

interparfums

2020

Annual results

March 2, 2021



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• 2020 highlights



2020 sales Year divided into two parts

H1 2020

- **January & February: a relatively dynamic start of the year**
 - Launches of the *Coach Dreams* and *L'Homme Rochas* lines
- **Mid-March: strong business slowdown reflecting the closure of nearly all the points of sale for perfume throughout the world**
- **April & May: Interparfums rapidly adapts its operating model**
 - Rescheduling of certain launches
 - Cancellation or postponement of media expenses
 - Modification of production planning
 - Complete review of outstanding accounts receivables and payables
 - Adaptation of the internal organization

2020 sales Year divided into two parts

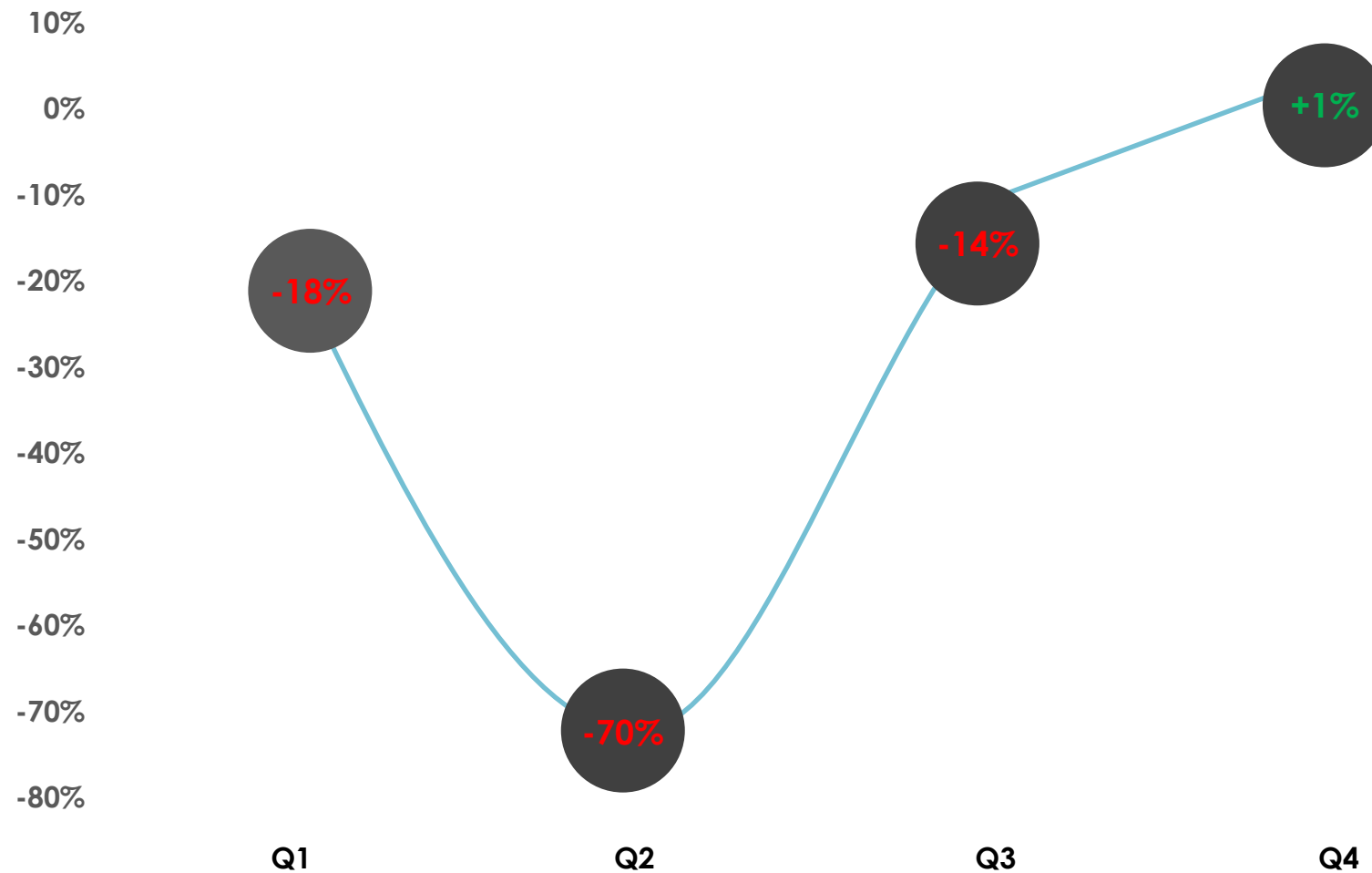
H2 2020

- **July: a rebound in orders in all world regions**
- **September & October: an acceleration in the pace of orders**
- **Robust year-end momentum**

(€m)	Q1	Q2	Q3	Q4	2020
2020	103.5	35.8	111.0	117.1	367.4
2019	126.6	118.8	129.2	116.7	484.3
Change	-18%	-70%	-14%	+1%	-24%

- **Full-year sales of €367.4m**
 - Down 24.1% at current exchange rates in relation to 2019
 - Down 23.5% at constant exchange rates in relation to 2019

2020 sales by quarter



2020 sales: an uneven recovery according to the region

(€m)

	Q1	Q2	Q3	Q4	Total
Africa	-16%	-3%	-19%	-36%	-21%
Asia-Pacific	-30%	-67%	+29%	-14%	-24%
Eastern Europe	-12%	-80%	-52%	-2%	-40%
France	-34%	-19%	+12%	-10%	-14%
Middle East	-43%	-73%	-3%	+22%	-33%
North America	-2%	-72%	-19%	+16%	-17%
South America	-16%	-69%	-20%	+9%	-27%
Western Europe	-5%	-73%	-16%	-23%	-28%

2020 results: profitability preserved

(€m)

	2016	2017	2018	2019	2020
Revenue	365.6	422.0	455.3	484.3	367.4
Gross margin	236.9	275.9	294.2	308.8	227.1
<i>% of sales</i>	64.8%	65.4%	64.6%	63.8%	61.8%
Operating profit	49.7	60.0	66.2	73.1	46.9
<i>% of sales</i>	13.6%	+ 14.2%	14.5%	15.1%	12.8%
Net income	32.4	40.0	47.2	50.6	30.7
<i>% of sales</i>	8.9%	9.5%	10.4%	10.5%	8.4%

