

interparfums

2022

ODDO BHF FORUM

January 2022



Contents

Introduction

CSR & Governance

2021 highlights

2021 guidance

2022 highlights

2022 guidance

Q&A



- **Introduction**



A company founded in 1982
by Philippe Benacin & Jean
Madar, Interparfums is
specialized in:



Creation



Development



Manufacturing



Promotion



Distribution of perfumes

With

A portfolio
of luxury brands

And

An
international
distribution
network

Driven by

A strategy focused on
creating long-term
value



***Our business is understanding a brand's
codes in order to transpose them into the
universe of fragrances... ■■***

Our brands

2

own brands

LANVIN
PARFUMS

(fragrances • 2007)



ROCHAS
PARIS

(fragrances and fashion • 2015)



Our brands

11

brands under license



Our brands

11

brands under license

JIMMY CHOO

2010 • 2031




kate spade
NEW YORK

2019 • 2030



Our brands

11

brands under license

BOUCHERON
PARIS

2011 • 2025



KARL
KARL LAGERFELD

2012 • 2032



Our brands

11

brands under license

Van Cleef & Arpels

2007 • 2024



Paul Smith

1998 • 2021



Our brands

11

brands under license

S.T. Dupont
PARIS

1997 • 2022



lepetto
PARIS

2012 • 2024



Our brands

11

brands under license


MONCLER

2020 • 2026



Our know-how

Marketing **expertise**



Concepts perfectly adapted to the image and positioning of each brand which "tell a story"



A complete range of marketing tools adapted to each line and each country, encompassing traditional media plans to social media campaigns

Manufacturing **expertise**



A well-crafted and well-executed 18-month production process from conception, the development of components to the production of finished goods



A core group of specialized supplier partners (glass, boxes, fragrance, packaging,...) for products of the highest quality

Our know-how

Distribution expertise



A highly responsive logistics capability with extremely short preparation cycles



Present in nearly 120 countries and 22,000 points of sale through a network of highly efficient long-standing partners (subsidiaries, agents, distributors)

A highly efficient organization



Specialized and experienced teams



Short processes and rapid decision-making cycles

Our values

A unique relationship **with each brand**



A shared development strategy



Ongoing shared communication initiatives



Rapid validation processes by the different parties



Dedicated marketing teams

Corporate **citizenship**



A long-standing corporate culture, perpetuated from one year to the next



A strong sense of social responsibility

An environmental focus

Development process

(18-24 months)

Analysis of the market

Competition and trends



Development of the concept

Defining the objectives, strategy and storytelling



Bottle maker/ design pack briefs

Conception of the bottle and box design



Validation by the brand

Development process

(18-24 months)

Perfumer brief

In parallel with phase 3, perfume brief



Production / packaging

Production of the bottle, box. Filling the bottles...



Validation by the brand

360-degree marketing

Communications, merchandising, digital...



Development process

French Distribution

- **Retailers**

80% of the French market



- **Independent networks/franchise groups**



- **Department stores**



Development process

Distribution in international markets (through subsidiaries or independent agents)

- Europe



- United States



- Asia



Global presence

Its products are sold in nearly 120 countries worldwide /
22,000 doors

North America

3,500

USA: 3,000
Canada: 400

Central America

500

South America

1,000

Western Europe

10,000

Spain:	2,000	UK:	1,500
Italy:	2,000	France:	1,400
Germany:	1,600		

Eastern Europe

1,400

Russia: 1,000

Asia

4,000

Japan:	1,000
HK + China:	1,000
South Korea:	500

Middle East

800

Travel Retail

1,000

Logistics

A warehouse of
30,000 m²
located near Rouen

A storage capacity of
40,000 palettes
(2,100 m³ of alcohol)

Total inventory
€100m
(2,100 m³ of alcohol)

