



Paris, 26 February 2020

2019 RESULTS

Exceptional sales and results growth in 2019

Revenue increased by **15%** at current exchange rates and by **12%** at constant rates

The recurring operating income¹, up **13%**, reached **€2.3 billion** at **34%** of sales

The Group's consolidated revenue amounted to €6,883 million in 2019, up +15% at current exchange rates and +12% at constant exchange rates. The recurring operating income¹ increased +13% to €2,339 million (34.0% of sales). Net profit reached €1,528 million (22.2% of sales).

Axel Dumas, Executive Chairman of Hermès, said: "Hermès achieved outstanding performances this year, based on a balanced growth in all the business lines and in all the geographical areas. This sound momentum is supported by our craftsmanship model, the integration of the distribution network and ample creativity, thanks to the talent and incredible commitment displayed by all the women and men of Hermès."

ALL THE GEOGRAPHICAL AREAS POSTED STRONG GROWTH IN 2019

(AT CONSTANT EXCHANGE RATES UNLESS OTHERWISE INDICATED)

The revenue generated in 2019 in the group's stores (+13%) was particularly sustained and was driven by growth in all the geographical areas. Hermès continued to improve the quality of its distribution network, with both store openings, renovation and extension completed on almost twenty stores.

Asia excluding Japan (+18%) pursued its strong growth in Greater China, despite the impact of events in Hong Kong in the last quarter, and in South Asian countries. The stores in Qingdao in China and Hyundai in Korea were extended and reopened in December, after the Xiamen store in China and Phuket Floresta store in Thailand openings earlier in the year. Hermès continues to successfully develop its digital platform, rolled out in Singapore and Malaysia in October.

Japan (+8%) increased, with the year-end impacted by anticipated purchases due to the VAT increase in October. The new platform *hermes.jp* was launched in June.

America (+12%) confirmed its momentum throughout the area. After the recent store openings in New York's Meatpacking district and in Waikiki in Honolulu, the San Francisco store was extended and reopened in November, confirming dynamic growth both in the United States and in the other countries in the area.

Europe excluding France (+8%) achieved a sound performance, driven in particular by the United Kingdom and Italy. In November, Hermès opened its first store in Warsaw, Poland, a new country for the Group. France (+8%) posted

1. Including the impact of the IFRS 16 Leases standard. In accordance with IAS 8, Hermès applied this new standard retrospectively in full and restated the financial statements as at 31 December 2018.

growth, despite the negative impact of the events at the end of year.

SALES BY BUSINESS LINE AT THE END OF DECEMBER

(AT CONSTANT EXCHANGE RATES UNLESS OTHERWISE INDICATED)

All the business lines recorded growth, with outstanding performance of the Ready-to-Wear & Accessories and Jewellery divisions.

Leather Goods and Saddlery (+11%) benefited from sustained demand, both for the re-invented classics and other models such as the *Mosaïque*, *24/24* or *Twins* bags. The increase in production capacities continued, with the ramp-up of the Manufacture de l'Allan workshop, and the launch of the work on the Guyenne and Montereau workshops, due for completion in 2020. A new workshop will be built in Louviers by 2021. A new site in Ardennes, announced for 2022, will become the Group's 21st leather workshop, reinforcing the company's local integration in France and the creation of social value.

The Ready-to-Wear and Accessories division (+17%) confirmed its strong momentum, thanks to the success of the men's and women's ready-to-wear collections, and fashion accessories, particularly shoes.

The Silk and Textiles business line (+7.5%) posted an increase, with collections that combine diversity of materials with strong creativity, both by their design, their new formats, the fabrics and methods used. The 2019 Spring-Summer and Autumn-Winter collections received a very warm welcome.

Perfumes (+4%) improved, driven particularly by the success of *Terre d'Hermès* and *Twilly d'Hermès* and by the new variations *Un Jardin sur la Lagune* and *Twilly d'Hermès Eau poivrée*. The *Maison* will continue to demonstrate entrepreneurial spirit in 2020 with the launch of a new Hermès Beauty business line.

The Watches business line (+12%) recorded a solid sales performance reflecting the creativity of the collections and the network's selectivity. The new women's watch *Galop d'Hermès* was well received, and Hermès Watches were rewarded for the fourth time in November at the *Grand*

Prix de l'Horlogerie de Genève for the *Arceau L'heure de la lune* model.

