

29 July 2022

# 2022 First Half Results



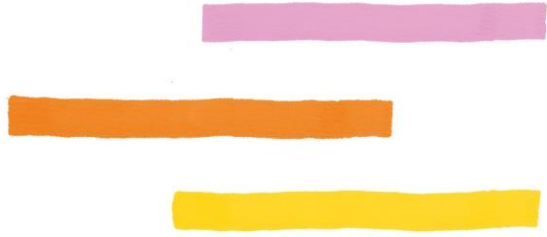


## A DYNAMIC, STRONG AND RESPONSIBLE BUSINESS MODEL



- Abundant creativity, a unique style and exceptional *savoir-faire* at the service of our 16 *métiers*
- Quality and durability at the heart of the model since its origin
- A strong commitment to job creation, revitalisation of territories and protection of know-how
- A responsible and committed approach to our customers, employees and partners
- A strong and growing local customer base that benefits from an exclusive omnichannel distribution network

Activity





## ACTIVITY



- Revenue in the first half of 2022 reached **€5.5 billion** (+29% at current rates and +23% at constant rates)
- Activity in the group's stores (+23%) rose sharply, all the geographical areas posted strong growth with good resilience from Asia despite the sanitary situation in China
- Wholesale activity (+25%) was driven by the recovery in travel retail
- Sales in the second quarter reached **€2.7 billion** (+26% at current exchange rates, and +20% at constant exchange rates), with a high level of activity in all business lines



Revenue by geographical area





## REVENUE BY GEOGRAPHICAL AREA

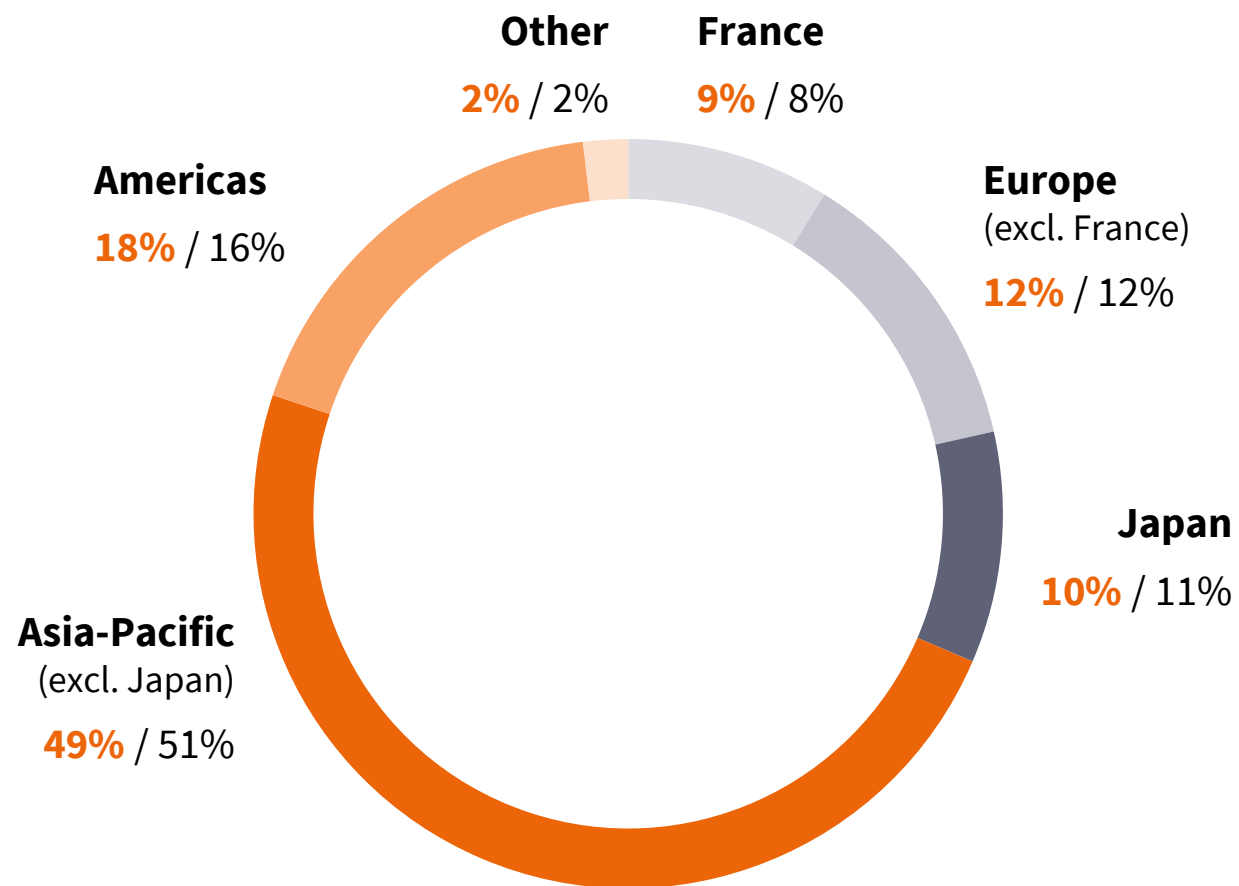


in €m	June 2022	Change at constant rates
France	480	41%
Europe (excl. France)	696	34%
<b>EUROPE</b>	<b>1,176</b>	<b>37%</b>
Japan	546	20%
Asia-Pacific (excl. Japan)	2,665	15%
<b>ASIA</b>	<b>3,211</b>	<b>16%</b>
Americas	982	34%
Other	106	28%
<b>TOTAL</b>	<b>5,475</b>	<b>23%</b>

