

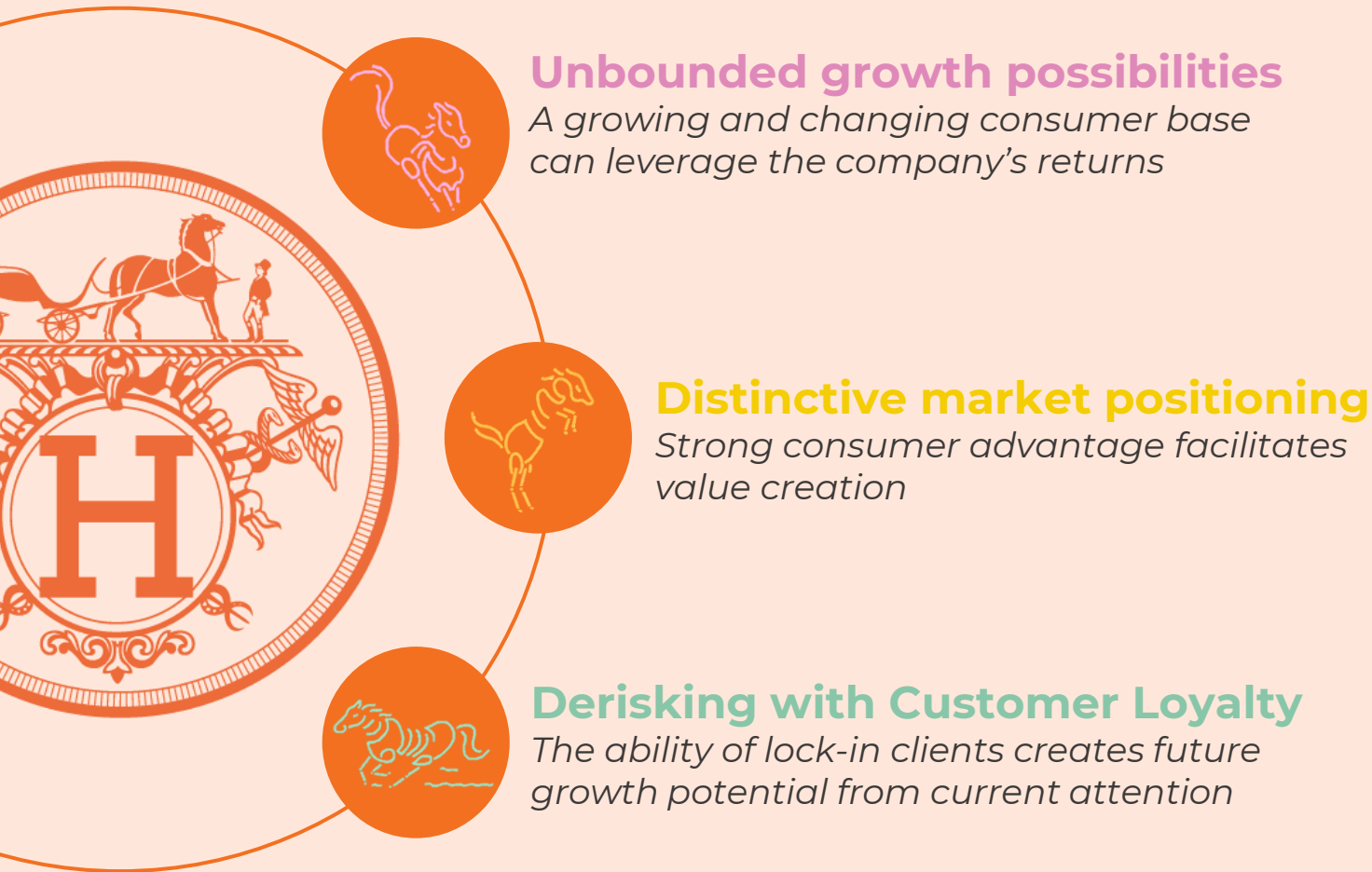


AFCapital

LTS CHALLENGE 2023

Hermès Investment Rationale

Investment Thesis



RMS: BUY!

Current
Price

€ 1,812.4

21,3%
Upside

16.5%
IRR

Target
Price

€ 2,198.7

A Dive into Luxury Markets

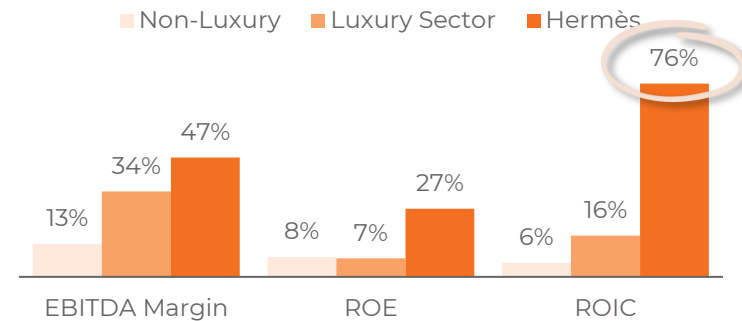
The luxury sector deals with high-end and premium products, which provide **more than just functionality**. It offers unique and prestigious experiences to those seeking status



I. Highly profitable

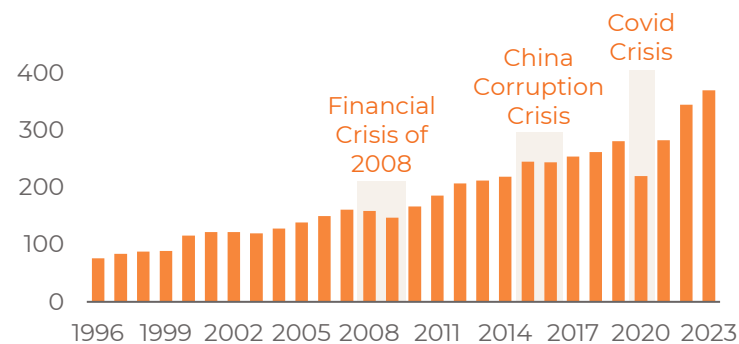
1 High margins and returns

Profitability metrics by fashion segment (in %)



2 Resilience

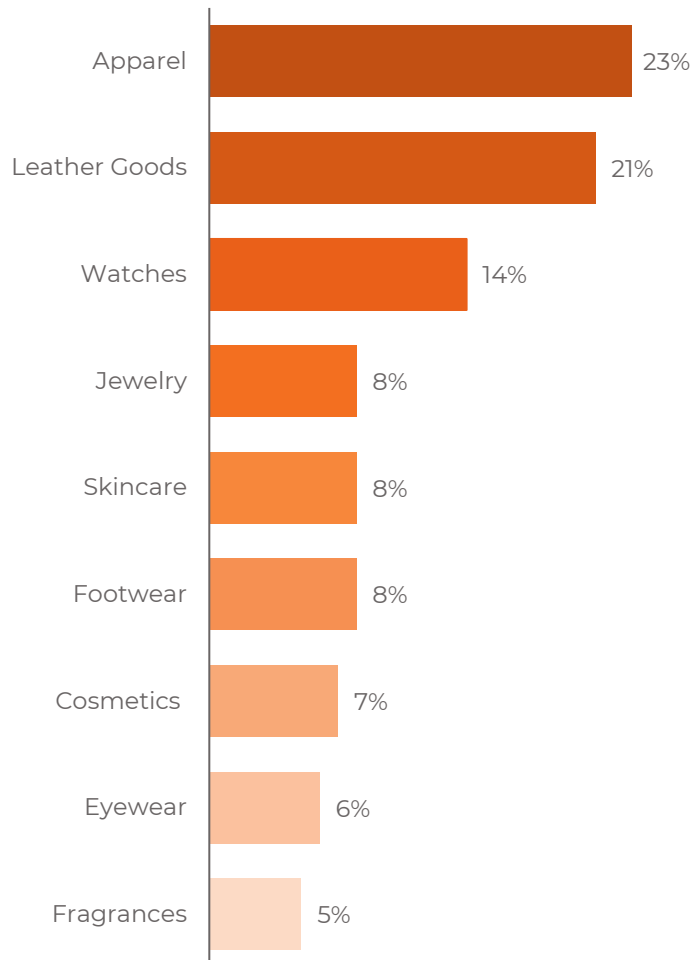
Personal luxury goods revenue (in € billions)



3 High demand

II. Wide range of subsectors

Worldwide luxury revenue share

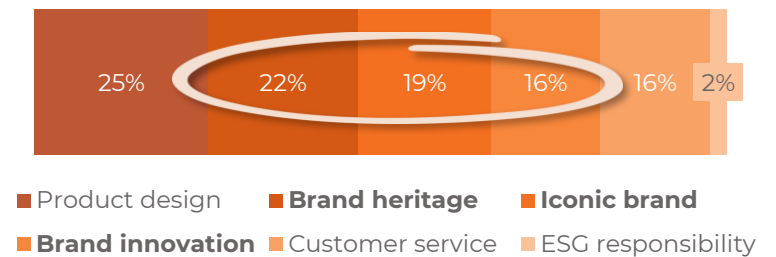


III. Notably concentrated

Main companies' revenues



Key driving factors in brand choice

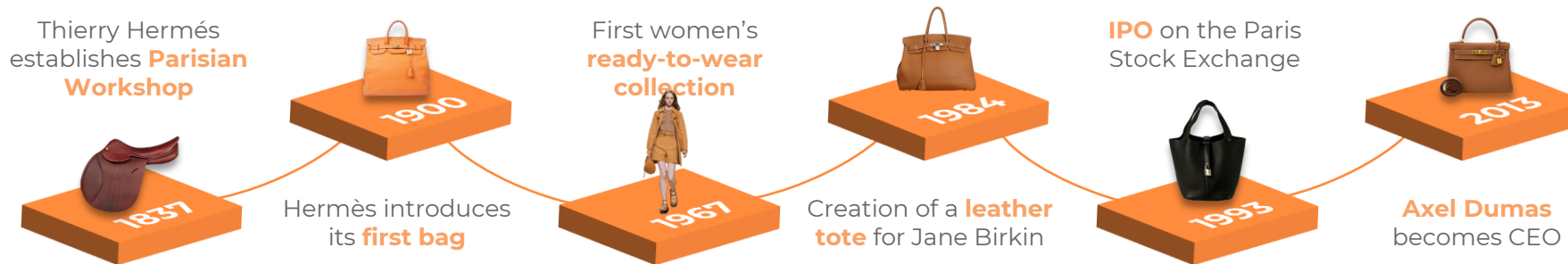


Astonishing Orange

Established in 1837, the company **started by selling saddles and equestrian accessories**, but now is one of the **most distinguished and acclaimed leather goods manufacturer**



I. From saddles to handbags



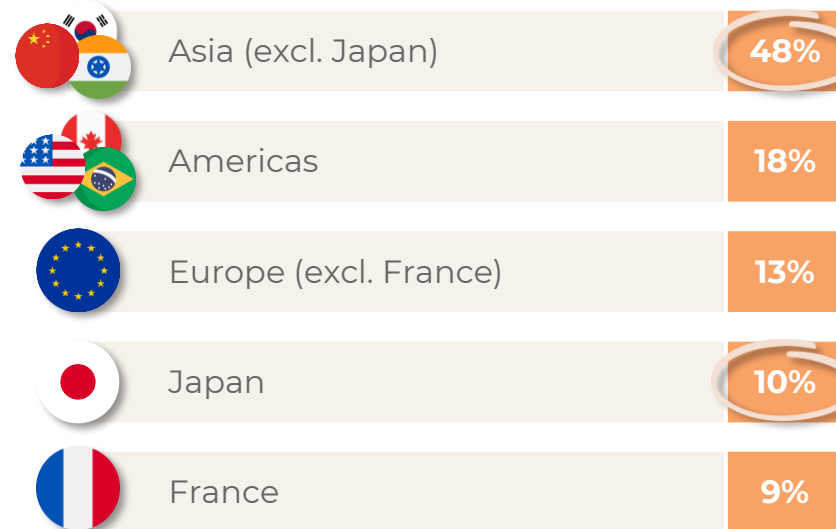
II. Diversified Portfolio

Hermès métiers and how much they represent of the revenue



II. Revenue concentrated in Asia

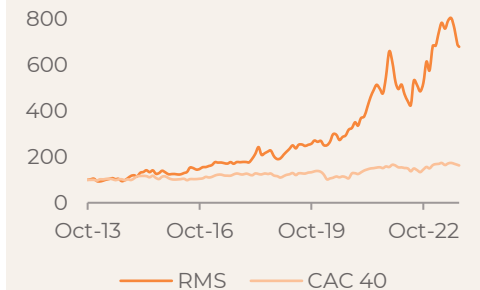
Revenue by region (in billion €) and how much they represent



Snapshot of Hermès

Hermès is a renowned French luxury goods manufacturer, originally founded as a harness workshop and now known for its leather goods and silk scarves.

10-year return (10/2013 = 100)



Key Financials

Stores	300
Revenue	€ 13.5 Bi
EBITDA margin	46.8%
Net Cash	€ 7.4 Bi
FCFF Yield	1.72%
Market Cap	€ 186 Bi
EV/EBITDA LTM	30x

Playing the Hermès Game

Hermès **diverges from other luxury brands** by its **unique strategy of limiting its sales** and selecting the clients who have access to certain pieces, while **paying close attention to its production** and becoming **more ESG-friendly**



I. Integrated Supply Chain



Supply

The business is **55% vertically integrated** in order to guarantee top quality materials

Manufacture

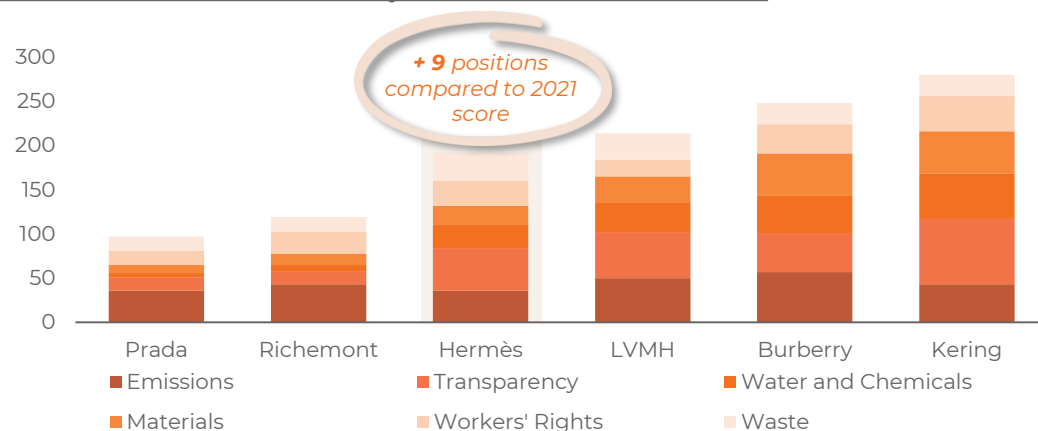
Products are **handmade** by Hermès' **in-house trained artisans**
"1 bag 1 artisan"

Distribution and Sales

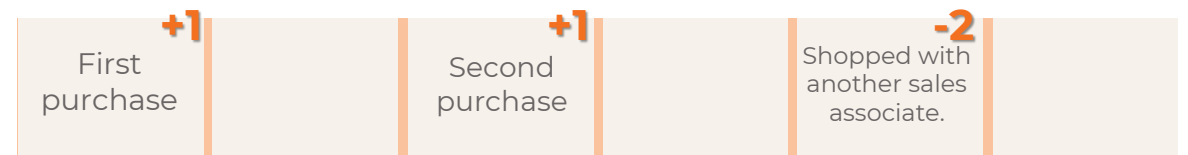
The product reaches final clients through Hermès' **own stores, consessionaires and e-commerce**

II. ESG Practices

Business of Fashion's sustainability score and variation from 2021



III. 'Hermès Game': how to get the bag of your dreams



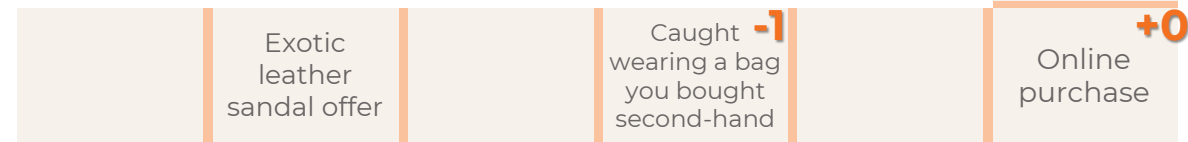
What Hermès says...

5 out of 5 sales associates we interviewed claimed bags are offered through a **waiting list**



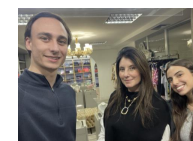
Visit to Hermès' Cidade Jardim Store

+3
First piece of jewelry!

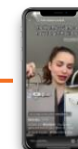


What consumers say...

You got your first bag offer



Sandra Raffaelli
Secondhand Business Owner

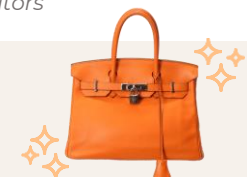


TikTok creators

"You have to be a **loyal and frequent customer** to get the bag"

-1
You rejected a bag offer

Your sales associate offered you first Birkin!

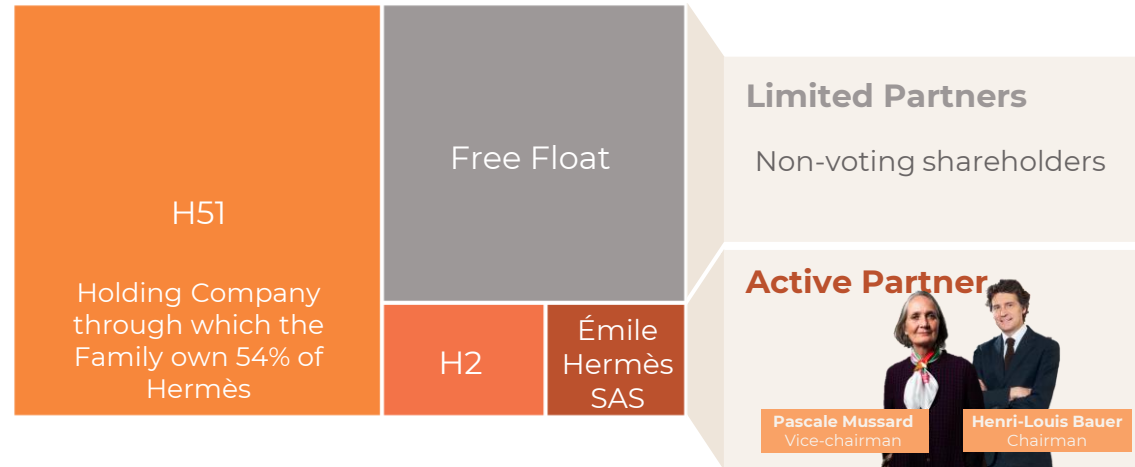


Keeping it in the Family

The Hermès Family has a **'Fort Knox' type of family culture**, being able to keep the control of the company for almost 200 years. However, **minority shareholders are not negatively exposed** by that governance model



I. Shareholders and Board

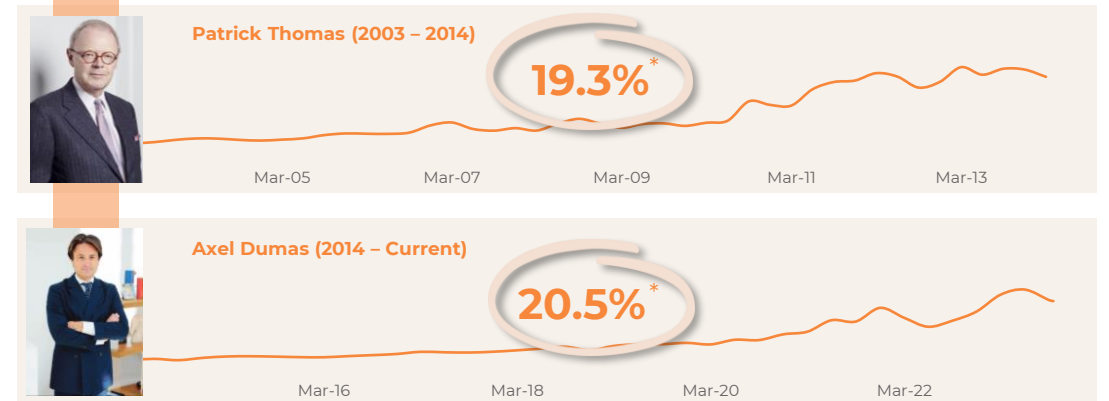


- Direct Descendant of Émile Hermès
- Employee Representative
- Independent

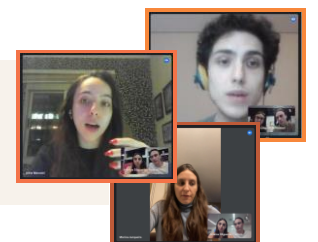
Compensation



II. Management



Former employees in Brazil claimed culture was very **linked to the brand's french heritage**



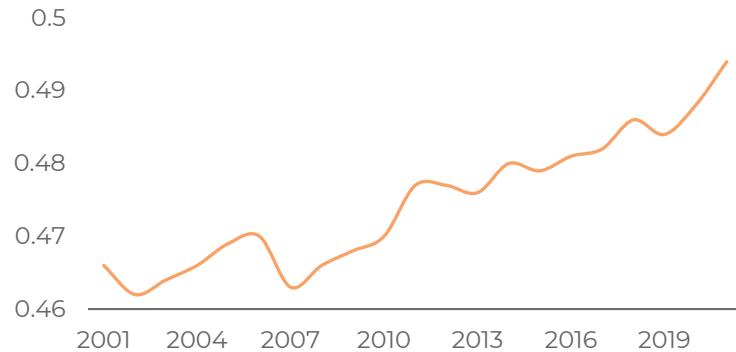
New Customers Landscape

Wealth concentration combined with the developing markets and entrance of new generation in the market is **broadening and changing the customer base of the luxury industry**

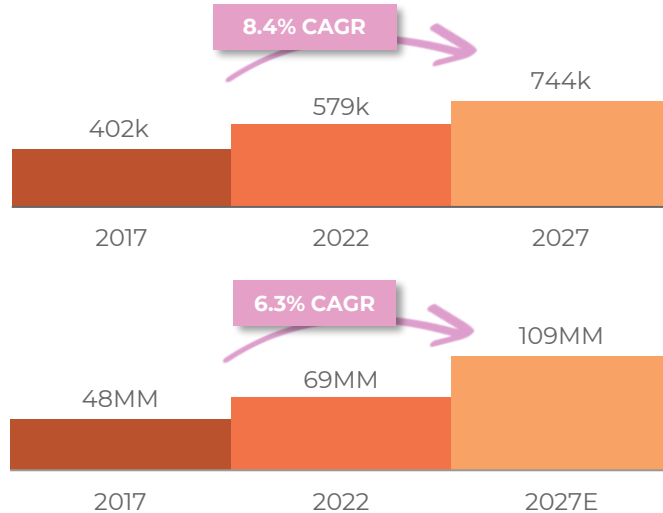


I. Concentration of Wealth

Gini coefficient

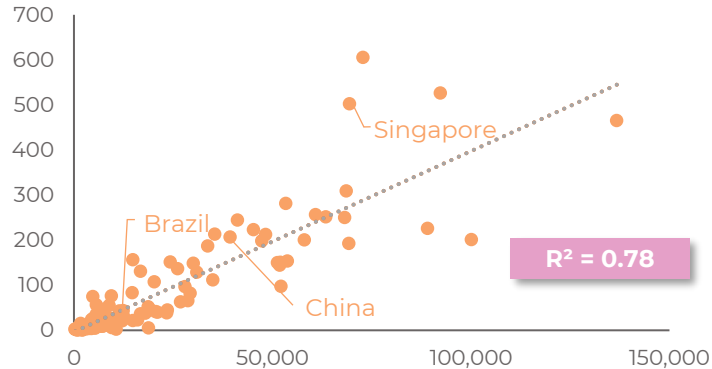


Number of Ultra High and High Net Worth Individuals

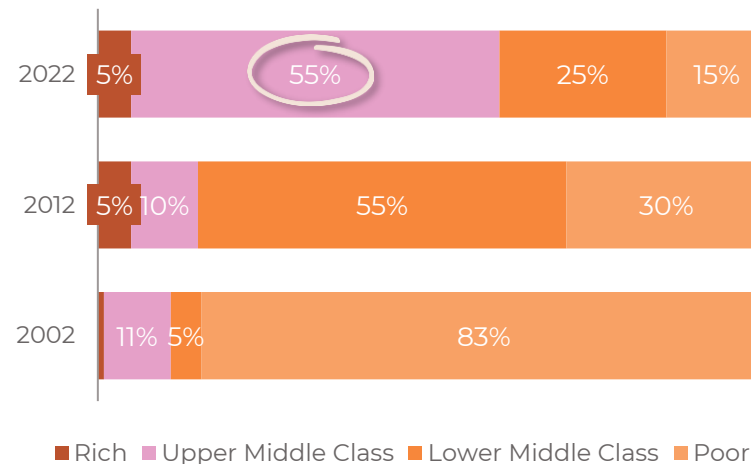


II. Development of Emerging Markets

GDP x Luxury expenditure (USD per Capita)

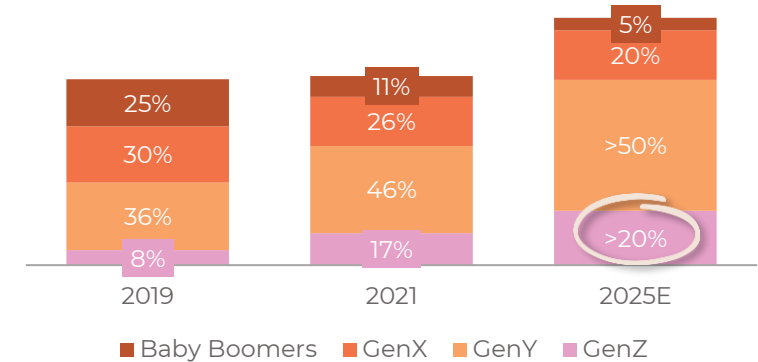


China's population segmented by income

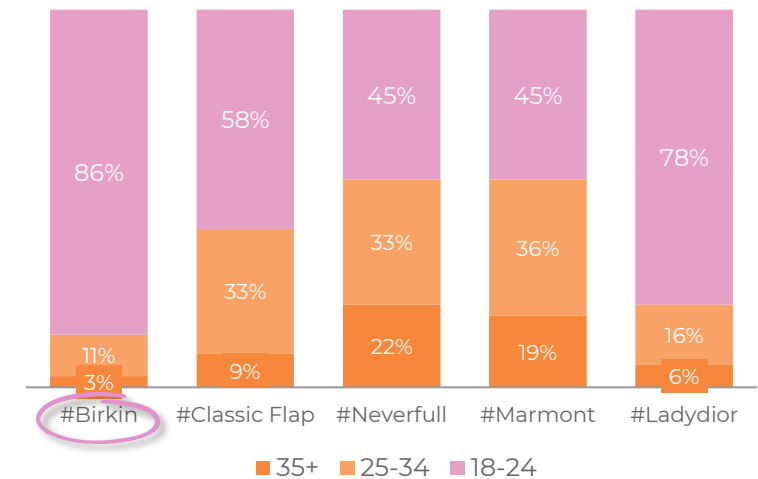


III. Gen Z and Changing Preferences

Personal luxury goods market by generation



Tiktok videos views by age



Elusive Exclusivity

Maintaining overall exclusivity while still expanding sales is a pretty hard task for luxury brands. However, Hermès **manages to do both** successfully



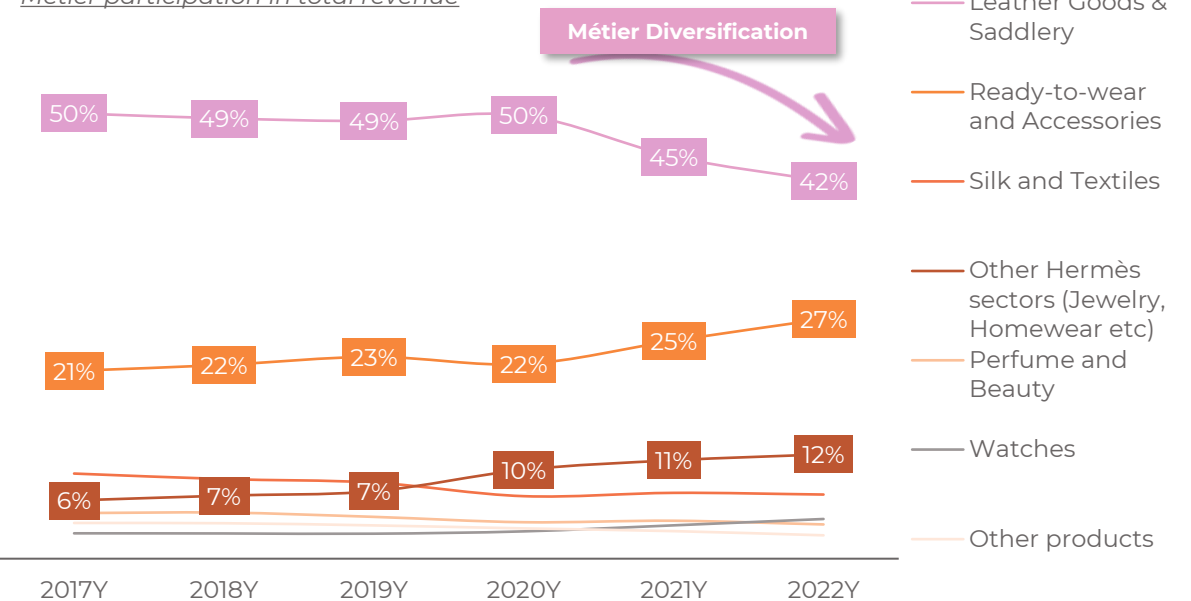
I. Exclusive vs Entry-level products

Hermès' products prices vs exclusivity



II. Revenue Diversification

Métier participation in total revenue



III. Prices as a limitation



The Allure of Hermès

The **culture of exclusivity and heritage**, combined seamlessly by Hermès, creates a high demand around the brand, enabling the company to **add more value to investors** and **grow faster** than other players



I. High Demand

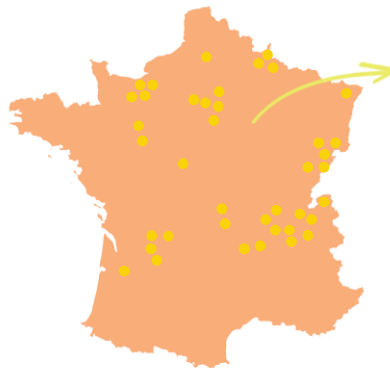
1 Brand heritage



Only store out of 10 from other brands visited that had references to brand's history

2 Quality-focused

Production sites in France



In-house trained artisans
'1 bag 1 artisan rule'

"Rising production dilutes fashion's integrity"

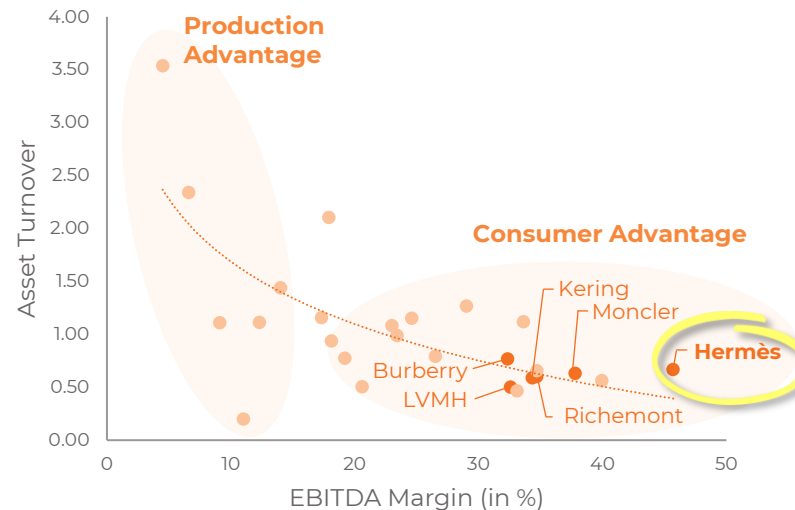
Anna Wintour
Vogue Editor



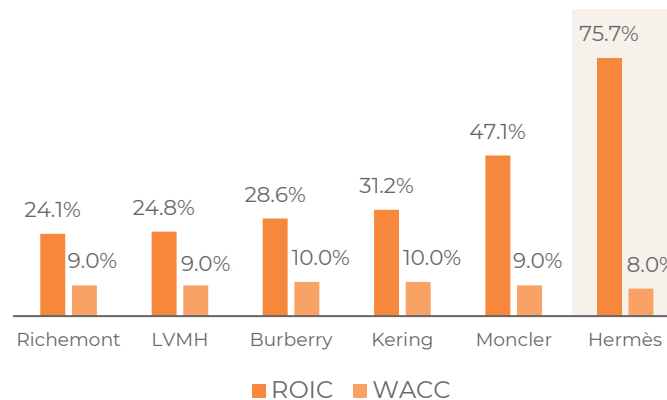
3 Exclusivity through Hermès Game

II. Consumer Advantage and Value Creation

Asset turnover x EBITDA margin of different companies

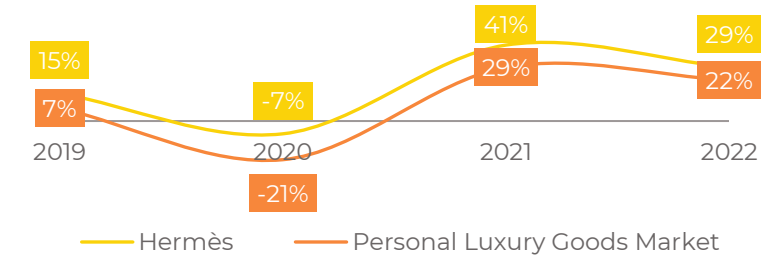


Return on invested capital x Cost of capital



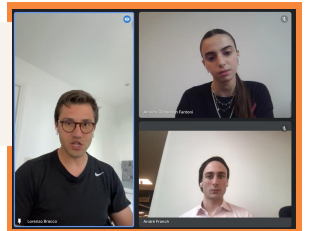
III. Higher Growth

Year on year sales growth

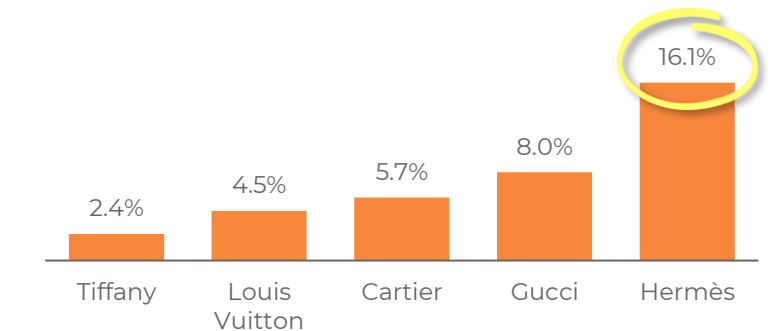


"Hermès has control over its demand and is able spread the sales across periods of time"

Lorenzo Bracco
Luxury Analyst at Citi (London, UK)



Brand equity growth 10-year CAGR



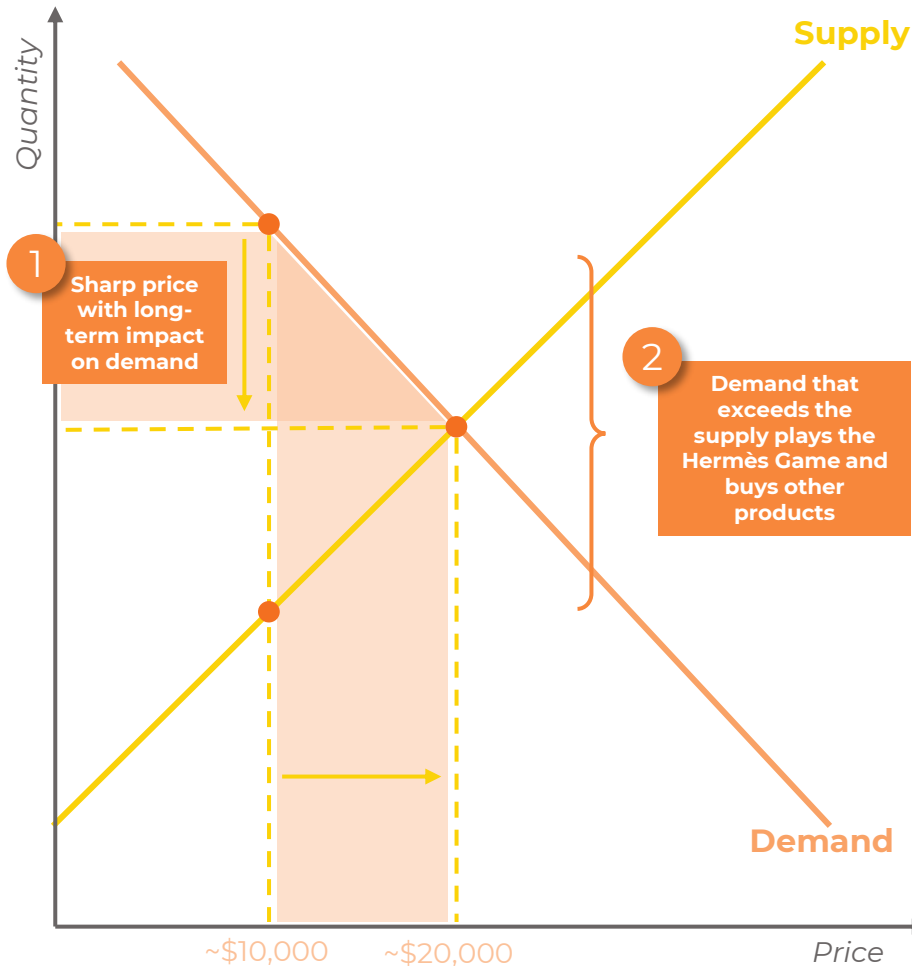
The Strategy Behind the Pricing

The difference between retail and secondary market prices shows the Hermès has **still much space to grow**. But this spread has a **positive impact on the desire for the brand**



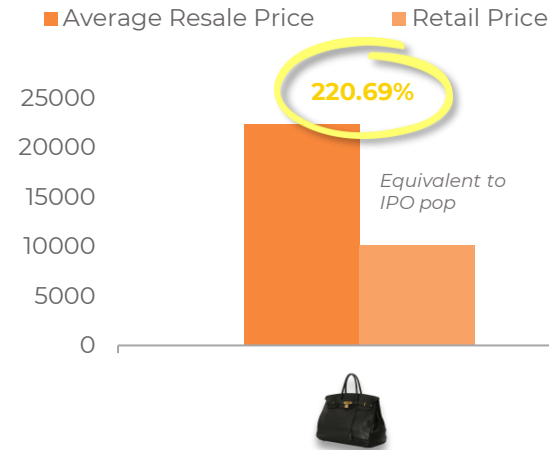
I. Underpricing

Birkin Bag supply and demand



II. Birkin Bags as an Investment

Retail vs Second-hand pricing and retention

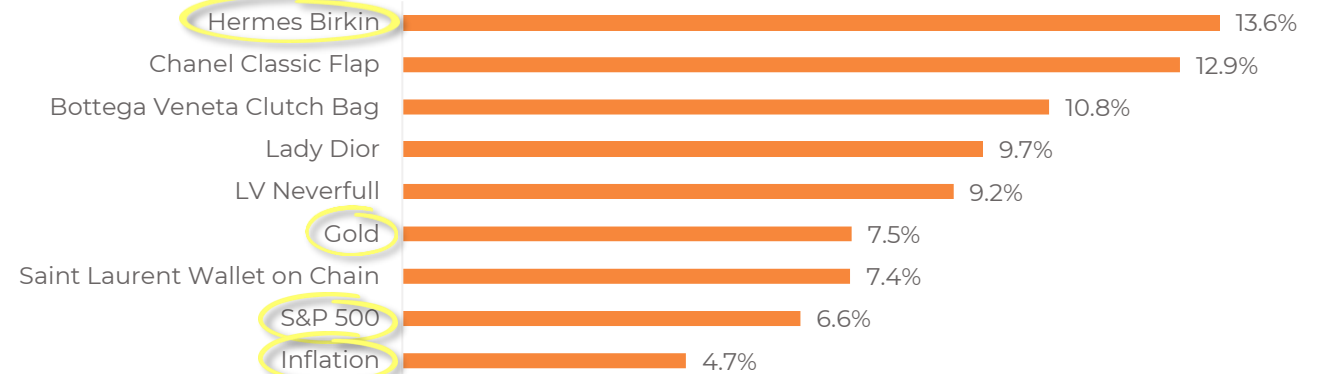


"Investment Banks slightly underprice shares they issue, aiming to have it increase in value the same day of the IPO"

Antonio Ferraz
Former Banker at JP Morgan (NY)

III. Incredible Pricing Power

Annual price change (from 2015 to 2023)

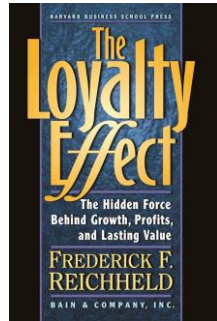


Customers as the Most Valuable Assets

Loyal customers are the **cornerstone of any successful business**, by investing in building and maintaining relationships, they can **thrive and navigate challenges more resiliently**



I. Economics of Loyalty Guarantee Growing Profit per Customer



Profit-per-customer effect

Higher Revenues

A customer spending tends to increase over time

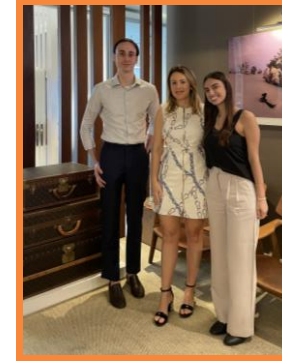
Cost Savings

As customers learn more about the brand, They require less help

Price Premiums

Loyal customers are willing to pay higher prices

II. Confirmation from Brazil's Louis Vuitton CEO



“Relationship is what moves this luxury market. My client may like other brands, but **I win them over with the relationship**”

Daniela Gontijo
Brazil, Colombia, Chile and Peru Country Manager at Louis Vuitton

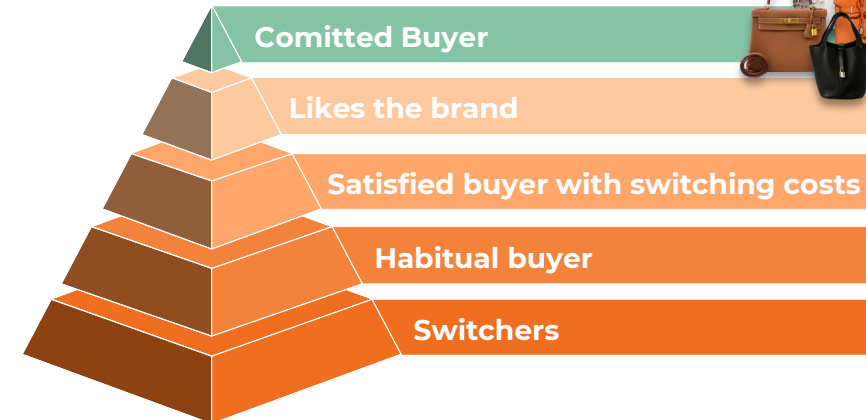
III. Customers are Hermès' Number 1 Focus

Most-said word in Hermès' half-year press conference



IV. Building Relationships the Other Way Around

David Aaker's Brand Loyalty Pyramid



‘Hermès Game’
Winner: gets whatever pieces they desire

Clients are Tied with an Hermès Bow

The strategy of relationship building combined with the **ability of not losing sales to the secondary market** and Hermès' **growing attention recently** is a reason to believe a **sales will keep having a robust growth** in the following years



