

interparfums

2016 sales  
January 31, 2017

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# Operating highlights 2016

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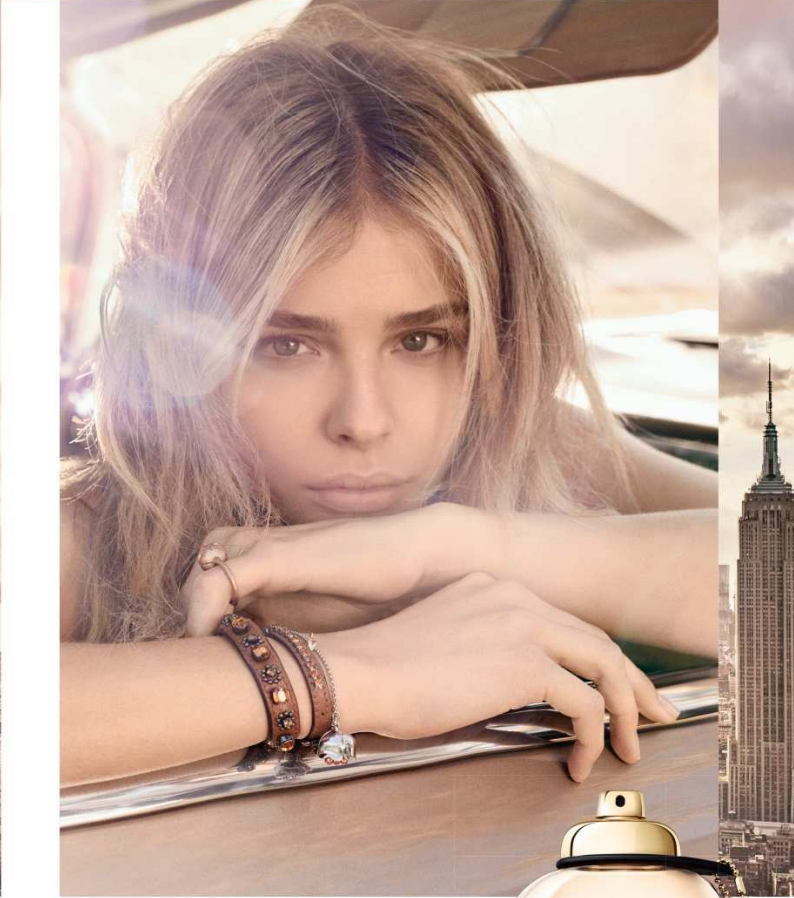
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# 2016 operating highlights


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- ✓ Sales: €365m
  - +11.7% at current exchange rates
  - +12.5% at constant exchange rates
- ✓ Solid double digit growth against a continuing backdrop of difficult global economic and geopolitical conditions
- ✓ Very good performances by Montblanc and Jimmy Choo fragrances
- ✓ Successful integration of Rochas fragrances
  - €29m in sales for the first full year of operations
- ✓ A very promising launch of the first Coach fragrance line
  - Notably in the US
  - Total sales of nearly €21m for 6 months


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2016 sales  
by brand

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# Montblanc

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- ✓ Sales: €110m (+25%)
  - 5<sup>th</sup> consecutive year of growth
- ✓ Successful launch of the Montblanc *Legend Spirit* line
  - More than €20m ex-factory
- ✓ Solid performance by the *Montblanc Legend* line
  - +3%
- ✓ The *Montblanc Lady Emblem* line is gradually gaining ground in the Middle East in South America
  - €5.4m ex-factory in 2015 - €8.5m ex-factory in 2016



# Montblanc Legend Spirit

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# Jimmy Choo

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- ✓ Sales: €81.7m (-2%)
- ✓ An unfavorable comparison base resulting from launches in 2015 (+40% in relation to 2014)
  - *Jimmy Choo Blossom* at the start of the year
  - *Jimmy Choo illicit* at the end of the year
- ✓ Sales spread across the *Jimmy Choo Signature*, *Jimmy Choo Man* and *Jimmy Choo Illicit* lines





