

interparfums

2016 first-half results
September 7, 2016

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H1 2016 operating highlights

Philippe Benacin

interparfums

H1 2016 sales

- ✓ Sales: €162.3m (+10%)
- ✓ Continuing global turmoil at economic, geopolitical and foreign exchange levels
- ✓ Very good performances by Montblanc (+31%) and Jimmy Choo fragrances (+17%)
- ✓ Successful integration of Rochas fragrances (€14m)

Van Cleef & Arpels

HAUTE PARFUMERIE



COLLECTION
EXTRAORDINAIRE

Le Nouveau Parfum

H1 2016 sales
by brand

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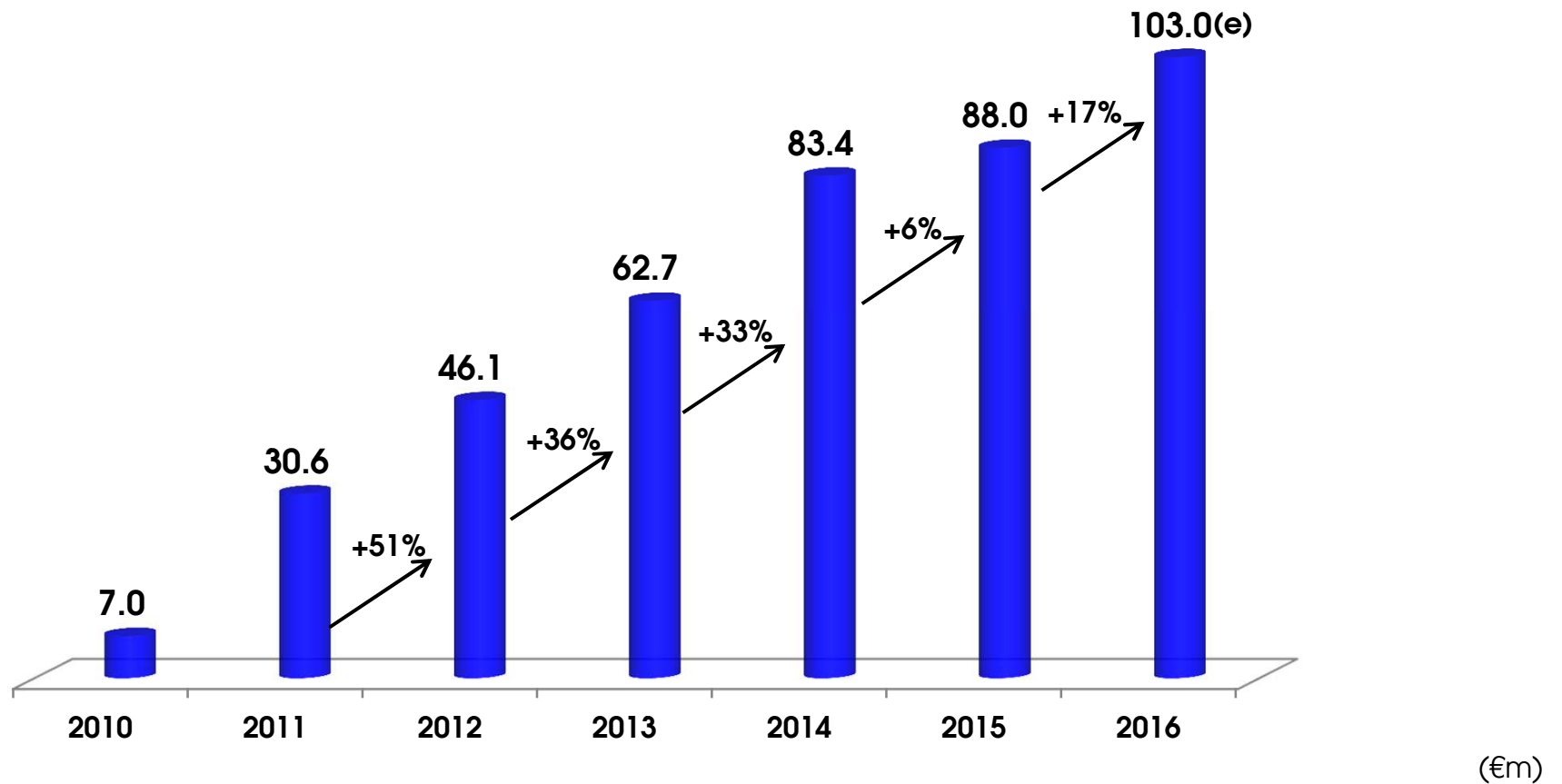
Montblanc

- ✓ H1 2016 sales: €55.1m (+31%)
- ✓ Launch of the *Montblanc Legend Spirit* line
 - Very well received in all markets
 - €13m for 6 months
- ✓ Solid performance by the *Montblanc Legend* line
- ✓ Sales of more than €100m expected for the full year



