

interparfums

Oddo Forum
Lyon, January 7&8, 2016

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Interparfums

interparfums

Interparfums

- ✓ An independent "pure player" in the perfume and cosmetics industry
- ✓ A creator, manufacturer and distributor of prestige perfumes based on a portfolio of international luxury brands

BALMAIN
PARIS

BOUCHERON
PARIS

JIMMY CHOO

KARL LAGERFELD

LANVIN
PARFUMS

Repetto
PARIS

MONT
BLANC

Paul Smith

Van Cleef & Arpels

S.T. Dupont
PARIS

ROCHAS
PARIS

COACH
NEW YORK

Brand portfolio

✓ Brand licenses under exclusive worldwide agreements

- S.T. Dupont (1997 → 2016)
- Paul Smith (1998 → 2017)
- Van Cleef & Arpels (2007 → 2018)
- Montblanc (2010 → 2020 → 2025)
- Jimmy Choo (2010 → 2021)
- Boucheron (2011 → 2025)
- Balmain (2012 → 2024)
- Repetto (2012 → 2025)
- Karl Lagerfeld (2012 → 2032)
- Coach (2016 → 2026)

✓ Proprietary brands

- Lanvin (perfumes) (2007)
- Rochas (perfumes & fashion) (2015)

License agreements

- ✓ The license grants a right to use the brand
- ✓ Over a long-term period (10 years, 15 years, 20 years or more)
- ✓ In exchange for meeting qualitative obligations:
 - Distribution network
 - Number of launches
 - Nature of advertising expenses...
- ✓ and quantitative obligations
 - Royalties (procedures for calculation, amount and minimum commitment)
 - Advertising expenses (budgets, amount and minimum commitment)

The brands

BALMAIN
PARIS

- . A bold luxury fashion brand
- . Collections with distinctive style for an elegant and glamorous woman
- . 17 brand name stores
- . A 12-year license agreement executed in 2012

BOUCHERON
PARIS

- . One of the world's most prestigious jewelers
- . A sensual and feminine universe
- . Boucheron creations render women resplendent
- . A 15-year license agreement executed in 2010

The brands



- . A brand created in 1941 with a rich and authentic American heritage
- . A global leader in premium handbags and lifestyle accessories
- . 3,000 doors worldwide
- . A 10-year license agreement executed in 2015

JIMMY CHOO

- . International luxury goods brand
- . High name international recognition
- . Present in 76 countries / 120 self-standing boutiques
- . A 12-year license agreement executed in 2009

The brands

KARL LAGERFELD

- . The "King of Fashion", a designer of unrivaled talent and acclaim
- . A new fast-growing label
- . Planned opening of a concept store
- . A 20-year license agreement executed in 2012

LANVIN PARFUMS

- . One of France's oldest haute couture fashion houses
- . Approximately 40 boutiques throughout the world
- . A 15-year license agreement executed in 2004
- . Acquisition of the trademark and brand name for class 3 products (fragrances and make-up) in 2007

The brands



- . An iconic designer of exclusive writing instruments today expressing its creativity with watches and leather goods
- . More than 100 years of the finest craftsmanship
- . More than 450 stores worldwide
- . A 10.5-year license agreement executed in 2010 and extended in 2015 to 2025

Paul Smith

- . A leading British fashion designer
- . Very well-established in the Europe and Japan
- . A brand present in 70 countries
- . A 12-year license agreement executed in 1998 and extended for 7 years in 2008

The brands

Repetto
PARIS

- . An iconic name for all dancers
- . A global brand with exclusive know-how developed for the most state-of-the-art products in the universe of dance
- . Approximately 90 boutiques throughout the world
- . A 13-year license agreement executed in 2012

ROCHAS
PARIS

- . A world-class French haute couture and perfumery brand
- . Iconic fragrances (*Femme, Madame* and *Eau de Rochas*)
- . A fragrance business centered around Spain and France
- . Acquisition of the trademark for classes 3, 25 and 18

The brands

S.T. Dupont
PARIS

- . A craftsman of precious metals, lacquerer and trunk-maker since 1872
- . A network of 230 points of sale across Europe and Asia
- . A license agreement executed in 1997 and extended in 2006 until the end of 2016

Van Cleef & Arpels . A high-end luxury jewelery brand

- . Present in 36 countries / 104 points of sale
- . A 12-year license agreement executed in 2007

Interparfums

- ✓ Its products are sold in over 100 countries worldwide and 20,000 points of sale
- ✓ Revenue of 310-€320 million expected in 2015
- ✓ An operating margin of 11-12% expected in 2015
- ✓ Six subsidiaries, notably in the United States and Singapore
- ✓ 200 employees

Our strategy

Develop a portfolio of luxury brands in the fragrance universe

- ✓ Focus on brands with strong attributes...
 - Notoriety
 - past, present or future, like Rochas or Coach
 - Desirability
 - existing or emerging, like Jimmy Choo
 - Visibility
 - sustained, like Balmain
- ✓ ... and strong name recognition
 - worldwide like Montblanc or Lanvin
 - to leverage the strength of our network of partners and subsidiaries
 - or local like Repetto or Van Cleef & Arpels
 - to strengthen our positions vis-à-vis the distribution

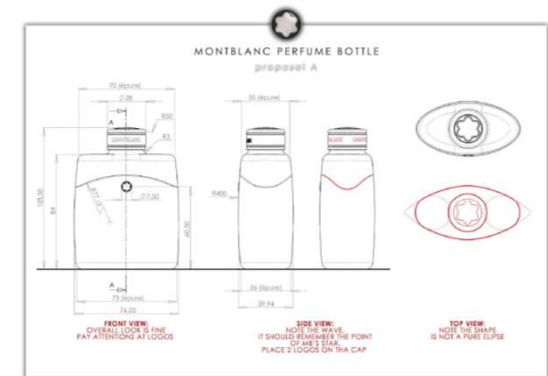
"Multiple knowledge sets" acquired over many years

- ✓ "Brand selection know-how"
 - Timing
 - Selectivity
- ✓ "Marketing know-how"
 - Transposing the brand universe (story, products, image...) to the fragrance universe
- ✓ "Execution know-how"
 - Quality of products and innovation
 - A large spectrum of products (fragrances, perfume sets, promotional tools,...)
- ✓ "Operational spending know-how"
 - Calibrating and targeting expenditures brand by brand, country by country
- ✓ "Management know-how"
 - A flexible management model
 - A highly effective and reactive internal organization

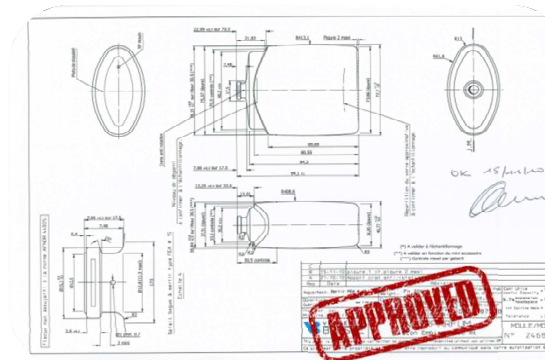
A development process

Creation of a product line (approximately 3 months)

✓ Definition of the concept



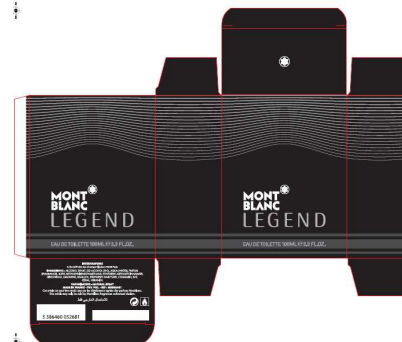
✓ Validation by the brand



Development process

Manufacture of components (3 to 6 months)

- ✓ Bottle
- ✓ Packaging
- ✓ Fragrance (juice)....