I. Retail vs Second-hand Market

Subscriptions to The Economist magazine

Subscriptions		The Economist
Economist.com subscription	\$59	16%
Print subscription	\$125	0%
Print & Web subscription	\$125	84%

→

Subscriptions		The Economist
Economist.com subscription	\$59	68%
Print subscription	\$125	0%
Print & Web subscription	\$125	32%

Second-hand:



Birkin Bag

~ € 20,000

Retail:



Other Hermès items

~ € 10,000



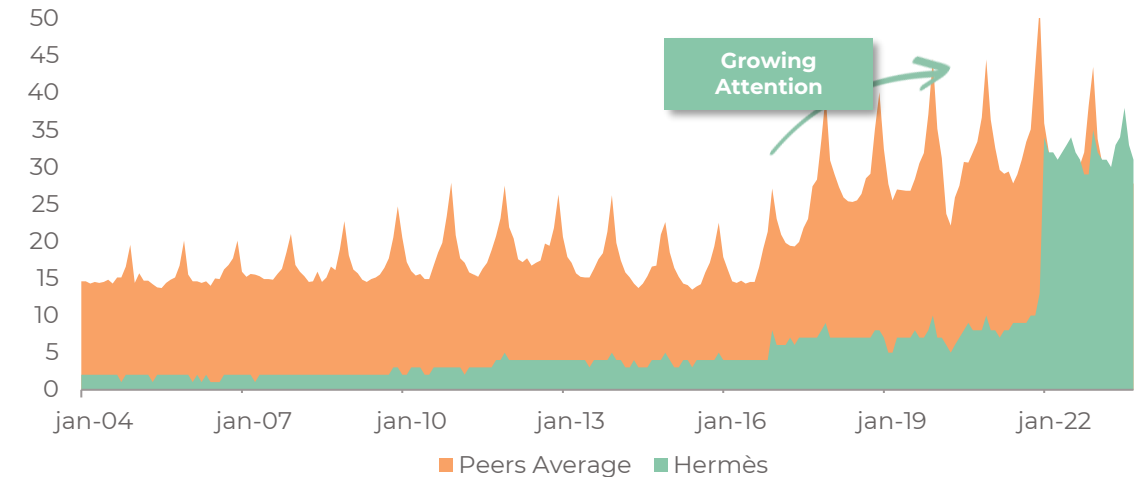
Birkin Bag + Other Hermès items

~ € 20,000

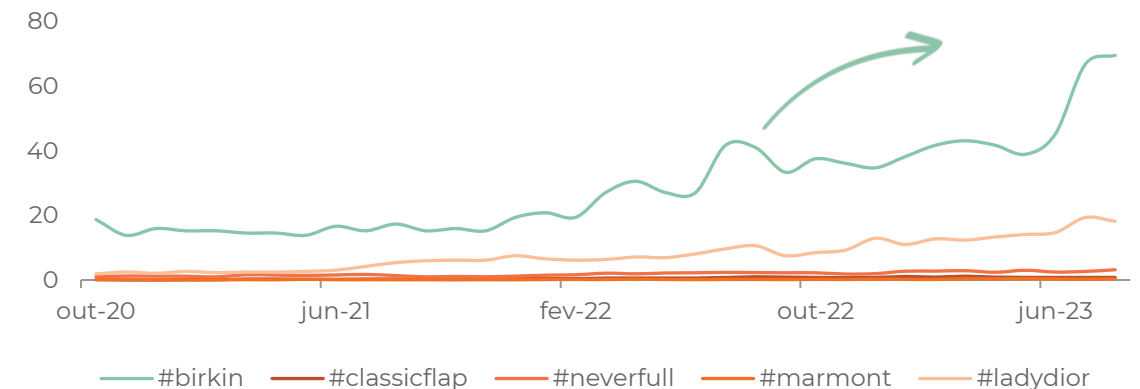
Citi's estimates of the value a client has to spend at Hermès before being offered a bag is 10k

II. Loyalty translates into sales across the years

Interest measured by Google searches



Views on tiktok videos with the hashtags (in millions)



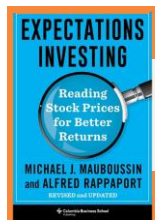
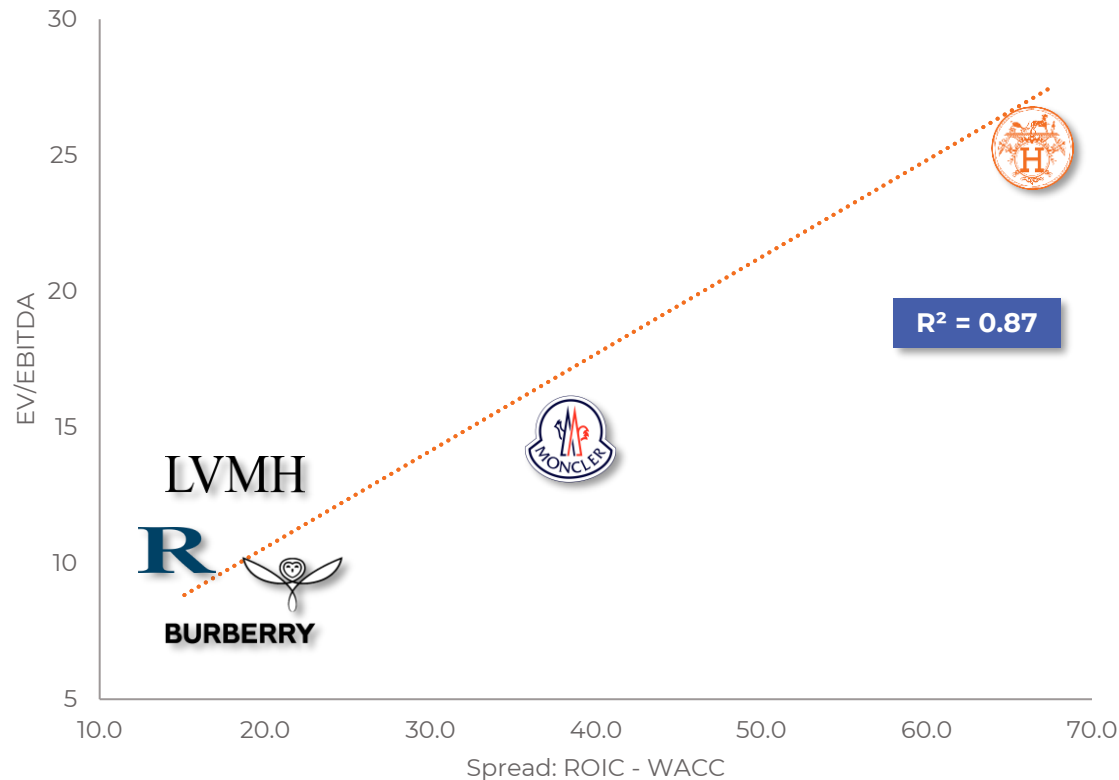
Current Stock Price Breakdown

Before looking into our perspectives, we started out by looking at **what is implicit in the current price of the stock** and what would drive our recommendation



I. What Justifies the High Multiple

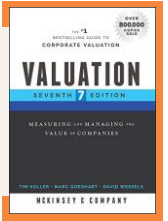
EV/EBITDA vs ROIC – WACC spread of luxury companies



"It is hard to know where expectations are likely to go tomorrow without knowing where they are today."

II. Implicit Parameters in the Current Stock Price

$$\text{Continuing Value} = \frac{(\text{revenue} \cdot \text{noplat margin} \cdot (1 + g)) * \left(1 - \frac{g}{\text{ROIC}}\right)}{\text{WACC} - g}$$



		NOPLAT Margin 2026-28				
		26%	28%	30%	32%	34%
NOPLAT Growth 2026-28	6.5%	1392	1445	1550	1585	1585
	6.7%	1469	1531	1656	1698	1698
	7.0%	1579	1657	1812	1864	1864
	7.2%	1757	1859	2063	2131	2131
	7.5%	2096	2245	2544	2644	2644

BUY

		NOPLAT Margin in Perpetuity				
		17%	22%	27%	32%	37%
NOPLAT Growth in Perpetuity	2%	1321	1430	1538	1647	1755
	3%	1390	1519	1648	1777	1906
	4%	1492	1652	1812	1972	2132
	5%	1662	1873	2084	2295	2505
	6%	1999	2311	2622	2934	3245

BUY

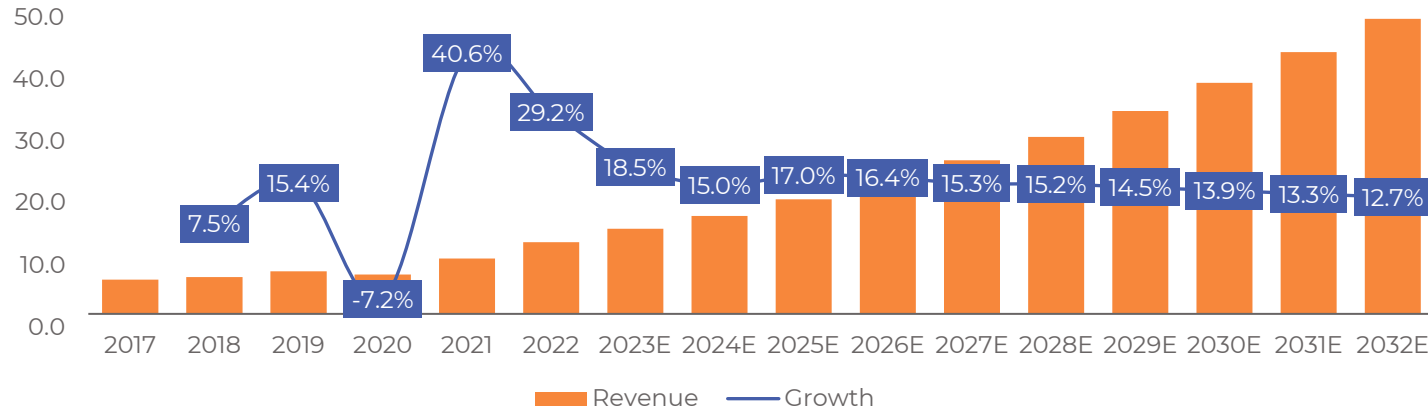
From Cash Flows to Value

Based on our qualitative analysis, we **forecasted revenue growth, margins and the companies investments for the next 6 years**. Revenue was forecasted and **segmented into 3 different classes**. FCFF was discounted by a **8.06% WACC**



I. Revenue

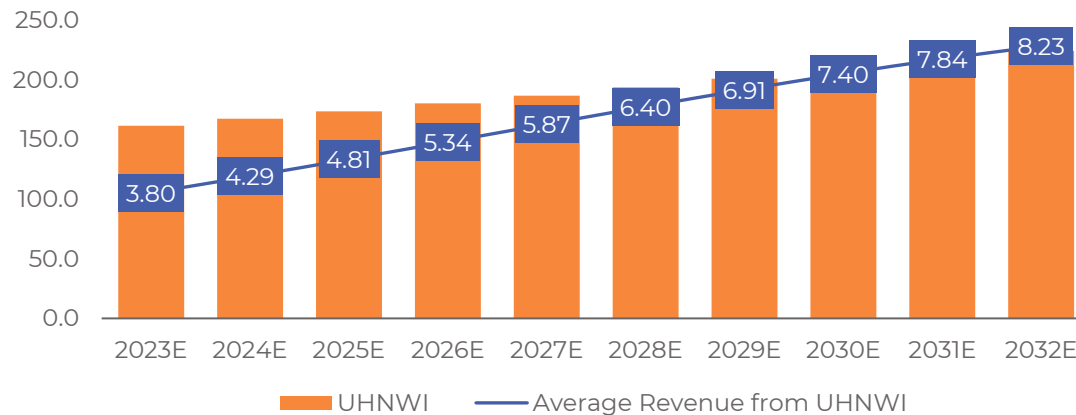
Revenue (in million €) and year over year growth



II. Revenue Build-up

1 Ultra High and High Net Worth Individuals

Average Revenue from UHNWI (in thousands of €) and UHNWI in Asia-Pacific (in thousands)

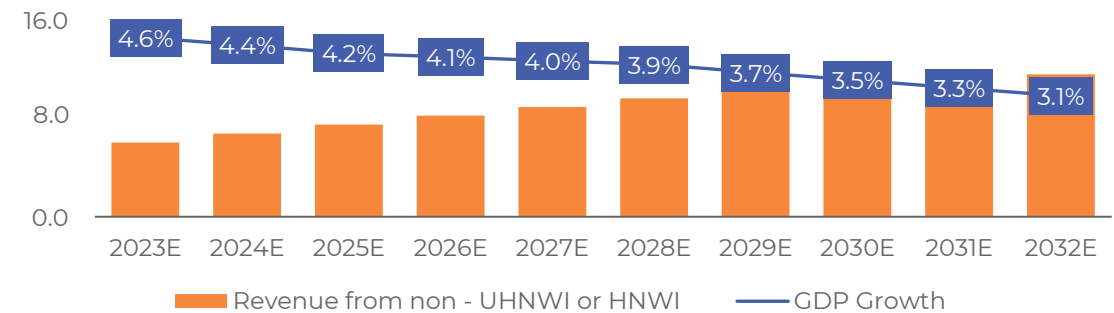


2 Others

Example for Asia-Pacific:

$$\text{Luxury Expenditure per Capita} = 0.006 * \text{GDP per Capita} - 12.95$$

Revenue from non - UHNWI and HNWI (in billion €) and GDP growth in Asia-Pacific



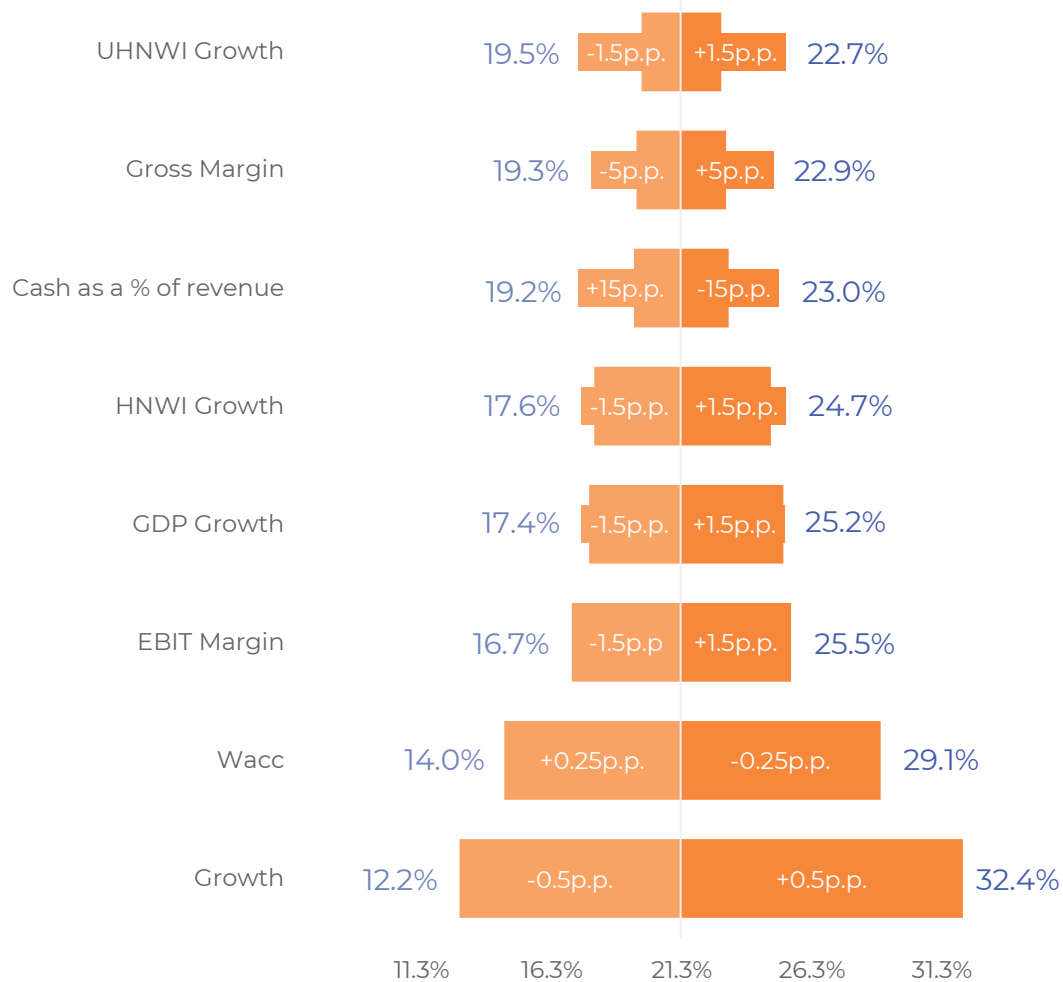
Beyond the DCF

To avoid relying solely on our DCF, we **stress-tested the model** and performed an exit-multiple valuation to **also consider market factors into our price**



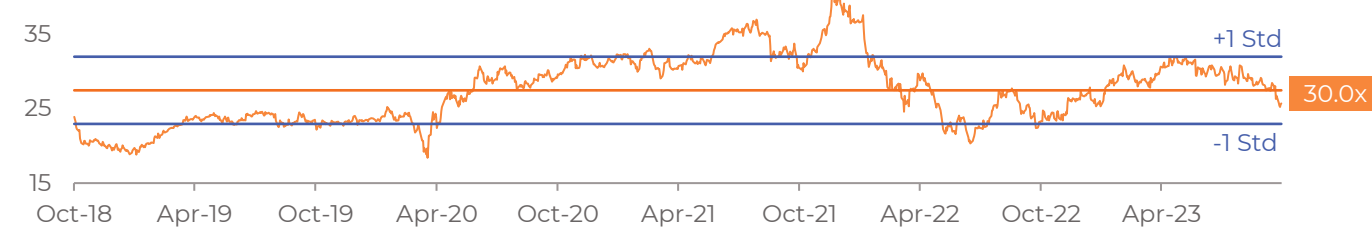
I. Stress Test

Upside based on variations of some assumptions

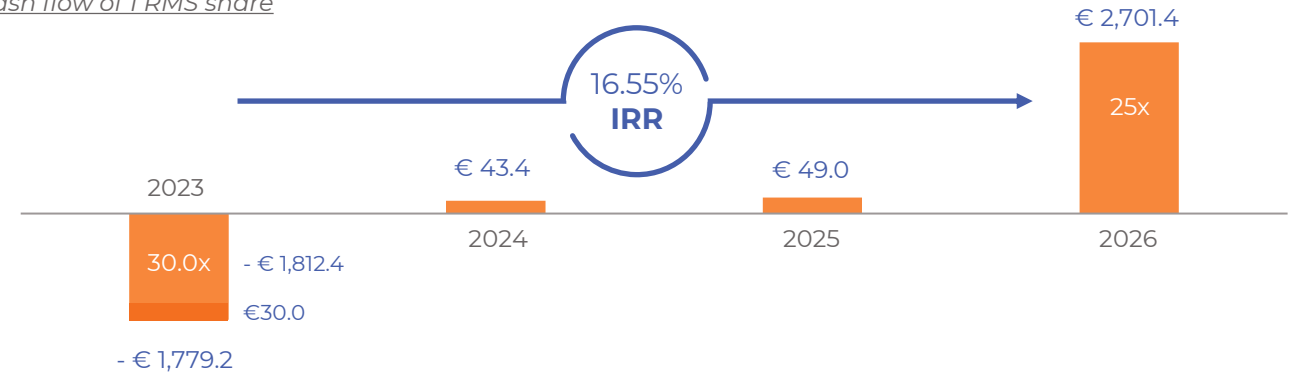


II. Market-based valuation

Historical EV/EBITDA



Cash flow of 1 RMS share



		Exit EV/EBITDA Multiple				
		21x	23x	25x	27x	29x
2026 Forecasted EBITDA	9215	7.2%	10.1%	12.8%	15.4%	17.9%
	9715	8.8%	11.8%	14.6%	17.3%	19.8%
	10215	10.5%	13.5%	16.5%	19.1%	21.7%
	10715	12.0%	15.1%	18.0%	20.8%	23.5%
	11215	13.6%	16.7%	19.7%	22.5%	25.2%

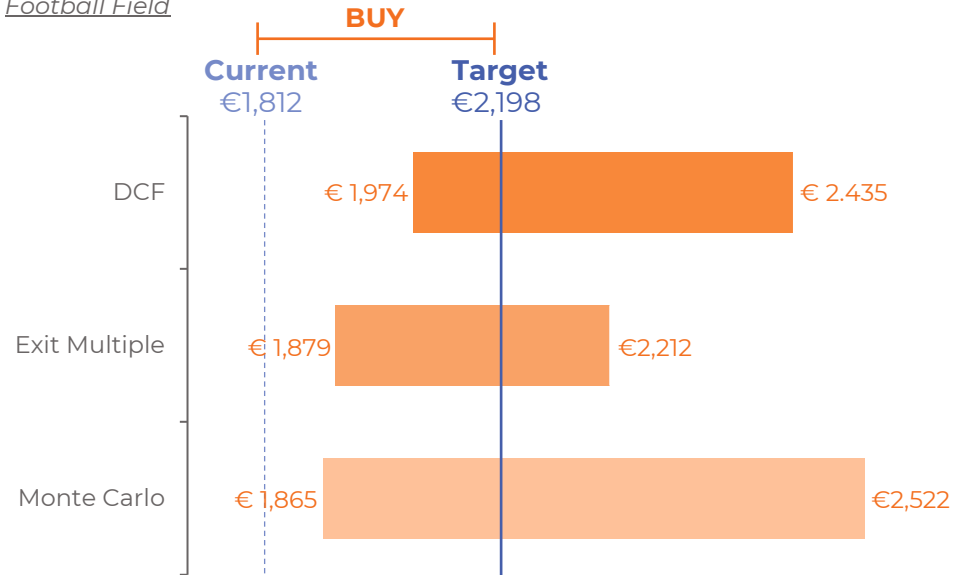
Risk and Return

Finally, risk and return were analyzed in order to conclude whether the investment was really worth it and **reiterate the BUY recommendation**



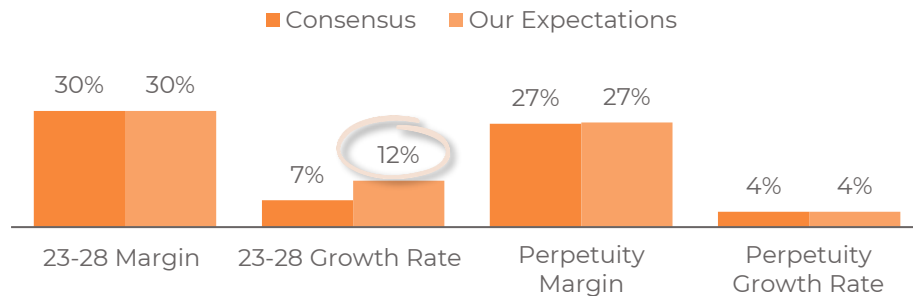
I. Expected return range

Football Field



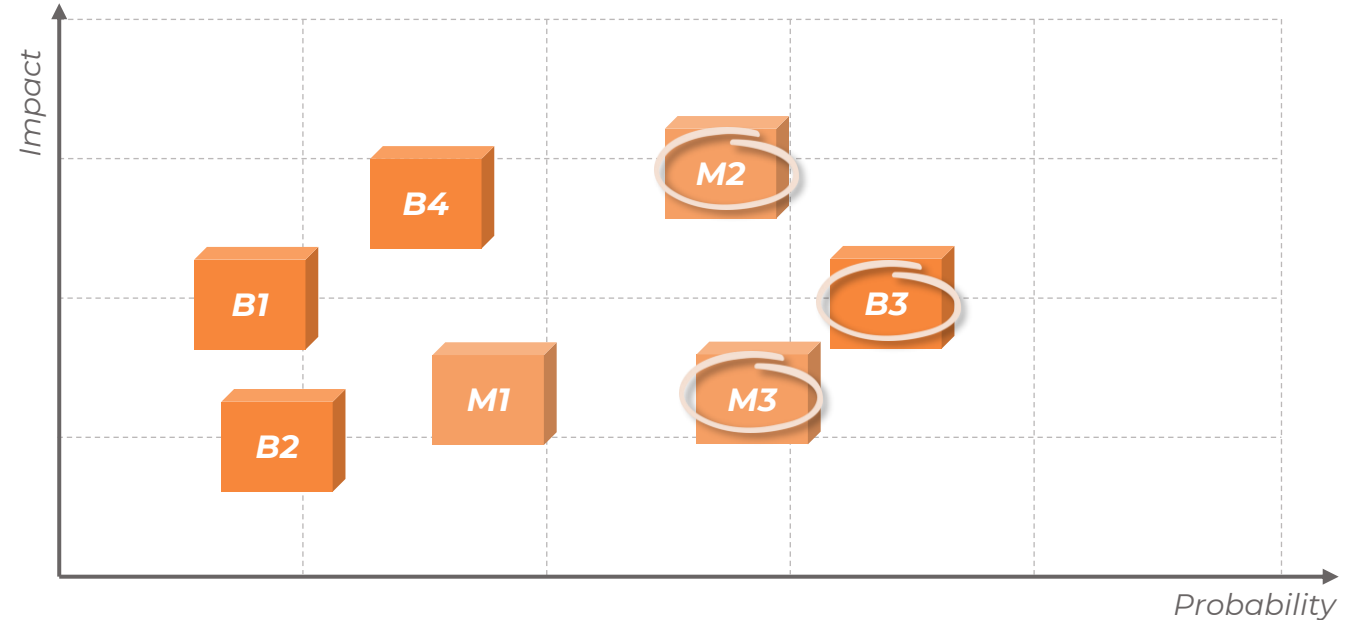
II. What drives the recommendation

Consensus vs our expectations of Hermès' performance



III. Risks that could affect our expectations

Risk matrix



Business and Operational Risks

- B1** – Change in consumer preferences
- B2** – Succession issues
- B3** – ESG
- B4** – Failure to diversify the portfolio

Macro and Industry Risks

- M1** – Events that could stop tourism
- M2** – Economics slowdown in Asia
- M3** – Counterfeit



Questions & Answers

Presentation Index

Overview

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Keeping it in the Family

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Elusive Exclusivity

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The Allure of Hermès

The Strategy Behind the Pricing

Customer Loyalty

Customers are the Most Valuable Assets

Clients are Tied with an Hermès Bow

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Current Stock Price Breakdown

From Cash Flows to Value

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Risk and Return



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Field Research

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UHNWI and HNWI

Subsectors

Generation Z

Democratization of Luxury

Secondary Market

Management

E-commerce

Peers

Hermès

SWOT

Stores

Supply Chain

Portfolio

Work Enviroment

IPO Pop

Word Count

Risks

M2: China

M3: Counterfeit

B3: ESG

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Capex and D&A

Working Capital

Net Financial Income

Cash Flow Statement

Shareholder Remuneration

DCF Conclusions

Implicit Value

Multiples

Volume

Monte Carlo

M&A Options

WACC

Recommendation

Beating Consensus

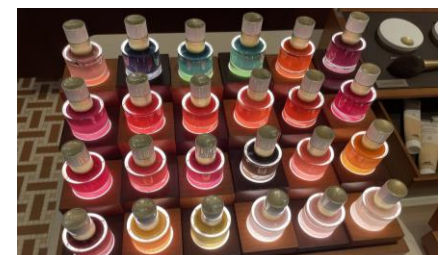
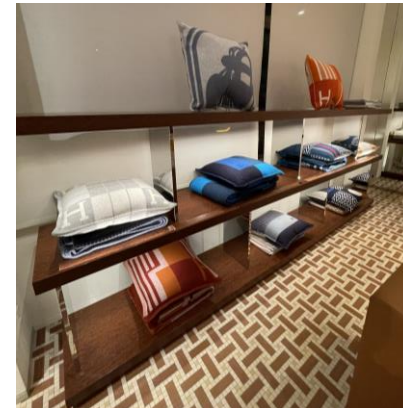
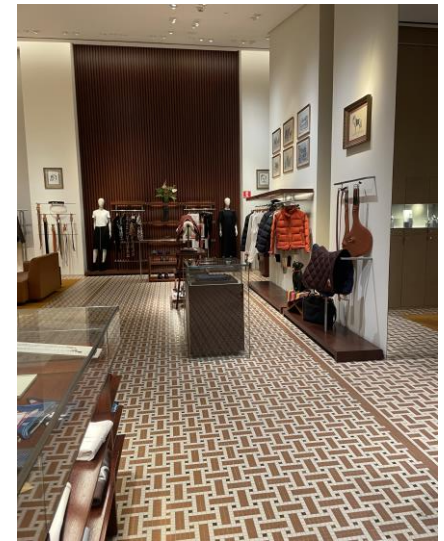




Field Research

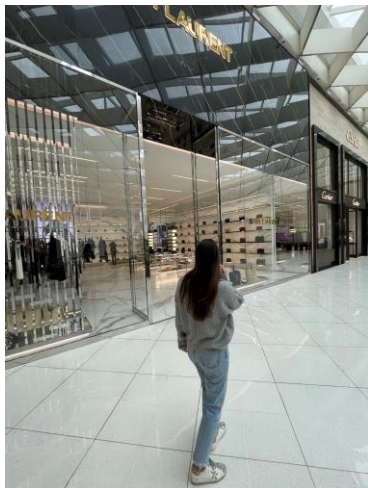
Visit to Hermès' Stores

We visited both stores from Hermès in Sao Paulo



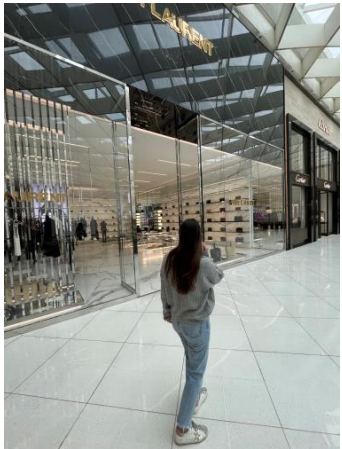
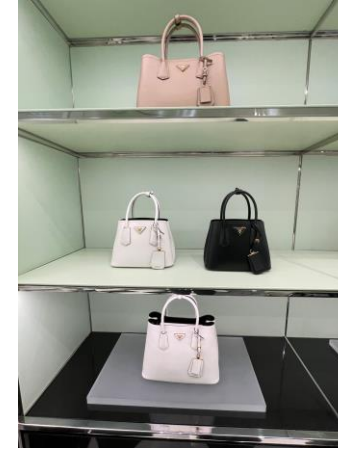
Visit to Hermès' Stores

While visiting different luxury stores, Hermès was the only one that would close its doors when all of its sales associates were occupied



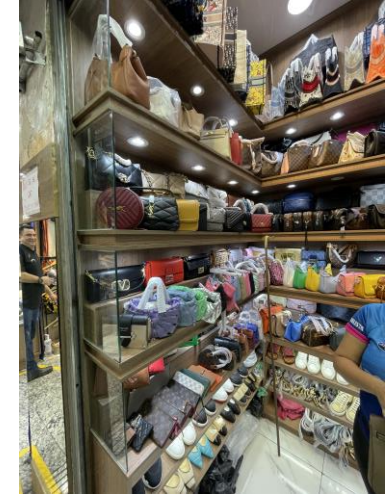
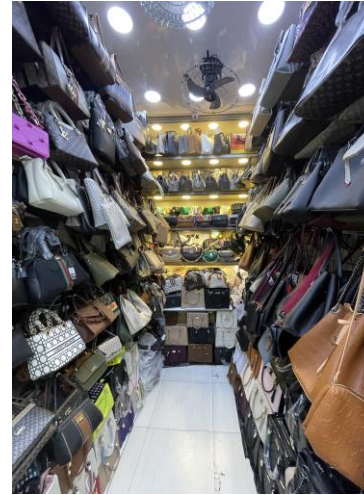
Visit to Other Luxury Stores

We visited stores from other brands to compare to Hermès', but none of them had that much authenticity



Visit to 25 de Março

We visited the counterfeit center of São Paulo to take a look at the options available for consumers



Visit to a Second-hand Store

We visited 'Fora do Closet' to talk to its owner and to take a look at the Hermès pieces there were in sale

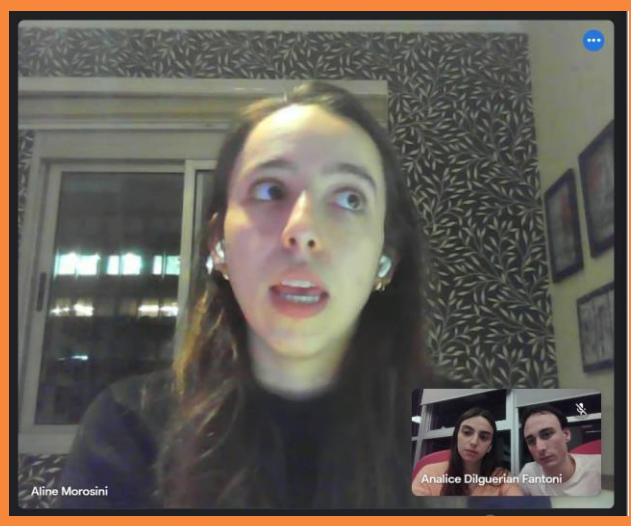




Interviews

Interview with former employees

We talked to 3 former employees in Sao Paulo Brazil



Aline Morosini
Former Intern at Hermès in Sao Paulo, BR



Pedro Nascimento
Former Intern at Hermès in Sao Paulo, BR

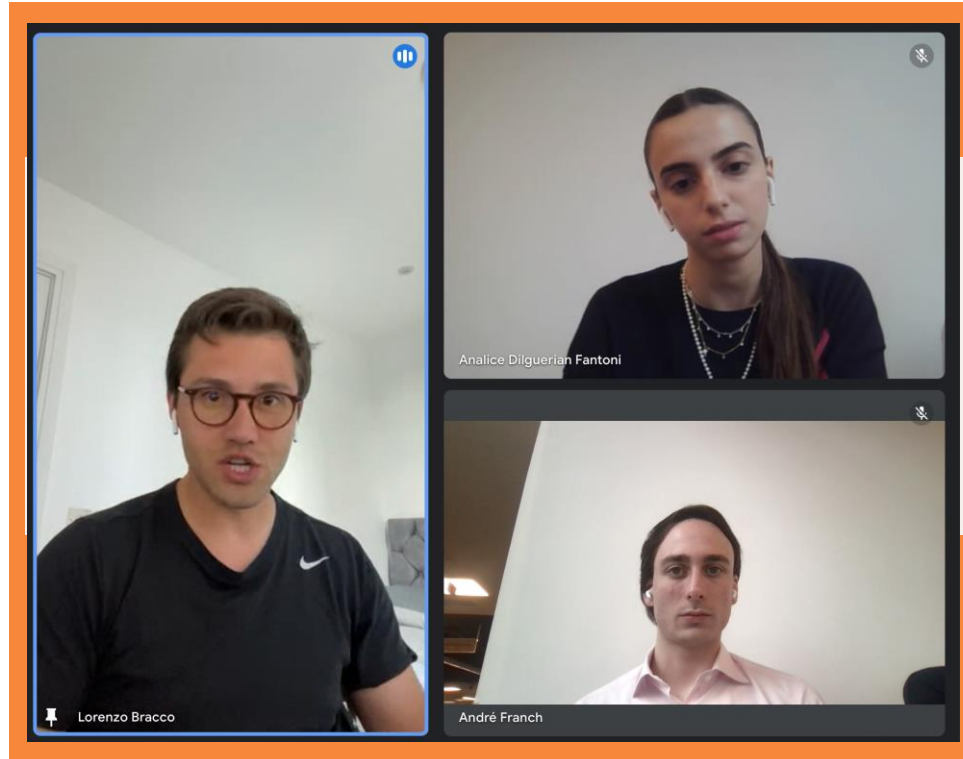


Mônica Junqueira
Former Intern at Hermès in Sao Paulo, BR

- They left because interns are not hired after they graduate
- All 3 said they would go back to Hermès if they could
- Leadership roles are majorly occupied by French people
- Other roles are occupied by people who worked previously another Luxury companies

Interview with a Citi Analyst

We reached out to Lorenzo, because there are no luxury analysts in Brazil, and he gave us some insights on the industry and Hermès

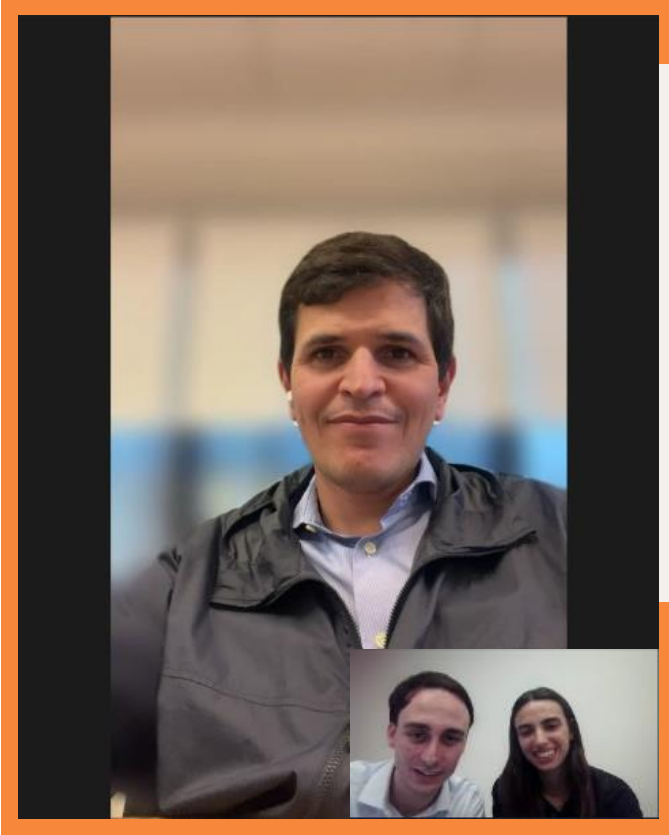


“Hermès has control over its demand and is able spread the sales across periods of time”

*Lorenzo Bracco
Luxury Analyst at Citi (London, UK)*

Interview with a Former Investment Banker

Antonio helped us understand the strategy behind issuing shares and how that assimilates with Hermès strategies



“Investment Banks slightly underprice shares they issue, aiming to have it increase in value the same day of the IPO.
We usually aim to have a demand 3 to 4 times higher than the supply, what makes the share really exclusive and feel like luxury”

*Antonio Ferraz
Former Banker at JP Morgan (NY)*

Interview with a Second-Hand business owner



Sandra guided us through a second-hand business operation and Hermès' relevance in the market



"Knowing they can resell it later, many clients are more prone to buying luxury goods in store. I have clients coming the day after the purchase saying they want to sell it"

*Sandra Raffaelli
Secondhand Business (Fora do Closet) Owner*

Interview with a CEO of Louis Vuitton Brazil



We were able to understand better Louis Vuitton's operation and strategy and how it compares to Hermès'

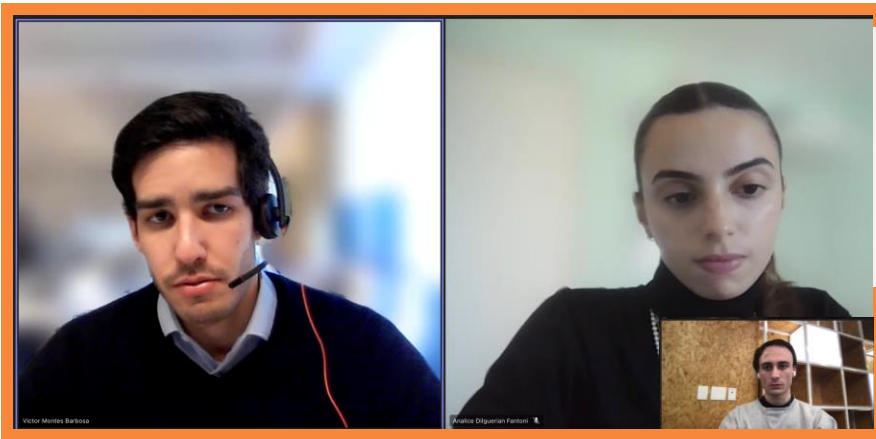


“Relationship is what moves this luxury market. My client may like other brands, but I win them over with the relationship”

*Daniela Gontijo
Brazil Country Manager at Louis Vuitton*

Interview with Iguatemi IR

Victor explained to us further about Iguatemi 365 and the luxury e-commerce business industry



"There is also wealthy people in Goiânia (Brazilian state), far away from physical stores. Our goal with Iguatemi365 is to bring luxury to them."

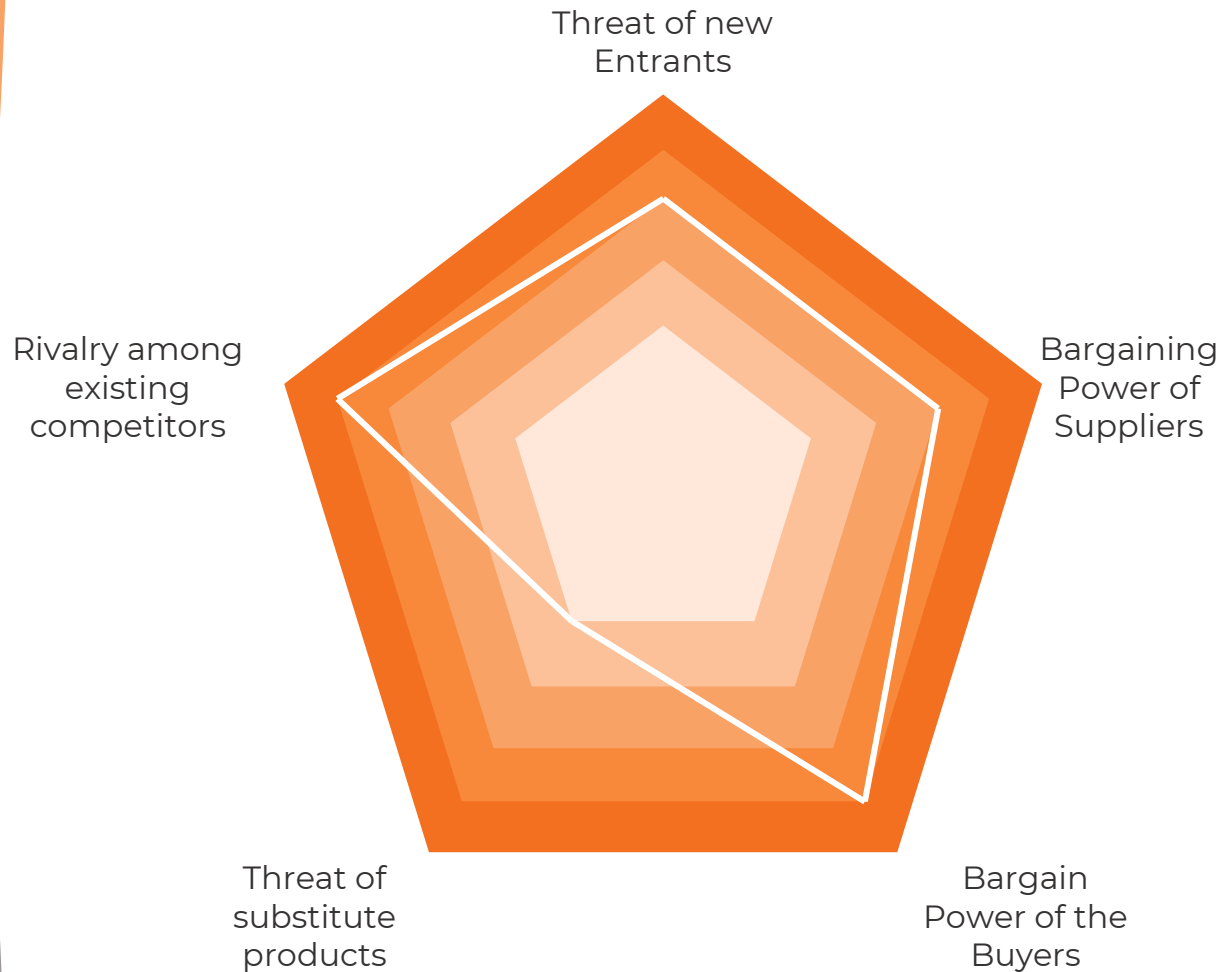
*Victor Barbosa
Iguatemi IR Coordinator*



Industry

Porter's Five Forces

Porter's Five Forces model can be applied to the luxury industry to analyze the competitive forces.