Montblanc

Year-on-year sales growth



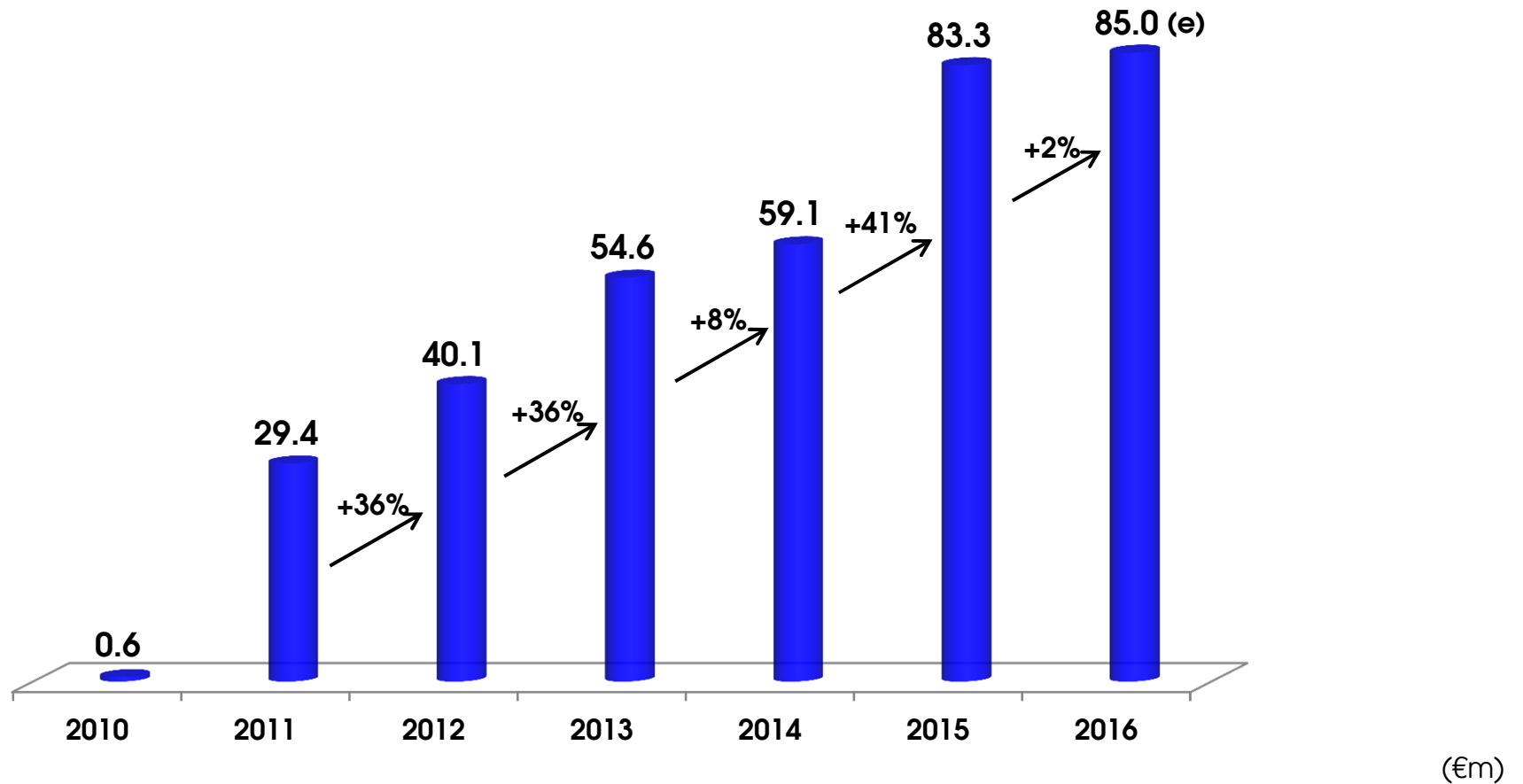
Jimmy Choo

- ✓ H1 2016 sales: €38.9m (+17%)
- ✓ Sales bolstered by the launch of the *Jimmy Choo Illicit* (fall 2015) and *Jimmy Choo Illicit Flower* lines (spring 2016)
 - €10m for 6 months
- ✓ Steady performance by the *Jimmy Choo Man* line
- ✓ Sales of more than €80m expected for the full year



Jimmy Choo

Year-on-year sales growth



Lanvin

- ✓ H1 2016 sales: €22.1m (-22%)
- ✓ An economic slowdown in the brand's two flagship markets (Russia and China)
- ✓ The historic lines adversely impacted, in particular *Eclat d'Arpège*
- ✓ Sales below budget this year



Rochas fragrances

- ✓ H1 2016 sales: €13.7m
- ✓ A good first half in Spain and France, in line with expectations
- ✓ A business centered around 2 lines
 - *Eau de Rochas* (70% of sales)
 - *Rochas Man* (15% of sales)



Rochas fashion

- ✓ H1 2016 royalties: €1.1m
- ✓ Licenses
 - Womenswear
 - Watches
 - Eyewear
 - Japan
- ✓ Menswear

Van Cleef & Arpels

- ✓ H1 2016 sales: €9.3m (+2%)
- ✓ Launch of the *So First* line
- ✓ Continuing growth of the *Collection Extraordinaire* line
 - +86% for 6 months



