

2021 FIRST HALF RESULTS

30 JULY 2021



THE HUMAN AT THE CORE OF A SOLID AND DYNAMIC ARTISANAL MODEL

- The human at the core, source of creativity and constant innovation
- A responsible and committed approach towards our employees, customers and partners
- Vertical integration and transmission of exceptional know-how
- The requirement for absolute quality at all stages for sustainable creation of value
- A multi-local dynamic, close to our customers

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ACTIVITY



ACTIVITY

- Revenue in the first half 2021 reached **4.2 billion euros**, up **77**% compared to 2020 at constant exchange rates
- This increase reached **33% at constant rates compared to 2019**, both in the first and second quarter
- Activity in the group's stores is up **81%** at constant exchange rates, and **41%** over two years, with a remarkable performance in Asia, an acceleration in America and a recovery in Europe



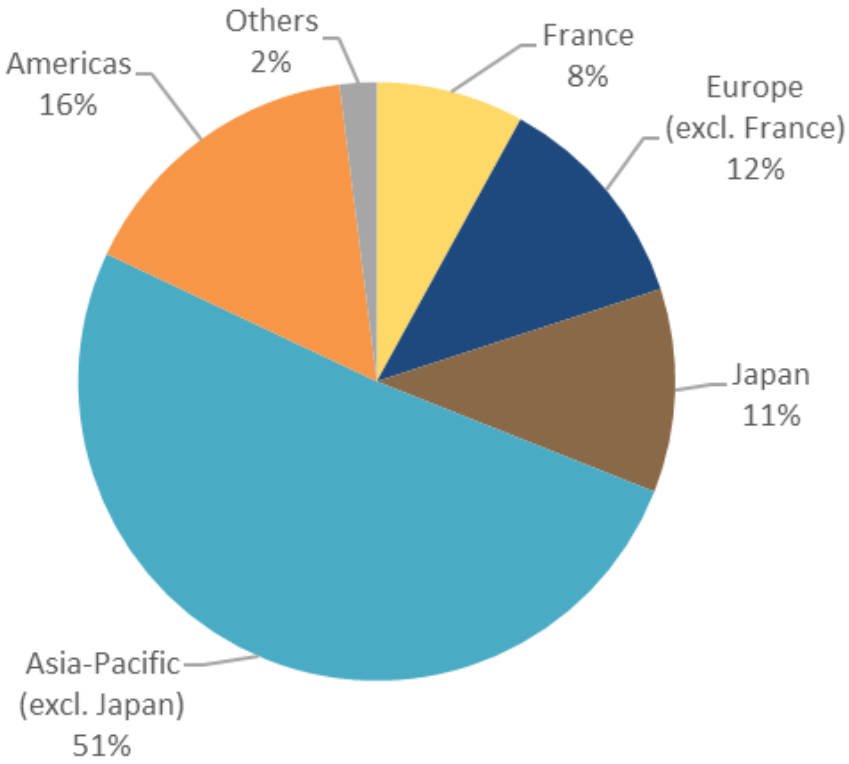
REVENUE BY GEOGRAPHICAL AREA



REVENUE BY GEOGRAPHICAL AREA

in €M	June 2021	Change at constant rates /2020	/2019
France	341	35%	(16)%
Europe (excl. France)	522	52%	(3)%
EUROPE	**863**	**45%**	**(8)%**
Japan	469	59%	22%
Asia-Pacific (excl. Japan)	2,153	87%	70%
ASIA	**2,622**	**81%**	**59%**
Americas	668	115%	25%
Others	82	87%	28%
TOTAL	**4,235**	**77%**	**33%**

