

HERMÈS

Quarterly information report as at the end of September 2019

Strong sales increase at the end of September (+16% at current rates and +13% at constant rates), driven by an exceptional 3rd quarter

Paris, 24 October 2019

The group's consolidated revenue amounted to €5,012 million at the end of September 2019, up +16% at current exchange rates and +13% at constant exchange rates. The strong sales growth in the group's stores (+14% at constant exchange rates) confirms the trends seen over the first six months of the year.

The robust growth in the third quarter (+18% at current exchange rates and +15% at constant exchange rates) benefited from the sustained momentum in all the geographical areas.

Axel Dumas, Executive Chairman of Hermès, said: *"Despite an uncertain international environment, Hermès is experiencing exceptional sales growth over the first nine months reflecting our creative drive, excellent know-how and customers' adhesion. Hermès is proud to continue job creation in France and to reinforce regional anchoring."*

Sales by geographical area at the end of September

(at comparable exchange rates, unless otherwise indicated)

At the end of September 2019, all the geographical areas posted an increase in revenue:

- Asia excluding Japan (+19%) gained from an outstanding performance in mainland China, and from strong growth in the area, despite the impact of events in Hong Kong. Sales increased in all countries in the area. In China, Hermès opened its 26th store in Xiamen in July, and continued to successfully develop the new commercial platform *hermes.cn*. The Siam Paragon store reopened in Bangkok.
- Japan (+12%) confirmed its sound momentum and benefited from early purchases linked to higher VAT. The Iwataya store in Fukuoka and the Nihombashi store in Tokyo were extended and renovated.
- America (+10%) posted strong growth, especially in the United States. A new store opened in Vancouver in Canada in September, and the Masaryk store in the centre of Mexico reopened in July.
- Europe excluding France (+9%) and France (+6%) achieved sound performances, with in particular robust growth in the UK, in Italy and in the Parisian stores.

Sales by business line at the end of September

(at comparable exchange rates, unless otherwise indicated)

All the business lines reported growth at the end of September.

Growth in Leather Goods and Saddlery (+12%) was sustained with the strength of the *Hermès'* classics and their variations in new materials such as wicker for the *Kelly Picnic*, other recent models such as the *Mosaïque* and *24/24* bags and newcomers like the *Twins* bag. Production capacities continued to increase, with the announcement of a new leather workshop in the Ardennes region by 2022. With the opening of the Guyenne and Montereau workshops, scheduled for completion by 2020, and the Louviers workshop by 2021, the new site in Ardennes will be the 21st leather workshop of the group.

The Ready-to-Wear and Accessories division (+17%) pursued its strong momentum both for the women and men ready-to-wear and for accessories and shoes. The Women's 2020 Spring-Summer fashion show, held at the Paris Tennis Club in September, received a warm welcome.

The Silk and Textiles business line (+8%) posted an increase, with collections that combine a diversity of materials with creative design. The 2019 Spring-Summer collection met a great success.

Perfumes (+3%) are increasing, despite comparison bases that incorporated the launches of *Terre d'Hermès Eau intense vétiver* in 2018 and *Twilly d'Hermès* in 2017. The *Twilly Eau poivrée* perfume variation was launched in August.

The Watches business line (+14%) achieved a good performance.

Other Hermès business lines (+22%), which encompass Jewellery, Art of Living and Hermès Table Arts, recorded strong growth, driven particularly by Jewellery.

Highlights

At the end of September, currency fluctuations were favourable, representing a positive impact of €136 million on revenue.

Over the first nine months, Hermès International redeemed 67,544 shares for €41 million, excluding transactions completed within the framework of the liquidity contract.

Outlook

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.

Thanks to its unique business model, Hermès is pursuing its long-term development strategy based on creativity, mastery and transmission of know-how, and quality requirements.

In the pursuit of dreams is the theme of the year 2019. Celebrating the dream of Hermès means asserting the need to dare to see even further, to open the field of the imagination that stimulates creation.

*The press release on revenue at the end of September 2019 is available on the group's website:
<https://finance.hermes.com>*

Upcoming events:

Starting 1st January 2020, the Hermès group will communicate on the same day revenue and results for the full-year and half-year publications.

- 26 February 2020: Q4 2019 revenue and 2019 results publication
- 23 April 2020: Q1 2020 revenue publication
- 24 April 2020: General Meeting of Shareholders

INFORMATION BY GEOGRAPHICAL ZONE ¹

In millions of Euros	As of Sept 30th		Evolutions	
	2019	2018	Published	At constant exchange rates
France	623.3	587.3	6.1%	6.1%
Europe (excl. France)	858.5	784.4	9.4%	9.2%
Total Europe	1,481.8	1,371.8	8.0%	7.9%
Japan	626.7	526.1	19.1%	11.6%
Asia-Pacific (excl. Japan)	1,946.8	1,591.9	22.3%	19.0%
Total Asia	2,573.5	2,118.0	21.5%	17.2%
Americas	866.7	747.9	15.9%	10.1%
Other	90.1	78.2	15.3%	15.2%
TOTAL	5,012.1	4,315.8	16.1%	13.0%

In millions of Euros	3rd quarter		Evolutions	
	2019	2018	Published	At constant exchange rates
France	217.5	197.0	10.4%	10.4%
Europe (excl. France)	313.9	283.7	10.6%	10.1%
Total Europe	531.3	480.7	10.5%	10.2%
Japan	226.0	181.3	24.6%	15.2%
Asia-Pacific (excl. Japan)	647.5	519.0	24.8%	21.8%
Total Asia	873.5	700.4	24.7%	20.1%
Americas	297.5	258.0	15.3%	10.7%
Other	25.5	23.4	9.3%	9.2%
TOTAL	1,727.9	1,462.5	18.2%	15.0%

¹ Sales by destination.