Other Hermès business lines (+20%), which encompass Jewellery, Art of Living and Hermès Table Arts, were up sharply, with a good increase in Jewellery, particularly thanks to high-end collection, illustrated by the *Black to Light* collection.

STRONG INCREASE IN RESULTS¹ IN 2019

Recurring operating income increased 13% to €2,339 million from €2,075 million in 2018. The recurring operating margin reached 34.0% of sales, compared to 34.8% in 2018, due to the negative impact of foreign exchange hedges.

Consolidated net profit (Group share) reached €1,528 million, compared to €1,405 million at the end of December 2018, +9%. Restated for the non-recurring gain from the sale of the former Galleria store premises in Hong Kong in 2018, the increase in net profit is +13%.

Operating investments amounted to €478 million and adjusted free cash flow² reached €1,406 million.

After payment of the ordinary dividend (€474 million), the net cash position increased by €946 million to €4,562 million compared to €3,615 million as at 31 December 2018.

In 2019, Hermès International redeemed 84,757 shares for €52.4 million, excluding transactions completed within the framework of the liquidity contract.

GROWTH IN WORKFORCE

The Hermès Group continued hiring people and increased its workforce by around 1,100 people. At the end of 2019, the group employed 15,417 people, including 9,522 in France.

Hermès will pay a €1,500 bonus to all employees in 2020 following the good 2019 Results. This measure confirms the willingness and commitment to share the fruits of growth with all those who contribute to it on a daily basis, after the announcement of a new free share plan to all employees in July 2019.

1. Including the impact of the IFRS 16 Leases standard. In accordance with IAS 8, Hermès applied this new standard retrospectively in full and restated the financial statements as at 31 December 2018.

2. Adjusted free cash flow corresponds to the sum of operating cash flows and change in working capital requirement, less operating investments and repayment of lease liabilities, as per IFRS cash flow statement.

OUTLOOK

In the medium term, despite economic, geopolitical and monetary uncertainties around the world, the Group confirms an ambitious goal for revenue growth at constant exchange rates.

With pride in its artisanal model, in 2020 Hermès pays tribute to the extraordinary tool that is the human hand, as well as to the ingenuity that drives every one of the house's craftsmen and women. For it is this combination that characterises the innovative spirit of Hermès, its commitment to Innovation in the making.

Thanks to its unique business model, Hermès is pursuing its long-term development strategy based on

creativity, maintaining control over know-how and singular communication.

PROPOSED DIVIDEND

At the General Meeting of 24 April 2020, a dividend proposal of €5.00 per share will be made. The €1.50 interim dividend to be paid on 5 March 2020 will be deducted from the dividend approved by the General Meeting.

UPCOMING EVENTS

- **23 April 2020** : Q1 2020 revenue publication
- **24 April 2020** : General Meeting of shareholders
- **30 July 2020** : First half 2020 results publication

The press release and the presentation of the 2019 Results are available on the Group's website: <https://finance.hermes.com>.

At the meeting of the Supervisory Board on 25 February 2020, Executive Management presented the audited financial statements for 2019. The audit procedures have been completed and the audit report is under preparation. The complete consolidated financial statements will be available by 31 March 2020 at the following address <https://finance.hermes.com> and on the AMF website www.amf-france.org.

2019 key figures

<i>in millions of euros</i>	2019	2018 restated*
Revenue	6,883	5,966
Growth at current exchange rates vs. n-1	15.4%	7.5%
Growth at constant exchange rates vs. n-1 ⁽¹⁾	12.4%	10.4%
Recurring operating income ⁽²⁾	2,339	2,075
As a % of revenue	34.0%	34.8%
Operating income	2,339	2,128
As a % of revenue	34.0%	35.7%
Net profit – Group share	1,528	1,405
As a % of revenue	22.2%	23.6%
Operating cash flows	2,063	1,863
Investments (excluding financial investments)	478	312
Adjusted free cash flow ⁽³⁾	1,406	1,447
Equity – Group share	6,568	5,470
IFRS net cash position ⁽⁴⁾	4,372	3,465
Restated net cash position ⁽⁵⁾	4,562	3,615
Workforce (number of employees)	15,417	14,284

* 2018 restatements relate to the application of the IFRS 16 - Leases standard on a retrospective basis.