REVENUE BY GEOGRAPHICAL AREA





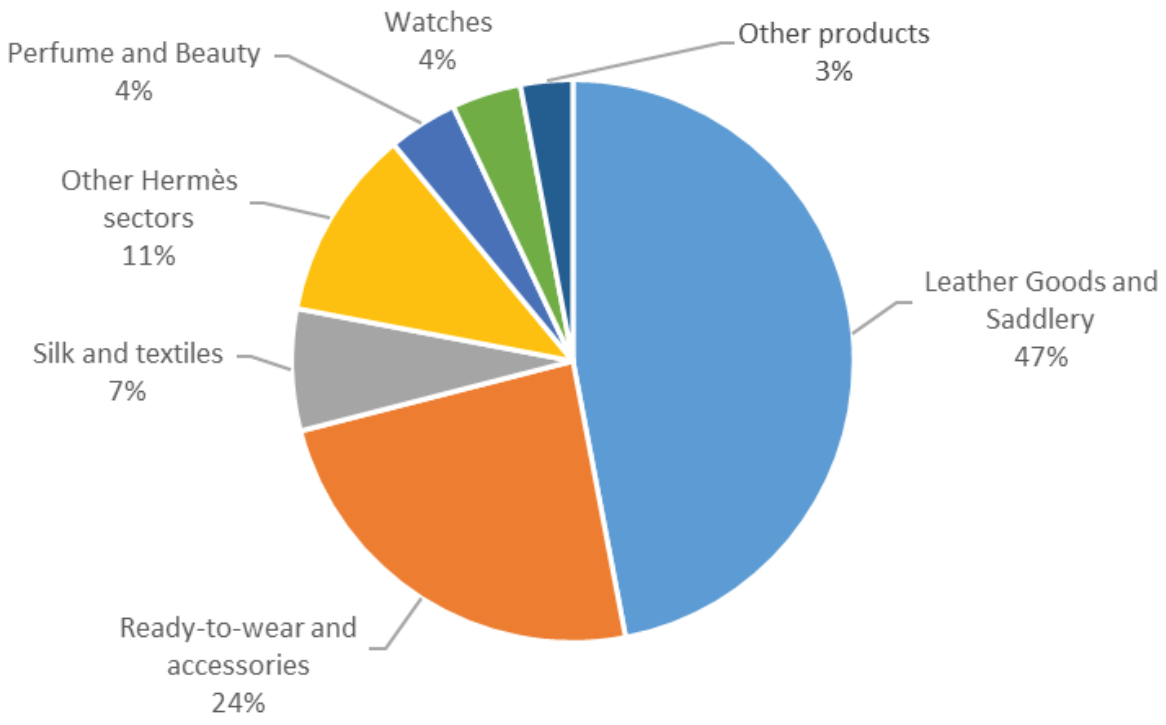
REVENUE BY SECTOR

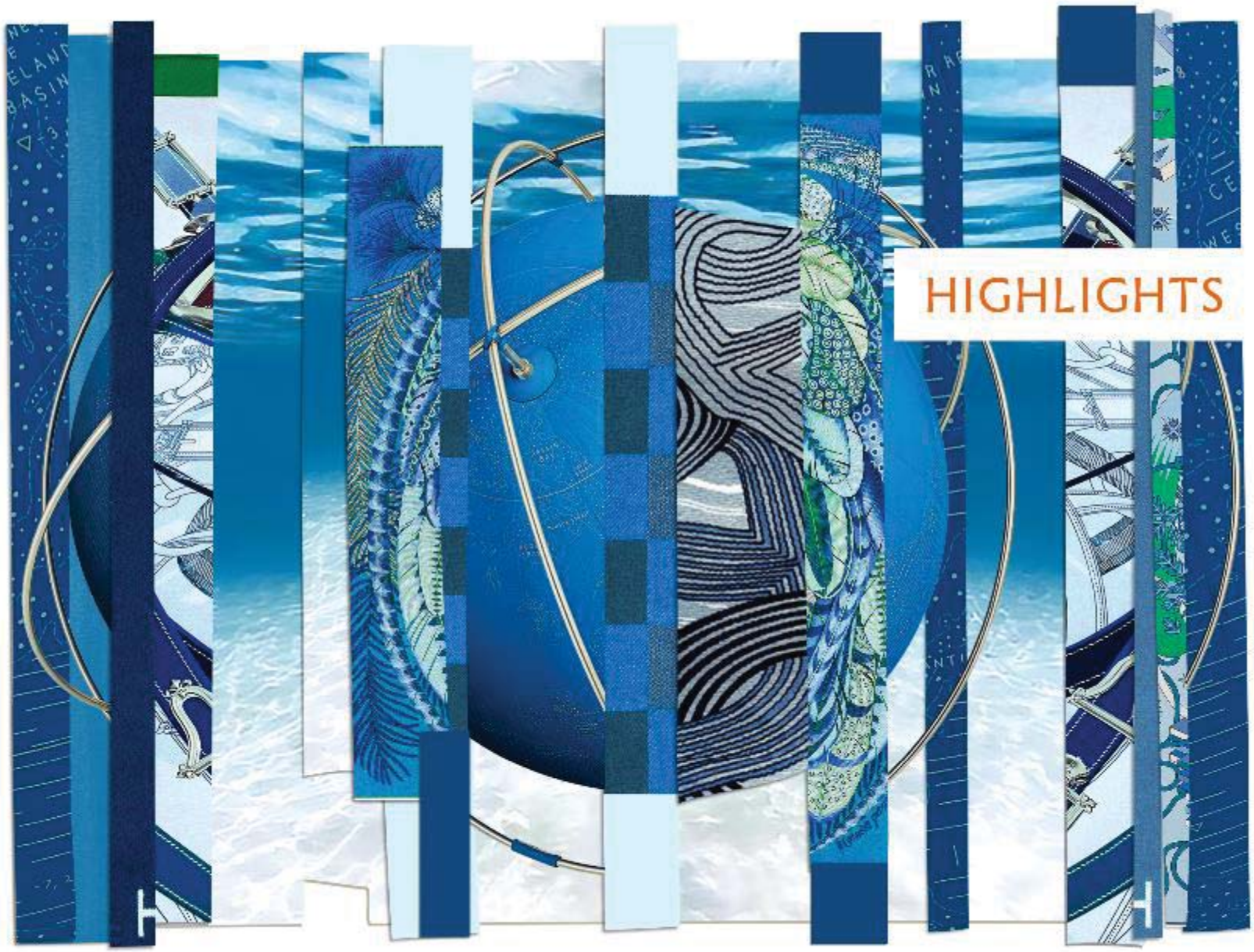


REVENUE BY SECTOR

in €M	June 2021	Change at constant rates /2020	Change at constant rates /2019
Leather Goods and Saddlery	1,999	63%	25%
Ready-to-wear and accessories	1,025	98%	40%
Silk and textiles	274	72%	6%
Other Hermès sectors	462	100%	92%
Perfume and Beauty	184	65%	17%
Watches	159	121%	80%
Other products	132	69%	17%
TOTAL	**4,235**	**77%**	**33%**

REVENUE BY SECTOR




HIGHLIGHTS



MAINTAINING THE CREATIVE DYNAMIC

- The leather goods collection enhanced with the *Birkin trois en un* and *Della cavalleria* models
- Presentation of the men's and women's ready-to-wear Autumn-Winter 2021 collections during Paris Fashion Week
- Presentation of the *Kellymorphose* jewellery collection, which revisits the *Kelly* signature in silver, gold and diamonds
- Introduction of the new men's watch, *Hermès H08*
- Launch of the new men's fragrance, *H24*
- The unveiling of the second chapter of Beauty with *Rose Hermès*
- Continued collaboration with Apple, including the *Apple AirTag Hermès*
- Presentation of *Sylvania*, an exceptional material created from *Fine Mycelium, which completes the collection of the house*



THE CONTINUED GROWTH OF PRODUCTION CAPACITY

- Inauguration of the Maroquinerie de Montereau (Seine-et-Marne) in June, near the Tannerie de Montereau, a new expertise hub
- Completion of the building work on the Maroquinerie de Guyenne (Gironde), which will be inaugurated in September 2021
- Continuation of the leather workshop projects in Louviers (Eure) for 2022, in the Ardennes region for 2023 and in the Auvergne region by 2024.
- Opening of a new printing line at Pierre-Bénite for the Silk and Textile métiers