# Jimmy Choo - *Illicit Flower*

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# Lanvin

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- ✓ Sales: €56m (-13%)
- ✓ An economic slowdown in the brand's two flagship markets (Russia and China)
- ✓ Stronger sales in H2
- ✓ Launch of the *Modern Princess* line in France, Russia and Japan



# Lanvin – *Modern Princess*

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# Rochas fragrances

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- ✓ Sales: €29.2m
- ✓ A first full year of operation
- ✓ A business centered around 2 lines
  - *Eau de Rochas* (70% of sales)
  - *Rochas Man* (18% of sales)
- ✓ And in 2 countries
  - Spain (50% of sales)
  - France (25% of sales)



# Rochas licenses

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- ✓ 5 main licenses
  - Womenswear (contract extended for two years)
  - Fashion / Japan
  - Menswear / South America
  - Eyewear
  - Watches
- ✓ New sales revenue €20m = €2.1m in royalties
- ✓ A marginally positive P&L



# Rochas - showroom Paris

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# Rochas in-house business

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(menswear)

- ✓ Decision to open a "Menswear" segment
- ✓ Formation of a team of around 10 people
- ✓ An operating cost of €1.2m

# Coach

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- ✓ Sales: €20.9m (6 months)
- ✓ Launch of the first women's line, *Coach*
- ✓ Stronger-than-expected sales
- ✓ Very promising initial results in several countries





# Van Cleef & Arpels

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- ✓ Sales: €19.1m (+9%)
- ✓ Launch of the women's line, *So First* and the men's line *In New York*
- ✓ Strong continuing growth by the *Collection Extraordinaire* line
  - 5.8m ex-factory (+70%)



# Boucheron

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- ✓ Sales: €16m (-10%)
- ✓ A base effect from the launch of the *Quatre* line in 2015
- ✓ Steady performance by the *Quatre* line in 2016, particularly in France
- ✓ Stable sales for the brand's historic lines



