



# 2023 Full-Year Results

9 February 2024

# PERFORMANCE OF THE CRAFTSMANSHIP AND ENTREPRENEURSHIP MODEL



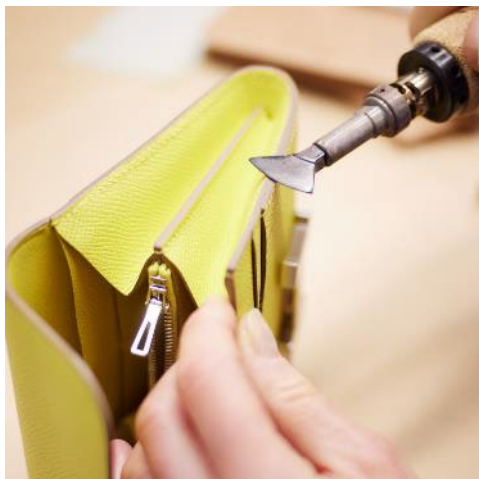
## QUALITY AND DURABILITY

Exceptional materials >80

Products designed to last

Craftspeople >7,000

Repairs in workshops >200,000



## INTEGRATION AND EXCLUSIVITY

Strong vertical integration

55% of objects made in in-house and exclusive workshops

Local anchoring

74% of objects produced in France

Multi-local and exclusive distribution network

294 stores in 45 countries



REVENUE  
**€13.4 BILLION**

+21% at constant exchange rates

OPERATING INVESTMENTS  
**€1.9 BILLION**

over 3 years of which above 60% in France

JOB CREATION  
**x2 IN 10 YEARS**

64% in France



## CREATIVITY AND SAVOIR-FAIRE

Abundant creativity

A unique style >50,000 references

Unique know-how and innovation

4 diplomas awarded, including a CFA in leather goods

21 Best Craftspeople in France



## EMPLOYMENT AND RESPONSIBILITY

Job creation

> 22,000 employees of which 13,700 in France

Sharing value

Exceptional bonus of €4,000  
18,000 shareholder employees following the 6<sup>th</sup> free share plan

# Highlights

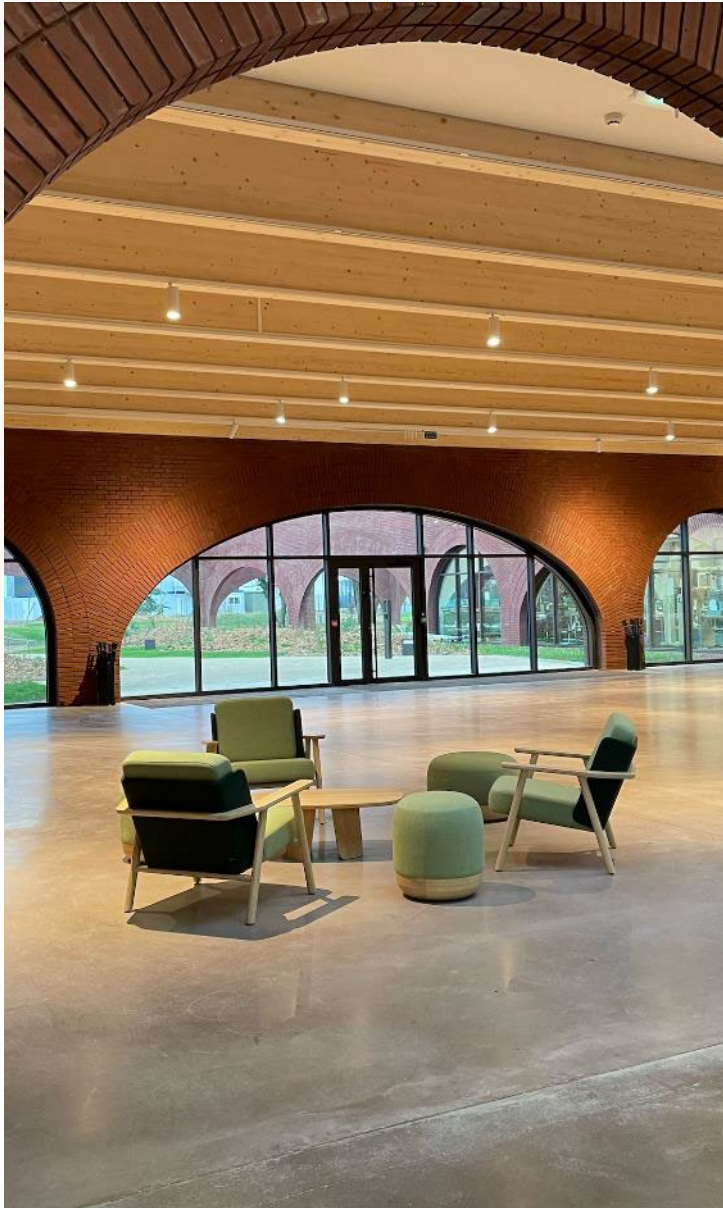




## ABUNDANT CREATIVITY AND UNIQUE KNOW-HOW



- Enrichment of the leather goods collection with the models **Arçon**, **Della Cavalleria Élan** or the **Haut à Courroies Multipockets** bag
- Successful **Women's and Men's Ready-to-Wear** collections
- Format and design dynamics of the **silk collections**
- Presentation of the **Chaîne d'ancre** jewellery collection
- New versions of the **Hermès H08** watch
- Launch of the 5<sup>th</sup> chapter of Beauty, **Le Regard Hermès**
- Successful launches of the **Un Jardin à Cythère** and **Tutti Twilly** perfumes



## DEVELOPMENT OF PRODUCTION CAPACITIES (1/2)



- Two leather goods workshop openings:
  - › Louviers (Eure) and la Sormonne (Ardennes), E4C2-certified
  - › Expansion of the Saint-Junien (Haute-Vienne) glove and leather goods workshop
- Four ongoing leather goods workshop projects:
  - › Riom (Puy-de-Dôme), scheduled in 2024
  - › L'Isle-d'Espagnac (Charente), scheduled in 2025
  - › Loupes (Gironde), scheduled in 2026
  - › Charleville-Mézières (Ardennes), scheduled in 2027