Boucheron

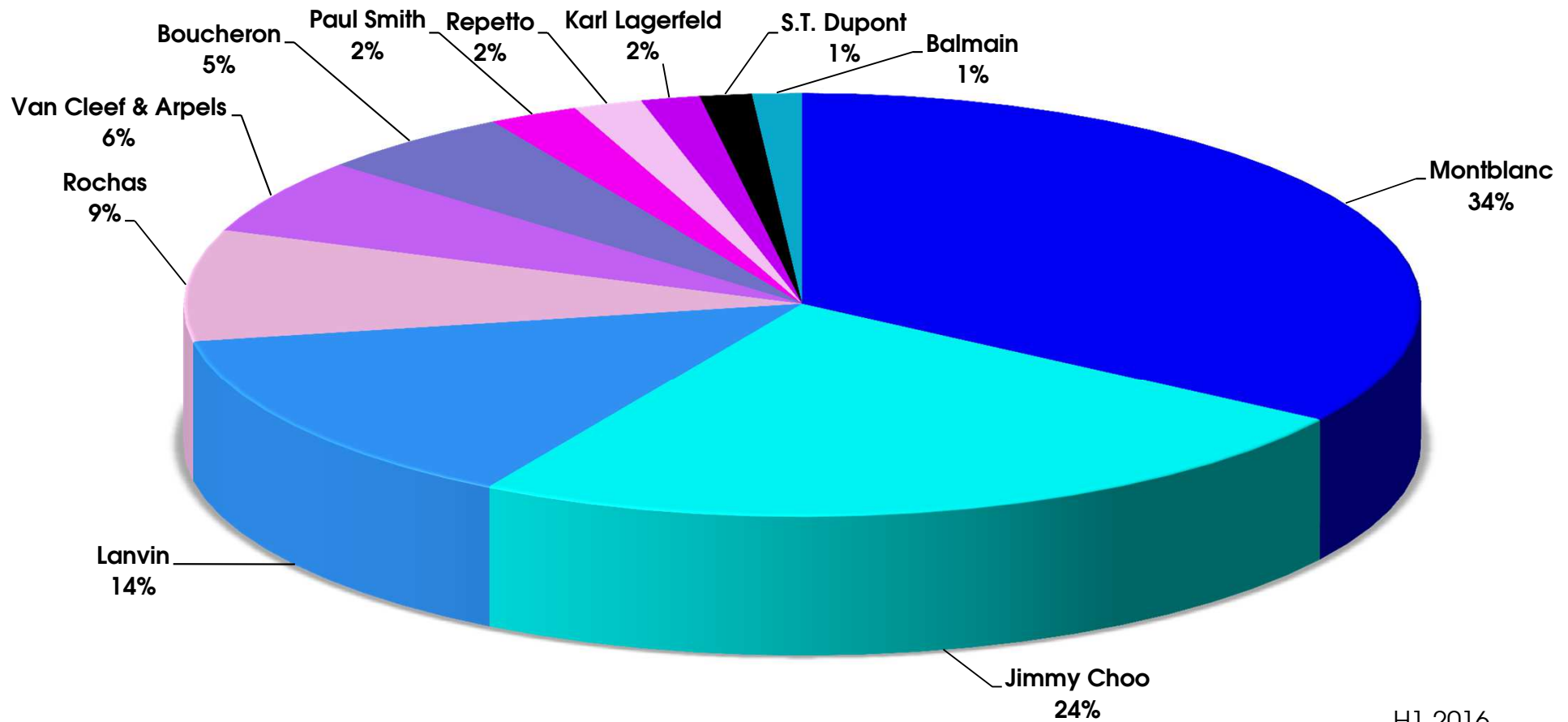
- ✓ H1 2016 sales: €8.3m (-14%)
- ✓ A base effect from the Q1 2015 launch of the men's line, *Quatre*
- ✓ Steady performances by the brand's historic lines



H1 2016 sales

(€m)	H1 2015	H1 2016	2016/2015
Montblanc	42.0	55.1	+31%
Jimmy Choo	33.2	38.9	+17%
Lanvin	28.4	22.1	-22%
Rochas (1 month in 2015)	1.5	13.7	ns
Van Cleef & Arpels	9.1	9.3	+2%
Boucheron	9.6	8.3	-14%
Paul Smith	3.5	3.8	+9%
Repetto	4.5	2.9	-34%
Karl Lagerfeld	5.5	2.5	-54%
S.T. Dupont	6.5	2.2	-65%
Balmain	2.8	2.1	-26%
Other	0.2	0.3	ns
Fragrance sales	146.8	161.2	+10%
Rochas fashion royalties	0.3	1.1	ns
Total net sales	147.1	162.3	+10%

Sales mix by brand



H1 2016

Van Cleef & Arpels

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Le Nouveau Parfum

H1 2016 sales
by region

interparfums

H1 2016 sales

- ✓ Strong growth in North America (+28%) driven by the *Montblanc Legend Spirit* and *Jimmy Choo Illicit* lines.
- ✓ Growth in Asia (+9%); mainly from South Korea
- ✓ Growth in Western Europe and France driven mainly by Montblanc and Rochas fragrances
- ✓ Economic and financial exchange conditions adversely impacting Europe and South America