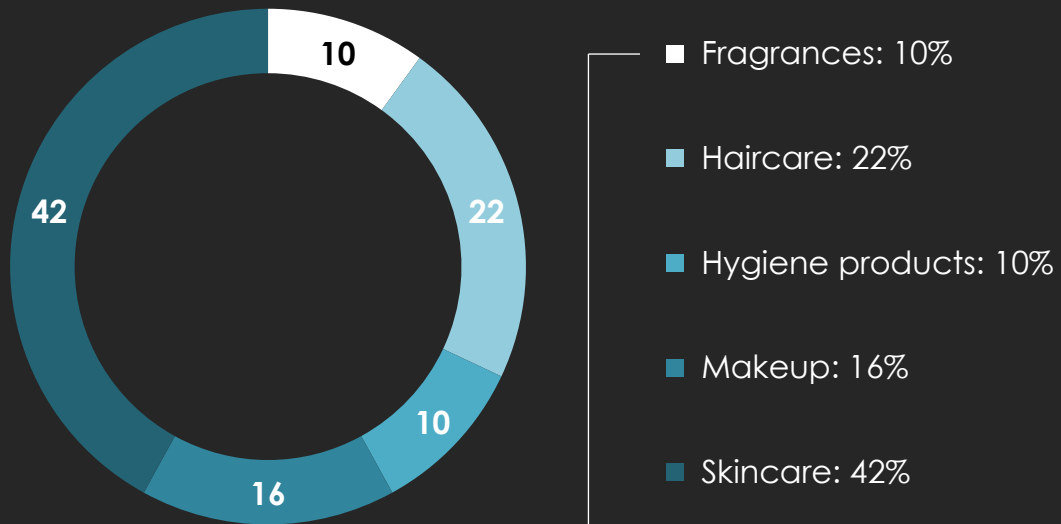
46,000
orders prepared

25 million
catalog product shipments

3.4 million
gift set shipments

Worldwide cosmetics market: €200bn

By business segment



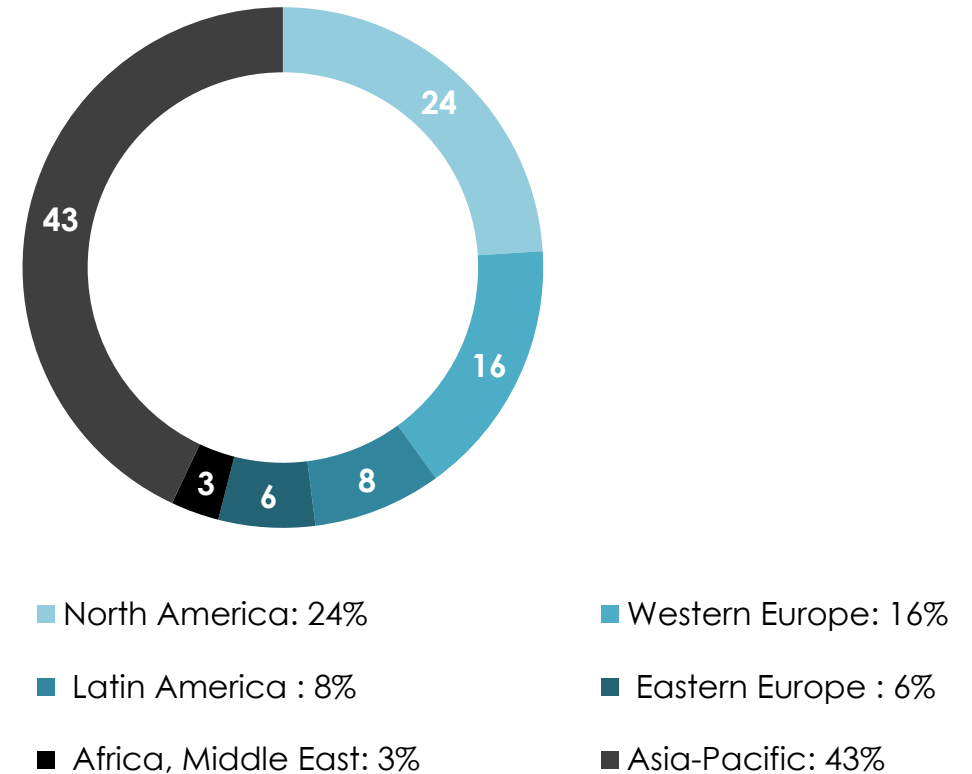
62% Women's

33% Men's

5% Mixed

or €20bn

By region



(1) Source: L'Oréal estimate of the global cosmetics market in 2020 based on manufacturers' net prices (excluding soaps, oral hygiene, razors and blades and excluding currency effects).

Source: 2020 L'Oréal annual report

Competition

Groups with **brands under license agreements**

L'ORÉAL

GIORGIO ARMANI

YVES SAINT LAURENT

RALPH LAUREN

Thierry Mugler

SHISEIDO

DOLCE & GABBANA

ISSEY MIYAKE

narciso rodríguez

ELIE SAAB

C O T Y

HUGO
HUGO BOSS

LACOSTE

BALENCIAGA

Chloé

GUCCI

Calvin Klein

EuroItalia

MOSCHINO

MISSONI

VERSACE

Groups with **proprietary brands**

LVMH

Dior BVLGARI GIVENCHY

KIENZO

GUERLAIN

CHANEL

ESTÉE
LAUDER
COMPANIES

HERMÈS
PARIS

PUIG

paco rabanne

NINA RICCI

Jean Paul
GAULTIER

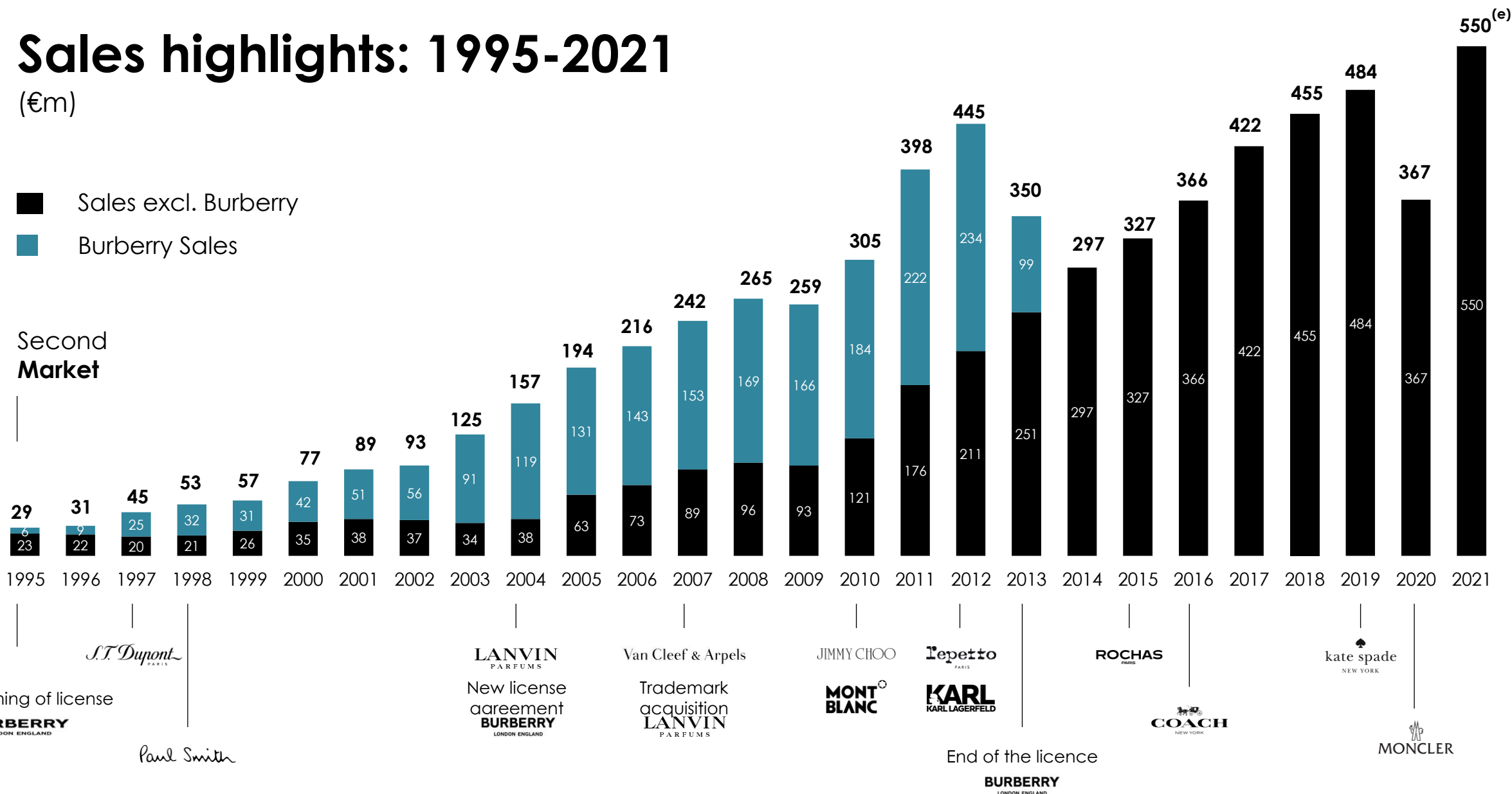
Sales highlights: 1995-2021

(€m)