## DEVELOPMENT OF PRODUCTION CAPACITIES (2/2)



- Strengthening of capacity investments in all the métiers:
  - › A new printing line in the Textile division of the Pierre-Bénite site
  - › Development of the Hermès Manufacture des Métaux company, specialised in metal pieces
  - › Expansion of the Hermès Perfume & Beauty site in Normandy
  - › Beyrand site expansion project for Tableware
- Securing supply:
  - › Acceleration of vertical integration projects in all the métiers
  - › Acquisition of minority interests in some of our historical partners



# EXCLUSIVITY: AN INTEGRATED AND OMNICHANNEL DISTRIBUTION NETWORK (1/2)



- Continued operating investments in the multi-local distribution network
- Opening of new stores:
  - › Naples, Aspen and Los Angeles Topanga (United States)
  - › Tianjin and Chengdu (China)
- Expansion and renovation of stores:
  - › Chicago and Las Vegas Bellagio (United States)
  - › Vienna (Austria), Bordeaux (France) and Crans-Montana (Switzerland)
  - › Beijing Peninsula (China), the Shilla Hotel in Seoul (Korea), Sapporo and Kyoto Takashimaya (Japan)



## EXCLUSIVITY: AN INTEGRATED AND OMNICHANNEL DISTRIBUTION NETWORK (2/2)



- A solid performance of e-commerce sales worldwide:
  - › Opening of the new digital platform in Brazil
  - › New omnichannel services and a wider range of products available
- Strengthening of the supply chain in all geographical areas
- Strong growth of travel retail



# SINGULAR COMMUNICATION



- Presenting Hermès in an authentic and unconventional manner:
  - › ***Hermès in the Making*** in Lille, Chicago and Bangkok
  - › ***On the Wings of Hermès*** in Los Angeles, Hong Kong and Shanghai
  - › ***Héritage In Motion*** in São Paulo
  - › ***Le Kiosque du Monde d’Hermès*** notably in Lisbon and Hong Kong
  - › ***Saut Hermès*** at the *Grand Palais Éphémère* in Paris
- Rediscovering the 16 métiers of the house:
  - › **Please Check In** in Seoul
  - › Men’s universe in Aspen and women’s universe in Beijing
  - › **Parade** event around Homeware in Seoul
  - › **petit h** in Beijing and Osaka
  - › Silk events: ***Brides de Galaxy*** in London, ***Par un beau soir de carrés*** in Brussels
  - › **Pony Dance** event in Athens, Panama City and Manila

The background is a vibrant teal color with a textured, hand-drawn appearance. In the center, there is a black outline drawing of a horse, facing right. The horse is depicted in a simple, sketchy style. Surrounding the horse are several circular patterns, also drawn in black outlines, which resemble stylized wheels or gears. The overall aesthetic is artistic and modern.

# Sustainable and Responsible Development

# A SUSTAINABLE AND RESPONSIBLE BUSINESS MODEL



## PEOPLE AT THE HEART OF OUR VALUES

Acceleration of **job creation** and **sharing value**

Rate of people with **disabilities >6%**



## LOCAL ANCHORING

Responsible real estate standard:  
**2 leather goods workshops**  
E4C2-certified  
Systemic alignment of new projects

**60 production and training sites in France**



## CLIMATE STRATEGY

Reduction in greenhouse gas emissions between 2018 and 2030 (validated by SBTi):

**-50.4% in absolute value**  
**scopes 1&2**

**-58.1% in intensity scope 3**

**100% renewable electricity in 2025**  
**in our own operations**



## PRESERVATION OF NATURAL RESOURCES

Initiation of **SBTN process**

**Responsible supply chains:** process leading to certification for 44 purchasing sectors by 2024

**Circular economy**





# HERMÈS: SOCIALLY RESPONSIBLE



- Acceleration of job creation and sharing value:
  - › **22,040 employees, including 62% in France** at the end of December 2023, an increase of 2,400 employees, including 1,400 in France
  - › **6<sup>th</sup> free share plan**, enabling all employees to become shareholders, and worldwide bonus in respect of 2023
- Transmission of savoir-faire and local anchoring:
  - › Deployment of the **École Hermès des savoir-faire** in 8 regional training centres in France with diploma courses (Leather goods, Cutting and Stitching)
- Commitment to diversity and inclusion:
  - › **6.85%** rate of directly employed people with disabilities in France and **Signature of the 3<sup>rd</sup> Group Disability Agreement**
  - › **Gender equality Index** in France: 95/100
  - › **Group agreement on work-life balance** (caregivers, parenthood and vulnerabilities)



# COMMITMENTS TO CLIMATE AND PRESERVATION OF RESOURCES



- In line with the climate trajectory below 1.5°C (validated by SBTi):
  - › **Reduction by 30% of scopes 1 and 2 emissions** in absolute value in 2023 vs 2022
  - › Publication of the **Climate Transition Plan**
  - › **Standard** for high environmental and social performance real estate
- Preservation of natural resources:
  - › Initiation of the **Science Based Targets for Nature (SBTN)** process to set scientific targets for Nature
  - › Publication of the **Forests policy**
  - › **Water management:** -62% in industrial water consumption intensity over 10 years, in line with the target of -5% per year in intensity
- Strengthening circular economy principles:
  - › **Life Cycle Analysis** on 100% of the House's most emblematic products by 2025
  - › **>80%** of leather goods division's suppliers LWG (Leather Working Group) certified
  - › Engagement for **eco-design, reusing and recycling** across our entire value chain



# SOCIAL, SOCIETAL AND ENVIRONMENTAL PERFORMANCE RECOGNISED



## GLOBAL EVALUATIONS



**AA**



**#2 Textiles and Apparel**



**Advanced**

## THEMATIC EVALUATIONS



**« A List »**  
Climate A / Water A



**Grand Prix  
Emploi 2023**  
for the 3<sup>rd</sup> time

**Transparency  
Awards**

**Award « CAC  
Large 60 »**



# Activity



## ACTIVITY



- Sales in 2023 reached **€13.4 billion**, (+21% at constant exchange rates and +16% at current exchange rates)
- All the regions posted solid performances, with **consistent growth around 20%**
- **Strong momentum in all the métiers** with double-digit growth
- Sales in the 4<sup>th</sup> quarter amounted to **€3.4 billion** (+17.5% at constant exchange rates and +12.5% at current exchange rates), thanks to sustained activity in the United States as well as in Asia