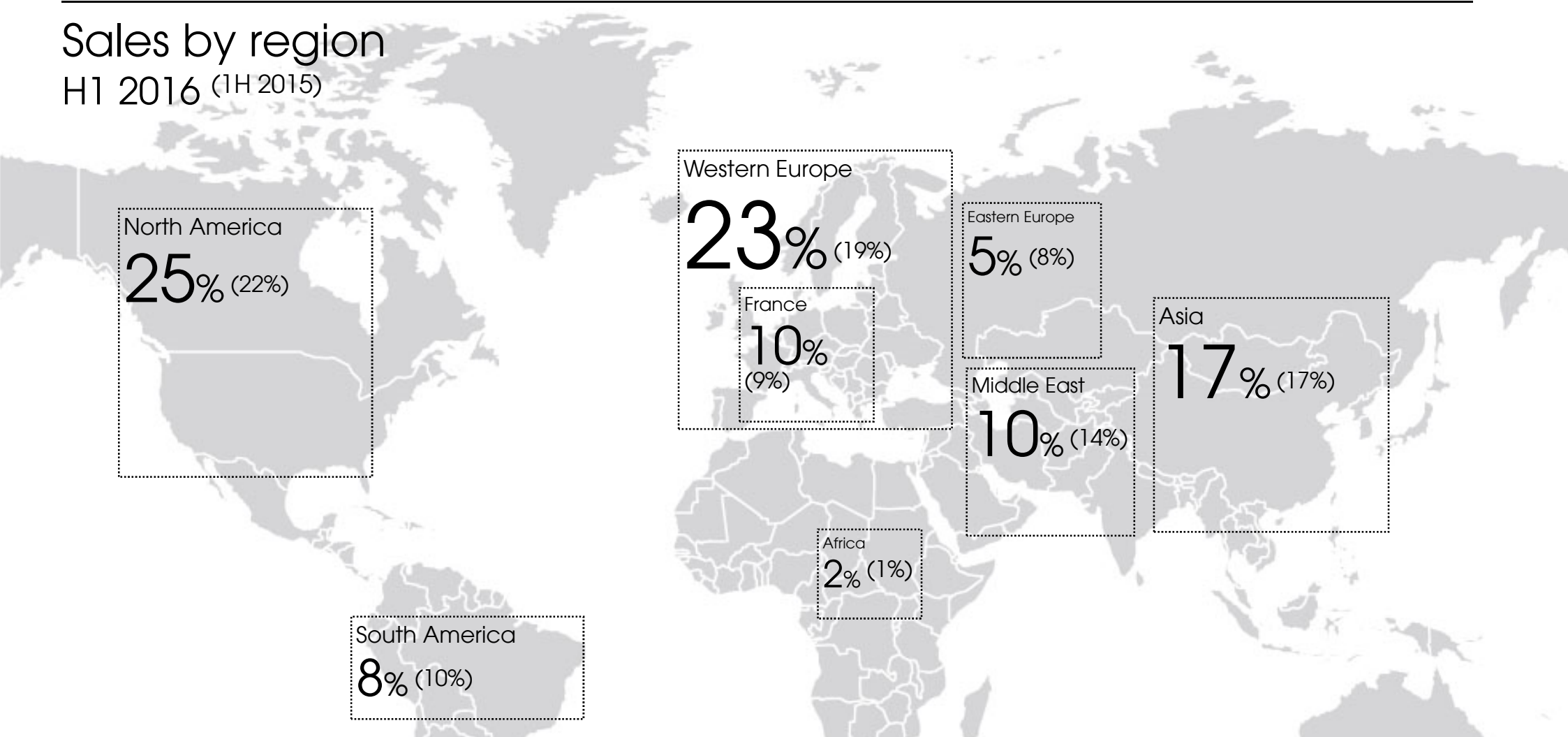
H1 2016 sales

(€m)	H1 2015	H1 2016	2016/2015
Africa	2.3	2.7	+15%
North America	32.1	41.1	+28%
South America	14.4	12.4	-14%
Asia	25.7	27.9	+8%
Eastern Europe	11.4	7.1	-37%
Western Europe	27.6	36.7	+33%
France	13.3	16.7	+26%
Middle East	20.0	16.6	-17%
Fragrance sales	146.8	161.2	+10%
Rochas fashion royalties	0.3	1.1	ns
Total net sales	147.1	162.3	+10%

H1 2016 sales

Sales by region

H1 2016 (1H 2015)





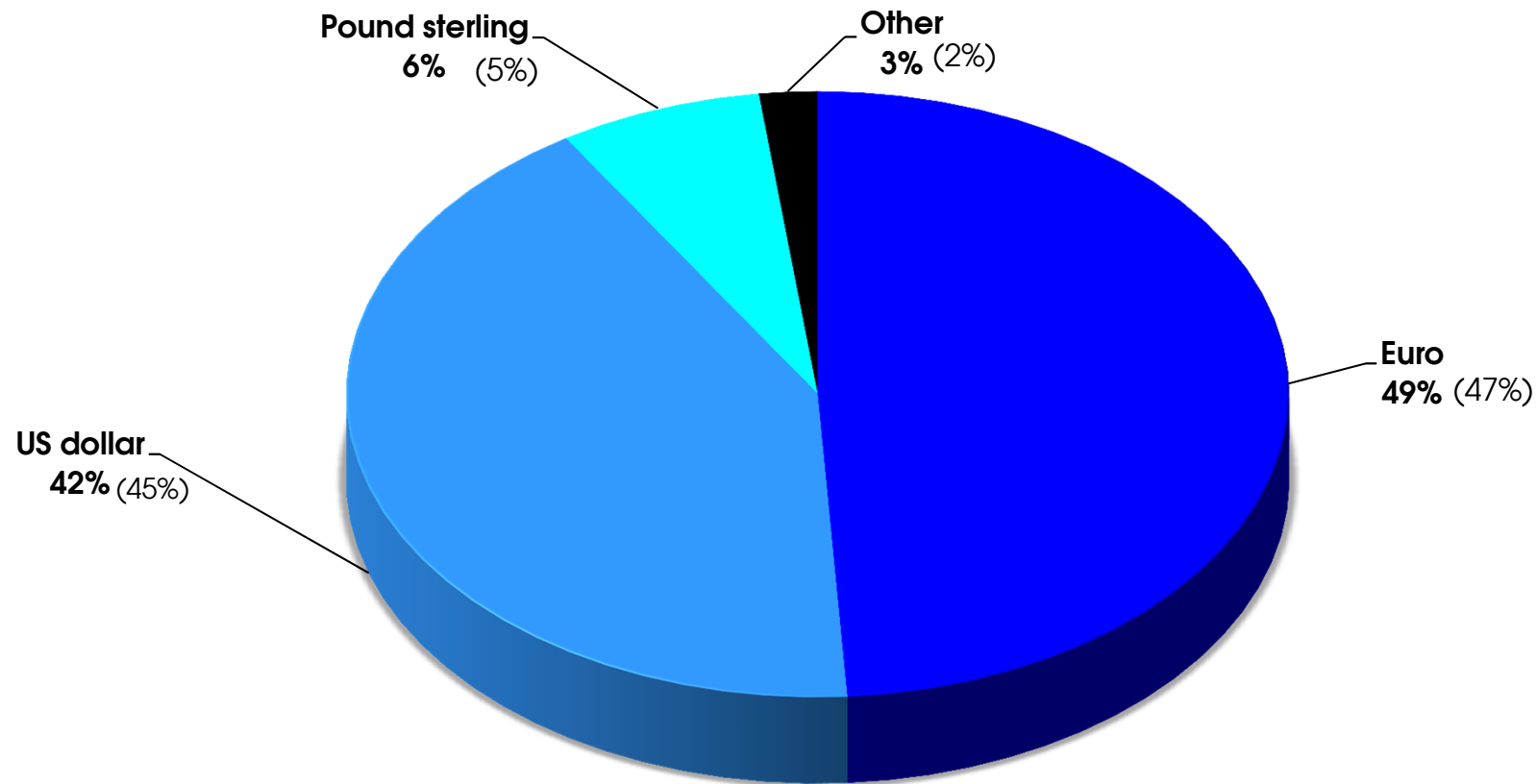
H1 2016
results

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Currency effect

Sales by currency H1 2016 (H1 2015)