■ Sales excl. Burberry

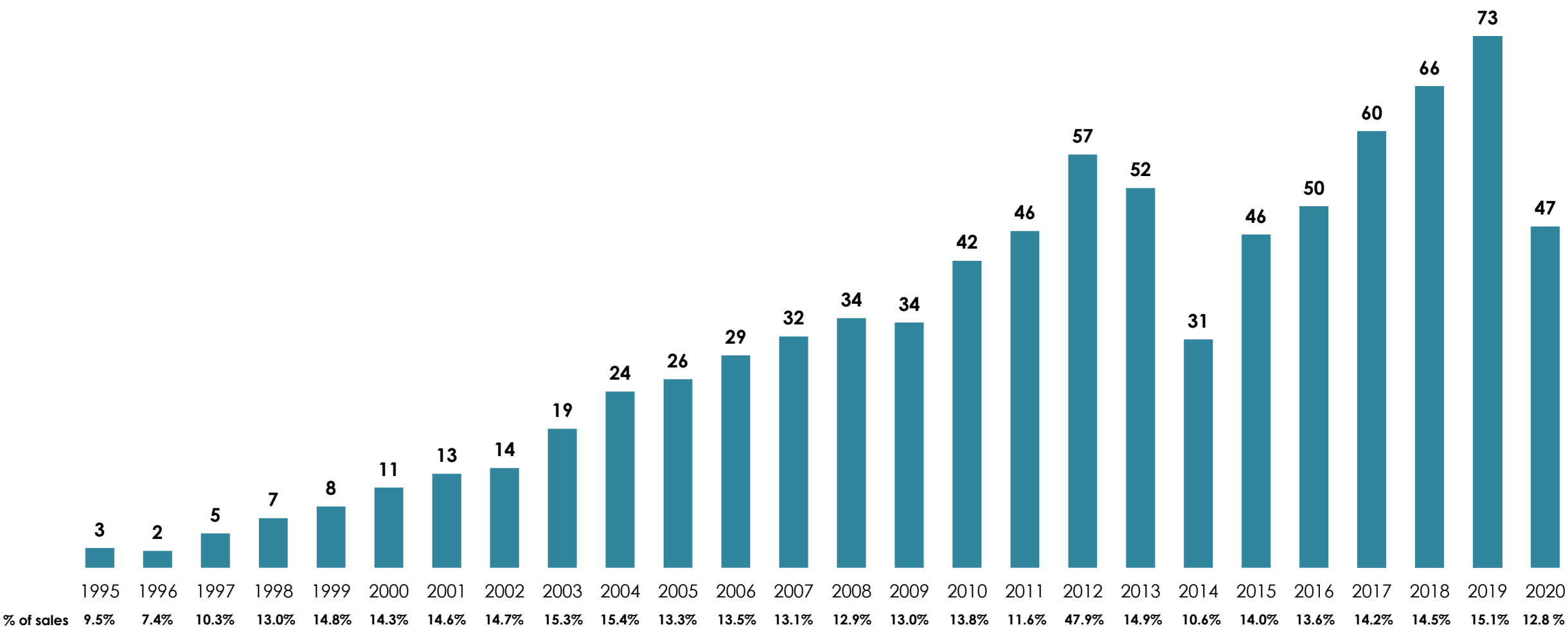
■ Burberry Sales

Second
Market

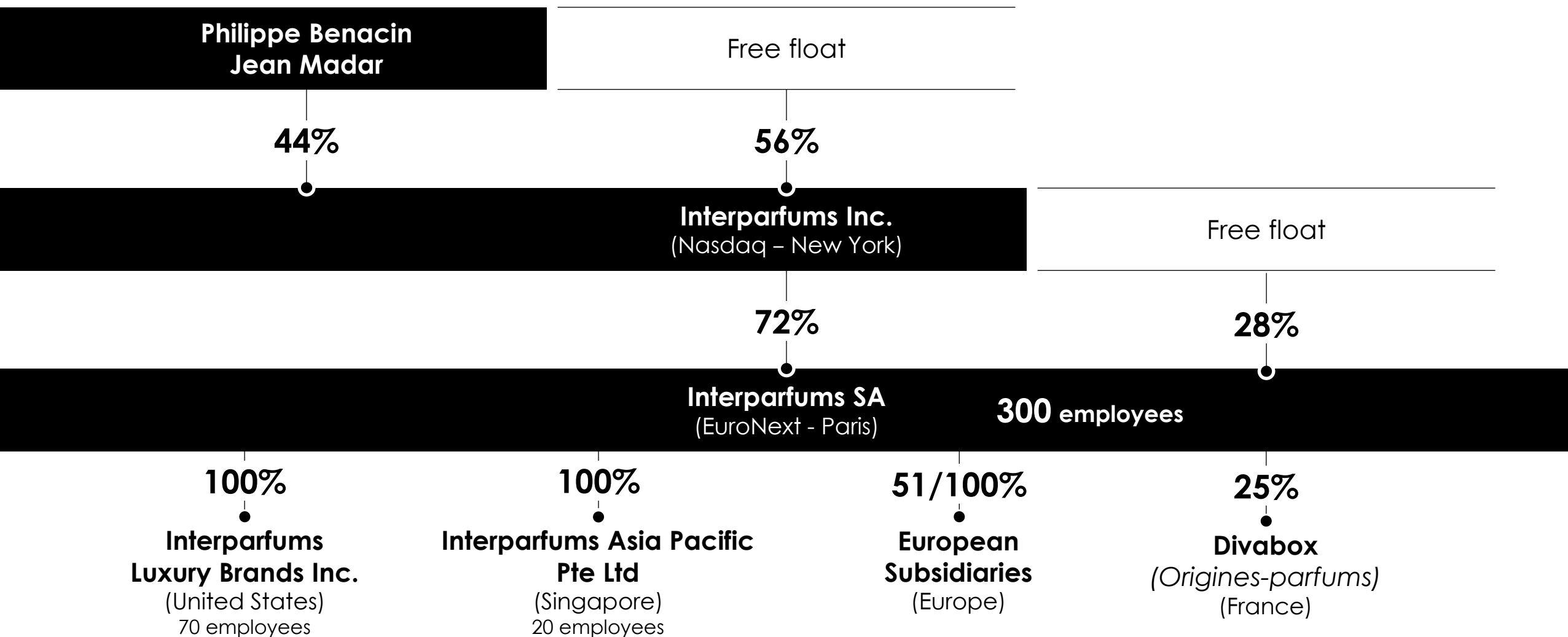


Growth in operating profit: 1995-2020

(€m)