Threat of Substitute Product: Low. While designs can be imitated, the allure, prestige, and unique experience associated with luxury brands like Hermès cannot be easily replicated.

Threat of New Entrants: High. Entering the luxury goods market is a challenge since it is highly concentrated and dominated by big holding companies and requires significant brand building to achieve the stature and reputation of established luxury houses.

Bargaining Power of Buyers: High, given the array of luxury brands available. However, the exclusivity and distinctiveness of top-tier luxury products, combined with brand loyalty, can diminish buyer power.

Bargaining Power of Suppliers: Moderate. Luxury brands often rely on exclusive, high-quality materials, which could give suppliers some leverage. Yet, major luxury houses have the capital to secure long-term deals or even integrate vertically.

Rivalry Among Existing Competitors: Intense. The luxury sector has several established brands, each competing for a share of the customer's wallet. Exclusive releases, brand heritage, and unique marketing strategies often define competition.

UHNWI and HNWI by Geography

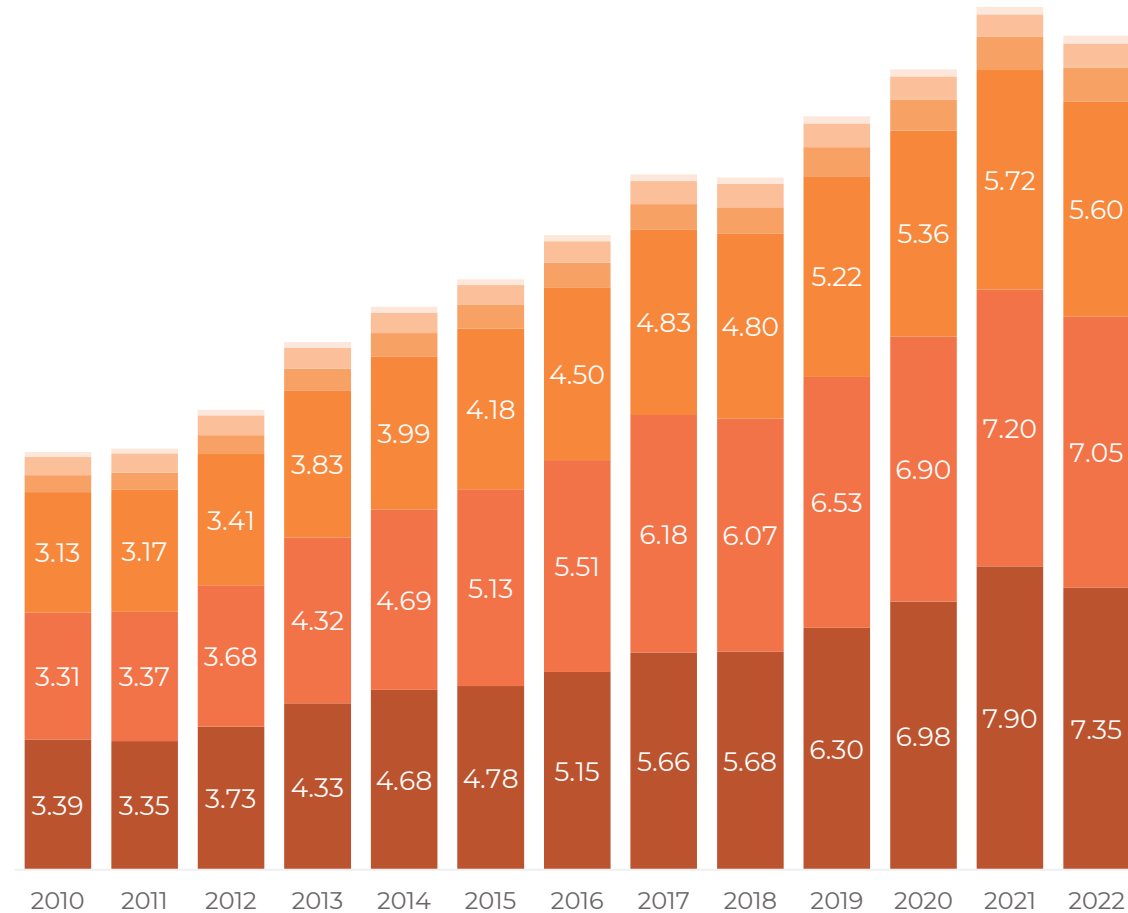


Concentration of wealth is indicated by the number of people that fit into these 2 groups

I. UHNWI and HNWI Around the Globe

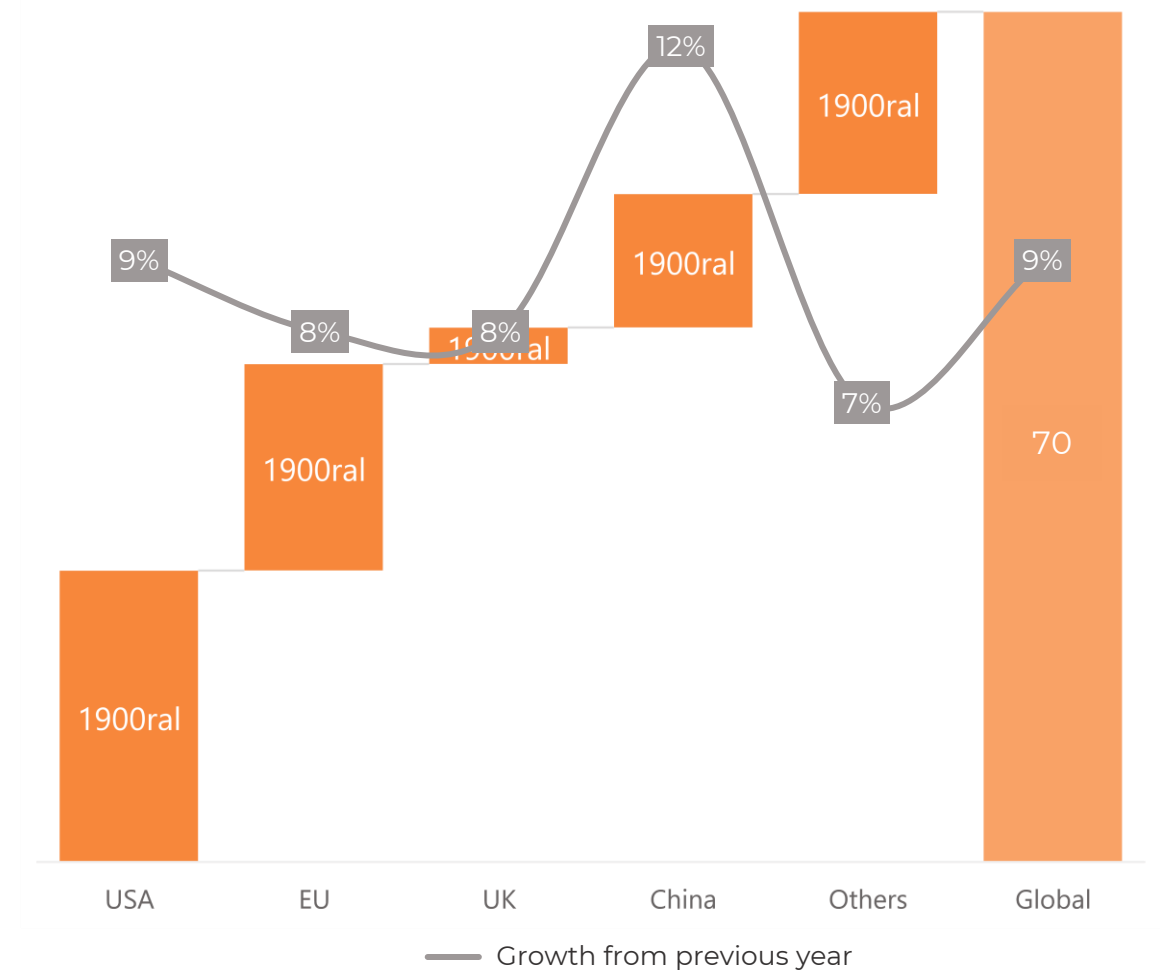
2021 Number of UHNWI + HNWI by geography (In million) and Growth CAGR

■ North America ■ Asia-Pacific ■ Europe ■ Middle East ■ Latin America ■ Africa



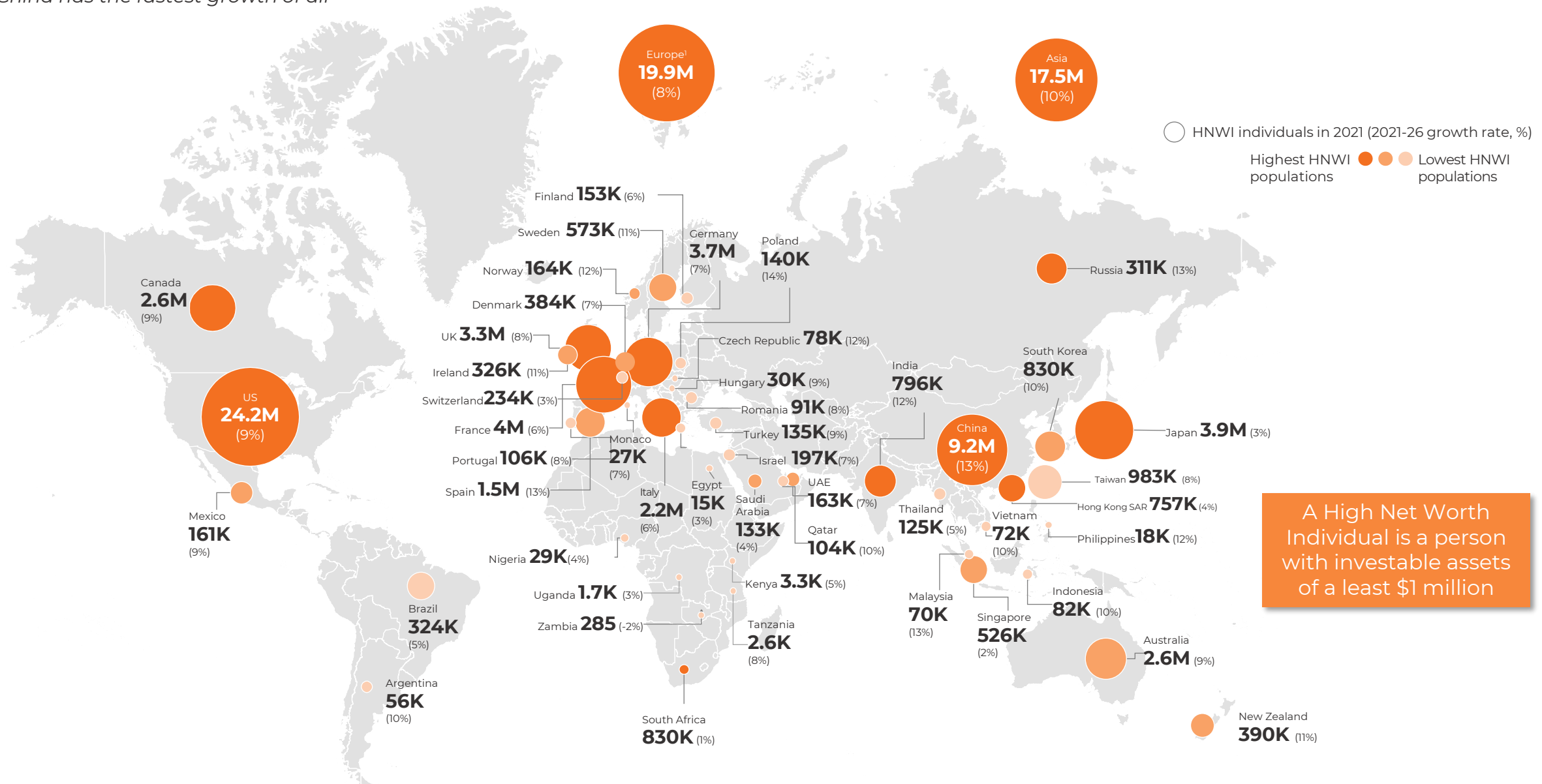
II. China is enriching the fastest

HNWI Growth and size of the group per region



HNWI around the Globe

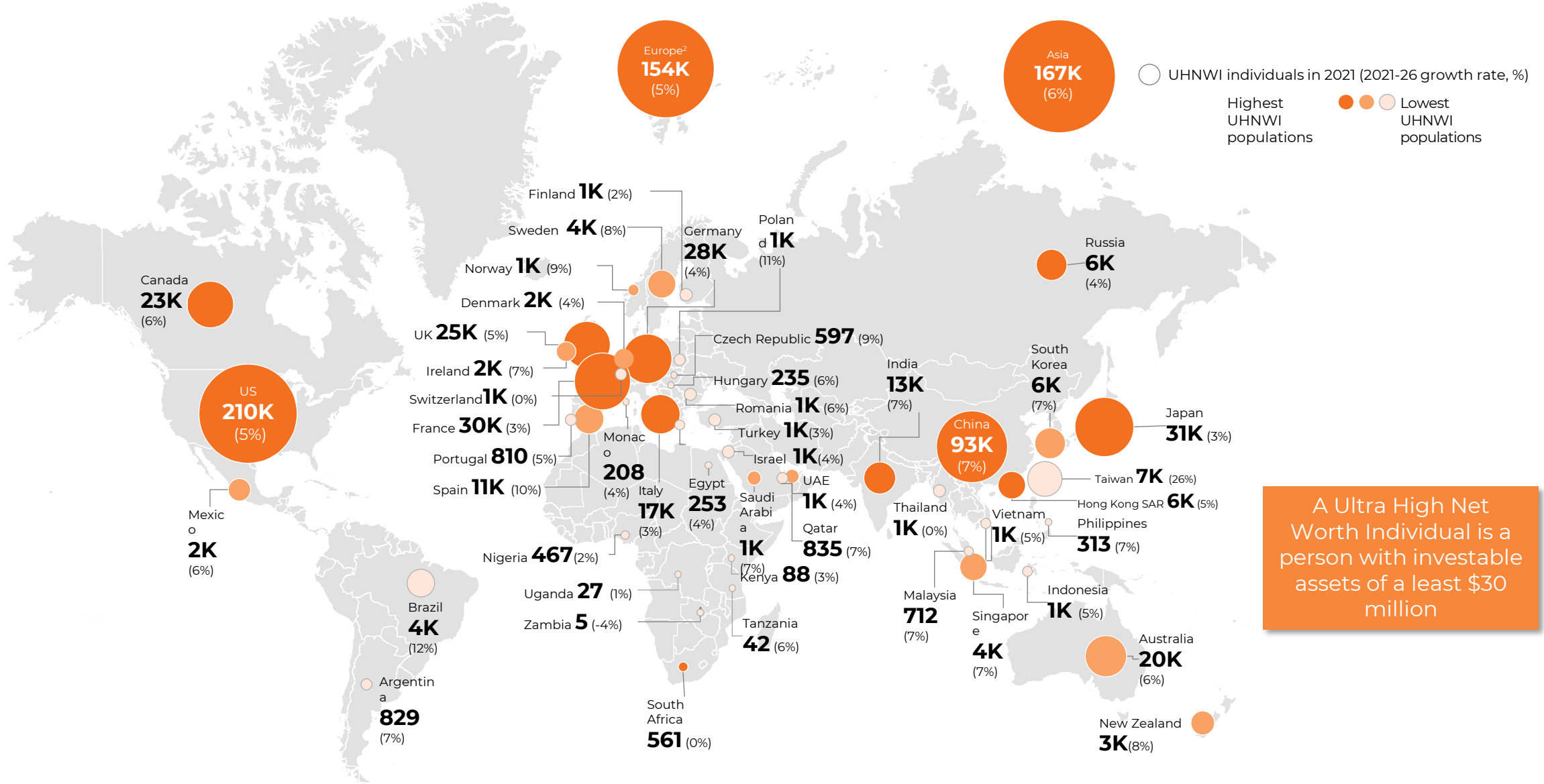
China has the fastest growth of all



A High Net Worth Individual is a person with investable assets of a least \$1 million

UHNWI around the Globe

China has the fastest growth of all



A Ultra High Net Worth Individual is a person with investable assets of a least \$30 million

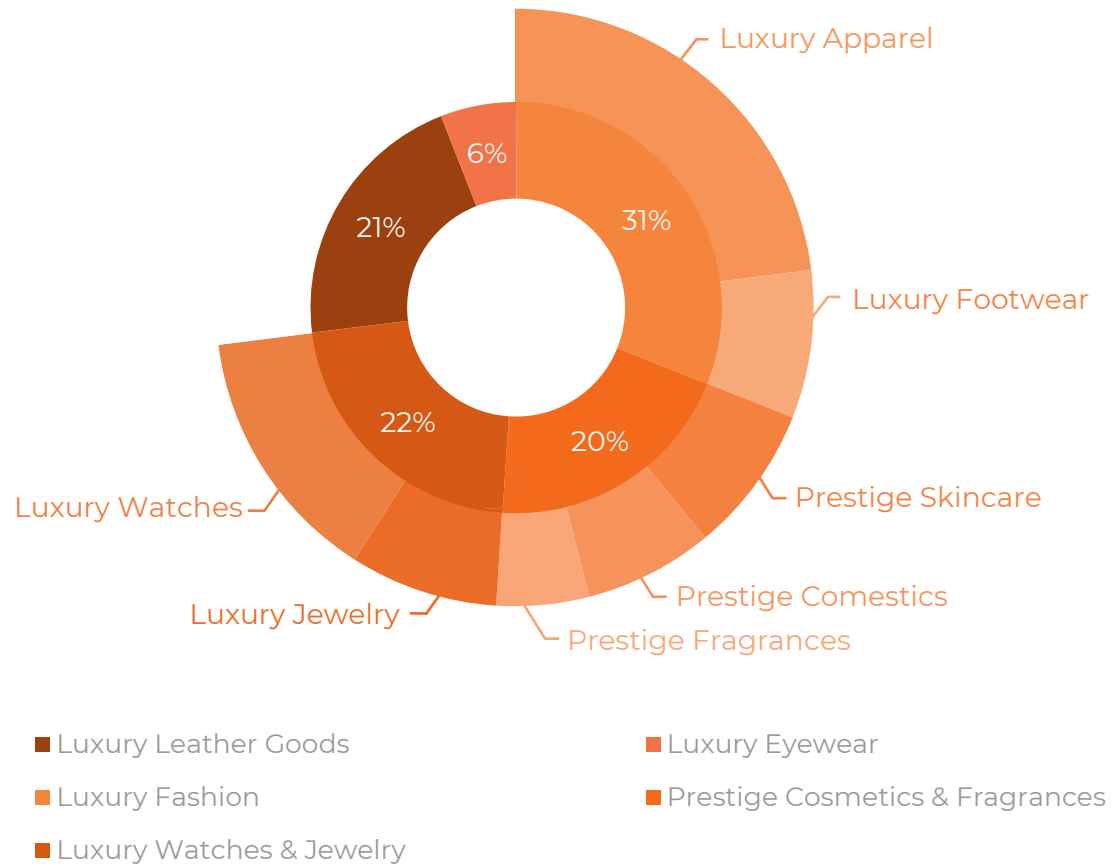
Subsectors

The luxury sector covers from yachts to clothes



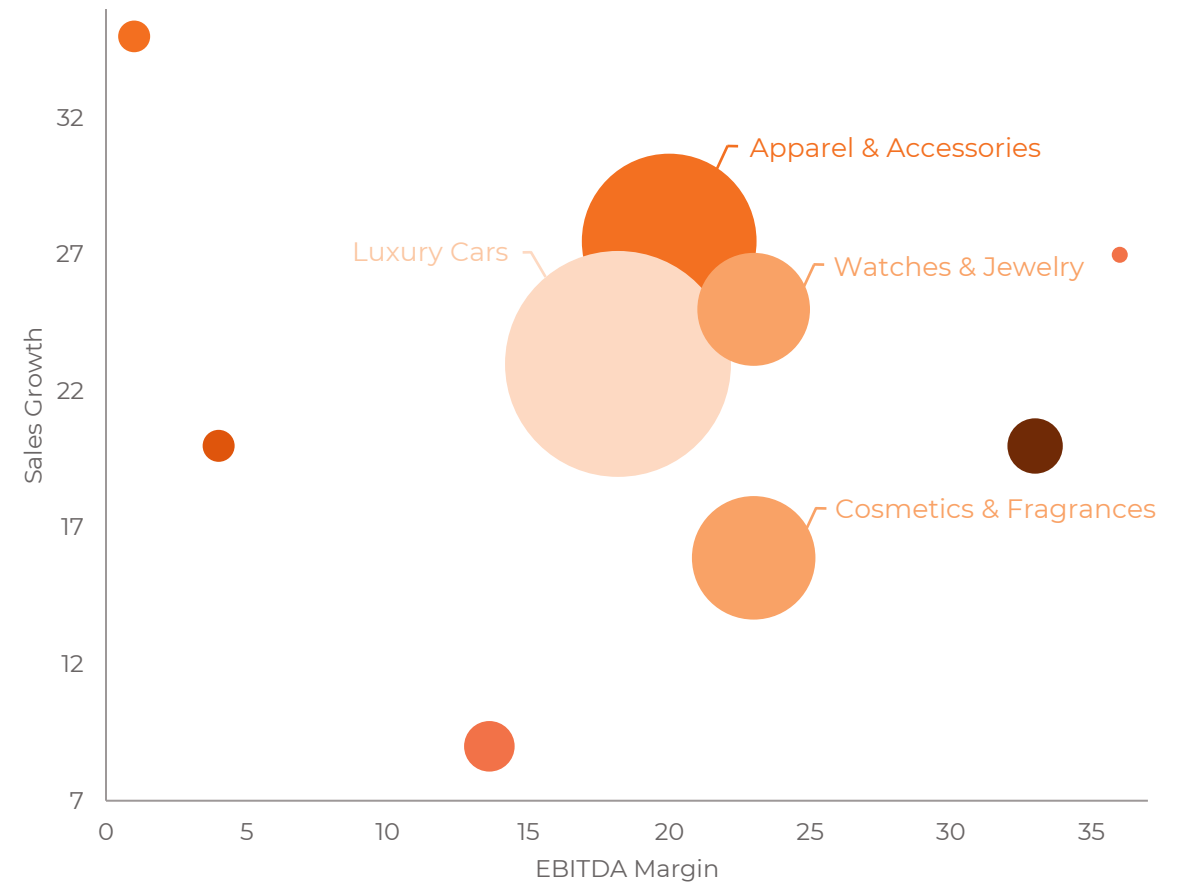
I. Wide variety of subsectors

Revenue share by subsector



II. Apparel and accessories lead in terms of growth and margins

Sales growth (%) and EBITDA margin (%)



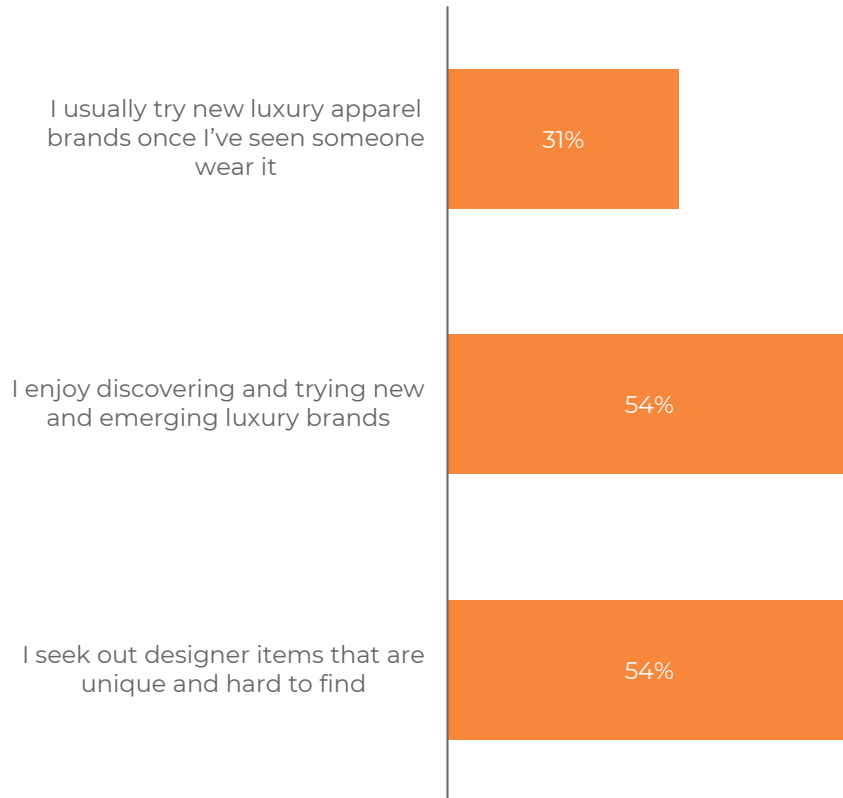
Generation Z Impact

The entrance of the new generation into the market's demographics has a high impact in consumer preferences



I. Generation Z who reported purchasing luxury apparel

How well do the statements describe you?



58%

agree or strongly agree that **sustainability** in luxury is important

II. Apparel and accessories lead in terms of growth and margins

Sales growth (%) and EBITDA margin (%)

		Gen Z	Gen Y	Gen X	Baby Boomers
Social media	Follow brands				
	Purchase from an app				
Online content	Video content				
	Details on material				
	Influencers reviews				
	Friends' reviews				
Online shopping	1-Day Delivery				
	Pick up in store				
	Buy now Pay later				
	Virtual dressing room				
	Pay securely				

Relative degree of importance

Low

Medium

High

Democratization of Luxury

As luxury brands become more accessible to the public, consumers start to perceive them differently



I. Micheal Kors Case Study



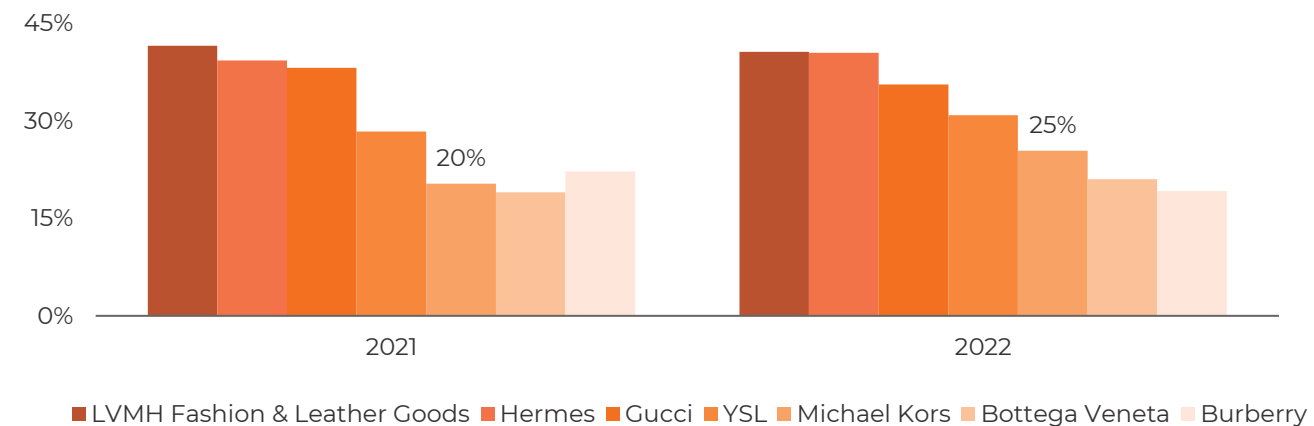
The company positions itself a luxury brand, next to big names like Hermes

Types of MK stores



Lower quality pieces maintain a margin close to its luxury peers

EBIT Margin

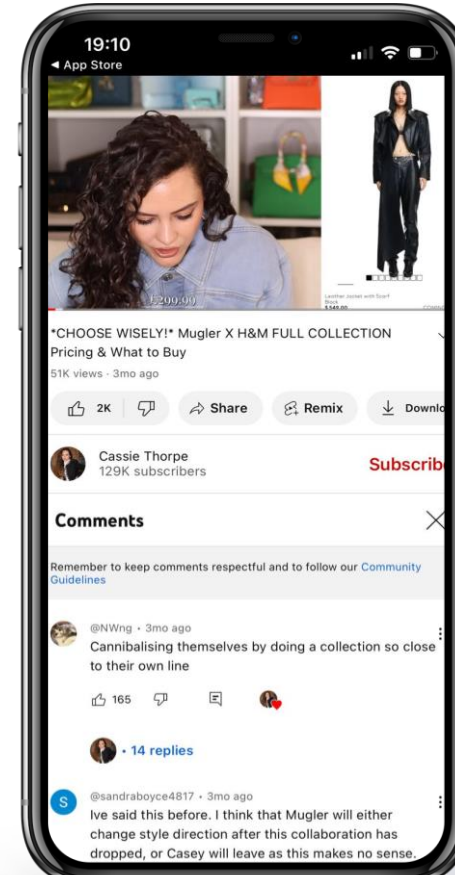
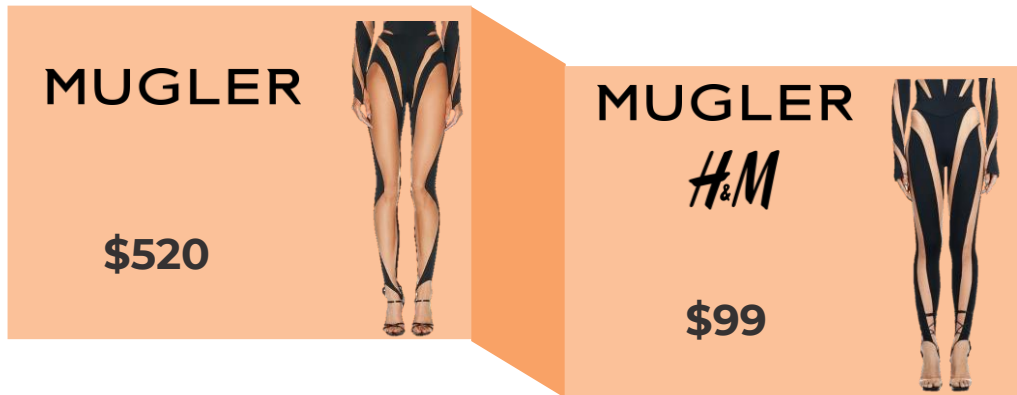


Democratization of Luxury

As luxury brands become more accessible to the public, consumers start to perceive them differently



II. Mugler Case Study



"Cannibalising themselves
by doing something so close
to their own line"

Secondary Market



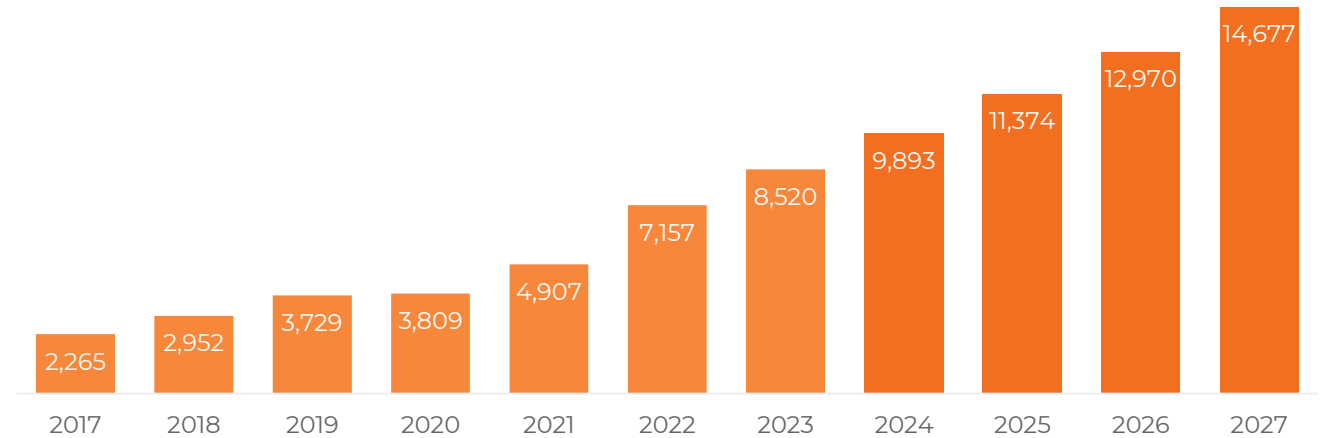
As Hermès' handbags are much available in second-hand markets, we had understand would impact it could have on retail

I. Prices of Second-Hand Birkins

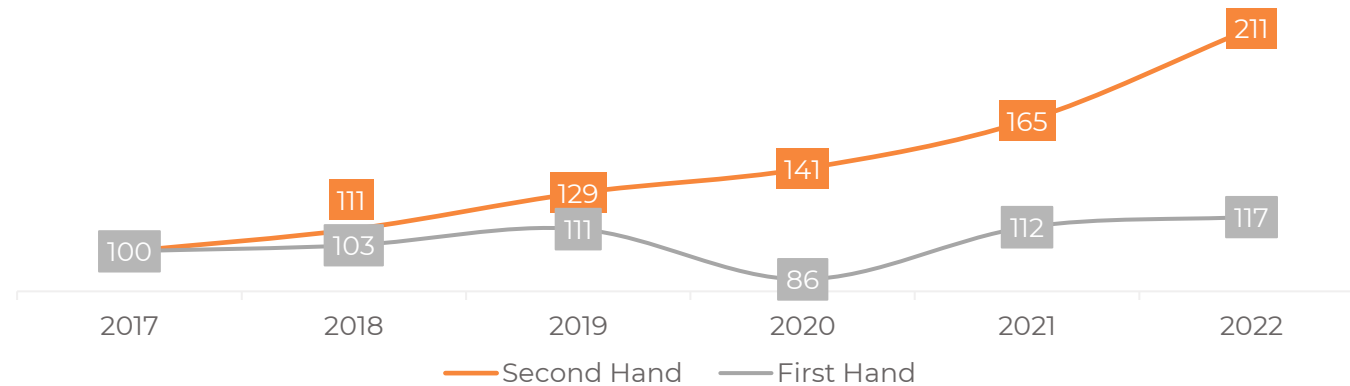


II. A growing market

Estimated revenue of the second-hand luxury goods market



Sales Annual Growth (2017 = 100)





Company

SWOT

Hermès can be summarized into a SWOT analysis



Strengths

Strong Brand Heritage: Hermès has a rich history and is recognized as a symbol of luxury and exclusivity.

Exclusive Products: Items like the Birkin and Kelly bags have waitlists, emphasizing their exclusivity.

Vertically Integrated: Hermès controls many parts of its supply chain, ensuring quality and consistency.

Weaknesses

Dependence on Core Products: A significant portion of revenue comes from a few iconic products, which could be risky if consumer preferences shift.

Sustainability: The focus on leather goods can be a problem as movements in favor of animal rights become more popular.

S

W

O

T

Emerging Markets: Expanding further into growing luxury markets like China, India, and parts of Africa.

Diversification: Exploring new product lines or categories, while maintaining brand exclusivity.

Expand Online Sales: The luxury online shopping segment is growing, and Hermès could further capitalize on this.

Opportunities

Economic Fluctuations: Luxury sales can be significantly affected by economic downturns.

Counterfeit Goods: The rise in counterfeit luxury products can tarnish brand image and affect sales.

Changing Consumer Preferences: The luxury market is evolving, with younger consumers having different preferences.

Threats

Understanding the Mètiers

The sales associates of the two stores in Sao Paulo helped us understand the métiers



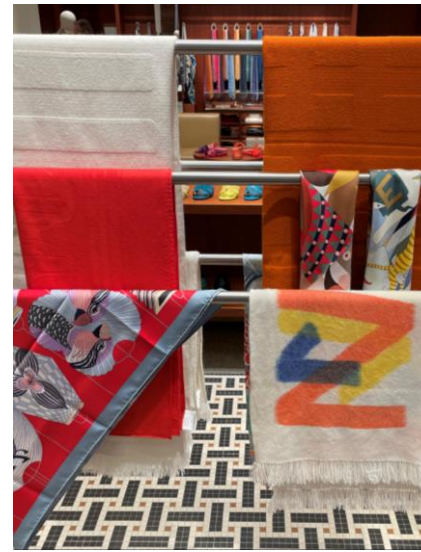
I. Hermès' Mètiers



Perfumes and
Fragrances



Leather Goods



Silks and Textiles



Ready-to-wear



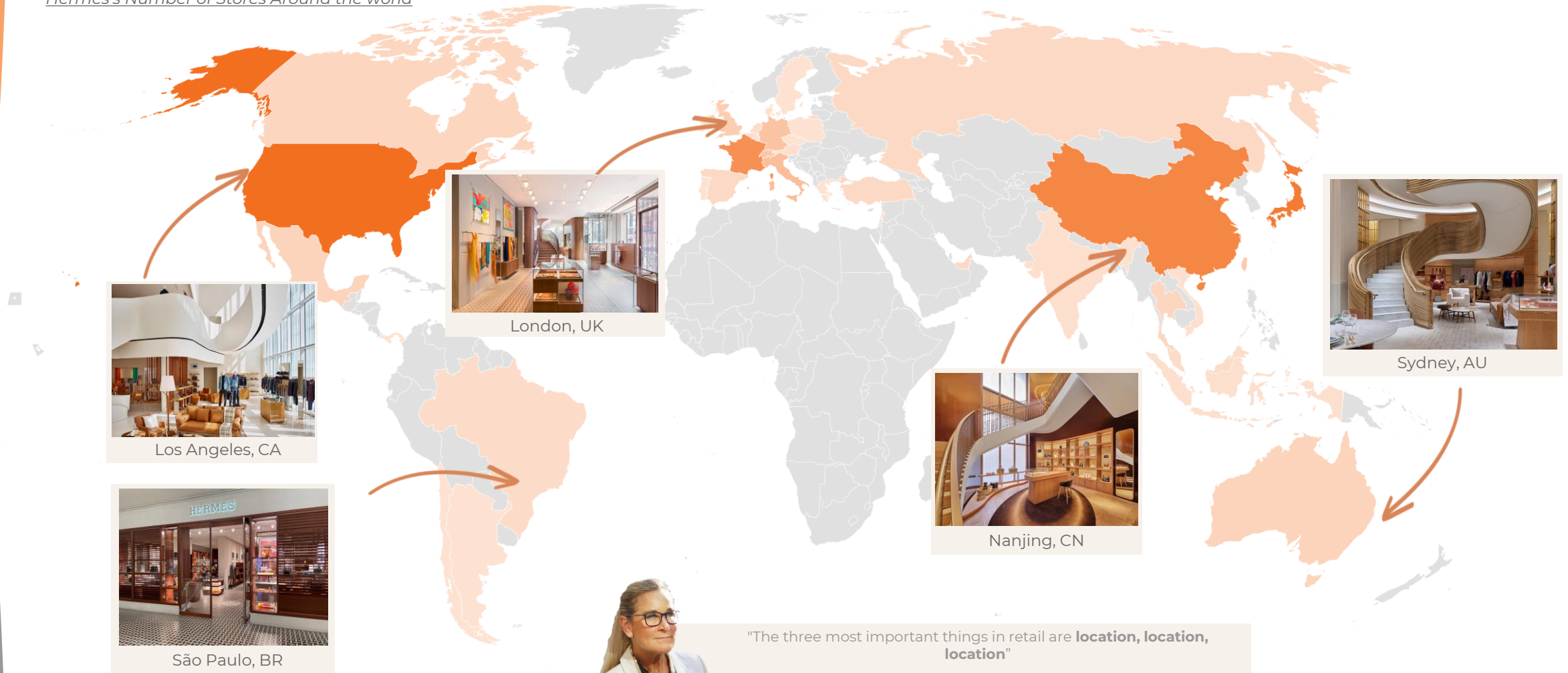
Watches and Jewelry

Stores Around the World



Every store is different and offers a unique experience, as managers have the freedom to choose the products to display

Hermès's Number of Stores Around the world



"The three most important things in retail are **location, location, location**"

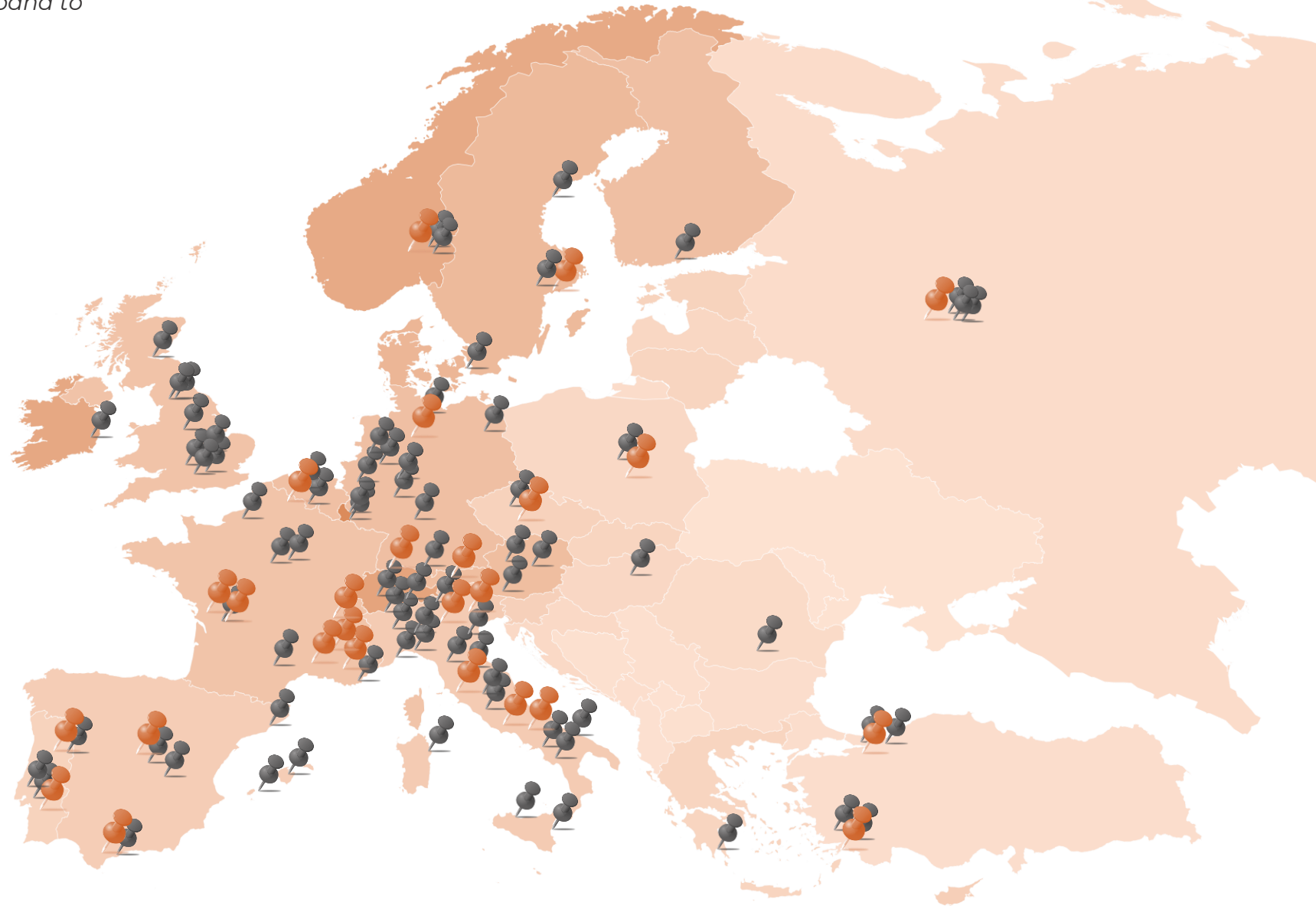
Angela Ahrendts, ex Burberry's CEO and Senior Vice President of Retail and Online Stores at Apple

Europe Store Penetration

There are still countries where Hermès can expand to

GDP per Capita and Store Locations

-  Louis Vuitton Store
-  Hermès Store



Expansion

Hermès is rapidly expanding with 9 openings or reopenings of stores all Around the world



I. Renovation and Expansion



Jan/23

Opening of a larger store at Deji Plaza, in Nanjing



Feb/23

Opening of the first store in Naples at Waterside Shops, in Florida in the US



Mar/23

Relocation and extension of its store in The Galleria Mall, in Abu Dhabi.