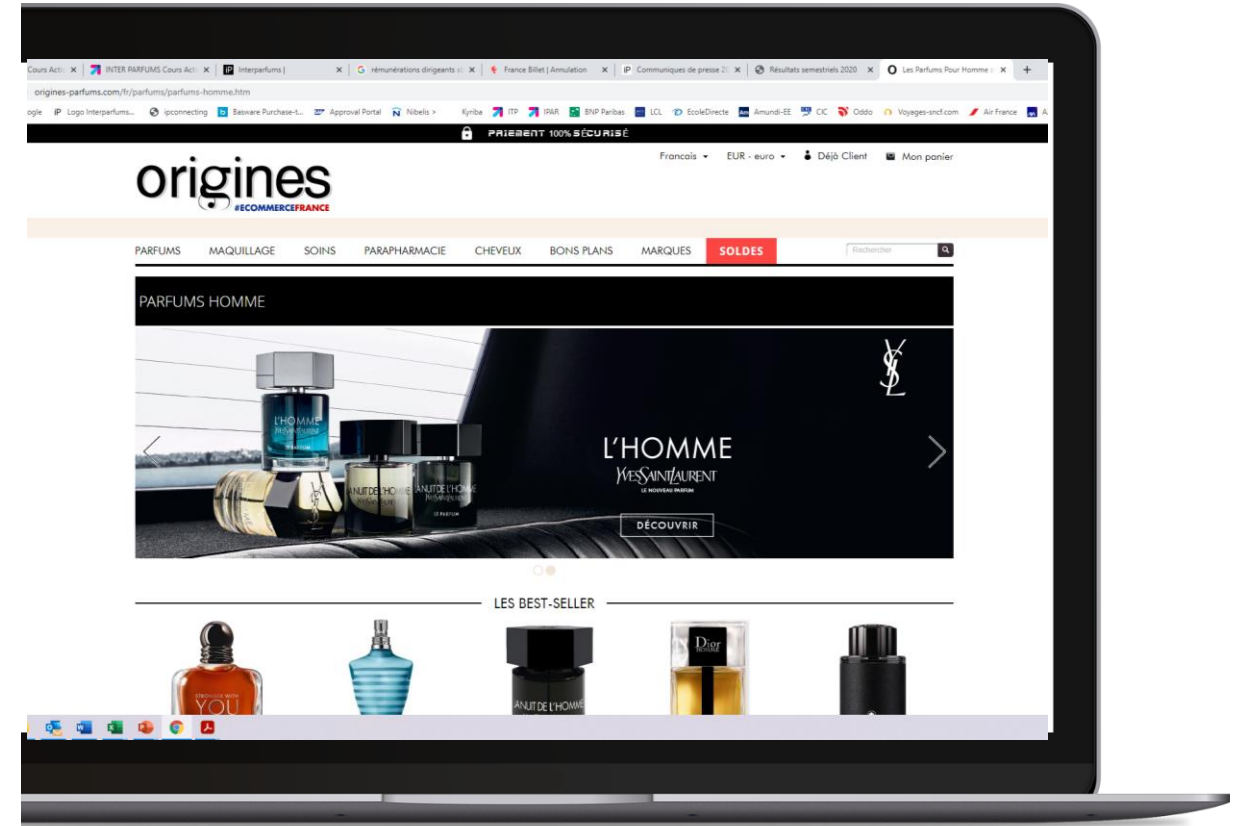
	2016	2017	2018	2019	2020
Shareholders' equity	403.5	421.8	444.6	462.8	492.5
Cash and cash equivalents	230.6	221.1	213.0	205.7	228.2
Net financial debt	70.7	50.5	30.3	10.0	11.0

- Other 2020 highlights



Acquisition of an equity stake in *Origines-parfums.fr*

- one of the leading beauty e-commerce platforms approved by the brands
- A 25% equity stake acquired in June 2020 and a €12.5m capital increase
- Sales of €58m (incl. VAT) ,
up 45% from 2019
A profitable business
A long-term objective of €100m



Signature of the Moncler license agree

- **Signature of a license agreement for 6 ½ years with an option for an additional 5 years in June 2020**
- **Development timetable**
 - A fragrance line finalized
 - Presentations made to distributors
 - Presentations to retailers in progress
 - Launch planned in Q1 2022
 - A selective distribution strategy



Project to acquire an office complex for the future headquarters

- **Search initiated in early 2019**
 - For more office space
 - To bring the teams together at a single site
- **transformed into an enterprise project**
 - A milestone in the Group's development
 - Environmental (HQE and Breeam) and employee well-being (Well) certifications expected
- **combined with an acquisition opportunity**
 - Amount: €125m (market price) + expenses
 - 90% of the total financed by a long-term bank loan
 - Closing in spring 2021
 - Move in early 2022



- **2020 sales
by brand**



Reminder of 2020 launches

- First half



Coach Dreams



L'Homme Rochas



Coach Man Blue



Montblanc Signature

Reminder of 2020 launches

- H2 2020



Boucheron Serpent Bohême



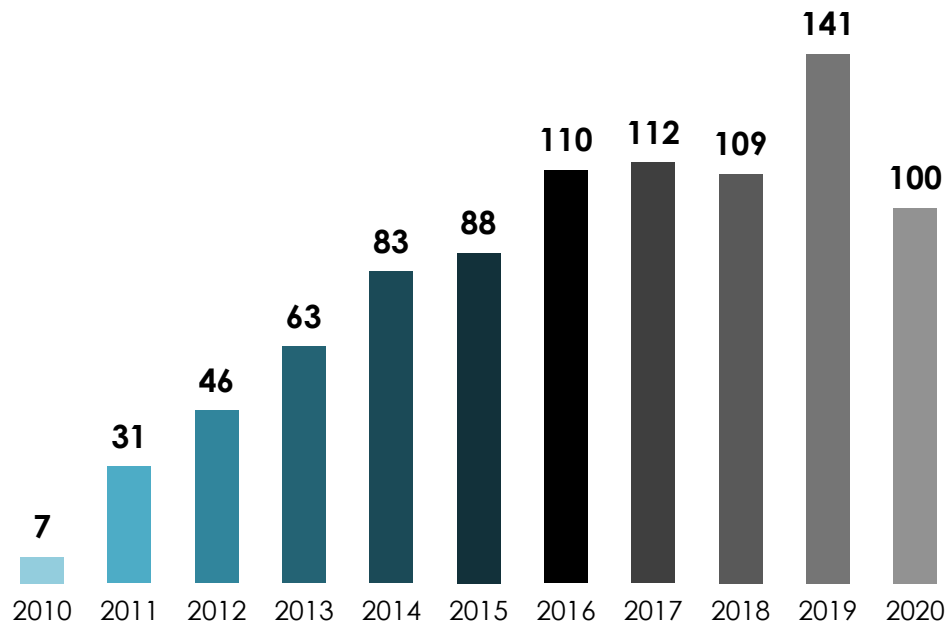
Montblanc Legend EDP



Lanvin Eclat d'Arpège Sheer

Sales highlights

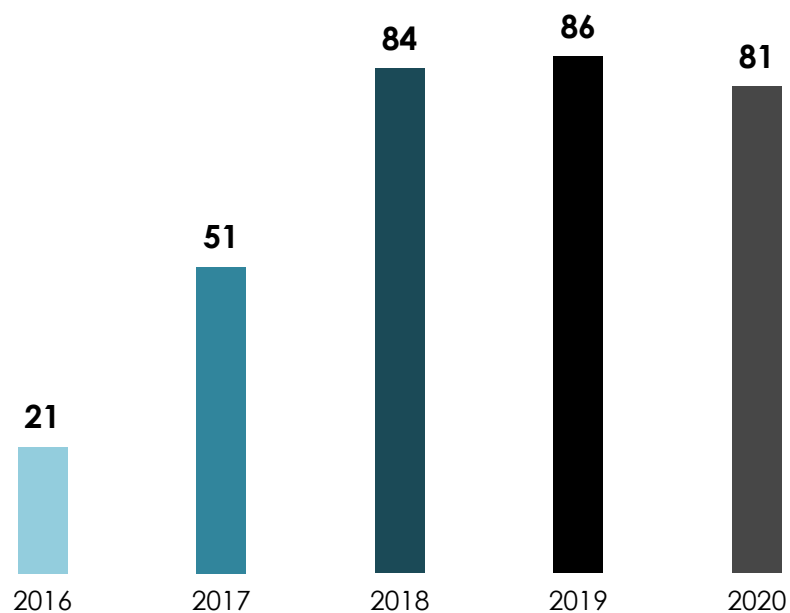
(€m)