Group organization



- **CSR & Governance**



CSR & Governance

Situation in 2019

Practices recognized in the areas of **responsible employment**, **social responsibility** and **governance**

Interparfums, a **passive** contributor in the **environmental** area

- Application of Good Manufacturing Practices
- Audits of packaging service providers since 2015
- Warehouse HQE certified since 2011
- European sourcing: 82% (of which France: 59%)

- **Our approach**



Our approach: A practitioner of "genuine CSR"

Middlenext Copyright

Reinforcing our responsible employment, corporate citizenship and governance practices

Developing “Interparfums” environmental practices

- No greenwashing, but a pragmatic approach, adapted to our size
- For the manufacture of components, the design of fragrances (juices), the manufacture of promotional tools (POS) and industrial packaging
- Qualitative and quantitative objectives in the short term (2025)

- **The environment**



The environment

Background

Important volumes for flows from design to distribution

- 25 to 30 million bottles shipped per year, throughout the globe
- 3 to 4 million gift sets shipped per year, throughout the globe
- Ten packaging sites in France
- A 36,000 sqm warehouse facility in the Rouen region
- Points of sale all around the world

The environment

Targets

Integrating an “**optimized eco-design**” dimension in the product development process

Recourse to suppliers with CSR certification (EcoVadis platform)

The environment

Focus of work

Production of **components**

Glass bottles	Reducing the consumption of glass and systematic use of recycled glass (PCR) for launches
Packaging	Reducing consumption of cardboard and the number of references, use of sustainable FSC-certified cardboard
Gift sets	Reducing the size and number of references, use of FSC cardboard
Bath & body care lines	Use of recycled plastic, switch to service capsules
Inserts	Switch from plastic to cardboard (savings of more than 120 t/yr.)
Deco	Use of water-soluble coating and bio-sourced inks

The environment

Focus of work

Design of **fragrances** (juice)

- Continue close collaboration with the design houses
 - An olfactory creation process increasingly integrating environmental considerations
 - Natural origin ingredients
 - Sourcing and traceability
- A strong focus on CSR
 - A collaboration program with producers of high quality natural products
 - Excellent *EcoVadis* assessments (Top 1% of the best rated companies)

The environment

Focus of work

Production of
POS (*Point-of-Sale*) advertising materials

- Developing a Charter of Good Design Practices
 - Optimizing the manufacturing policy (recycled materials)
 - Optimizing logistics (reducing weight and volumes)
 - Facilitating the separation of components for better recycling

The environment

Focus of work

Industrial packaging

- Continue to work in close collaboration with packing service providers
 - *Ecovadis* certified
 - European

The environment

Key non-financial indicators (excerpt - 2020 figures)

Quantity of cardboard used in the packaging: 3.72 t per €m of sales

% of FSC paperboard: 10% → 90% in 2025

Quantity of glass used in packaging: 13.2 t per €m of sales

% of recycled glass PCR: 50% → 90% in 2025

- **Employer values**



Employer values

Current situation: A proactive employee-relations policy

Long-standing **fundamentals**

- A family-style management culture built on fostering close relations
- An "Interparfums spirit" promoting a sense of belonging
- Ethical values based notably on respecting people
- Sharing ideas and decisions
- Job preservation

Employer values

Current situation: A proactive employee-relations policy

Workplace **Quality of life**

- Job profiles encouraging responsibility, and autonomy
- Continuous attention paid to workload and psycho-social risks (a special toll-free number)
- Respecting a proper balance between professional and private life
- Managing talent (appraisal interviews, training)
- A series of charters on work life practices (good conduct, the right to disconnect outside of working hours, whistleblowing procedures, telework, gender equality)
- A commitment to combating all forms of discrimination
- Workplace well-being

Employer values

Current situation: A proactive employee-relations policy

A motivating compensation policy

- Compensation levels in line with or above market practice
- An *employee profit-sharing plan* enhanced by increased or supplemental contributions
- Savings plans and an Interparfums employee stock ownership scheme funded by company contributions
- Free mutual health insurance for the “minimum guaranteed” coverage
- A strong culture of employee stock ownership
 - Stock option plans for all employees between 1994 and 2011
 - Performance share plans for all employees between 2016 and 2018

Employer values

Targets

Formalizing social practices through a ***Responsible Employer Charter***

Raising employee awareness about the CSR challenges

Obtaining "employee well-being" certification for our future headquarters

Continuing employee incentive programs linked to company results

Employer values

Key non-financial indicators (excerpt - 2020 figures)

Average employee seniority: 9.9 years

Absenteeism: 1.65%

Professional gender equality index: 85/100

% of permanent employment contracts: 96%

of employees trained during the year: 45%

- **Social values**



Social values

Current situation: Recognized business ethics

Relations with **brands** under license agreements

- A focus on developing genuine partnerships through close and regular relations with the management of each Brand
- Developing products that respect the codes of each brand
- Dedicated Interparfums marketing teams

Relations **with customers**

- Long term (or very long-term) relationships with distributors
- Taking into account the specific characteristics of each market and country
- Developing products sometime in some cases specifically adapted to demands
- Sharing projects at a very early stage

Social values

Current situation: Recognized business ethics

Relations with **industrial partners**

- Long term (here as well) or very long-term relationships with manufacturers in the sector
- Guidelines on "Good Manufacturing Practices"
- Supporting innovation
- Financial support (financial crisis of 2008, health crisis of 2020)

Sponsorship initiatives

- EliseCare
- CEW (Cosmetic Executive Women)
- Libraries in Indonesia
- One Percent for the Planet

Social values

Targets

Formalizing our practices with stakeholders in an
“***Interparfums Ethics Charter***”

Reinforcing our **sponsorship practices**

- **Governance**



Governance

Current situation

Board of Directors

10  members

Philippe **Benacin**
Chairman-CEO

Jean **Madar**
Director

4 women
(40%)

Chantal **Roos**
Ex BPI, YSL Parfums, Gucci

4 independent directors (40%)

Dominique **Cyrot**
Ex Allianz (*)

Frédéric **Garcia-Pelayo**
Director and Executive Vice President

Philippe **Santi**
Director and Executive Vice President

Marie-Ange **Verdictt**
Ex Financière de l'Échiquier (*)

Véronique **Gabaï-Pinsky**
Ex L'Oréal, Guerlain, E. Lauder

Maurice **Alhadève**
Ex IFF, Haarman & Reimer(*)

(Patrick **Choël**)
Ex Unilever, LVMH (*)

Audit Committee

4 members (*)

2 women (50%)

3 independent directors (75%)

