



HERMÈS

Quarterly information report as at the end of September 2020

**Hermès returned to growth in the third quarter (+7% at constant exchange rates)
At the end of September, revenue reached €4.3bn (-14% at constant exchange rates)**

Paris, 22 October 2020

After a second quarter marked by the health and economic crisis, sales in the third quarter (+7% at constant exchange rates and +4% at current exchange rates) are driven by strong activity in the group's stores (+12% at constant exchange rates), the momentum in Asia and a significant improvement in all other geographical areas.

At the end of September 2020, the Group's consolidated revenue amounted to €4,288 million, down 14% at current exchange rates and at constant exchange rates.

Axel Dumas, Executive Chairman of Hermès, said: *"In 2020, we are seeing the affirmation of major strategic commitments with social and environmental responsibility, the digitalisation of uses and lifestyles, as well as positive market dynamics in Asia. Taking into account these profound and lasting changes allows us today to remain confident despite a still uncertain future. Our good performance enables us to continue to invest and to create jobs. I would like to thank all the teams at Hermès who work daily to keep the house growing."*

Sales by geographical area at the end of September

(at comparable exchange rates, unless otherwise indicated)

At the end of September 2020, sales in the group's stores were down 11% at constant exchange rates, with a third quarter up 12%. The acceleration of online sales is strengthening, with no rupture in trends, with a sharp increase in traffic and conversion rates. Wholesale activities are down 35% over nine months, mainly penalised by travel retail.

- Asia excluding Japan (+4%) pursued its very favourable dynamic, driven by an excellent third quarter up 29%. It benefitted from the remarkable performance of Mainland China, Korea, Australia and Thailand. The activity in Hong Kong and Singapore improved. Online sales are growing strongly and benefit from the new digital platform, deployed this year in Hong Kong, Macao and Korea. In China, the Dalian store was expanded and renovated in September.
- Japan (-11%), after the unfavourable impact of store closings in the spring, saw a strong upturn in the third quarter up by 11%. It confirmed its momentum thanks to the loyalty of local customers, despite a high comparison basis due to anticipated purchasing expectations linked to the VAT hike last year.

The Sendai store was renovated in September, after the Marunouchi store in Tokyo in August. A fourth store opened in the Shinsaibashi district in Osaka.

- America (-29%) is slightly down in the third quarter due to the store closures in Hawaii since August. The Denver store in Colorado reopened in August at a new location.
- Europe excluding France (-27%) and France (-33%) are still suffering from the drop in tourist flows, partly offset by local customers. A new store was opened in September in Vremena Goda, Hermès' third Moscow address, twenty years after the first store opened on Stoleshnikov Lane.

Sales by business line at the end of September

(at comparable exchange rates, unless otherwise indicated)

The Leather Goods and Saddlery business line (-13%), improved strongly in the third quarter, which renewed with a +8% growth as a result of the resumption of deliveries and sustained demand. The increase in production capacities continues, with the opening of the sites in Guyenne (Gironde) and Montereau (Seine-et-Marne) in 2021, consolidation of our capacities in Normandy with the Louviers site (Eure) in 2022, and the project in Ardennes in 2023. A second production site in Auvergne has been announced and will become the 22nd Leather Goods and Saddler workshop. They are all located in France where Hermès continues to consolidate its local presence.

The Group's other business lines also benefitted from the good resumption of business in the different geographical areas. Ready-to-Wear and Accessories (-16%) showed a strong turnaround in the third quarter at +7%. The Women's Spring-Summer 2021 fashion show, presented at the Paris Tennis Club in October, met great success, after that of the men's collection early in July. Silk and Textiles (-32%) was penalised by a high comparison basis in the third quarter and by the lower sales in travel retail.

Perfumes, also penalized by the impact of travel retail activity, were down 22%. After the very successful launch of the first collection of lipsticks in early February, the Beauty line continued to perform well. Watches (-8%) achieved a very good third quarter, up 13%. The Other Hermès business lines (+ 12%) are highly growing with a 42% increase in the 3rd quarter, thanks to Jewellery and Home universe. The new *Lignes sensibles* high jewellery collection was unveiled at the end of September.