(1) Growth at constant exchange rates is calculated by applying the average exchange rates of the previous period to the current period's revenue, for each currency.

(2) Recurring operating income is one of the main performance indicators monitored by the group's General Management. It corresponds to the operating income excluding non-recurring items having a significant impact likely to affect the understanding of the group's economic performance.

(3) Adjusted free cash flow corresponds to the sum of operating cash flows and change in working capital requirement, less operating investments and repayment of lease liabilities, as per IFRS cash flow statement.

(4) The IFRS net cash position includes cash and cash equivalents, less bank overdrafts and short-term debts. It doesn't include liabilities related to the application of IFRS 16.

(5) The restated net cash position includes short-term investments that do not meet IFRS cash equivalents criteria mainly because their original maturity exceeds three months.

REVENUE BY GEOGRAPHICAL AREA ⁽¹⁾

in millions of euros	Fiscal year		Evolutions	
	2019	2018	Published	At constant exchange rates
France	867.3	802.2	8.1%	8.1%
Europe (excl. France)	1,201.9	1,106.5	8.6%	8.1%
Total Europe	2,069.1	1,908.7	8.4%	8.1%
Japan	864.0	748.3	15.5%	8.2%
Asia-Pacific (excl. Japan)	2,589.6	2,142.4	20.9%	17.8%
Total Asia	3,453.6	2,890.7	19.5%	15.3%
Americas	1,240.7	1,058.6	17.2%	12.0%
Other	120.0	108.1	11.0%	10.9%
TOTAL	6,883.4	5,966.1	15.4%	12.4%

in millions of euros	4 th quarter		Evolutions	
	2019	2018	Published	At constant exchange rates
France	244.0	214.9	13.5%	13.5%
Europe (excl. France)	343.4	322.0	6.6%	5.5%
Total Europe	587.4	536.9	9.4%	8.7%
Japan	237.3	222.2	6.8%	(0.1)%
Asia-Pacific (excl. Japan)	642.7	550.5	16.7%	14.3%
Total Asia	880.1	772.7	13.9%	10.2%
Americas	374.0	310.7	20.4%	16.8%
Other	29.9	29.9	(0.1)%	(0.2)%
TOTAL	1,871.3	1,650.2	13.4%	10.7%

(1) Sales by destination.

REVENUE BY SECTOR

in millions of euros	Fiscal year		Evolutions	
	2019	2018	Published	At constant exchange rates
Leather Goods and Saddlery ⁽¹⁾	3,414.3	2,975.8	14.7%	11.3%
Ready-to-wear and Fashion accessories ⁽²⁾	1,574.2	1,310.4	20.1%	17.1%
Silk and Textiles	592.5	536.9	10.3%	7.5%
Other Hermès sectors ⁽³⁾	524.9	424.7	23.6%	20.4%
Perfumes	325.9	311.7	4.6%	4.1%
Watches	193.4	168.6	14.7%	11.6%
Other products ⁽⁴⁾	258.2	238.0	8.5%	7.0%
TOTAL	6,883.4	5,966.1	15.4%	12.4%

in millions of euros	4 th quarter		Evolutions	
	2019	2018	Published	At constant exchange rates
Leather Goods and Saddlery ⁽¹⁾	922.0	820.7	12.3%	9.4%
Ready-to-wear and Fashion accessories ⁽²⁾	399.4	335.5	19.1%	16.5%
Silk and Textiles	189.0	173.5	8.9%	6.3%
Other Hermès sectors ⁽³⁾	144.3	120.7	19.5%	16.8%
Perfumes	79.9	73.3	9.0%	8.5%
Watches	54.4	50.3	8.1%	5.4%
Other products ⁽⁴⁾	82.4	76.2	8.1%	6.4%
TOTAL	1,871.3	1,650.2	13.4%	10.7%

(1) The "Leather Goods and Saddlery" business line includes bags, riding, diaries and small leather goods.

(2) The "Ready-to-wear and Accessories" division includes Hermès Ready-to-wear for men and women, belts, fashion accessories, gloves, hats and shoes.

(3) The "Other Hermès business lines" include Jewellery and Hermès home products (Art of Living and Hermès Tableware).

(4) The "Other products" include the production activities carried out on behalf of non-group brands (textile printing, tanning...), as well as the John Lobb, Saint-Louis, Puiforcat and Shang Xia products.

