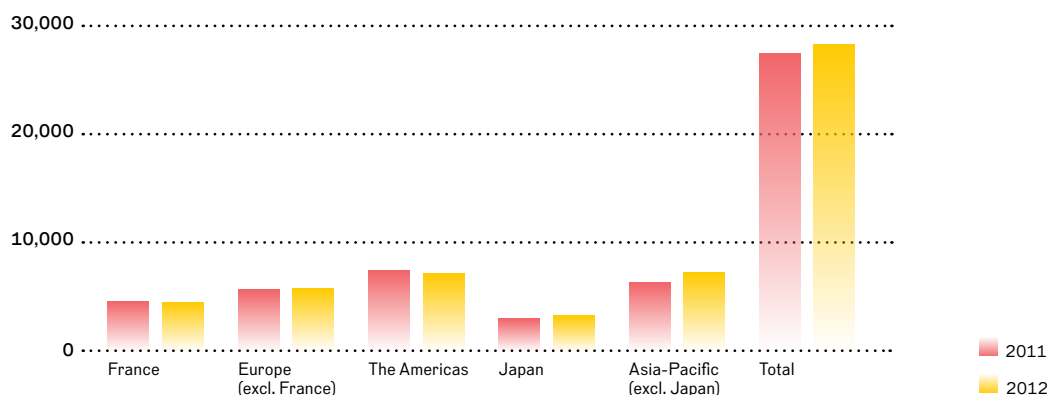
The 2012 environmental report is based on data collected directly from France for all stores worldwide. Consumption figures encompass the Hermès, John Lobb, Saint-Louis and Puiforcat branches around the globe. They do not include the consumption data of the 118 concessionaries or of certain branches located in shopping centres.

For the Faubourg Saint Honoré branch, it is estimated that the store accounts for 50% of the total consumption in a building that also houses offices and workshops. The data for the other branches in France are included in the report. The same is true for all the French branches of John Lobb, Saint-Louis and Puiforcat.

ELECTRICITY CONSUMPTION

The stores located in the areas mentioned below consumed 28,270 MWh of electricity in 2012, an increase of 3% in relation to 2011. This was entirely due to the increase in sales surface areas, mainly in Asia where some stores were enlarged and new boutiques opened. The drop in electricity consumption in France and the Americas was entirely due to the use of LED lighting, which increased in 2012.

CHANGE IN THE ELECTRICITY CONSUMPTION OF BRANCHES BY GEOGRAPHICAL ZONE (in MWH)



HERMÈS: A RESPONSIBLE, COMMITTED EMPLOYER



FOSTERING A SENSE OF BELONGING TO SUPPORT FUTURE GROWTH

Over the course of 2012, life at Hermès was punctuated by several fun and friendly events and initiatives aimed at cultivating a sense of belonging, sharing the group's corporate vision, forging new connections and taking a break from everyday routines.

The annual Forum H information meeting held in Paris enabled around 3,000 employees to meet and discuss the roots and history of Hermès. They heard about the past year's achievements and our future development perspectives, discovered a unique 9-metre chandelier produced by the Saint-Louis glassmakers as a special commission, learnt about Hermès' development plans in China, and were able to admire the way in which the *Arceau Le Temps Suspendu* watch was presented.

Around 200 executives from all subsidiaries were invited to spend three days in Rome reimagining Hermès in the digital age. "Digital cafés" and creative workshops organised around this theme gave everyone a chance to express their thoughts. This event also enabled Hermès to gather a wide range of ideas about anticipating the future, with creative new ways of offering ever-more innovative services to customers while revolutionising the ways in which we work together.

Finally, craftsmen from the Maroquinerie des Ardennes in Bogny-sur-Meuse met for a day-long celebration of the site's 10th anniversary, while the Italian subsidiary marked its 25th anniver-

sary by organising a relaxing group break in Rome on the theme of cinema for all its employees.

Meanwhile Hermès Parfums, eager to extend a warm welcome to a number of new employees, developed a new staff integration programme entitled "*Regards croisés sur Hermès*" ("Diverse Perspectives on Hermès"). The various strands of this induction course include discovering new products, explaining how the company is organised, understanding key issues, participating in tours of industrial sites and encouraging discussion about first impressions.

ENCOURAGING COLLECTIVE INTELLIGENCE

Launched at the end of 2010, the *Parcours d'Adresse* project (Skills Workshop) generated numerous activities during 2011 intended to highlight exceptional in-house expertise, infuse the company with an "artisan" ethos, and make it easier to share and pass on skills.

In 2012, Hermès pursued many of these initiatives, which will continue well into the long term. 170 craftsmen thus benefited from the *Parcours d'Adresse* programme, which provides an introduction to every aspect of a given *métier*. For one week, they immersed themselves in a *métier* by embarking on a broad introductory course that incorporated visits to supplier workshops, museums, colleges and partners associated with one of the seven branches involved in this project. Its aim is to shed light on new

1. Rome: executives' seminar.
2. The annual Forum H information meeting at the *Palais des congrès* in Paris.
3. 10th anniversary of the *Maroquinerie des Ardennes*.

areas of expertise. This particularly enriching experience enables its participants to see how their *métier* is linked to another, and to identify with the artisan ethos that is shared and recognised by all Hermès employees.

Following the Lisbon conference attended by 250 craftsmen, discussion and reflection groups were set up at all manufacturing sites to bring the ideas suggested by our artisans to fruition. This project was guided by a desire to establish the same philosophy at all Hermès manufacturing sites, and will continue in 2013.

To date, craftsmen from over 30 production sites have been involved in one of these initiatives in some form or another. Since spring 2011, over 850 employees, including 680 craftsmen, have

been participating in forward-looking initiatives focused on their *métiers*. This process of collective emulation boosts mutual progress and individual accomplishment.