Governance

Targets

Representations concerning directors

- A first training session in mid-November at Middledenext, the independent French association representing mid-cap listed companies.
- Objective 2 days / year

Changing the composition of the Board of Directors (April 2023)

- Replacement of 3 directors
- Gender balance (currently 40% women)
- Balance between independents and non-independents (currently 40% independent)

Create a Shareholders Consultative Committee

- A dozen members comprised mainly of individual shareholders
- 2 meetings per year

Create a CSR Committee

- H1 2022
- Composition and number of meetings to be defined

Governance

Key non-financial indicators (excerpt - 2020 figures)

% of independent members on the Board of Directors: 40%

% of women on the Board of Directors: 40%

% of women on the Executive Committee: 27%

Creation of a CSR Committee: planned for 2022

Creation of a Shareholders Consultative Committee: planned for 2022

- **Recent actions
and agenda**



CSR & Governance

Recent actions

Creation of a **CSR & Governance Executive Committee**

- Natacha Finateu (Legal Affairs)
- Véronique Duretz (Human Resources)
- Solange Rolland (Consolidation & Internal Control)
- Karine Marty (Shareholder Relations)
- Axel Marot (Supply Chain & Operations)
- Cyril Levy-Pey (Corporate Communications)
- Philippe Santi

CSR & Governance

Recent actions

A first initiative with ***Rochas Girl***, the first low-environmental impact line

- FSC packaging (sustainable forest management)
- A bottle with 40% recycled glass
- A fragrance consisting of 90.25% of natural raw materials
- A product produced in France

CSR & Governance

Gaia rating / November 2021



Rating	2018	2019	2020	Trend	Benchmark
GOVERNANCE	62	63	66	↗	69
EMPLOYER VALUES	77	87	85	↘	62
THE ENVIRONMENT	54	54	61	↗	68
EXTERNAL STAKEHOLDERS	71	79	86	↗	63
TOTAL	67	71	74	↗	66

CSR & Governance

Next measures

Finalization of the Business Model

Our resources

Human

- 300 employees located in several countries
- A diverse range of skills
- Highly experienced teams
- An agile organization

Intangible

- A portfolio of 13 prestige brands
- Expertise in creating, developing and distributing selective fragrance and cosmetic products
- An entrepreneurial culture

Industrial & commercial

- Around one hundred industrial partners
- 80% of sourcing in Europe
- An international distribution network

Social

- Long-standing partnership relationships with all stakeholders
- Sponsorship and patronage initiatives

Environmental

- Integrating the environmental footprint in the product design process
- A 36,000 sq. m. HQE warehouse near the manufacturing sites
- Two warehouses close to the consumer markets (North America and Asia)

Governance

- Recognized ethical practices
- Adoption of the Middenex Corporate Governance Code
- Existence of a CSR Executive Committee

Financial

- A very strong balance sheet with a positive net cash position
- Listed on Euronext Paris (compartment A), controlled by the founders

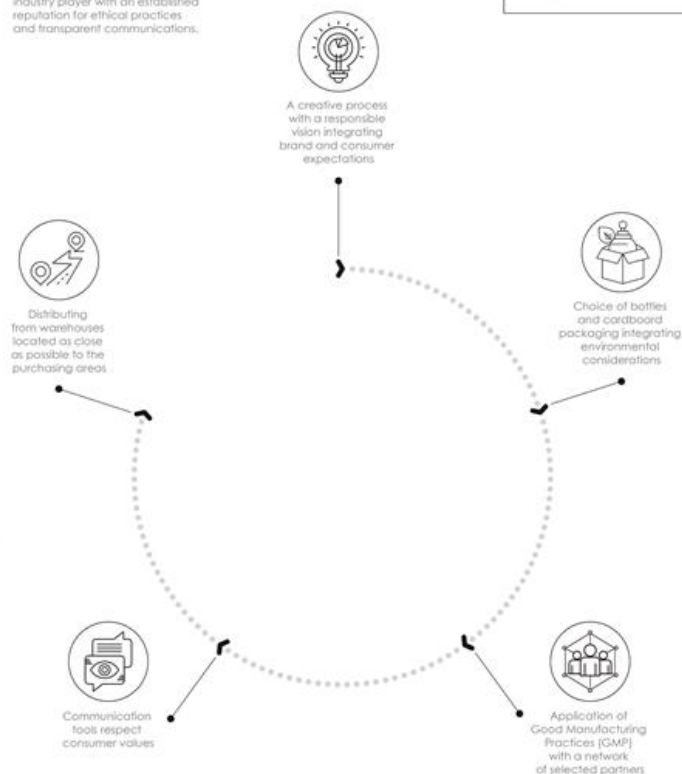
Interparfums

About the company

A global fragrance and cosmetics industry player with an established reputation for ethical practices and transparent communications.

Perfume industry trends

- Growing importance of environmental considerations for citizens and brands
- Multi-channel communication
- Increasingly restrictive regulations



Our value creation

Human

- A motivating compensation policy linking employees to the company's performance
- €20m paid to our employees in the form of compensation in 2020
- Performance share plans every 2-3 years
- Workplace quality of life (a future HQE and BREEAM certified headquarters building)
- 85/100 gender equality index score
- Average employee age: 40
- Average employee seniority: 9.9 years



Industrial

- 86% of relationships with our suppliers are more than 10 years old
- €123m of industrial purchases in Europe in 2020



Social

- Support for patchouli-producing communities in Indonesia
- €130,000 of expenses allocated to patronage initiatives and donations in 2021



Environmental

- 68% of purchases made with Ecovadis business sustainability rated suppliers
- 54% of our suppliers distinguished by Ecovadis Gold & Platinum medals
- PCR recycled glass represents 50% of our total glass purchases
- 235 tCO₂e carbon footprint (scope 1 and 2)



Financial



- €520m in revenue expected in 2021
- 15% to 16% operating margin expected in 2021
- €28.5m in dividends distributed to our shareholders in 2021
- 30 million bottles and 4 million gift sets shipped in 2021



CSR & Governance

Next measures

Finalization of the Interparfums CSR approach (with the help of an external consultant)

CSR stakes	CSR objectives	Contribution to SDGs
I Governance contributing to Group goals	1 - Supporting exemplary practices by governing bodies	 
II A caring employer committed to the success of all	2 - Attracting, supporting and developing all talents	    
	3 - Developing a sense of belonging	
III - A responsible products offering covering the entire lifecycle	4 - Proposing components and packaging that integrate environmental and social considerations	    
	5 - Initiating a low-carbon trajectory	
IV–Loyal relationships with our partners	6 - Strengthen relationships with our partners (including by contributing to public interest initiatives)	 
	7 - Ethical conduct and compliance	