Extract from consolidated accounts

Financial statements of the year, including notes to the consolidated accounts, will be available at the end of March 2020 on the website <https://finance.hermes.com>, together with the other chapters of the Annual Financial Report.

CONSOLIDATED STATEMENT OF INCOME

<i>in millions of euros</i>	2019	2018 restated⁽¹⁾
Revenue	6,883.4	5,966.1
Cost of sales	(2,124.9)	(1,791.8)
Gross margin	4,758.5	4,174.3
Selling, marketing and administrative expenses	(1,815.7)	(1,562.3)
Other income and expenses	(604.0)	(536.7)
Recurring operating income	2,338.9	2,075.3
Other non-recurring income and expenses	-	52.7
Operating income	2,338.9	2,128.0
Net financial income	(68.6)	(61.8)
Net income before tax	2,270.3	2,066.2
Income tax	(751.0)	(672.2)
Net income from associates	15.9	16.6
CONSOLIDATED NET INCOME	1,535.3	1,410.6
Net income attributable to non-controlling interests	(7.0)	(5.1)
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	1,528.2	1,405.5
Earnings per share in euros	14.66	13.48
Diluted earnings per share in euros	14.55	13.40

(1) Including the impact of IFRS 16 on leases. In accordance with IAS 8, Hermès has applied the new standard on a full retrospective basis and has restated the financial statements for the period ended 31 December 2018.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>in millions of euros</i>	2019	2018 restated⁽¹⁾
Consolidated net income	1,535.3	1,410.6
Changes in foreign currency adjustments ⁽²⁾	50.1	74.8
Future cash flow hedges in foreign currencies ^{(2) (3)}	2.8	(76.8)
– change in fair value	(32.9)	(37.6)
– recycling through profit or loss	35.7	(39.3)
Assets at fair value ⁽³⁾	-	27.6
Employee benefit obligations: change in value linked to actuarial gains and losses ⁽³⁾	(36.0)	5.5
Net comprehensive income	1,552.2	1,441.7
– attributable to owners of the parent	1,544.4	1,436.3
– attributable to non-controlling interests	7.7	5.5

(1) Including the impact of IFRS 16 on leases. In accordance with IAS 8, Hermès has applied the new standard on a full retrospective basis and has restated the financial statements for the period ended 31 December 2018.

(2) Transferable through profit or loss.

(3) Net of taxes.

CONSOLIDATED BALANCE SHEET

ASSETS			
<i>in millions of euros</i>	31/12/2019	31/12/2018	01/01/2018
		<i>restated⁽¹⁾</i>	<i>restated⁽¹⁾</i>
Goodwill	16.2	15.7	32.9
Intangible assets	184.1	142.0	131.9
Right-of-use assets	954.3	982.9	910.3
Property, plant and equipment	1,541.8	1,345.4	1,283.3
Investment property	78.0	76.9	79.8
Financial assets	357.4	313.9	271.4
Investments in associates	79.3	75.1	72.5
Loans and deposits	58.1	46.7	47.0
Deferred tax assets	510.8	462.4	363.5
Other non-current assets	10.5	15.3	29.0
Non-current assets	3,790.6	3,476.4	3,221.6
Inventories and work-in-progress	1,132.6	963.6	896.2
Trade and other receivables	317.9	280.7	255.9
Current tax receivables	20.7	17.9	32.6
Other assets	198.6	199.4	246.8
Financial derivatives	36.5	34.9	101.1
Cash and cash equivalents	4,384.2	3,479.1	2,931.9
Current assets	6,090.5	4,975.5	4,464.5
TOTAL ACTIF	9,881.1	8,451.9	7,686.1