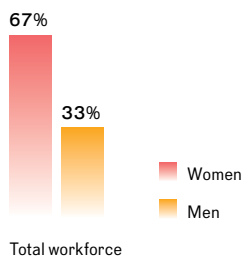
SUPPORTING JOB CREATION IN HERMÈS' MANUFACTURING SECTOR

Originally planned to increase production capacities, the opening of two new leather goods production facilities soon witnessed the emergence of a new social initiative: bringing men and women often excluded from the workforce into a trade that demands high standards and precision. To achieve this, Hermès worked hand-in-hand with local authorities and job centres,

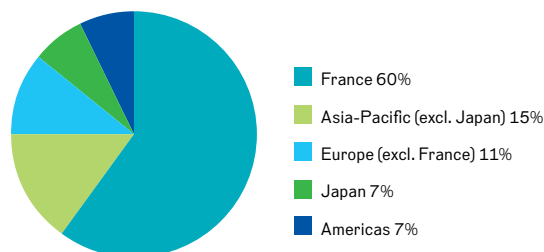


2.

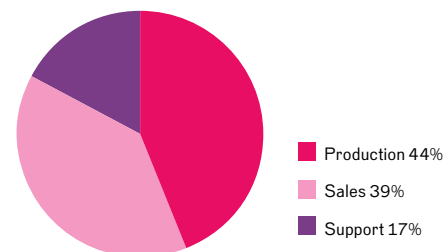
BREAKDOWN OF WORKFORCE BY GENDER



BREAKDOWN BY REGION



BREAKDOWN BY JOB CATEGORY



meeting several hundred people. An extensive training programme was set up to support the successful candidates and enable them to become real artisans.

The opening of these two new sites to support growth in the Hermès Leather Goods-Saddlery sector was accompanied by recruitment in all other Leather Goods-Saddlery manufacturing units. Over 200 new leather-workers joined Hermès in 2012.

Furthermore, the workshops of La Montre Hermès in Biel, Switzerland created 22 jobs in response to growth in this sector.

In addition, over 50 artisan-mobility initiatives continued to nurture the professional talent and career paths of our staff. The expertise we have developed over the years has helped to create “knowledge sharers”, who are essential in passing on the house’s artisanal production methods.

The sustained growth of Hermès Parfums has also created a large number of jobs and a +20% rise in permanent headcount, particularly in the Vaudreuil plant, which has welcomed 43 new recruits on its packaging lines and in its leather workshops.

When the Société Nontronnaise de Confection site in Bourgoin-Jallieu was inaugurated in 2012, Hermès introduced a special apprenticeship focusing on the skills involved in French hand-made craftsmanship. Three groups of ten scarf and tie producers were recruited and trained. Local skills partnerships were set up, both for recruitment – structured around the simulation-based recruitment method used by Pôle Emploi job centres – and training, with the introduction of a tailor-made workplace integration scheme that encourages the gradual acquisition of key skills. The planned creation of a “hand-made” certification system is currently underway, which aims to recognise the skills acquired and ensure the employability of our staff. These apprenticeships are not focused solely on technical skills either: the entire history of the house of Hermès is also explained in detail.



3.

DEVELOPING KNOWLEDGE WITH EX-LIBRIS, THE HERMÈS UNIVERSITY

Learning and teaching are two key aspirations at the heart of the Hermès project. In the interests of continuous adaptation and exploration of ever-larger areas of expertise, knowledge and skill, Hermès has decided to enhance the visibility of initiatives aimed at improving employee development and training. The aim is to assert a collective ambition: cultivating the minds and talent of Hermès employees.

This led to the founding of the Hermès university, whose name, Ex-Libris, makes reference to the both the company logo and the Latin sense of the term, meaning "from books". Built around group training programmes, it has benefited from over a decade of various programmes devoted to management, to exploring the Hermès culture, and to acquiring product knowledge and a wide palette of skills.

Now equipped with a name and an identity, the key "learning business" project affirms our desire to take on a new dimension in line with Hermès growth.

Ex-Libris also coordinates the activity of our internal academies such as the *École du Cuir*, *École du Textile*, the Hermès Merchants School, the Hermès Asia North Academy, and any future establishments founded in forthcoming years.

The *École du Cuir*, established in 2011, offered its first training courses in 2012 with the aim of transmitting and developing leather expertise while creating strong links between the different leather goods production facilities. A network of internal trainers was set up in 2012 tasked with identifying master craftsmen capable of "cultivating" fellow artisans, the aim being to train, support and develop new pools of exceptional leather-working skills.

In parallel, training programmes were defined and provided for craftsmen in partnership with in-house experts and renowned external schools and trainers, focused on the skills specific to the production of leather goods: cutting, table work, stitching, etc. The aim of these programmes is to bring additional recognition to all craftsmen over the coming years through the obtention of new vocational qualifications.

The Hermès managerial model "LeADer grocer-poet", set up in 2011, was rolled out to all Management Committee members in 2012 using a fun, participative approach that involved discussion workshops with the Managing Director and Human Resources Director. Assessment tools have evolved to integrate key managerial values. In total, these group management programme initiatives have benefited over 200 team managers.

The diffusion of Hermès culture has also intensified through integration and acculturation programmes, which were provided to over 360 employees in Paris and complemented by dynamic local activities in Northern Asia, Japan and the United States.

The sales skills development programmes offered by the Hermès Merchants School have been completely transformed to offer clients a rewarding experience and high-quality advice.

CONTINUING TO ENCOURAGE OPENNESS TO DIVERSITY

To mark National Employment For People With Disabilities Week in France, which took place from 12 to 18 November 2012, the textiles sector organised a range of new initiatives to raise awareness amongst staff.

Ateliers AS and SIEGL ran workshops examining various disabilities, the objective being to think about preconceptions and notions of disability, while highlighting our inherent and significant capacity for adaptation.