Currency effect

Currency effect on H1 2016 sales

Currency	Av. exch. rates H1 2015	Av. exch. rates H1 2016	Currency effect
▪ € / \$	1.1150	1.1165	-€0.1m
▪ € / £	0.74	0.77	-€0.4m
▪ € / ¥	135	125	+€0.3m
▪ € / Can\$	1.40	1.49	-€0.1m

Total impact close to nil

€162.5m in sales at constant exchange rates up 10.5% from H1 2015

H1 2016 results

Income statement highlights

(€m)	H1 2015	H1 2016	16/15
▪ Net sales	147.1	162.3	+10%
▪ Cost of sales	(55.8)	(56.4)	+1%
▪ Gross margin	91.3	105.9	+16%
<i>% of sales</i>	<i>62.1%</i>	<i>65.3%</i>	
▪ Logistics & transport	(4.5)	(4.8)	+7%
▪ Marketing & advertising	(25.6)	(33.9)	+33%
▪ Royalties	(12.1)	(12.3)	+2%
▪ Staff costs (excl. production)	(12.3)	(15.7)	+28%
▪ Service fees /subsidiaries	(4.1)	(4.1)	-
▪ Depr., amortiz. & provisions	(2.4)	(2.5)	+4%
▪ Other	(8.9)	(11.0)	+11%
▪ Operating profit	21.4	21.6	+1%
<i>% of sales</i>	<i>14.6%</i>	<i>13.3%</i>	

H1 2016 results

- ✓ Gross margin: €106m (+16%) or 65.3% of sales
 - A significant volume effect (Rochas fragrances / €13.7m)
 - An interest rate effect (lower cardboard packaging costs)
 - A product mix effect (increased weight of higher-margin lines)
 - A price effect (selected price increases in a few markets)

H1 2016 results

Income statement highlights

(€m)	H1 2015	H1 2016	16/15
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<i>% of sales</i>	62.1%	65.3%	
▪ Logistics & transport	(4.5)	(4.8)	+7%
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▪ Depr., amortiz. & provisions	(2.4)	(2.5)	+4%
▪ Other	(8.9)	(11.0)	+11%
▪ Operating profit	21.4	21.6	+1%
<i>% of sales</i>	14.6%	13.3%	

H1 2016 results

- ✓ Operating profit: €21.6m (+1%) 13.3%
- Marketing and advertising expenditures of €34 million (+33%)
 - Support for the *Montblanc Legend*, *Jimmy Choo Man*, *Jimmy Choo Illicit* and *Rochas* lines.
 - Launches of the *Montblanc Legend Spirit* and *Jimmy Choo Illicit Flower* lines
- Reinforced organization
 - Sales and administrative teams Interparfums Luxury Brands
 - Rochas fashion team

H1 2016 results

Income statement highlights

(€m)	H1 2015	H1 2016	16/15
▪ Operating profit	21.4	21.6	+1%
<i>% of sales</i>	14.6%	13.3%	
▪ Net financial income (expense)	0.9	0.2	ns
▪ Net currency gains (losses)	(1.8)	0	ns
▪ Income before tax	20.5	21.8	+6%
<i>% of sales</i>	13.9%	13.4%	
▪ Income tax (including tax audit)	(6.6)	(8.9)	+35%
<i>Effective tax rate</i>	32.1%	41.2%	
▪ Net income	13.9	12.8	-8%
<i>% of sales</i>	9.5%	7.9%	
▪ Non-controlling interests	-	(0.2)	-
▪ Net income	13.9	13.0	-7%
<i>% of sales</i>	9.5%	8.0%	

H1 2016 results

- ✓ Net income: €13.0m or a net margin of 8.0%
 - An initial notification for €6 million for FY 2012 relating to royalty rates and intra-group commissions. A final tax adjustment of €0.8 million
 - An additional provision of €1m for FY 2013 to 2015

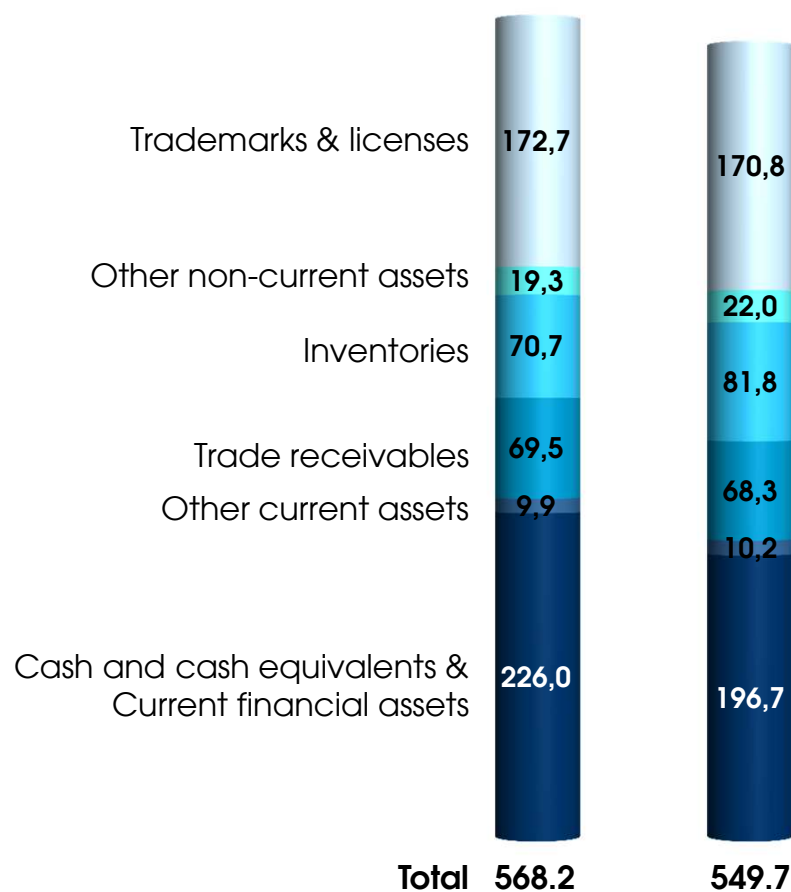
=> A provision for tax audit contingencies of €1.8 million
- ✓ Net income excluding the provision: +6% or a net margin of 9.1%