LIABILITIES			
<i>in millions of euros</i>	31/12/2019	31/12/2018	01/01/2018
		<i>restated⁽¹⁾</i>	<i>restated⁽¹⁾</i>
Share capital	53.8	53.8	53.8
Share premium	49.6	49.6	49.6
Treasury shares	(508.8)	(465.2)	(453.6)
Reserves	5,255.7	4,290.1	3,983.5
Foreign currency adjustments	138.7	88.0	13.5
Revaluation adjustments	50.9	48.0	131.4
Net income attributable to owners of the parent	1,528.2	1,405.5	1,226.4
Equity attributable to owners of the parent	6,568.1	5,469.8	5,004.6
Non-controlling interests	7.8	4.9	6.6
Equity	6,575.9	5,474.7	5,011.2
Borrowings and financial liabilities due in more than one year	29.6	27.5	23.5
Lease liabilities due in more than one year	896.0	936.7	846.4
Non-current provisions	29.0	16.4	19.2
Post-employment and other employee benefit obligations due in more than one year	270.0	196.0	188.2
Deferred tax liabilities	24.6	37.3	45.1
Other non-current liabilities	32.5	46.5	84.4
Non-current liabilities	1,281.7	1,260.4	1,206.9
Borrowings and financial liabilities due in less than one year	20.5	22.5	30.1
Lease liabilities due in less than one year	195.6	179.3	160.4
Current provisions	101.4	96.3	147.1
Post-employment and other employee benefit obligations due in less than one year	18.2	6.9	6.0
Trade and other payables	480.4	467.0	481.0
Financial derivatives due in less than one year	47.1	57.8	18.8
Tax liabilities	360.1	314.6	141.1
Other current liabilities	800.2	572.2	483.4
Current liabilities	2,023.6	1,716.7	1,467.9
TOTAL EQUITY AND LIABILITIES	9,881.1	8,451.9	7,686.1

(1) Including the impact of IFRS 16 on leases. In accordance with IAS 8, Hermès has applied the new standard on a full retrospective basis and has restated the financial statements for the periods ended 31 December 2018 and the opening balance sheet as at 1st January 2018.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in millions of euros	Number of shares	Share capital	Share premium	Treasury shares	Consolidated reserves and net income attributable to owners of the parent	Actuarial gains and losses	Foreign currency adjustments	Revaluation adjustments			Non-controlling interests	Equity
								Financial investments	Future cash flow hedge in foreign currencies	Equity attributable to owners of the parent		
As at 31 December 2017	105,569,412	53.8	49.6	(453.6)	5,346.4	(102.5)	13.8	72.7	58.7	5,039.0	6.6	5,045.5
First-time application of IFRS 16					(34.1)		(0.3)			(34.4)		(34.3)
As at 1 January 2018 – restated 1	105,569,412	53.8	49.6	(453.6)	5,312.3	(102.5)	13.5	72.7	58.7	5,004.6	6.6	5,011.2
Net income attributable to owners of the parent		-	-	-	1,405.5	-	-	-	-	1,405.5	5.1	1,410.6
Other comprehensive income		-	-	-	-	5.5	74.4	27.6	(76.8)	30.7	0.4	31.1
<i>Comprehensive income</i>		-	-	-	1,405.5	5.5	74.4	27.6	(76.8)	1,436.3	5.5	1,441.8
Change in share capital and share premium		-	-	-	-	-	-	-	-	0.0	-	-
Purchase or sale of treasury shares		-	-	(11.6)	(47.8)	-	-	-	-	(59.5)	-	(59.5)
Share-based payments		-	-	-	51.3	-	-	-	-	51.3	-	51.3
Dividends paid		-	-	-	(954.0)	-	-	-	-	(954.0)	(4.3)	(958.2)
First-time application of IFRS 9		-	-	-	34.2	-	-	-	(34.2)	-	-	-
Other		-	-	-	(8.7)	-	-	-	-	(8.7)	(2.9)	(11.6)
As at 31 December 2018 – restated 1	105,569,412	53.8	49.6	(465.2)	5,792.6	(97.0)	88.0	100.3	(52.3)	5,469.8	4.9	5,474.7
Net income attributable to owners of the parent		-	-	-	1,528.2	-	-	-	-	1,528.2	7.0	1,535.3
Other comprehensive income		-	-	-	-	(36.0)	49.4	-	2.8	16.2	0.7	16.9
<i>Comprehensive income</i>		-	-	-	1,528.2	(36.0)	49.4	-	2.8	1,544.4	7.7	1,552.2
Change in share capital and share premium		-	-	-	-	-	-	-	-	0.0	-	-
Purchase or sale of treasury shares		-	-	(43.5)	(5.4)	-	-	-	-	(48.9)	-	(48.9)
Share-based payments		-	-	-	87.7	-	-	-	-	87.7	-	87.7
Dividends paid		-	-	-	(482.6)	-	-	-	-	(482.6)	(4.0)	(486.6)
Other		-	-	-	(3.5)	-	1.3	-	-	(2.2)	(0.8)	(3.0)
AS AT 31 DECEMBER 2019	105,569,412	53.8	49.6	(508.8)	6,917.0	(133.0)	138.7	100.3	(49.5)	6,568.1	7.8	6,575.9

(1) Including the impact of IFRS 16 on leases. In accordance with IAS 8, Hermès has applied the new standard on a full retrospective basis and has restated the financial statements for the periods ended 31 December 2018 and the opening balance sheet as at 1st January 2018.