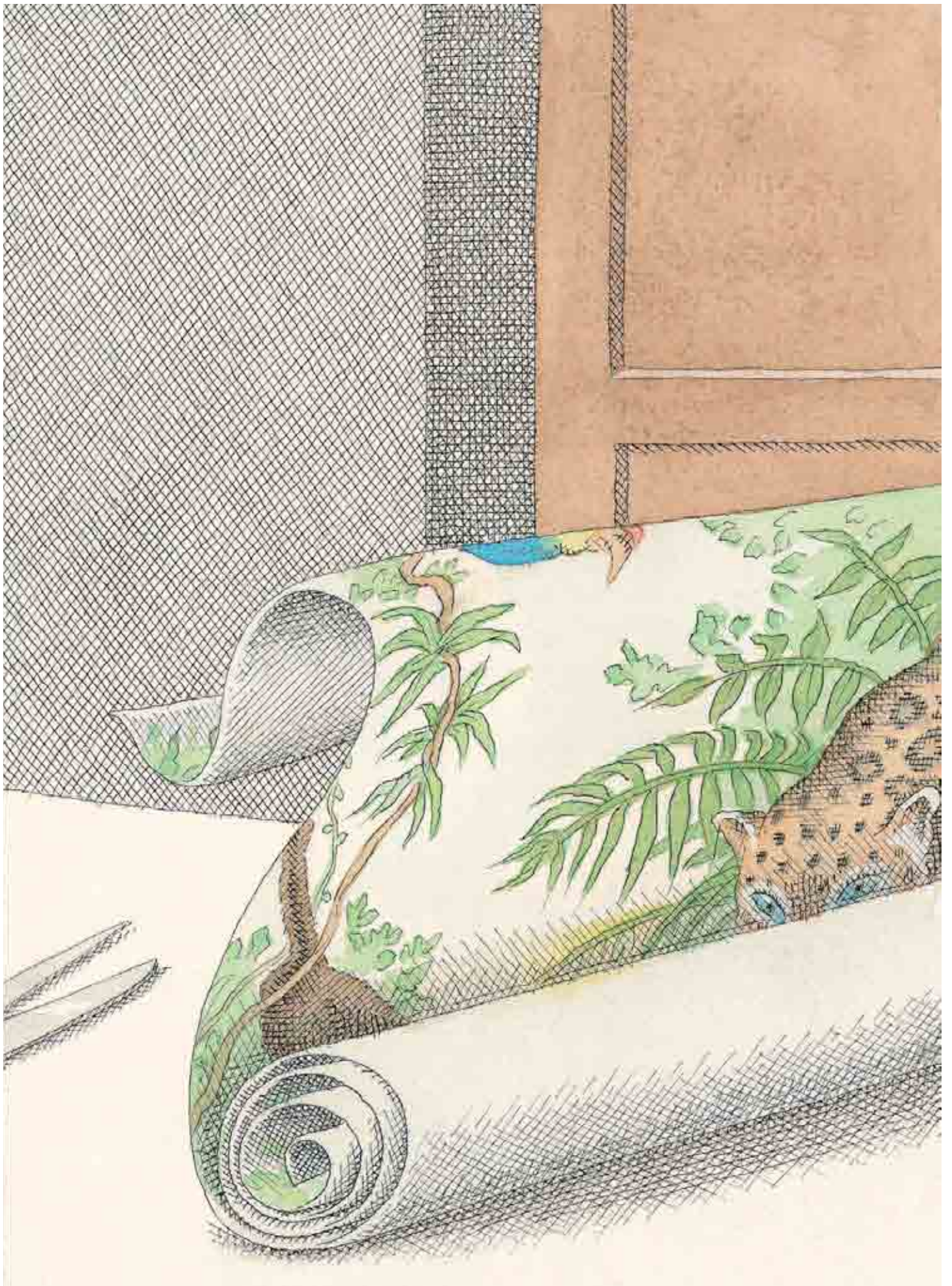
The teams from SNC, Créations Métaphores, Gandit and HTH based at the new ITH site in Bourgoin-Jallieu received an introductory course in sign language from an SNC employee who uses French Sign Language.

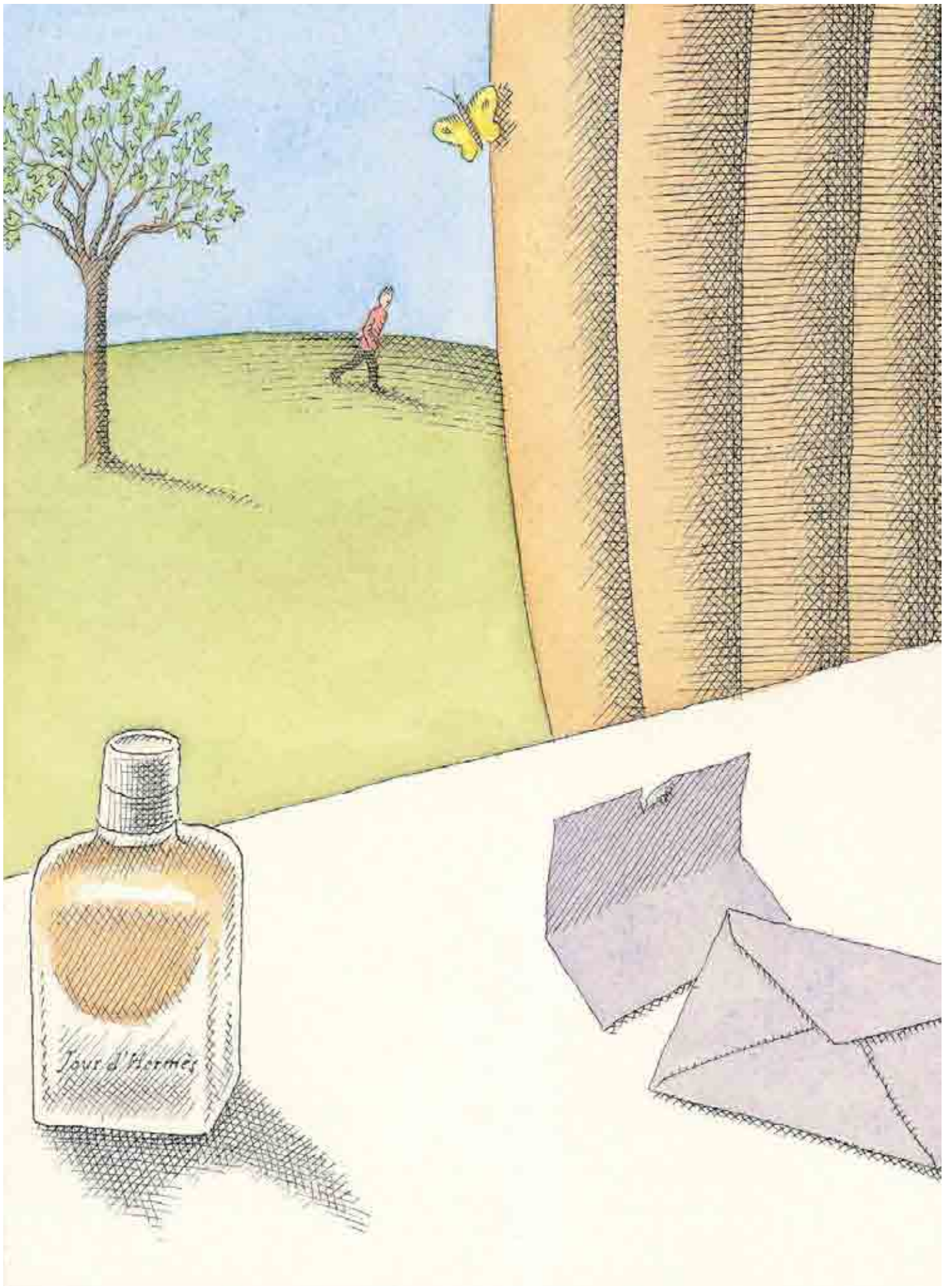
The HTH company also took part, for the first time, in the "Emploi Handicap" forum in Villefontaine (Isère) to recruit future inspectors, and even couturiers, who might be interested in employment at the Bourgoin-Jallieu workshops. This forum, intended for people with disabilities, resulted in 24 applications, a large proportion of whom will be offered a job.