Highlights

At the end of September, currency fluctuations represented an unfavourable impact of €22 million on revenue.

Over the first nine months, Hermès International redeemed 168,780 shares for €123 million, excluding transactions completed within the framework of the liquidity contract.

Outlook

For 2020, the impacts of the Covid-19 epidemic remain difficult to assess, as the scale, duration and geographic extent of the crisis evolve every day. Our highly integrated craftsmanship model and balanced distribution network, as well as the appeal of our collections and our customers' loyalty give us confidence in the future and support our resumption of operations. The Group remains highly involved and active by regularly assessing the situation and adapting measures to those taken by health and public authorities.

Thanks to its unique business model, Hermès is pursuing its long-term development strategy based on creativity, control over know-how and singular communication.

With pride in its craftsmanship model, in 2020 Hermès pays tribute to the extraordinary tool that is the 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 the *Saddler's spirit*.

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

*The press release on revenue at the end of September 2020 is available on the Group's website:
<https://finance.hermes.com>.*

Upcoming events:

- 19 February 2021: publication of the 2020 annual results
- 22 April 2021: publication of Q1 2021 revenue
- 4 May 2021 : Shareholders' 2021 General Meeting

REVENUE BY GEOGRAPHICAL AREA ¹

In millions of Euros	As of Sept. 30th		Evolutions	
	2020	2019	Published	At constant exchange rates
France	420.0	623.3	(32.6)%	(32.6)%
Europe (excl. France)	629.3	858.5	(26.7)%	(26.5)%
Total Europe	1,049.3	1,481.8	(29.2)%	(29.1)%
Japan	566.5	626.7	(9.6)%	(10.9)%
Asia-Pacific (excl. Japan)	1,994.6	1,946.8	2.5%	3.6%
Total Asia	2,561.1	2,573.5	(0.5)%	0.1%
Americas	606.5	866.7	(30.0)%	(29.3)%
Other	71.4	90.1	(20.8)%	(20.9)%
TOTAL	4,288.3	5,012.1	(14.4)%	(14.0)%

In millions of Euros	3rd quarter		Evolutions	
	2020	2019	Published	At constant exchange rates
France	167.8	217.5	(22.8)%	(22.8)%
Europe (excl. France)	280.4	313.9	(10.7)%	(9.9)%
Total Europe	448.1	531.3	(15.7)%	(15.2)%
Japan	244.3	226.0	8.1%	11.1%
Asia-Pacific (excl. Japan)	810.8	647.5	25.2%	29.2%
Total Asia	1,055.2	873.5	20.8%	24.6%
Americas	269.8	297.5	(9.3)%	(5.2)%
Other	27.2	25.5	6.6%	6.5%
TOTAL	1,800.3	1,727.9	4.2%	6.9%

¹ Sales by destination.

REVENUE BY SECTOR

In millions of Euros	As of Sept. 30th		Evolutions	
	2020	2019	Published	At constant exchange rates
Leather Goods and Saddlery ¹	2,159.9	2,492.3	(13.3)%	(12.9)%
Ready-to-Wear and Accessories ²	974.4	1,174.8	(17.1)%	(16.4)%
Silk and Textiles	271.0	403.5	(32.8)%	(32.4)%
Other Hermès sectors ³	424.2	380.6	11.4%	12.0%
Perfumes	191.2	246.0	(22.3)%	(22.2)%
Watches	127.6	139.0	(8.2)%	(7.7)%
Other products ⁴	140.0	175.8	(20.4)%	(20.3)%
TOTAL	4,288.3	5,012.1	(14.4)%	(14.0)%

In millions of Euros	3rd quarter		Evolutions	
	2020	2019	Published	At constant exchange rates
Leather Goods and Saddlery ¹	879.8	839.9	4.8%	7.8%
Ready-to-Wear and Accessories ²	437.4	420.3	4.1%	6.8%
Silk and Textiles	105.8	137.0	(22.8)%	(20.5)%
Other Hermès sectors ³	184.9	133.1	39.0%	42.4%
Perfumes	78.3	87.3	(10.4)%	(9.9)%
Watches	53.4	48.5	10.0%	12.7%
Other products ⁴	60.7	61.9	(2.0)%	(1.0)%
TOTAL	1,800.3	1,727.9	4.2%	6.9%

¹ The “Leather Goods and Saddlery” business line includes bags, riding, diaries and small leather goods.