REINFORCEMENT OF THE OMNICHANNEL DISTRIBUTION NETWORK

- Support for the digitisation of uses and the rise of digital technology
- Continued investment in the physical distribution network and the opening of new stores in Omotesando (Japan) and Troy (United States)
- Expansion and renovation of stores:
  - Lyon and rue de Sèvres in Paris (France), Zurich (Switzerland), Harrods in London (United Kingdom)
  - Brisbane (Australia), Macao, Beijing (China)



MAINTAINING SINGULAR COMMUNICATION

- Conception of new hybrid formats, combining physical presence and digital technology:
  - Online performance for men's ready-to-wear
  - Women's ready-to-wear runway show: a performance in three acts split between Paris, New York and Shanghai

- Reintroduction of in-person events, particularly in Asia
  - The *Hermès Carré Club* in Dubai
  - Men's universe in Shanghai (China)
  - *HermèsFit* in Chengdu (China)
  - *Hermès Heritage* exhibition in Seoul (Korea)

- Extension of paid media campaigns
  - Beauty campaign
  - *Joaillerie cavalière* campaign


RESPONSIBLE AND
SUSTAINABLE DEVELOPMENT



TRAINING AND EMPLOYMENT AS A PRIORITY

- Women and men
  - Continued growth in the workforce: nearly 400 people since January, of which nearly 2/3 in France
  - The workforce reached 16,966 people, including 10,607 in France, at the end of June

- Education and transmission
  - Continuation of the CFA apprentice training centre project (*l'École Hermès des savoir–faire*)
  - Extension of the Manufacto programme of the Fondation Hermès in Italy and in the United Kingdom

- Commitment to gender equality and diversities
  - New group disability agreement (2021-2023)

- Territorial anchoring
  - The pursuit of new site openings in France, following a sustainable construction framework
  - Collaboration with Sciences Po for a chair in the theme of local development



RESPECT FOR NATURAL ECOSYSTEMS AND A MEASURED FOOTPRINT ON THE ENVIRONMENT

- The planet
  - Definition of carbon emission reduction plans for our industrial sites, in line with our targets for 2030 to reduce emissions by 50%
  - Over 80% of the Group's electricity comes from decarbonised sources
  - Participation in the third Livelihoods Carbon Fund in June 2021
    - Supporting Livelihoods for 9 years
    - Since the first fund, 130 million trees have been planted, benefiting more than one million people
    - Since 2019, Hermès has offset more than 100% of emissions related to its own activities (scopes 1 and 2)
  - The group's biodiversity footprint mapped according to the Global Biodiversity Score with WWF and *CDC Biodiversité*
  - Increased focus on transparency