- ✓ Validation by the brand

Development process

Manufacture of finished products (2 months)

- ✓ Packaging
- ✓ Quality control
- ✓ Validation by the brand



Main partners



Logistics

- ✓ Location: A warehouse in the North of France (near Rouen)
- ✓ Area: 30,000 m²
- ✓ Storage capacity: 40,000 pallets / 2,090 m³ of alcohol



Logistics

H1 2015

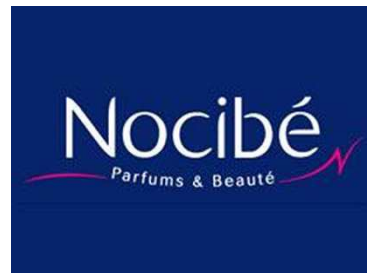
✓ Average net sales / order – export	€18,000
✓ Average net sales / order – France	€1,000
✓ Orders prepared	49,000
✓ Product shipments	10,000,000
✓ Gift set shipments	710,000
✓ Total inventory	€82m
✓ Platform team	26 people



Development process

Distribution

- ✓ In France (direct basis)



Development process

Distribution

- ✓ In other countries (through subsidiaries or independent agents)



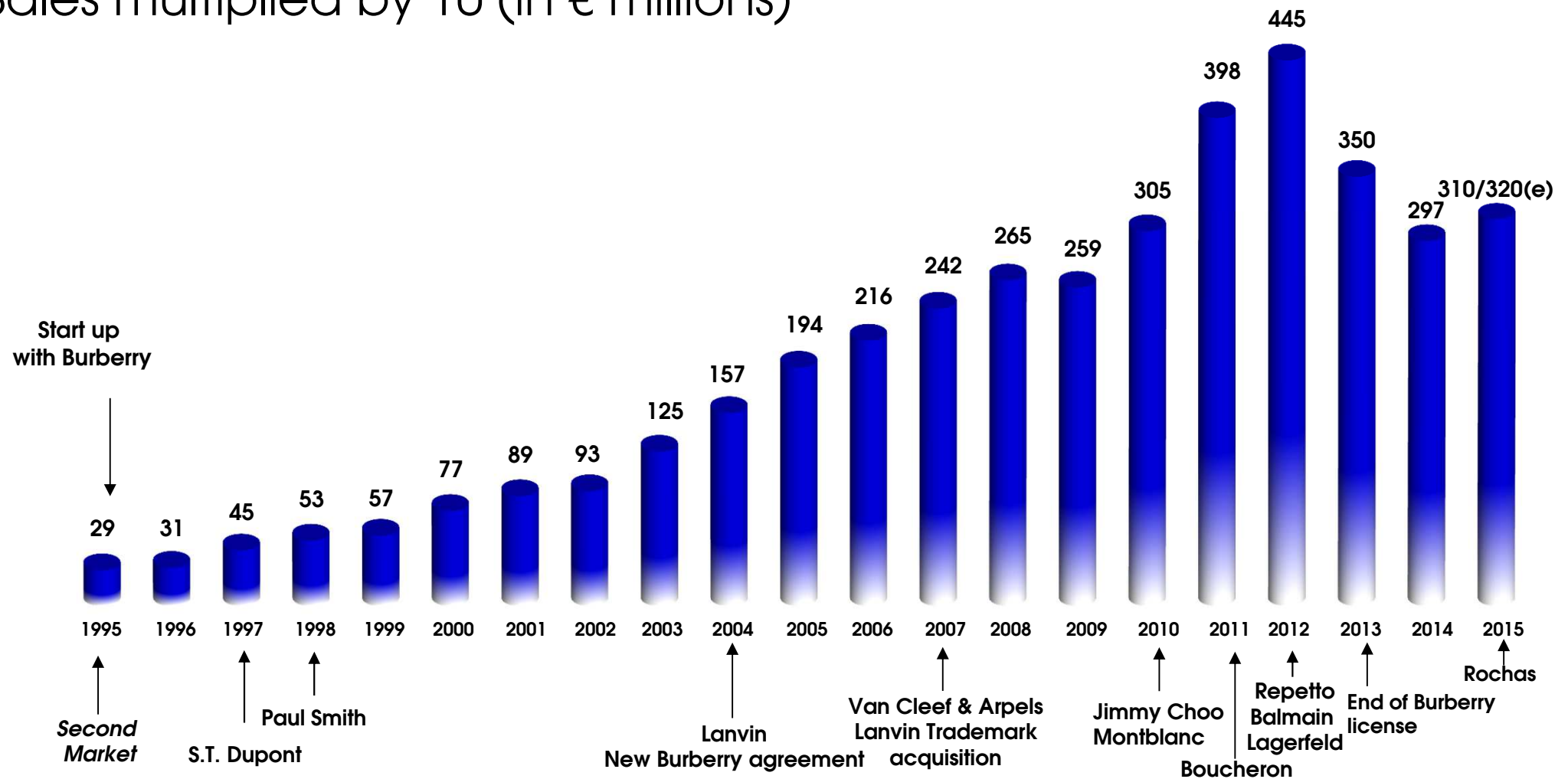
Market - Competition

- ✓ Worldwide cosmetics market⁽¹⁾: €180 billion (Perfumes 12,8%)
- ✓ Groups with brands under license agreements
 - L'Oréal (Armani, Ralph Lauren, Yves Saint Laurent, Cacharel, Diesel,...)
 - Procter & Gamble (Dolce Gabbana, Hugo Boss, Lacoste, Gucci, ...)
 - Coty (Calvin Klein, Chloé, Cerruti, Balenciaga, Bottega Veneta, ...)
 - Puig (Paco Rabanne, Nina Ricci, Prada, Valentino,...)
- ✓ Groups with proprietary brands
 - Lvmh (Dior, Guerlain, Kenzo, Givenchy, Bulgari)
 - Estée Lauder
 - Chanel
 - Clarins (Azzaro, Thierry Mugler)

(1) Source: L'Oréal estimates of the worldwide cosmetics market based on net manufacturer prices excluding soap, toothpaste, razors and blades.

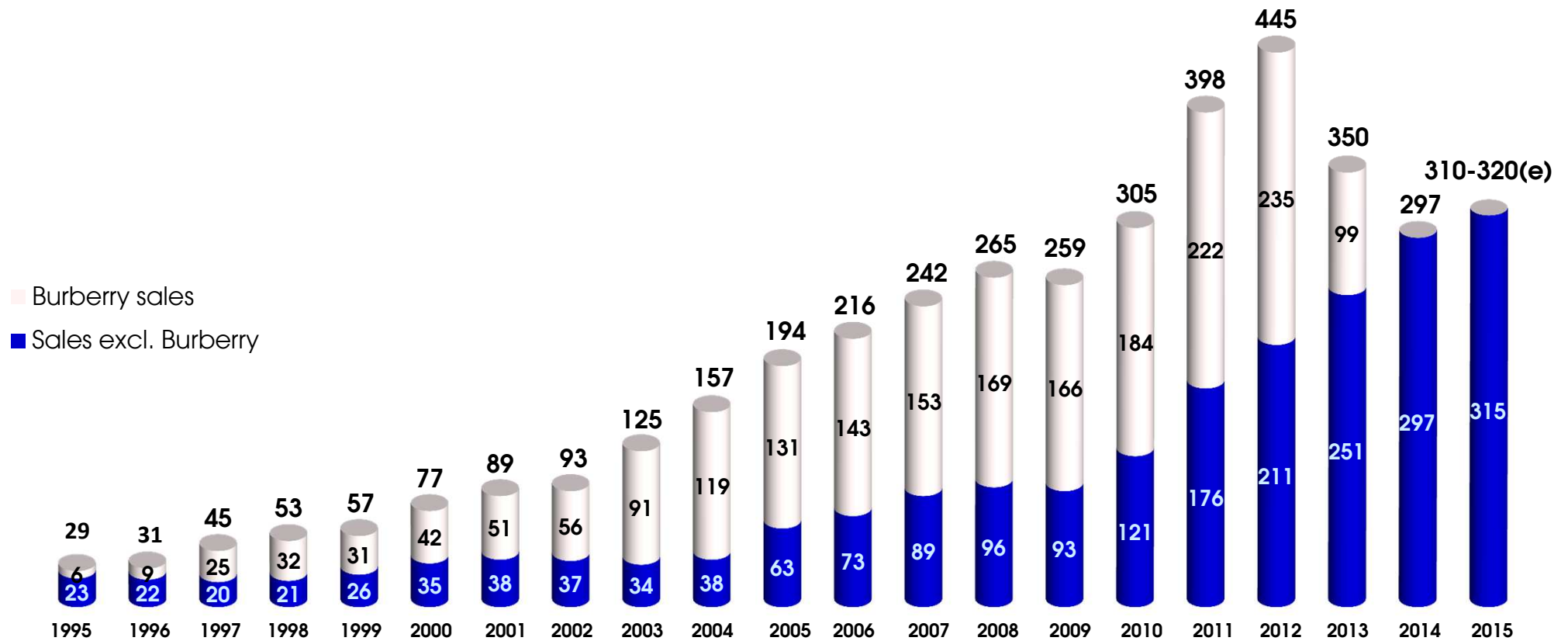
Revenue growth: 1995-2015

Sales multiplied by 10 (in € millions)