Apr/23

Reopening of the renovated store in Fukuoka



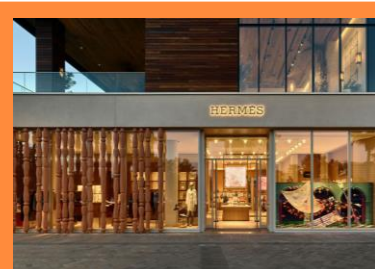
May/23

Opening of the first store in Tianjin, China.



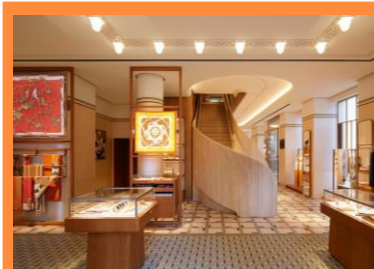
Jun/23

Opening of the first store in Aspen, USA



Jul/23

Opening of the sixth Californian store at Westfield Topanga, in US



Sep/23

Reopening of the newly expanded Vienna store



Oct/23

Opening of the new store in Chengdu, in China

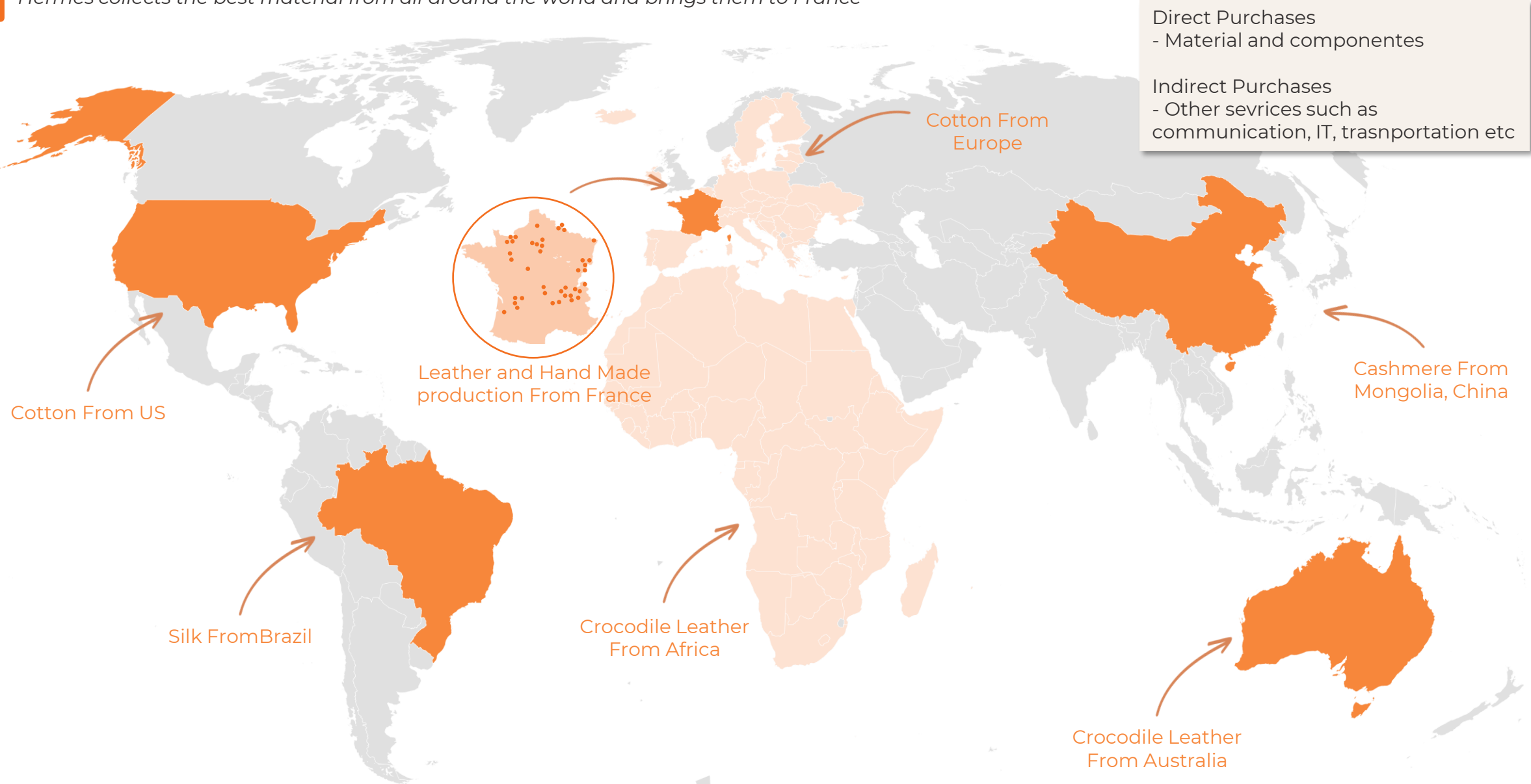


Oct/23

Renovation of the Sapporo Store in Japan

Supply Chain

Hermès collects the best material from all around the world and brings them to France



Hermes Portfolio



Despite the focus on its core business, Hermès also owns other companies that diversify its portfolio

I. Other Companies that Hermès Owns

ST LOUIS



Born of a ball of fire and the breath of man, Saint-Louis crystal vibrates with all the talent inherited from History and extraordinary creative fantasy inspired by current trends.

JOHN LOBB



At John Lobb, we've been hand crafting exquisite footwear and leather goods for the discerning for over 170 years. Every piece is conceived and realised around its owner's needs and character, executed without compromise and treasured for a lifetime

PUIFORCAT



The House of Puiforcat has refined its savoir-faire and creation in the world of arts of the table, decoration and fine living. Drawing on its heritage signature for contemporary French silversmithing since 1820,

MÉTAPHORES



Métaphores fabrics are born of a subtle alchemy between materials, history and gesture, supported by its rigorous choice of partners and careful selection of raw materials.

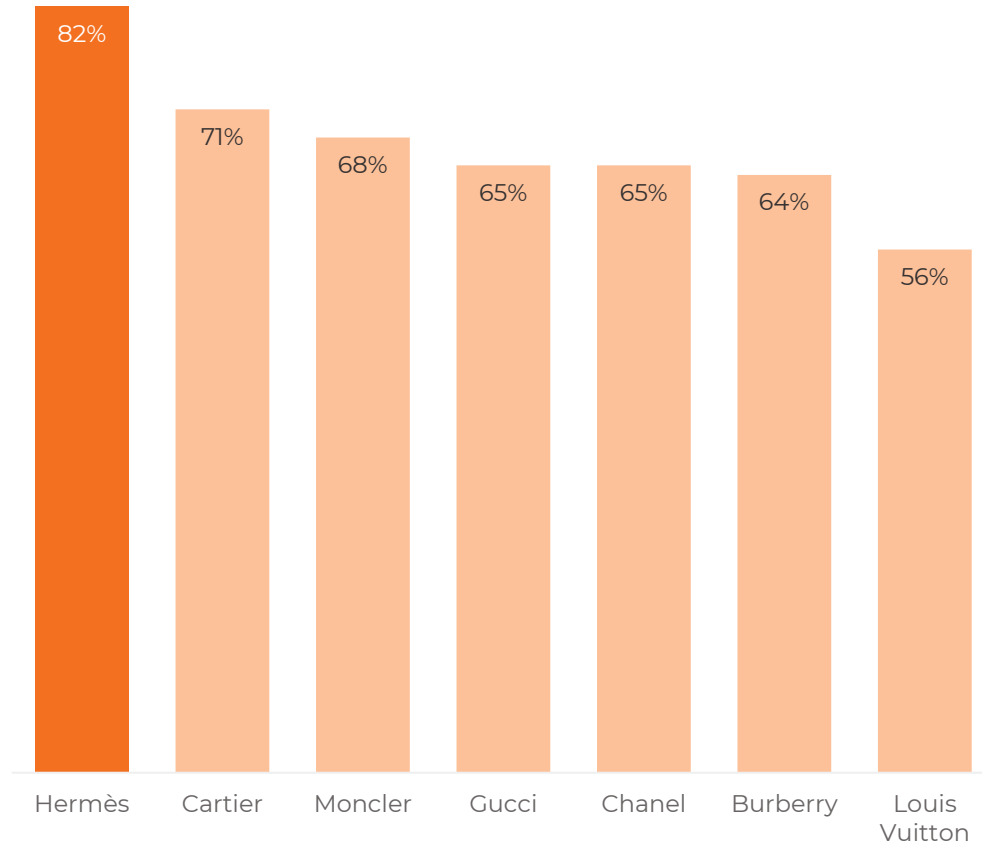
Work Culture

The french culture translates into a lively work enviroment



I. Hermès is a great place to work

"Would you reccomend this company?"

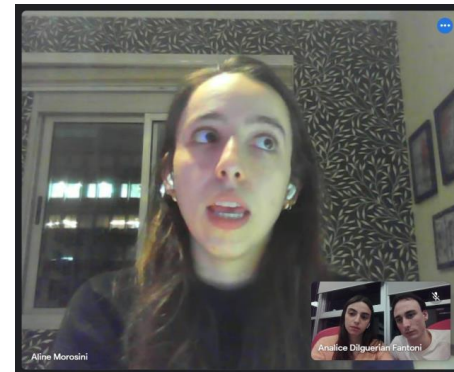


II. Confirmation by Former Employees



"Reflecting on my internship at Hermès, it was undoubtedly the best out all of my professional experiences thus far."

Mônica Junqueira
Former Intern at Hermès in Sao Paulo, BR



"Working at Hermes was a deeply enriching experience, and I would certainly return if I had the opportunity to"

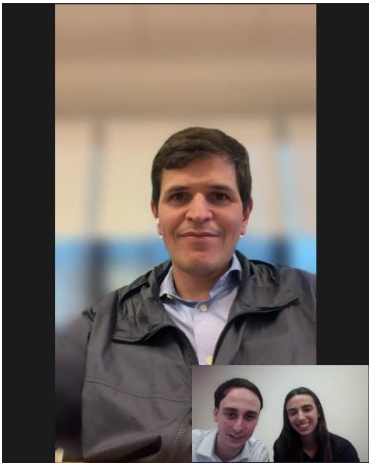
Aline Morosini
Former Intern at Hermès in Sao Paulo, BR

IPO Pop

Due to the underpricing of stocks, they tend to increase in value the day of the offer



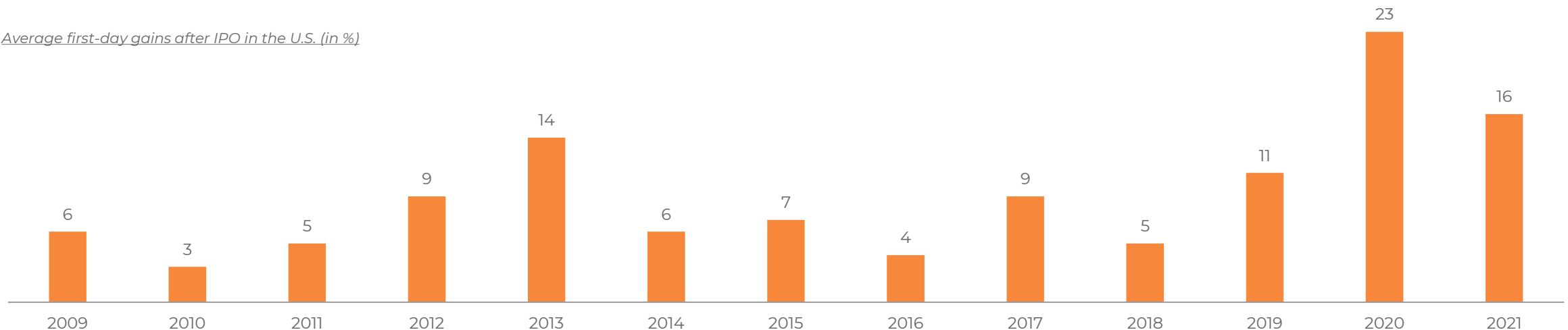
I. How the pricing of stocks compare to the pricing of the Birkin



"Investment Banks slightly underprice shares they issue, aiming to have it increase in value the same day of the IPO.
We usually aim to have a demand 3 to 4 times higher than the supply, what makes the share really exclusive and feel like luxury"

Antonio Ferraz
Former Banker at JP Morgan (NY)

Average first-day gains after IPO in the U.S. (in %)



I. Customers are Hermès' no.1 focus

[illegible]

Interviews Word Count



We conducted a analysis to understand what Hermès' executive committee talks about the most in their interviews

II. A Mix between Tradition and Innovation

Compilation of Interviews Here!

```
#Importando bibliotecas
import whisper
from collections import Counter
import re
import pandas as pd

#Função para converter o arquivo de áudio em texto
def contar_palavras(texto):
    # Remove pontuação e converte para minúsculas
    palavras = re.findall(r'\w+', texto.lower())
    return Counter(palavras)

#####CONVERSÃO DE ÁUDIO PARA TEXTO#####

#Configurando o modelo
#A acurácia vai depender da memória do seu computador
# acurácia = "tiny"
# acurácia = "base"
# acurácia = "small"
acurácia = "medium"
# acurácia = "large"

modelo = whisper.load_model(acurácia)
resposta = modelo.transcribe("hermes.mp3")

#####PROCESSAMENTO DOS RESULTADOS#####

# Texto completo
texto = str(resposta['text'])

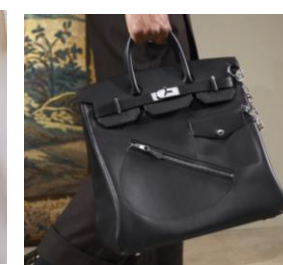
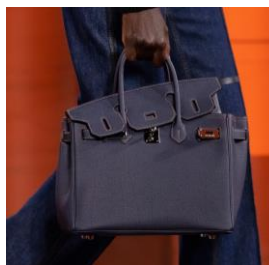
# Contagem das palavras no texto
contagem = contar_palavras(texto)

#Preparando o dataframe
palavras = []
count = []
for key,value in contagem.items():
    palavras.append(key)
    count.append(value)

#DataSeries das listas de palavras e contagem de repetições
palavras = pd.Series(palavras)
count = pd.Series(count)

# Converter a contagem em um DataFrame do pandas
df = pd.DataFrame()
df['Palavra'] = palavras
df['Contagem'] = count

#####SALVAMENTO DOS RESULTADOS#####
#Exportando para excel
df.to_excel("palavrasHermes.xlsx", index=False)
```





Management

A look behind the scenes: Axel Dumas



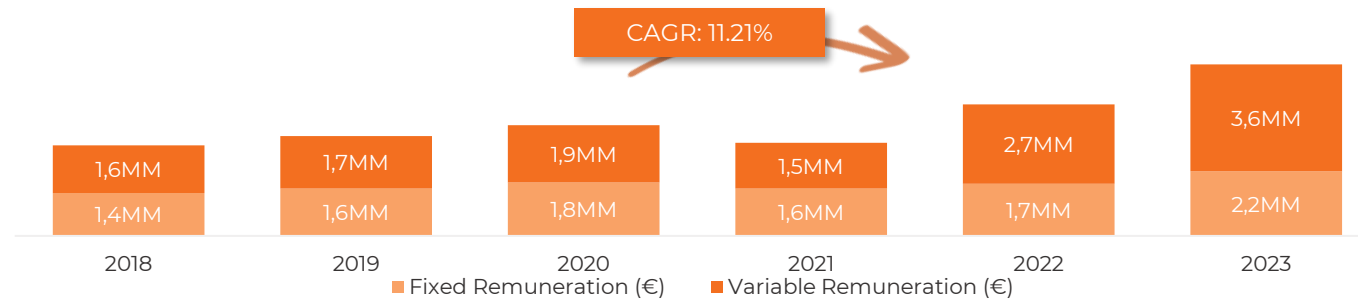
Part of the sixth generation of the Hermès Family, Axel Dumas leads the company since 2012

I. From Philosophy to Leather Goods

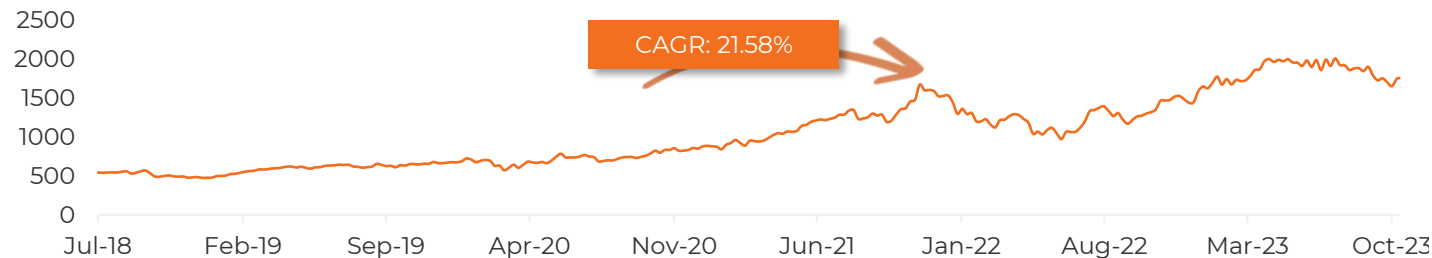


II. Comparison between stock returns and CEO compensations

Axel Dumas' remuneration between 2018 and 2023



Hermès' stock return between 2018 and 2023



III. Axel Dumas

"The real quality control of Hermes is the pride of the person who makes the bag."

Axel Dumas
CEO



A look behind the scenes: Henri-Louis Bauer



Also part of the sixth generation of the Hermès Family, Henri-Louis Bauer leads the Active Partner of the company

I. The Activer Partner

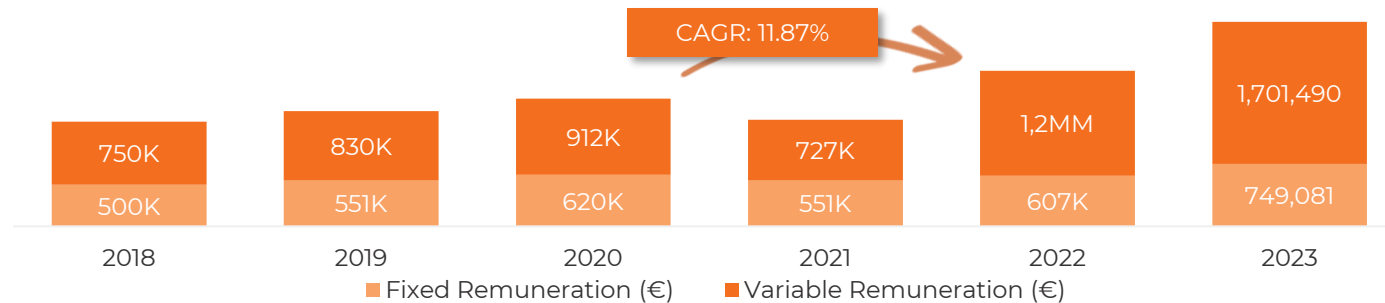


Active Partner

Émile Hermès SAS is the active partner in Hermès International SCA, overseeing strategic decisions, executive appointments, and significant financial transactions to guide the company's long-term vision.

II. Comparison between stock returns and remuneration

Henri-Louis Bauer's remuneration between 2018 and 2023



Hermès' stock return between 2018 and 2023



III. Henri-Louis

- Strategic Direction
- Operational Oversight
- Brand Expansion
- Business Performance
- Industry Impacts



Henri-Louis
Executive Chairman

I. Members of the Executive Committee



II. Biggest Concerns

Compilation of Interviews Here! 

The Family Business

How being a family business puts Hermès in front of its competitors



I've got three pieces of advice for young people. **First, work for a family business if you can.** I always did. They outperform non-family ones, and one reason is their **longer-term view.** The companies I managed were more interested in the inheritance of the next generation in 20 years from now than the profit at the end of December.

That is very positive, especially in sectors like luxury where it takes five to 10 years to build a brand. I worked with one American company, made up of professional managers, and I saw what short-term thinking means for a business.

Family firms also **treat people much better.** If you are loyal, they will give you a good career, not just in terms of money but fulfilment in your job. A career is not only to make money but also to help you have a beautiful life. You should always be learning new things and meeting new people. If your work is making you miserable it is not a job – it is a nightmare.

*Patrick Thomas
Former CEO of Hermès*

The Family Business

How being a family business puts Hermès in front of its competitors



“When I was a kid, everything was in the Faubourg. **I knew almost everyone there when I was learning to stitch**, so now when I go to a retirement party, I know everybody I would visit the shop when my father visited my grandfather, who was still working. And I’d play in the store with my cousins.”



“It is very important to me that Hermès remains a family business because of our values, because of our history ... We are not financially driven. That doesn’t mean that we don’t want to be successful financially, because it’s also an indicator ... yet there is something special that **the name of our grandmother is on the door** and we want to protect it ... There is a lot of trust.”

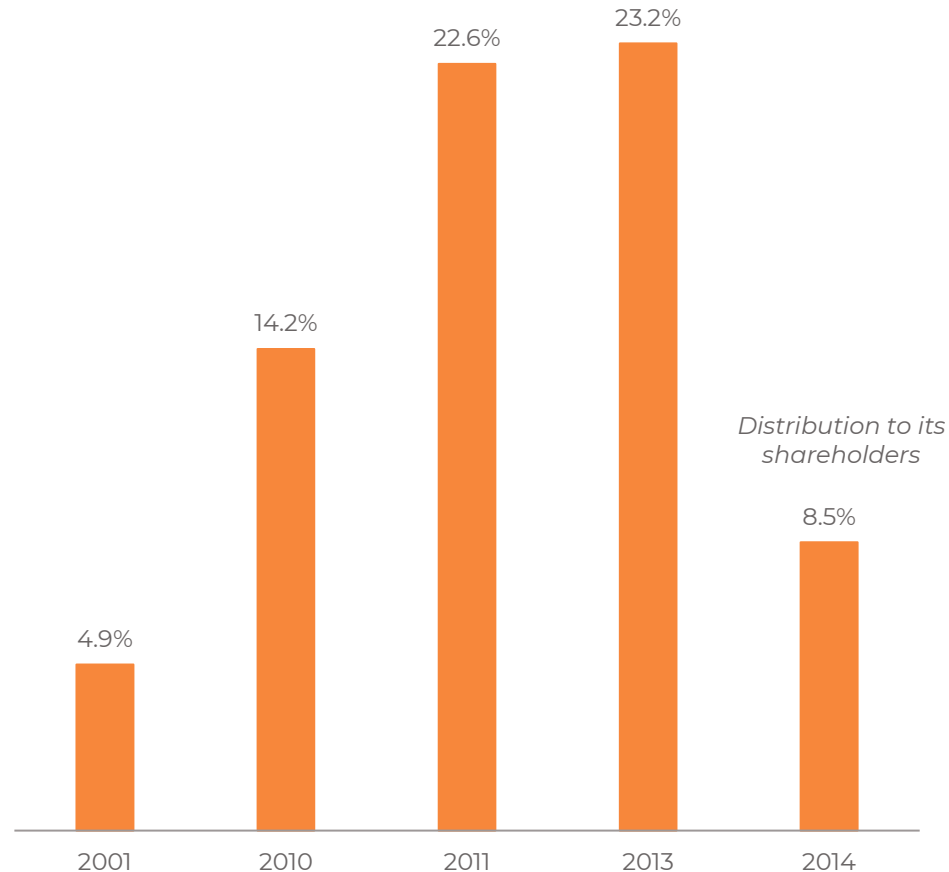
Axel Dumas
CEO of Hermès

Hermès' Independency



I. LVMH Takeover Attempt

LVMH stake in Hermès



“What was admirable is that the family really gathered herself to keep the independence of Hermès. We created a holding company called H51, which owns 51 per cent of the company, where no one is allowed to sell their shares for 20 years. It was a big commitment for them to say, ‘I will put all my net worth there and not sell it for 20 years.’ But they did it — like that. **It was a very strong mandate that they gave me, to keep Hermès independent**, and it’s something that I’m focused on, regardless of the situation. It was a test of loyalty, yes. And I found it”



Axel Dumas
CEO of Hermès



“There is no interaction between LVMH and us. We don’t plan to have any.”

Patrick Thomas
Former CEO of Hermès



E-Commerce

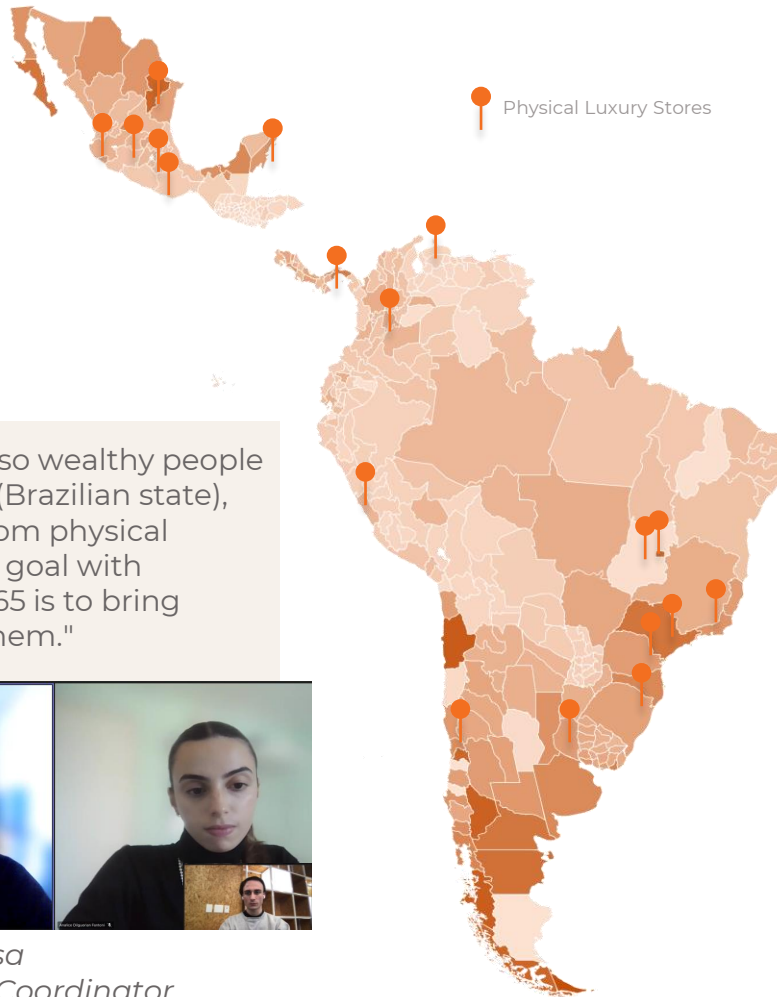
E-commerce



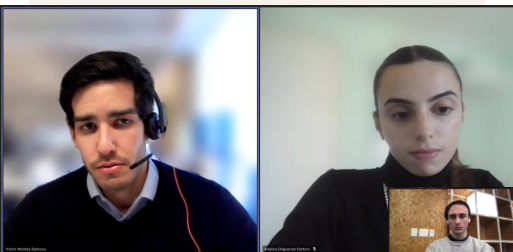
E-commerce is an important vehicle to reach potential clients that are not contemplated by physical stores

I. Online vehicles have the power to reach potential clients

GDP per capita and physical luxury stores in Latin America



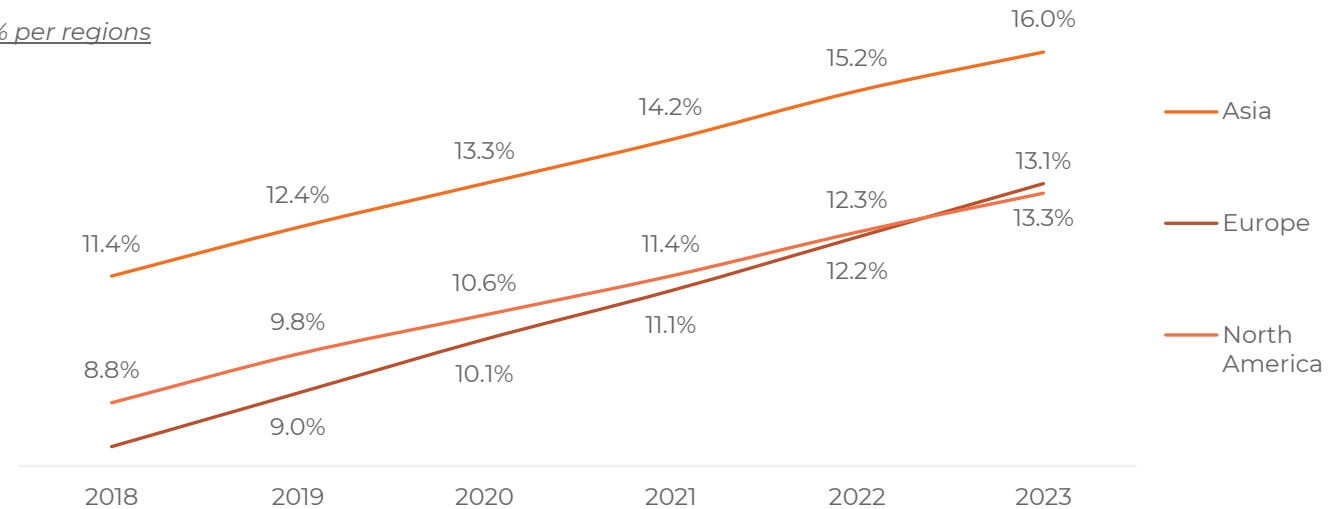
"There is also wealthy people in Goiânia (Brazilian state), far away from physical stores. Our goal with Iguatemi365 is to bring luxury to them."



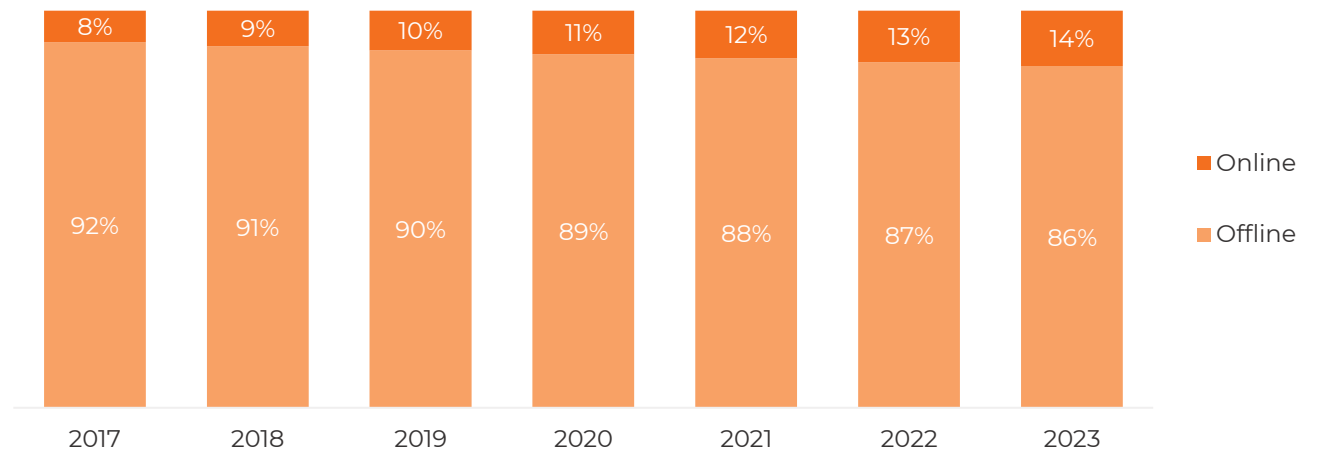
Victor Barbosa
Iguatemi IR Coordinator

II. Luxury Goods online share

% per regions



Worldwide luxury goods revenue share

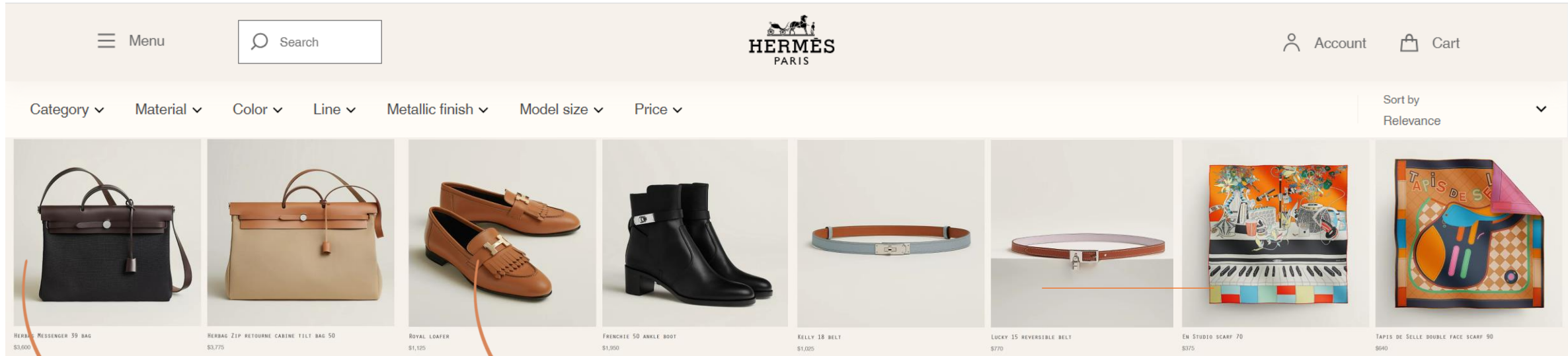


E-commerce



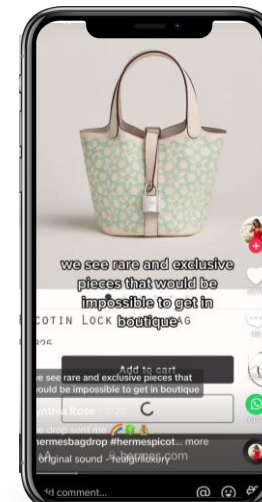
E-commerce is an important vehicle to reach potential clients that are not contemplated by physical stores

III. A peak into Hermès' Website



The website offers the entry-level products, similar to the store selection

Online purchases are not taken into account in the Hermès Game



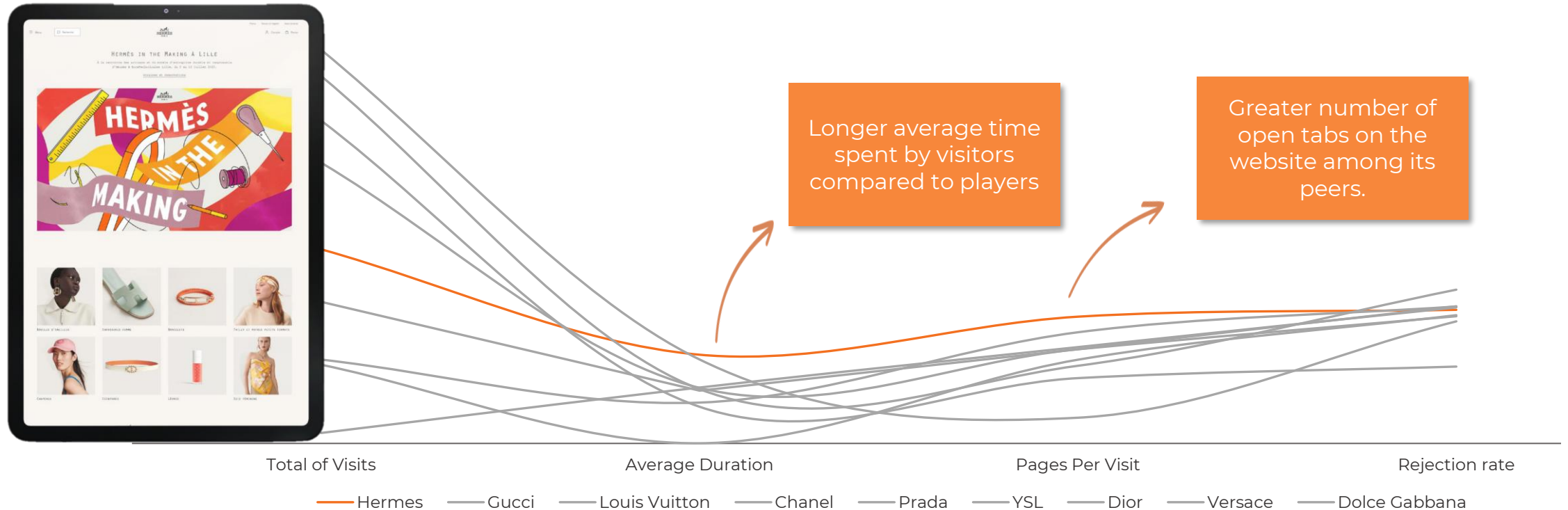
However, Hermès randomly drops exclusive and limited pieces to keep consumers engaged

E-commerce

E-commerce is an important vehicle to reach potential clients that are not contemplated by physical stores



IV. Website Foot Traffic Analysis









Peers

Side by Side Comparison

Despite having the lowest number of stores, Hermès outperforms its players



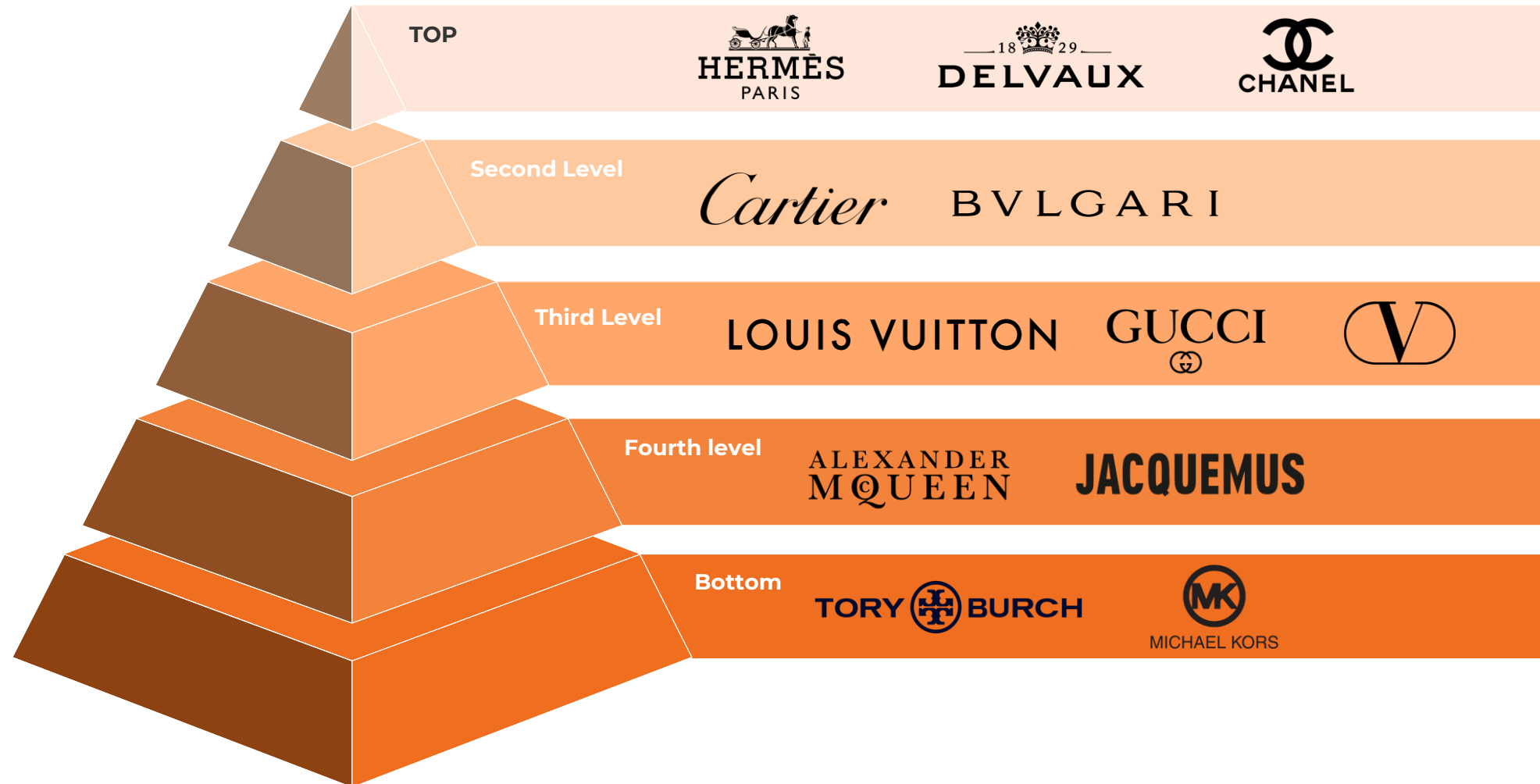
		LVMH			BURBERRY	
Main Segment	Leather Goods	Apparel and Leather Goods	Watches and Jewelry	Leather Goods	Apparel	Apparel
Number of Stores	300	5664	2186	1659	413	314
Revenue (in billion €)	12.8	84,9	20,0	20,6	3,1	2,8
EBITDA Margin	46.8%	34.4%	32.8%	35.1%	31.8%	39,9%
ROE	34.1%	29.5%	20.3%	25.3%	31.0%	17.1%
ROIC	75.7%	24.8%	24.1%	31.2%	28.6%	47.1%
EV/EBITDA	27.6x	12.6x	9.3x	8.2x	7.1x	12.5

Hermès Against its Peers

How does Hermès compare to its top competitors?