# REVENUE BY GEOGRAPHICAL AREA



2022 / 2021



## Revenue by sector







## REVENUE BY SECTOR

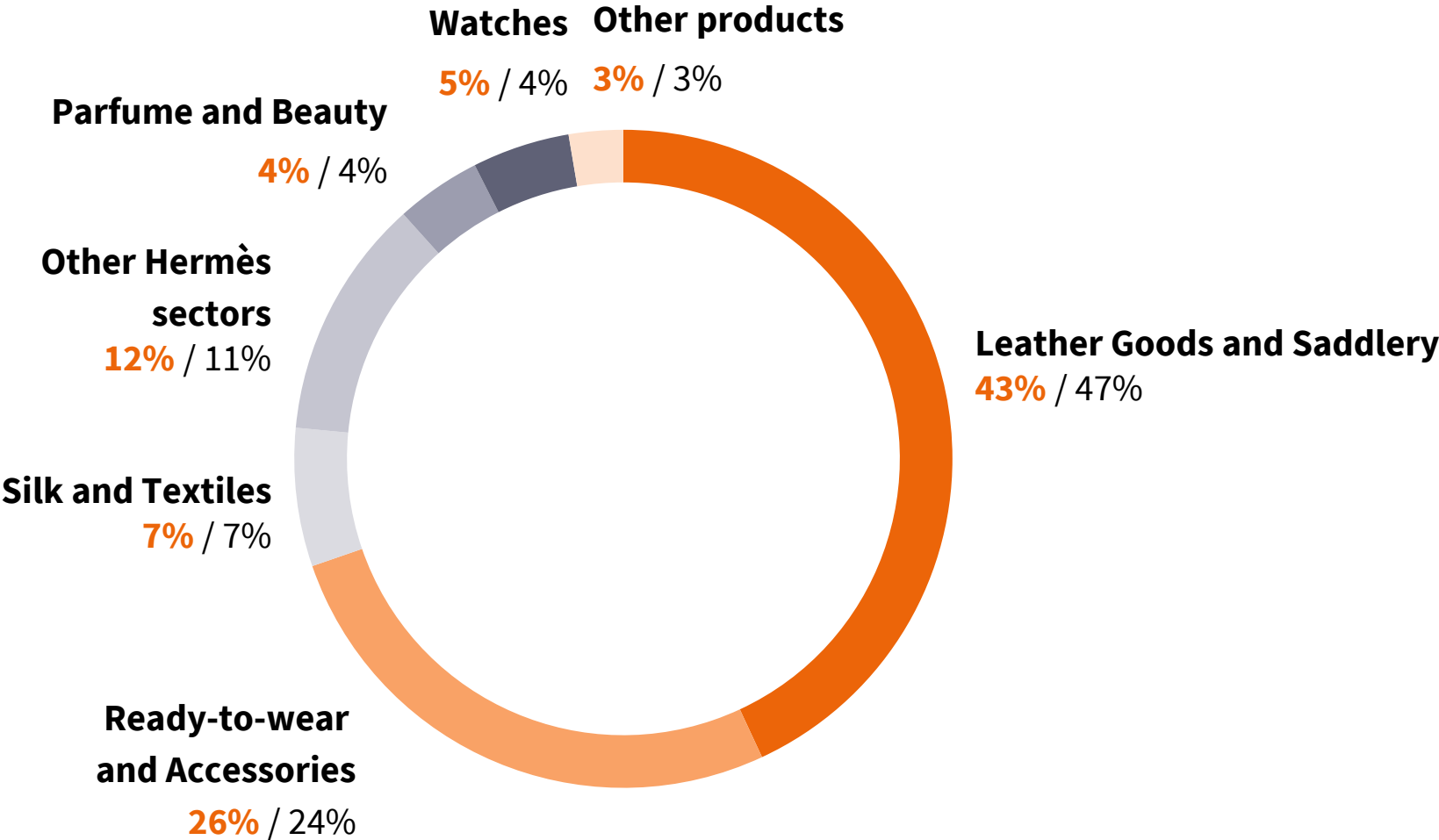


in €m	June 2022	Change at constant rates
Leather Goods and Saddlery	2,358	12%
Ready-to-wear and accessories	1,458	36%
Silk and textiles	372	29%
Other Hermès sectors	648	33%
Perfume and Beauty	230	23%
Watches	262	55%
Other products	146	9%
<b>TOTAL</b>	<b>5,475</b>	<b>23%</b>

# REVENUE BY SECTOR



2022 / 2021



# Highlights





## ABUNDANT CREATIVITY AND UNIQUE KNOW-HOW



- Enrichment of the leather goods collection with the suitcase **R.M.S** and the models **HAC à Dos**, **Bolide Skate** and **Della Cavalleria**
- Successful **women's and men's ready-to-wear** collections presented during the Paris Fashion Weeks, and fashion accessories collections
- Great success of the new tableware **Soleil d'Hermès** and the collections of the house presented during the Milan Design Week 2022
- A very nice welcome of the new watch **Arceau Le temps voyageur** at the *Watches and Wonders* fair end of March in Geneva
- Launch and success of the fourth chapter of Beauty, **Hermès Plein Air** and success of the collection of infused care oil for lips, **Hermèsistible**
- Successful launch of the perfume **Terre d'Hermès Eau Givrée** and the cologne **Eau de Basilic Pourpre**