Key point: Launch of the *Montblanc Explorer* line in 2019

Sales highlights

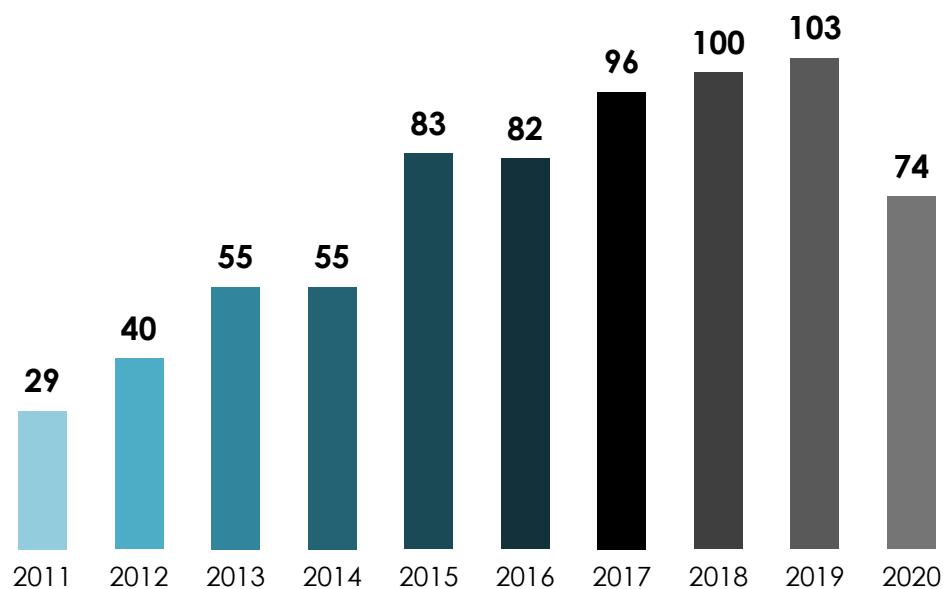
(€m)



Key point: Launch of the *Coach Dreams* line in early 2020

Sales highlights

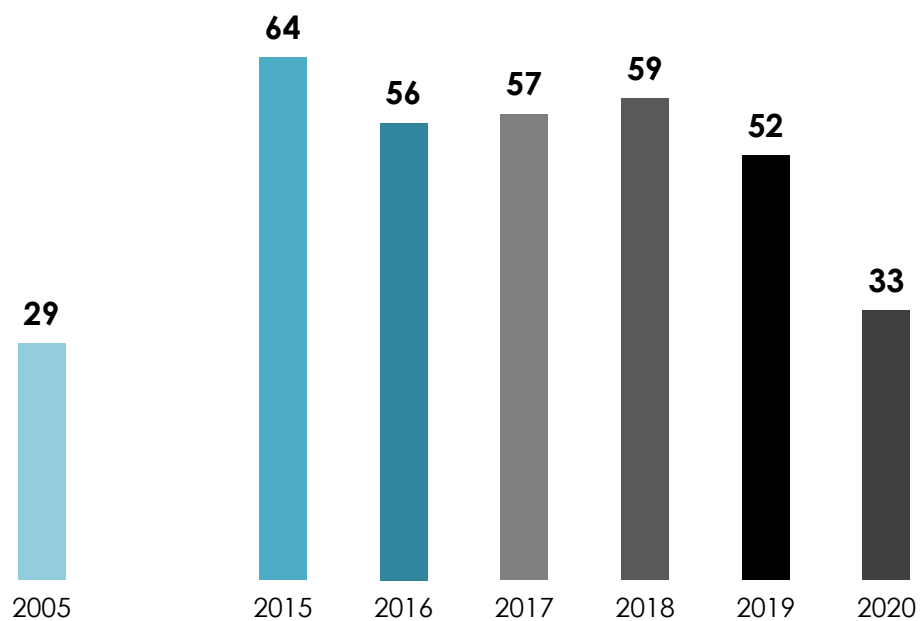
(€m)



Key point: Launch of the *I Want Choo* line in 2021

Sales highlights

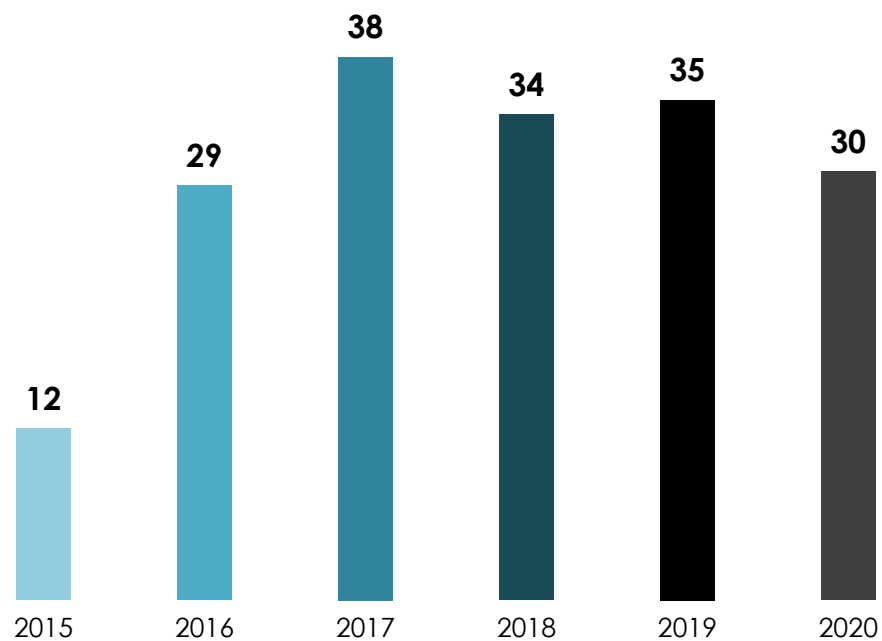
(€m)



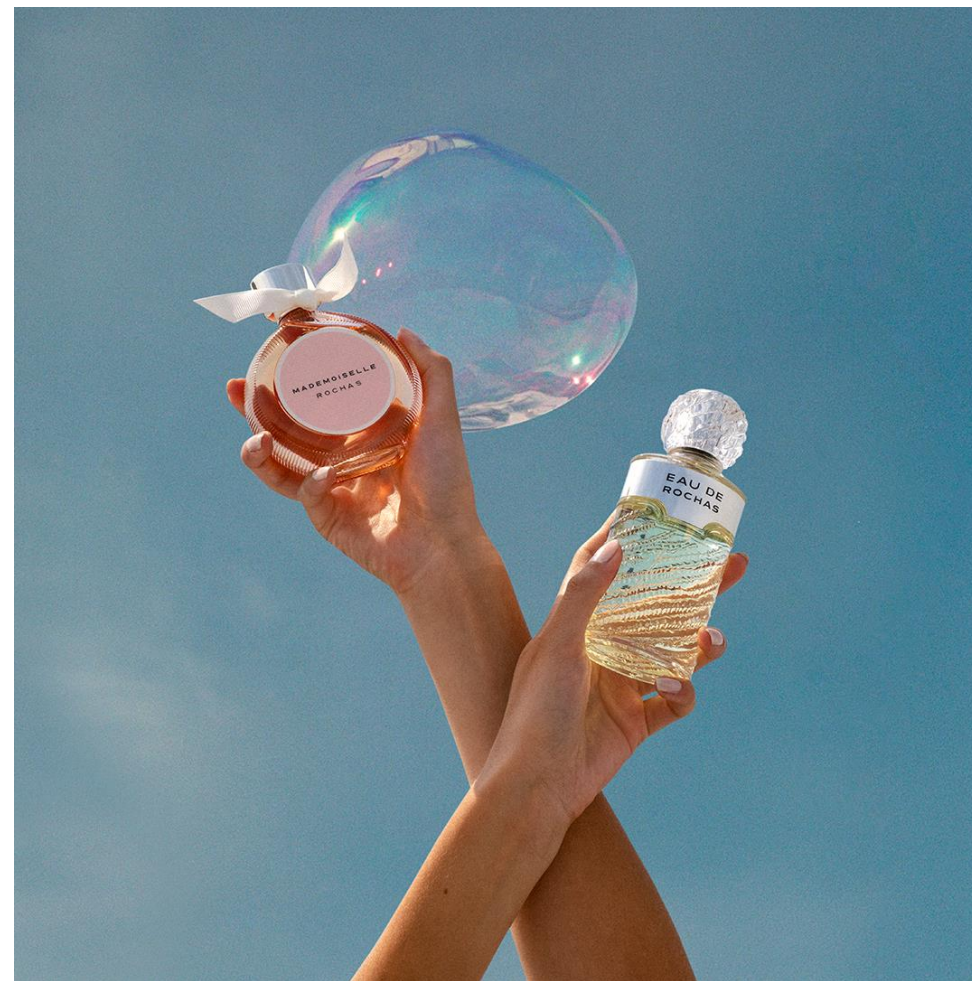
Key point: A difficult market for Eastern Europe in 2020