² The “Ready-to-wear and Accessories” business line includes Hermès Ready-to-wear for men and women, belts, costume jewellery, 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.

REMINDER OF PREVIOUS PUBLICATIONS

INFORMATION BY GEOGRAPHICAL ZONE*

In millions of Euros	2020			2019		
	Q1 Report	Q2 Report	H1 report	Q1 Report	Q2 Report	H1 report
France	168.9	83.4	252.2	184.8	221.0	405.8
Europe (excl. France)	234.7	114.3	348.9	261.6	283.0	544.6
Total Europe	403.5	197.7	601.2	446.4	504.0	950.4
Japan	213.6	108.6	322.2	204.2	196.5	400.6
Asia-Pacific (excl. Japan)	600.9	582.9	1,183.7	655.9	643.4	1,299.3
Total Asia	814.5	691.5	1,505.9	860.1	839.9	1,700.0
Americas	258.5	78.3	336.8	269.7	299.6	569.2
Other	29.0	15.1	44.1	33.5	31.1	64.6
TOTAL	1,505.5	982.5	2,488.0	1,609.7	1,674.5	3,284.2

* Sales by destination.

INFORMATION BY SECTOR

In millions of Euros	2020			2019		
	Q1 Report	Q2 Report	H1 report	Q1 Report	Q2 Report	H1 report
Leather Goods and Saddlery ¹	771.1	509.0	1,280.1	808.2	844.2	1,652.4
Ready-to-Wear and Accessories ²	325.8	211.3	537.0	360.2	394.4	754.6
Silk and Textiles	115.0	50.2	165.2	140.4	126.2	266.6
Other Hermès sectors ³	122.9	116.4	239.2	116.7	130.9	247.6
Perfumes	82.1	30.8	112.9	84.6	74.1	158.7
Watches	41.0	33.2	74.2	43.4	47.1	90.5
Other products ⁴	47.7	31.6	79.3	56.2	57.7	113.9
TOTAL	1,505.5	982.5	2,488.0	1,609.7	1,674.5	3,284.2

¹ The “Leather Goods and Saddlery” business line includes bags, riding, diaries and small leather goods.

² The “Ready-to-wear and Accessories” business line includes Hermès Ready-to-wear for men and women, belts, costume jewellery, 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.

REMINDER - FIRST HALF 2020 KEY FIGURES

(In millions of euros)	H1 2020	FY 2019	H1 2019
Revenue	2,488	6,883	3,284
Growth at current exchange rates vs. n-1	-24.2%	15.4%	15.1%
Growth at constant exchange rates vs. n-1 ⁽¹⁾	-24.9%	12.4%	12.0%
Recurring operating income ⁽²⁾	535	2,339	1,144
As a % of revenue	21.5%	34.0%	34.8%
Operating income	535	2,339	1,144
As a % of revenue	21.5%	34.0%	34.8%
Net profit – Group share	335	1,528	754
As a % of revenue	13.5%	22.2%	23.0%
Operating cash flows	634	2,063	971
Investments (excluding financial investments)	162	478	170
Adjusted free cash flow ⁽³⁾	27	1,406	618
Equity – Group share	6,340	6,568	5,763
IFRS net cash position ⁽⁴⁾	3,742	4,372	3,532
Restated net cash position ⁽⁵⁾	3,922	4,562	3,740
Workforce (number of employees)	15,698	15,417	14,751

⁽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.

Limited review procedures have been carried out on the condensed interim consolidated financial statements by the Statutory Auditors in accordance with applicable regulations.

The half-year financial report, the press release and the presentation of the 2020 half-year results are available on the group's website: <https://finance.hermes.com>.