I. Hermès stands at the top of the luxury pyramid as it signals the epiphany of Luxury and successful

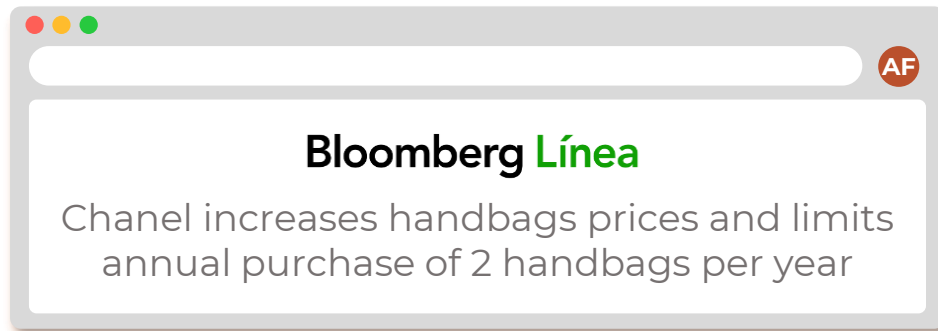


Hermès Against its Peers

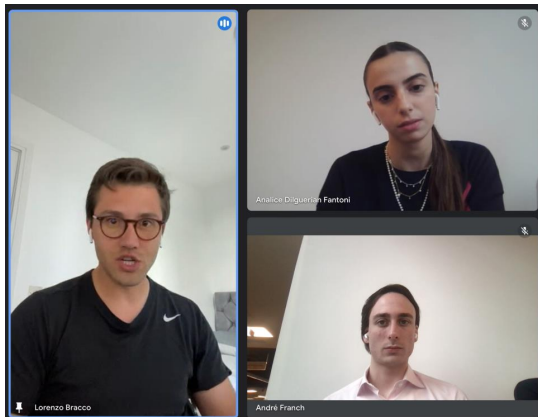
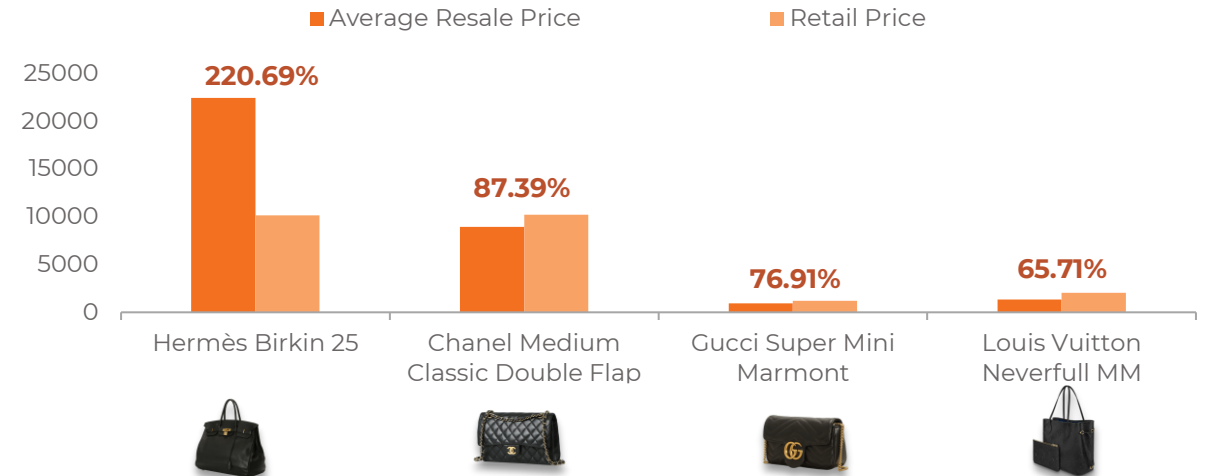
How does Hermès compare to its top competitors?



II. Chanel: Although Always wanting to be Hermès, Chanel is not nearly as successful



Retail and Second-hand Pricing and Retention



“Chanel has always wanted to be Hermès, but Chanel’s prices on the secondary market are lower, which is not as interesting from a consumer perspective”

Lorenzo Bracco
Luxury Analyst at Citi (London, UK)

Hermès Against its Peers

How does Hermès compare to its top competitors?



III. Delvaux: Similar concepts, different execution

1 Although it is the oldest brand and with a lot of heritage, being part of a holding company distances the brand from its origins



Founded in 1829 in Belgium by Charles Delvaux



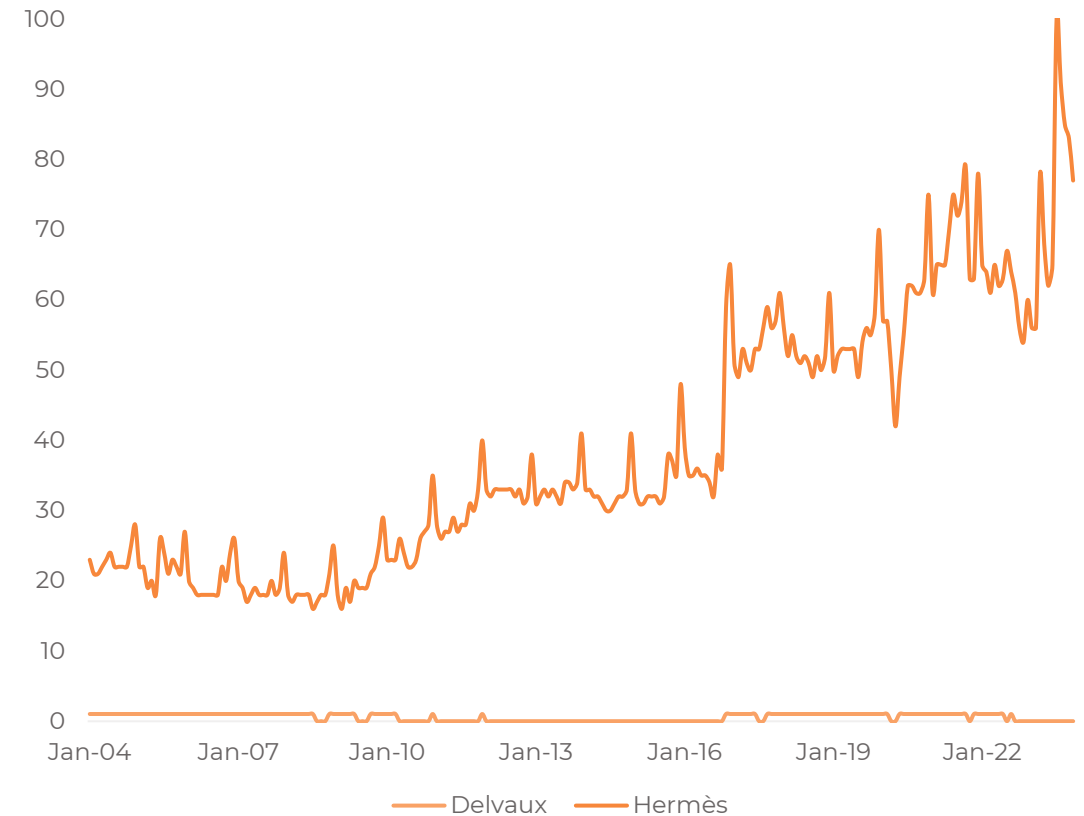
Acquired by the swiss conglomerate Richemont

2 Bags are not as exclusive as Hermès'



2 The brand isn't nearly as popular

Interest measured by Google searches

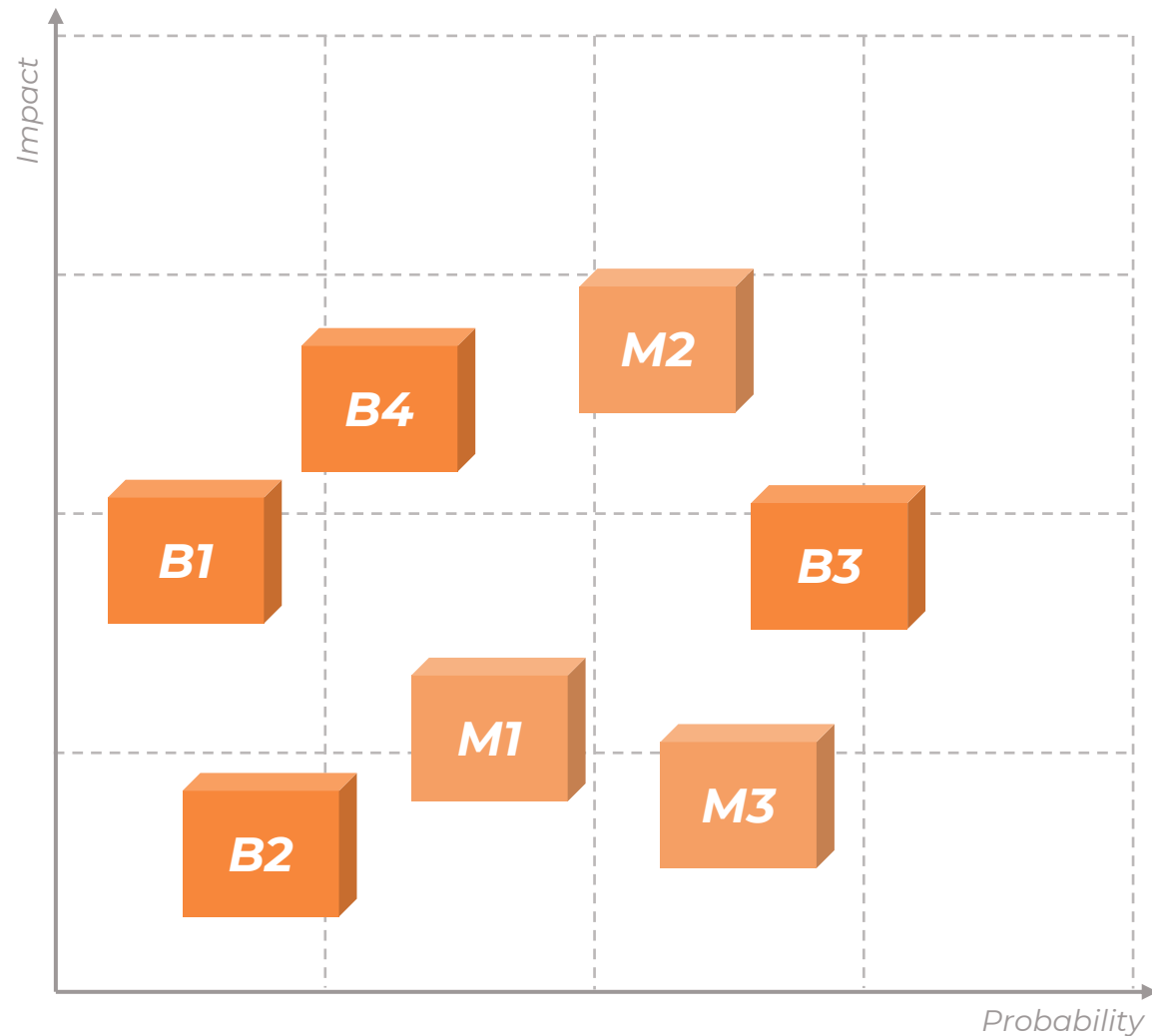




Risks

Adressing the risks

Although the investment is really attractive, there are also some potential downsides



Macroeconomic Risks

M1 – Events that could stop tourism: The industry depends on tourism specially in Europe, events similar to Covid-19 could disrupt sales forecast

M2 – Economics slowdown in Asia: Being responsible for approximately 60% of Hermès revenue, a decrease in demand could slowdown revenue growth

M3 – Counterfeit: A rise in popularity of fake handbags canmake the items less exclusive

Business and Operational Risks

B1 – Change in consumer preferences: Hermès' designs now considered timeless, could one turn out to be out of style

B2 – Succession issues: Being a family business, the company could potentially have disputes or disagreements regarding leadership

B3 – ESG: With the increase in ESG movements around the world, leather goods may become less desirable

B4 – Failure to expand into new fashion categories: As a tool to increase the volume, Hermes can increase the diversification of métiers, however, it may not be well accepted by the public.



Risk M2: China

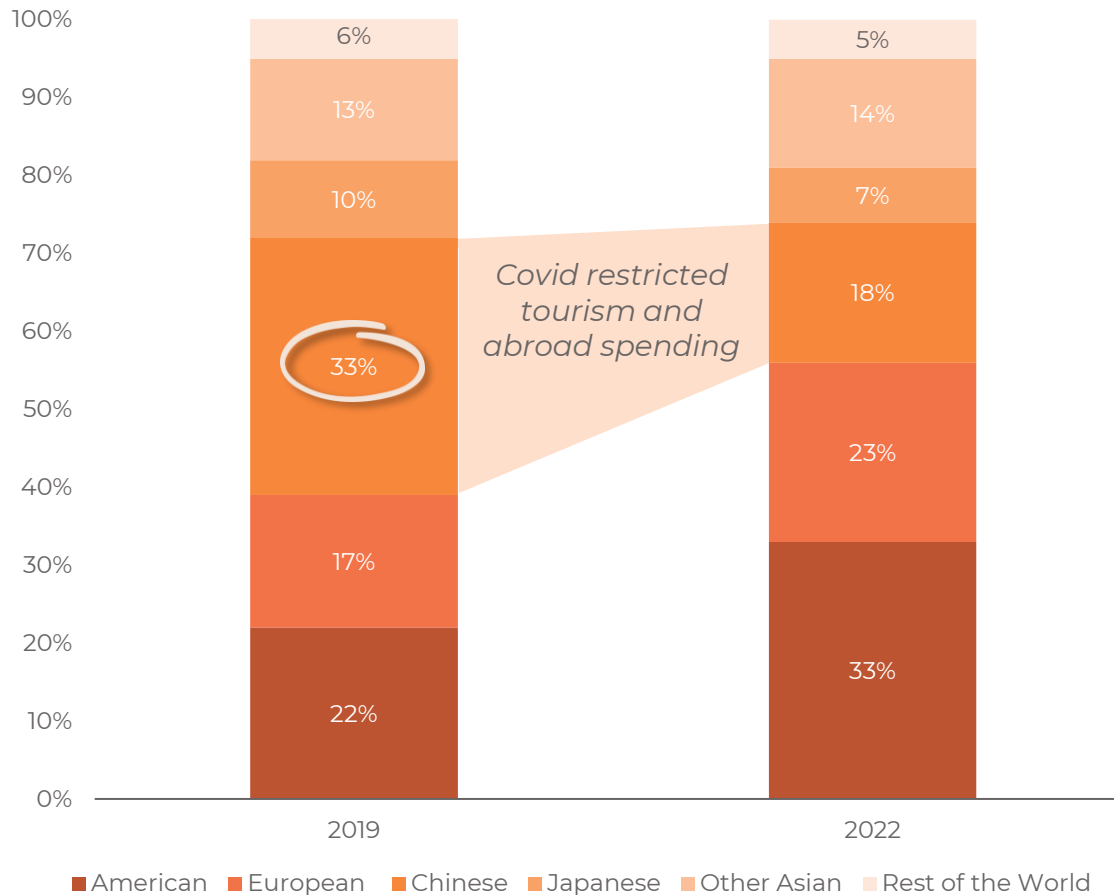
Risk M2: Economic Slowdown in Asia



China is the biggest consumer of this market and its economic situation may threaten the company's operation

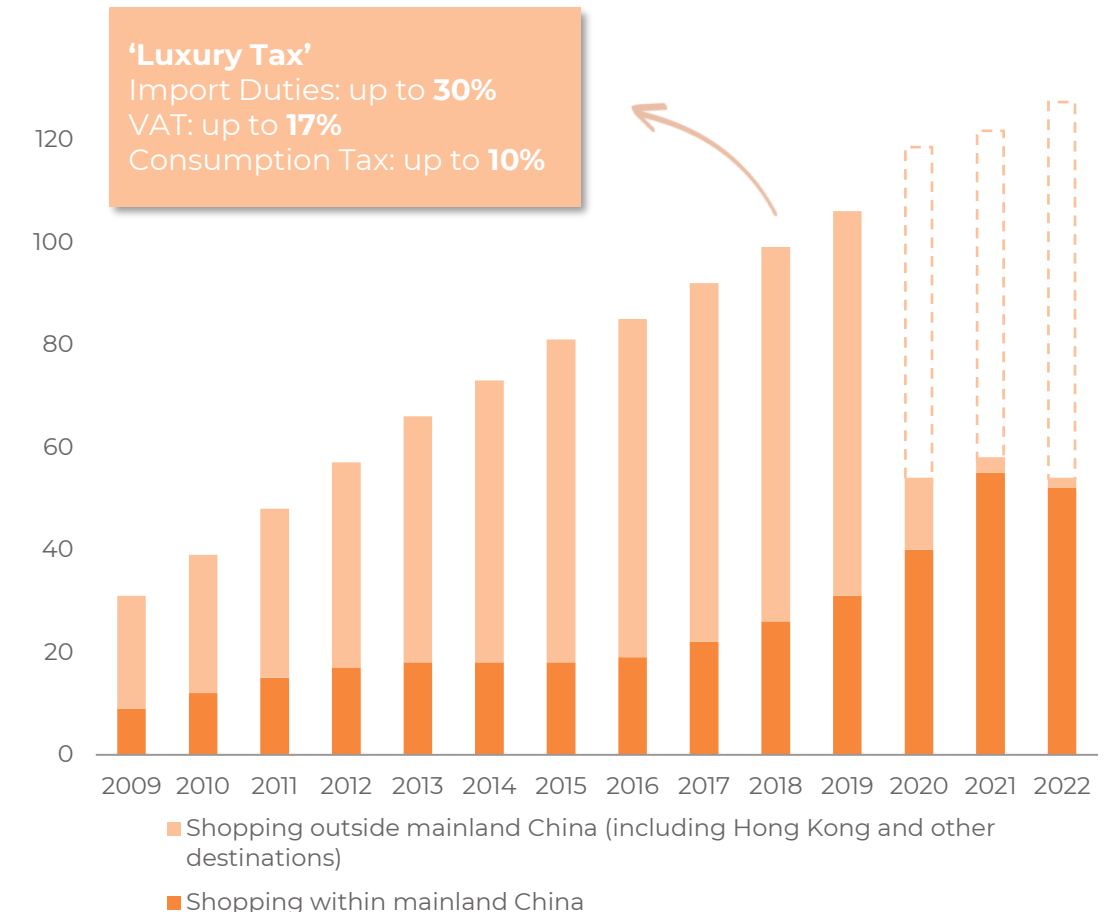
I. China as the main luxury consumer

Global Personal Luxury Goods Market, by consumer nationality



II. Preference to consume abroad due to high taxes

Chinese Luxury Consumption (in \$ Billions)



Risk M2: Economic Slowdown in Asia

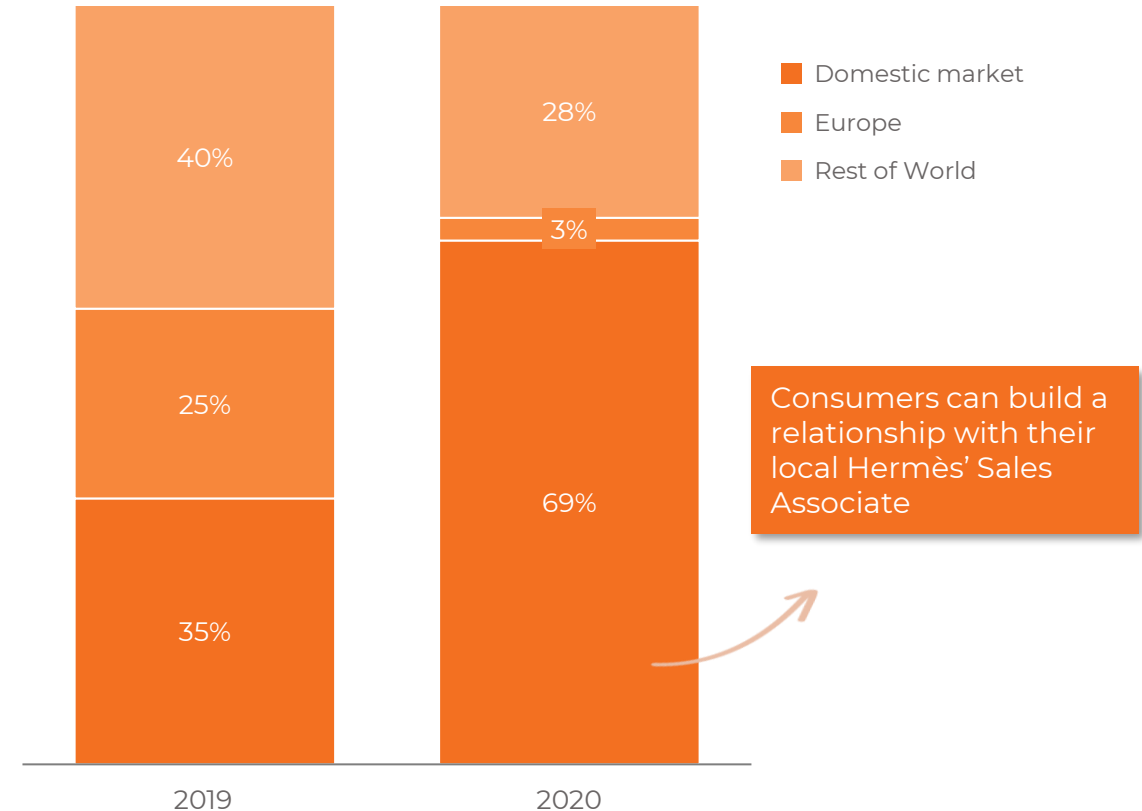
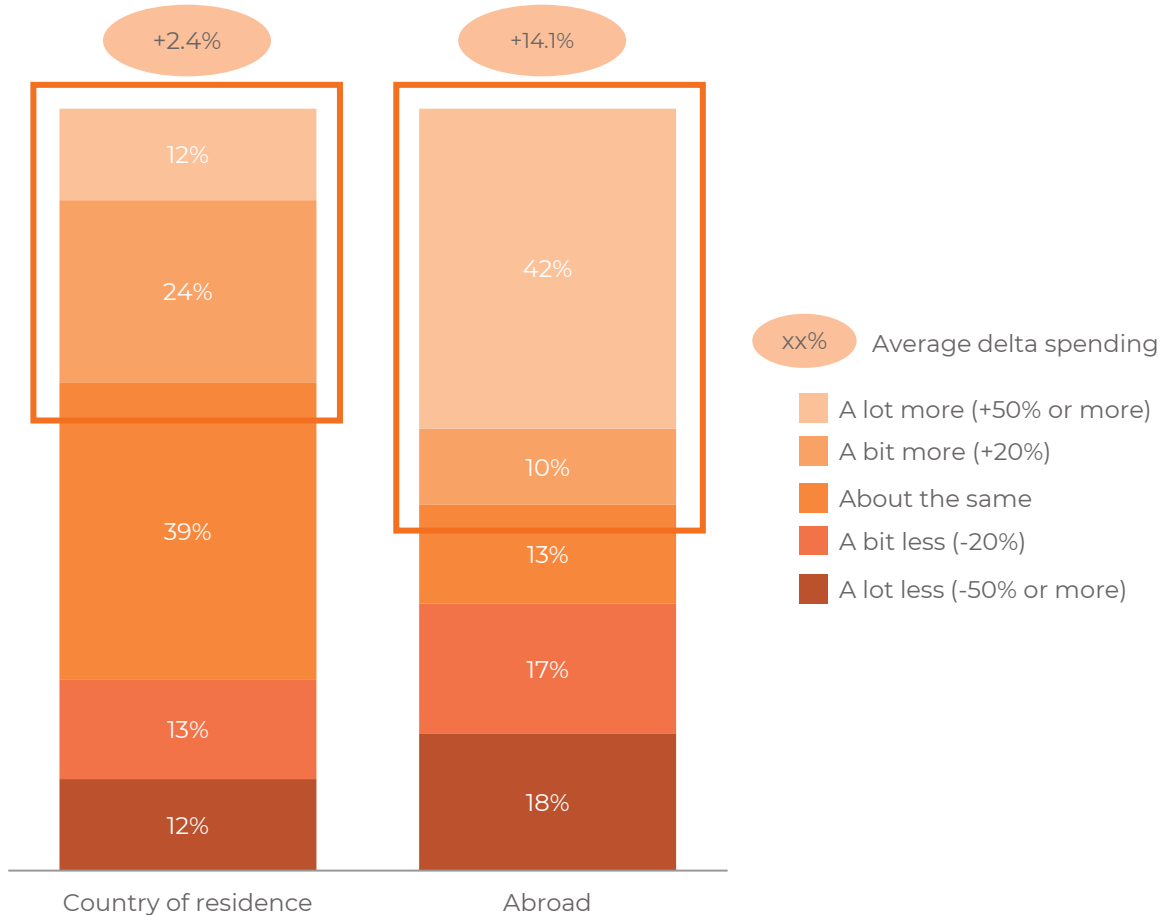


China is the biggest consumer of this market and its economic situation may threaten the company's operation

III. The pandemic led to a shift in terms of spending location

With COVID-19 most likely under control, do you **expect to spend more, less, or about the same on luxury experiences** in the next 12 months compared to before?

Chinese Consumption by Region



Risk M2: Economic Slowdown in Asia



China is the biggest consumer of this market and its economic situation may threaten the company's operation

IV. Obsession with luxury derisks recession impacts



“This behavior of the Chinese has more to do with their **mindset (to show off)**, than with the economic conjuncture”

*Roberto Dumas Damas, CFA
Professor of Chinese Economy at Insper*

“Traditions provide identity. As China's Communist Party has destroyed Chinese traditions, **luxury brands step in to provide that.**”

*Desmond Shum
Author of “An Insider's Story of Wealth, Power, Corruption and Vengeance in Today's China”*



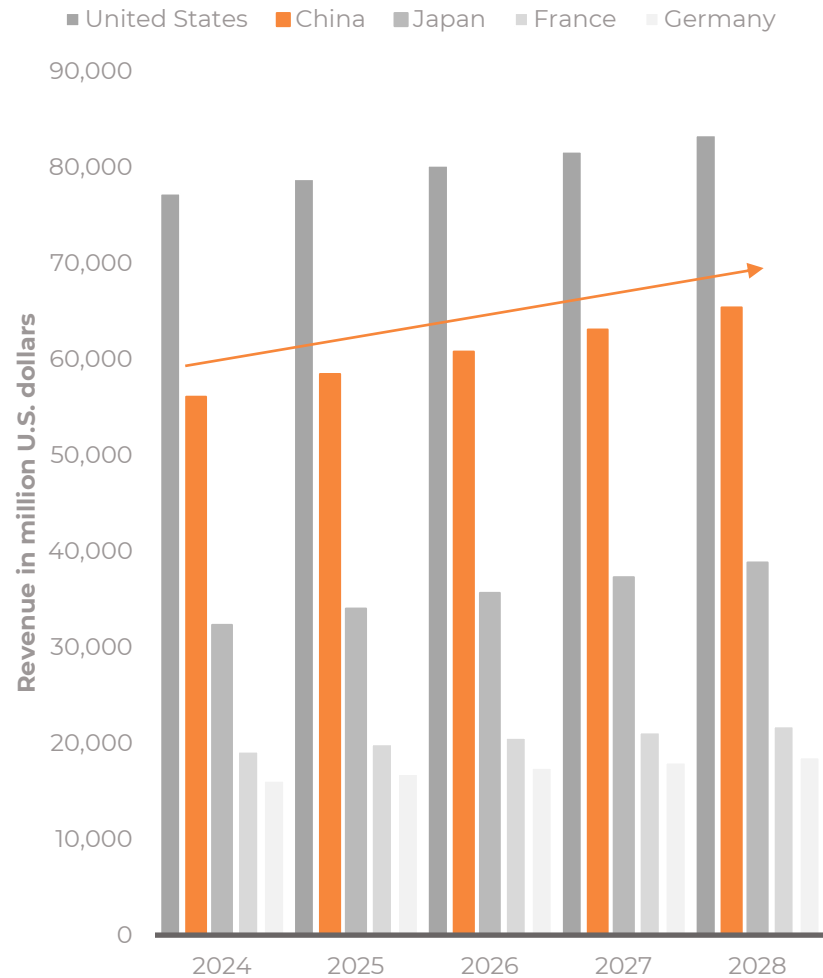
Risk M2: Economic Slowdown in Asia



China is the biggest consumer of this market and its economic situation may threaten the company's operation

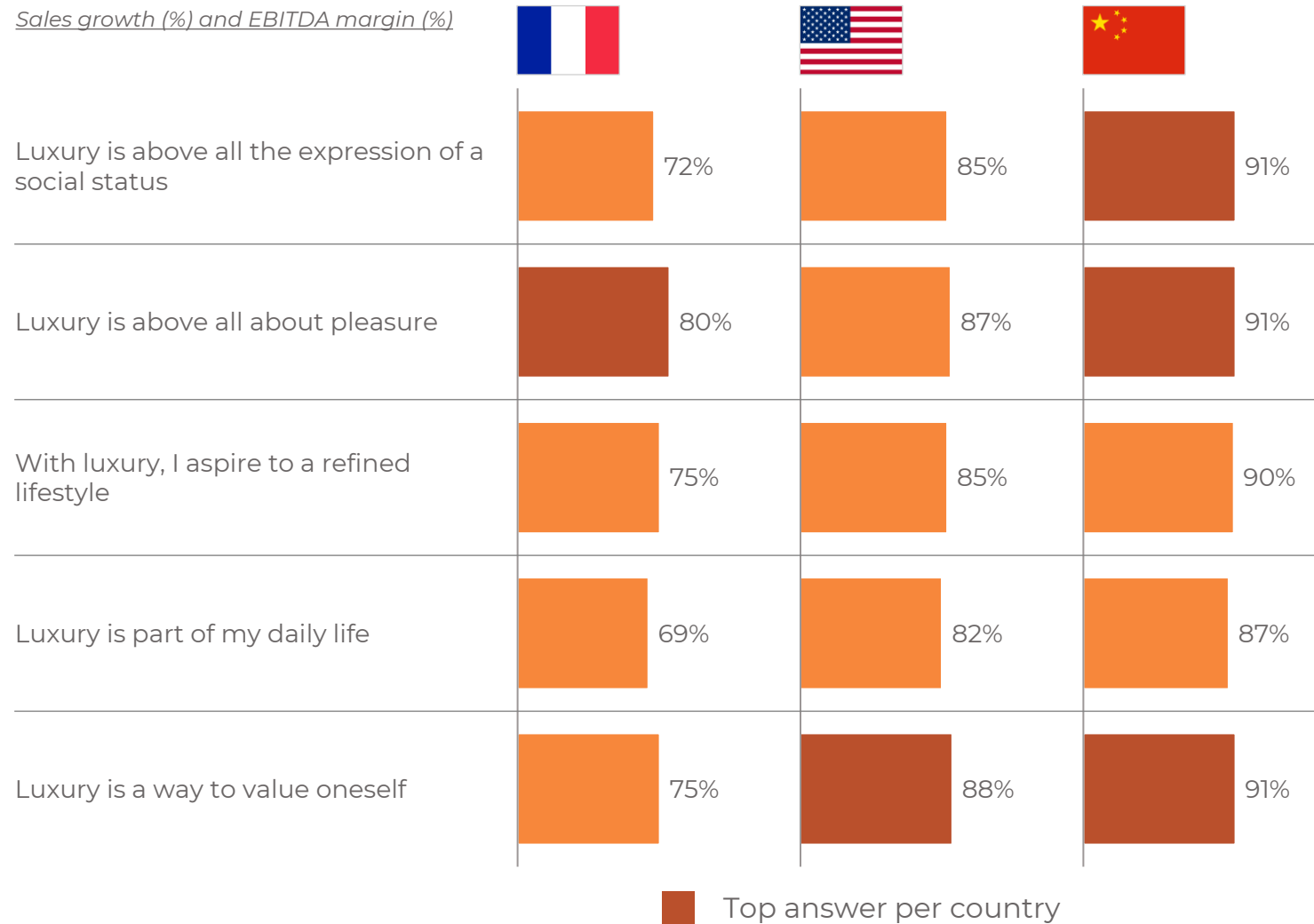
V. China's accelerated growth compared to its peers

Revenue of the luxury market worldwide by country



VI. Apparel and accessories lead in terms of growth and margins

Sales growth (%) and EBITDA margin (%)





Risk M3: Counterfeit

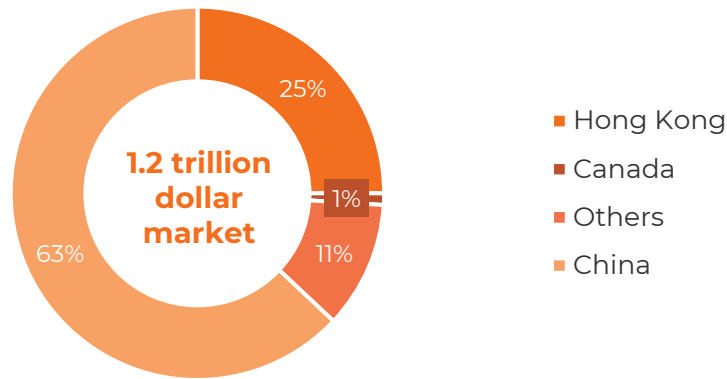
Risk M3: Counterfeit



Counterfeit products can affect all sectors, but specifically the luxury market, as it may make pieces less exclusive

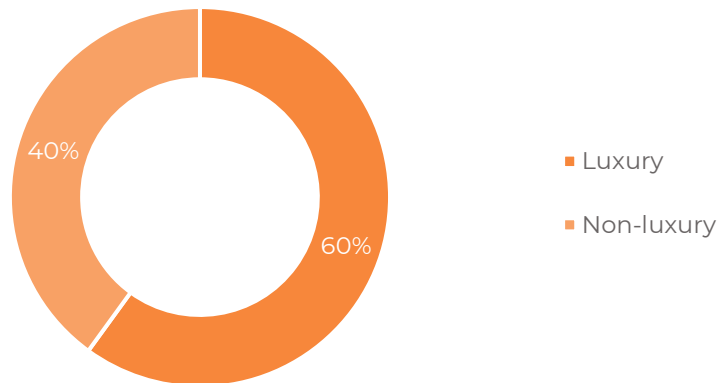
I. China is the main producer of fake items

Producer of counterfeit pieces



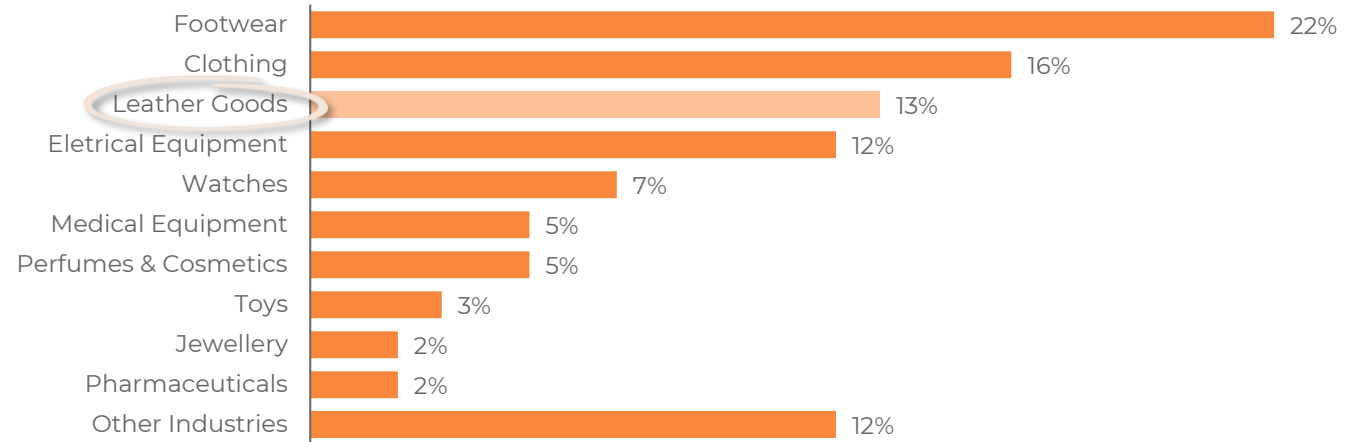
III. Luxury pieces are the most faked

% luxury and non-luxury



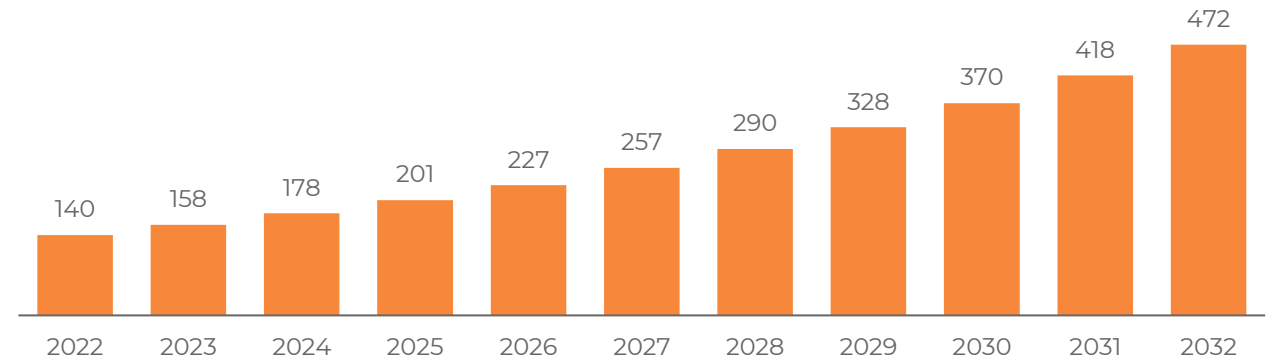
II. Leather Goods stands as the 3rd most counterfeited markets

Counterfeited markets



IV. Anti-counterfeit policies try to contain the production

Investments made by governments against counterfeit (in US\$ billions)

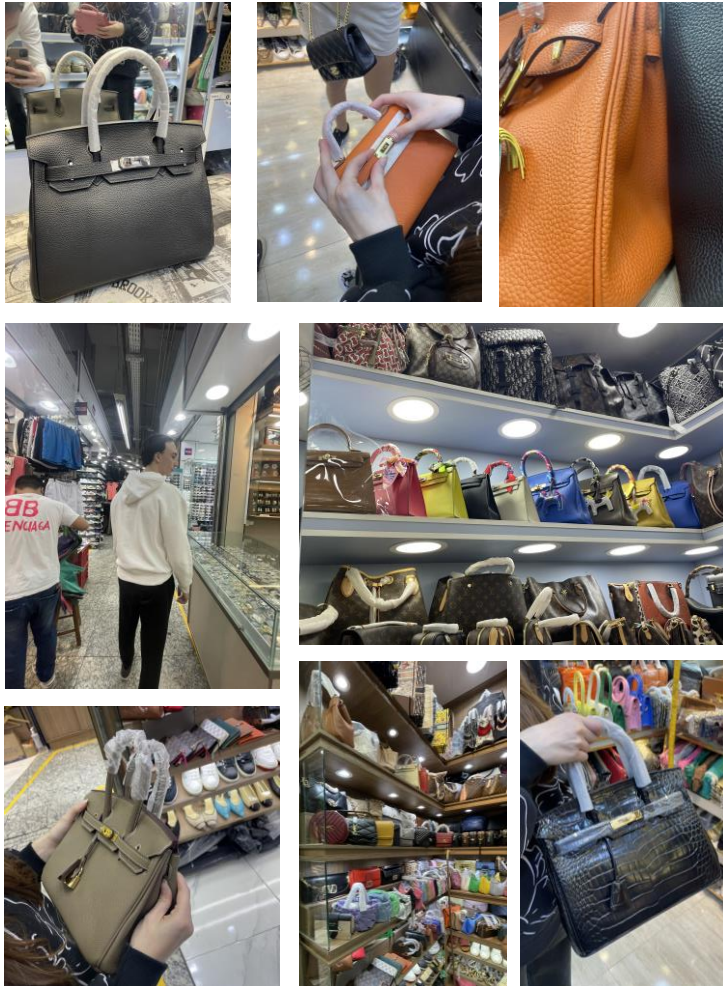


Risk M3: Counterfeit

Counterfeit products can affect all sectors, but specifically the luxury market, as it may make pieces less exclusive



I. Field Research at 25 de Março

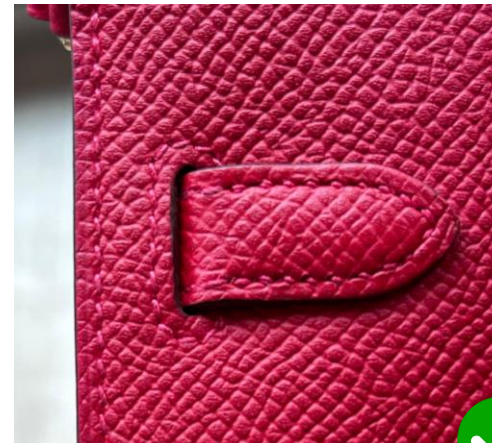


II. Real vs. Fake Bag

1 Hardware and Logo



2 Stitching and Leather



Risk M3: Counterfeit

Counterfeit products can affect all sectors, but specifically the luxury market, as it may make pieces less exclusive

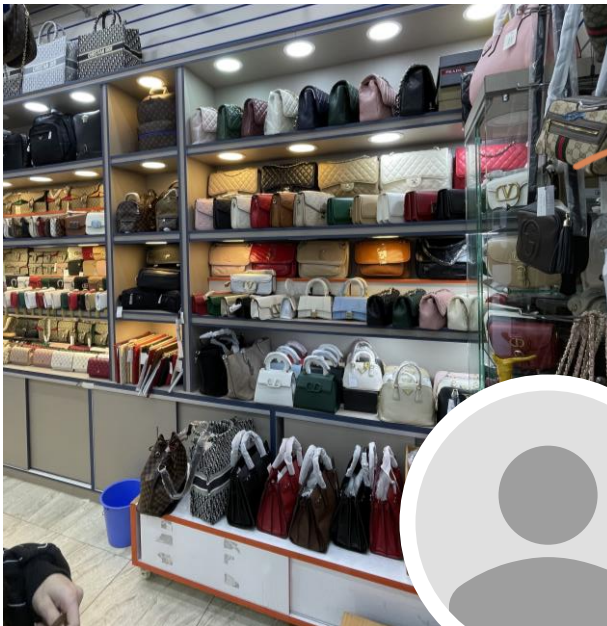


III. Counterfeits have low impact on Hermès

1 People who cannot afford a real bag prefer the ones with logos

“People who come here after cheaper bags are usually are **looking for logos**, such as the Louis Vuitton monogram bags”

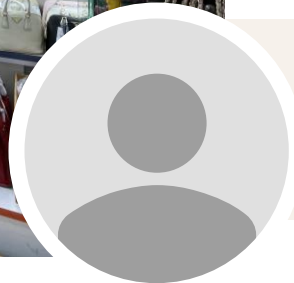
*Sandra Raffaelli
Second-hand business owner*



Most stores at 25 de março did not sell any Hermès bags

“We do not have Hermès because **it does not sell a lot here**, people want Gucci and Louis Vuitton”

Seller at 25 março



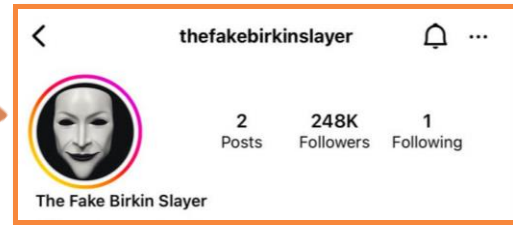
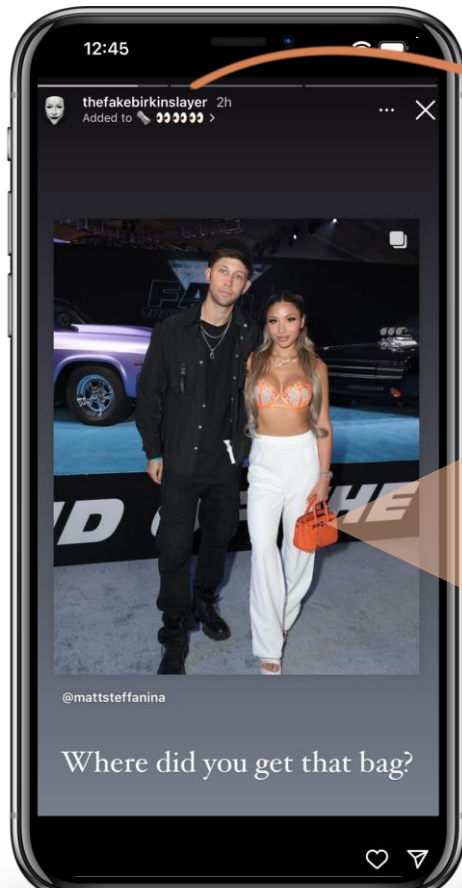
Risk M3: Counterfeit



Counterfeit products can affect all sectors, but specifically the luxury market, as it may make pieces less exclusive

III. Counterfeits have low impact on Hermès

2 Ultra-rich who wear fake bags may have a positive influence on others



Silvia Braz
Brazilian Influencer

Being the bags real or fake
the impact influencers
have on other people is
surely real

"Clients call me and say **'I want Silvia Braz's handbag!'**. It is not Gucci's handbag anymore, it is Silvia Braz's."