Meanwhile, a group of 15 employees from the ATBC company visited the ESAT (a work-based service and aid institution) in Bussières, a protected workshop nearby responsible for maintaining ATBC's premises.

This year, once again, the Handi'Cap project introduced in 2008 by HTH pursued its initiatives through various charitable activities and projects, and awareness-raising campaigns.

Everyone has a role to play in developing Hermès' corporate social responsibility, particularly team managers. It was with this in mind that Hermès set up the "Hermès Team Leader dedicated to social responsibility" programme in 2012, intended to promote a positive experience of diversity, maintain a pleasant working environment, and educate and motivate managers on issues that lie at the heart of Hermès' ethics, such as diversity, addiction and wellbeing at work. The programme will be offered to a large number of managers in 2013.





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 on all Hermès production sites. It relies on the industrial departments in the *métiers* and on-site directors to have internal diagnostics or audits carried out by specialised third parties and to prepare operational improvement plans. The recommendations resulting from these analyses in the areas of organisation, procedures, expenditure or investments are subject to regular follow-up. Safety-related expenditure 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 80 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 overseeing 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, operating loss and civil liability cover, as described in the “Insurance” section in volume 2 (page 115).

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 monitoring.

Due to the ever-increasing complexity of all legal matters, our in-house Legal Department is organised into skill centres dedicated to the main branches of law that principally concern us: intellectual property, corporate/securities law, property law, and business law (contracts of all kinds, competition, distribution, consumption).

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 if necessary.

In addition, in each region where the group operates, Hermès uses leading local independent 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 actively continues 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 (1.6% of a market valued at €212 billion in 2012). 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 320 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 2012, the group generated 54% of total sales in the second half, compared with 54% in 2011 and 55% in 2010.

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 initiatives 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 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 monitoring 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 with leading banks and financial institutions only. 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 PREVENTION

Hermès' expenditure on IT systems (equipment and maintenance) is on a par with that of its peers in the sector. Its purpose is to maintain good operational performance, keep IT risks under control and ensure that IT systems are regularly upgraded and ready for the future.

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 systems security audits have been carried out within the major subsidiaries to verify compliance with the group's procedures.

In 2012, 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 stores and distribution subsidiaries.

As regards IT risk prevention, work carried out in 2012 focused mainly on enhancing the security of our central systems, ensuring the security of external access, protecting workstations, preventing leaks of confidential data and improving safety mechanisms and the breakdown tolerance of critical systems to ensure continued operation in the event of any incidents.

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

CONTROL OVER SOURCING

Hermès retains control over its 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 expertise. 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 APPROACH TO RISK MANAGEMENT

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

Risk mapping projects are conducted within the different Hermès entities on a regular basis. Based on the findings of these analyses, action plans are then drawn up as needed.

As described in the report from the Chairman of the Supervisory Board on internal control and risk management procedures, on page 29 of volume 2, 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 through the execution of internal audits. It works closely with the other departments to establish local initiatives (coordination and guidance of the internal supervisory management network and self-assessment procedures), thereby helping to instil a culture of risk awareness that fosters a spirit of caution and initiative within the company.

CONSOLIDATED RESULTS

CONSOLIDATED RESULTS

The Hermès group reported 2012 sales revenue of €3,484.1 million, an increase of 22.6% on the previous year at current exchange rate (of 16.4% at constant exchange rate).

The gross margin reached 68.1%, a decrease of 0.7 point versus the highest historical rate in 2011, in consequence partially of negative currency impact.

Selling, marketing and administrative expenses, which represented €1,130.8 million versus €945.7 million in 2011, include notably €181.9 million of advertising expenditure which increased significantly (+17.9% at constant exchange rates) and represented 5.2% of sales.

Other income and expenses came to €123.8 million. This includes €101.3 million of depreciation and amortisation charges, which rose to persistently high investments in production capacity as much as in the development and renovation of the distribution network.

Operating income strongly increased (+26.4%), to reach €1,118.6 million versus €885.2 million in 2011. The operating margin advanced by 0.9 point reaching 32.1% of sales versus 31.2% in 2011, the group's best performance.

Net financial income represents an expense of €18.6 million versus

a profit of €12.4 million registered in 2011. Note that the latter included the gross capital gain (€29.5 million) generated from the disposal of the stake in the Jean Paul Gaultier Group in 2011.

The income tax expense increased to 20.5% and reached €349.1 million in 2012 versus €289.8 million in 2011.

Net income attributable to non-controlling interests totalled €10.6 million versus €9.2 million last year.

The group net income reached €739.9 million versus €594.3 million in 2011, which represented an increase of 24.5%. After the gross capital gain generated from the disposal in the Jean Paul Gaultier group, the increase reaches 31%.

INVESTMENTS

In 2012, Hermès pursued its long term strategy by carried out a rhythm of sustained expansion.

The development of the distribution network was pursued with the opening or the renovation of fourteen branches and with the group strategy based on protecting its sources of supply in its leather tanning activity and in production of watch. During 2012, Hermès group purchased a building at 434 North Rodeo Drive in Beverly Hills.