Sales highlights

(€m)



Key point: Launch of a low-environmental impact line in 2021



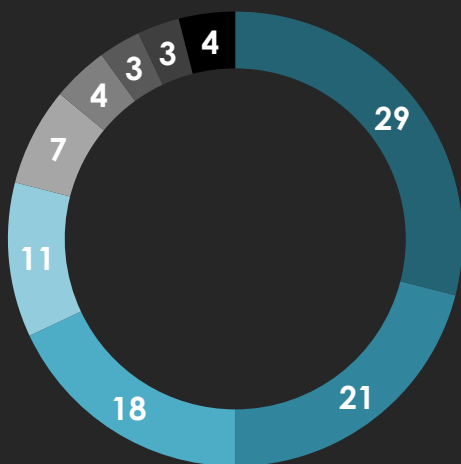
2020 sales by brand

(€m)

	2019	2020	2020/2019
Montblanc	140.7	100.0	-29%
Coach	86.5	81.1	-6%
Jimmy Choo	103.5	73.8	-29%
Lanvin	52.1	32.9	-37%
Rochas	34.5	29.7	-14%
Boucheron	18.3	12.0	-34%
Karl Lagerfeld	13.9	11.4	-18%
Van Cleef & Arpels	15.3	10.4	-32%
Other	19.5	16.1	ns
Total revenue	484.3	367.4	-24%

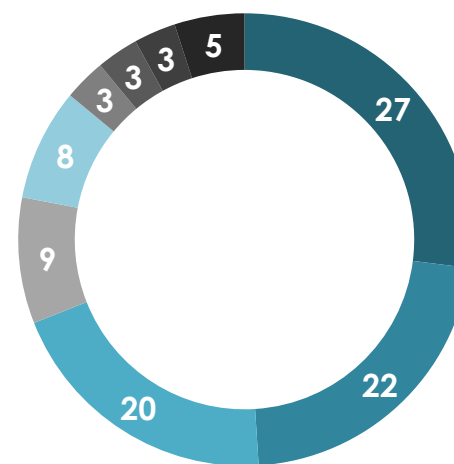
Breakdown by brand

2019



- Montblanc: 29%
- Jimmy Choo: 21%
- Coach: 18%
- Lanvin: 11%
- Rochas: 7%
- Boucheron: 4%
- Van Cleef & Arpels: 3%
- Karl Lagerfeld: 3%
- Other brands: 4%

2020



- Montblanc: 27%
- Coach: 22%
- Jimmy Choo: 20%
- Rochas: 8%
- Lanvin: 9%
- Boucheron: 3%
- Van Cleef & Arpels: 3%
- Karl Lagerfeld: 3%
- Other brands: 5%

- 2020 sales
by region



2020 sales by region / country

- **Asia**

- A sustained recovery in North Asia and the Pacific region in H2
- South Korea: good resilience by our top market of the region
- Australia: the only country achieving growth in 2020 (+20%)
- China: strong growth in online fragrance sales

- **South America**

- Mexico: -67%, impacted by a change in distributor
- Brazil/Argentina/Chile demonstrated good resilience
- Rapid acceleration of online sales in Brazil

- **Western Europe**

- A difficult year
- The percentage of online sales rose significantly in selected countries (United Kingdom, 15% → 30%)

2020 sales by region / country

- **United States**

- A sustained recovery at year-end
 - Retail sales* at 30 September: -27%
 - Retail sales* in Q4: +3 %
- Our launches fueled growth in December +8% (1/3 of annual volume)
- Growth by Coach fragrances (+4%)
- strong gains in e-commerce sales (+68%)

- **Russia**

- Points of sale were closed for several months
- A significant decline in sales, notably for Lanvin fragrances
- marginal development for e-commerce

(*) NPD data – retail sales

2020 sales by region / country: France

- **Total revenue**

- A French fragrance and cosmetics market with declining sales (-20%) *
- Business remained resilient (-14%) in response to performances by Rochas and Montblanc

- **Percentage of online sales***

- 16% of sales in 2020 vs. 9% in 2019
- Interparfums fragrance sales up 43%
- Market share: 3%

- **Online sales by brand***

- Rochas: €2.5m (+57%)
- Montblanc: €2m (+65%)

- **Online sales by retailer***

- Origines €2.2m (+46%)
- Nocibé €1.9m (+68%)
- Sephora €1.5m (+37%)