RESULTS



INCOME STATEMENT

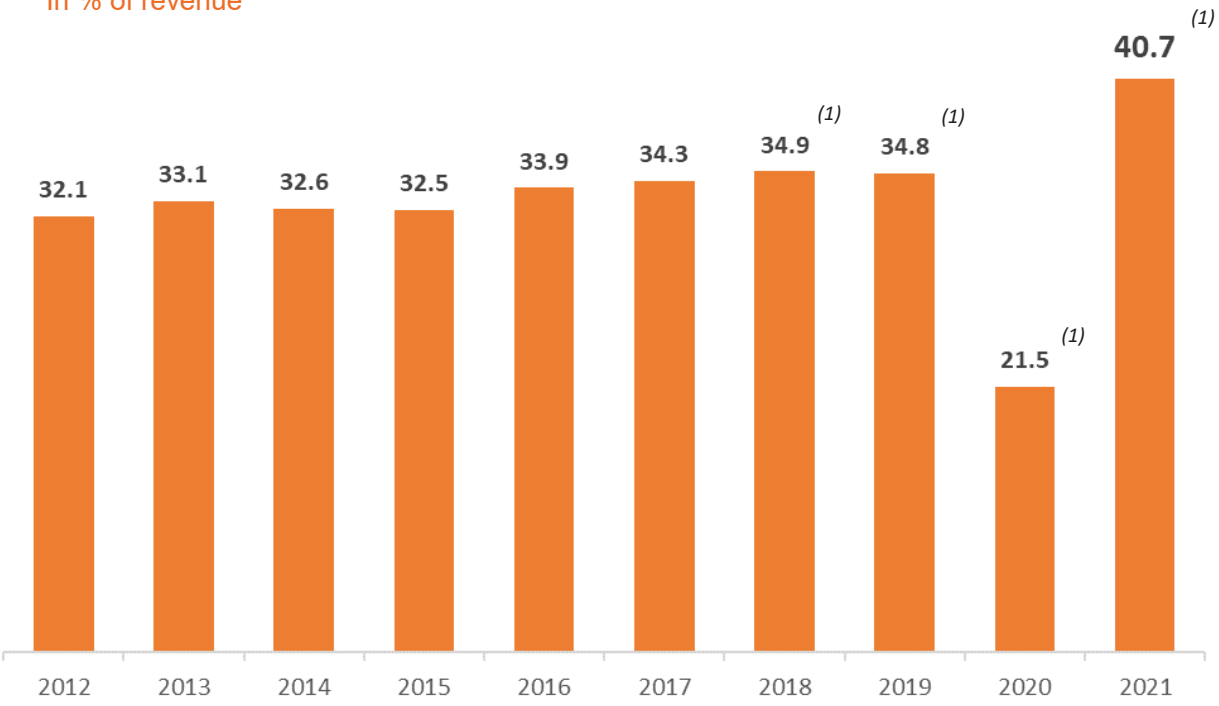
CONSOLIDATED INCOME STATEMENT

in €M	June 2021	% revenue	June 2020	% revenue	June 2019	% revenue
Revenue	**4,235**		**2,488**		**3,284**	
Cost of sales	(1,207)		(871)		(1,029)	
Gross margin	**3,028**	***71.5%***	**1,617**	***65.0%***	**2,255**	***68.7%***
Communication	(145)	*(3.4)%*	(106)	*(4.3)%*	(145)	*(4.4)%*
Other sales and administrative expenses	(790)	*(18.7)%*	(662)	*(26.6)%*	(697)	*(21.2)%*
Other income and expenses	(371)	*(8.8)%*	(314)	*(12.6)%*	(269)	*(8.2)%*
Recurring operating income	**1,722**	***40.7%***	**535**	***21.5%***	**1,144**	***34.8%***
Other non-recurring income and expenses						
Operating income	**1,722**	***40.7%***	**535**	***21.5%***	**1,144**	***34.8%***
Change y-o-y	***x3.2***					
Change /2 years	***+51%***					