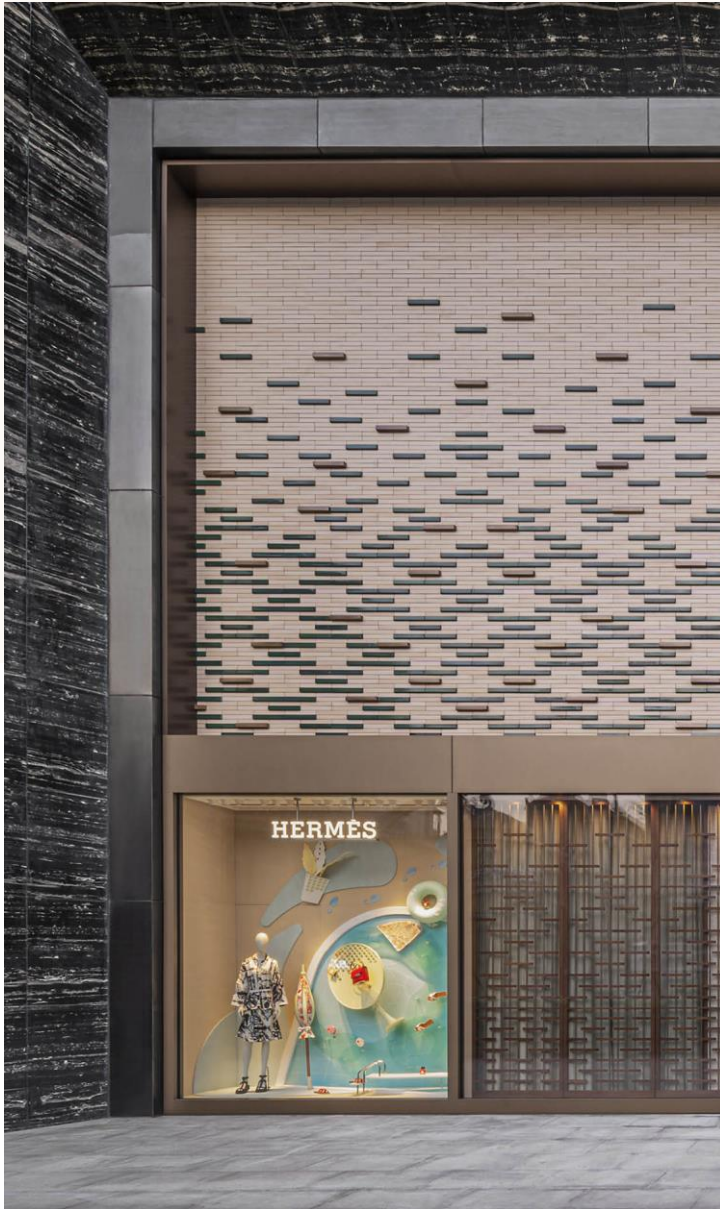




## DEVELOPMENT OF PRODUCTION CAPACITIES



- Five new leather goods workshops in the five coming years:
  - › Louviers (Eure) and La Sormonne (Ardennes), scheduled in 2023
  - › Riom (Puy-de-Dôme), scheduled in 2024
  - › L'Isle-d'Espagnac (Charente), scheduled in 2025
  - › Loupes (Gironde), scheduled in 2026
- Continuation of works at the Pierre-Bénite textile site, near Lyon
- Capacity investments strengthening in all business lines



# AN INTEGRATED, OMNICHANNEL AND EXCLUSIVE DISTRIBUTION NETWORK (1/2)



- Investments continuing in the multilocal distribution network
- Opening of new stores:
  - › Austin, third store in Texas (United States)
  - › Zhengzhou, first store in Henan (China)
- Expansion and renovation of stores:
  - › Costa Mesa in California (United States)
  - › Doha Vendôme (Qatar) et Dubai (United Arab Emirates)
  - › Bangkok Kingpower (Thailand), Hong Kong Pacific Place and Macau One Central (Greater China)



# AN INTEGRATED, OMNICHANNEL AND EXCLUSIVE DISTRIBUTION NETWORK (2/2)



- Strong increase of traffic and e-commerce sales worldwide
- An entry point to the Hermès universe for new customers (78%), complementary to the stores
- New omnichannel services and an increasingly wide range of products available



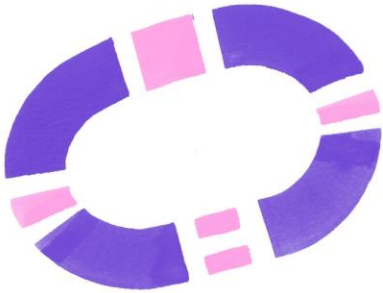
## A SINGULAR COMMUNICATION



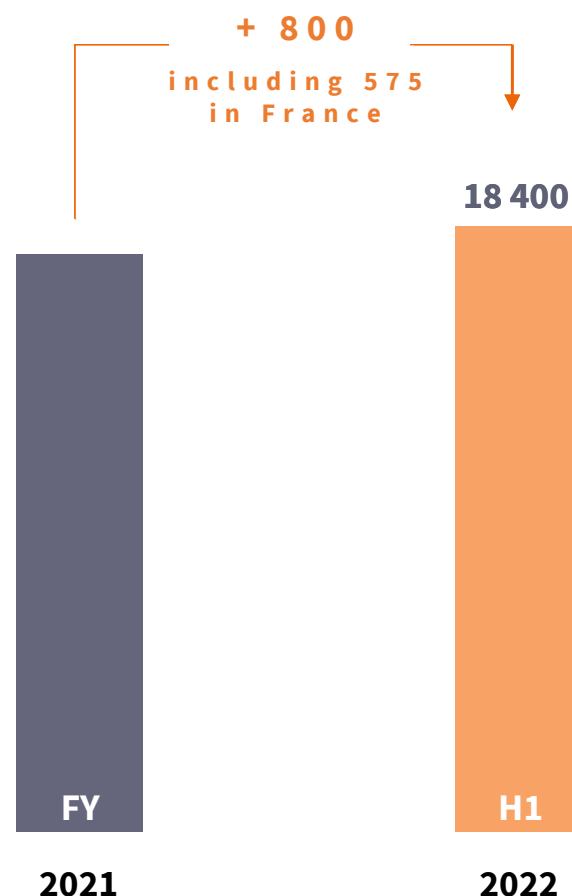
- Revealing Hermès in an authentic and unconventional manner:
  - **HermèsFit** in Bangkok
  - **Hermès in the Making** in Turin and Detroit
  - **Saut Hermès** at the *Grand Palais éphémère*
  - The **Fabrique de la légèreté** in Tokyo
- Renewing the pleasure of welcoming our customers to thank them for their loyalty:
  - **Techno-Équestre** in Tokyo
  - **Kitchen dinner** in Los Angeles
- Media campaigns:
  - **The Saddler's spirit**
  - **Le teint prend l'air**



Responsible and  
sustainable development



# SOCIALLY RESPONSIBLE COMMITMENTS



- At the end of June 2022, the group employed **18,400 people**, including 11,500 in France, with an acceleration in job creation (>800 recruitments in the first half, of which 575 in France)
- Announcement of a 2<sup>nd</sup> €100 gross increase per month in July in Europe, following the first January increase in France and the exceptional group bonus of €3,000 for the year 2021
- Direct employment rate of people with disabilities: **6.4%**



## INCREASING INTEGRATION OF NEW TALENTS



- **1.25%** of total payroll dedicated to training
- Continuation of the deployment of the ***École Hermès des Savoir-Faire*** within the leather goods workshops:
  - › Charleville-Mézières (Ardennes) in January 2022, after Ftilieu (Isère) in September 2021
- Launch of the ***École des Artisans de la Vente*** in April 2022
  - › A school for service excellence, with people at its centre





# A COMMITTED MODEL WITH A LIMITED FOOTPRINT



## RESPONSIBLE EMPLOYER

**>800**

Jobs created  
in H1 2022

## DIVERSITY AND INCLUSION

**6.4%**

Direct disability  
employment rate

## GENDER EQUALITY

**60%**

Women managers  
group



## LOCAL ANCHORING

**78%**

Of objects are made  
in France

## VERTICAL INTEGRATION

**58%**

Objects made in in-house  
and exclusive workshops

## LOCAL SUPPLIERS

**66%**

Of purchases come  
from France (Top 50)