# Revenue by Geographical Area

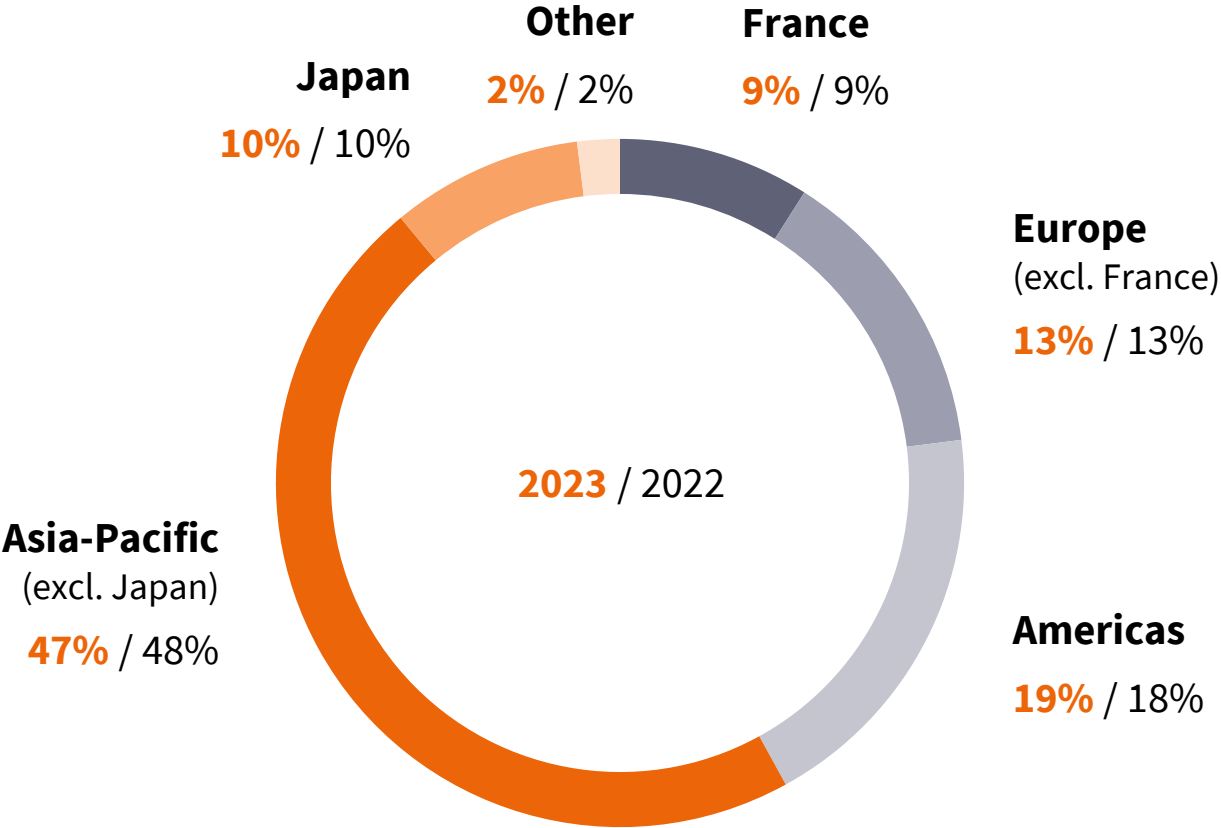


## REVENUE BY GEOGRAPHICAL AREA



in €m	2023	Change at constant rates
France	1,274	20%
Europe (excl. France)	1,818	20%
<b>EUROPE</b>	<b>3,093</b>	<b>20%</b>
Japan	1,260	26%
Asia-Pacific (excl. Japan)	6,273	19%
<b>ASIA</b>	<b>7,533</b>	<b>20%</b>
Americas	2,502	21%
Other	299	44%
<b>TOTAL</b>	<b>13,427</b>	<b>21%</b>