BREAKDOWN OF INVESTMENTS

(in millions of euros)	2012	2011	2010
Operating investments	263.1	185.2	138.2
Investments in financial assets	106.9	29.2	15.5
<i>Subtotal - Investments (excluding financial investments)</i>	<i>370.0</i>	<i>214.4</i>	<i>153.8</i>
Financial investments ¹	27.7	19.6	62.5
Total investments	397.7	234.0	216.3

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.

*Circuit 24 wallpaper,
shown in anise.*

FINANCIAL POSITION

The operating cash flow totalled €884.8 million. It has enabled all operating investments (€370.0 million), the working capital (€113.6 million), the dividend payment (€208.1 million) and share buy-back (€21.0 million, excluding movements under the liquidity contract) for employees stockholding.

After a €502.5 million in exceptional dividend payment, the net cash position reached €686.1 million as at 31 December 2012 versus €1,038.3 million as at 31 December 2011.

Restated net cash (including non-current financial investments and borrowings) totalled €721.0 million as at 31 December 2012, versus €1,044.2 million as at 31 December 2011.

Strong earnings growth drove up shareholders' equity to €2,344.4 million as at 31 December 2012 versus €2,312.8 million as at 31 December 2011.

VALUE CREATION

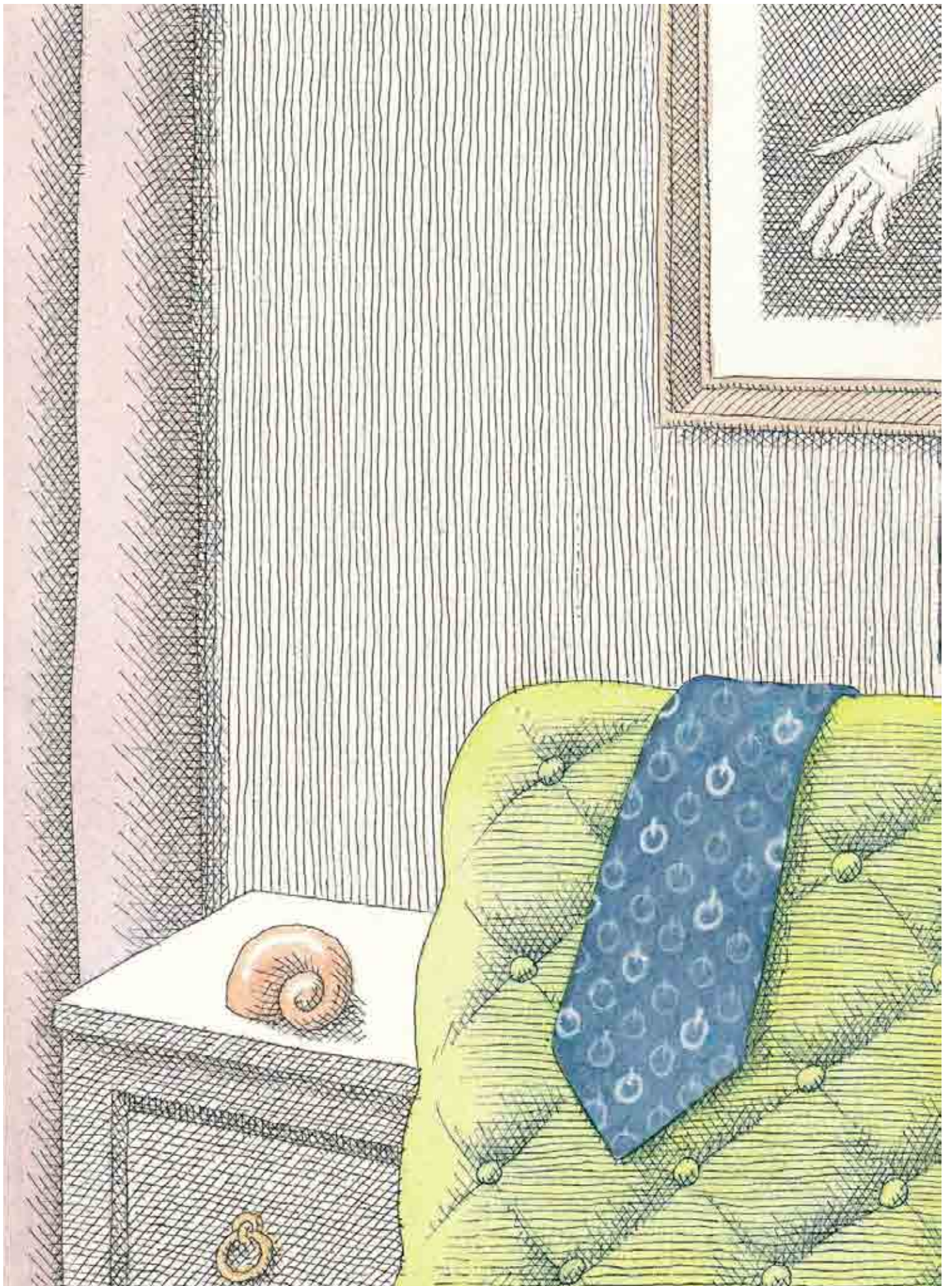
The notions of economic value added and return on capital employed were implemented within Hermès several years ago as performance indicators for the Group's investments. Economic value added is the difference between adjusted operating income after operating tax and the weighted average cost of capital 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 2012 drove up economic value added (€628.5 million in 2012 versus €463.8 million in 2011) and return on capital employed which reached 46% versus 42% last year.

EXCEPTIONAL EVENTS

No exceptional events occurred in 2012.





OUTLOOK

By choosing *Chic le sport! (A Sporting Life)* as its annual theme, Hermès decided to focus on energy and optimism in 2013. The sporting spirit we cultivate at Hermès is not focused on competition. Far from being obsessed with performance, it is first and foremost about the pleasures of relaxation, enjoyment and energy well spent. Sport is also about elegance: the elegance of simplicity and the beauty of movement. Seemingly effortless, with scant thought for victory and freed from the shackles of time, the only goal is self-fulfilment. To realise this dream, our teams are pulling together to bring the vision that Hermès has been championing for 175 years to life.