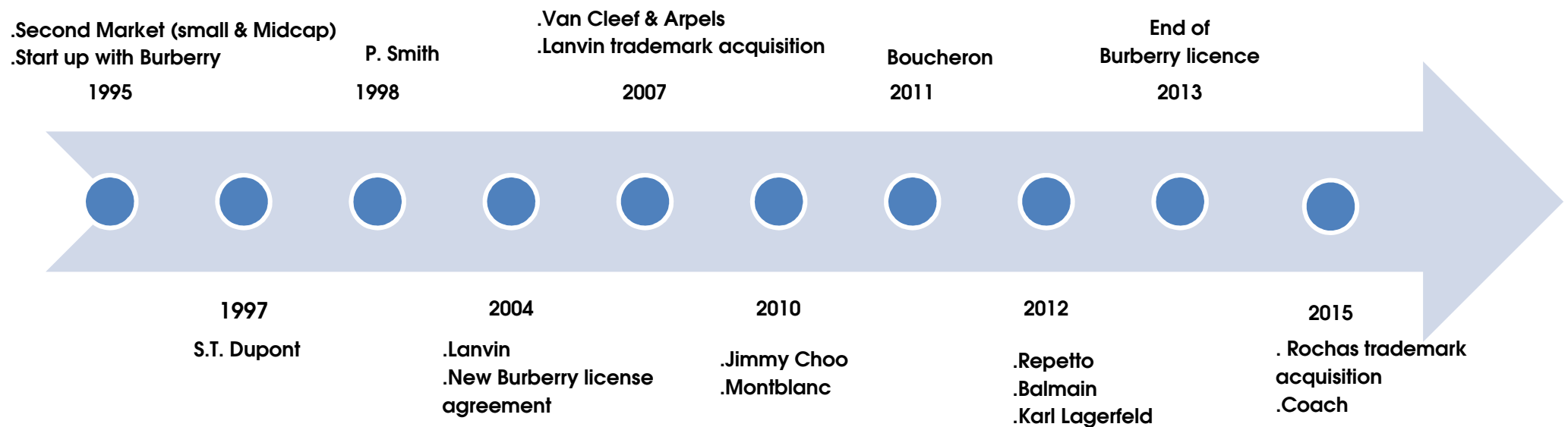


Revenue growth: 1995-2015

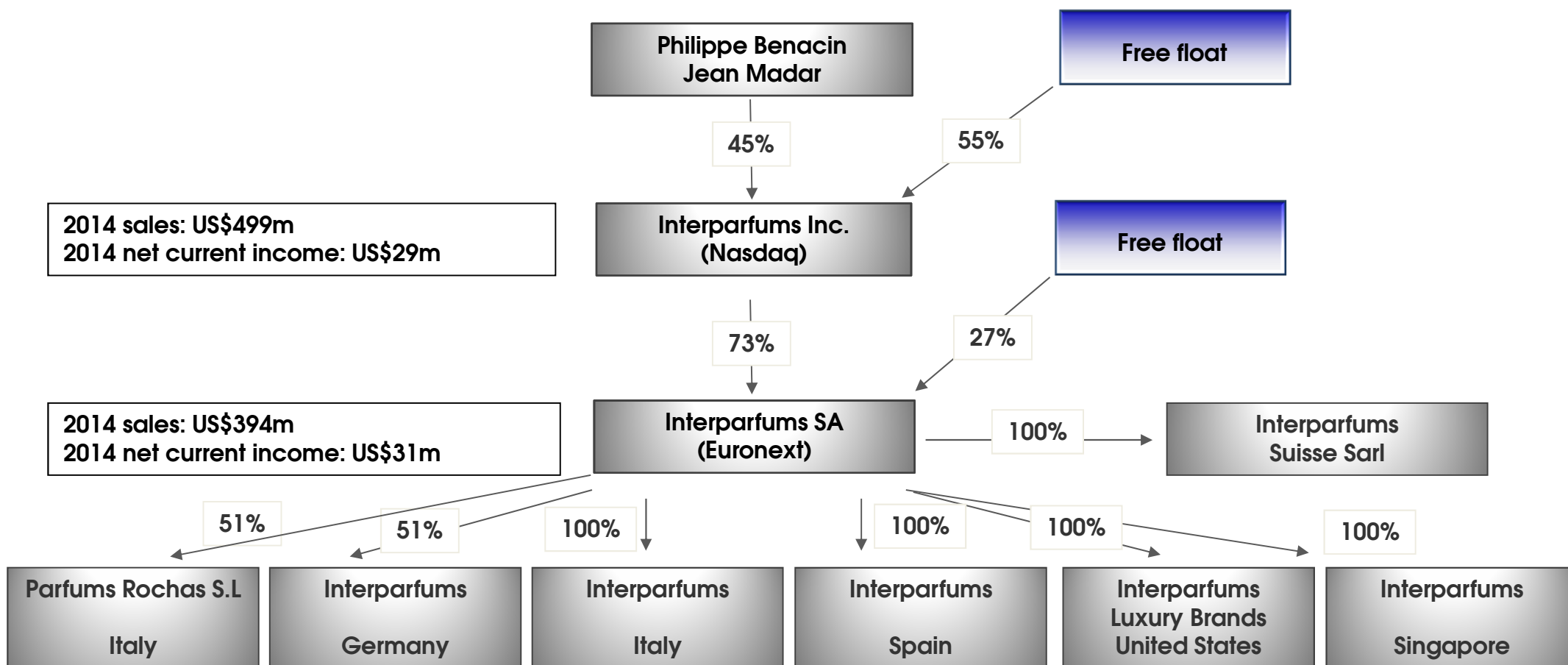
(in € millions)



History



Group organization



Internal organization

- | | |
|--|--|
| ✓ Chairman-CEO | Philippe Benacin |
| ✓ Executive Vice President
International Operations | Frédéric Garcia Pelayo |
| ✓ Executive Vice President
Finance & Administration | Philippe Santi |
| ✓ 5 departments | Export Marketing 1
Export Marketing 2
Production & Logistics
French Distribution
Finance |
| ✓ Number of employees | 175 employees in Paris |
| ✓ Average seniority | 6 years |

Board of Directors

(At January 1, 2016)