# REVENUE BY GEOGRAPHICAL AREA



# Revenue by Sector

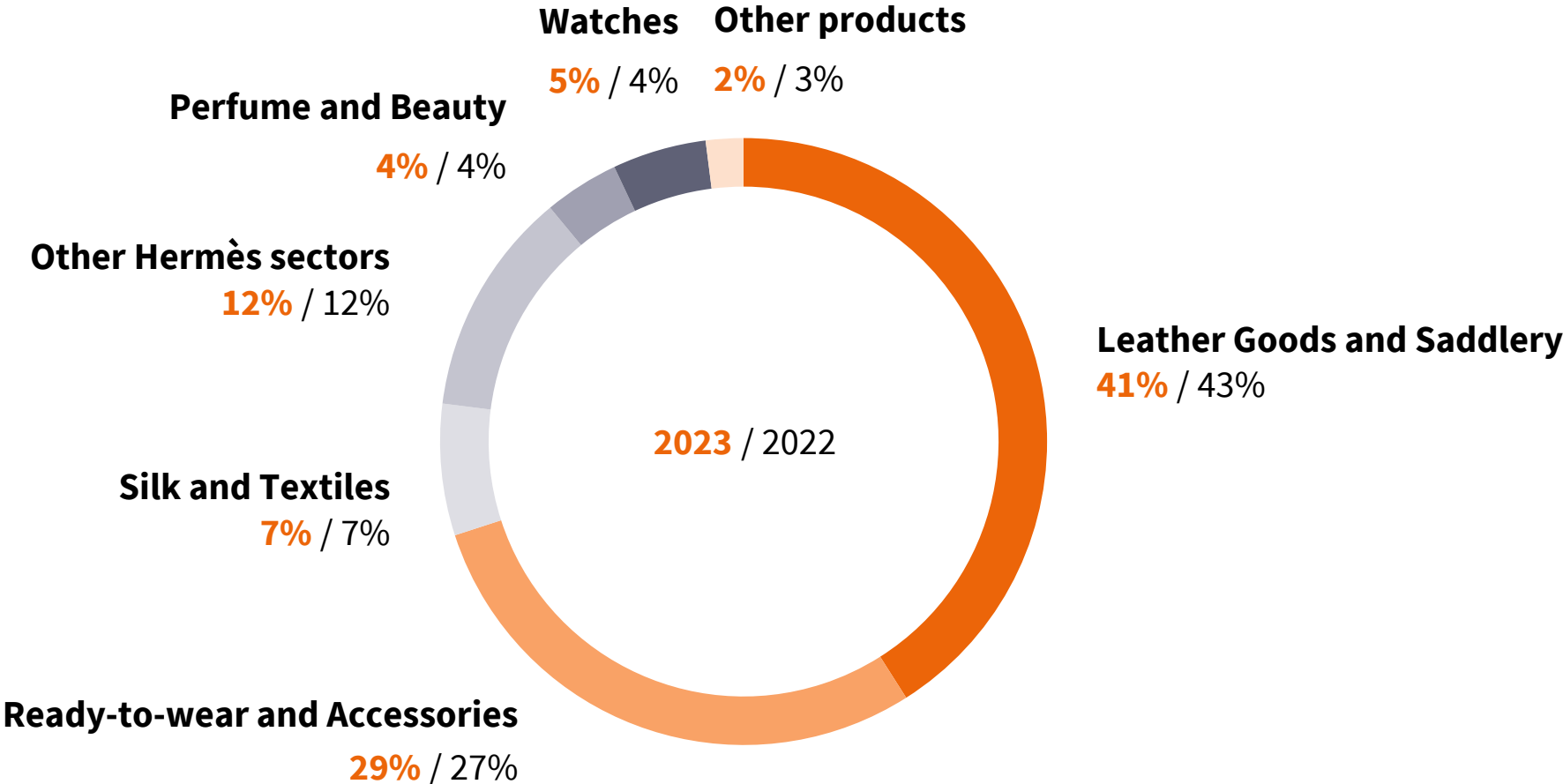


## REVENUE BY SECTOR



in €m	2023	Change at constant rates
Leather Goods and Saddlery	5,547	17%
Ready-to-wear and Accessories	3,879	28%
Silk and Textiles	932	16%
Other Hermès sectors	1,653	26%
Perfume and Beauty	492	12%
Watches	611	23%
Other products	313	5%
<b>TOTAL</b>	<b>13,427</b>	<b>21%</b>

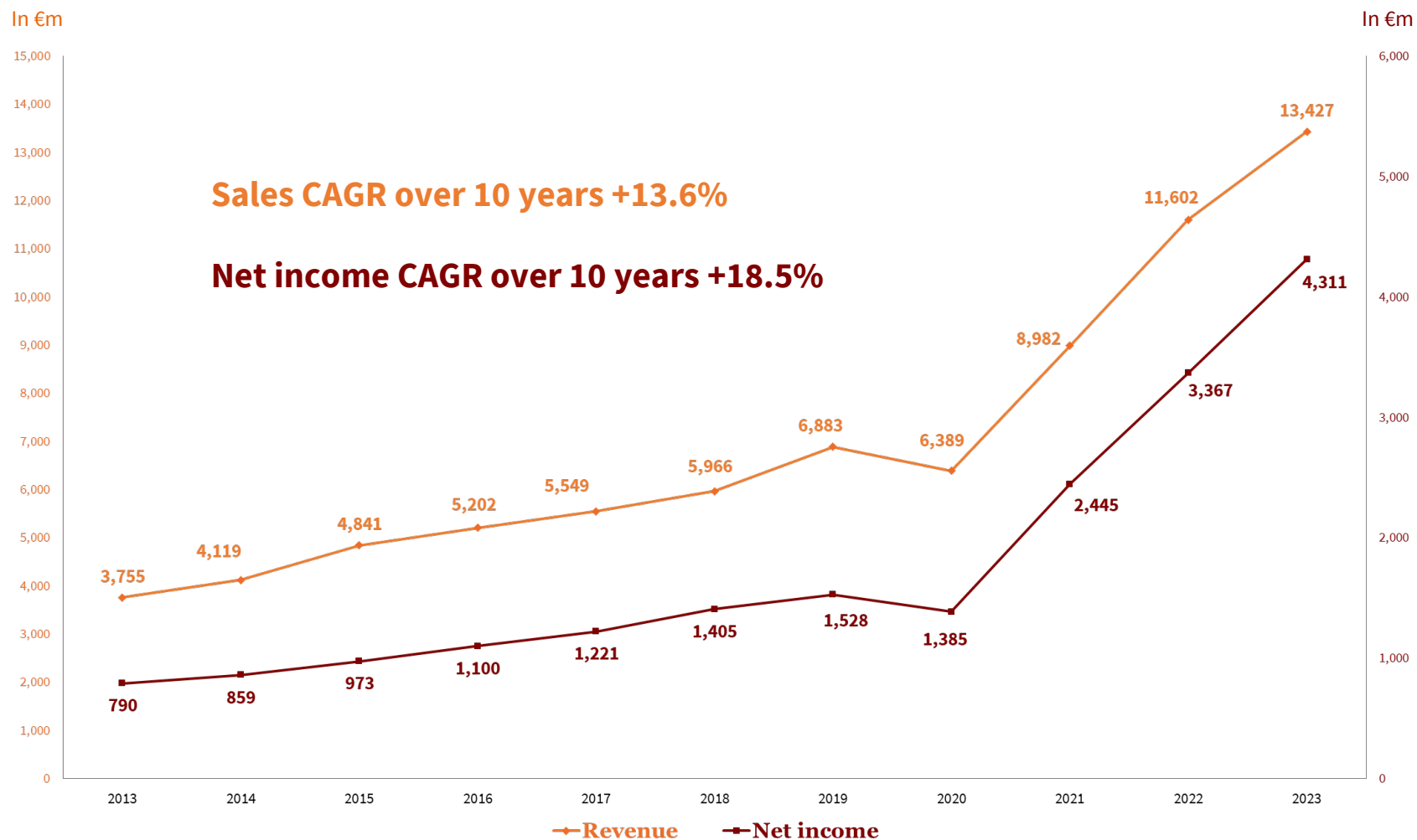
# REVENUE BY SECTOR





# Results

# OUTSTANDING SALES AND RESULTS IN 2023





The background is an abstract composition of various shades of blue and purple. It features thick, expressive brushstrokes that create a sense of movement and depth. A faint, light-colored grid pattern is visible beneath the paint, suggesting a technical or financial theme. The overall aesthetic is modern and artistic.