CSR & Governance

Next measures

Finalization of the **Non-Financial Indicators Table**

Subjects		Indicators	2020	2021	Objective
Overall		GAIA index	71/100	74/100	
Governance		Board of Directors: % of independent directors	40%	40%	50% in 2023
		Board of Directors: % of women	40%	40%	50% in 2023
		Board of Directors: Number of days of absence	-	0.5	2 days /yr.
		CSR Committee: Creation	NA	NA	2022
		Shareholders Consultative Committee: Creation	NA	NA	2022
		Executive Committee: % of women members	3/11 = 27%	3/11 = 27%	40% in 2025
Employer values	Talent	Absenteeism	1.65%		
		Turnover	7%		
		% of employees trained (France)	45%		60% in 2025
		Number of training hours (France)	668		1,000
		% of annual appraisal interviews conducted (France)	100%		100%
		Breakdown of Men/Women permanent staff (France)	28% M / 72% W		35% M / 65% W
		Breakdown of Men/Women in management positions (France)	44% M / 56% W		50% M / 50% W
		Professional gender equality index score (France)	85/100	85/100	90/100 in 2023
		Number of employees with disabilities (France)	2		NA
	Employee engagement	% of employees with access to the different employee savings schemes with employer contributions	100%	100%	100%
		Value of performance shares granted to employees (three-year plan)	NA	NA	1 year out of 3

CSR & Governance

Next measures

Finalization of the **Table of Non-Financial Indicators**

Subjects		Indicators	2020	2021	Objective
Environmental	Proposing components and packaging that integrate CSR considerations	Quantity of cardboard used in packaging (in tons / sales)			Reduction
		Quantity of glass used in packaging (in tons / sales)			Reduction
		% of recyclable packaging/packaging (top 10 references)			Reduction
		% of recyclable cellophane	0%	0%	90% in 2025
		% of FSC paperboard:	0%		90% in 2025
		% of recycled glass PCR:	50%		90% in 2025
	Initiating a low-carbon trajectory	Scope 1 and 2 greenhouse gas emissions generated	233 tons eq CO ₂		150 t in 2025
		Scope 1 and 2 GHG emissions intensity (in g/€)	0.63		NA
		Energy consumption	1246 MWh		Reduction
	Strengthen our relationships with our partners	Sales from Ecovadis rated suppliers (85% of purchases)	-	68%	NA
		% of suppliers evaluated by Ecovadis with a Gold + Platinum level rating	-	54%	NA
		Amount of purchases originating from sheltered enterprises for disabled workers			NA
		Sales with suppliers with on the company has long-standing relationships (> 10 years)	86%	86%	NA
		Sales with top-tier suppliers located in Europe	80%	81%	NA
		Sales with top-tier suppliers located in France	59%	59%	NA
		Amount of expenses allocated to sponsorship initiatives	€180,000	€250,000- €300,000	Increase

CSR & Governance

Next measures

Establishment of a Scope 3 **carbon assessment**

- **2021
highlights & sales**



2021 highlights

(2021/2019 changes)

- **Record sales expected around €550m**
 - Growth of 50% over 2020
 - Growth of 14% over 2019
- **Strong growth by certain brands**
 - Jimmy Choo: +25%
 - Coach: +30%
- **Very strong growth by certain countries**
 - United States: +55%
 - China: sales multiplied by 3
- **Success of the latest launches**
 - Jimmy Choo - *I Want Choo*
 - Montblanc - *Explorer Ultra Blue*

2021 launches

- **Success of the latest launches**
 - Jimmy Choo - *I Want Choo*
 - Montblanc - *Explorer Ultra Blue*



I Want Choo



**Montblanc Explorer
Ultra Blue**

2021 launches

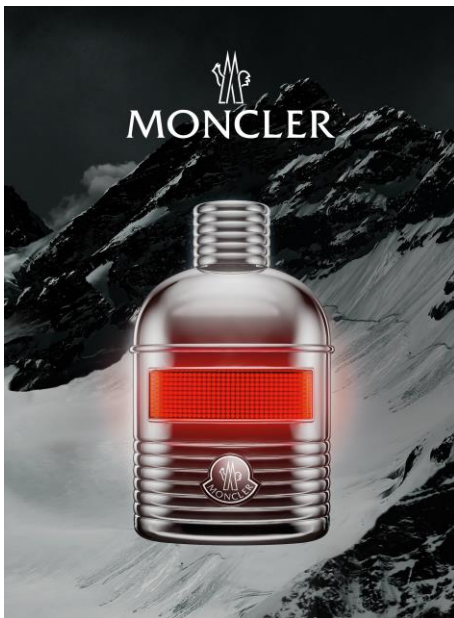
- **A first eco-friendly initiative**
 - Rochas - *Girl*



Rochas *Girl*

2021 launches

- **Pre-launch of Moncler's first-ever fragrance line**
 - *Moncler - for men and women*



Moncler pour homme



Moncler pour femme

2021 launches

- **Initial release**
 - 200 points of sales in 30 countries
 - 50 brand boutiques and 150 selective distribution POS
- **Full rollout in January 2022**
 - 3,000 doors worldwide

- **Other 2021 highlights**



Supply Chain

- **The pace of deliveries disrupted for several months**
 - Difficulties in sourcing components (glass, cardboard, plastic, aluminum, wood, etc...)
 - Labor shortages (suppliers, packers)
 - Container shortage
- **A trend amplified by**
 - Demand from other sectors of activity
 - The e-commerce boom
- **A low finished goods inventory**
 - 1 month of billings vs. the normal quantity of 4 months
 - Though benefiting from an agile internal organization managing on a just-in-time basis

Supply Chain

- **An impact on cost prices**

- Rising costs of raw materials (glass, cardboard, wood, aluminum in particular)
- Rising energy costs
- Rising shipping costs

- **An increase in sales prices**

- Planned for early 2022
- Which should offset these trends

Solferino

- **Acquisition of the company's future headquarters office complex**
 - 10 rue de Solférino - Paris 7th