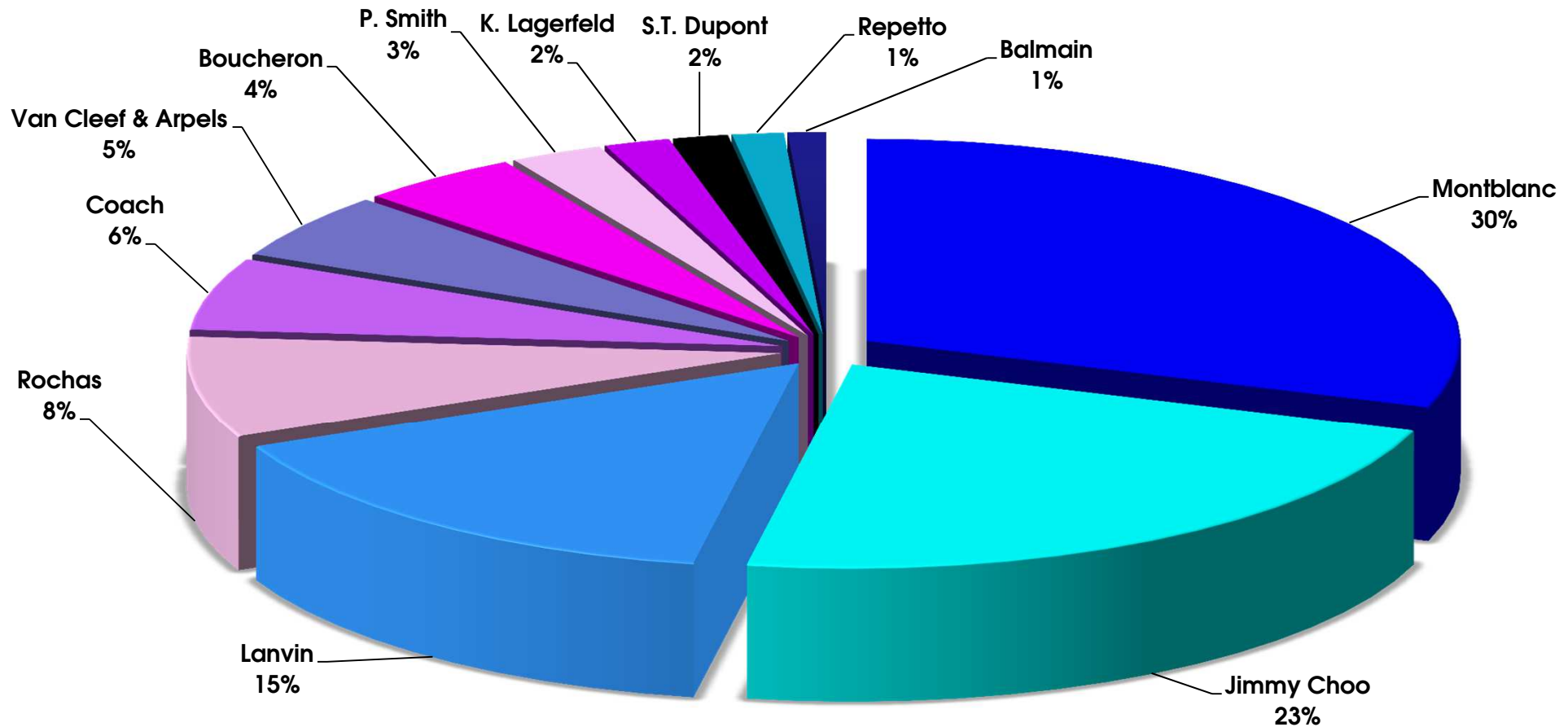
# 2016 sales

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(€m)	2015	2016	2016/2015
Montblanc	88.0	110.0	+25%
Jimmy Choo	83.3	81.7	-2%
Lanvin	64.1	56.0	-13%
Rochas (7 months in 2015)	12.1	29.2	ns
Coach (6 months in 2016)	-	20.9	na
Van Cleef & Arpels	17.5	19.1	+9%
Boucheron	17.8	16.0	-10%
Paul Smith	9.5	9.2	-3%
Karl Lagerfeld	10.3	6.5	-37%
S.T. Dupont	10.4	5.4	-48%
Repetto	8.0	5.0	-37%
Balmain	4.8	3.8	-21%
Other	0.6	0.7	ns
<b>Fragrance sales</b>	<b>326.4</b>	<b>363.5</b>	<b>+11.4%</b>
Rochas fashion royalties (7 months in 2015)	1.0	2.1	ns
<b>Total net sales</b>	<b>327.4</b>	<b>365.6</b>	<b>+11.7%</b>

# 2016 sales mix by brand

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2016 sales  
by region

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# 2016 highlights by region

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- ✓ Robust growth in North America: +28%
  - 27% of sales (the largest market)
  - Successes of the *Montblanc Legend* and *Montblanc Legend Spirit* lines
  - Good performance for Jimmy Choo fragrances, especially for the *Jimmy Choo Man* line
  - *Coach* fragrances get off to an excellent start
- ✓ Western Europe: +13%
  - 23% of sales
  - Solid position of Rochas in Spain
- ✓ Asia: +11%
  - 15% of sales
  - Stronger sales in the H2

# 2016 highlights by region

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- ✓ Good performance in France: +13%
  - Against the backdrop of a decline in the French fragrance and cosmetics market
  - Solid position of Rochas
  
- ✓ Decline in Eastern Europe: -13%
  - After +5% in 2015 and +20% in 2014
  - A challenging year for Lanvin

# 2016 highlights by region

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(€m)	2015	2016	2016/2015
Africa	5.0	4.6	-9%
North America	75.8	98.1	+29%
South America	24.3	24.5	+2%
Asia	48.2	53.3	+11%
Eastern Europe	38.9	33.7	-13%
Western Europe	74.4	83.8	+13%
France	29.8	33.2	+13%
Middle East	30.9	32.3	+5%
<b>Fragment sales</b>	<b>327.4</b>	<b>363.5</b>	<b>+11.4%</b>
Rochas fashion royalties (7 months in 2015)	1.0	2.1	ns
<b>Total net sales</b>	<b>327.4</b>	<b>365.6</b>	<b>+11.7%</b>