## CLIMATE

**1.5°C**

Carbon trajectory commitment  
validated by SBTi

## ENERGY TRANSITION

**100%**

Green electricity in France

## DURABILITY

**161,000**

Repairs in  
workshops



## TRANSPARENCY AWARDS

**#1**

SBF 120,  
all categories

## ENGAGED WITH COMMUNITIES

**400**

Local actions and  
partnerships in 2021

## PARTNERSHIPS

**€3.8m**

Purchases from socially  
supported organisations



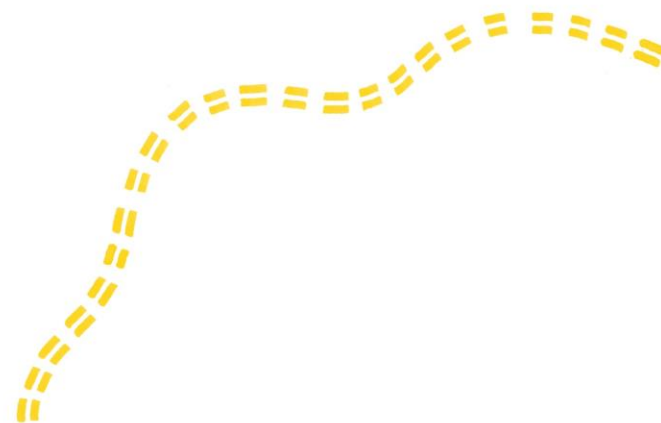
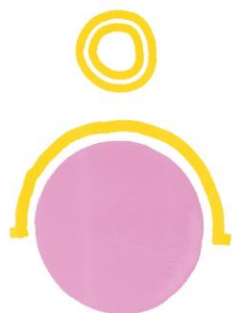


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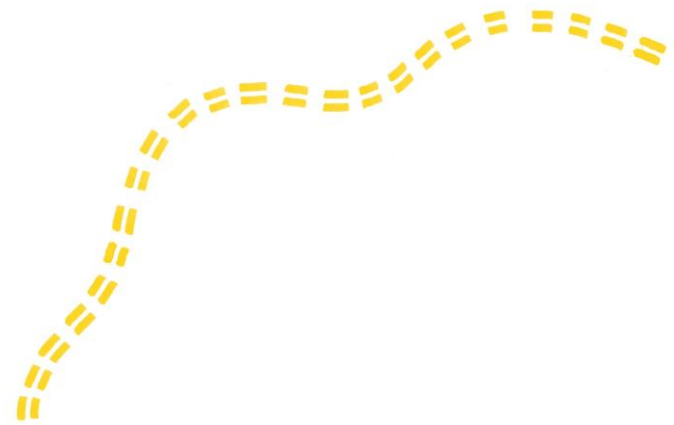