- **2021 sales by brand
Top 3**

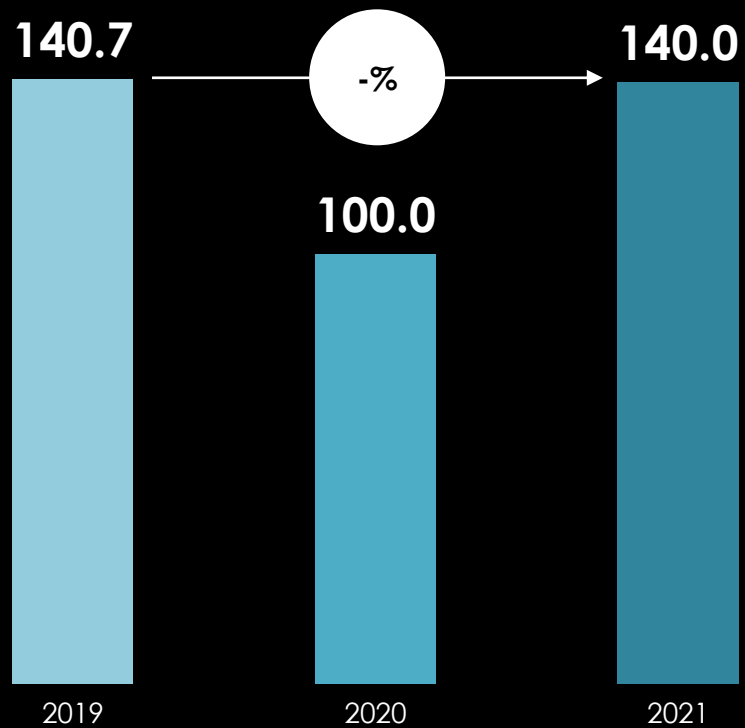


• **MONT
BLANC** 



Sales

(€m)



Sales close to 2019 levels



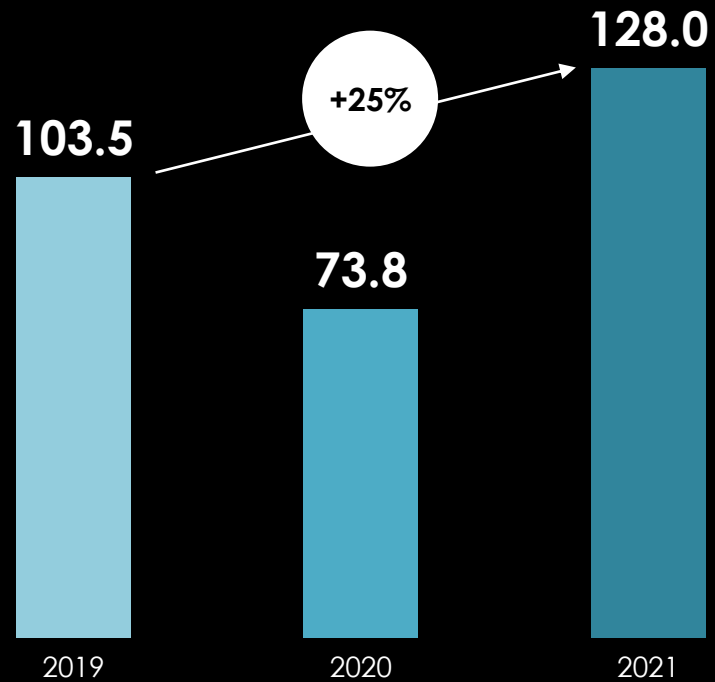
**Success of the Montblanc Explorer Ultra
Blue line**

- JIMMY CHOO



Sales

(€m)



Strong growth in relation to 2019

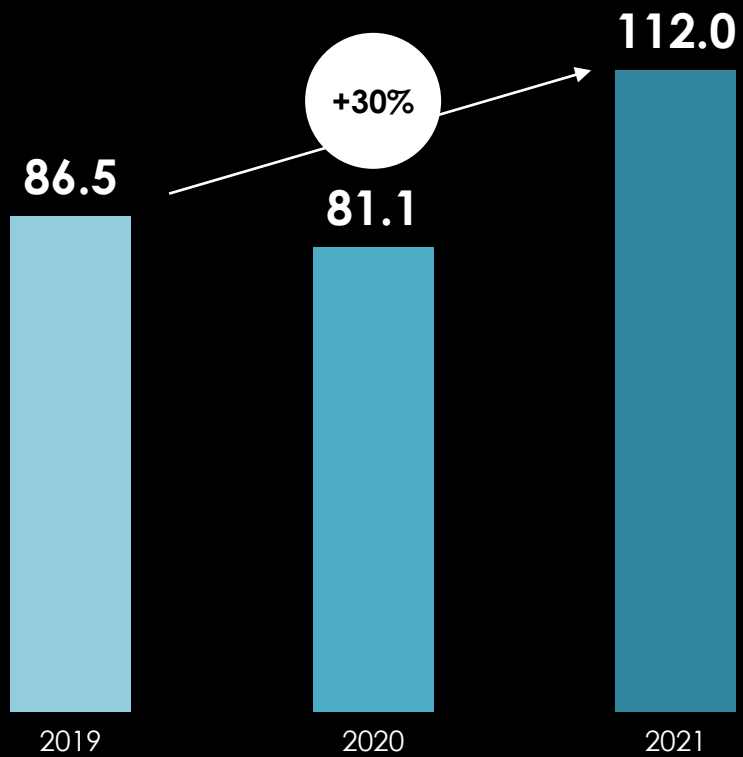


**Success of the *I Want Choo* line,
especially in the United States**



Sales

(€m)



Strength of the women's and men's *Coach* lines



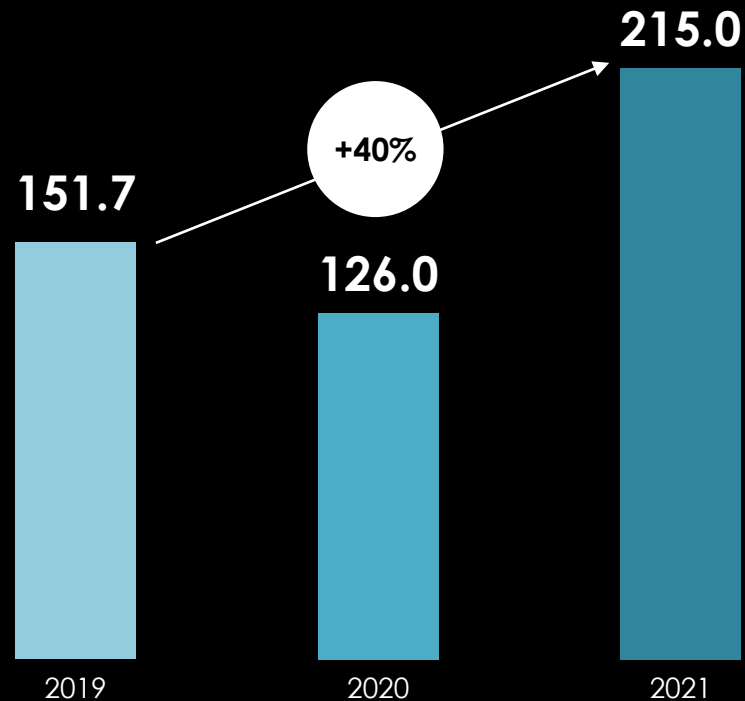
Launch of the *Coach Dreams Sunset* line