Luiz Henrique Voltarelli
Gucci's LATAM Flagship Store Manager





Risk B3: ESG

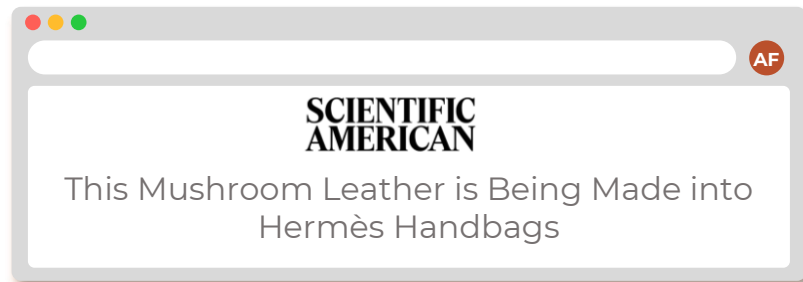
Risk B3: ESG



As the company focus os leather goods, ESG movements threatens Hermès

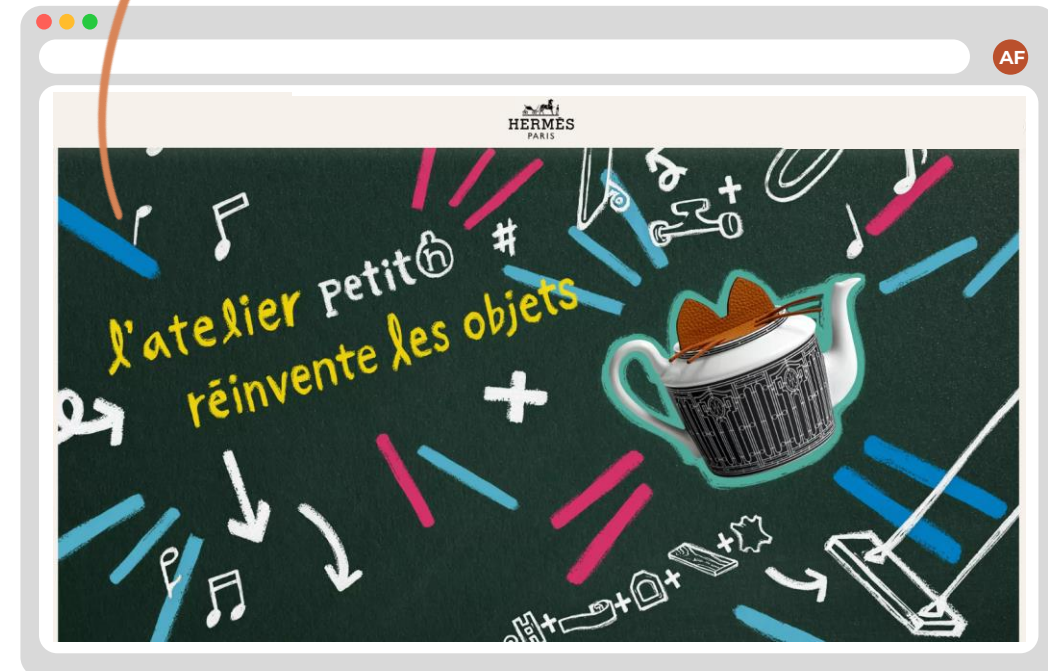
I. Hermès is working hard to provide alternatives

1 Mushroom Leather



2 Reusing instead of wasting

Petit H is the creation of unique pieces using materials that no longer have any use for Other métiers



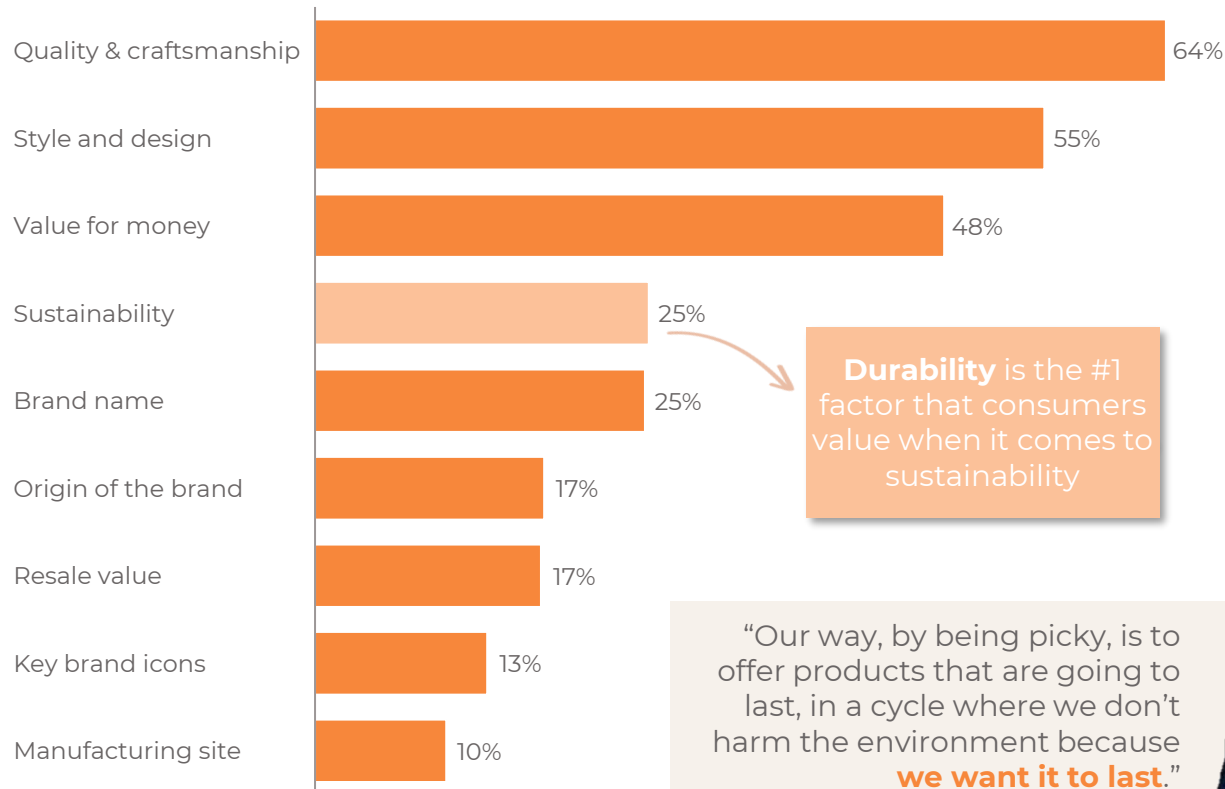
Risk B3: ESG

As the company focus on leather goods, ESG movements threatens Hermès



II. Sustainability is not all about not using animal-products

Top 3 factors considered when purchasing luxury brands



"Our way, by being picky, is to offer products that are going to last, in a cycle where we don't harm the environment because **we want it to last.**"

Axel Dumas
CEO of Hermès



Utmost **respect for the natural material** they use and a sustainable environment in a relationship with nature



Bags are made by hand, for 16 hours a piece, which means that in terms of usage **of energy they are very low**

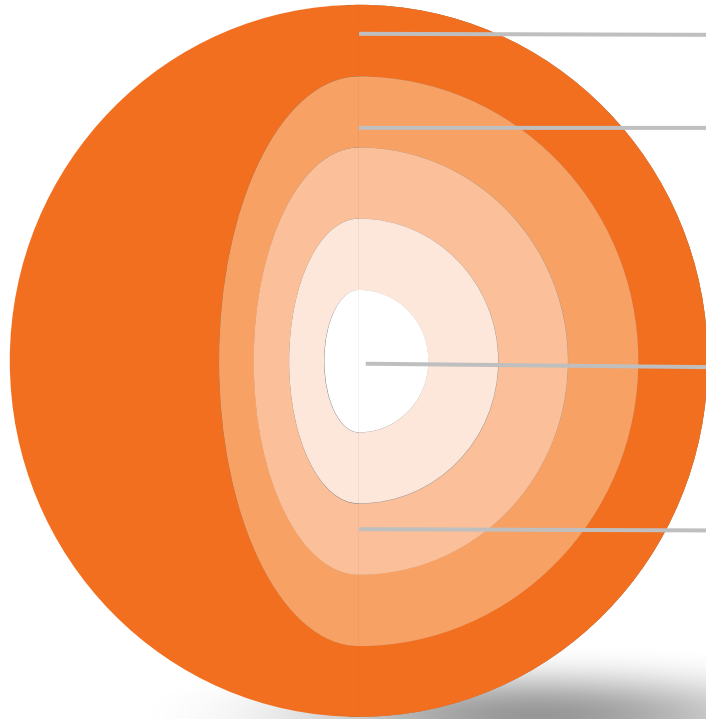
Risk B3: ESG

Constant donations from Hermes help maintain the institution, which has more than 35 different charitable projects



III. Social Responsibility

35+ Initiatives



Committed to the **preservation of the environment** and particularly to maintaining the biodiversity, the Fondation d'entreprise Hermès acts responsibly and collectively by **supporting human relationships with ecosystems**



FONDATION
D'ENTREPRISE
HERMÈS



The "Artistes dans la Cité" program is a **philanthropic initiative aimed at supporting the next generation of talents** in the performing arts. It offers scholarships to students facing financial barriers and promotes access to **artistic education**.



The program rotates annually between French and American **photographers, providing them with exposure** on both sides of the Atlantic, in partnership with institutions

Risk B3: ESG

As the company focus on leather goods, ESG movements threatens Hermès



IV. No sustainable substitutes



Risk B3: ESG

As the company focus on leather goods, ESG movements threatens Hermès



IV. No sustainable substitutes

Founded in 2001, the brand is **completely vegan and cruelty-free**, as its founder and current designer is a vegetarian and sustainability activist herself



“Killing Animals for the Sake of Fashion is Unnecessary”

Stella McCartney
Founder of the self-named brand



Risk B3: ESG

As the company focus os leather goods, ESG movements threatens Hermès



IV. No sustainable substitutes

HERMÈS



Strong Brand Heritage

Founded in 1837 in France



Classic and Timeless Pieces



STELLA Mc CARTNEY



Newer Brand

Founded in 2001 in England



Trendy items that appeal to a young audience





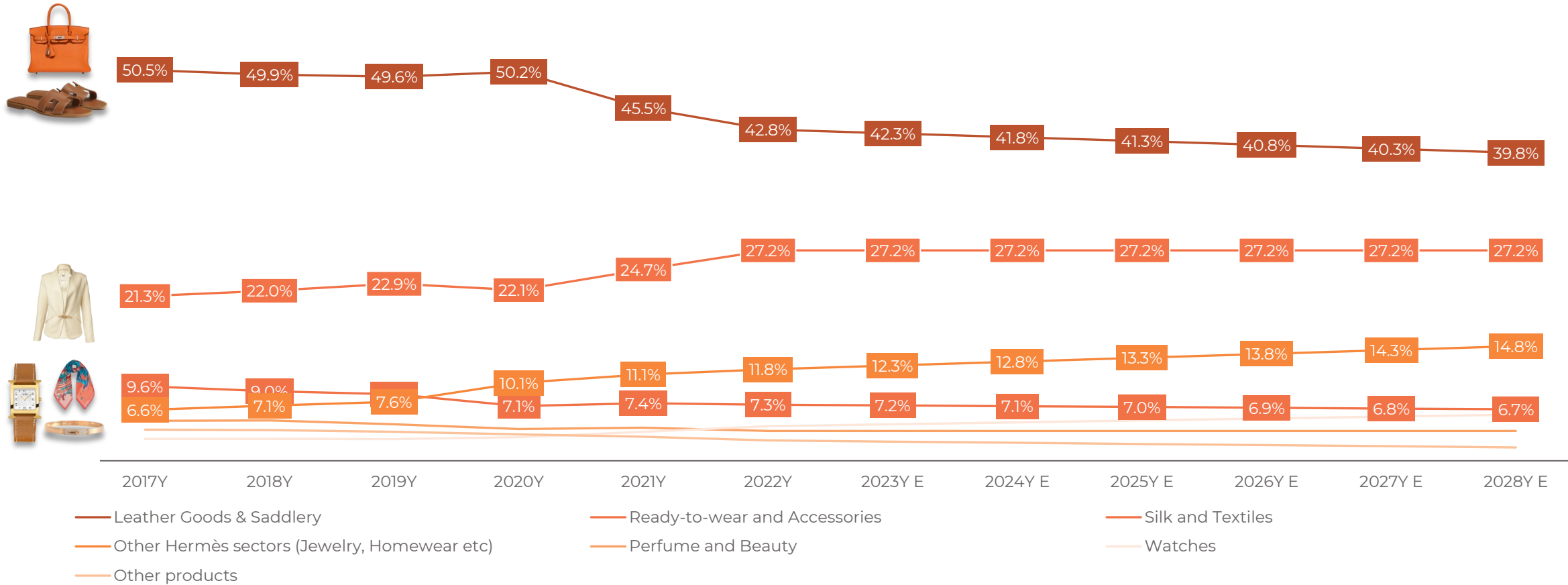
Valuation

Métier Diversification



I. Revenue Breakdown

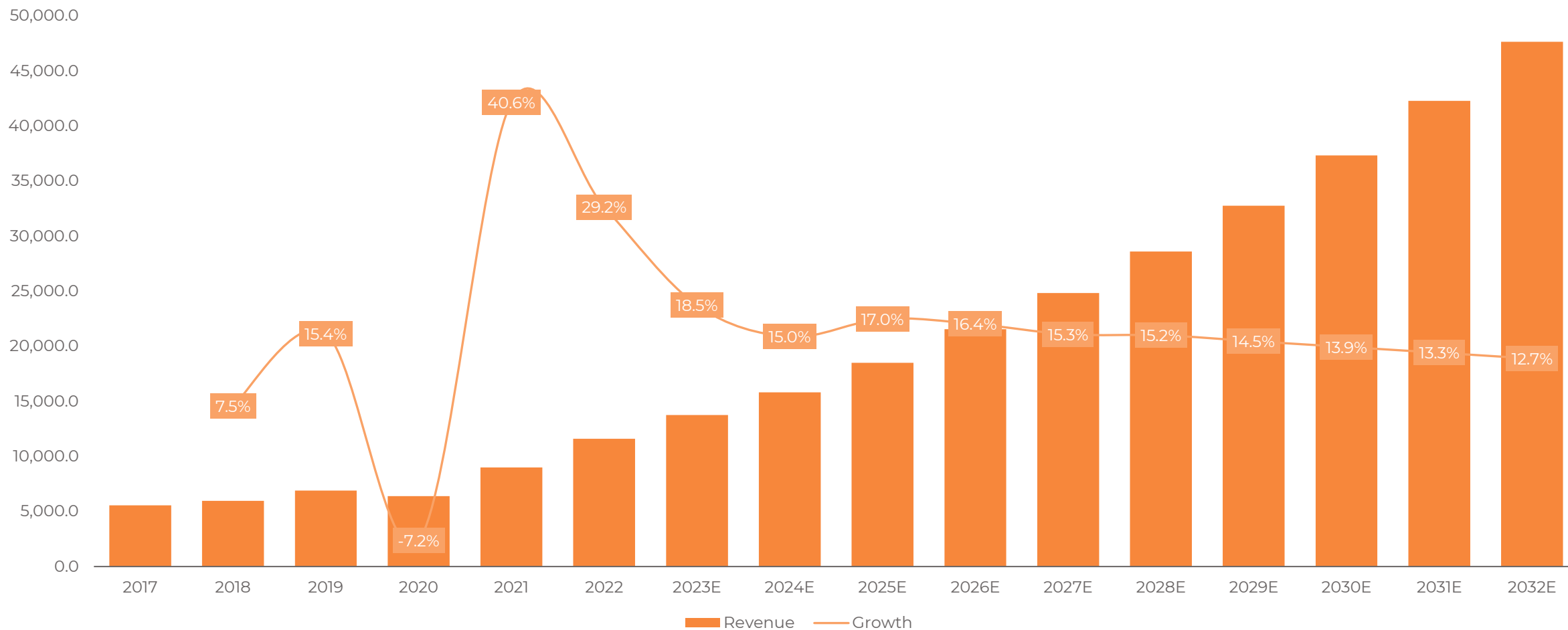
Métier participation in total revenue





I. Total Revenue Forecast

Revenue (in million €) and year over year growth

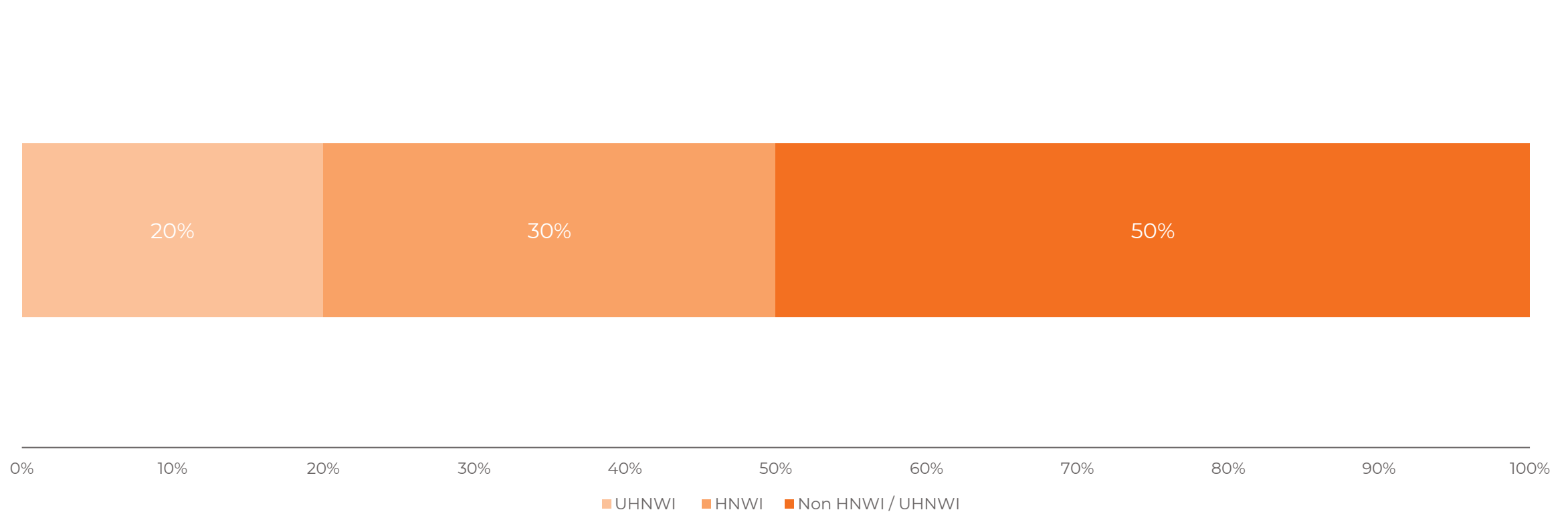


Revenue Build-Up



I. Breakdown by Income

Revenue Breakdown



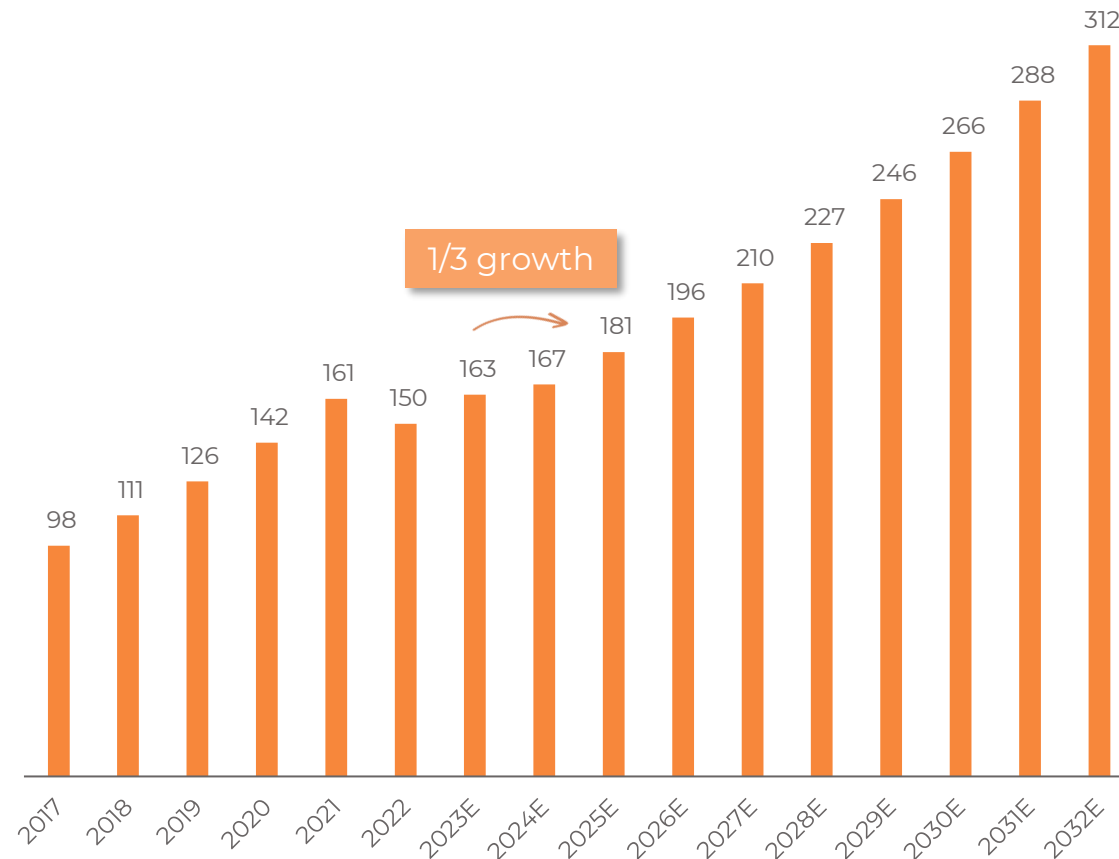
Revenue from UHNWI and HNWI



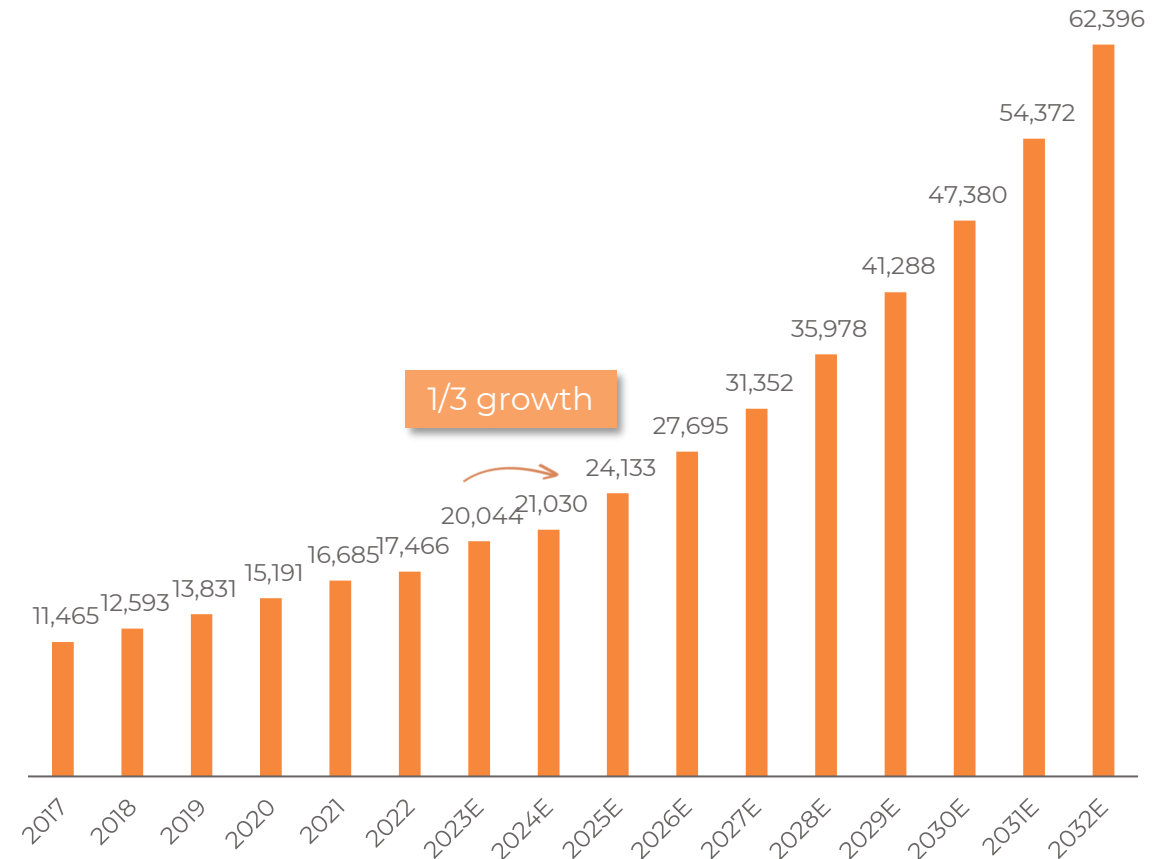
Concentration of wealth drives the growth of Hermès' sales

II. UHNWI and HNWI Forecasts

Ultra High Net Worth Individuals in Asia-Pacific (in thousands)



High Net Worth Individuals in Asia-Pacific (in thousands)



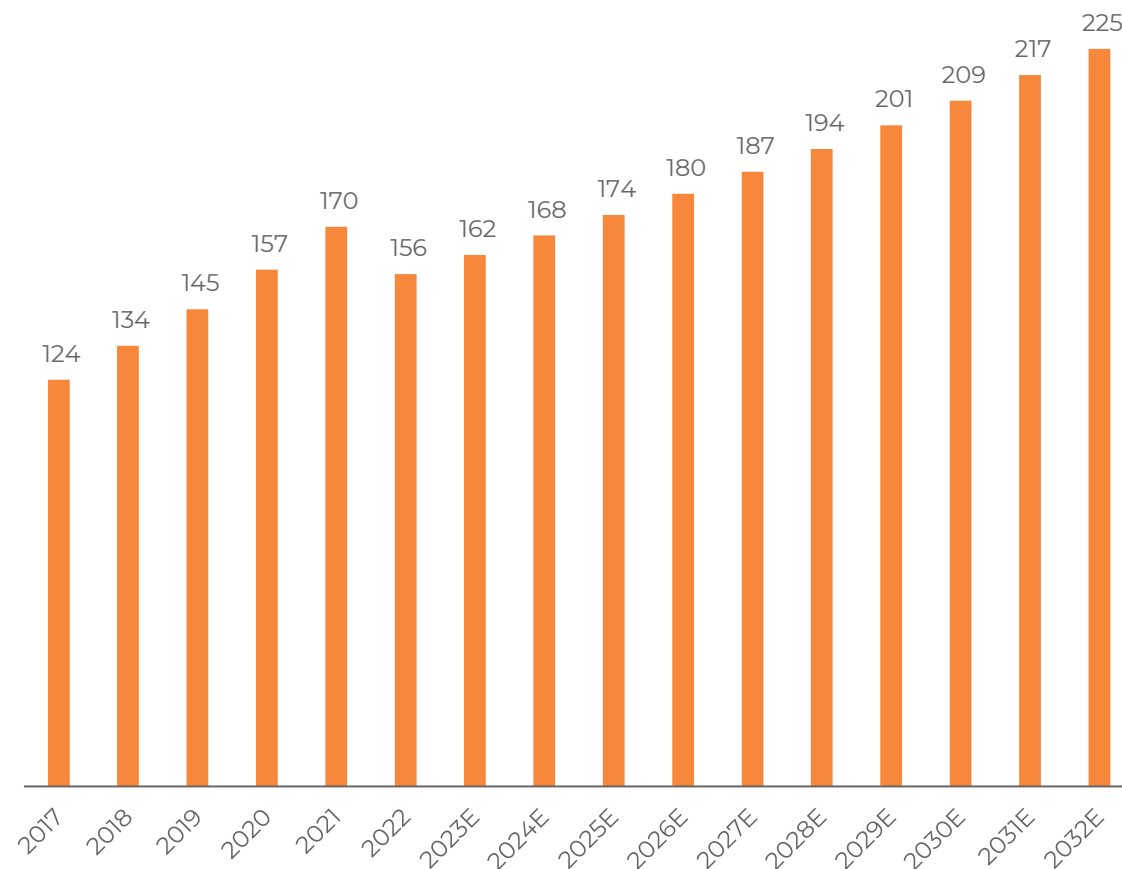
Revenue from UHNWI and HNWI

Concentration of wealth drives the growth of Hermès' sales

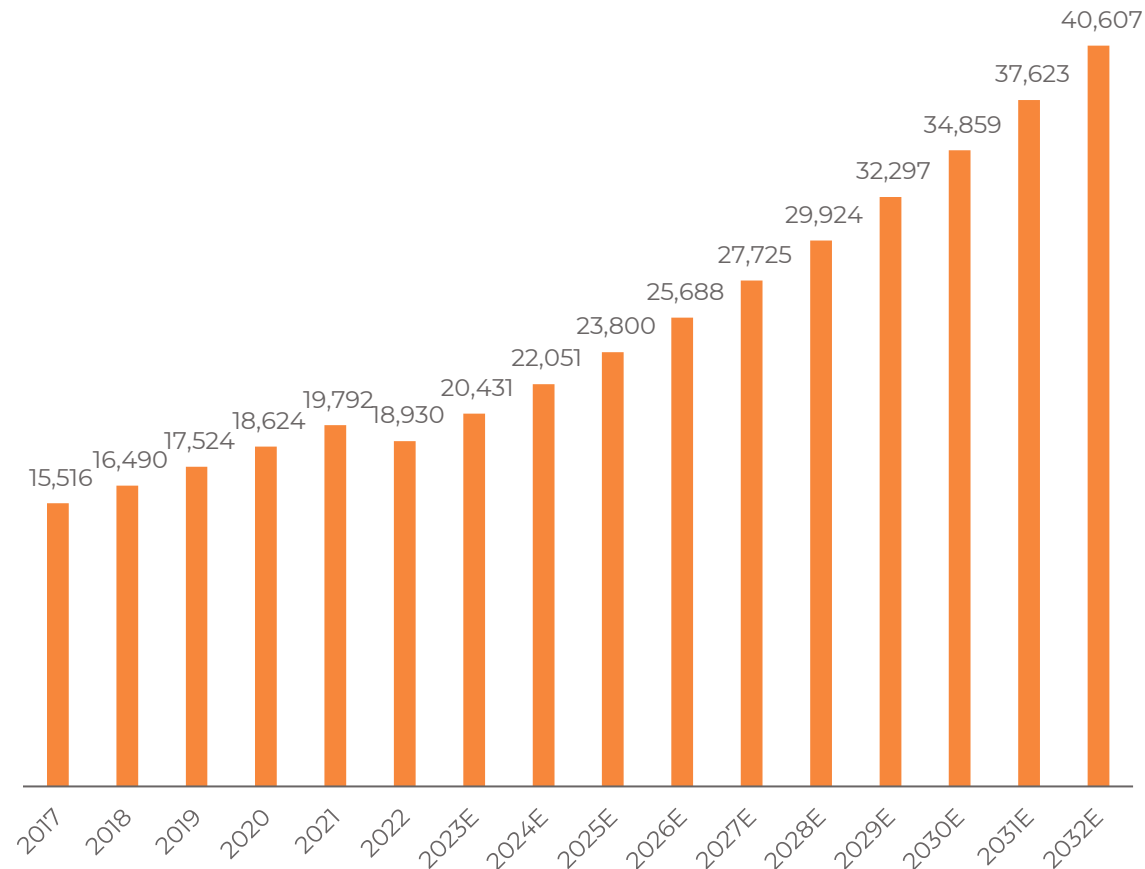


II. UHNWI and HNWI Forecasts

Ultra High Net Worth Individuals in Europe (in thousands)



High Net Worth Individuals in Europe (in thousands)



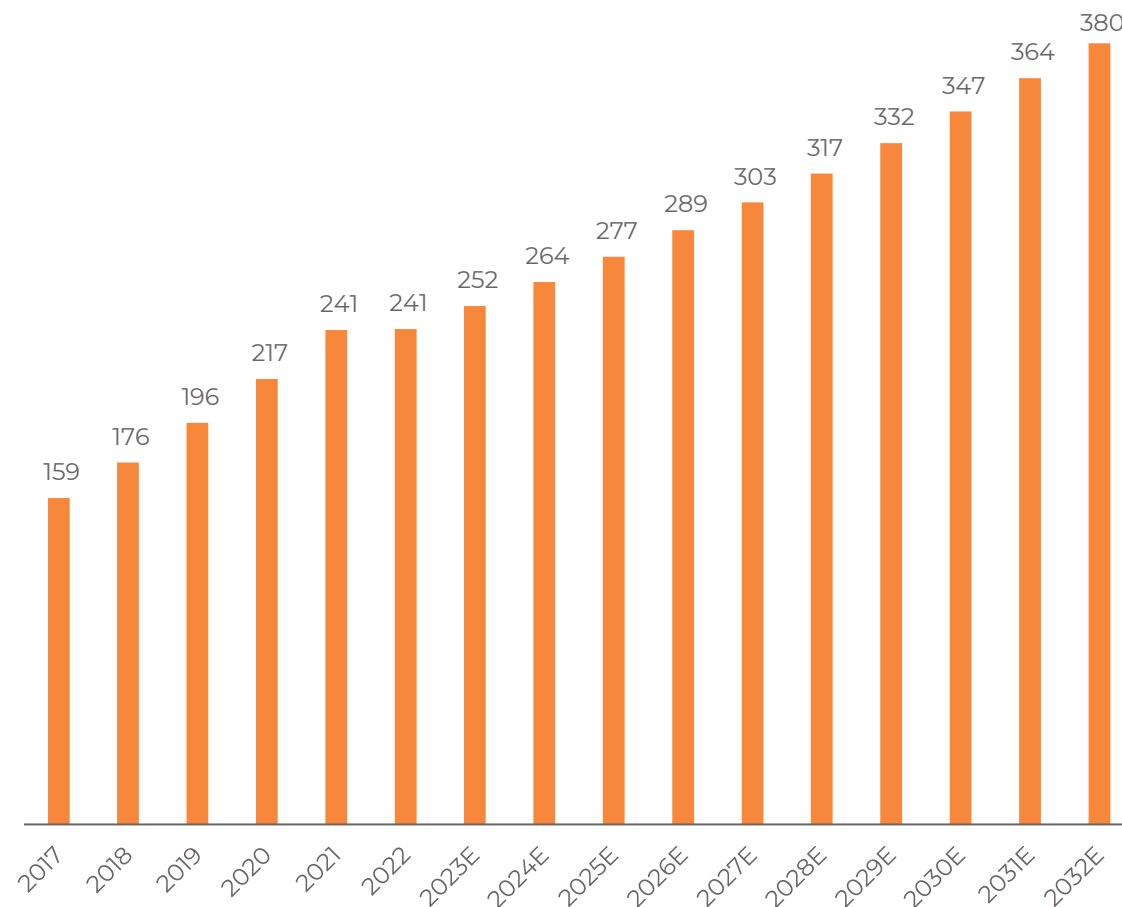
Revenue from UHNWI and HNWI

Concentration of wealth drives the growth of Hermès' sales

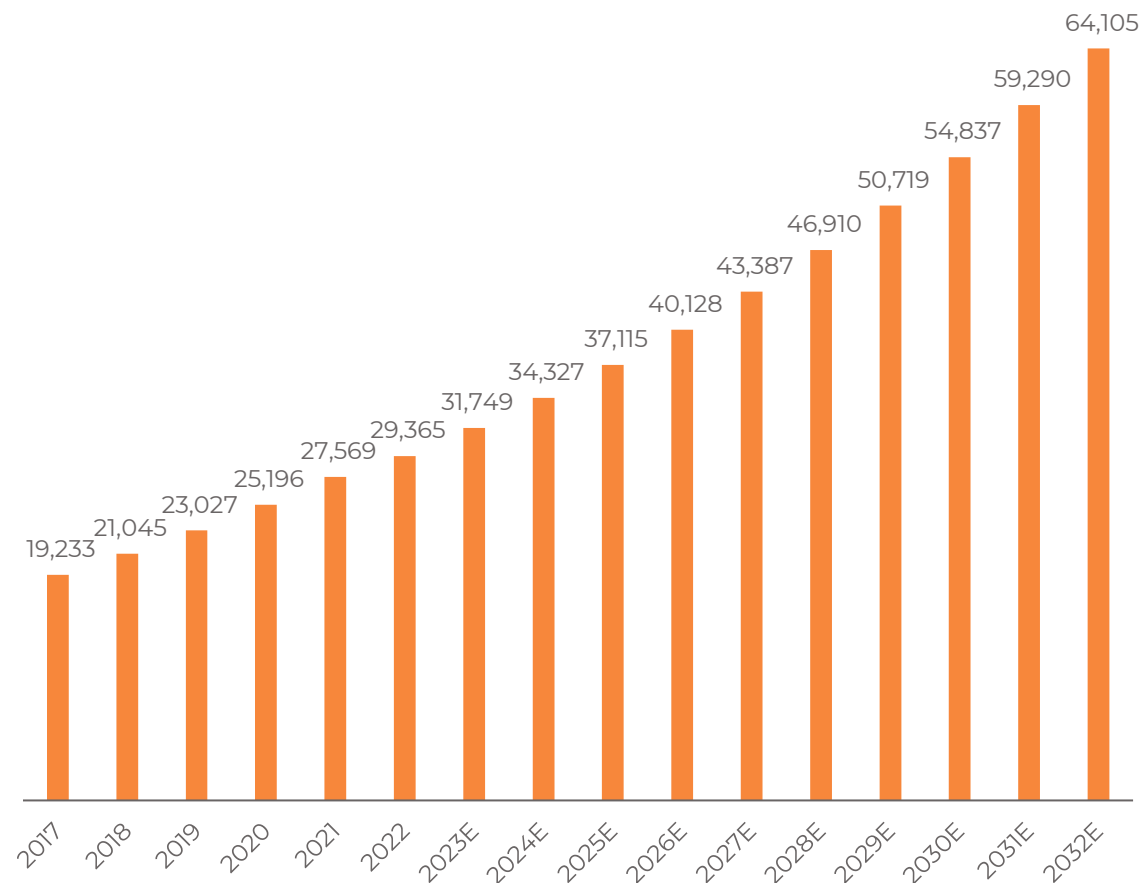


II. UHNWI and HNWI Forecasts

Ultra High Net Worth Individuals in America (in thousands)



High Net Worth Individuals in America (in thousands)



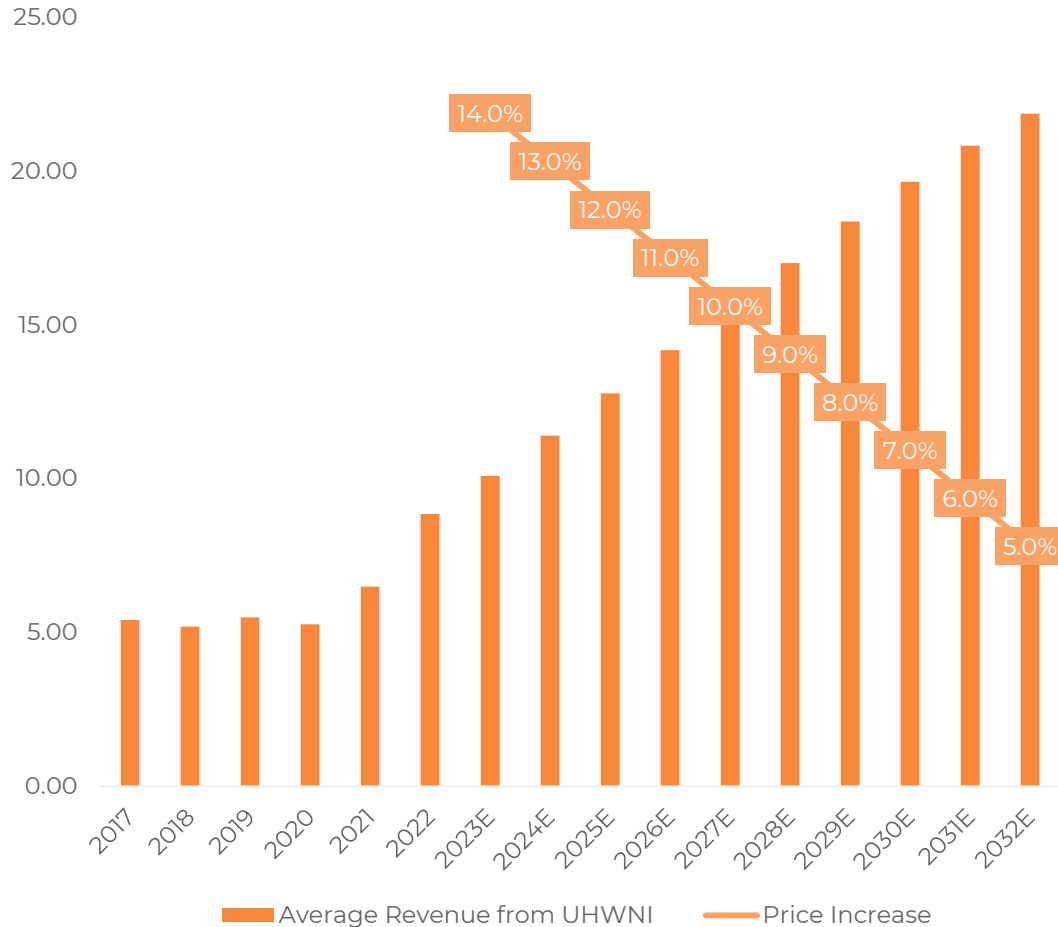
Revenue from UHNWI and HNWI



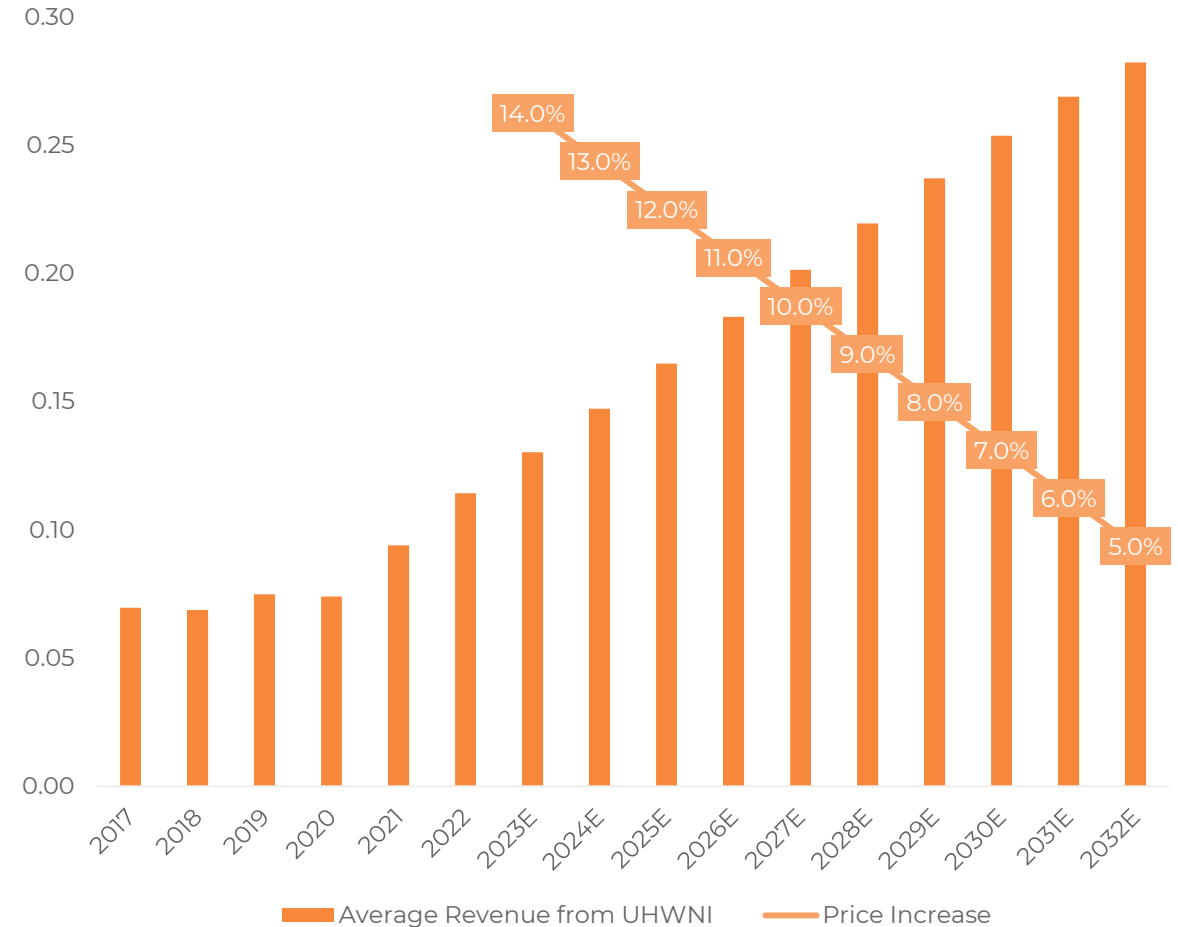
Concentration of wealth drives the growth of Hermès' sales