H1 2016 results

Assets

12/31/2015

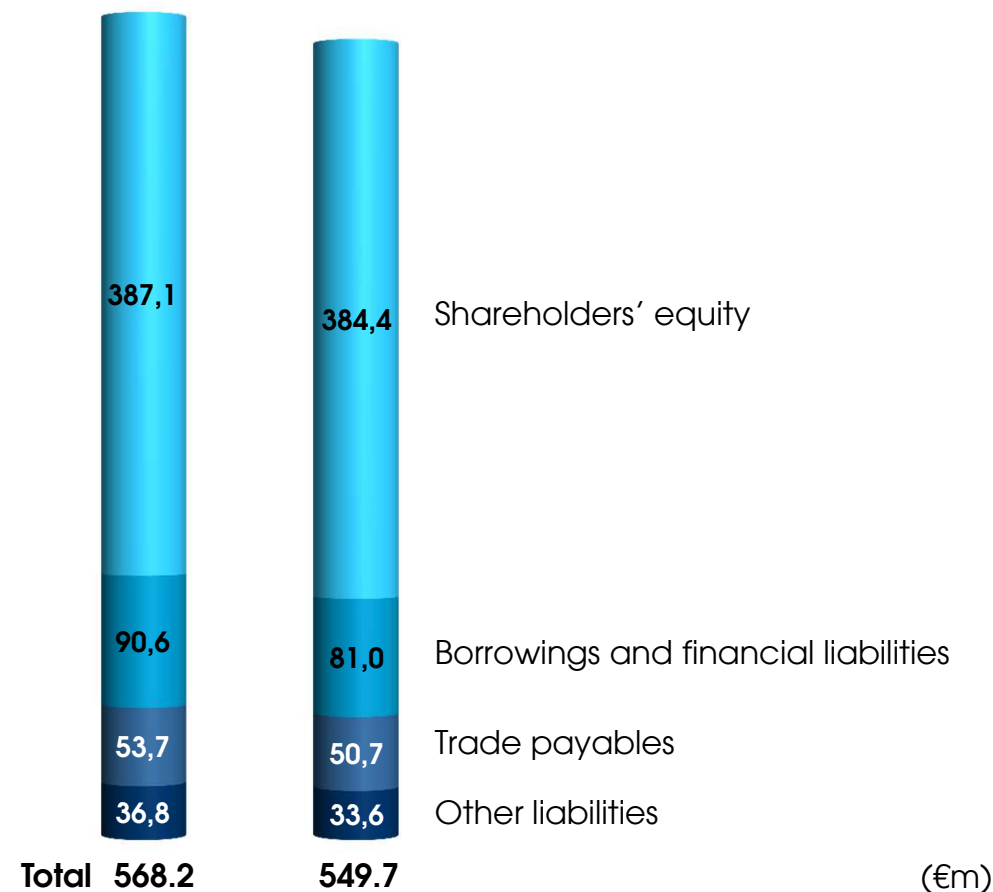
06/30/2016



Liabilities

12/31/2015

06/30/2016



(€m)

Balance sheet 06/30/16 (vs. 12/31/15)

- ✓ Non-current assets €193m (stable)
 - Rochas fragrance brands (€87m)
 - Rochas fashion brands (€19m)
 - Lanvin fragrance brands (€36m)
- ✓ Current assets excl. cash
 - Inventory €82m (+€11m)
 - Trade receivables €68m (-€1m)
- ✓ Cash + other current financial assets: €197m (-13%)
 - Cash flow (+€15m)
 - Dividend (-€16m)
 - Working capital requirements (-€17m)

Balance sheet 06/30/16 (vs. 12/31/15)

- ✓ Borrowings & financial liabilities: €81m (-11%)
 - Rochas loan
- ✓ Current liabilities excl. cash
 - Trade payables €51m (-€3m)

H1 2016 results

Cash flow highlights

(€m)	H1 2015	H1 2016
▪ Cash flow	20.6	15.4
▪ Inventories	(24.9)	(14.6)
▪ Trade receivables	(5.5)	1.4
▪ Other receivables	(1.0)	-
▪ Trade payables	(2.3)	(3.0)
▪ Other payables	(2.6)	(0.9)
▪ Change in working capital requirements	(31.1)	(17.1)
▪ Total cash flow from operating activities	(10.5)	(1.7)

H1 2016 results

Cash flow highlights

(€m)	H1 2015	H1 2016
▪ Acquisition of intangible assets	(106.8)	(0.5)
▪ Acquisition of property, plant and equipment	(1.0)	(2.0)
▪ Acquisition of marketable securities (> 3 months)	21.3	(27.9)
▪ Other	0.1	(0.3)
▪ Total cash flows from investing activities	(86.4)	(30.7)
▪ Issuance of borrowings	99.2	-
▪ Debt repayments	-	(10.0)
▪ Dividends	(12.8)	(16.1)
▪ Other	0.5	0.8
▪ Total cash flows from financing activities	86.9	(25.3)