The recurring operating income reached 41% of sales



HALF YEAR RECURRING OPERATING PROFITABILITY



(1) Recurring operating profitability after application of IFRS 16

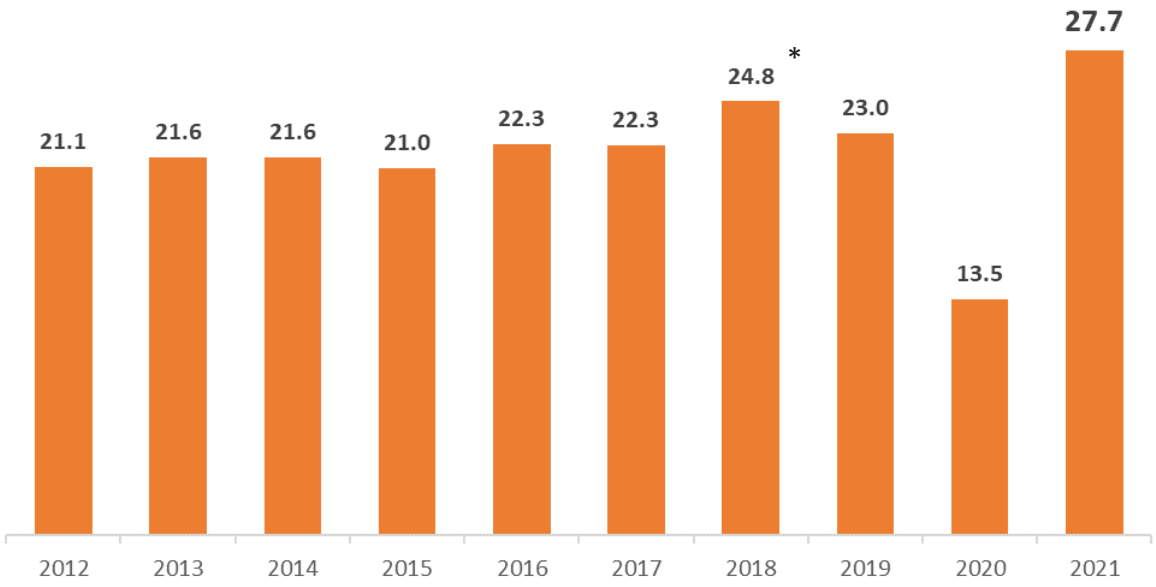
CONSOLIDATED INCOME STATEMENT

in €M	June 2021	% revenue	June 2020	% revenue	June 2019	% revenue
Operating income	**1,722**	***40.7%***	**535**	***21.5%***	**1,144**	***34.8%***
Net financial income	(47)		(43)		(16)	
Income tax	(511)		(161)		(383)	
In % of income before tax	*30.5%*		*32.7%*		*34.0%*	
Net income from associates	13		3		13	
Non-controlling interests	(3)		1		(3)	
Net income attributable to owners of the parent	**1,174**	***27.7%***	**335**	***13.5%***	**754**	***23.0%***
Change y-o-y	***x3.5***					
Change /2 years	***+56%***					



