interparfums

H1 2018 results

Net income: +16%

Paris, September 6, 2018,

€m (audited accounts)	H1 2017	H1 2018	18/17
Net sales	209.3	218.7	+5%
Gross margin	136.6	139.1	+2%
% of sales	*65.3%*	*63.6%*	
Operating profit	33.1	34.8	+5%
% of sales	*15.8%*	*15.9%*	
Net income	21,7	25,2	+16%
% of sales	*10.4%*	*11.5%*	

€m (audited accounts)	12/31/17	06/30/18	18/17
Shareholders' equity	421.8	421.9	-
Net cash & current financial assets	221.1	176.7	-20%
Borrowings	50.5	40.4	-20%

Income statement highlights

Improved cost prices for selected lines resulted in an increase in the gross margin as a percentage of sales at constant currencies in the 2018 first half. This indicator however was partially impacted by the negative Euro/US Dollar exchange rate[1] which limited its increase in euros for this period to 2% at current exchange rates.

In a period without major launches, the company has maintained a substantial marketing and advertising budget (21% of sales). Furthermore, operating profit is up more than 5% from last year's first half, with an operating margin reaching nearly 16%.

The lower tax rate in the United States combined with a Euro-to-Dollar exchange rate below 1.20 in the last two months of the first half, generated an unrealized foreign exchange gain for the period. This currency effect contributed to the increase in net income which rose 16% from the 2017 first half.

Balance sheet highlights

Working capital in the 2018 first half was temporarily impacted by inventory buildup for selected lines in preparation of launches planned in the next 12 months and anticipated business growth, notably by Coach fragrances.

After the €26 million dividend payment for 2017 and the €10 million repayment of the Rochas loan, net cash remained significant at more than €135 million at 30 June 2018, comparable to one year earlier.

[1] 1.21 in H1 2018 compared to 1.08 in H1 2017.

Philippe Benacin, Chairman and CEO commented: *"Coach fragrances have confirmed their position as the third pillar of the Group's brand portfolio based on a remarkable performance with sales of more than €37 million for the first six months, after only twenty-four months of operations. With Montblanc and Jimmy Choo fragrances in particular, we have strong foundations for accelerating growth in the coming years."*

Philippe Santi, Executive Vice President and CFO, added: *"As last year, in the first half, we had a particularly high operating margin of nearly 16%. Based on a 1.20 Euro-US dollar exchange rate and structurally more substantial marketing and advertising expenses in the second half, we reconfirm our operating margin target of between 13% and 13.5% for the 2018 full-year."*

Upcoming events

Publication of 2018 third-quarter sales
October 25, 2018
(before the opening of trading in Paris)

Publication of 2019 forecasts
November 13, 2018
(before the opening of trading in Paris)

2018 Actionaria trade fair
November 22 & 23, 2018

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