✓ Executive Directors

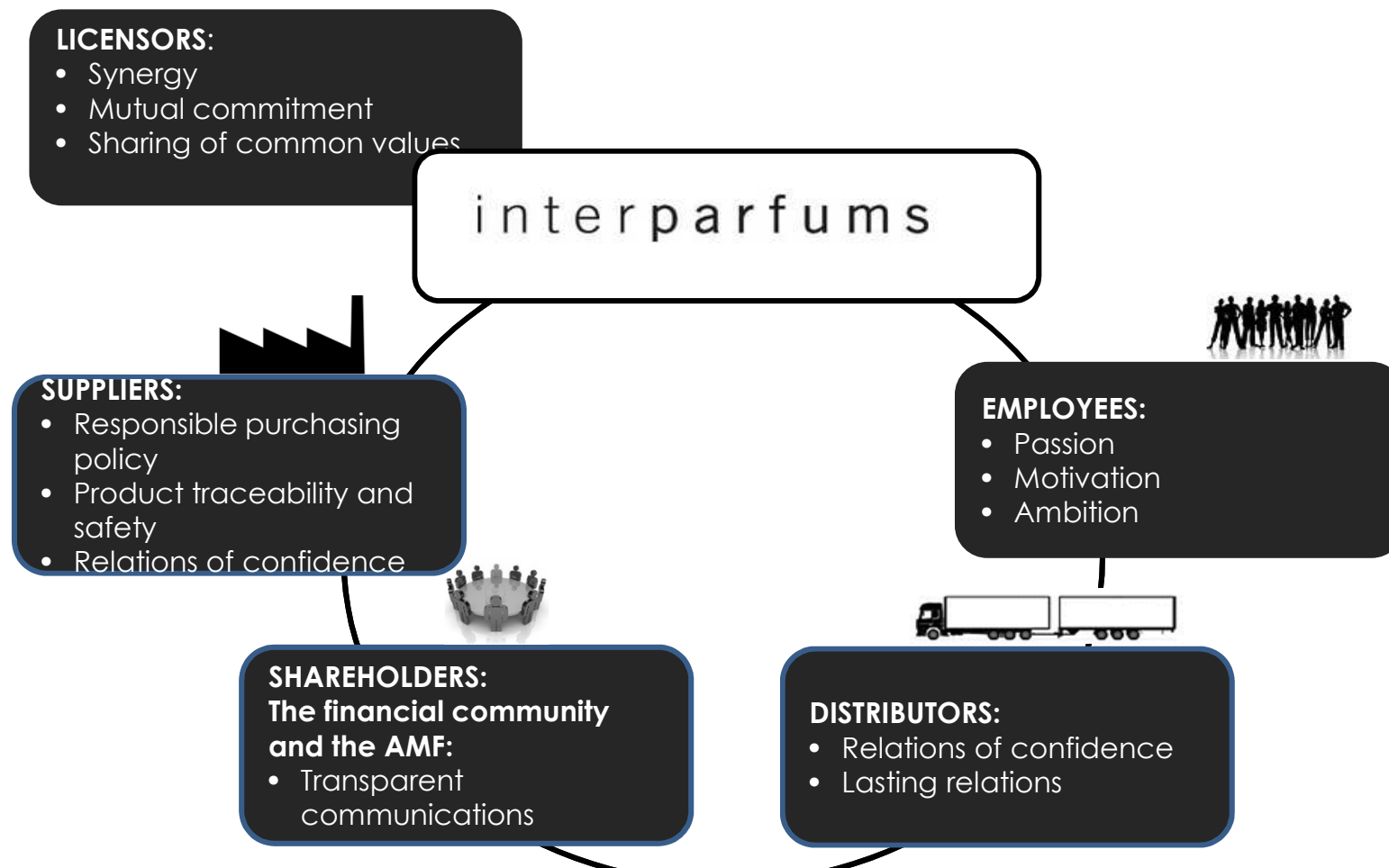
- Philippe Benacin (Chairman-CEO)
- Jean Madar (Director)
- Frédéric Garcia-Pelayo (Director and Executive Vice President)
- Philippe Santi (Director and Executive Vice President)

✓ Independent Directors

- Maurice Alhadève (ex IFF, Haarman & Reimer)
- Patrick Choël (ex Unilever, LVMH)
- Chantal Roos (ex BPI, YSL Parfums, Gucci)
- Dominique Cyrot (ex Allianz)
- Marie-Ange Verdickt (ex Financière de l'Echiquier)

CSR

Leveraging stakeholder relations



CSR and social policy

Employee driven performance

Maintaining optimal performance of employees through three key drivers: Passion, Motivation, Participation

- ✓ Developing a team spirit
 - understanding and supporting the company strategy
 - organizing meetings presenting business trends
 - shared commitment to the code of ethical conduct
 - a low rate of absenteeism
- ✓ Maintaining a high level of expertise and skills
 - easy access to training
 - flexibility in dialogue with supervisory management
 - systematic annual performance meetings
- ✓ Importance of employee relations
 - gender equality, absence of discrimination
 - organization of dialogue between employees and management
 - fairness and equality of compensation



CSR and social policy

Lasting relations with stakeholders

- ✓ Taking environmental issues into account in action plans to reduce our environmental footprint:
 - Choice of techniques and materials to reduce environmental impacts of product manufacturing
 - Choice of materials (pumps-water consumption in production)
 - Choice of techniques (coloring through water-soluble solutions)
 - Monitoring suppliers (rates of wastage, waste separation and recycling, ...)
 - Projects (optimization and rationalization of packaging materials)
 - HQE certified warehouse (improved isolation, controlled lighting, recovery of rainwater, waste separation)

CSR and social policy

Driving the company's sustainable development

- ✓ Relations of confidence with suppliers/subcontractors and distributors for long-term relationships:
 - Responsible purchasing policies
 - Compliance with quality and safety standards through audits according to ISO 22716
 - Developing codes of conduct and specifications by sharing ethical and social values

CSR

2015 highlights

- ✓ Rationalization of bulk containers
 - Significant reduction in cardboard consumption
 - Annual savings: €1.5m
- ✓ Recycling of decorated bottle components
 - Val Laquage (glass & glassware manufacturer)
 - Reuse of glass
 - Annual savings: €0.2m