Strengthening our production capacity is key. In 2013, the progress of our two leather goods production facilities opened in 2012 will be reinforced by new recruitment and the perfecting of existing teams.

Investments will also continue in silk to increase the capacity of existing sites and encourage the acquisition of innovative new skills.

Finally, we will continue to safeguard our supplies to cope with the soaring demand for high-quality raw materials.

Back in 2002, Hermès became a pioneer of e-commerce in the luxury industry when it opened its online store. In 2013, we will intensify our commitment to digital technology. Benefitting from an extensive network of e-commerce sites covering the United States, Europe and Japan, the house possesses the infrastructure

necessary for sustained growth in online sales. The success of our American website proves that our collections continue to appeal to customers purchasing remotely, who appreciate the service we provide. The importance of digital media will continue to grow to reflect the changes in our target markets, the evolution of online modes of expression and the local issues at stake when using new technologies. Developments in our distribution network will focus on expanding retail space during renovations. A limited number of store openings will strengthen our already effective network.

Our rapid acceleration in the recruitment of production and sales employees represents a challenge if we wish to guarantee the quality of our products and service. Participation in internal training courses will be intensified to ensure the successful integration of newcomers. In parallel, new initiatives will emerge to encourage enhanced expertise and the personal fulfilment of our staff.

Finally, our communications will aim to strengthen the loyalty of our clientele in every country and attract new customers who are more demanding than ever when it comes to quality and creativity. The richness of the Hermès ranges and the confidence customers have in the quality of our products are precious assets in these troubled times.

Despite today's macro-economic difficulties, Hermès is approaching 2013 with quiet confidence, determined to maintain our goals and long-term strategy.



SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2012

(in millions of euros)	2012	2011
Revenue (Note 3)	3,484.1	2,841.2
Cost of sales (Note 4)	(1,110.8)	(886.4)
Gross profit	2,373.3	1,954.8
Selling, marketing and administrative expenses (Note 5)	(1,130.8)	(945.7)
Other income and expense (Note 6)	(123.8)	(123.9)
Recurring operating income (Note 3)	1,118.6	885.2
Other non-recurring income and expense	-	-
Operating income	1,118.6	885.2
Net financial income (Note 7)	(18.6)	12.4
Pre-tax income	1,100.0	897.7
Income tax expense (Note 8)	(349.1)	(289.8)
Net income from associates (Note 15)	(0.4)	(4.5)
CONSOLIDATED NET INCOME	750.5	603.4
Net income attributable to non-controlling interests (Note 21)	(10.6)	(9.2)
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT (Note 3)	739.9	594.3
Earnings per share (in euros) (Note 9)	7.11	5.68
Diluted earnings per share (in euros) (Note 9)	7.07	5.66

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(in millions of euros)	2012	2011
Consolidated net income	750.5	603.4
Actuarial gains and losses (Note 20.3)	(30.5)	(3.0)
Foreign currency adjustments (Note 20.3)	(20.8)	24.4
Derivatives included in equity (Note 20.3)	86.6	(35.4)
Gain/(loss) on sale of treasury shares (Note 20.3)	1.3	(11.4)
Income tax relating to components of other comprehensive income (Note 20.3)	(20.9)	12.5
Comprehensive income	766.1	590.5
Attributable to owners of the parent	755.3	581.3
Attributable to non-controlling interests	10.8	9.2

The note numbers refer to the Notes to the Consolidated Financial Statements in Volume 2 of the 2012 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 2012

(in millions of euros)	31/12/2012	31/12/2011
Non-current assets	1,603.0	1,377.1
<i>Goodwill</i> (Note 10)	79.3	38.7
Intangible assets (Note 11)	101.6	96.7
Property, plant & equipment (Note 12)	1,007.5	869.4
Investment property (Note 13)	98.3	98.8
Financial assets (Note 14)	28.5	29.8
Investments in associates (Note 15)	25.8	12.9
Loans and deposits (Note 16)	42.9	35.0
Deferred tax assets (Note 8.3)	217.8	194.2
Other non-current assets (Note 18)	1.3	1.7
Current assets	1,802.8	1,871.3
Inventories and work-in-progress (Note 17)	726.9	534.5
Trade and other receivables (Note 18)	207.1	175.7
Current tax receivables (Note 18)	0.8	0.8
Other current assets (Note 18)	116.6	94.4
Fair value of financial instruments (Note 22.2.3)	54.4	17.7
Cash and cash equivalents (Note 19.1)	697.0	1,048.2
TOTAL ASSETS	3,405.8	3,248.4