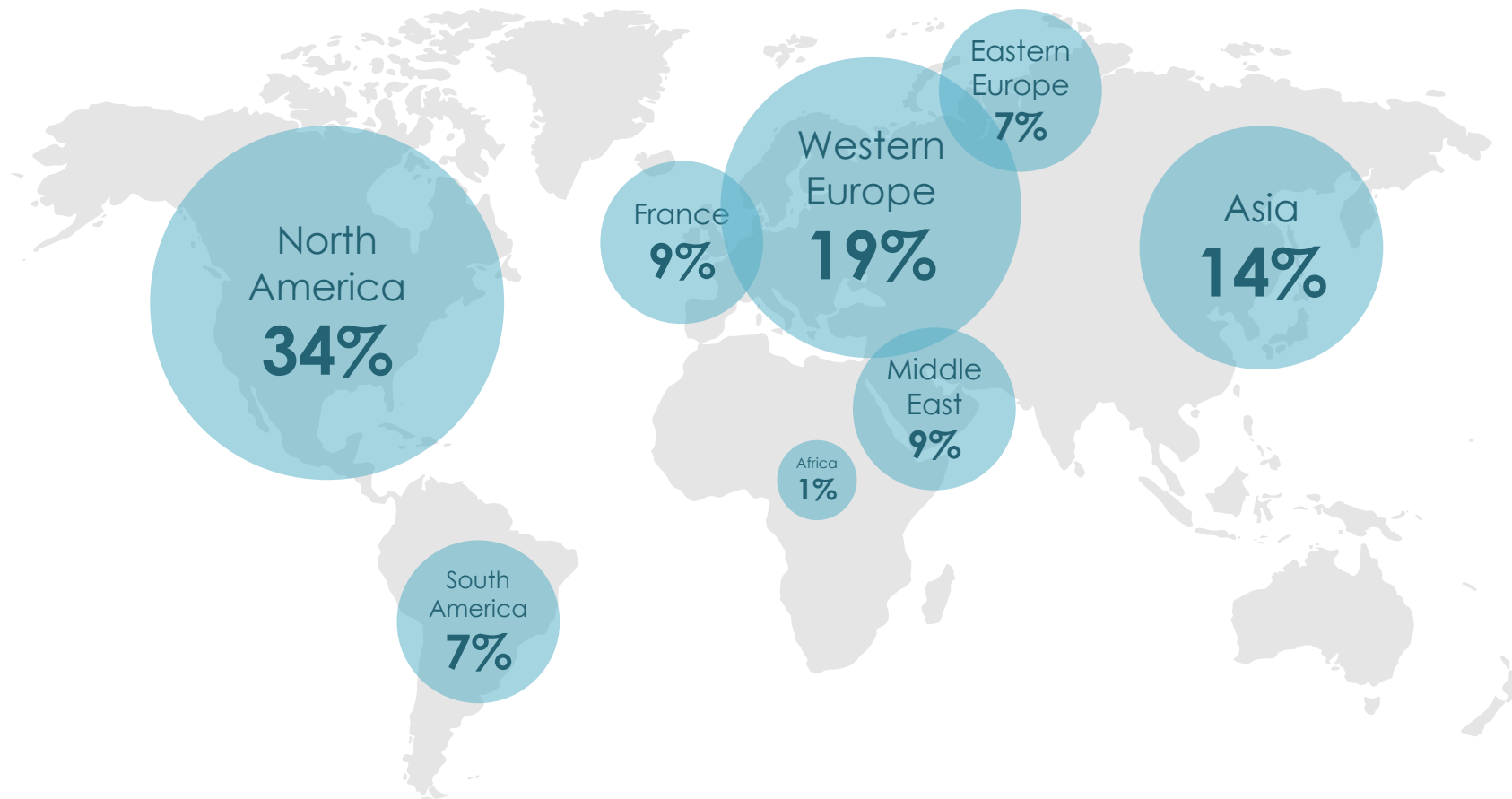
(*) NPD data – retail sales

2020 sales by region

(€m)

	2019	2020	2020/2019
Africa	5.4	4.3	-21%
Asia-Pacific	67.9	52.0	-24%
Eastern Europe	42.6	25.6	-40%
France	36.9	31.8	-14%
Middle East	51.2	34.2	-33%
North America	151.7	126.0	-17%
South America	35.0	25.7	-27%
Western Europe	91.6	67.8	-27%
Total sales	484.4	367.4	-24%

2020 sales by region



2020 sales Worldwide travel retail

(€m)

- **Total sales**

- Total sales of €21m in 2020 compared to €52m in 2019 (-60%)

- **Highlights by region**

- North America (-30%) remained resilient thanks to Coach (-7%) and Montblanc (-18%) as was the case for the Middle East (-26%)
- Activity in Europe and Asia at a virtual standstill (-75%)

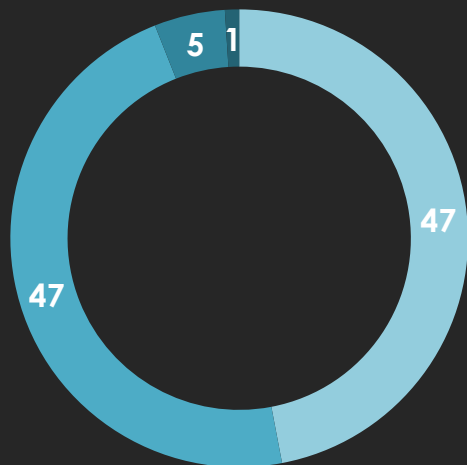
- **Brand highlights**

- The Coach brand was the least impacted (-32%)
- All other brands ended down between -60% and -70%

- 2020
results



2020 currency effect



■ Euro: 47%

■ US dollar: 47%

■ Pound Sterling: 5%

■ Other: 1%

Currency	Av. exch. rate 2019	Av. exch. rate 2020	Currency effect on sales
€/\$	1.122	1.143	-€3.2m
€/£	0.887	0.892	-€0.1m
€/¥	122.5	116.8	+€0.2m

Total currency effect

+€3.1m

Sales

€370.5m

at constant exchange rates

Change

-23.5%

at constant exchange rates

2020 income statement

(1st part)

Gross margin in H1: 59.6% (-4.3 pts)

- Higher inventories → An increase in inventory provisions → An increase in the weight of inventory provisions reflecting the significant drop in sales
- Kate Spade returns (US\$2m)
- Special pricing conditions negotiated with certain customers

Gross margin in H2: 63.2% (-0.4 pts)

- A return to more normal market conditions
 - A marginal improvement impacted by the lower dollar
- ➔ Gross margin at constant exchange rates: **63.9% (+0.3 pts)**

2020 income statement

(1st part - €m)

	2019	2020	2020/2019
Revenue	484.3	367.4	-24%
Cost of sales	(175.4)	(140.3)	-20%
Gross margin	308.8	227.1	-26%
% of sales	63.8%	61.8%	
Logistics & transport	(12.4)	(8.1)	-34%
Marketing & advertising	(109.5)	(71.8)	-34%
% of sales	22.6%	19.5%	
Royalties	(36.2)	(29.6)	-18%
% of sales	7.5%	8.1%	
Staff costs (excluding production)	(40.4)	(34.1)	-15%
Service fees / subsidiaries	(6.7)	(4.3)	-36%
Allowances for depreciation and amortization, provisions	(6.3)	(14.0)	+122%
Tax and related expenses	(3.8)	(3.1)	-18%
Other	(20.3)	(15.2)	- 25%
Current operating income	73.1	46.9	- 36%
% of sales	15.1%	12.8%	

2020 income statement

(1st part)

Operating margin: 12.8% (-2.3 pts)

- Marketing and advertising budgets adjusted (canceled or postponed) throughout the year → **19.5% of 2020 sales**

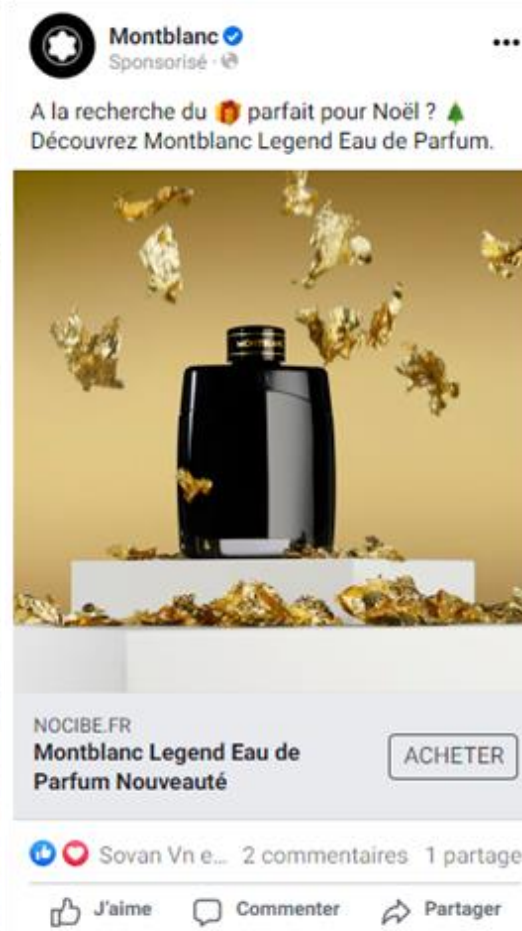
2020 income statement

Media campaigns focus on the digital

	ALL BRANDS	
	2019	2020
Worldwide	27 %	50 %
ASIA Pacific	72 %	81 %
Europe	18 %	30 %
Americas	27 %	68 %
Middle East	4 %	N.C.