- **2021 sales by region
Top 3**



North America

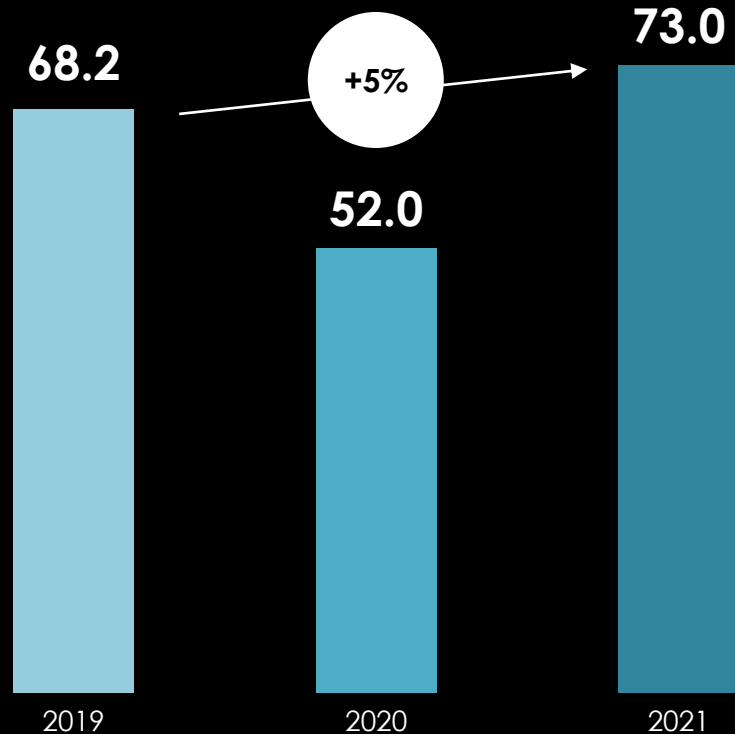
(€m)



- **An exceptional performance in the United States (expected growth of +55% in USD)**
 - A perfume and cosmetics market in the United States which continues to be very buoyant
 - Sustained sales by the main lines
 - A success, significantly exceeding expectations, by the *Jimmy Choo I Want Choo* line

Asia

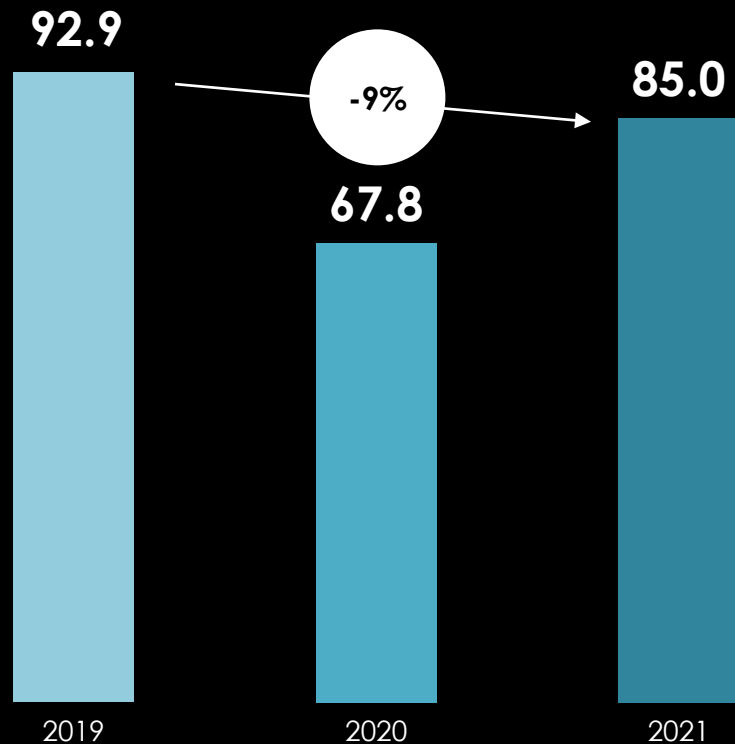
(€m)



- **Strong growth in Q3**
- **Strong momentum in several countries**
 - A significant acceleration in China with a 3-fold increase in sales
 - Though with a health situation which continues to be difficult in Southeast Asia

Western Europe

(€m)



- An unfavorable comparison base reflecting the 2019 launch of the *Montblanc Explorer* line
- Sales impacted by lockdowns and/or the closure of points of sale in H1 2021

- **2021
guidance**



2021 guidance

- **Sales**

- Pressure on supply chains and sourcing delays for components and finished products
- Structurally lower sales from mid-November
- Sales of around €110m expected for Q4

➡ **Annual sales target: €550m**

- **Results**

- Marketing and advertising expenditures already important at year-end and recently increased
- Initial investments for the development of Moncler fragrances

➡ **An operating margin target of 16%**

Financial communications

2021 Sales



January 25, 2022

calendar

2021 Annual results



March 2, 2022

Q1 2022 Sales



End of April 2022

- **2022
highlights & sales**



2022 launches

- **Strategic launches**

- Moncler (duo)
- Boucheron (men's line)
- Coach (men's line)
- Jimmy Choo (men's fragrance - extension of the *Jimmy Choo Man*) line)
- Jimmy Choo (women's fragrance - extension of the *I Want Choo* line)
- Montblanc (men's fragrance - extension of the *Legend* line)

- **Flanker fragrance launches**

- Lanvin (women's fragrance - extension of the *Eclat d'Arpège* line)
- Rochas (women's fragrance - extension of the *Byzance* line)
- Kate Spade (women's fragrance - extension of the *Kate Spade New York* line)
- Coach (women's fragrance - extension of the *Coach* line)
- Van Cleef & Arpels and Boucheron collections.
- Karl Lagerfeld (*Duo City*)

2022 guidance

- **Sales**

- Continuing pressure on the supply chain for sourcing components and finished products in the first part of the year
- An increase in sales prices planned for early this year
- The possibility of a slowdown in certain markets that registered very strong growth in 2021

➡ **Annual sales target: €560m-€570m**

- **Results**

- Higher raw material and shipping costs offset by the increase in sales prices
- A more extensive product communication plan

➡ **An operating margin target of around 15%**

interparfums

2022

ODDO BHF FORUM

January 2022