H1 2016 results

Cash flow highlights

(€m)	H1 2015	H1 2016
▪ Net change in cash	(9.9)	(57.6)
▪ Opening cash and cash equivalents	68.0	149.9
▪ Closing cash and cash equivalents	58.1	92.3

H1 2016 results

Cash and cash equivalents

(€m)	12/31/2015	06/30/16
▪ Certificate of deposits < 3 months	1.9	4.8
▪ Interest-bearing accounts	6.7	21.7
▪ Term deposit accounts	65.3	45.0
▪ Current interest-bearing accounts	43.1	6.3
▪ Bank balances	32.9	14.5
▪ <u>Cash and cash equivalents</u>	<u>149.9</u>	<u>92.3</u>
▪ Certificate of deposits > 3 months	1.0	1.0
▪ Capital redemption contracts	36.9	37.6
▪ Term deposit accounts > 3 months	38.2	65.8
▪ <u>Current financial assets</u>	<u>76.1</u>	<u>104.4</u>
▪ <u>Total cash</u>	<u>226.0</u>	<u>196.7</u>

Share capital

- ✓ Number of securities at June 30, 2016
 - 35,421,381
- ✓ Number of stock options outstanding at June 30, 2016
 - 87,412

Agenda

- ✓ 2016 third-quarter sales
 - October 25, 2016 (before the opening of Euronext Paris)
- ✓ 2017 outlook
 - November 8, 2016 (before the opening of Euronext Paris)



H2 2016
sales

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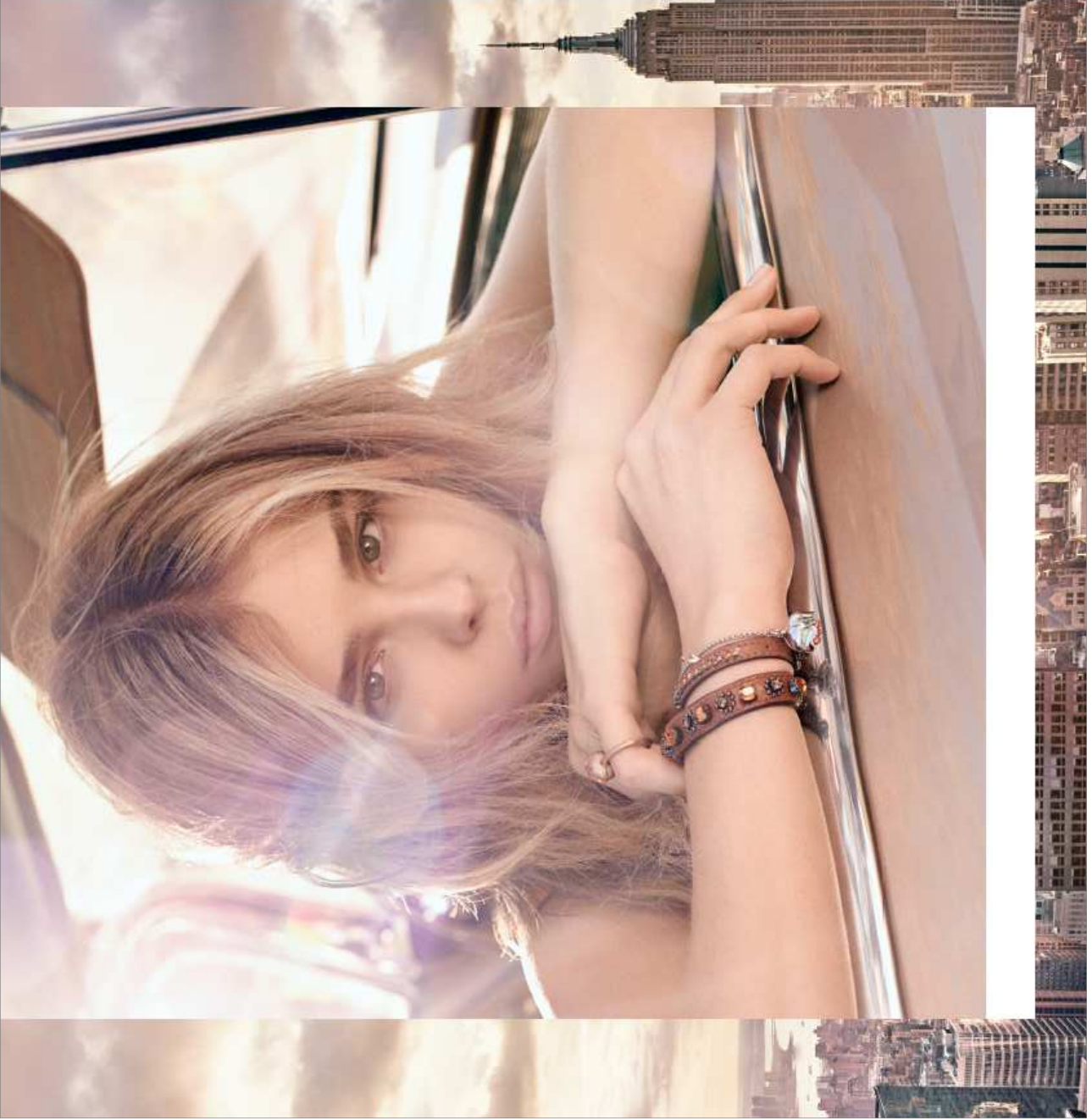
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H2 2016 launches

- ✓ Coach: *Coach* (women's line)
 - Summer
- ✓ Van Cleef & Arpels: *In New York* (men's line)
 - Fall
- ✓ Lanvin: *Modern Princess* (women's line)
 - Fall – France only

