

**Interparfums**  
2018 Letter to shareholders

2018

## Letter to shareholders

Dear shareholders,

Last year in the same period we announced an intentionally scaled-down program of launches for 2018 that would result in more moderate growth than in recent years.

In conjunction with these forecasts that some considered conservative, an adverse currency effect from the euro/US dollar exchange rate negatively impacted annual sales by approximately €10 million.

Despite this, we will still outperform our targets by ending the year with more than €430 million in sales.

The pillars of our portfolio, the Montblanc, Jimmy Choo, Lanvin and Rochas brands, delivered very satisfactory performances for the year in line with targets, while Coach's sales nearly doubled in the first nine months, confirming the potential demonstrated by its first fragrances launched at the end of 2016.

2018 is nearly behind us and our teams have been fully focused for some time on the year ahead lined up to be an eventful year in terms of major launches. The first will be inaugurated by the Montblanc brand with a new men's line, *Montblanc Explorer*, that in February will start adding to *Montblanc Legend's* sales. This will be followed by important launches under the Lanvin, Jimmy Choo and Rochas brands.

Other brand extensions will further bolster 2019's particularly rich line-up which should logically accelerate our growth and allow us to reach a revenue target of €460-470 million. At the same time, we will continue to focus on continuing growth supported by a strategy of sustained advertising investments, while ensuring that the operating margin remains within the 13%-13.5% range.

With the consolidation phase of 2018 nearing its end, the company is thus well-positioned to pursue its forward momentum in the years ahead.

Until next time, best regards...

**Philippe Santi**  
Executive  
Vice President

**Philippe Benacin**  
Chairman &  
Chief Executive Officer

## 2018 first-half financial highlights

€218.7m

net sales

€34.8m

operating profit

€25.2m

net income

€0.61

per share  
dividend payout

65%

payout ratio

1 for 10

1 new share for every  
10 shares held

## Overview

### Our business

Created in 1982 by Philippe Benacin and Jean Madar, Interparfums manufactures and distributes prestige perfumes through license agreements with leading brands in the high-end ready-to-wear, high fashion, jewelry and accessories sectors.

Specialized in prestige perfumes, in 2015 for the first time it acquired a brand covering both fragrances and fashion with the Maison Rochas.

### Our brands

Our company operates license agreements with prestigious brands concluded for long periods of up to 20 years.

The companies entrusting us with the manufacture and exclusive distribution of their fragrances systematically have a global reach.

Luxury and fashion accessories brands: Jimmy Choo, Montblanc, S.T. Dupont, Repetto.

High-end luxury jewelry houses: Van Cleef & Arpels and Boucheron.

*Haute couture* and ready-to-wear houses: Coach, Karl Lagerfeld and Paul Smith.

In addition, the company is the owner of the brand names and international trademarks of Lanvin for fragrances and Rochas for fragrances and men's and women's fashion.

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## Reasons for becoming an Interparfums shareholder

### Our business and organization

1. A streamlined organization with a human scale (approximately 270 employees)
2. Excellent knowledge of prestige fragrance market
3. Long-standing partnerships with our licensors, distributors and suppliers
4. Extensive know-how covering the complete cycle from product design to launch, enhancing cost efficiencies and facilitating continuous quality control

### Our financial structure and relations with shareholders

1. Long-term license agreements (10, 15 and even 20 years)
2. A solid financial structure with substantial cash resources and limited debt
3. A stable shareholder base, with the company's founding managers holding a significant stake
4. Bonus share grants to shareholders every year for nearly 20 years
5. A significant dividend (65% of net income in 2018), with increases every year

## Coach

With sales of nearly €60 million for the first nine months, Coach fragrances registered remarkable gains, especially in the United States, driven by the successes of the men's and women's *Coach* lines and the successful launch of the flankers *Coach Floral* and *Coach Platinum*.

*Coach Floral* is inspired by Coach's signature leather Tea Roses and evokes the warmth of a sunny day spent in a field of wildflowers.