Stock market

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interparfums

Interparfums

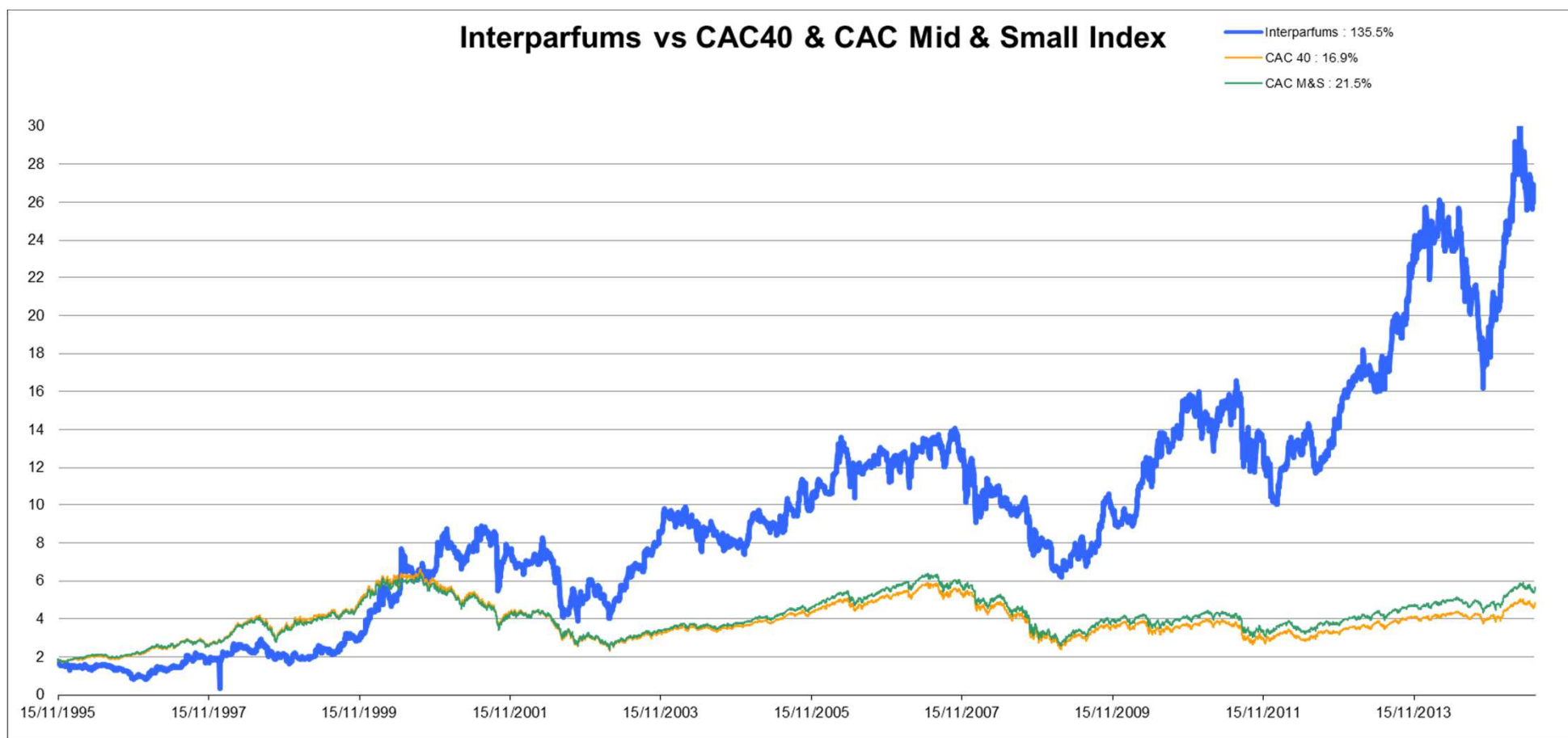
The share

✓ Securities market information

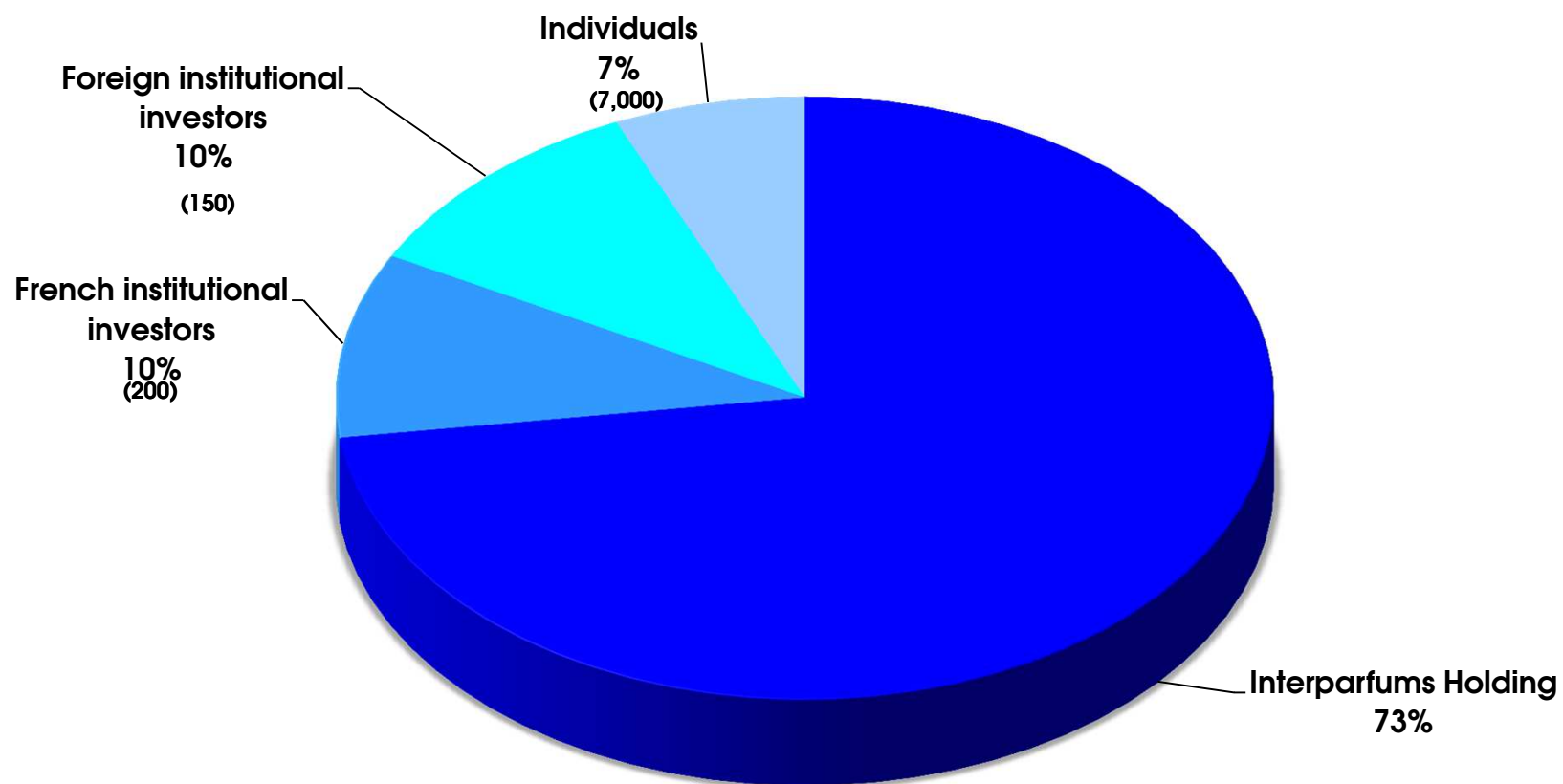
- | | |
|---------------------------------------|---|
| ▪ Market: | Euronext Paris – Segment B |
| ▪ ISIN code: | FR0004024222 ITP |
| ▪ Reuters code: | IPAR.PA |
| ▪ Bloomberg code: | ITP |
| ▪ Indexes: | CAC Mid & Small
CAC PME
EnterNext PEA-PME 150 |
| ▪ PEA-PME eligibility: | yes |
| ▪ Share price as of December 31, 2015 | €22.70 |
| ▪ Market capitalization: | €720m |
| ▪ Daily trading volume: | 15,000 shares |