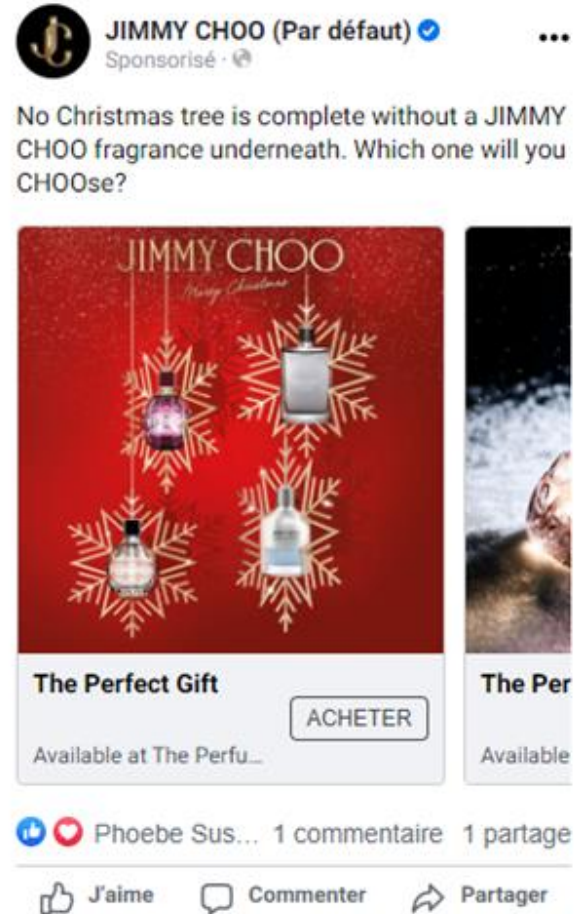
2020 income statement

Facebook / Instagram – centralization of campaigns



2020 income statement

Facebook / Instagram – centralization of campaigns



2020 income statement

(1st part)

Operating margin 12.8% (-2.3 pts)

- Marketing and advertising budgets adjusted (canceled or postponed) throughout the year → **19.5% of 2020 sales**
- Minimum royalties adjusted with the agreement of the main brands
- A reduction in variable compensation and profit-sharing

- An increase in provisions for accounts receivable
- A provision for the risk of future losses for the business of a minor brand (in terms of size 😊)

2020 income statement

(1st part - €m)

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Current operating income	73.1	46.9	- 36%
<i>% of sales</i>	15.1%	12.8%	

2020 income statement

(2nd part)

Translation difference

- An unfavorable €/ \$ exchange rate trend in H2

Share of profit from equity-accounted companies

- Acquisition of an equity stake in *Origines-parfums*

Corporate income tax

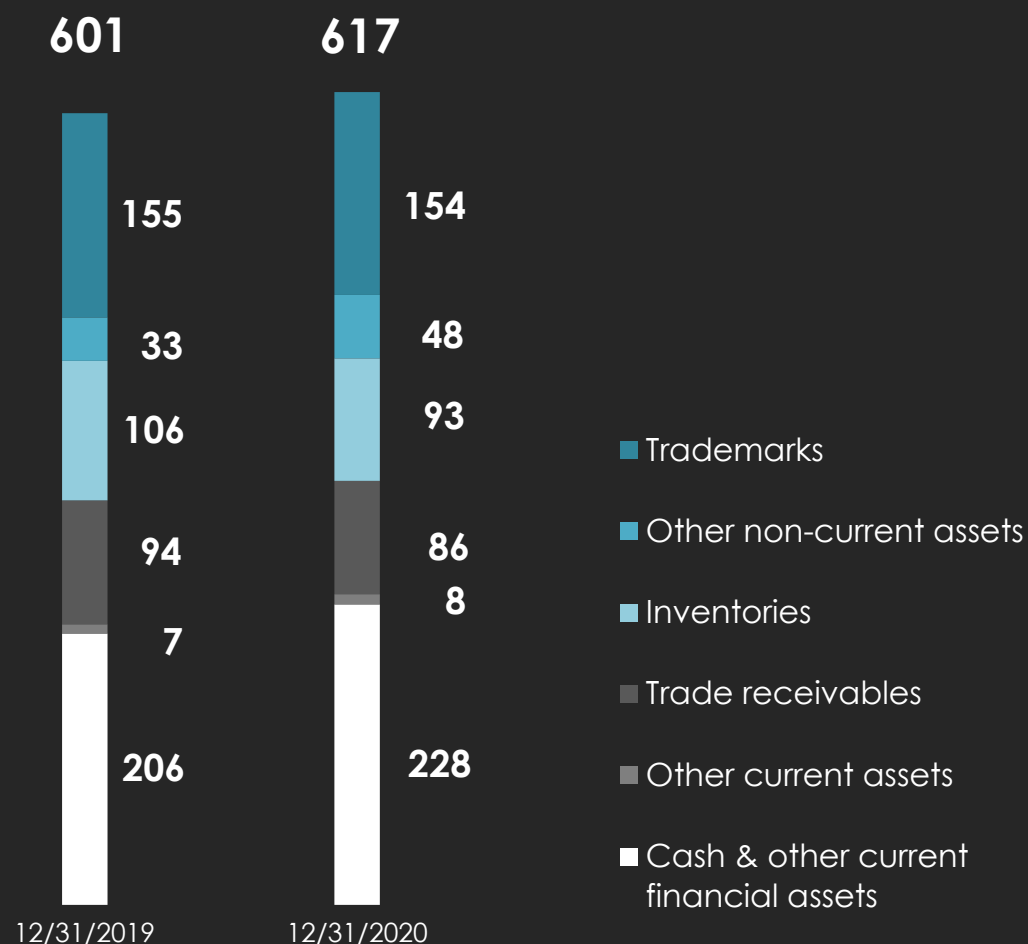
- An increase in the average income tax rate (33% in 2020 vs. 30% in 2019)
- A modification in the contribution to profits by region
- Non-deductible expenses
- A deferred tax expense linked to the future decline in the corporate income tax rate

2020 income statement

(2nd part - €m)

	2019	2020	2020/2019
Operating profit	73.1	46.9	- 36%
<i>% of sales</i>	15.1%	12.8%	
Financial income (expense)	0.8	0.9	- 12%
Translation difference	(0.8)	(2.0)	ns
Income before tax	73.2	45.8	- 37%
<i>% of sales</i>	15.1%	12.5%	
Corporate income tax	(22.1)	(15.2)	- 31%
<i>Effective tax rate</i>	30.2%	33.3%	
Share of profit from equity-accounted investments	-	0.5	ns
Net income	51.1	31.0	- 39%
<i>% of sales</i>	10.6%	8.4%	
Non-controlling interests	(0.5)	(0.3)	ns
Net income	50.6	30.7	- 39%
<i>% of sales</i>	10.5%	8.4%	