## Rochas

Rochas fragrances had sales of 23.2 million and continued to expand its market penetration in twenty countries around the world, with the launch of Eau de Toilette *Mademoiselle Rochas* building on the success of the *Eau de Parfum* introduced in early 2017.

The Eau de Toilette *Mademoiselle Rochas* captivates with its delicate musky green floral accord.



## Montblanc

In the absence of major launch and despite an adverse currency effect, Montblanc had €84 million in sales, contracting marginally in relation to last year and confirming the strength of the *Montblanc Legend* line launched in 2011.



## Lanvin

Lanvin fragrance sales were satisfactory at nearly €45 million in the absence of a major launch in the period, reflecting the continuing strength of the *Éclat d'Arpège* line.



### Jimmy Choo

*Jimmy Choo Fever*'s summer roll out in fueled growth of more than 20% for Jimmy Choo fragrances in Q3 2018, narrowing the decline in the period (with €72 million at September 30, 2018), whereas 2017 was marked by the simultaneous launches of the *Jimmy Choo L'Eau* and *Jimmy Choo Man Ice* lines.

*Jimmy Choo Fever* is an addictive fragrance celebrating a new facet of the Jimmy Choo woman, an innate extrovert with a playful energy and sense of fun.



### Van Cleef & Arpels

The Van Cleef & Arpels fragrances are profiting from the performances of their Haute Parfumerie collections based on a strategy intentionally more exclusive and henceforth focused solely on the *Collection Extraordinaire* and *First* lines.

### Boucheron

Boucheron fragrances had sales of €15 million, up 7%. Boucheron fragrances continued to benefit from the performances of its collection of exclusive fragrance lines but also the *Quatre* line.



### Karl Lagerfeld

Karl Lagerfeld fragrances' are displaying strong growth, building on the new momentum generated in the 2017 second half by the *Les Parfums Matières* collection's launch.

Karl Lagerfeld created these fragrances to be the essential pieces in the perfect olfactory wardrobe.



## Stock Market

### 2018 in review

Despite guidance at the end of November 2017 for moderate growth in 2018 reflecting the intentionally scaled-down program of launches, the share continued its steady rise since spring 2018 (€31-€32) to reach a high in early October 2018 (€45.30). With all financial markets experiencing a sharp correction in the month, the share price fell back to €36-€37. Based on a price of €38 in early November, the share remains up 20% from January 1, 2018.

Daily trading volumes (for all platforms combined) remained at around 30,000/33,000 shares against the backdrop of reduced liquidity for mid-caps.

### Shareholder base as of September 30, 2018

Interparfums Inc.: 72.7%

Free float: 27.3%

Number of shares at September 30, 2018: 42,965,628.

Interparfums has 8,300 individual shareholders and 430 institutional shareholders (with foreign investors representing less than one third).