# 2016 highlights by region

2016 (2015)

North America

27% (23%)

South America

7% (8%)

Western Europe

23% (22%)

France

9% (9%)

Eastern Europe

9% (12%)

Middle East

9% (9%)

Africa

1% (2%)

Asia

15% (15%)



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2016  
results

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# 2016 results

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- ✓ A strong increase in the gross margin expected
  - A significant volume effect (Rochas fragrances)
  - Some higher gross margin percentage (lower packaging costs)
  - A price effect (selected price increases in a few markets)
  - A non-significant \$ effect
  - A negative £ effect (€3m)

# 2016 results

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- ✓ An operating margin above 13% expected despite:
  - Significant marketing and advertising expenses to support
    - flagship lines (*Montblanc Legend*, *Jimmy Choo Man*, *Jimmy Choo Illicit* and *Eau de Rochas*)
    - fragrance launches (*Montblanc Legend Spirit* and *Coach*)
  - A reinforced commercial and administrative organization for the US subsidiary (Interparfums Luxury Brands)
  
- ✓ Growth in net income expected
  - Despite the exceptional tax expense linked to a tax audit recognized in H1 2016

# 2016 balance sheet highlights

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- ✓ Stable brand assets (€140m)
- ✓ Lower inventory levels
- ✓ Accounts receivable in line with business level
- ✓ A net cash position remaining high (€150m)
  - Assets of approximately €220m
  - Liabilities (Rochas loan) €70m



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2017  
sales

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# Montblanc 2017

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- ✓ An unfavorable comparison base reflecting the launch of the *Montblanc Legend Spirit* line in early 2016
- ✓ Consolidating the business for the *Montblanc Legend* and *Montblanc Legend Spirit* lines
- ✓ Launch of the *Montblanc Legend Night* line, 3<sup>rd</sup> pillar of the Legend franchise (2017/2018)



# Jimmy Choo 2017

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- ✓ Two major initiatives for the franchise
  - Women's - *Jimmy Choo*
  - Men's - *Jimmy Choo Man*
- ✓ A good start for the year





# Lanvin 2017

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- ✓ The continuing rollout of the *Modern Princess* line in international markets
- ✓ Preparation of a 3<sup>rd</sup> interpretation of the *Eclat d'Arpège* line



# Rochas fragrances 2017

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- ✓ Launch of the first women's line developed by Interparfums in approximately 12 countries
  - Spain
  - France
  - Belgium, Switzerland and Portugal
  - Argentina, Paraguay, Brazil
  - Saudi Arabia Dubai, Kuwait
- ✓ A second launch phase in July



# Rochas licences 2017

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(womenswear, watches, glasses,...)

- ✓ Approximately €25m in revenue developed (+25%)  
or €2.5m in royalties expected
- ✓ A positive P&L



# Rochas 2017 in-house business

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(menswear)

- ✓ Presentation of the collections from January 18 to 22, 2017
- ✓ Rather positive press response
- ✓ Around ten points of sales (department stores or multi-brand outlets) expected to include the brand in its catalog in an initial phase
- ✓ An operating cost of €1.7m



# Coach 2017

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- ✓ Continuing rollout of the first women's line, *Coach*
  - Eau de Parfum
  - Eau de Toilette
- ✓ Launch of the men's line, *Coach* in the fall



# Van Cleef & Arpels 2017

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- ✓ A new juice for the *Collection Extraordinaire* line
- ✓ Distribution for the line expanded



# Boucheron 2017

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- ✓ Launch of a "collection" comprised of 6 juices
  - Iris
  - Neroli
  - Tuberose
  - Vanilla
  - Oud
  - Amber
  