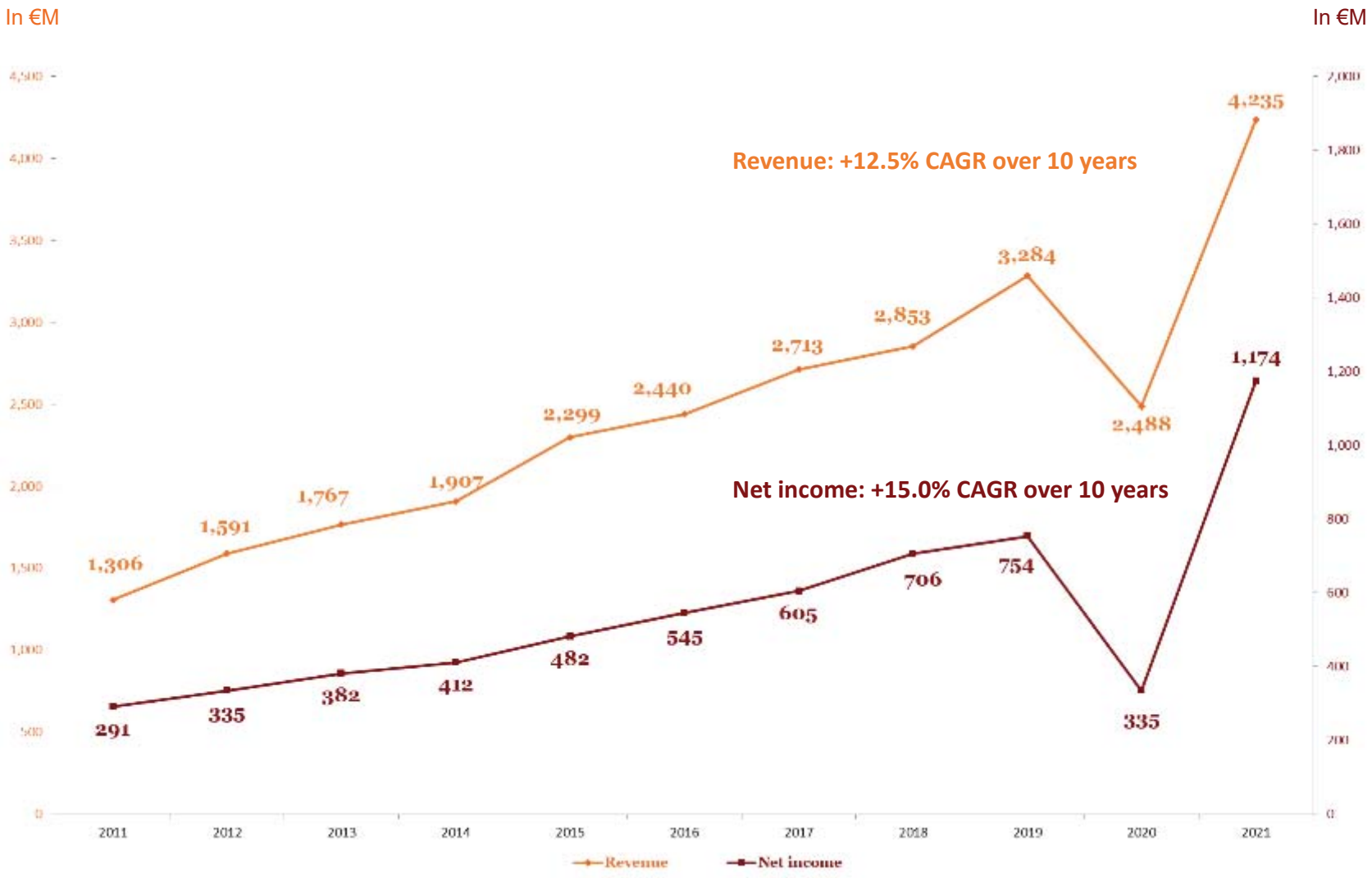
HALF YEAR NET PROFITABILITY

In % of revenue



** Net profitability of 22.9% excluding the capital gain from the sale of the Galleria store in Hong-Kong*

REVENUE AND NET INCOME: EVOLUTION OVER 10 YEARS





INVESTMENTS AND CASH FLOW



OPERATING INVESTMENTS

in €M	June 2021
Stores and distribution	97
Production and divisions	56
Real estate and Group projects	61
Operating investments	**214**



RESTATED CASH FLOW STATEMENT

in €M	June 2021	June 2020	June 2019
Operating cash flows	1,487	634	971
Change in working capital	65	(325)	(88)
Cash flows related to operating activities	**1,552**	**309**	**883**
Operating investments	(214)	(162)	(170)
Repayment of lease liabilities	(102)	(120)	(95)
Adjusted free cash flow	**1,236**	**27**	**618**
Financial investments	-	(9)	(1)
Dividends paid	(489)	(490)	(486)
Treasury share buybacks net of disposals	(162)	(123)	(33)
Other changes	33	(45)	27
Change in net cash position	617	(640)	125
Closing restated net cash position	**5,521**	**3,922**	**3,740**
Opening restated net cash position	**4,904**	**4,562**	**3,615**


OUTLOOK



OUTLOOK

- For 2021, the impacts of the COVID-19 pandemic are still difficult to assess

- In the medium-term, despite the 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, maintaining control over know-how and a singular communication



2021: THE ODYSSEY CONTINUES WITH CONFIDENCE

- Opening of the Maroquinerie de Guyenne (Gironde) in September
- Store openings and expansions:
  - in Europe: Milan (Italy), Luxembourg, and Istanbul (Turkey);
  - in the United States: Bergen County, South Coast Plaza and Miami;
  - in Asia: Shenzhen, Shanghai, Ningbo and Suzhou (China), and Isetan Shinjuku (Japan)
- Launch of the third chapter of Hermès Beauty with hand care and introduction of *Rouge Hermès* in Mainland China
- Presentation of the SS22 collection during the Paris Fashion Week in October
- Installation of petit h in an expanded space within the Hermès store on rue de Sèvres in Paris


QUESTIONS AND ANSWERS


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