Share price

Since the IPO on the Second Market



Shareholder base

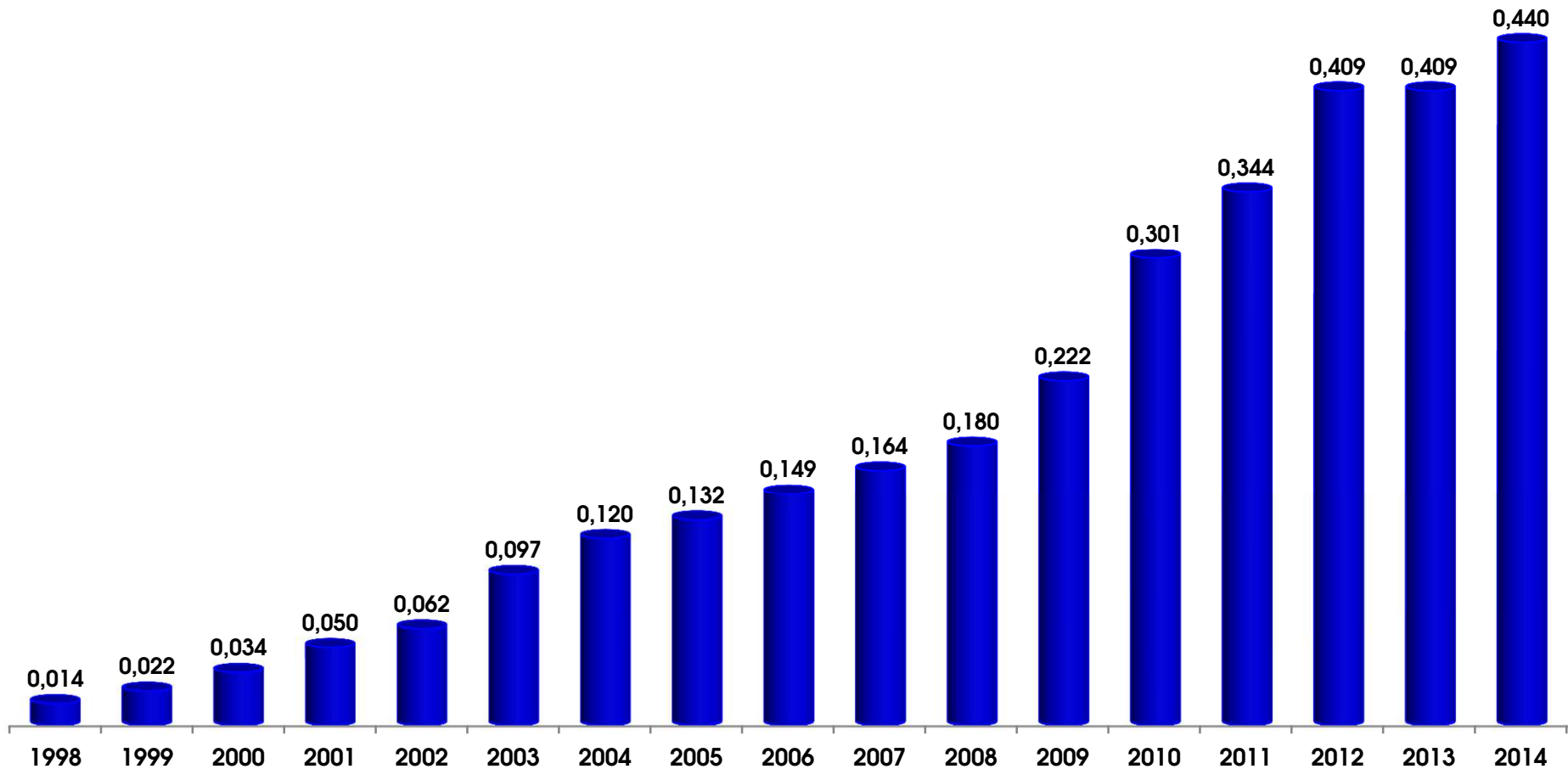


As at September 30, 2015

2014 dividend

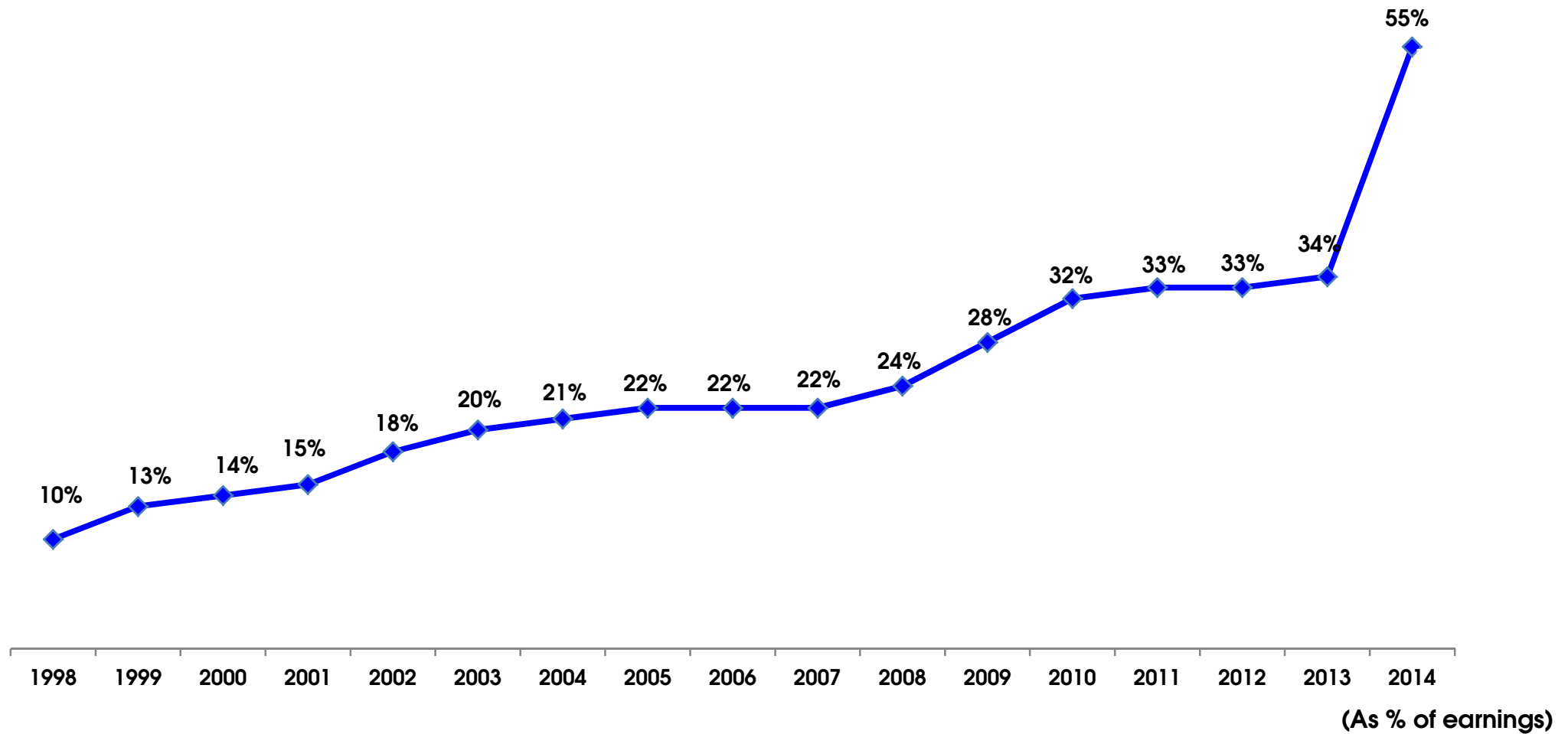
- ✓ An attractive dividend distribution policy rewarding shareholders
- ✓ Dividend proposition for FY 2014 €0.44€
- ✓ Increase in relation to FY 2013 +8%
- ✓ 2014 payout ratio 55%
- ✓ 2013 payout ratio 34%

Historic dividend per share



(Adjusted in €)

Payout ratio



Bonus share issue

- ✓ 1 new share for every 10 shares held
- ✓ For the 16th consecutive year
- ✓ Award date: June 18, 2015



2015 highlights

interparfums

2015 highlights

Rochas

- ✓ Acquisition of the Rochas brand
 - Registered trademarks mainly for class 3 (cosmetics) and 25 (fashion)
 - Amount: 108 M\$ = €101 million
 - Financed by a €100 million 5-year bank loan
 - Swapped rate < 2%
- ✓ Activity centered around fragrances (95%)
 - A business centered around 3 lines
 - *Eau de Rochas* (1970 - 45% of sales)
 - *Rochas Man* (1999 - 20% of sales)
 - *Eau de Rochas Homme* (1993 - 5% of sales)
 - A business centered around 2 countries
 - Spain (40%) - *Eau de Rochas* the market's top-selling line
 - France (20%)
- ✓ No personnel taken over for the fragrance operations
- ✓ No production plant - 2-year packaging agreement with Fareva

Rochas fashion today

- ✓ A limited fashion business (5%)
 - Managed under license
- ✓ Annual royalties of €1.8m
 - Royalties covering the studio (limited to 7 people) and the fashion shows
- ✓ Around 10 partners
 - Women's ready-to-wear, worldwide (Onward)
 - Women's ready-to-wear, second line, Asia (Itochu)
 - Men's ready-to-wear, Latin America (Profit Label)
 - Watches, worldwide (Bellena Watch)
 - Glasses (Régé)
- ✓ An ideal acquisition configuration
 - Interparfums owns the entire brand
 - Total freedom in terms of creation, distribution, investments...
 - No royalty payments

2015 highlights

Coach

- ✓ Signature of a license agreement with an 11-year term
- ✓ Business under license with Estée Lauder until June 30, 2015 with a one-year sell-off period.