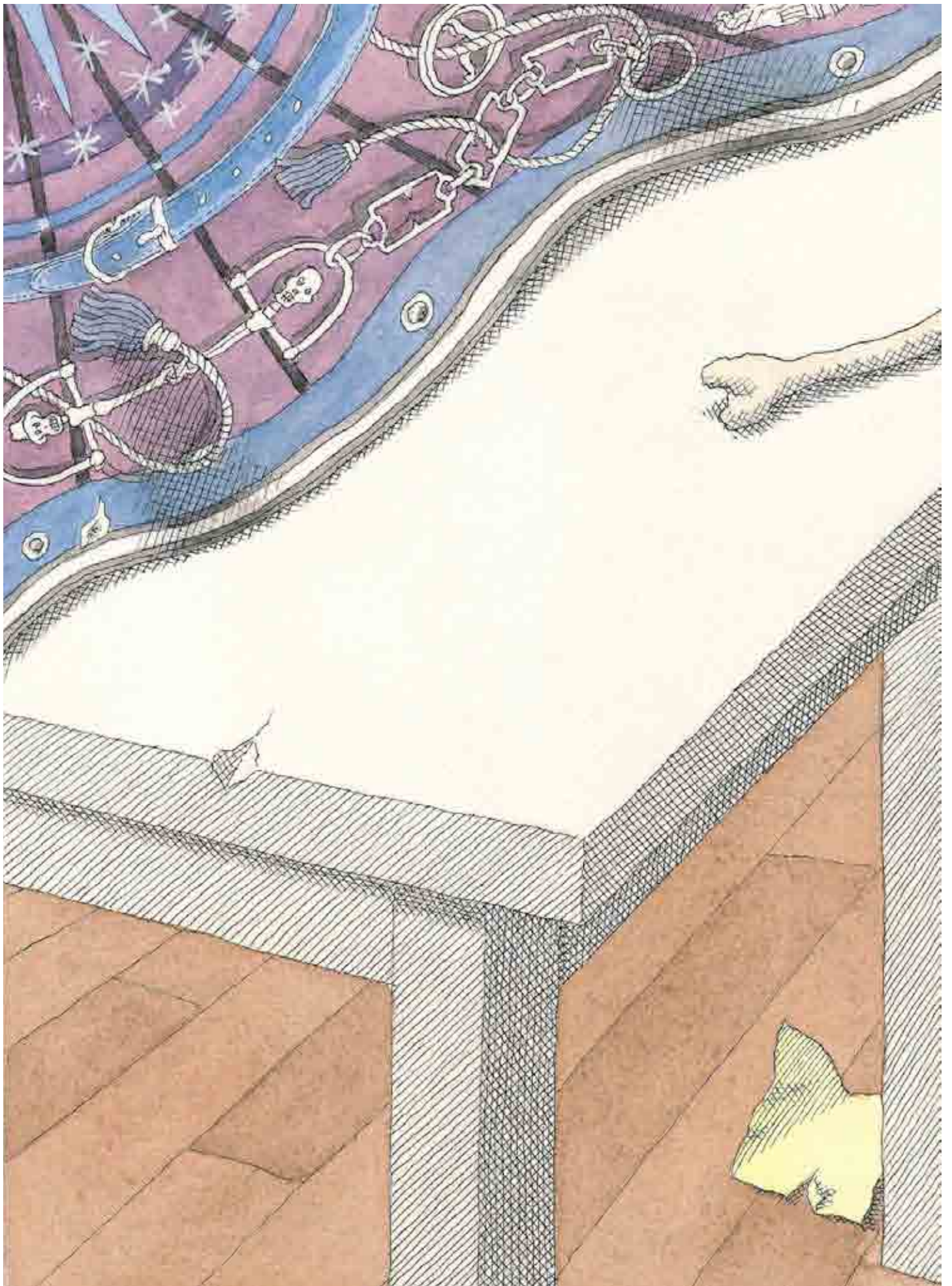
The note numbers refer to the Notes to the Consolidated Financial Statements in Volume 2 of the 2012 Annual Report.

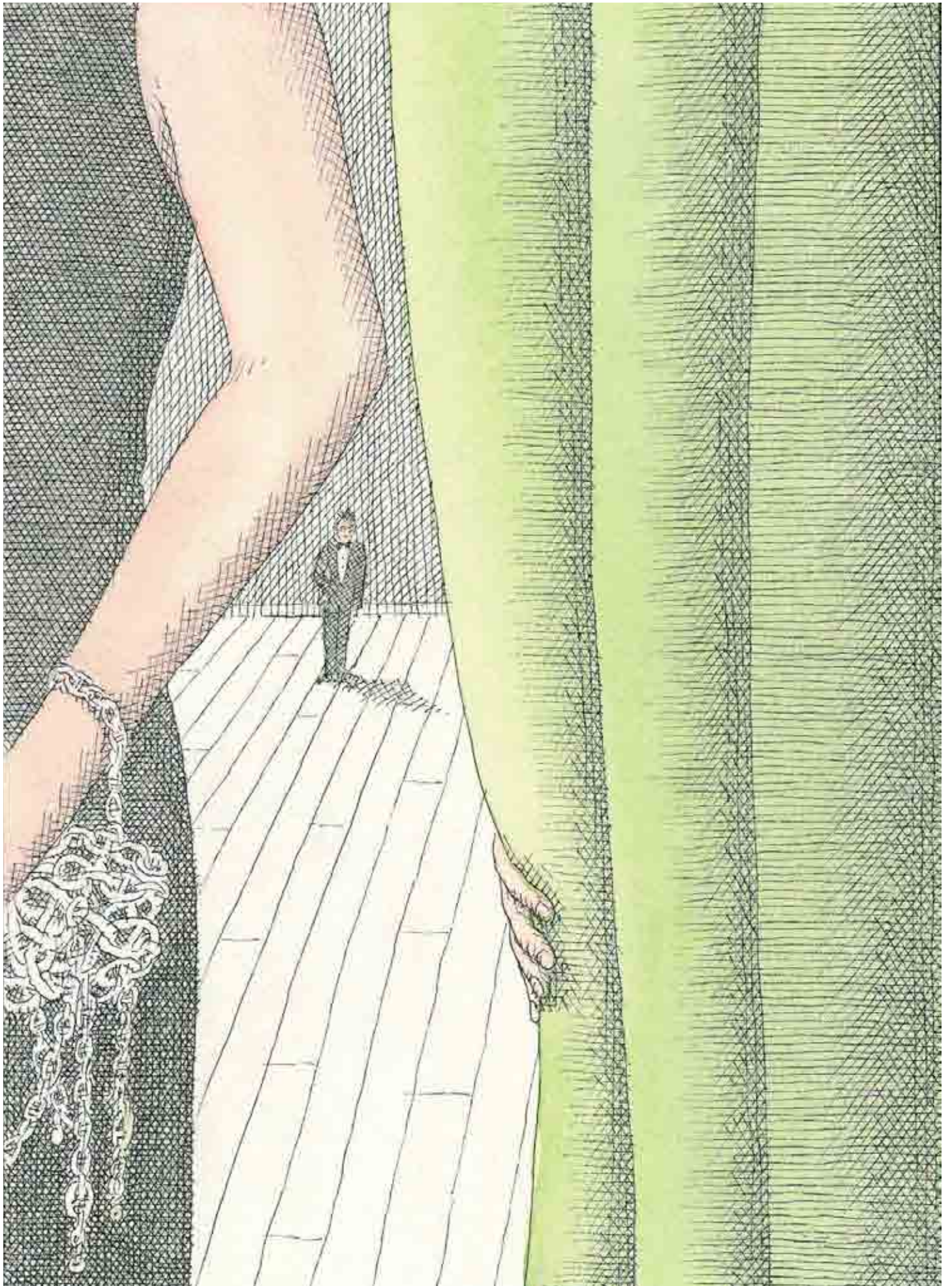
(in millions of euros)	31/12/2012	31/12/2011
Equity	2,358.3	2,325.5
Share capital (Note 20)	53.8	53.8
Share premium	49.6	49.6
Treasury shares (Note 20)	(313.3)	(304.1)
Reserves	1,742.2	1,881.2
Foreign currency adjustments (Note 20.1)	46.0	67.1
Derivatives included in equity (Note 20.2)	26.0	(29.1)
Net income attributable to owners of the parent (Note 3)	739.9	594.3
Non-controlling interests (Note 21)	13.9	12.7
Non-current liabilities	183.6	147.6
Borrowings and debt (Notes 22.3 and 22.4)	23.7	18.4
Provisions (Note 23)	16.4	14.5
Post-employment and other employee benefit obligations (Note 25)	66.5	60.8
Deferred tax liabilities (Note 8.3)	23.0	17.5
Other non-current liabilities (Note 26)	54.0	36.4
Current liabilities	863.9	775.3
Borrowings and debt (Notes 22.3 and 22.4)	14.7	20.5
Provisions (Note 23)	33.2	28.8
Post-employment and other employee benefit obligations (Note 25)	3.7	6.2
Trade and other payables (Note 26)	345.5	299.7
Fair value of financial instruments (Note 22.2.3)	19.3	58.3
Current tax liabilities (Note 26)	124.1	89.9
Other current liabilities (Note 26)	323.4	271.9
TOTAL EQUITY AND LIABILITIES	3,405.8	3,248.4