2020 balance sheet - Assets



Brands €154m

- Brand assets remain stable
- No indication of impairment

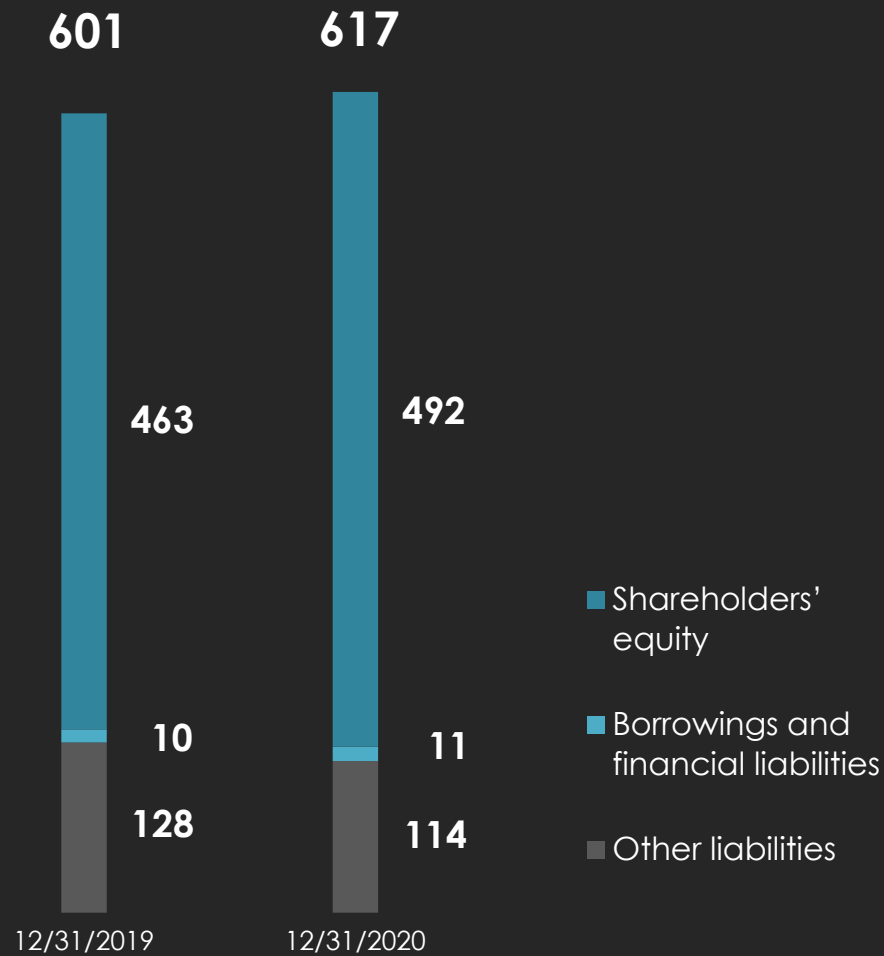
Inventories €93m

- A decrease in line with the drop in sales
- H1 2021 launches

Accounts receivable €86m

- Payment facilities and payment delays granted
- A single incident of major payment default

2020 balance sheet - Liabilities



Shareholders' equity €492m

- 80% of total assets

Financial liabilities €11m

- *Origines-parfums* loan

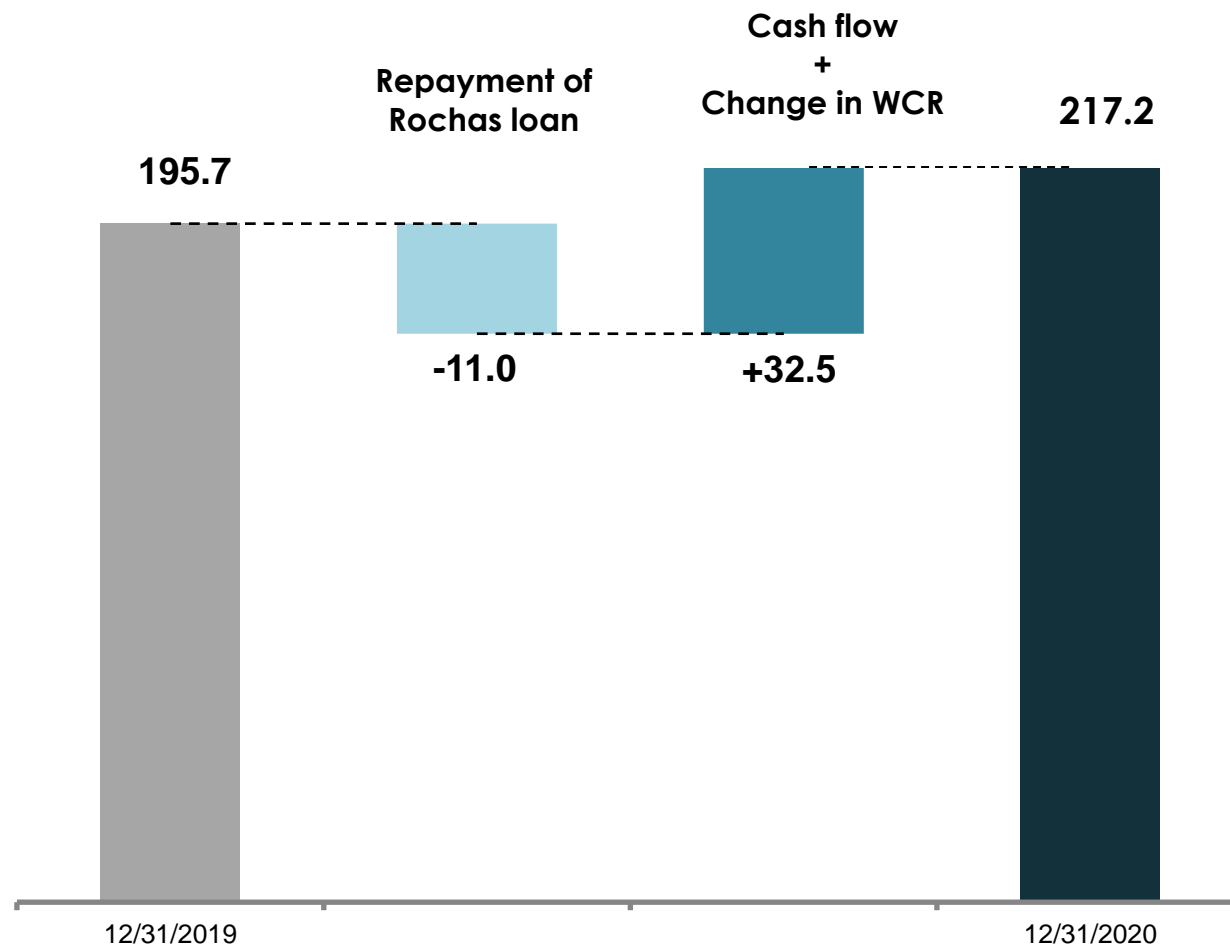
Cash net of borrowings

(€m)

	12/31/19	06/30/20	12/31/20
Capital redemption contracts	52.6	-	53.2
Term deposit accounts	53.6	59.8	49.6
Other	0.4	0.4	0.4
Current financial assets (>3 months)	106.6	60.3	103.2
Term deposit accounts	20.9	10.8	24.6
Bank accounts	52.7	37.8	91.6
Interest-bearing accounts	25.5	7.4	8.8
Cash and cash equivalents (<3 months)	99.1	108.9	125.0
Non-current borrowings & financial liabilities	-	(8.0)	-
Current borrowings & financial liabilities	(10.0)	(4.0)	(11.0)
Borrowings & financial liabilities	(10.0)	(12.0)	(11.0)
"Actual" cash net of borrowings	195.7	157.2	217.2

Trends for cash net of borrowings

(€m)



Dividend and bonus share iss

2020 dividend



€0.55 per share



Ex-rights date
May 3, 2021
(midnight)

Payment date
May 5, 2021

2021 bonus share issue



22nd annual bonus
share issue



Procedures to be
defined




Programmed
for June

Share capital

• Number of shares at December 31, 2019	47,262,190
• Increase of the period <ul style="list-style-type: none">• Bonus share issue October 2020	4,726,219
• Number of shares at December 31, 2020	51,988,409

Financial communications calendar

Q1 2021 sales

 April 22, 2021

Q2 2021 sales

 End of July 2021

Annual General Meeting

 April 23, 2021


H1 2021 results


 Early September 2021

2020 financial highlights

- Robust results made possible by effective measures and the flexible operating model