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Results



Income statement





# CONSOLIDATED INCOME STATEMENT

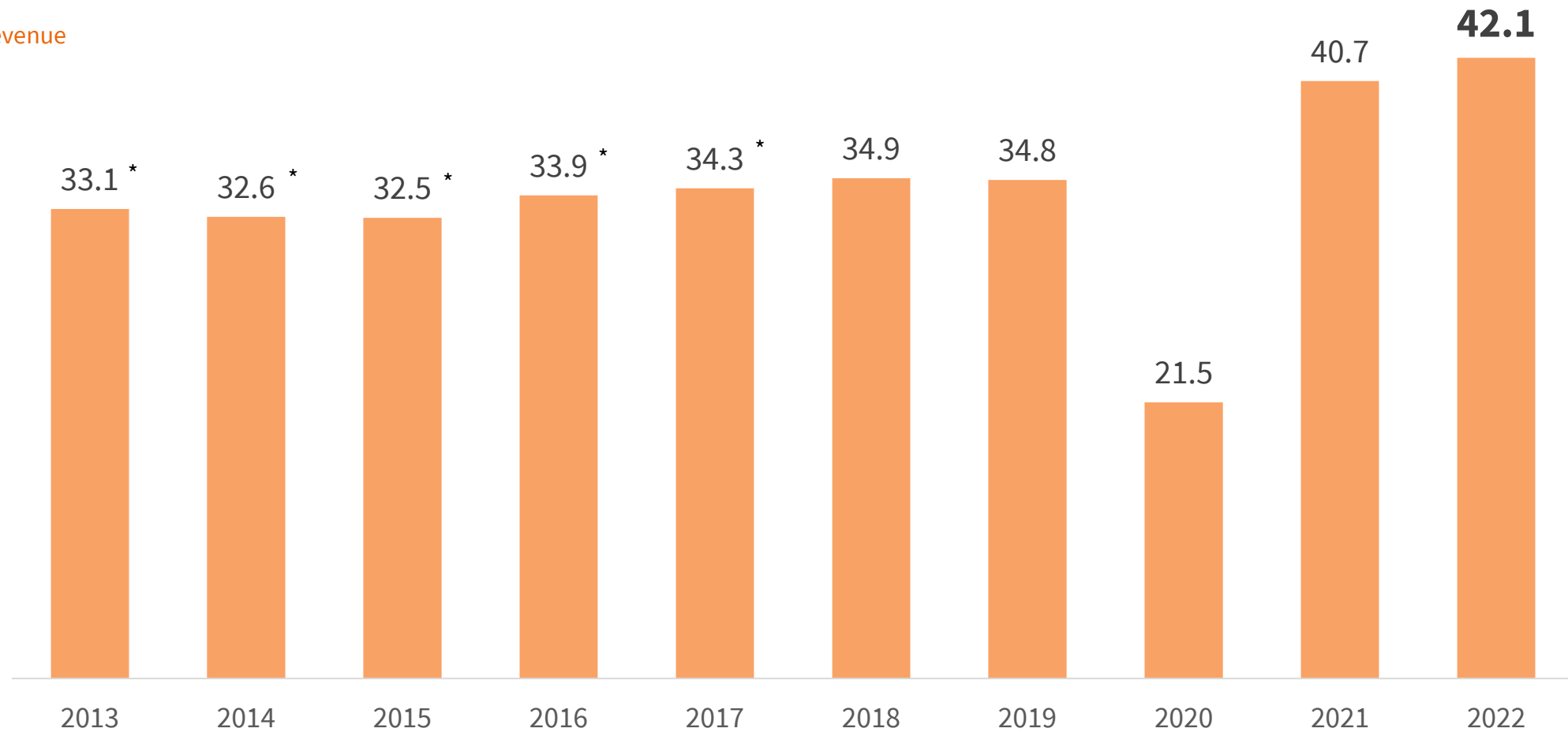


in €m	June 2022 revenue %		June 2021 revenue %	
<b>Revenue</b>	<b>5,475</b>		<b>4,235</b>	
Cost of sales	(1,586)		(1,207)	
<b>Gross margin</b>	<b>3,889</b>	<b>71.0%</b>	<b>3,028</b>	<b>71.5%</b>
Communication	(196)	(3.6)%	(145)	(3.4)%
Other sales and administrative expenses	(982)	(17.9)%	(790)	(18.7)%
Other income and expenses	(406)	(7.4)%	(371)	(8.8)%
<b>Recurring operating income</b>	<b>2,304</b>	<b>42.1%</b>	<b>1,722</b>	<b>40.7%</b>
Other non-recurring income and expenses				
<b>Operating income</b>	<b>2,304</b>	<b>42.1%</b>	<b>1,722</b>	<b>40.7%</b>
Change y-o-y	<b>34%</b>			

# HALF YEAR RECURRING OPERATING PROFITABILITY EVOLUTION



In % of revenue



\* Before IFRS16



# CONSOLIDATED INCOME STATEMENT

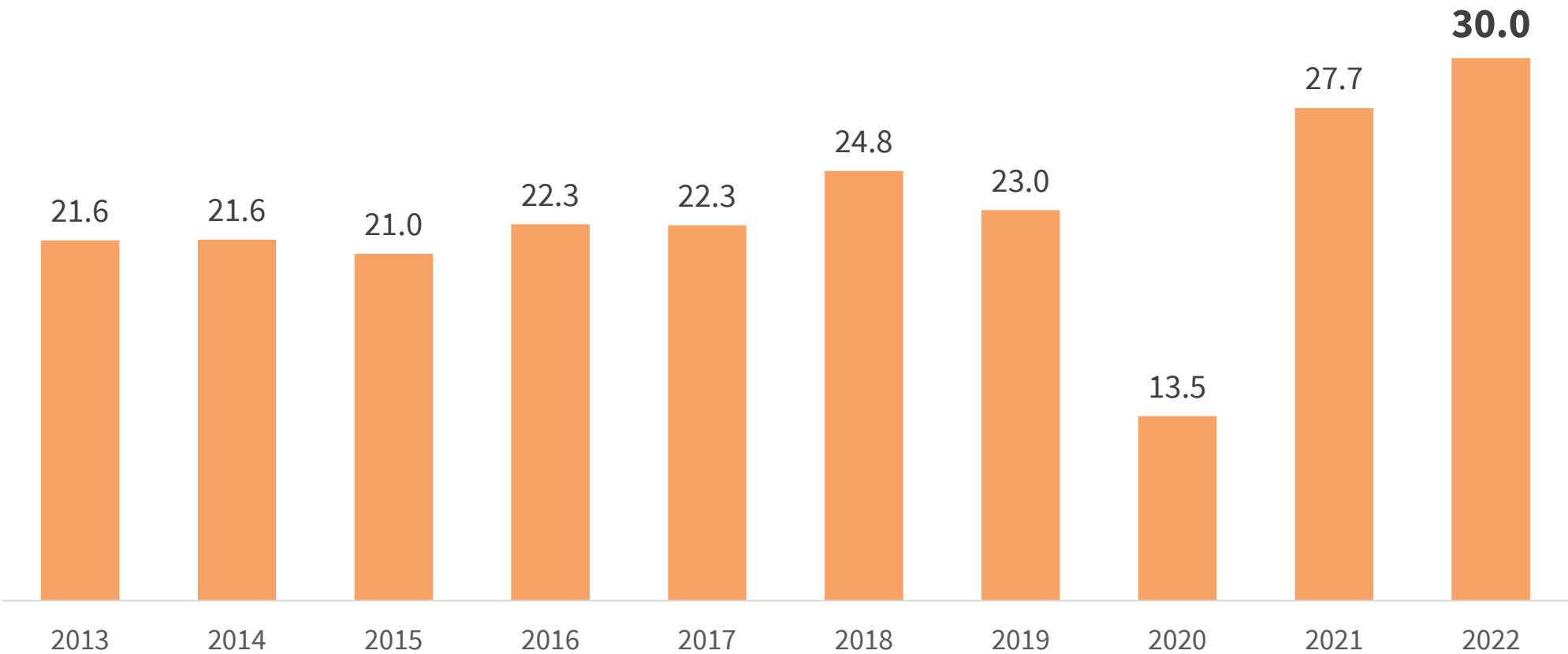


in €m	% June 2022 revenue		% June 2021 revenue	
<b>Operating income</b>	<b>2,304</b>	<b>42.1%</b>	<b>1,722</b>	<b>40.7%</b>
Net financial income	(35)		(47)	
Income tax	(647)		(511)	
	<i>In % of income before tax</i>			
Net income from associates	25	28.5%	13	30.5%
Non-controlling interests	(6)		(3)	
<b>Net income attributable to owners of the parent</b>	<b>1,641</b>	<b>30.0%</b>	<b>1,174</b>	<b>27.7%</b>
<i>Change y-o-y</i>	<b>40%</b>			

