

3rd November 2016

Luxury & Consumer Goods

Hermès Intl.

Price EUR366.95

Hermès sales up 7.7% over 9m of which +8.8% in Q3, above expectations

Fair Value EUR410 (+12%)

BUY-Top Picks

Bloomberg	RMS FP
Reuters	HRMS.PA
12-month High / Low (EUR)	398.6 / 291.6
Market Cap (EUR)	38,739
Avg. 6m daily volume (000)	56.30

	1 M	3 M	6 M	31/12/15
Absolute perf. Pers & H/H	1.3%	-4.5%	15.5%	17.7%
Gds	-4.6%	-4.6%	-1.5%	-2.7%
DJ Stoxx 600	-3.3%	-1.2%	-2.8%	-9.4%

	2015	2016e	2017e	2018e
P/E	39.6x	34.9x	30.7x	27.2x
Div yield (%)	0.9%	1.0%	2.5%	1.3%

ANALYSIS

- **Hermès** 9M sales grew 7.7% organically to EUR3.7bn, implying +8.8% in Q3 alone (consensus: +7%), following +8.1% in Q2 and +7.2% in H1. Retail sales were up 9% over 9m vs +8% in H1. The Q3 sales increase was again driven by the **Leather Goods** business (47% of sales) thanks to a 16.3% increase following +17% in Q2. The **Silk** business declined 4% in Q3, in line with the Q2 performance. Ready to wear revenues remained stable in Q3, showing a clear improvement vs H1 (-2%), while others Hermès activities such as tableware grew 4.4% in Q3 vs -1%.
- **By geographical area**, we would highlight the 14% Q3 sales increase in **Asia-Pacific** (35% of Group sales) after +5.3% in H1. This positive move was mainly due to **Mainland China** which was clearly better oriented while other Asian countries (excluding HK) were very dynamic. In Hong Kong and Macau, the situation remains mixed. **France** (14% of sales) suffered in Q3 with almost a stability versus +7.3% in H1. The rest of **Europe** fared quite well with a 10% revenue increase in Q3. The **Americas** (18% of sales) enjoyed 7.3% sales growth in Q3, almost in line with H1 (+8.3%). In **Japan** (12% of sales), revenues grew in Q3 (+5.6%).

VALUATION

- **RMS share price gained 18.4% over the last six months**, the second-best performance among our luxury groups sample. We remain at Buy on the stock with an unchanged EUR410 FV.

NEXT CATALYSTS

- FY 2016 sales to be reported on 7th February 2017.

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NEUTRAL ratings 31,2%

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