Coach brand

- ✓ A US leather goods and fashion accessories brand created in 1941
- ✓ 2014/2015 net sales: US\$ 4,190m (-13%)
- ✓ 2014/2015 net income: US\$ 530m (-39%)
- ✓ 3,000 points of sale worldwide
 - 1,000 direct points of sales including 300 stores and 200 outlets in the United States
 - 1,000 multi-brand points of sale in the US (type Macy's)
 - 1,000 points of sale in Travel Retail
- ✓ Market leader
 - United States
 - Japan (2nd imported brand after LV)
 - China
 - South America

Coach brand

- ✓ Change in strategy initiated in 2013
 - New designer => new design
 - New environment for points of sales => renovation of the store network
 - Closure of non-qualitative points of sale
 - Reduction in promotional operations
 - Reduction in flash sales in outlets

- ✓ Renewed growth in sales
 - Strong sales growth in renovated stores
 - 2015/2016 net sales: US\$4.5bn (+7%)
 - Largely stable earnings

2015 highlights

Montblanc

- ✓ Montblanc partnership extended for an additional 5 years
 - New license agreement effective on January 1, 2016 => December 31, 2025



2015 & 2016 Highlights by brand

interparfums

2015 Montblanc

- ✓ Sales: €86m (+3%)
- ✓ Declines by historic lines
- ✓ Consolidation of the *Montblanc Legend* line
- ✓ Ramping up the *Montblanc Emblem* line
- ✓ Launch of the women's line, *Montblanc Lady Emblem*



2016 Montblanc

- ✓ Sales: €92m (+7%)
- ✓ Declines by historic lines
- ✓ Launch of the *Montblanc Legend Spirit* line
- ✓ Ramping up of the *Montblanc Lady Emblem* line



2015 Jimmy Choo

- ✓ Sales: €77m (+30%)
- ✓ Excellent performance by the *Jimmy Choo Man* line, particularly in the US
- ✓ Launch of the *Jimmy Choo Blossom* line
- ✓ Launch of the *Jimmy Choo Illicit* line
- ✓ Steady performance by the *Signature* line



2016 Jimmy Choo

- ✓ Sales: €77m (stable)
- ✓ Stabilization of the *Jimmy Choo Man* line
- ✓ Limited recurring revenue from the *Jimmy Choo Blossom* line
- ✓ A high base effect for the *Jimmy Choo Illicit* line
- ✓ Launch of the *Jimmy Choo Illicit Flower* line



2015 Lanvin

- ✓ Sales: €63m (-7%)
- ✓ Steady performance by the *Eclat d'Arpège* line launched in 2003
(-3% at September 30, 2015)
- ✓ Launch of the *Eclat d'Arpège Homme* line
- ✓ Launch of the *Eclat de Fleurs* line
- ✓ Sales erosion by the *Jeanne Lanvin*, *Marry Me !* and *Rumeur* lines
- ✓ Good performances in Eastern Europe despite a difficult market



2016 Lanvin

- ✓ Sales: €63m (stable)
- ✓ Resilient performance by the *Eclat d'Arpège* line
- ✓ A high base effect from the launch of the *Eclat d'Arpège Homme* and *Eclat de Fleurs* lines in 2015



2015 Rochas fragrances

- ✓ Integration of the business
 - Commencement of production
 - *Eau de Rochas* reformulation
 - Fareva Poissy packaging
- ✓ Decisions on products
 - New visual for *Eau de Rochas*
 - Work on the *Femme*, *Madame* and *Tocade* lines
- ✓ Decisions on distribution
 - Creation of Parfums Rochas Spain
 - Joint venture Interparfums 51% - Farlabo 49%
- ✓ Sales of €10m in 2015

New visual for *Eau de Rochas*



**EAU DE
ROCHAS**



Reworking of *Femme*, *Madame* & *Tocade* lines



Harmonization of in-store fragrance displays



2015 Rochas fashion today

- ✓ Integration of the team (7 people)
- ✓ Concentration on the following segments:
 - Fashion and leather goods
 - Watches
 - Eyewear
- ✓ 1 Rond Point des Champs-Élysées
 - Area 750 m² - 2nd floor, above the Elie Saab showroom
 - Studio Rochas + Production Department
 - Rochas 90 Year Anniversary Evening Gala
- ✓ Income statement highlights
 - At breakeven

2016 Rochas fragrances

- ✓ Sales on full-year basis
- ✓ Preparation of a new women's line
 - Launch in 2017 in 50 countries
 - "Luxury" positioning
- ✓ Sales: €25m

2016 Rochas fashion

- ✓ Comprehensive review
 - Business model for development
 - Internal organization
- ✓ 1 Rond Point des Champs-Élysées
 - Move planned for May 2017
- ✓ Income statement highlights
 - A marginal deficit

2015 Van Cleef & Arpels

- ✓ Sales: €16m (-10%)
- ✓ Decline by the *Rêve* line launched in 2014
- ✓ Steady performance by the *First* line
- ✓ Good performance by the *Collection Extraordinaire* line
(+64% at September 30, 2015)



2016 Van Cleef & Arpels

- ✓ Sales: €17m (+6%)
- ✓ Two initiatives in 2016
- ✓ A new juice for the *Collection Extraordinaire* line



2015 Boucheron

- ✓ Sales: €17m (+22%)
- ✓ Good market response to the women's line, *Quatre*, particularly in France
- ✓ Drop in sales by the *Boucheron Place Vendôme* line
- ✓ Declines by the brand's historic lines



2016 Boucheron

- ✓ Sales: €17m (stable)
- ✓ Launch of the men's line *Quatre*



2016 Coach fragrances

- ✓ Launch of a first women's line
 - 2 juices (Eau de parfum + Eau de toilette)
 - Launch in September 2016
 - Target markets: United States, Asia
- ✓ Preparation of a first men's line
 - 1 juice (Eau de toilette)
 - Launch in September 2017
 - Target markets: United States, Asia
- ✓ Sales: €11m

2015 Karl Lagerfeld

- ✓ Sales: €12m (-34%)
- ✓ A particularly unfavorable base effect from the first duo launched in spring 2014
- ✓ Activity concentrated in northern Europe and Russia
- ✓ Launch of the *Private Klub* line



2016 Karl Lagerfeld

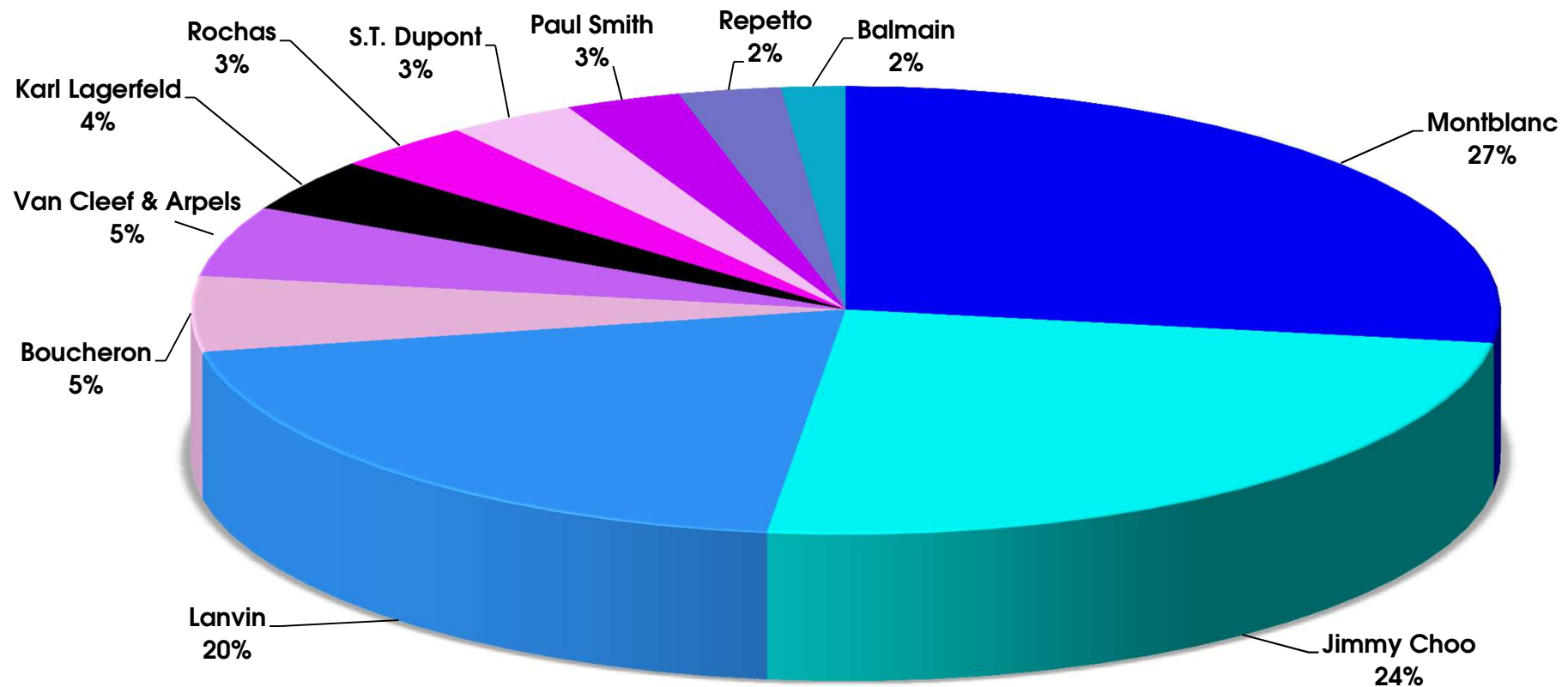
- ✓ Sales: €10m (-17%)
- ✓ Activity remaining concentrated in northern Europe and Russia