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>in millions of euros</i>	2019	2018 restated⁽¹⁾
CASH FLOWS RELATED TO OPERATING ACTIVITIES		
Net income attributable to owners of the parent	1,528.2	1,405.5
Depreciation of assets	236.2	217.0
Amortization of right-of-use assets	211.5	188.8
Impairment losses	28.5	70.3
<i>Mark-to-Market financial instruments</i>	(0.3)	(0.2)
Foreign exchange gains/(losses) on fair value adjustments	(19.0)	(3.6)
Change in provisions	41.0	30.3
Net income from associates	(15.9)	(16.6)
Net income attributable to non-controlling interests	7.0	5.1
Capital gains/(losses) on disposals	1.2	(49.5)
Deferred tax expense	(29.0)	(24.7)
Accrued expenses and income related to share-based payments	87.7	51.4
Dividend income	(13.3)	(10.0)
Other	(0.3)	(0.3)
Operating cash flows	2,063.3	1,863.4
Change in working capital requirements	23.9	76.7
Change in net cash related to operating activities (A)	2,087.3	1,940.1
CASH FLOWS RELATED TO INVESTING ACTIVITIES		
Operating investments	(478.0)	(312.3)
Acquisitions of investment securities	(12.8)	(8.4)
Acquisitions of other financial assets	(76.6)	(80.0)
Change in amounts payable to fixed asset suppliers	23.5	(4.4)
Proceeds from sale of operating assets	0.3	69.1
Disposals of other financial assets	35.0	69.1
Dividends received	37.5	27.6
Change in net cash related to investing transactions (B)	(471.1)	(239.3)
CASH FLOWS RELATED TO FINANCING ACTIVITIES		
Dividends paid	(486.6)	(958.3)
Repayment of lease liabilities	(202.8)	(180.7)
Treasury share buybacks net of disposals	(53.1)	(59.7)
Borrowing subscriptions	0.0	0.2
Repayment of borrowings	(0.3)	(1.8)
Change in net cash related to financing activities (C)	(742.8)	(1,200.4)
Change in scope (D)	-	-
Foreign currency translation adjustment (E)	33.1	52.8
CHANGE IN NET CASH (A) + (B) + (C) + (D) + (E)	906.5	553.4
Net cash at the beginning of the period	3,465.1	2,911.7
Net cash at the end of the period	4,371.6	3,465.1
CHANGE IN NET CASH	906.5	553.4

(1) Including the impact of IFRS 16 on leases. In accordance with IAS 8, Hermès has applied the new standard on a full retrospective basis and has restated the financial statements for the period ended 31 December 2018.

INFORMATION ABOUT IFRS16 APPLICATION

- **Principle:** applies to the fixed part of leases (essentially related to store premises) in Hermès
- **First time application as of January 1st, 2019:** full retrospective approach adopted (restatement of financial statements as of December 31, 2018 as if the standard had always been applied) allowing a comparison of published financial statements as of December 31, 2019
- **Income statement impact:** no significant impact on net income
 - Positive impact on 2019 and 2018 recurring operating profitability of around +0.4pt
 - Impact on financial result: interest cost on lease liabilities of € -25 million in 2019 and € -27 million in 2018
- **Balance sheet impact:** € +1 billion
 - Assets: rights-of-use depreciated over the lease term
 - Liabilities: initial amount of the lease liability equivalent to the discounted present value of future payments
 - No significant impact on opening shareholders' equity at 1 January 2018 (€ -34 million)
- **No cash impact** but on the cash flow statement presentation
 - Operating cash flows increased by the depreciation of the rights-of-use and as a counterpart, inclusion of a repayment of lease liabilities (€ 203 million in 2019 vs € 181 million in 2018)
 - Change of free cash flow definition⁽¹⁾

(1) Adjusted free cash flow = operating cash flows + change in working capital requirement – operating investments – repayment of lease liabilities, as per IFRS cash flow statement