### Indexes and securities market information

Market: Euronext Paris – Compartment A

PEA-PME eligibility: Yes

Eligibility for the Deferred Settlement Service (SRD): Yes

ISIN code: FR0004024222 ITP

Reuters code: IPAR.PA

Bloomberg code: ITP

### Brokerage and research firms covering Interparfums

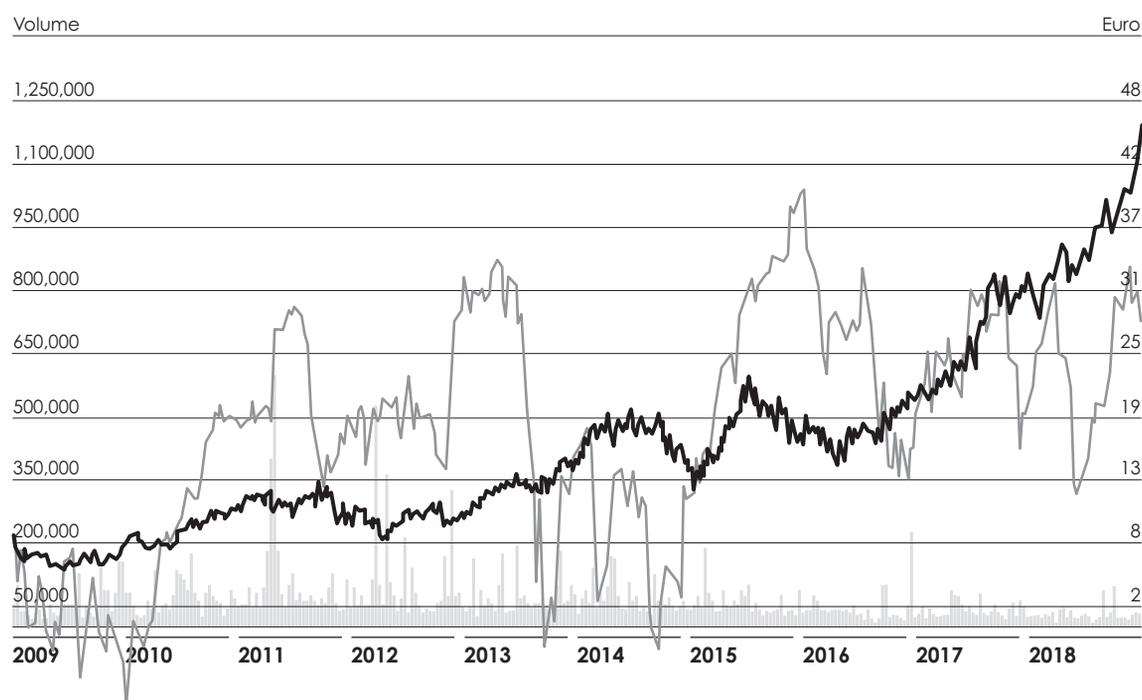
Bryan Garnier, CM-CIC Securities, Exane BNP Paribas, Gilbert Dupont, ID Midcaps, Kepler Cheuvreux, Midcap Partners, Natixis Securities, Oddo BHF.

### Dividends

On May 11, 2018, a dividend of €0.61 per share was paid or a total of €26.2 million, an increase of 34%.

The payout ratio, representing the percentage of net income distributed to shareholders in the form of dividends, was 65% of 2017 net income.

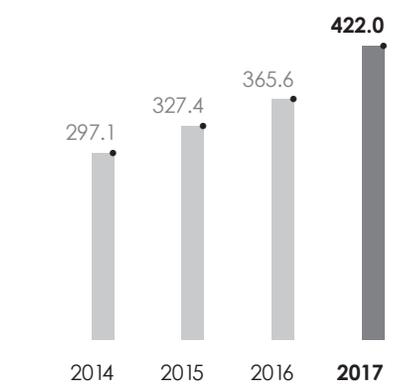
### Share price and trading volume data: Interparfums vs. the SBF 12



## Key figures

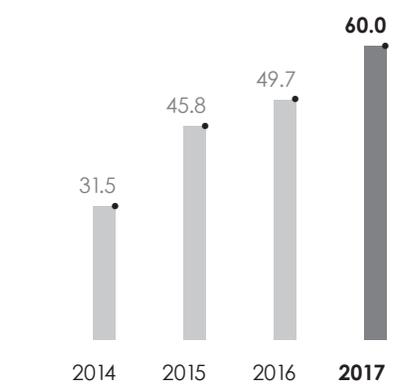
### Consolidated sales

(in euro million)



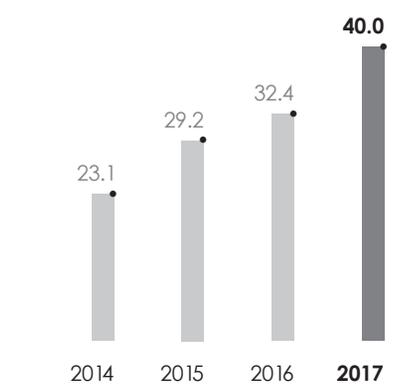
### Consolidated operating profit

(in euro million)