# HALF YEAR NET PROFITABILITY EVOLUTION

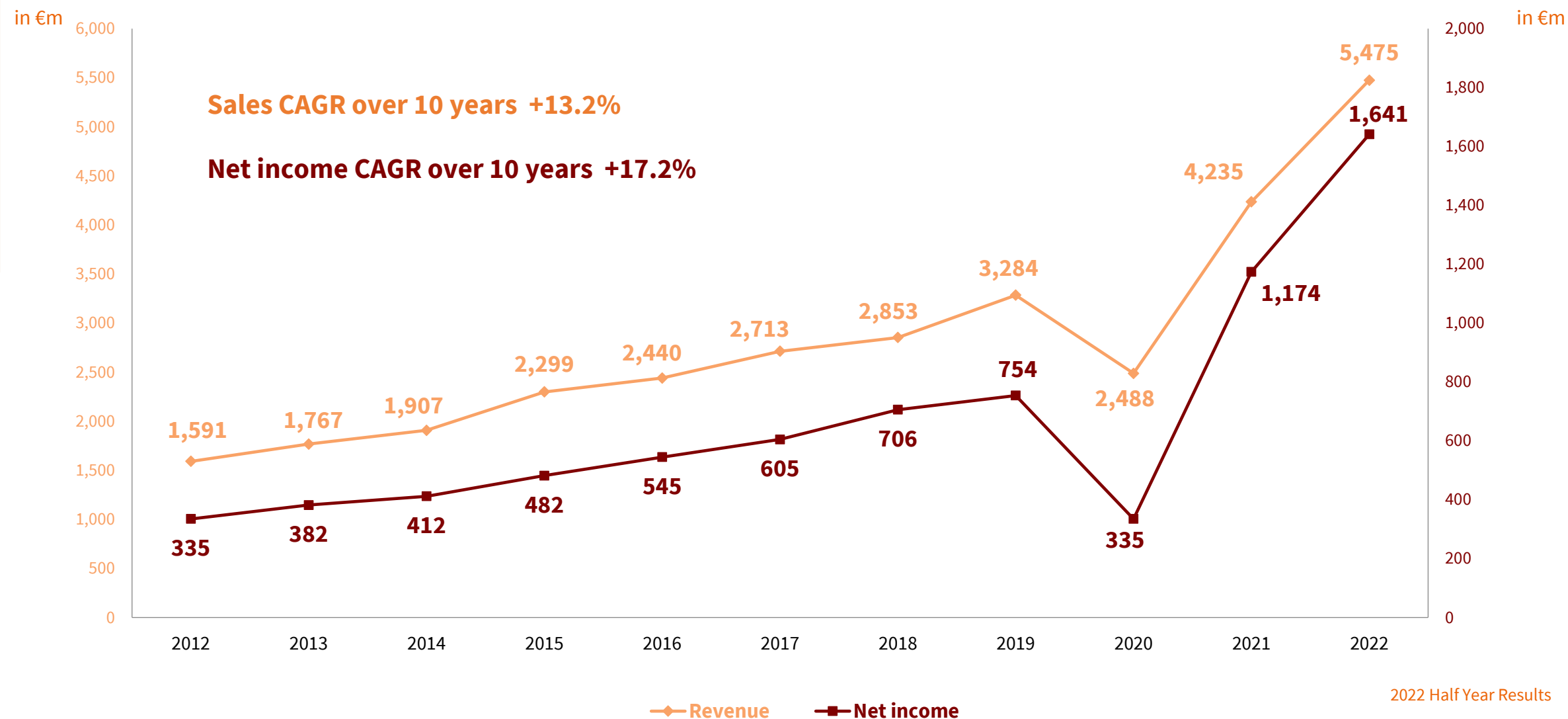


In % of revenue





# HALF YEAR REVENUE AND NET INCOME EVOLUTION





Investments and cash flow

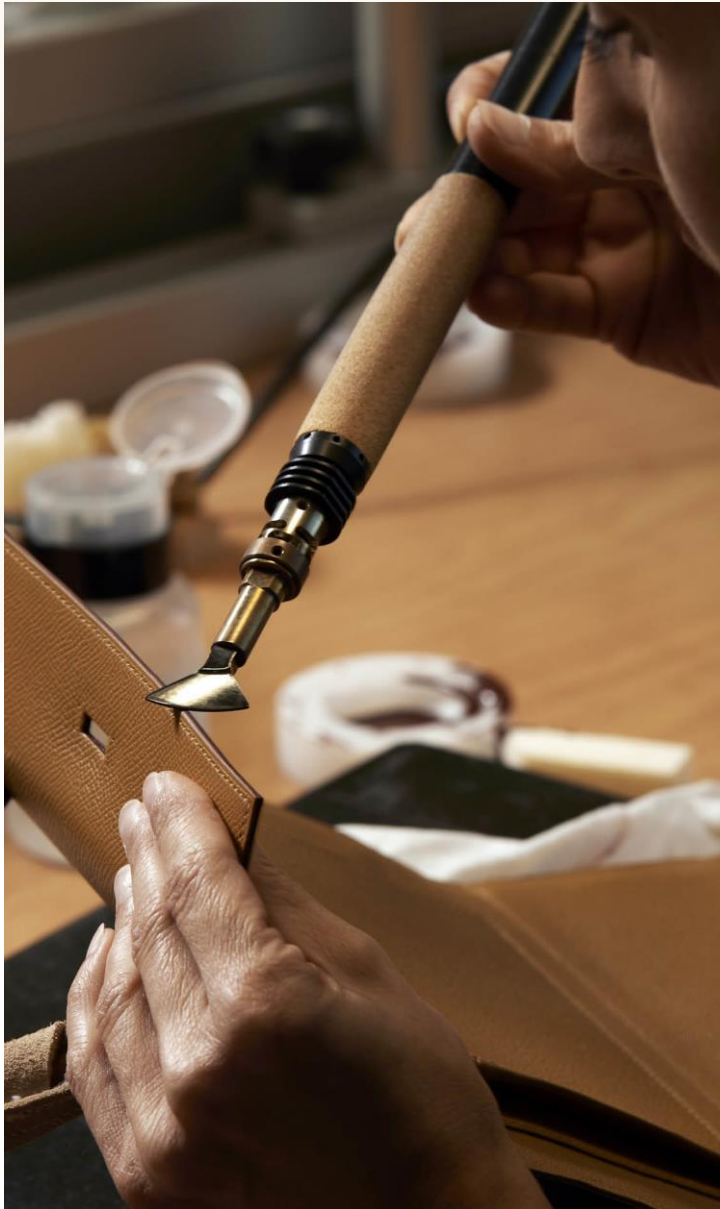




## OPERATING INVESTMENTS



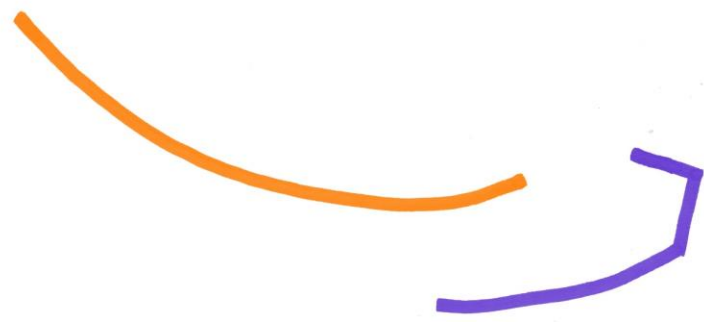
in €m	June 2022
Stores and distribution	78
Production and divisions	68
Real estate and Group projects	45
<b>Operating investments</b>	<b>190</b>