2015 sales

(€m)	2014	2015(e)	2015/2014
Montblanc	83.4	86.0	+3%
Jimmy Choo	59.1	77.0	+30%
Lanvin	68.0	63.0	-7%
Boucheron	14.0	17.0	+22%
Van Cleef & Arpels	17.7	16.0	-10%
Karl Lagerfeld	18.2	12.0	-34%
S.T. Dupont	12.8	11.0	-14%
Rochas	-	10.0	na
Paul Smith	9.0	9.0	-
Repetto	9.3	8.0	-14%
Balmain	5.1	5.0	-3%
Other	0.4	0.2	ns
Fragrance sales	297.1	314.2	+6%
Rochas fashion royalties	-	0.8	na
Total net sales	297.1	315.0	+6%

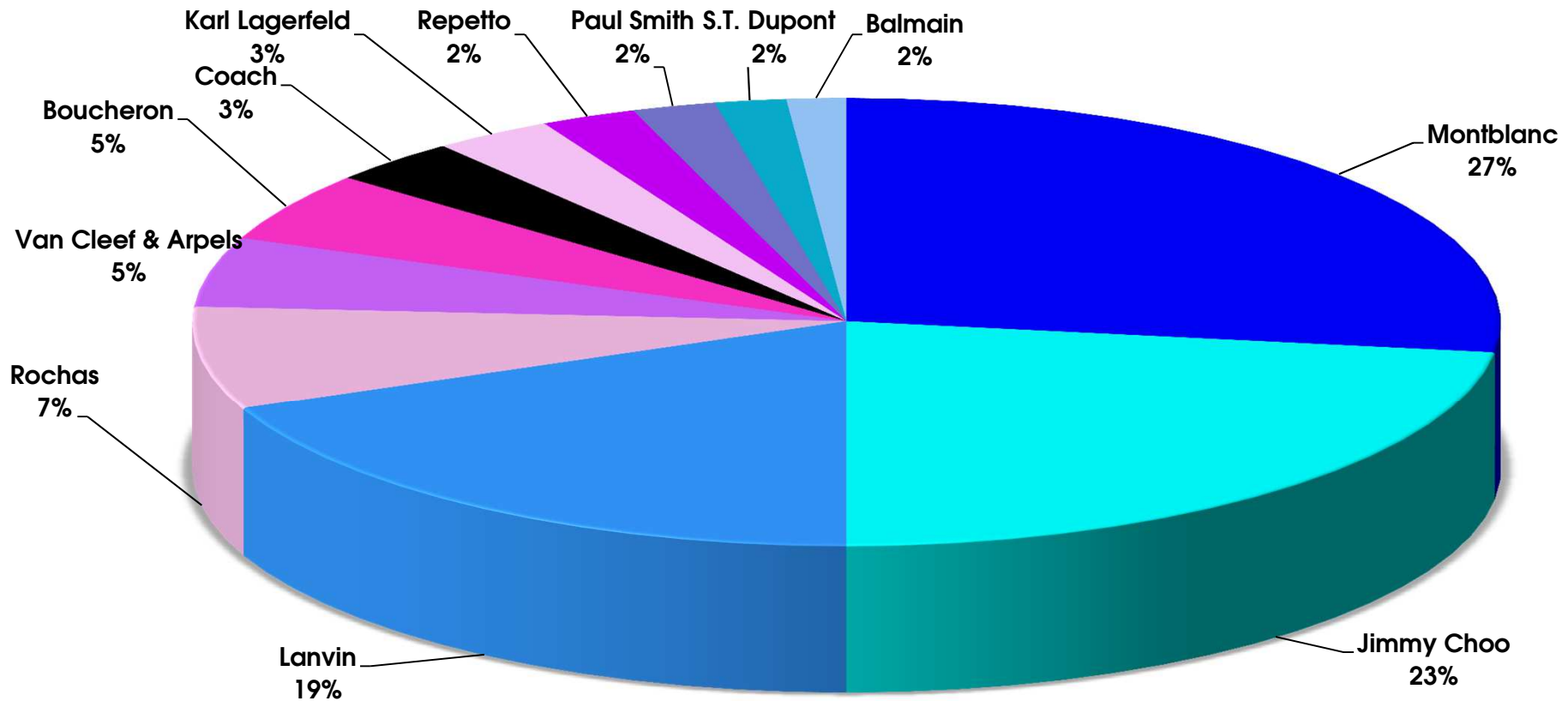
2015 sales mix by brand



2016 budgets by brand

(€m)	2015(e)	2016(e)	2016/2015
Montblanc	86.0	92.0	+7%
Jimmy Choo	77.0	77.0	-%
Lanvin	63.0	63.0	-%
Rochas	10.0	25.0	ns
Van Cleef & Arpels	16.0	17.0	+6%
Boucheron	17.0	17.0	-%
Coach	-	11.0	na
Karl Lagerfeld	12.0	10.0	-17%
Repetto	8.0	8.0	-%
Paul Smith	9.0	7.0	-22%
S.T. Dupont	11.0	6.0	-45%
Balmain	5.0	5.0	-%
Other	0.2	0.2	-
Fragrance sales	314.2	338.2	+7%
Rochas fashion royalties	0.8	1.8	
Total net sales	315.0	340.0	+8%

2016 sales mix by brand



2016 summary

- ✓ Further gains by Montblanc fragrances
- ✓ Consolidation of Jimmy Choo fragrance sales
- ✓ Ramped up distribution for Rochas fragrances and the preparation of a new line for 2017
- ✓ Launch of the first women's line for Coach ...
... and seize all external growth opportunities



2015 & 2016 results

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interparfums

2015 results

Income statement highlights

- ✓ A significant currency effect from the US dollar's appreciation
 - €/ \$ exchange rate: 1.32 in 2014 -> 1.12 in 2015 – €25m impact
- ✓ Gross margin slightly up at constant exchange rates
- ✓ Marketing and advertising expenses at a high level
 - 20% of sales in 2014 -> 21% of sales in 2015
- ✓ An improved operating margin (11% to 12%)

2015 results

Balance sheet highlights at December 31, 2015

- ✓ A balance sheet significantly impacted by the Rochas acquisition...
 - At the level of assets: Fragrance (€87m) and Fashion brands (€19m)
 - At the level of liabilities: Bank loan (€90m)
- ✓ Inventory levels at closing (€60m-€65m) close to opening levels
- ✓ Trade receivables settlement periods stable in France and slightly longer for exports (Russia)

2015 results

Balance sheet highlights at December 31, 2015

- ✓ Cash (excluding the Rochas loan) of approximately €205m-€210m
 - 2014 dividend (€13m)
 - Rochas inventories (€3m)
 - Registration rights (€4m)

2016 results

- ✓ Foreign exchange conditions expected to remain favorable
 - Budget exchange rate €/ \$ 1.15
- ✓ Marketing and advertising expenses strengthened
 - 20% of sales in 2014
 - 21% of sales in 2015
 - 22% to 23% of sales in 2016
- ✓ A new increase in the operating margin

Agenda

- ✓ 2015 sales
 - January 26, 2016 (before the opening of Euronext Paris)
- ✓ 2015 results
 - March 14, 2016 (before the opening of Euronext Paris)
- ✓ 2016 first-quarter sales
 - April 22, 2016 (before the opening of Euronext Paris)
- ✓ 2016 AGM
 - April 22, 2016 (Paris)

BALMAIN
BOUCHERON
JIMMY CHOO
KARL LAGERFELD
LANVIN
MONTBLANC
PAUL SMITH
REPETTO
ROCHAS
S.T. DUPONT
VAN CLEEF & ARPELS

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