The note numbers refer to the Notes to the Consolidated Financial Statements in Volume 2 of the 2012 Annual Report.

2012 CONSOLIDATED STATEMENT OF CASH FLOWS BEFORE ALLOCATION

(in millions of euros)	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income attributable to owners of the parent (Note 3)	739.9	594.3
Depreciation and amortisation (Notes 11 and 12)	117.1	111.1
Impairment losses (Notes 11 and 12)	28.0	2.1
Marked-to-market value of derivatives	1.4	1.5
Currency gains/(losses) on fair value adjustments	1.4	1.3
Change in provisions	(20.2)	7.3
Net income from associates (Note 15)	0.4	4.5
Net income attributable to non-controlling interests (Note 21)	10.6	9.2
Capital gains/(losses) on disposals	1.4	(28.7)
Deferred tax	(23.2)	8.7
Accrued expenses and income related to share-based payments (Note 30.3)	28.4	11.7
Others	(0.4)	-
Operating cash flows	884.8	722.8
Cost of net debt	16.2	2.3
Current tax expense	398.1	287.1
Operating cash flows before cost of debt and current tax expense	1,299.1	1,012.2
Change in working capital (Note 19.2)	(152.3)	2.7
Cost of net debt	(16.2)	(2.3)
Income tax paid	(359.3)	(276.7)
Net cash from operating activities	771.2	735.9
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of intangible assets (Note 11)	(22.7)	(20.7)
Purchase of property, plant and equipment (Notes 12 and 13)	(240.3)	(164.5)
Investments in associates	(106.9)	(29.2)
Purchase of other financial assets (Note 14.1)	(27.7)	(19.6)
Amounts payable relating to fixed assets	13.0	0.6
Proceeds from sales of operating assets	-	0.2
Proceeds from sales of other financial assets (Note 14.1)	25.8	165.6
Net cash used in investing activities	(358.9)	(67.6)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Dividends paid	(742.3)	(167.3)
Purchase of treasury shares	(9.1)	(284.6)
Borrowings	34.3	40.0
Reimbursements of borrowings	(45.5)	(39.8)
Other equity rises/ (reductions)	0.1	-
Net cash used in financing activities	(762.6)	(451.8)
Effect of changes in the scope of consolidation (Note 19.1)	(0.1)	0.1
Effect of foreign currency exchange on intragroup transactions	3.0	(7.6)
Effect of foreign currency exchange (Note 19.1)	(4.8)	0.8
CHANGE IN NET CASH POSITION (Note 19.1)	(352.2)	209.8
Net cash position at beginning of period (Note 19.1)	1,038.3	828.5
Net cash position at end of period (Note 19.1)	686.1	1,038.3
CHANGE IN NET CASH POSITION (Note 19.1)	(352.2)	209.8





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;
- letters to the shareholders;
- shareholders' agreements.

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.

2013 CALENDAR (FOR INFORMATION ONLY)

Q1 2013 consolidated sales:	22/04/2013
Combined General Meeting of shareholders:	04/06/2013
Q2 2013 consolidated sales:	18/07/2013
H1 2013 consolidated net income:	30/08/2013
Q3 2013 consolidated sales:	07/11/2013

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, 24 May 2013. 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, 31 May 2013.

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 14 May 2013. Shareholders may vote online before the General Meeting until 3:00 p.m. (CET) on the day before the meeting, i.e., until Monday, 3 June 2013.

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 or all of their shares.

However, if the sale takes place before 12:00 midnight (CET) on Thursday, 30 May 2013, the Company shall invalidate or make the applicable changes to any postal vote, online vote, proxy, admission 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, 30 May 2013, 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	5.00%	
1/10	10.00%	Statement of intent
3/20	15.00%	Statement of intent
1/5	20.00%	Statement of intent
1/4	25.00%	Statement of intent
3/10	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	90.00%	
19/20	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, NOMINATIVE REGISTRATION REQUIREMENT

Any natural or legal person, acting alone and/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, must within five Stock Exchange days from the date he has exceeded this threshold, request the registration of his shares in nominative form. This nominative registration requirement applies to all shares already owned, as well as any that come into ownership beyond this threshold. A copy of the nominative registration application, sent by registered post with acknowledgement of receipt to the registered office within ten Stock Exchange days from the date on which the threshold is attained, shall constitute a declaration of attaining the ownership threshold in question.

The registration requirement for securities also applies to any natural or legal person, acting alone and/or jointly, coming into possession, in any manner whatsoever according to 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.

In the event of failure to comply with the above requirements, the shares that exceed the threshold subject to disclosure or having been subject to disclosure shall be disqualified from voting rights. In the event of an adjustment, the corresponding voting rights can only be exercised once the period stipulated by law and current regulations has expired.

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