# RESTATED CASH FLOW STATEMENT

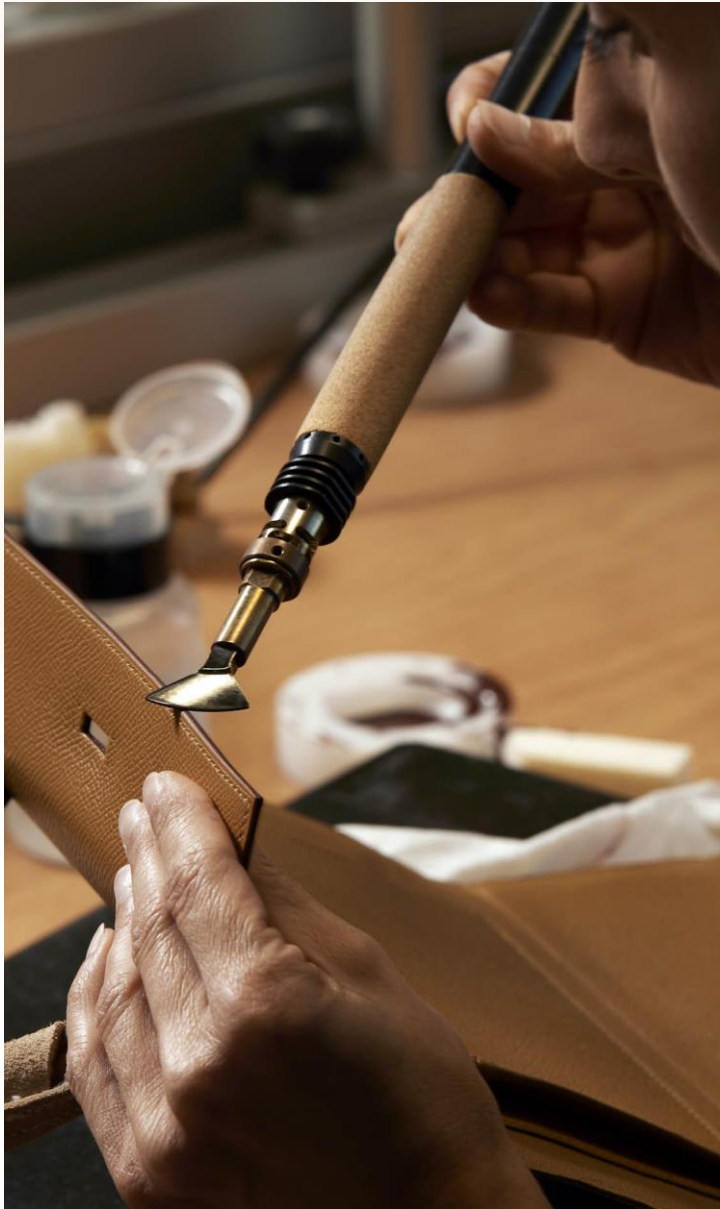


in €m	June 2022	June 2021
Operating cash flows	2,001	1,487
Change in working capital	(261)	65
<b>Cash flows related to operating activities</b>	<b>1,740</b>	<b>1,552</b>
Operating investments	(190)	(214)
Repayment of lease liabilities	(128)	(102)
<b>Adjusted free cash flow</b>	<b>1,421</b>	<b>1,236</b>
Financial investments	(10)	-
Dividends paid	(850)	(489)
Treasury share buybacks net of disposals	(115)	(162)
Other changes	169	33
Change in net cash position	615	617
<b>Closing restated net cash position</b>	<b>7,685</b>	<b>5,521</b>
<b>Opening restated net cash position</b>	<b>7,070</b>	<b>4,904</b>