- Profitability preserved

 Operating margin:
12.8%

 Net margin
8.4%

- A financial structure which remains strong

 Net cash
€217m

 Shareholders' equity
€492m

- CSR & Governance



CSR & Governance

2019 observation

Practices recognized in the **social** and **governance** areas

- **Employer values: A socially engaged and responsible employer**

Corporate culture, a very comprehensive social policy

- **Social values: Long-standing practices**

Ethics, transparency, close relations with stakeholders

- **Corporate governance: Long-proven practices**

Quality of profiles, gender balance, independent members

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%)



2020 campaign
Interparfums 11th / 230
Rating 75 / 100

CSR Strategy & Governance

A practitioner of “**genuine CSR**”[©]

- No greenwashing ...
- Objectives set not for 2030 or 2050 but in 5 years
- A pragmatic strategy based on concrete actions
- Quantified targets

- ➔ Interparfums, Become an **active** contributor in the **environmental** area
- ➔ Strengthening our **social** and **governance** practices

CSR & Governance

2020 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

E: Integration of an “**optimized eco-design**” dimension into our products

- Using environmentally responsible materials (cardboard derived from sustainable development, water-soluble coatings)
- Reducing weight and size in glass, cardboard and plastics
- Replacing certain materials by recycled or bio-sourced materials (glass or plastic)
- Continuing to support the design houses (natural products, sourcing, traceability)

CSR & Governance

2021 actions

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

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

S : Formalizing social practices through a “**Responsible Employer Charter**”

S : Raising employee awareness about the CSR challenges

S^{tal} : Formalizing practices with stakeholders in an “**Interparfums Ethics Charter**”

G : Consolidating corporate governance practices

- 2021 launches



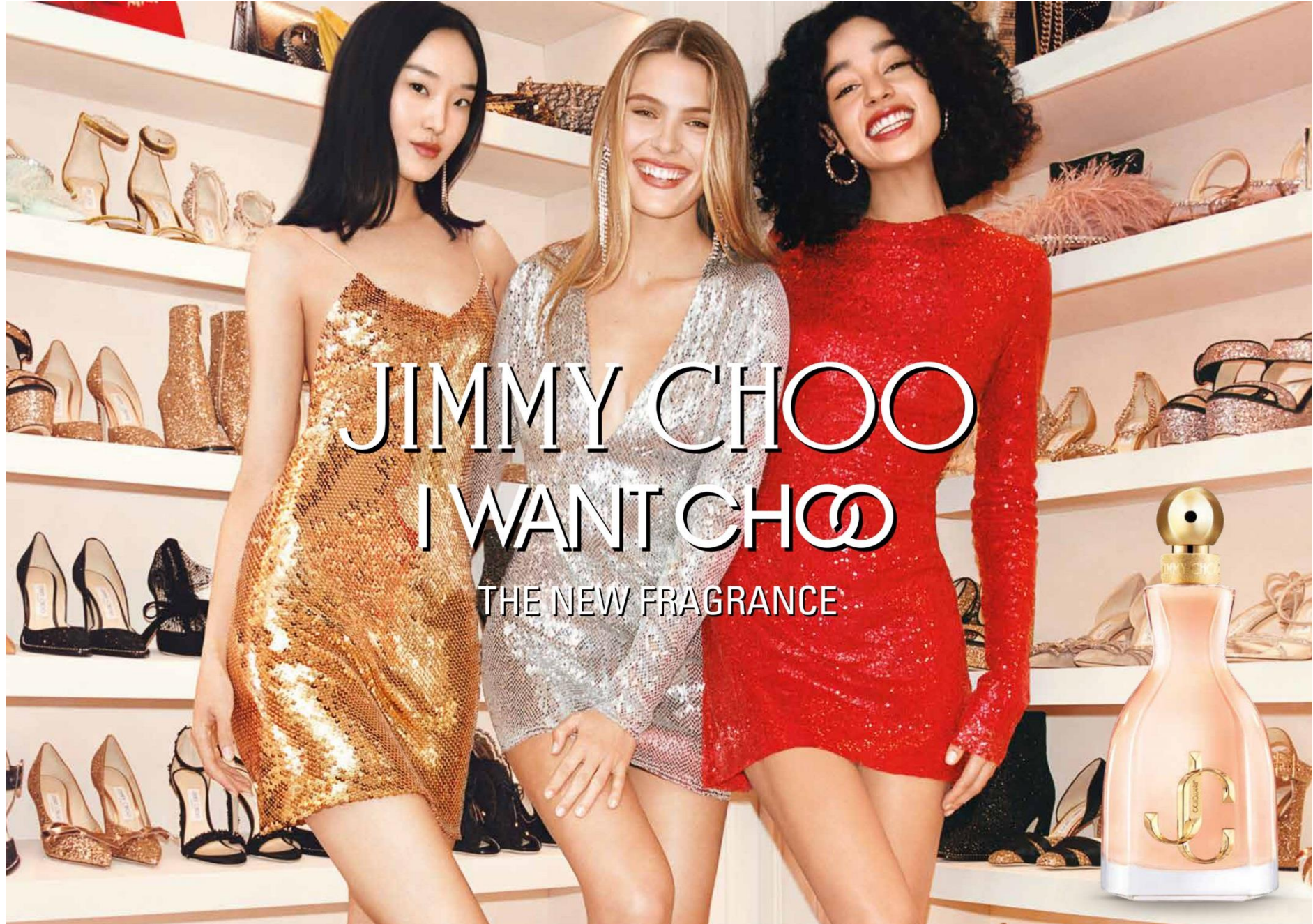
H1 2021 launches

- **Strategic launches**

- ***I Want Choo*** (Jimmy Choo)
(women's fragrance - initially planned for 2020)
- ***Kate Spade***
(women's fragrance- initially planned for 2020 - 1st initiative of the brand)
- ***Rochas Girl***
(women's fragrance - A major eco-responsible initiative)
- ***Explorer Ultra Blue*** (Montblanc)
(men's fragrance)

- **Tactical launches**

- The Boucheron collection
- The Van Cleef & Arpels collection
- Karl Lagerfeld Duos



FEATURING MADDIE ZIEGLER

kate spade

NEW YORK

THE NEW FRAGRANCE



Mannequins non retouchés

Girl

ROCHAS
PARIS



LE NOUVEAU PARFUM



MONTBLANC

EXPLORER

ULTRA BLUE

THE NEW FRAGRANCE FOR MEN



2021 H2 launches

- **Strategic launches**

- New Lanvin line
(women's fragrance – perfume collection)

- **Tactical launches**

- Jimmy Choo
(men's fragrance – flanker series for the *Urban Hero* line)
- Coach
(women's fragrance – flanker series for the *Coach Dreams* line)

- **Jimmy Choo make-up line**

- 4 new lipsticks

• 2021 outlook



2021 budget (established at the end of November 2020)

(€m)

- **An internal budget based on the following parameters**

- Net sales €400m
- Marketing and advertising 22.5% (vs.19.5% in 2020)
- An operating margin of approximately 12%

	2020 ^(e)	2021 ^(e)	21/20
Montblanc	95.0	108.0	14%
Coach	75.0	82.0	9%
Jimmy Choo	67.0	79.0	18%
Lanvin	32.0	37.0	16%
Rochas	29.0	36.0	24%
Kate Spade	2.0	13.0	ns
Boucheron	12.0	12.0	-
Karl Lagerfeld	11.0	12.0	9%
Van Cleef & Arpels	10.0	11.0	10%
Other	12.0	10.0	ns
Total sales	345.0	400.0	16%

2021 outlook

- **A global fragrance and cosmetics market starting to recover though still with reduced visibility**
- **Our strengths**
 - A flexible development model that has demonstrated its effectiveness during growth and also downturns
 - Solid pillars
 - Promising launches
 - A business spread across more than 100 countries
 - Motivated and responsive teams

interparfums

2020

Annual results

March 2, 2021