# Income Statement



# CONSOLIDATED INCOME STATEMENT

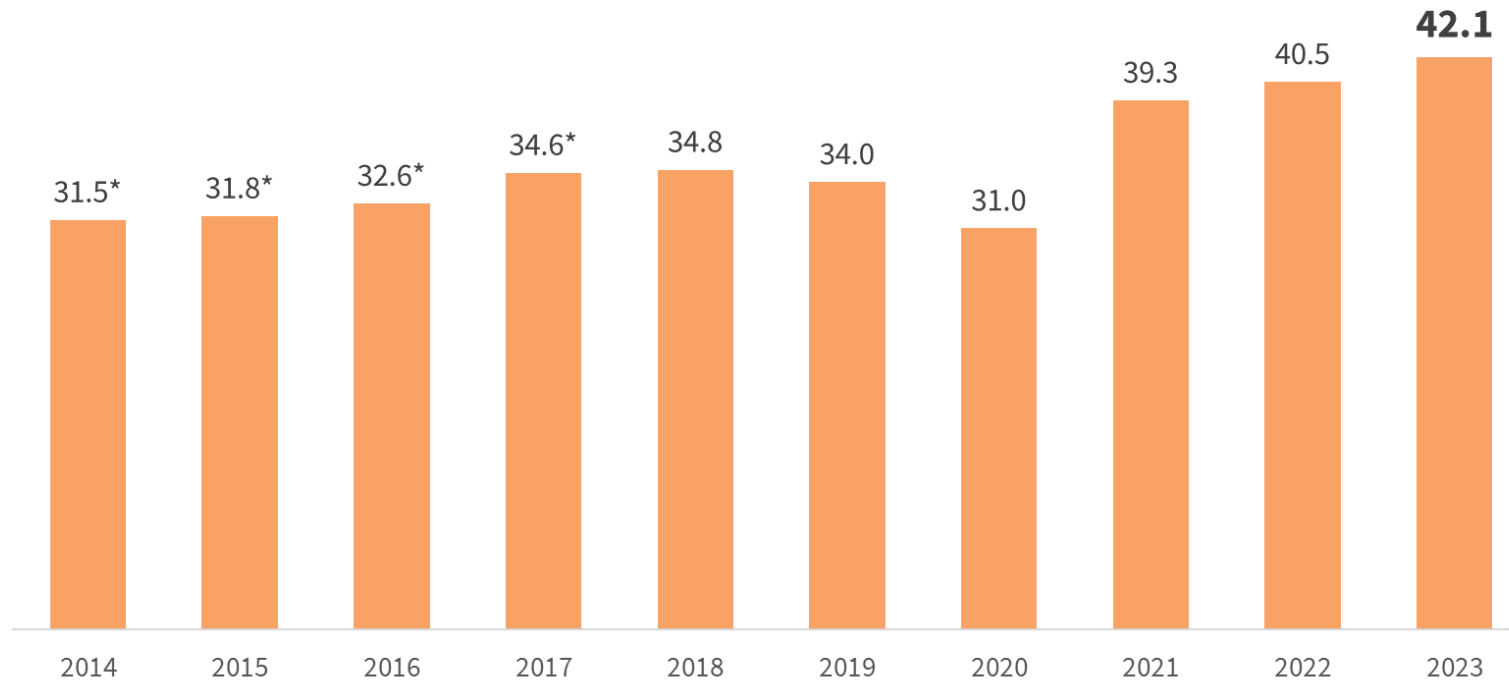


<i>in €m</i>	<i>%</i>		<i>%</i>	
	<b>2023</b>	<i>revenue</i>	<b>2022</b>	<i>revenue</i>
<b>Revenue</b>	<b>13,427</b>		<b>11,602</b>	
Cost of sales	(3,720)		(3,389)	
<b>Gross margin</b>	<b>9,708</b>	<b>72.3%</b>	<b>8,213</b>	<b>70.8%</b>
Communication	(607)	(4.5)%	(525)	(4.5)%
Other sales and administrative expenses	(2,561)	(19.1)%	(2,155)	(18.6)%
Other income and expenses	(889)	(6.6)%	(836)	(7.2)%
<b>Recurring operating income</b>	<b>5,650</b>	<b>42.1%</b>	<b>4,697</b>	<b>40.5%</b>
Other non-recurring income and expenses				
<b>Operating income</b>	<b>5,650</b>	<b>42.1%</b>	<b>4,697</b>	<b>40.5%</b>
<i>Change y-o-y</i>	+20%			

