

HERMÈS

Strong sales and earnings growth

Paris, 25 March 2015

The Executive Management presented the audited accounts¹ for 2014 to the Supervisory Board at its meeting on 24 March 2015. Revenue totalled €4,119 million, up 10% and 11% at constant exchange rates. Operating income was €1 299 million (31.5% of sales), up 7%. Net profitability amounted to 21% of sales, as in 2013.

Sales by region and sector

(at constant exchange rates unless otherwise indicated)

The strong growth in sales generated by the group's own stores in 2014 (+12.7%) results from solid advances in all regions. Hermès continued the qualitative development of its distribution network with the opening of China's first Maison Hermès in Shanghai in September and the opening, renovation or extension of over fifteen outlets.

All regions posted strong advances

America (+15%) confirmed its development dynamic. In the United States, the Atlanta store was extended, and in Brazil the group took over the Sao Paulo concession. Japan (+13%) achieved an excellent year, confirming the positive trend observed in the first nine months. Non-Japan Asia (+13%) posted a good performance in a context marked by recent events in Hong Kong and the general slowdown in China's market. Europe (+7%) continued to progress in spite of a difficult financial climate.

All sectors have grown on, with the exception of Watches

The remarkable growth in Leather Goods and Saddlery (+15%), for which demand remains very high, was supported by the increased production capacities of the two new sites in Isère and Charente. Plans to build two workshops are underway in Franche-Comté.

Ready-to-wear and Accessories (+12%) have been boosted by the success of the latest ready-to-wear collections and fashion accessories, with particular buoyancy in footwear.

The Silk and Textiles business line (+8%) continues to expand its collections with new formats and the use of exceptional materials. A new online showroom and store for Hermès silk *lamaisondescarres.com* was successfully launched in September.

Perfumes (+10%) continue to grow. Two lines were extended with new launches, *Terre d'Hermès Eau très fraîche* and *Jour d'Hermès Absolu*, which were warmly received.

Watches (-11%) remain penalized by the decline in the market, particularly in China.

Other Hermès sectors (+15%) continue to grow. Jewellery, which presented its new haute bijouterie collection at the 24 Faubourg Saint Honoré store in Paris, made a significant contribution to this dynamic with the success of the latest collections in gold.

Net profitability maintained at 21% of sales

Operating income totalled €1 299 million and operating margin amounted to 31.5% of sales, down slightly from the all-time high achieved last year (32.4%) due to the negative impact of currencies.

¹*Audit procedures completed, audit report in production*

Consolidated net income totalled €859 million and rose by 9%, maintaining net profitability at 21% of sales.

Cash flow (€1 049 million) was able to finance all operational and financial investments (€322 million), distribution of the dividend (€285 million) and working capital requirements (€ 105 million). Net cash grew sharply and amounted to €1 422 million on 31 December 2014 versus €1,022 million on 31 December 2013.

In 2014, Hermès International repurchased 38,396 shares for €10 million, outside the movements made in the framework of the liquidity contract.

On 2 September 2014, the companies Hermès International (Hermès) and Moët Hennessy Louis Vuitton (LVMH) reached a settlement agreement presented in a Hermès Group press release dated 12 February 2015, and whose implementation terms are detailed in the press release distributed by LVMH on 3 November 2014.

Growth in workforce

The Hermès Group created nearly 700 new jobs, including over 400 in France, primarily in sales and at its production facilities. At the end of 2014, the group's workforce comprised 11,718 employees, of which 7,051 in France.

2015 outlooks

For 2015, despite the economic, geopolitical and monetary uncertainties around the world, the target rise in revenue at constant exchange rates is around 8%.

Thanks to the success of its unique business model, Hermès will continue its long-term development strategy based on creativity and maintaining control over its know-how.

Staying true to its Parisian roots, Hermès is inviting us to see 2015 with the eye of the *flâneur*. *Flâneurs* have the gift of being able to escape from the everyday to go out into the world with their eyes wide open and experience a chance meeting, the delights of discovery or the benefits of taking a break.

Proposed dividend

A proposal will be submitted to the General Meeting on 2 June 2015 to set the dividend at €2.95 per share. The interim dividend of €1.50 paid on 5 March 2015 will be deducted from the dividend to be approved by the General Meeting. In addition an exceptional dividend of €5 per share will be proposed to the General meeting.

The complete consolidated financial statements will be available by no later than 30 April 2015 at <http://finance.hermes.com> and on the AMF website (www.amf-france.org).