III. Average Revenue per Individual Forecast based on Price Adjustments

Average Revenue from Ultra High Net Worth Individuals (in thousands of €)



Average Revenue from High Net Worth Individuals (in thousands of €)



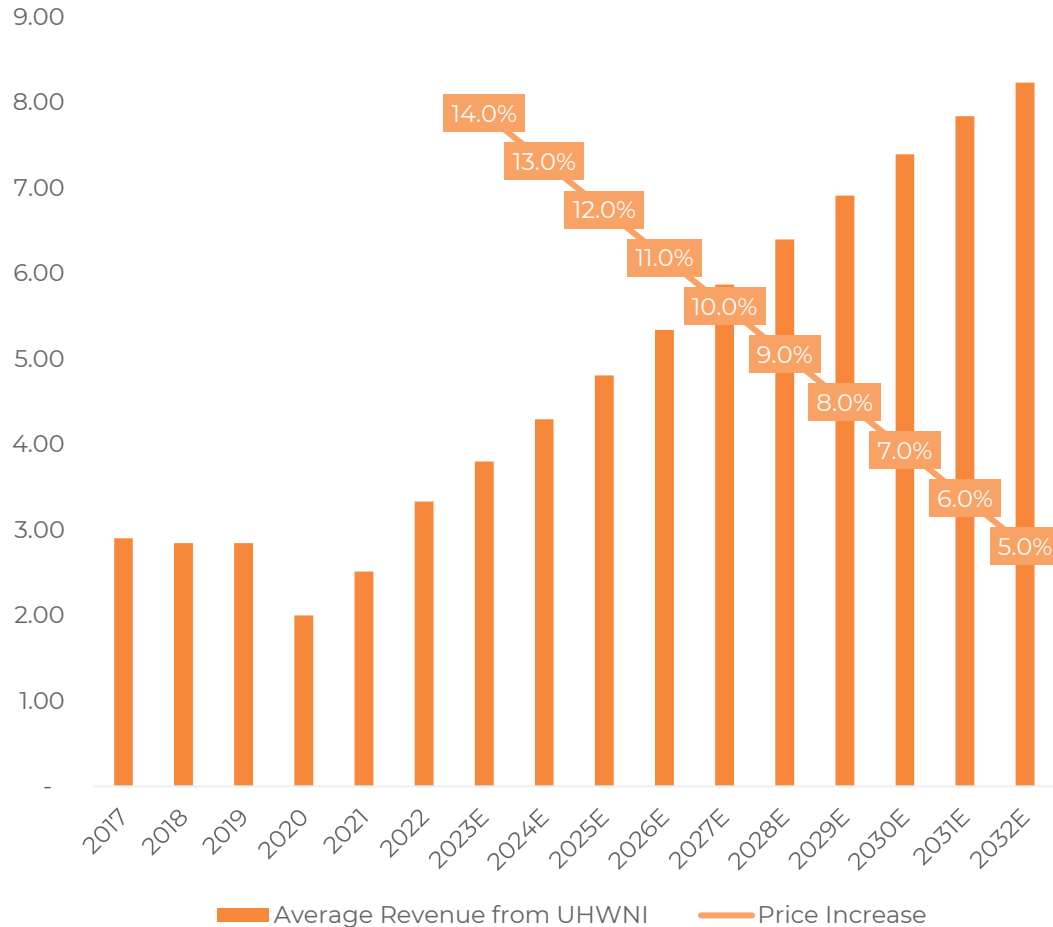
Revenue from UHNWI and HNWI



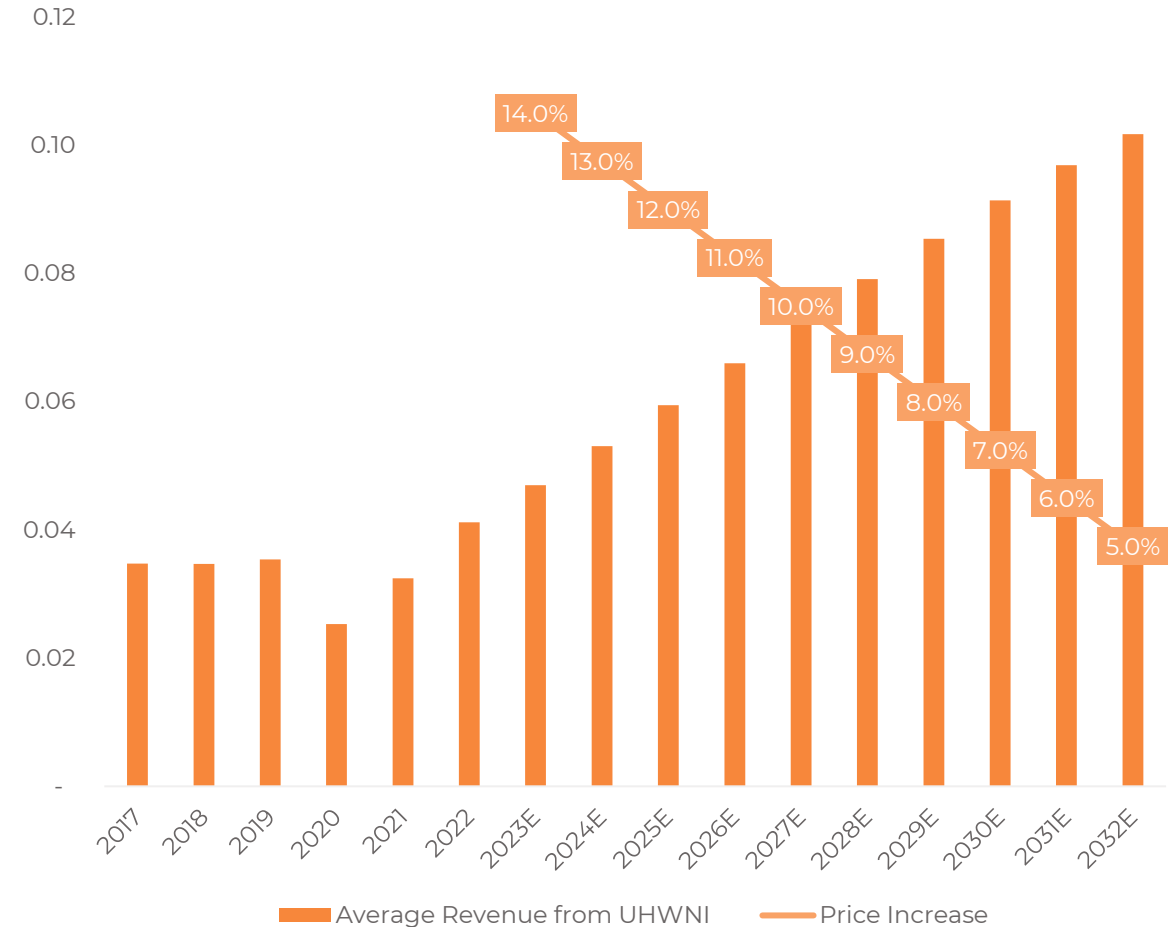
Concentration of wealth drives the growth of Hermès' sales

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Average Revenue from Ultra High Net Worth Individuals (in thousands of €)



Average Revenue from High Net Worth Individuals (in thousands of €)



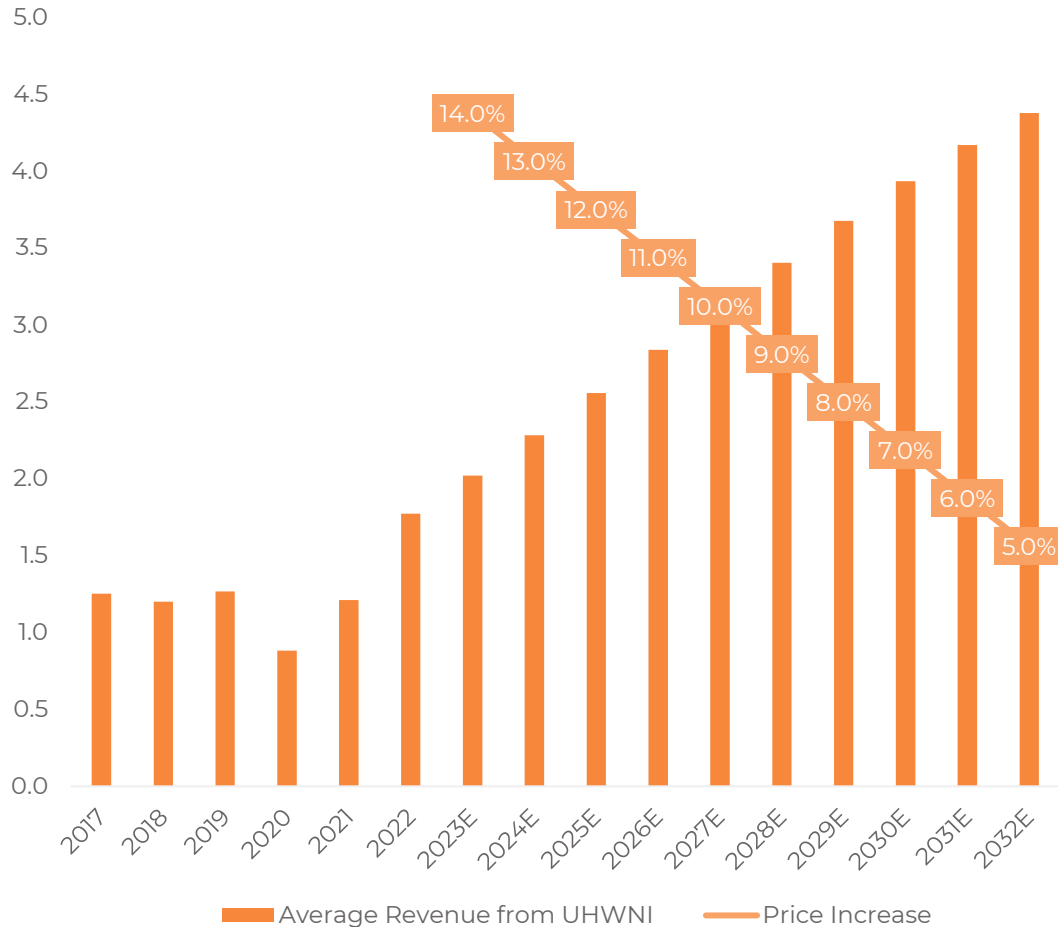
Revenue from UHNWI and HNWI



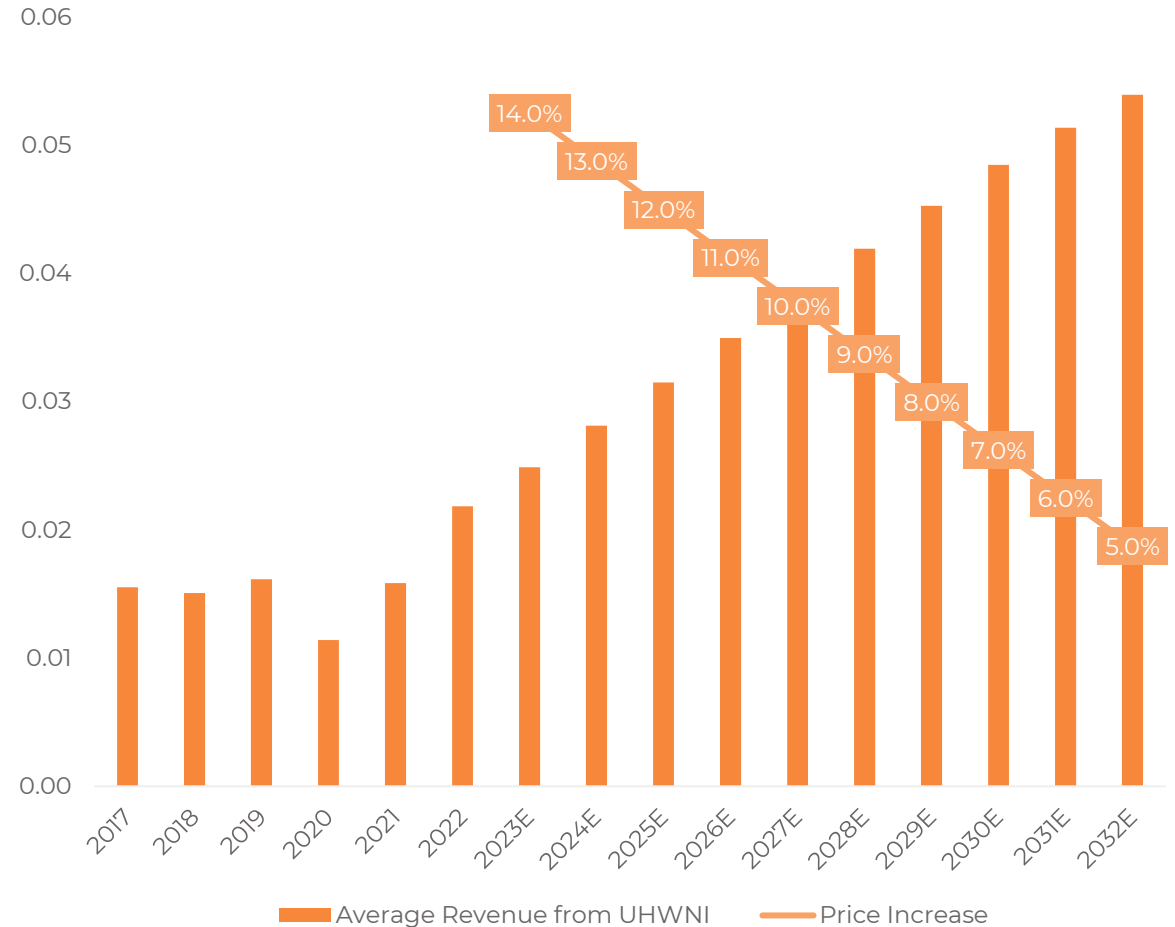
Concentration of wealth drives the growth of Hermès' sales

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Average Revenue from High Net Worth Individuals (in thousands of €)



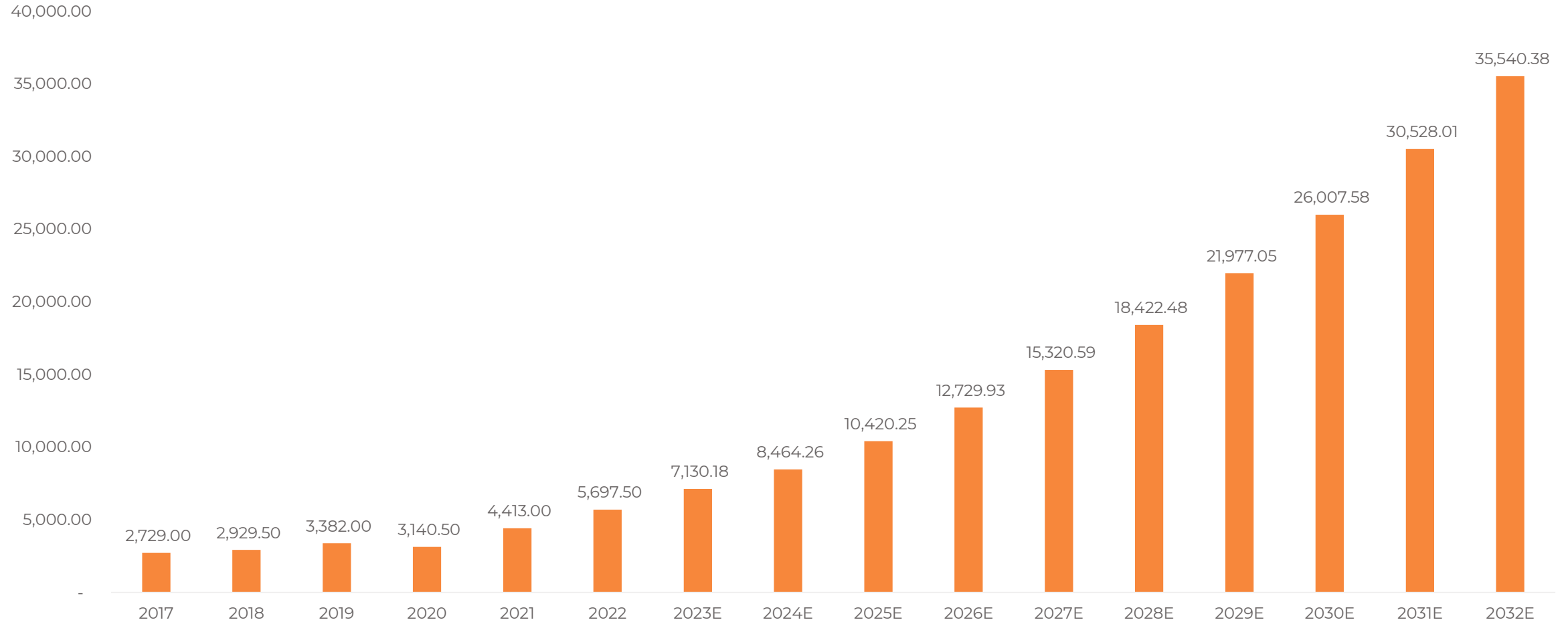
Revenue from UHNWI and HNWI



Concentration of wealth drives the growth of Hermès' sales

IV. Total Revenue from UHNWI and HNWI

Revenue from Ultra High Net Worth Individuals and High North Individuals (in million €)



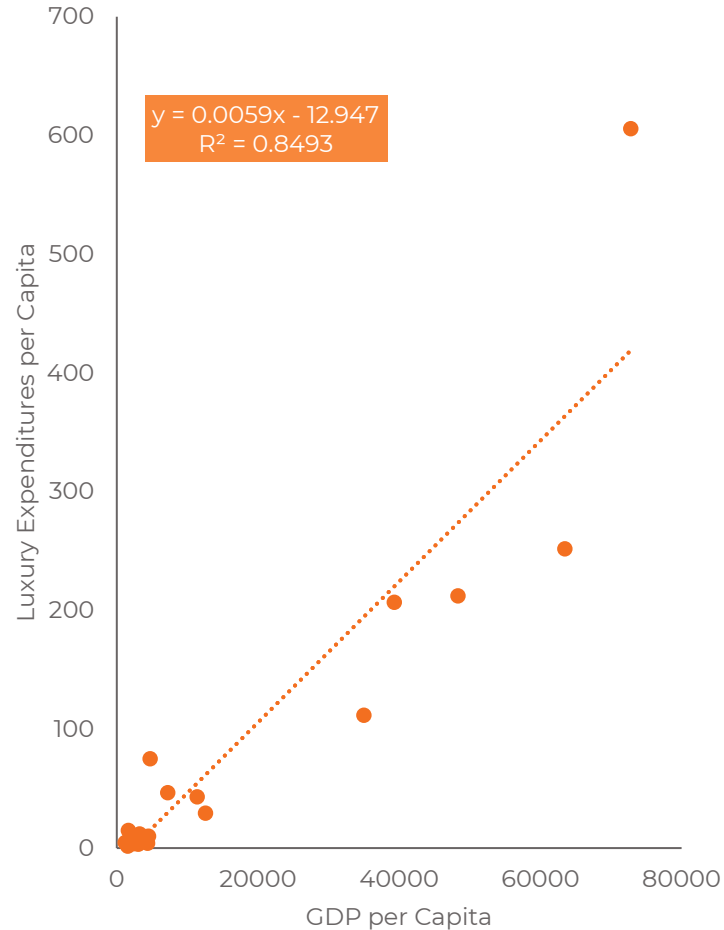
Revenue from non - UHNWI and HNWI



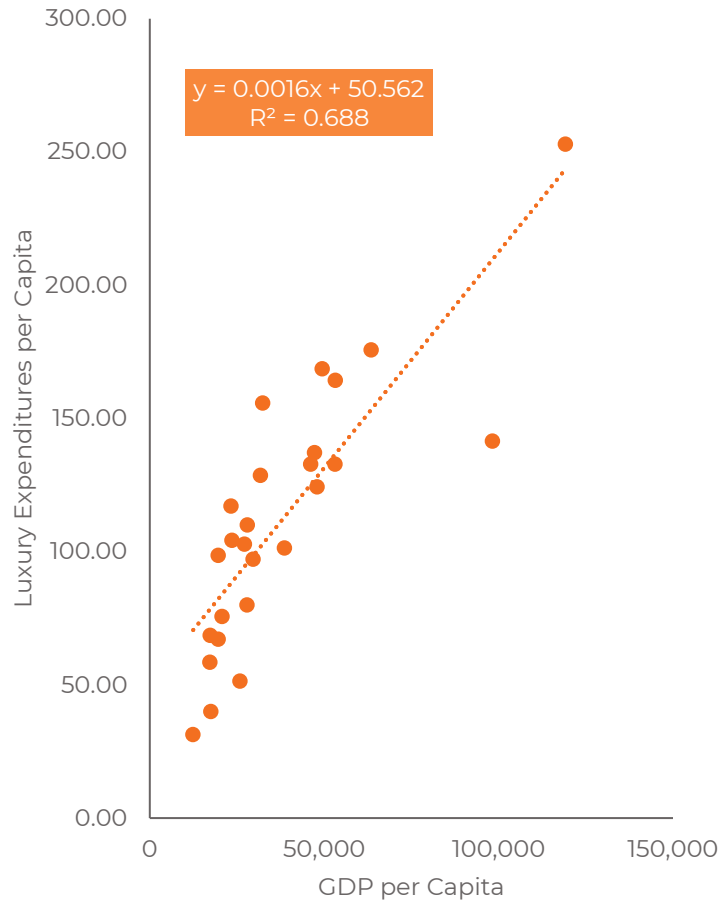
Those who are not part of these groups are more sensitive to macro scenario and changes in income

I. Regression between GDP and Luxury Expenditure per Capita

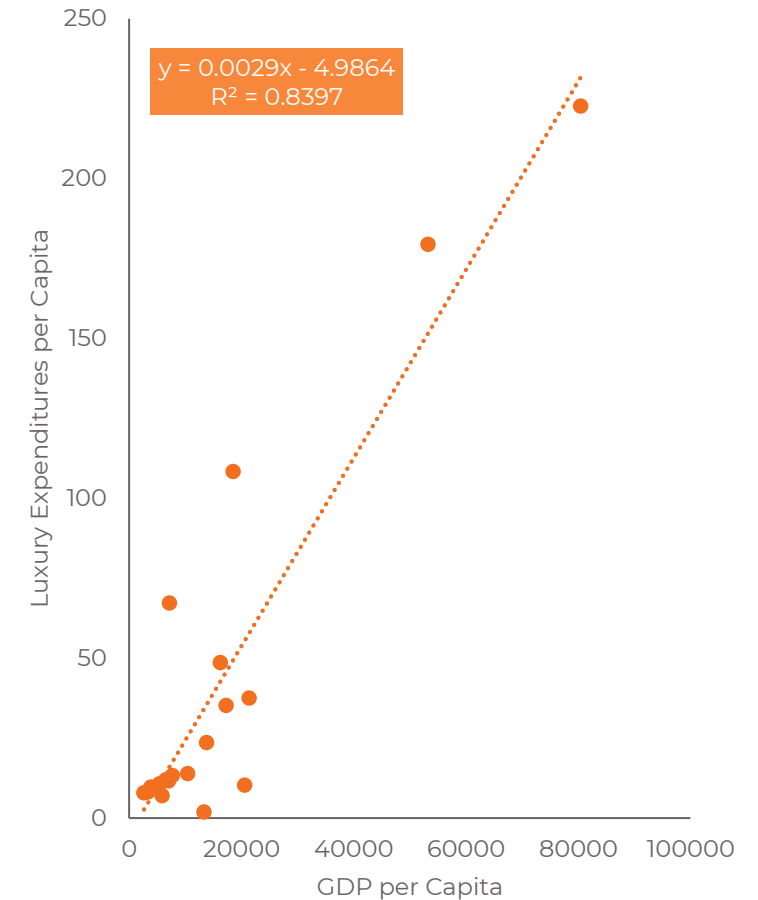
GDP x Luxury Expenditure (in USD per Capita) in Asia-Pacific



GDP x Luxury Expenditure (in USD per Capita) in Europe



GDP x Luxury Expenditure (in USD per Capita) in Americas



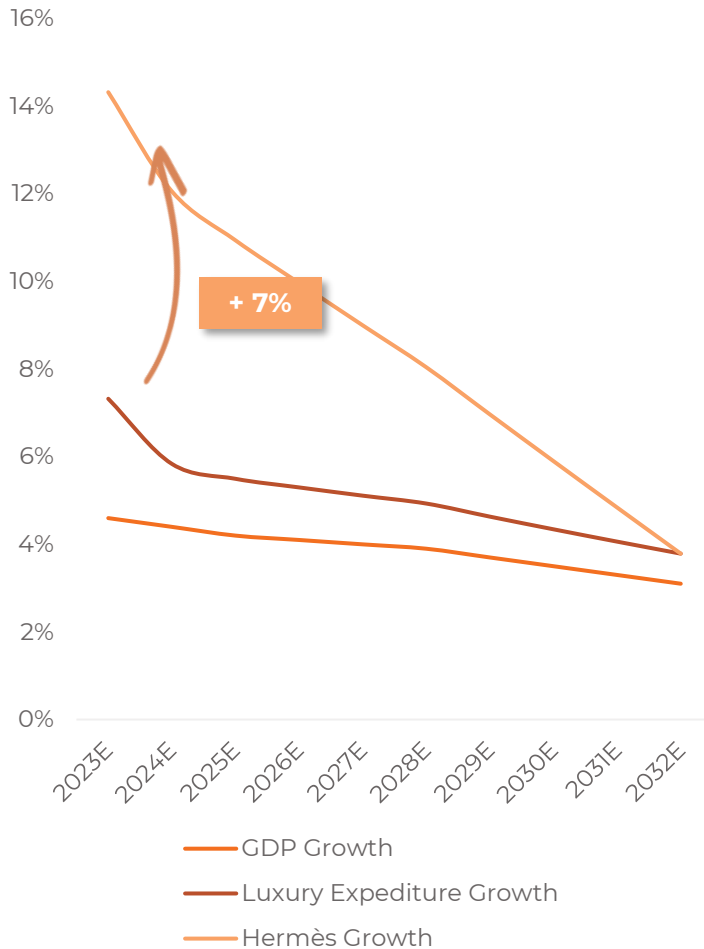
Revenue from non - UHNWI and HNWI



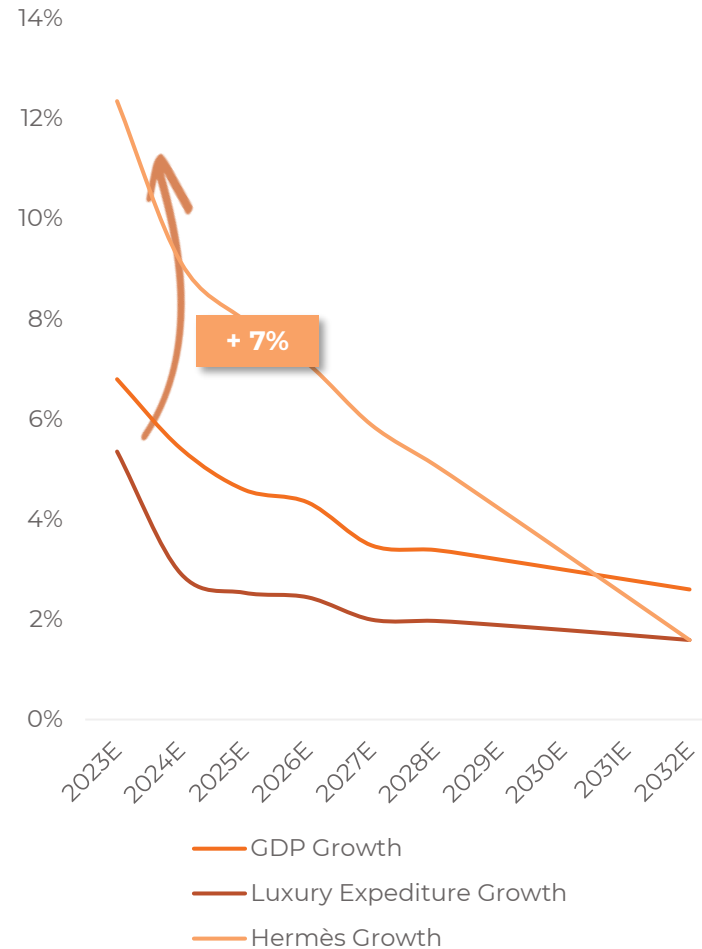
Those who are not part of these groups are more sensitive to macro scenario and changes in income

II. Forecast of the Industry Growth and Hermès Growth

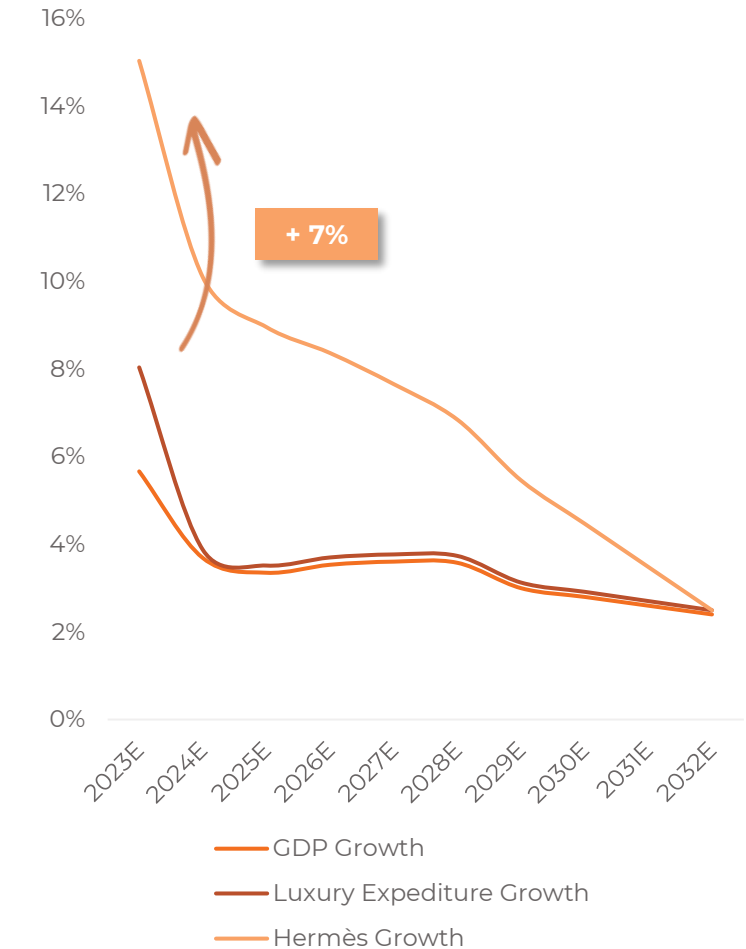
GDP, Luxury Expenditure and Hermès Growth in Asia-Pacific



GDP, Luxury Expenditure and Hermès Growth in Europe



GDP, Luxury Expenditure and Hermès Growth in America



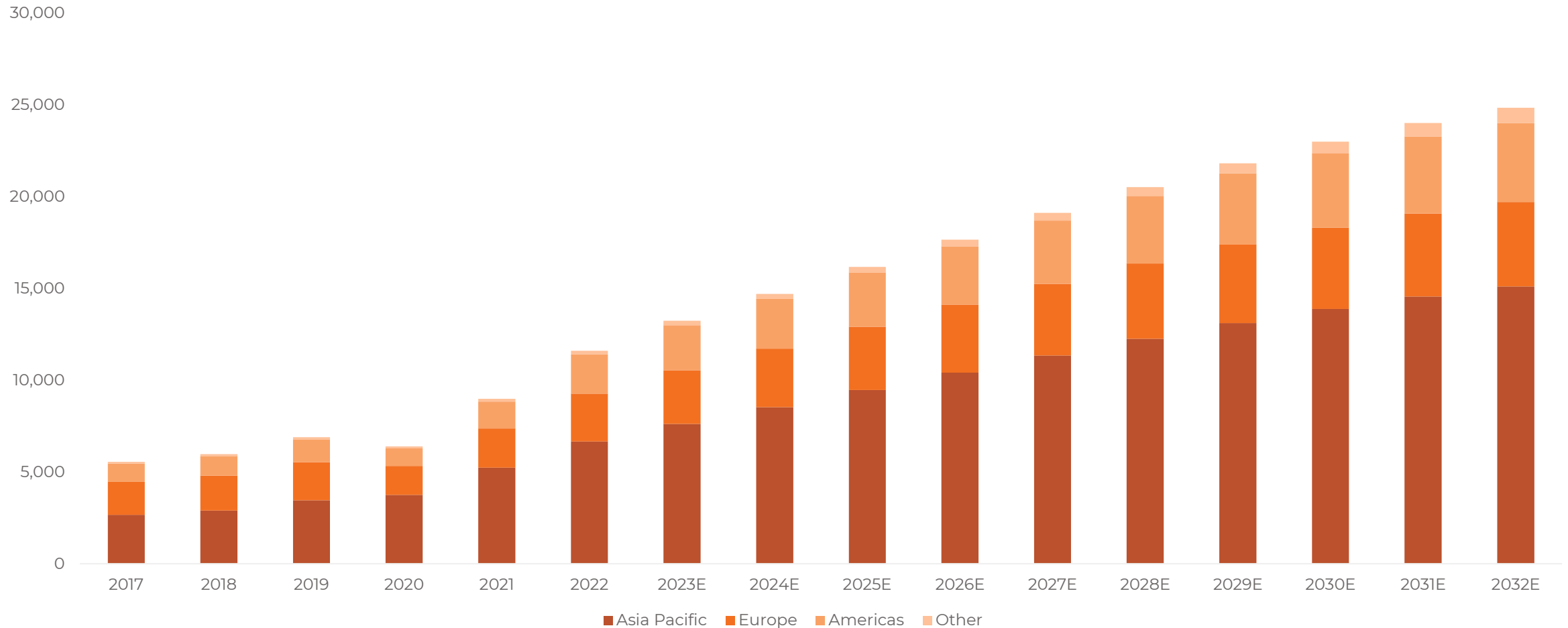
Revenue from non - UHNWI and HNWI



Those who are not part of these groups are more sensitive to macro scenario and changes in income

III. Total Revenue from non - UHNWI and HNWI

Revenue from non - Ultra High Net Worth Individuals or High North Individuals (in million €)



Income Statement



I. Income Statement Forecast

	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Revenue	5,549.2	5,966.1	6,883.4	6,389.4	8,982.0	11,602.0	13,744.7	15,813.0	18,504.4	21,554.7	24,871.4	28,677.3	32,881.3	37,497.6	42,526.2	47,956.8
Cost of Sales	-1,659.3	-1,791.8	-2,124.9	-2,013.3	-2,580.0	-3,389.0	-4,129.0	-4,750.4	-5,558.9	-6,475.2	-7,471.6	-8,614.9	-9,877.8	-11,264.6	-12,775.2	-14,406.6
Gross profit	3,889.9	4,175.0	4,758.0	4,376.1	6,402.0	8,213.0	9,615.7	11,062.7	12,945.5	15,079.5	17,399.8	20,062.4	23,003.5	26,233.0	29,751.0	33,550.2
Selling, marketing and administrative expenses	-1,656.4	-1,562.4	-1,815.6	-1,698.5	-2,136.0	-2,680.0	-3,513.0	-4,041.7	-4,729.6	-5,509.2	-6,356.9	-7,329.7	-8,404.2	-9,584.1	-10,869.4	-12,257.4
EBIT	1,922.0	2,128.0	2,338.9	2,072.5	3,530.0	4,697.0	6,102.6	7,021.0	8,215.9	9,570.3	11,042.9	12,732.7	14,599.3	16,648.9	18,881.7	21,292.8
Net financial income	-32.2	-34.6	-69.0	-86.0	-96.0	-62.0	37.9	5.4	12.1	19.6	28.2	37.8	48.7	61.0	74.8	90.4
Net income before tax	1,889.8	2,066.2	2,270.3	1,986.4	3,435.0	4,635.0	6,140.6	7,026.4	8,228.0	9,589.9	11,071.1	12,770.5	14,648.0	16,710.0	18,956.5	21,383.2
Income tax	-669.3	-672.2	-751.0	-613.0	-1,016.0	-1,305.0	-1,895.6	-2,169.1	-2,540.0	-2,960.4	-3,417.7	-3,942.3	-4,521.9	-5,158.4	-5,851.9	-6,601.0
Net income from associates	5.3	16.6	15.9	16.1	34.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
Net income	1,225.8	1,410.6	1,535.2	1,389.5	2,453.0	3,380.0	4,245.0	4,857.3	5,688.0	6,629.5	7,653.4	8,828.3	10,126.1	11,551.6	13,104.6	14,782.1

Capex: Fixed Assets



I. Fixed Assets Forecast in line with Revenue Growth

Fixed Assets (in million €)	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Land	158.4	155.3	164.0	171.6	199.0	191.0	196.2	201.5	207.0	212.6	218.3	224.2	230.3	236.5	243.0	249.5
Buildings	820.3	854.1	955.8	1,011.0	1,130.0	1,275.0	1,357.9	1,446.2	1,540.3	1,640.4	1,747.1	1,860.7	1,981.7	2,110.6	2,247.9	2,394.1
Industrial machinery, plant and equipment	301.9	335.7	363.4	424.3	471.0	457.0	484.9	514.5	545.9	579.2	614.5	652.0	691.8	734.0	778.8	826.3
Store fixtures and furnishing	769.4	887.7	1,013.3	1,044.2	1,225.0	1,433.0	1,566.1	1,711.7	1,870.7	2,044.5	2,234.4	2,442.1	2,668.9	2,916.9	3,187.9	3,484.1
Other PP&E	341.5	374.5	407.5	443.3	502.0	561.0	602.2	646.5	694.0	745.0	799.7	858.5	921.6	989.3	1,062.0	1,140.0
Fixed assets under construction	91.3	94.0	135.9	175.6	248.0	209.0	235.2	264.8	298.1	335.5	377.6	425.0	478.4	538.5	606.2	682.3
Total	2,482.8	2,701.3	3,039.9	3,270.0	3,775.0	4,126.0	4,442.6	4,785.1	5,155.8	5,557.1	5,991.7	6,462.6	6,972.8	7,525.9	8,125.7	8,776.4



II. Depreciation

Annual Depreciation (in million €) and years of depreciation	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Buildings (35)		32.2	37.9	22.6	71.7	40.0	13.0	15.4	17.9	20.6	23.4	26.5	29.7	33.2	36.9	40.8
Industrial machinery, plant and equipment (15)		22.7	17.1	42.5	31.9	-8.0	11.3	13.1	15.1	17.2	19.4	21.8	24.3	26.9	29.7	32.7
Store fixtures and furnishing (6)		62.7	57.9	26.3	89.5	123.0	44.2	53.1	62.8	73.4	85.0	97.7	111.5	126.6	143.2	161.2
Other PP&E (6)		22.8	18.2	24.2	30.7	35.0	44.2	53.1	62.8	73.4	85.0	97.7	111.5	126.6	143.2	161.2
Impairment losses		16.7	10.5	10.2	46.3	36.0	27.7	31.6	35.9	40.9	46.5	53.0	60.3	68.6	78.1	88.8
Total	0.0	157.1	141.6	125.8	270.1	226.0	140.5	166.3	194.6	225.5	259.4	296.6	337.3	382.0	431.0	484.8

Capex: Fixed Assets



II. Depreciation

Depreciation Schedule (in million €)		2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Buildings Acquired in 2018	33.80		0.97	0.97	0.97	0.97	0.97	0.97	0.97	0.97	0.97	0.97	0.97	0.97	0.97	0.97
Buildings Acquired in 2019	101.70			2.91	2.91	2.91	2.91	2.91	2.91	2.91	2.91	2.91	2.91	2.91	2.91	2.91
Buildings Acquired in 2020	55.20				1.58	1.58	1.58	1.58	1.58	1.58	1.58	1.58	1.58	1.58	1.58	1.58
Buildings Acquired in 2021	119.00					3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40
Buildings Acquired in 2022	145.00						4.14	4.14	4.14	4.14	4.14	4.14	4.14	4.14	4.14	4.14
Buildings Acquired in 2023	82.92							2.37	2.37	2.37	2.37	2.37	2.37	2.37	2.37	2.37
Buildings Acquired in 2024	88.31								2.52	2.52	2.52	2.52	2.52	2.52	2.52	2.52
Buildings Acquired in 2025	94.05									2.69	2.69	2.69	2.69	2.69	2.69	2.69
Buildings Acquired in 2026	100.17										2.86	2.86	2.86	2.86	2.86	2.86
Buildings Acquired in 2027	106.68											3.05	3.05	3.05	3.05	3.05
Buildings Acquired in 2028	113.62												3.25	3.25	3.25	3.25
Buildings Acquired in 2029	121.01													3.46	3.46	3.46
Buildings Acquired in 2030	128.88														3.68	3.68
Buildings Acquired in 2031	137.26															3.92
Total		0.00	0.97	3.87	5.45	8.85	12.99	15.36	17.88	20.57	23.43	26.48	29.73	33.18	36.87	40.79

Capex: Fixed Assets



III. Capital Expenditures

Capital Expenditures (in million €)	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Land	-	-3.1	8.7	7.6	27.4	-8.0	5.2	5.3	5.5	5.6	5.8	5.9	6.1	6.2	6.4	6.6
Buildings	-	66.0	139.6	77.8	190.7	185.0	95.9	103.7	111.9	120.7	130.1	140.1	150.7	162.1	174.1	187.0
Industrial machinery, plant and equipment	-	56.5	44.8	103.4	78.6	-22.0	39.2	42.7	46.5	50.5	54.8	59.3	64.1	69.1	74.5	80.2
Store fixtures and furnishing	-	181.0	183.5	57.2	270.3	331.0	177.4	198.6	221.8	247.2	275.0	305.3	338.4	374.6	414.2	457.4
Other PP&E	-	55.8	51.2	60.0	89.4	94.0	85.5	97.4	110.3	124.4	139.8	156.4	174.6	194.4	215.9	239.3
Fixed assets under construction	-	2.7	41.9	39.7	72.4	-39.0	26.2	29.5	33.3	37.4	42.1	47.4	53.4	60.1	67.6	76.1
Total	-	358.9	469.7	345.7	728.8	541.0	429.3	477.2	529.3	585.9	647.5	714.4	787.3	866.5	952.7	1,046.6