# RECURRING OPERATING PROFITABILITY EVOLUTION



in % of revenue



\* Before IFRS16



# CONSOLIDATED INCOME STATEMENT

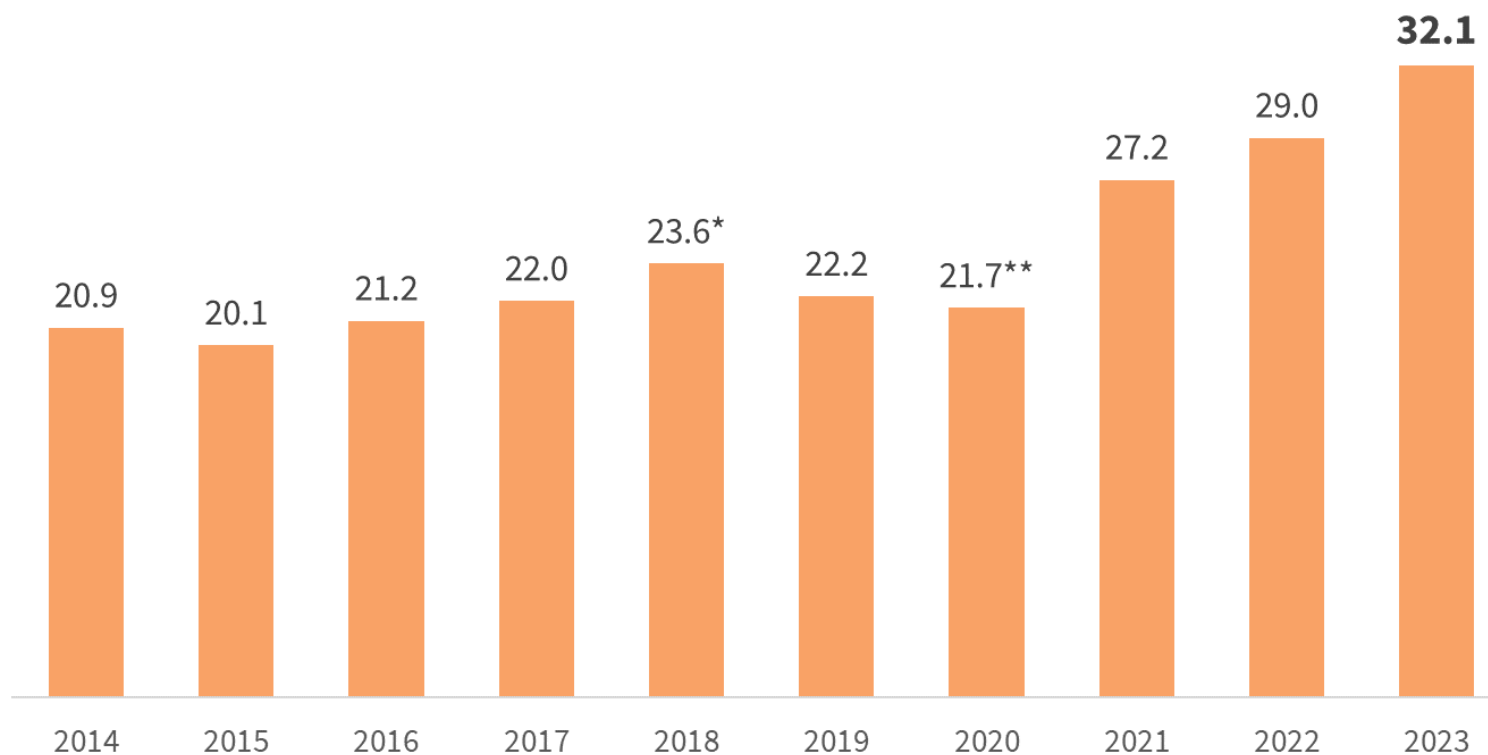


<i>in €m</i>	<b>2023</b>	<b>% revenue</b>	<b>2022</b>	<b>% revenue</b>
<b>Operating income</b>	<b>5,650</b>	<b>42.1%</b>	<b>4,697</b>	<b>40.5%</b>
Net financial income	190		(62)	
Income tax	(1,623)		(1,305)	
	<i>In % of income before tax</i>		<i>28.2%</i>	
Net income from associates	105		50	
Non-controlling interests	(12)		(13)	
<b>Net income attributable to owners of the parent</b>	<b>4,311</b>	<b>32.1%</b>	<b>3,367</b>	<b>29.0%</b>
<i>Change y-o-y</i>	<i>+28%</i>			

# NET PROFITABILITY EVOLUTION



in % of revenue



\* 22,7% restated for the capital gain on the disposal of the Galleria in Hong Kong in 2018

\*\* 20,3% restated for a non-current gain relating to the deconsolidation of Shang Xia in 2020

The background is an abstract composition of various shades of blue and purple. It features thick, expressive brushstrokes that create a sense of movement and depth. A faint, light-colored grid pattern is visible beneath the paint, adding a subtle geometric element to the organic forms. The overall effect is a textured, artistic backdrop.