CHLOË Grace MORETZ *Introducing*
The NEW FRAGRANCE *for HER*


COACH
NEW YORK



Van Cleef & Arpels – *In New York*



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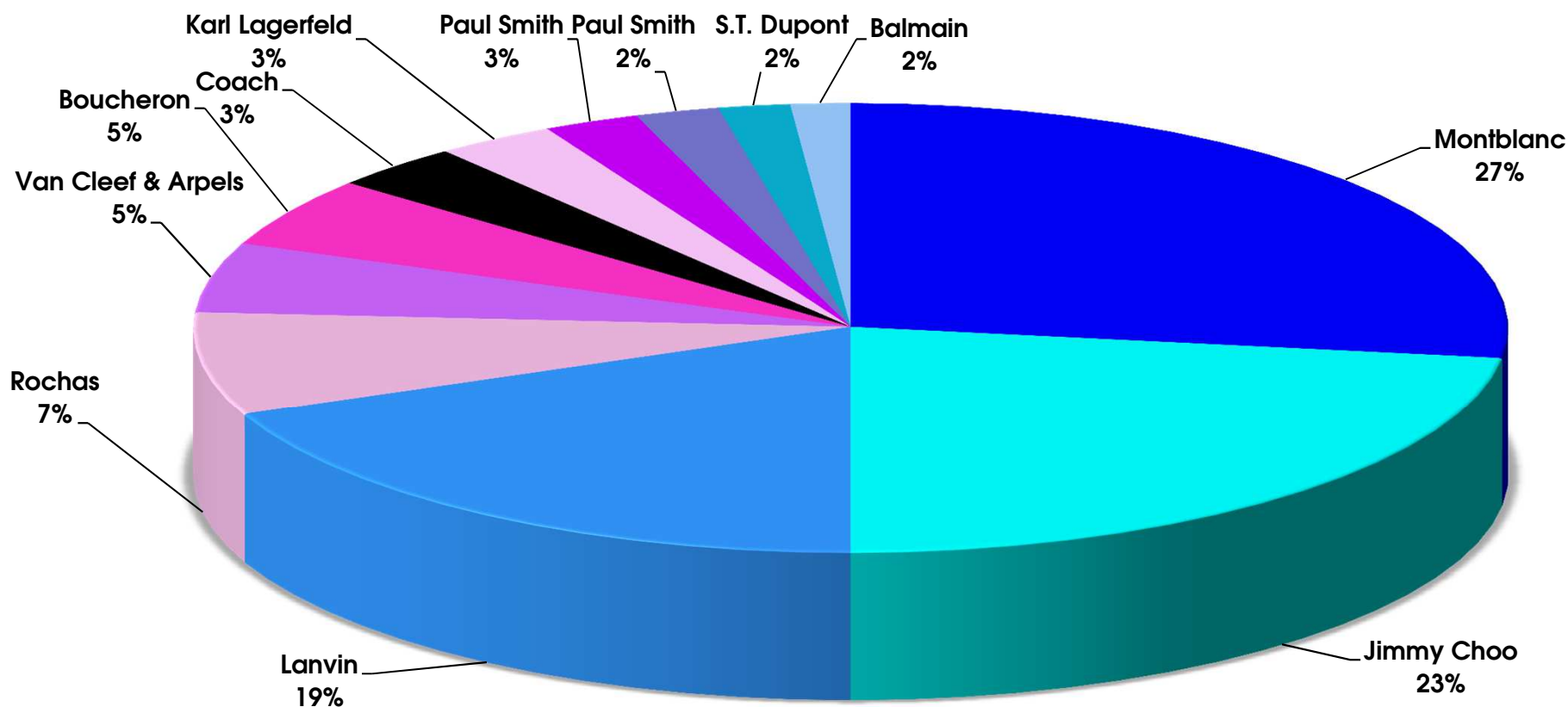
ADVERTISING



2016 sales guidance

(€m)	2015	2016(e)	2016/2015
Montblanc	88.0	103.0	+17%
Jimmy Choo	83.3	85.0	+2%
Lanvin	64.1	53.0	-17%
Rochas	12.1	25.0	ns
Van Cleef & Arpels	17.5	17.0	-3%
Boucheron	17.8	17.0	-5%
Coach	-	12.0	na
Paul Smith	9.5	7.0	-26%
Repetto	8.0	6.0	-25%
Karl Lagerfeld	10.3	5.0	-51%
S.T. Dupont	10.4	4.0	-61%
Balmain	4.8	4.0	-17%
Other	0.6	0.0	-
Fragrance sales	326.4	338.0	+4%
Rochas fashion royalties	1.0	2.0	ns
Total net sales	327.4	340.0	+4%

2016 sales guidance (revised by brand)



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Le Nouveau Parfum

2016 results

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2016 results

- ✓ Foreign exchange conditions expected to remain favorable
 - Budget exchange rate €/ \$ 1.15
- ✓ Marketing and advertising budgets reinforced
 - €60m in 2014 (20.0%)
 - €67m in 2015 (20.6%)
 - €83m in 2016 (24.0%)
- ✓ Guidance for an operating margin of between 12% and 13%

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2017 launches

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2017 launches

- ✓ Rochas: First Interparfums line (for women)
 - Winter
- ✓ Lanvin: *Modern Princess* (women's line)
 - Winter (international launch)
- ✓ Boucheron: "*Collection*" (women's & men's lines)
 - Winter
- ✓ Jimmy Choo: Extension of the women's line, *Signature*
 - Spring
- ✓ Jimmy Choo: Extension of the *Jimmy Choo Man* line
 - Spring

2017 launches

- ✓ Karl Lagerfeld: New line (duo)
 - Summer
- ✓ Coach: *Coach* (men's line)
 - Fall

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