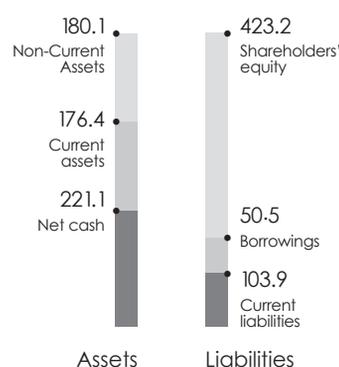
### Consolidated net income

(in euro million)



### Balance sheet highlights

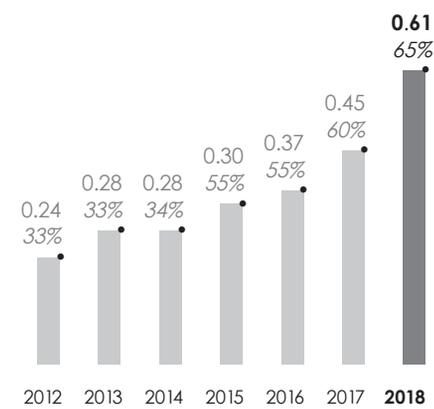
(in euro million)



### Dividend per share

Payout ratio

(adjusted for bonus share issues)



### 1 bonus share for every 10 shares held

In June 2018, the company proceeded with its 19th bonus share issue on the basis of one new share for every ten shares held.

## How to become an Interparfums shareholder?

### **Bearer shares:**

Your shares are not registered in Interparfums' share account. Your financial intermediary maintains your security account and is your only contact for share services. As such, only this intermediary can apply custody charges and has the ability to identify you.

### **Advantages**

1. Simple and rapid execution of purchase or sell orders placed.
2. Possibility of having all securities of your portfolio managed by a single financial intermediary.

Interparfums is authorized to make use of provisions available by law to identify holders of securities conferring voting rights in shareholders' meetings.

### **Standard registered shares**

#### ***(nominatif pur):***

To register or convert your Interparfums shares as a standard registered shareholder, you must transfer the shares to CMC-CIC Market Solutions – Middle Office Corporates – Euroclear member No. 025 – 6 avenue de Provence- 75452 Paris Cedex 99 –  
Tel.: +33 (zero)1 53 48 80 10/Email: 34318@cmcic.fr.

You are registered directly with the Company as a shareholder and your securities are maintained in a custody-only securities account opened with CMC-CIC Market Solutions who will be your only contact for share services.

### **Advantages**

1. No custody charges.
2. Personalized information: the company sends you the notice for the General Meeting, the admission card in addition to all information for transactions involving the share.
3. Double voting rights in shareholders' meetings after the securities are held three years.
4. A French tax reporting form (Imprimé Fiscal Unique or IFU) is sent to your home address. This document, which will be requested by French tax authorities specifies the amount of shares sold, the value and the capital gain on sales of your Interparfums shares.

### **Administered registered shares**

#### ***(nominatif administré):***

To record or convert your Interparfums shares into administered registered shares, you must submit a request to your financial intermediary. Your financial intermediary remains your account holder. As such, it provides information about your holdings to CMC-CIC Market Solutions so that you may be known to the company.

### **Advantages**

1. Personalized information: the company sends you the notice for the General Meeting in addition to all information for transactions involving the share.
2. Facilitated access to the General Meeting: no prior formalities to render the shares temporarily nontransferable, and, on request, sending of the admission card.
3. Double voting rights in shareholders' meetings after the securities are held three years.

## 2018-2019 investors calendar

Publication of 2018 annual sales  
January 29, 2019

Publication of 2018 annual results  
March 4, 2019

Publication of Q1 2019 sales  
April 25, 2019

Annual General Meeting  
April 26, 2019

Publication of Q2 2019 sales  
End of July 2019

Publication of H1 2019 results  
Mid-September 2019

Publication of Q3 2019 sales  
End of October 2019

Publication of 2020 targets  
Mid-November 2019

## Contact

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