INFORMATION BY SECTOR

In millions of Euros	As of Sept 30th		Evolutions	
	2019	2018	Published	At constant exchange rates
Leather Goods and Saddlery ¹	2,492.3	2,155.0	15.7%	12.1%
Ready-to-Wear and Accessories ²	1,174.8	974.9	20.5%	17.3%
Silk and Textiles	403.5	363.4	11.0%	8.1%
Other Hermès sectors ³	380.6	304.0	25.2%	21.8%
Perfumes	246.0	238.4	3.2%	2.8%
Watches	139.0	118.3	17.5%	14.2%
Other products ⁴	175.8	161.8	8.7%	7.3%
TOTAL	5,012.1	4,315.8	16.1%	13.0%

In millions of Euros	3rd quarter		Evolutions	
	2019	2018	Published	At constant exchange rates
Leather Goods and Saddlery ¹	839.9	730.0	15.1%	11.5%
Ready-to-Wear and Accessories ²	420.3	337.6	24.5%	21.5%
Silk and Textiles	137.0	114.0	20.1%	17.1%
Other Hermès sectors ³	133.1	102.3	30.0%	26.8%
Perfumes	87.3	85.2	2.5%	2.1%
Watches	48.5	41.3	17.4%	14.3%
Other products ⁴	61.9	52.0	19.0%	17.6%
TOTAL	1,727.9	1,462.5	18.2%	15.0%

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	2019			2018		
	Q1 Report	Q2 Report	H1 report	Q1 Report	Q2 Report	H1 report
France	184.8	221.0	405.8	182.2	208.1	390.3
Europe (excl. France)	261.6	283.0	544.6	239.3	261.5	500.7
Total Europe	446.4	504.0	950.4	421.5	469.6	891.1
Japan	204.2	196.5	400.6	174.9	169.8	344.8
Asia-Pacific (excl. Japan)	655.9	643.4	1,299.3	539.8	533.1	1,072.8
Total Asia	860.1	839.9	1,700.0	714.7	702.9	1,417.6
Americas	269.7	299.6	569.2	230.2	259.7	489.9
Other	33.5	31.1	64.6	27.4	27.4	54.8
TOTAL	1,609.7	1,674.5	3,284.2	1,393.8	1,459.6	2,853.4

* Sales by destination.

INFORMATION BY SECTOR

In millions of Euros	2019			2018		
	Q1 Report	Q2 Report	H1 report	Q1 Report	Q2 Report	H1 report
Leather Goods and Saddlery ¹	808.2	844.2	1,652.4	691.3	733.7	1,425.1
Ready-to-Wear and Accessories ²	360.2	394.4	754.6	306.6	330.7	637.3
Silk and Textiles	140.4	126.2	266.6	132.4	117.0	249.4
Other Hermès sectors ³	116.7	130.9	247.6	95.6	106.1	201.7
Perfumes	84.6	74.1	158.7	81.9	71.3	153.2
Watches	43.4	47.1	90.5	34.2	42.7	77.0
Other products ⁴	56.2	57.7	113.9	51.8	58.0	109.8
TOTAL	1,609.7	1,674.5	3,284.2	1,393.8	1,459.6	2,853.4

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REMINDER – KEY FIGURES

Main consolidated data

(In millions of euros)	H1 2019	FY 2018	H1 2018
		restated (*)	restated (*)
Revenue	3,284	5,966	2,853
<i>Growth at current exchange rates vs. n-1</i>	15.1%	7.5%	5.2%
<i>Growth at constant exchange rates vs. n-1</i> ¹	12.0%	10.4%	11.2%
Recurring operating income ²	1,144	2,075	996
<i>As a % of revenue</i>	34.8%	34.8%	34.9%
Operating income	1,144	2,128	1,049
<i>As a % of revenue</i>	34.8%	35.7%	36.8%
Net profit – Group share	754	1,405	706
<i>As a % of revenue</i>	23.0%	23.6%	24.8%
Operating cash flows	971	1,863	926
Adjusted free cash flow ³	618	1,447	681
Investments (excluding financial investments)	170	312	120
Equity – Group share	5,763	5,470	4,753
IFRS net cash position ⁴	3,532	3,465	2,713
Restated net cash position ⁵	3,740	3,615	2,798
Workforce (number of employees)	14,751	14,284	13,764

* 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 excludes 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 doesn't include liabilities related to the application of the IFRS 16 leases standard.

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.

The half-year financial report, the press release and the presentation of the 2019 Half Year Results are available on the group's website: <https://finance.hermes.com>