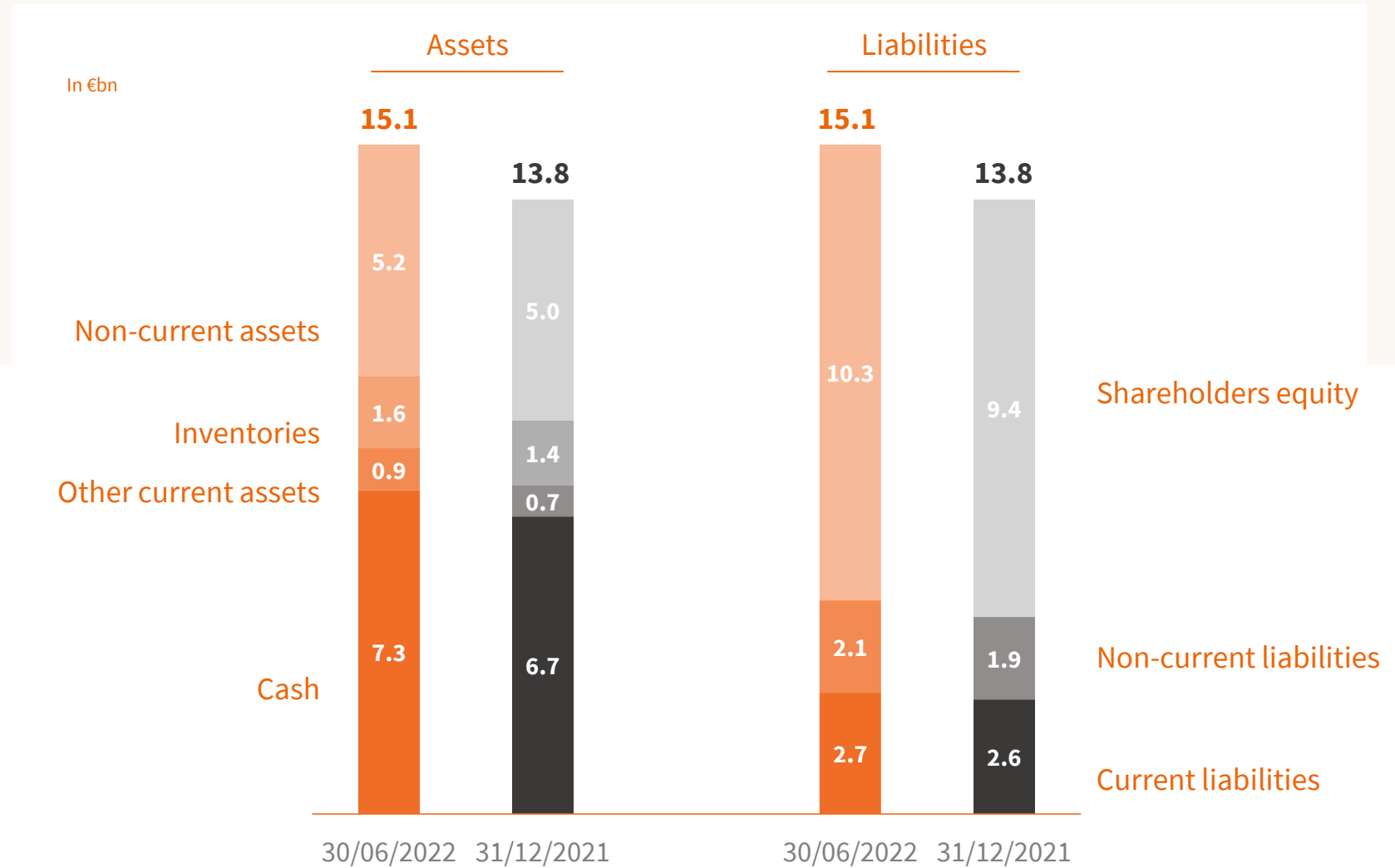


Simplified balance sheet





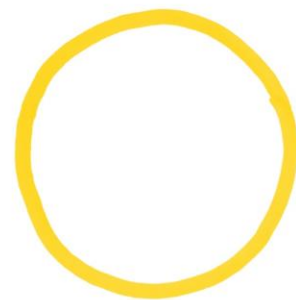
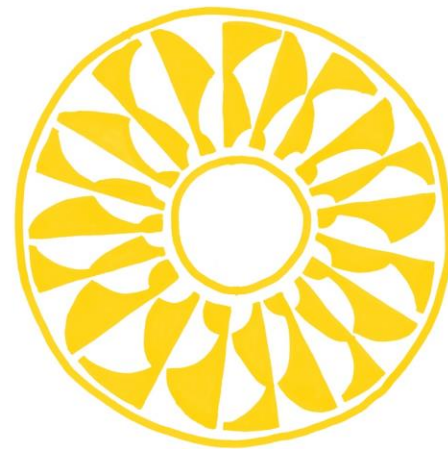
# SIMPLIFIED BALANCE SHEET

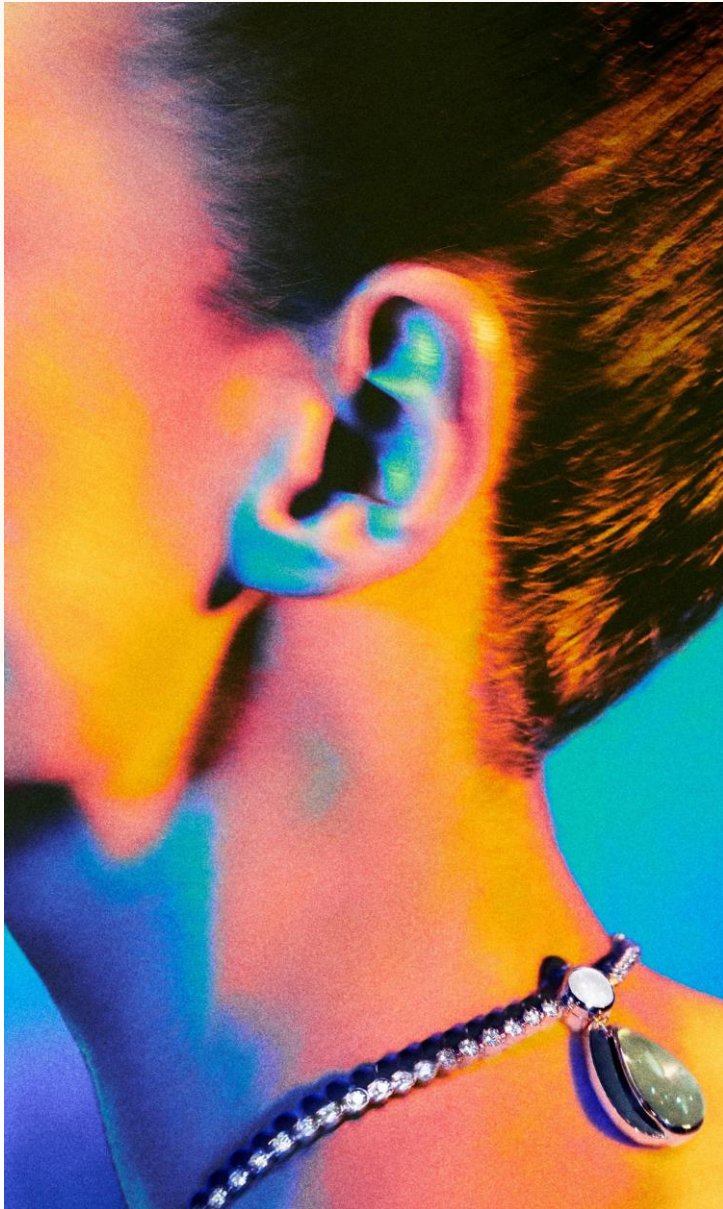






# Outlook





## OUTLOOK



- For 2022, the impacts of the health context are still difficult to assess. Our highly integrated craftsmanship model and balanced distribution network, as well as the creativity of our collections and our customers' loyalty allow us to look to the future with confidence
- 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 singular communication



## 2022: THE SADDLER'S SPIRIT



- Acceleration of job creation in all our *métiers* and multilocal, in-house training and transmission of *savoir-faire*
- Strengthening of investments in production capacities to support our 16 *métiers*
- Store openings and expansions, notably:
  - › The new Flagship in New York, 706 Madison (United States)
  - › Qiantan Taikoo Li in Shanghai (China)
  - › Strasbourg (France), Barcelona (Spain), Wuhan Heartland 66 store (China)
- New digital platform in Brasil
- Presentation of **Les jeux de l'ombre**, a new *haute bijouterie* collection
- Continuation of programmes backed by the *Fondation d'entreprise* Hermès (Manufacto, Manuterra)



The background is white and decorated with various colorful geometric shapes and patterns. These include concentric circles in pink, green, orange, and purple; stylized spiral shapes in orange, purple, and yellow; and abstract shapes resembling folded paper or sails in orange, purple, green, and yellow. A small green circle with a dot inside is positioned to the left of the title.

# Questions and answers