# Investments and Cash Flow



# OPERATING INVESTMENTS

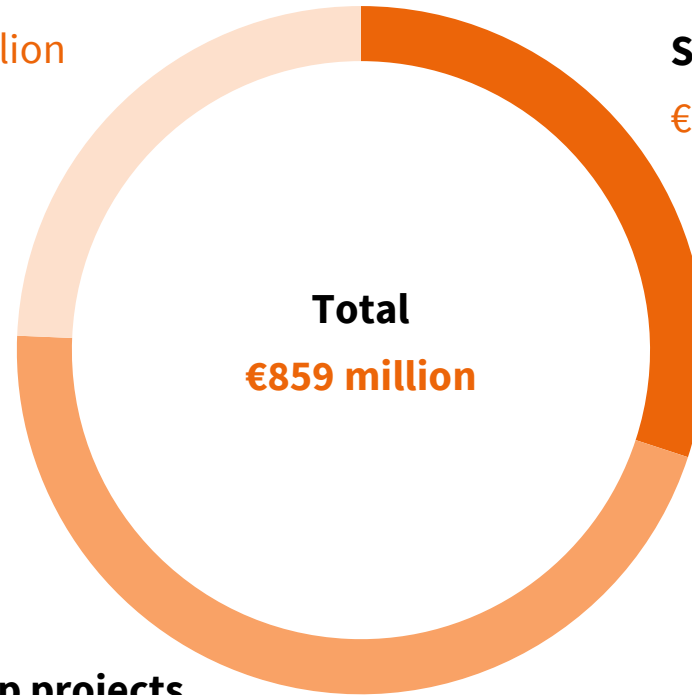


**Production and divisions**

€208 million

**Stores and distribution**

€258 million



**Real estate and group projects**

€392 million

# RESTATED CASH-FLOW STATEMENT

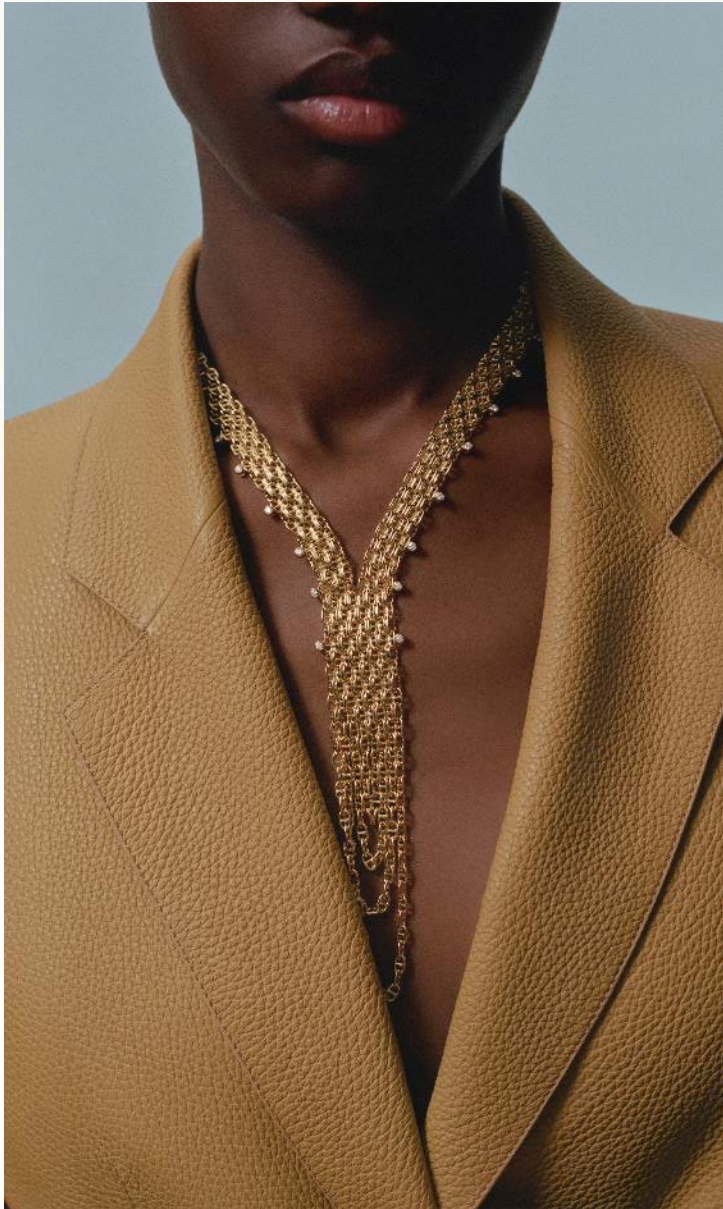


in €m	2023	2022
Operating cash flows	5,123	4,111
Change in working capital	(794)	73
<b>Cash flows related to operating activities</b>	<b>4,328</b>	<b>4,185</b>
Operating investments	(859)	(518)
Repayment of lease liabilities	(277)	(261)
<b>Adjusted free cash flow</b>	<b>3,192</b>	<b>3,405</b>
Financial investments	(316)	(21)
Dividends paid	(1,386)	(852)
Treasury share buybacks net of disposals	(132)	(116)
Other changes	65	257
Change in net cash position	1,422	2,672
<b>Closing restated net cash position</b>	<b>11,164</b>	<b>9,742</b>
<b>Opening restated net cash position</b>	<b>9,742</b>	<b>7,070</b>