- ✓ Distributed at 50 doors worldwide



# 2017 sales

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⇒ Sales guidance raised to €385m-€390m based on:

- Stronger-than-expected 2016 year-end sales
- Good momentum for the start of 2017
- Favorable €/€ exchange rate trends





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# 2017 results

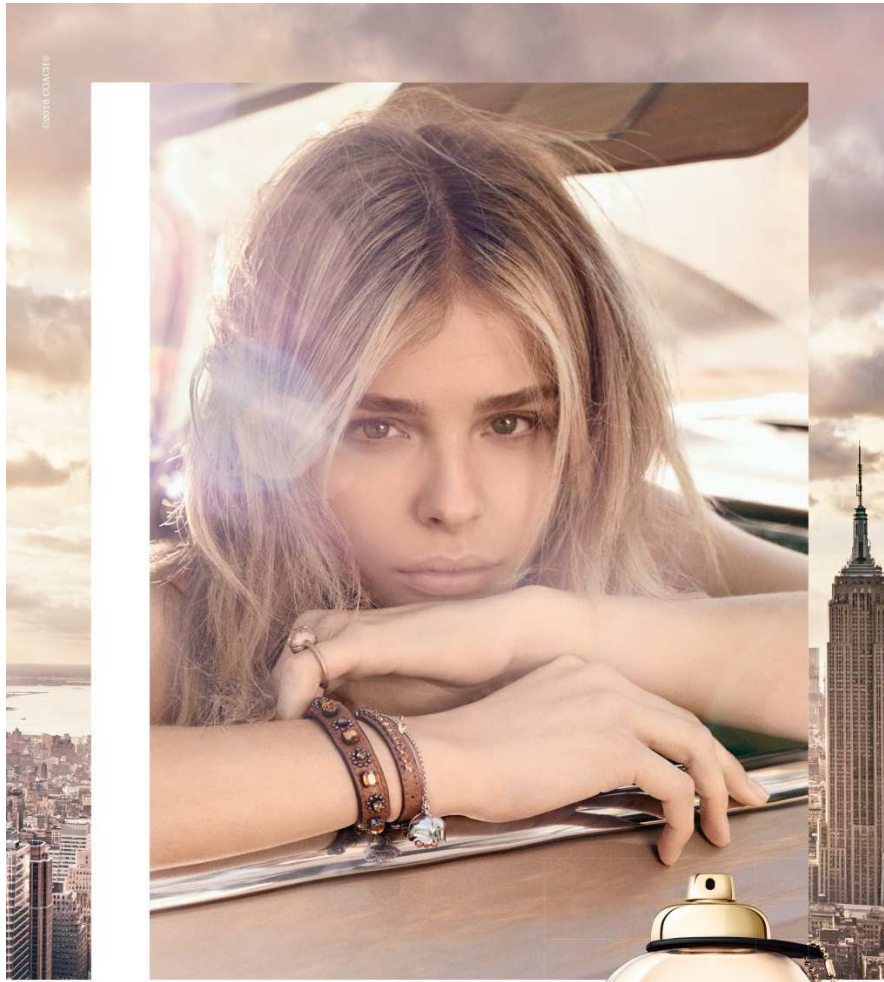
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- ✓ Marketing and advertising spending level to be further reinforced if the favorable environment persists
  - €60m in 2014 (20.0%)
  - €67m in 2015 (20.6%)
  - €80m-€82m in 2016 (22%-22.5%)
  - €92m budgeted for 2017 (23.5%)
  
- ✓ An operating margin between 13% and 13.5%

# Agenda

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- ✓ 2016 results
  - March 14, 2017 (before the opening of Euronext Paris)
- ✓ 2017 first quarter sales
  - April 28, 2017 (before the opening of Euronext Paris)
- ✓ 2017 AGM
  - April 28, 2017 (2:00 p.m. - Pavillon Gabriel - Paris)



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Medium-term  
outlook

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# Medium-term outlook

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- ✓ Continuing growth to move back above the €400 million threshold in revenue in 2018
- ✓ Improve profitability if possible

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