Capex: Intangible Assets



I. Intangible Assets Forecast in line with Revenue Growth

Intangible Assets (in million €)	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Softwares, licences, e-commerce website and patents	215.9	279.4	356.2	451.2	560.0	578.0	665.3	683.3	701.9	720.9	740.4	760.5	781.1	802.2	824.0	846.3
Other Intangible assets	84.7	141.2	136.3	134.1	143.0	141.0	151.6	163.1	175.4	188.7	202.9	218.2	234.7	252.4	271.5	292.0
Fixed assets under construction	15.8	22.0	32.8	36.8	38.0	19.0	19.5	20.0	20.6	21.1	21.7	22.3	22.8	23.5	24.1	24.7
Total	316.4	442.6	525.3	622.1	741.0	738.0	836.5	866.5	897.8	930.7	965.0	1,001.0	1,038.6	1,078.1	1,119.6	1,163.0



II. Amortization

Annual Amortization (in million €) and years of depreciation	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	
Softwares, licences, e-commerce website and patents (4)	0.0	15.9	35.1	58.8	86.0	90.5	112.4	116.9	121.5	126.2	131.1	136.1	141.3	146.6	152.0	
Other Intangible assets (4)	0.0	14.1	12.9	12.4	14.6	14.1	16.7	19.6	22.7	26.0	29.6	33.4	37.5	41.9	46.7	
Impairment losses	7.5	6.3	2.6	-8.9	5.0	3.7	4.4	5.3	6.4	7.6	9.1	10.9	13.0	15.5	18.6	
Total	0.0	7.5	36.3	50.6	62.3	105.6	108.3	133.5	141.8	150.5	159.8	169.8	180.4	191.8	204.1	217.3

Capex: Intangible Assets



II. Amortization

in million €		2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Softwares ... and patents Acquired in 2018	63.50		15.88	15.88	15.88	15.88	15.88	15.88	15.88	15.88	15.88	15.88	15.88	15.88	15.88	15.88
Softwares ... and patents Acquired in 2019	76.80			19.20	19.20	19.20	19.20	19.20	19.20	19.20	19.20	19.20	19.20	19.20	19.20	19.20
Softwares ... and patents Acquired in 2020	95.00				23.75	23.75	23.75	23.75	23.75	23.75	23.75	23.75	23.75	23.75	23.75	23.75
Softwares ... and patents Acquired in 2021	108.80					27.20	27.20	27.20	27.20	27.20	27.20	27.20	27.20	27.20	27.20	27.20
Softwares ... and patents Acquired in 2022	18.00						4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
Softwares ... and patents Acquired in 2023	87.31							21.83	21.83	21.83	21.83	21.83	21.83	21.83	21.83	21.83
Softwares ... and patents Acquired in 2024	18.03								4.51	4.51	4.51	4.51	4.51	4.51	4.51	4.51
Softwares ... and patents Acquired in 2025	18.52									4.63	4.63	4.63	4.63	4.63	4.63	4.63
Softwares ... and patents Acquired in 2026	19.02										4.75	4.75	4.75	4.75	4.75	4.75
Softwares ... and patents Acquired in 2027	19.53											4.88	4.88	4.88	4.88	4.88
Softwares ... and patents Acquired in 2028	20.06												5.02	5.02	5.02	5.02
Softwares ... and patents Acquired in 2029	20.61													5.15	5.15	5.15
Softwares ... and patents Acquired in 2030	21.16														5.29	5.29
Softwares ... and patents Acquired in 2031	21.74															5.43
Total		0.00	15.88	35.08	58.83	86.03	90.53	112.35	116.86	121.49	126.24	131.13	136.14	141.29	146.58	152.02

Capex: Intangible Assets



III. Capital Expenditures

Capital Expenditures (in million €)		2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Softwares, licences, e-commerce website and patents	-	63.5	92.7	130.1	167.6	104.0	177.8	130.4	135.4	140.5	145.8	151.2	156.7	162.5	168.3	174.3
Other Intangible assets	-	56.5	9.2	10.7	21.3	12.6	24.7	28.2	31.9	35.9	40.2	44.9	49.9	55.2	61.0	67.2
Fixed assets under construction	-	6.2	10.8	4.0	1.2	-19.0	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.6
Impairment losses	-	7.5	6.3	2.6	-8.9	5.0	3.7	4.4	5.3	6.4	7.6	9.1	10.9	13.0	15.5	18.6
Total	-	133.7	119.0	147.4	181.2	102.6	206.8	163.5	173.1	183.3	194.2	205.7	218.1	231.3	245.5	260.8

Working Capital



I. Working Capital Forecasted by Days

in million €	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Accounts & Notes Receivable	256	281	318	250	333	383	465	511	631	699	836	934	1095	1219	1406	1554
<i>Accounts receivable days</i>		16.41	15.87	16.21	11.84	11.26	11.26	11.26	11.26	11.26	11.26	11.26	11.26	11.26	11.26	11.26
Inventories and work-in progress	896	964	1,133	1,289	1,449	1,779	2154	2371	2924	3244	3873	4333	5076	5654	6515	7207
<i>Inventory days</i>		189.4	180.0	219.5	193.7	173.8	173.8	173.8	173.8	173.8	173.8	173.8	173.8	173.8	173.8	173.8
Payables	622	782	840	666	882	1,273	1304	1538	1959	1929	2707	2486	3592	3185	4618	4022
<i>Payable days</i>		137.79	129.04	126.68	103.12	105.75	104.44	104.44	104.44	104.44	104.44	104.44	104.44	104.44	104.44	104.44
Working Capital	530	463	610	873	900	889	1,315	1,343	1,596	2,014	2,002	2,780	2,580	3,687	3,302	4,739
Change in Working Capital		-67	147	263	27	-11	426	29	253	418	-11	778	-201	1,108	-385	1,437

Net Financial Income



I. Net Financial Income Forecast

in million €	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Income from cash and cash equivalents	7.0	13.6	19.0	10.6	12.0	67.0	40.2	46.2	54.1	63.0	72.7	83.8	96.1	109.6	124.3	140.2
Cash and cash equivalents	2,932	3,479	4,384	4,733	6,696	9,225	10,996	12,650	14,803	17,244	19,897	22,942	26,305	29,998	34,021	38,365
Interest on cash	0.2%	0.4%	0.4%	0.2%	0.2%	0.7%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
Cost of net financial debt	-1.8	-0.9	-0.8	-1.2	0.0	-3.0	-1.1	-1.1	-1.1	-1.1	-1.1	-1.1	-1.1	-1.1	-1.1	-1.1
Total borrowings	53.6	50.0	50.1	42.9	25.0	37.0	37.0	37.0	37.0	37.0	37.0	37.0	37.0	37.0	37.0	37.0
Interest on financial debt	3.4%	1.8%	1.6%	2.8%	0.0%	8.1%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%
Interest expense on lease liabilities	0	0	-24.4	-28.7	-32.0	-43.0	-38.2	-38.2	-38.2	-38.2	-38.2	-38.2	-38.2	-38.2	-38.2	-38.2
Lease liabilities	0	1,116	1,092	1,643	1,777	1,897	1,897.0	1,897.0	1,897.0	1,897.0	1,897.0	1,897.0	1,897.0	1,897.0	1,897.0	1,897.0
Interest on lease liabilities			2.2%	1.7%	1.8%	2.3%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

Cash Flow Statement



I. Cash Flow Statement Forecast

in million €	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
EBIT	6,102.65	7,020.98	8,215.94	9,570.28	11,042.90	12,732.72	14,599.28	16,648.94	18,881.65	21,292.82
Income tax	-1,884.18	-2,169.54	-2,540.85	-2,961.69	-3,419.29	-3,944.37	-4,524.38	-5,161.28	-5,855.06	-6,604.29
NOPLAT	4,218.47	4,851.44	5,675.08	6,608.59	7,623.61	8,788.35	10,074.90	11,487.66	13,026.59	14,688.53
D&A	515.62	567.45	604.76	645.27	689.30	737.20	789.39	846.30	908.42	976.31
Change in working capital	-425.74	-28.52	-252.63	-417.64	11.31	-778.04	200.68	-1,107.64	385.15	-1,437.06
Cash flow from operating activities	4,308.34	5,390.38	6,027.22	6,836.21	8,324.22	8,747.52	11,064.97	11,226.32	14,320.16	14,227.78
Capex	-907.72	-913.21	-975.71	-1,043.34	-1,116.57	-1,195.90	-1,281.91	-1,375.21	-1,476.49	-1,586.52
Cash flow from investing activities	-907.72	-913.21	-975.71	-1,043.34	-1,116.57	-1,195.90	-1,281.91	-1,375.21	-1,476.49	-1,586.52
Change in net borrowing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interest paid	-1.09	-1.09	-1.09	-1.09	-1.09	-1.09	-1.09	-1.09	-1.09	-1.09
Dividends paid	-1,372.40	-1,441.02	-1,513.07	-1,588.73	-1,668.16	-1,751.57	-1,839.15	-1,931.11	-2,027.66	-2,129.05
Buybacks	-256.36	-1,380.41	-1,384.26	-1,762.79	-2,885.03	-2,754.22	-4,579.66	-4,225.83	-6,793.02	-6,168.68
Cash flow from financing activities	-1,629.86	-2,822.52	-2,898.42	-3,352.61	-4,554.29	-4,506.88	-6,419.90	-6,158.02	-8,820.77	-8,296.82
Net increase in cash	1,770.76	1,654.65	2,153.08	2,440.26	2,653.36	3,044.73	3,363.16	3,693.09	4,022.90	4,344.44
Cash at the beginning of the year	9,225.00	10,995.76	12,650.41	14,803.49	17,243.75	19,897.11	22,941.85	26,305.00	29,998.09	34,020.99
Cash at end of the year	10,995.76	12,650.41	14,803.49	17,243.75	19,897.11	22,941.85	26,305.00	29,998.09	34,020.99	38,365.44

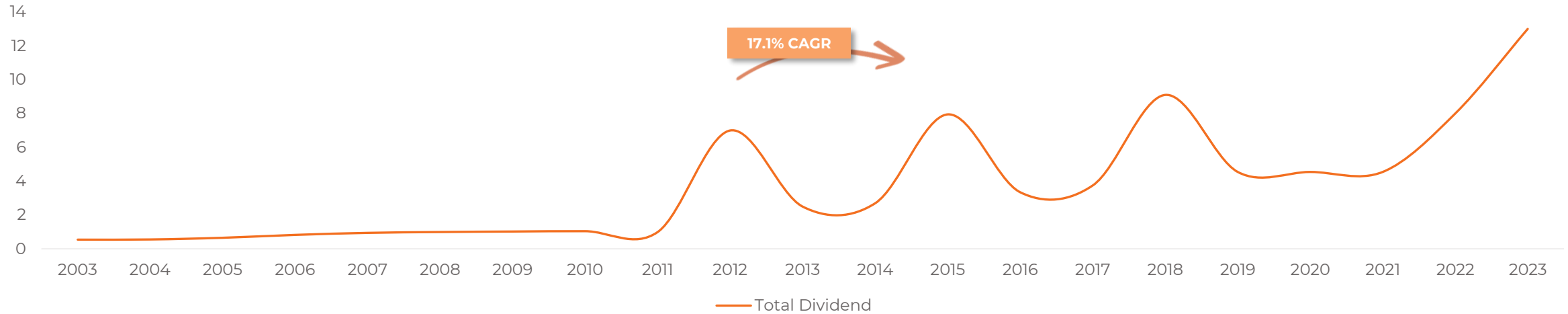
80% of the year's revenue

Shareholder Remuneration



I. Historical Dividends

Dividends paid per share



II. Dividend Forecast

	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	+5%
Dividend per Share	13.00	13.65	14.33	15.05	15.80	16.59	17.42	18.29	19.21	20.17	
Number of Shares Outstanding	105,569,400.00										
Total Dividends Paid	1,372.40	1,441.02	1,513.07	1,588.73	1,668.16	1,751.57	1,839.15	1,931.11	2,027.66	2,129.05	



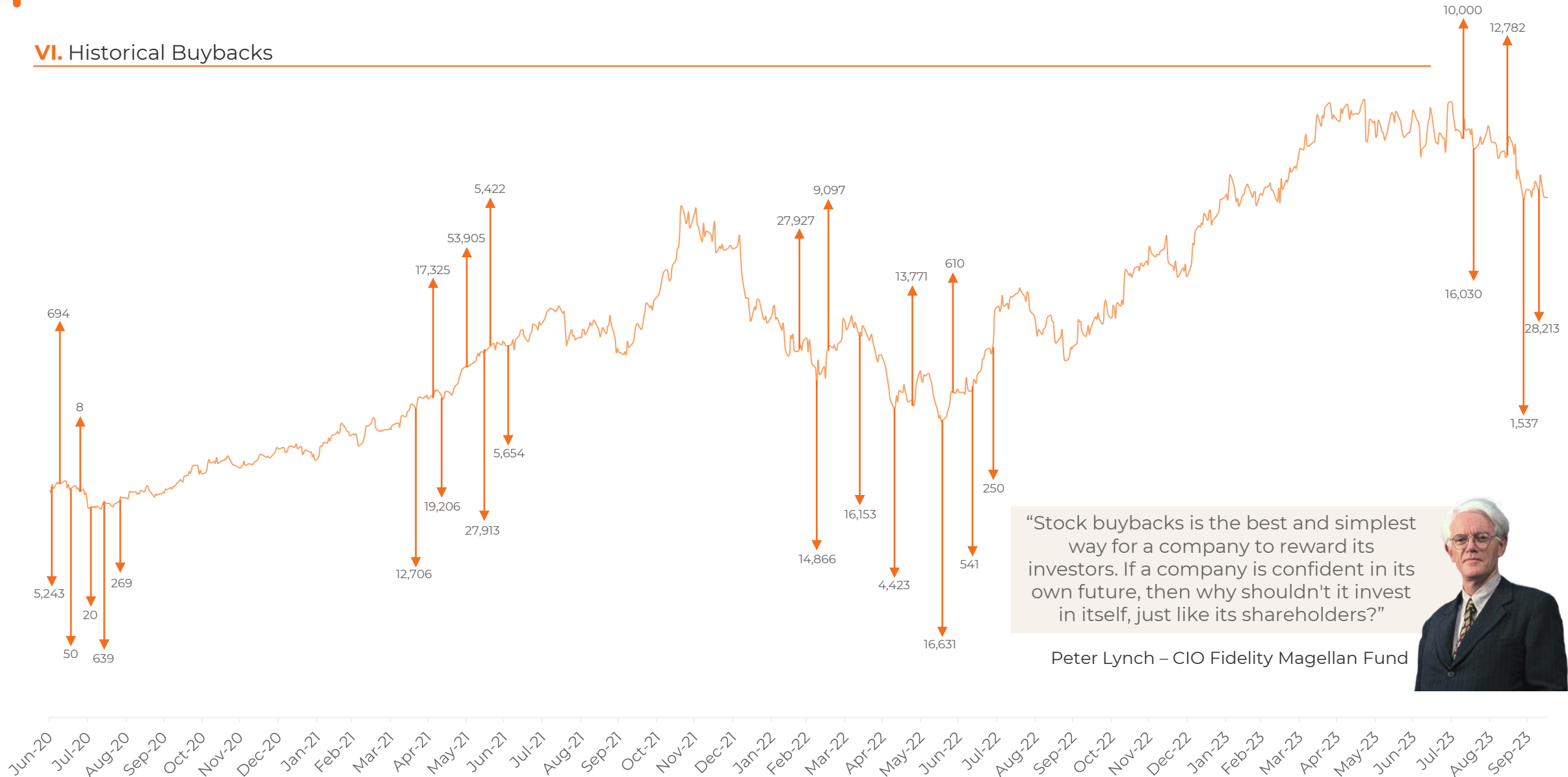
III. Buybacks Forecast

in million €	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Buybacks	256.36	1,380.41	1,384.26	1,762.79	2,885.03	2,754.22	4,579.66	4,225.83	6,793.02	6,168.68
Share Price	1,812.40	2,155.14	2,168.31	2,181.60	2,198.66	2,226.94	2,254.26	2,300.63	2,344.23	2,416.48
Number of shares bought back	141,450.00	640,519.45	638,405.60	808,025.25	1,312,178.16	1,236,775.60	2,031,556.83	1,836,808.71	2,897,756.53	2,552,756.02
Number of shares outstanding	105,427,950	104,787,431	104,149,025	103,341,000	102,028,822	100,792,046	98,760,489	96,923,680	94,025,924	91,473,168
Equity Value	227,211.78	227,211.78	227,211.78	227,211.78	227,211.78	227,211.78	227,211.78	227,211.78	227,211.78	227,211.78
Final Share Price	2,155.14	2,168.31	2,181.60	2,198.66	2,226.94	2,254.26	2,300.63	2,344.23	2,416.48	2,483.92

Shareholder Remuneration



VI. Historical Buybacks



"Stock buybacks is the best and simplest way for a company to reward its investors. If a company is confident in its own future, then why shouldn't it invest in itself, just like its shareholders?"

Peter Lynch – CIO Fidelity Magellan Fund



Free Cash Flow to Firm



I. Free Cash Flow to Firm

in million €	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
EBIT	1,922.0	2,128.0	2,338.9	2,072.5	3,530.0	4,697.0	6,102.6	7,021.0	8,215.9	9,570.3	11,042.9	12,732.7	14,599.3	16,648.9	18,881.7	21,292.8
Income tax	-669.3	-672.2	-751.0	-613.0	-1,016.0	-1,305.0	-1,884.2	-2,169.5	-2,540.9	-2,961.7	-3,419.3	-3,944.4	-4,524.4	-5,161.3	-5,855.1	-6,604.3
NOPLAT	1,252.7	1,455.8	1,587.9	1,459.5	2,514.0	3,392.0	4,218.5	4,851.4	5,675.1	6,608.6	7,623.6	8,788.3	10,074.9	11,487.7	13,026.6	14,688.5
Depreciation and Amortization	-	164.6	388.9	419.4	583.4	597.6	515.6	567.5	604.8	645.3	689.3	737.2	789.4	846.3	908.4	976.3
Capital Expenditures	-	-492.6	-588.7	-1227.8	-1232.0	-974.6	-907.7	-913.2	-975.7	-1043.3	-1116.6	-1195.9	-1281.9	-1375.2	-1476.5	-1586.5
Change in working capital		67.3	-147.4	-262.9	-27.0	11.0	-425.7	-28.5	-252.6	-417.6	11.3	-778.0	200.7	-1107.6	385.2	-1437.1
Free Cash Flow to Firm	1,252.7	1,195.1	1,240.7	388.2	1,838.4	3,026.0	3,400.6	4,477.2	5,051.5	5,792.9	7,207.7	7,551.6	9,783.1	9,851.1	12,843.7	12,641.3

II. Discounted Free Cash Flow to Firm

0	1	2	3	4	5	6	7	8	9	Perpetuity
3,400.6	4,143.2	4,325.9	4,590.7	5,285.8	5,124.8	6,143.9	5,725.1	6,907.4	6,291.4	337,527.0
										167,982.0



I. Results of our DCF Model

Perpetuity Growth	4.0%
Long Term ROIC	60%
Enterprise Value	219,920.8
Net debt	-7,291
Equity Value	227,211.8
Number of Shares Outstanding	103,340,999.7
Share Price	2,198.7
Current Price	€ 1,812.40
Upside	21.31%

Implicit Value



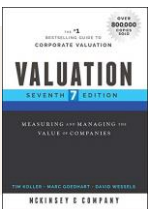
I. Growth and Margins Implicit in the Stock's Current Price

FCFF Market Consensus

	2023Y E	2024Y E	2025Y E
Revenue JP	13,329.0	15,161.0	16,741.0
Revenue UBS	13,364.0	15,006.0	16,452.0
Revenue BNP	13,303.0	14,756.0	16,530.0
Revenue BofA	13,747.0	15,640.0	17,643.0
Revenue Consensus	13,470.3	15,157.8	16,813.5
Growth		12.5%	10.9%
NOPAT JP	3,973.0	4,528.0	5,071.0
NOPAT UBS	4,051.0	4,510.0	5,066.0
NOPAT BNP	3,976.0	4,409.0	4,978.0
NOPAT BofA	3,970.0	4,512.0	5,164.0
NOPLAT Consensus	3,984.8	4,470.0	5,018.0
Margin	29.6%	29.5%	29.8%
Growth		12.2%	12.3%
FCFF JP	3,767.0	4,317.0	4,864.0
FCFF UBS	3,894.0	4,448.0	5,046.0
FCFF BNP	3,679.0	4,144.0	4,751.0
FCFF BofA	3,779.0	4,396.0	5,016.0
FCFF Consensus	3,795.0	4,326.8	4,907.3
WACC JP	7.5%		
WACC BNP	8.5%		
WACC BofA	8.1%		
WACC	8.0%		

Work Days	0	254	508
Present Value	3,795.0	4,005.0	4,204.6
Total Present Value 23-25	12,004.6		
Perpetuity Growth Model			
Perpetuity Growth Rate		2026-28	Perp
NOPLAT Margin		7.0%	4.0%
		30.0%	27%
Continuing Value		95,617.1	132,571.3
Present Value		81,925.6	90,086.7
EV		184,011.5	
Net Debt		-7,291.0	
Equity Value		191,302.5	
Numer of Shares Outstanding		105,569,400.0	
Share Price		1,812	

$$\text{Continuing Value} = \frac{(\text{revenue} \cdot \text{noplat margin} \cdot (1 + g)) * \left(1 - \frac{g}{\text{ROIC}}\right)}{\text{WACC} - g}$$





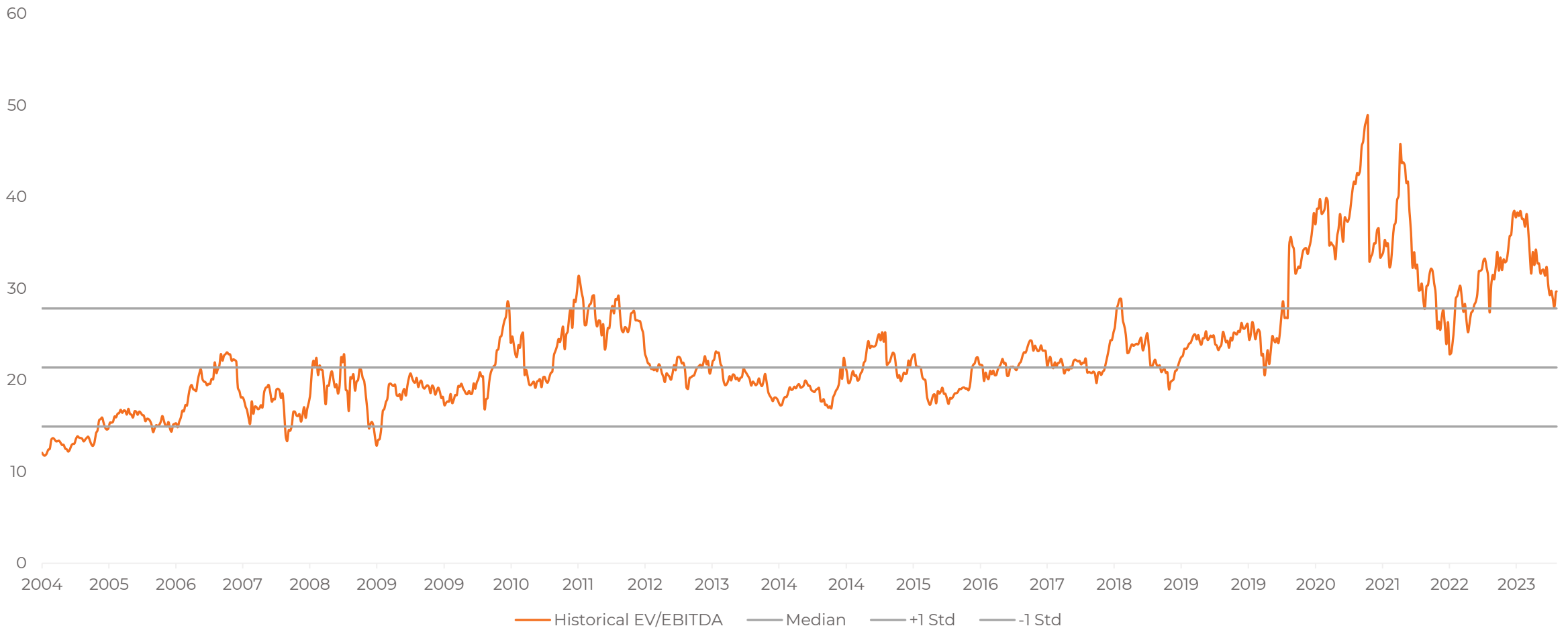
I. Exit Multiple Analysis

	2023E	2024E	2025E	2026E
EBITDA	6618.3	7588.4	8820.7	10215.55
FCFE	3,401.5	4,484.1	5,066.3	5,816.6
Number of Shares Outstanding	103,340,999.7			
FCFE/Share	32.9	43.4	49.0	56.3
Multiple (EV/EBITDA)	30.0			25.0
Net Debt				-17,963.1
Share	-1,812.4			2,645.1
Cash Flow to Shareholder	-1,779.5	43.4	49.0	2,701.4
TIR	16.55%			



II. Historical EV/EBITDA Multiple

Historical Hermès EV/EBITDA Multiple





III. Historical P/E Multiple

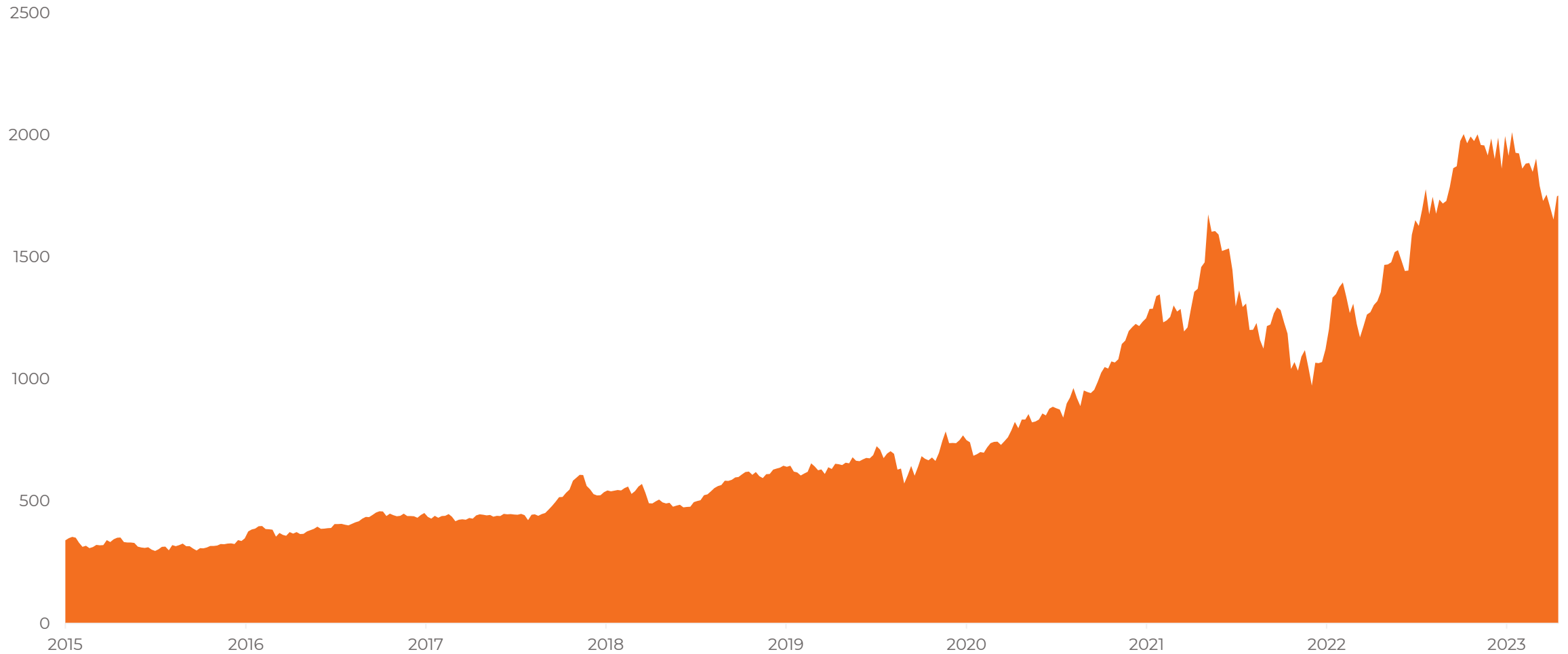
Historical Hermès P/E Multiple





I. Trading Volume

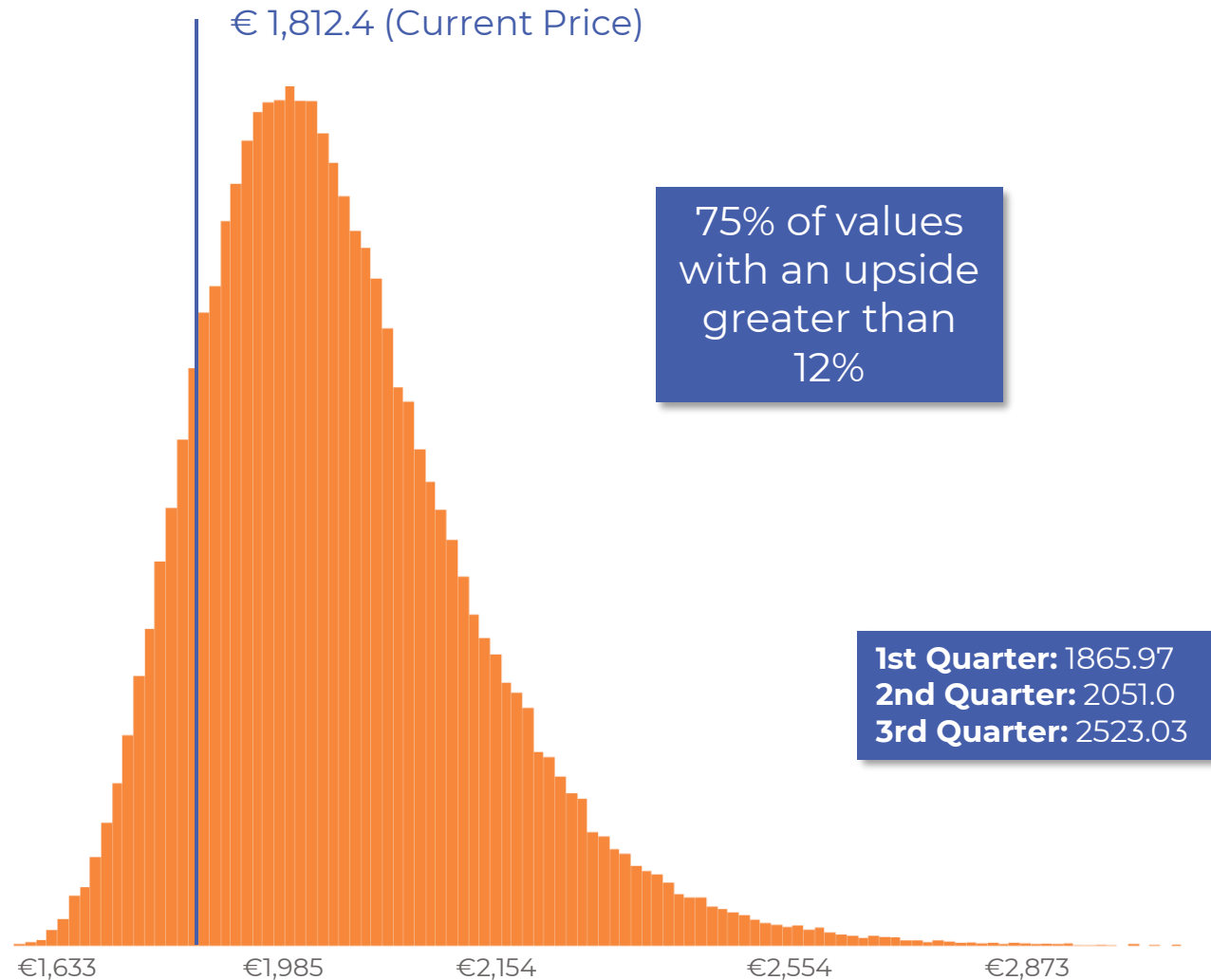
Daily trading volume



Monte Carlo Simulation



I. Stressing the perpetuity of our model



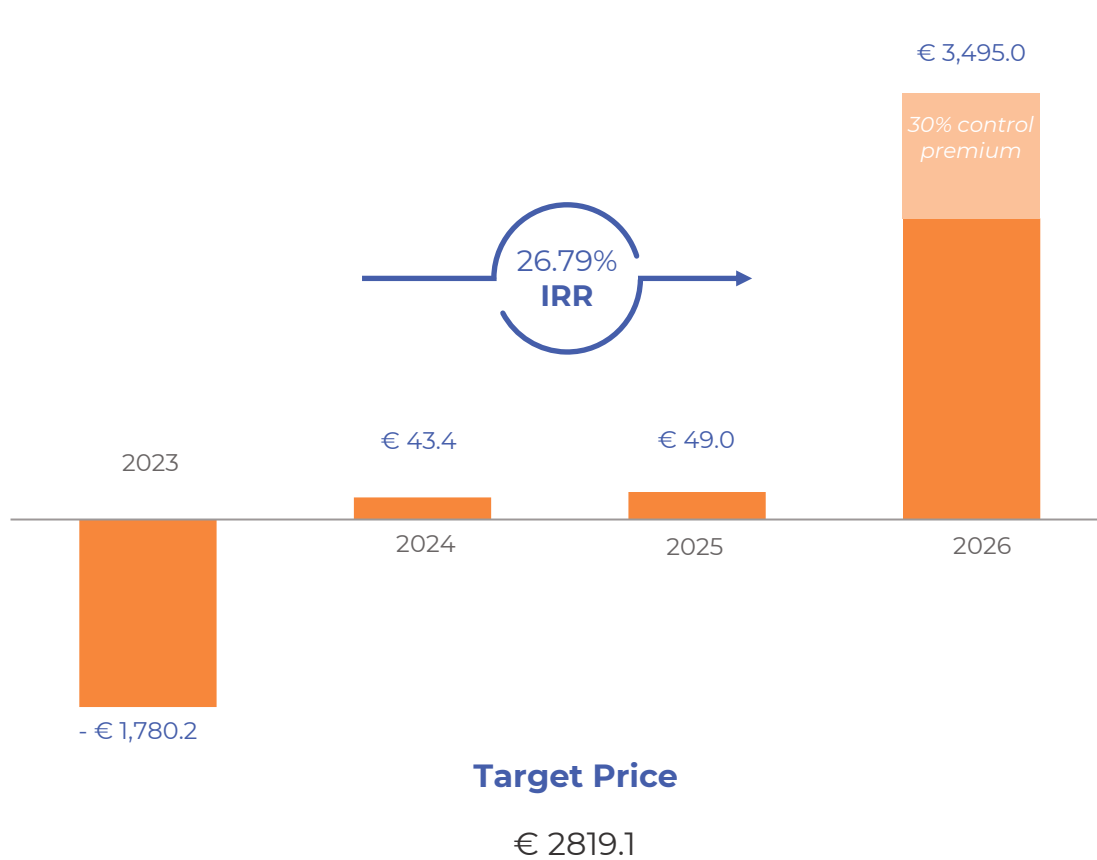
```
5 import numpy as np
6 import matplotlib.pyplot as fig
7
8 n=100000
9 ev_explicity=((51958)*1000000)
10 g_media=0.04
11 g_desv=0.005
12 wacc_media=0.0806
13 wacc_desv=0.002
14 totalshares=91473167
15 debt=1934*1000000
16 cash=9225*1000000
17 FCFF=10010.1*1000000
18 preco_atual=1654.2
19
20 vps=np.zeros(n)
21 ev_perpetuity=np.zeros(n)
22 enterprise_value=np.zeros(n)
23 equity_value=np.zeros(n)
24 upside=np.zeros(n)
25
26 for i in range(n):
27     g=np.random.normal(loc=g_media, scale=g_desv, size=1)
28     wacc=np.random.normal(loc=wacc_media, scale=wacc_desv, size=1)
29     ev_perpetuity[i]=((FCFF*(1+g)/(wacc-g)))
30     ev_perpetuity[i]=ev_perpetuity[i]/((1+wacc)**10)
31     enterprise_value[i]=ev_perpetuity[i]+ev_explicity
32     equity_value[i]=(enterprise_value[i]-debt+cash)
33     vps[i]=equity_value[i]/totalshares
34     upside[i]=vps[i]/preco_atual-1
35
36 fig.hist(vps, bins=10000, color='green', density=True)
37 fig.xlim(min(vps), max(vps))
38 fig.xlabel('VPS', size=20)
39 fig.ylabel('Frequência')
40 q1=np.percentile(vps, 25)
41 q2=np.percentile(vps, 50)
42 q3=np.percentile(vps, 75)
43
44 print('Q1:', q1)
45 print('Q2:', q2)
46 print('Q3:', q3)
47 print('Valor Médio:', np.mean(vps))
48
```


M&A Options



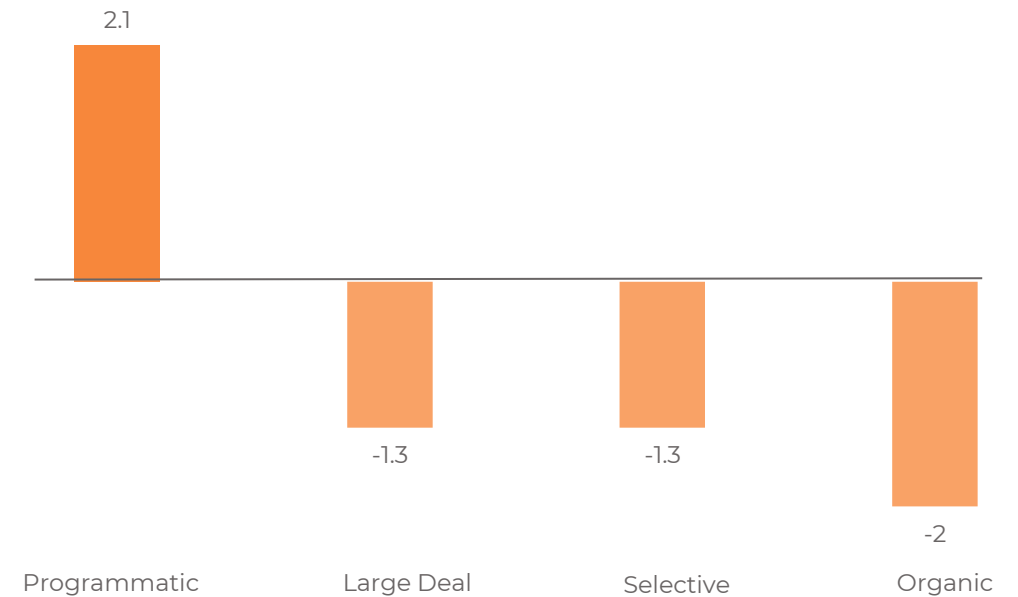
I. Takeover

Cash flow of 1 RMS share



II. Programmatic M&A

Personal luxury excess total returns to shareholders



Base case target price

€2,198.7

4.1%
From organic to
programmatic M&A growth

Annual return to shareholders

€90.1

In perpetuity

Target Price

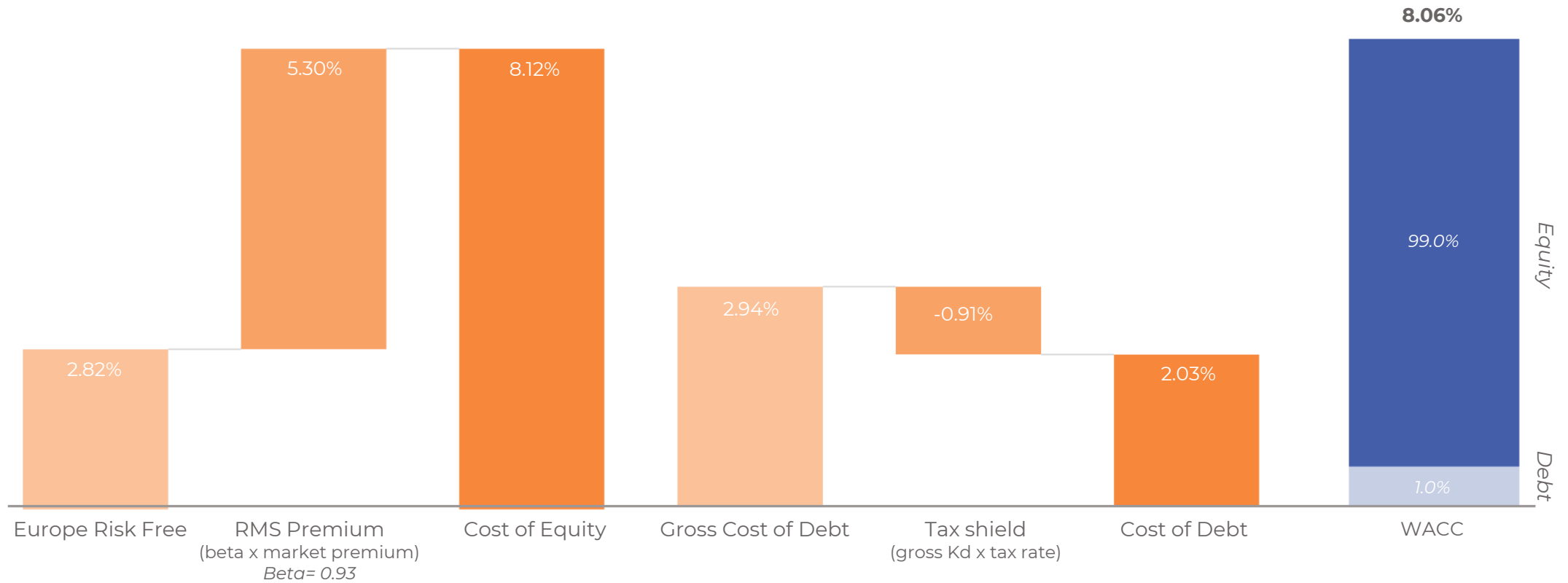
€3,308.0

Weighted Average Cost of Capital



I. Discount Rate Build-up

WACC build-up (in %)



Weighted Average Cost of Capital



II. Cost of Debt

LVMH Bond Current Yield

< > MCFP 3 1/2 09/07/2033 REGS Corp ▾ YAS ▾ Menu de funções relacionadas ▾									
MCFP 3 1/2 09/07/33		€↑95.529	-.177	95.347 / 95.710		4.081 / 4.034		Source BGN	
		Às 12:59		-- X --					
MCFP 3 1/2 09/07/33 Corp				Config ▾					
				95.347/95.710		4.081/4.034		BGN @ 12:59	
				1) Rendimento e spread		2) Gráficos		3) Precificação	
MCFP 3 1/2 09/07/33 (FR001400KJ00)									
Spread	112.89	pb	X	10y	DBR 2.6	08/15/33			
Preço	95.5285				97.22	15:22:55			
Rend	4.057659	Wst			2.928794	Anl			
Cálc	09/07/2033	@	100.00	Consenso	Rnd	6 6			
Liq	10/23/23				10/23/23				

Recommendation to the Management



How Hermès could generate more value

I. Hermès keeps unnecessary cash that could generate more value if distributed to shareholders

	2017	2018	2019	2020	2021	2022
Net financial income	-32	-35	-69	-86	-96	-62
Financial income	9	19	21	7	13	65
Financial expense	-41	-54	-90	-93	-108	-127
Net Debt	-2878	-2313	-3243	-3047	-4894	-7291
Debt	54	1,166	1,142	1,686	1,802	1,934
Cash	2,932	3,479	4,384	4,733	6,696	9,225

If Hermès stopped accumulating cash and kept only 10 billion euros and distributed the rest thorough buybacks:

Current
Price
€ 1,812.4

28,8%
Upside

Target
Price
€ 2,333.9

Hermès Beats Consensus