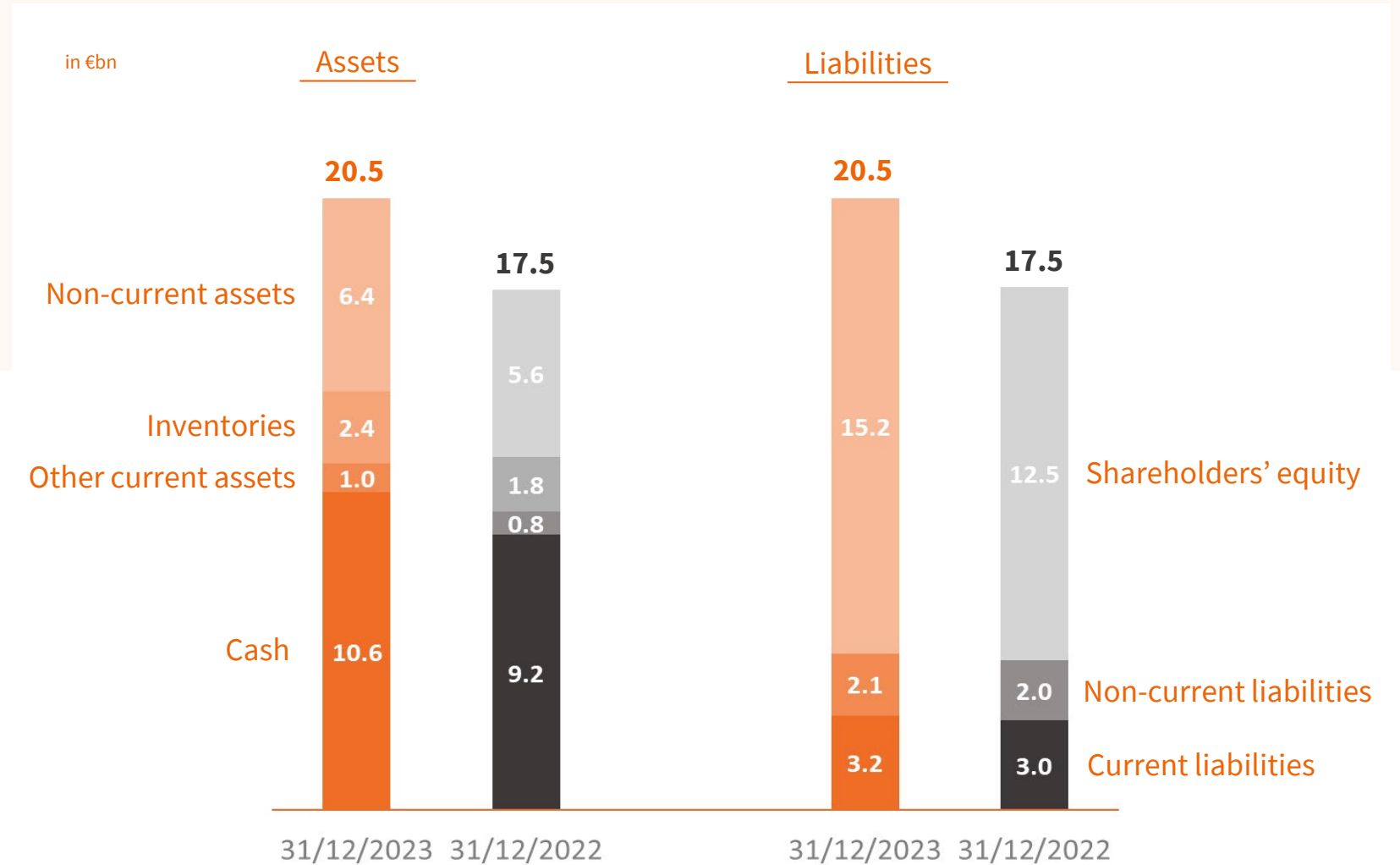




# Simplified Balance Sheet



# SIMPLIFIED BALANCE SHEET

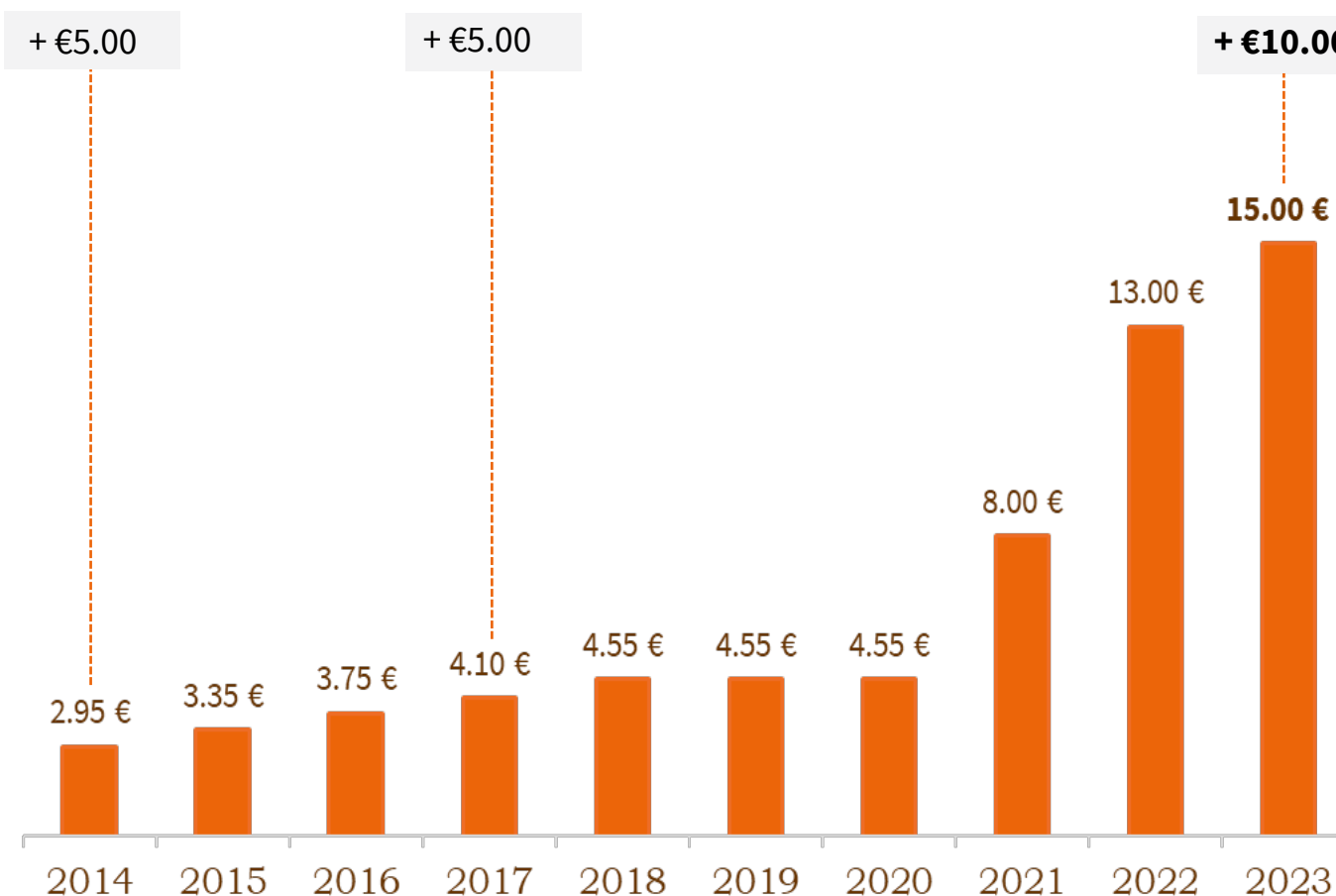


# EVOLUTION OF THE DIVIDEND PER SHARE



Exceptional dividend  
*In € per share*

Ordinary dividend  
*For the period*  
*In € per share*



\* Subject to approval by the General Meeting of 30 April 2024, including €3.5 interim dividend paid on 15 February 2024



# Outlook



## OUTLOOK



- In the medium-term, despite economic, geopolitical and monetary uncertainties around the world, the house confirms an ambitious goal for revenue growth at constant exchange rates
- The group has moved into 2024 with confidence, thanks to the highly integrated artisanal model, the balanced distribution network, the creativity of collections and the loyalty of clients
- 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



## 2024: IN THE SPIRIT OF THE FAUBOURG, AT THE HEART OF THE HOUSE

- Accelerating **job creation** in France and worldwide
- Opening of the leather goods factory in Riom (Puy-de-Dôme)
- **Store** openings and expansions, notably in Princeton (United States), Wuxi and Shenzhen MixC (China) and Lille (France)
- Continued **strategic investments** in production capacities in all the métiers and further upstream and downstream **vertical integration**, including the strengthening of its relationship with the historical partner in the Middle East
- Amplification of actions within the value chain in line with commitments against **climate** change and to preserve **natural resources**
- Launch of the table service **Tressages équestres**
- 14th edition of the **Saut Hermès** at the Grand Palais Éphémère in Paris in March

# Questions and Answers





  
HERMÈS  
PARIS