

HERMES

Strong growth in sales and results

Recurring operating income up by +19%

Operating margin reaches 31.8% of sales

Paris, 23 March 2016

At the meeting of the Supervisory Board on 22 March 2016, Management presented the audited accounts¹ for 2015. Revenues amount to €4,841 million, up by 18% and 8% at constant exchange rates. Recurring operating income amounts to €1,541 million (31.8% of sales), up by 19%. Net profitability reached 20% of sales in 2015.

Sales by region and by sector

(at comparable exchange rates unless otherwise indicated)

The sustained rise of 2015 sales in Group stores (+9%) was driven by growth in all regions, despite a contrasted environment. Hermès continued to improve the quality of its distribution network.

Over 2015, all the regions posted growth

- Japan (+18%) confirmed the excellent performance achieved over the first nine months of the year.
- Asia excluding Japan (+5%) improved thanks to sales development in China, despite a difficult context in Hong Kong and Macao.
- America (+7%) pursued its growth. At the end of the year, a new flagship store opened in Miami and the Houston and Dallas stores were renovated and extended.
- Europe (+9%) performed well in the Group's stores, particularly with the renovation and extension of the Bond Street store in London and the Gum store in Moscow. France (+6%) fared remarkably well, despite the negative impact of year-end events.

The sectors confirmed their development thanks to ambitious creations

Growth in Leather Goods and Saddlery (+13%) was driven by sustained demand and the increase in production capacities at the two new sites in Isère and Charente, and the new workshop in Héricourt. Investments for a second site in Franche-Comté continue.

The Ready-to-wear and Accessories division (+8%) benefited from the success of the latest ready-to-wear collections, especially of Nadège Vanhée-Cybulski's first collection, and the dynamic fashion accessories sector, particularly shoes.

The Silk and Textiles business line (-1%), which was hard hit by the year-end events in France, suffered from a slowdown of sales in Greater China but continued to develop in the other.

The Perfumes division (+3%) pursued its development thanks to the success of *Terre d'Hermès* and the new additions to the *Jardins* and *Hermessences* collections. For memory, the 2014 comparative included the launches of *Jour d'Hermès Absolu* and *Terre d'Hermès Eau très fraîche*.

¹ *Audit procedures completed, audit report in progress*

Watches, which remained stable, continue to be penalized by wholesale business in a still challenging market, particularly in Asia excluding Japan.

Other Hermès business lines posted solid growth (+9%), due largely to the success of Gold Jewellery and development in products for the home.

Rise in operating margin to 31.8% of sales

Recurring operating income rose 19% to reach €1,541 million compared to €1,299 million in 2014. Operating margin (31.8% of sales) improved by 0.3 points from 2014 despite the dilutive impact of currency fluctuations.

After inclusion of a heavier tax expense, particularly in France, consolidated net earnings (group share) amount to €973 million, up by 13.2%.

Cash flow reached €1,218 million, up by 16%, and was able to finance all investments (€267 million), the change in working capital requirements (€31 million), the distribution of the common share dividend (€308 million) and the extraordinary dividend (€522 million). Net cash amounts to €1,571 million as at 31 December 2015 compared to €1,422 million as at 31 December 2014.

During 2015, Hermès International redeemed 10,539 shares for €3.5 million, excluding transactions completed within the framework of the liquidity contract.

Growth in workforce

The Hermès Group reinforced its workforce by almost 500 people, including 400 in France, mainly in the production facilities and sales teams. At year-end 2015, the Group employed 12,244 people, of which 7,461 in France.

Outlook

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

As indicated in the February 10th 2015 publication, sales growth in 2016 could be below the medium-term goal of 8% revenue growth at constant exchange rates due to the economic, geopolitical and monetary uncertainties around the world.

In 2016, Hermès will celebrate "nature at a gallop". Through horses, its very first customer, Hermès has developed a genuine and profound bond with nature, built on inspiration, admiration and respect.

Dividend proposal

At the General Meeting on 31 May 2016, a proposal will be made to set the dividend at €3.35 per share. The interim dividend of €1.5 paid on 26 February 2016 will be deducted from the dividend decided by the General Meeting.

The complete consolidated financial statements will be available on 30 April 2016 at the latest, via the following link <http://finance.hermes.com> and on the AMF website (www.amf-france.org).

The press release and the presentation on the 2015 Results are available on the Group's website: <http://finance.hermes.com>.

Coming events:

- 28 April 2016: Publication of Q1 2016 revenues
- 31 May 2016: General Meeting of Shareholders
- 21 July 2016: Publication of Q2 2016 revenues
- 14 September 2016: publication of Results for the first half of 2016