

H1 2021 results

Operating margin: 24.7%

Net margin: 17.2%

Income statement highlights

€m (audited accounts)	H1 2019	H1 2020	H1 2021	21/19
Net sales	238.4	139.3	266.3	+12%
Gross margin	152.3	83.0	171.4	+13%
% of sales	63.9 %	59.6 %	64.4 %	
Operating profit	39.0	10.4	65.6	+68%
% of sales	16.4 %	7.5 %	24.7 %	
Net income	27.2	8.9	45.7	+67%
% of sales	11.4 %	6.4 %	17.2 %	

The gross margin in H1 2021 rose 13% in relation to the same period in 2019, returning to a normative level of more than 64% through strict control over production costs.

Marketing and advertising expenses of €37 million were in line with the sales budget established in November 2020. And with sales largely exceeding expectations, operating profit in H1 2021 was up nearly 70% in relation to H1 2019, with the operating margin reaching an exceptional 24.7%.

Net income followed the same trends with an increase of 67% in relation to H1 2019 to €45 million for the period.

Balance sheet highlights

€m (audited accounts)	12/31/20	06/30/21	21/20
Tangible & intangible assets	166.9	261.9	+57%
Cash	228.2	221.1	-3%
Shareholders' equity	492.5	513.3	+4%
Borrowings	11.0	130.5	ns

ns : not significant

And while the 10-year-loan for the acquisition of the company's future headquarters has significantly altered the balance sheet's profile, the financial structure remains solid with still more than €220 million in cash and €510 million in shareholders' equity at June 30, 2021.

H2 business developments

Along with several launches planned in the second half of the year, notably for Lanvin fragrances, this period will be marked by the first phase of the Moncler fragrance line's rollout in approximately 200 points of sale in 30 countries in the selective distribution segment, as well as in some of the brand's boutiques. This will be followed by a full rollout starting in January 2022 within a distribution universe restricted to approximately 3,000 doors worldwide.

Upcoming events

Publication of Q3 2021 sales
October 26, 2021
(before the opening of the Paris - Euronext Stock Exchange)

Publication of FY 2022 forecasts
November 16, 2021
(before the opening of the Paris - Euronext Stock Exchange)

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Shareholder information

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Philippe Benacin, Chairman and CEO commented: *"Because of the very good business performance in the first half, we are able to confirm our full-year target for revenue of €460-€480 million. Still, significant and persistent pressures on supply chains since last May will pose challenges in the second half, as particularly low inventory levels for finished goods and excessive delays in sourcing slow deliveries to our partners, conditions that are expected to continue until the beginning of 2022."*

Philippe Santi, Executive Vice President and CFO, added: *"Earnings in the 2021 first half were exceptionally high, well above the level achieved in H1 2019. However, this performance will not be repeated in the second half due to the weight of traditionally high year-end marketing and advertising expenditures, the reinvestment of a portion of the operating surplus and initial investments related to Moncler fragrances launch. On that basis, we are expecting an operating margin for the 2021 full year of around 15%."*

Paris, September 8, 2021

This press release is available in French and English on the company's website www.interparfums-finance.fr

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ITP
LISTED
EURONEXT

ISIN : FR0004024222-ITP
Reuters : IPAR.PA
Bloomberg : ITP
Euronext Compartment A
Eligible for Deferred
Settlement Service (SRD)

Consolidated income statement

(€ thousands)	H1 2020	H1 2021
Except per share data which is in units		
Sales	139,284	266,255
Cost of sales	(56,286)	(94,837)
Gross margin	82,998	171,418
<i>% of sales</i>	59.6%	64.4%
Selling expenses	(64,557)	(93,105)
Administrative expenses	(8,012)	(12,680)
Operating profit	10,429	65,633
<i>% of sales</i>	7.5%	24.7%
Financial income	1,055	295
Interest and similar expenses	(373)	(920)
Net finance costs	682	(625)
Other financial income	2,928	2,199
Other financial expense	(2,040)	(1,246)
Net financial income / (expense)	1,570	328
Income before income tax	11,999	65,961
<i>% of sales</i>	8.6%	24.8%
Income tax	(3,120)	(20,316)
Effective tax rate	26.0%	30.8%
Share of profit from equity-accounted companies	—	82
Net income	8,879	45,727
<i>% of sales</i>	6.4%	17.2%
Net income (loss) attributable to non-controlling interests	14	196
Net income attributable to parent company shareholders	8,865	45,531
<i>% of sales</i>	6.4%	17.1%
Basic earnings per share ⁽¹⁾	0.19	0.87
Diluted earnings per share ⁽¹⁾	0.19	0.87

⁽¹⁾ restated on a prorated basis for bonus share grants.

Consolidated balance sheet

ASSETS (€ thousands)	12/31/2020	06/30/2021
Non-current assets		
Net trademarks and other intangible assets	153,578	150,855
Net property, plant, equipment	13,298	111,067
Right-of use assets	8,349	16,877
Long-term investments	2,834	4,221
Other non-current financial assets	2,566	2,316
Equity-accounted investments	12,977	13,059
Deferred tax assets	7,982	7,484
Total non-current assets	201,584	305,879
Current assets		
Inventory and work-in-progress	92,520	99,515
Trade receivables and related accounts	85,961	121,992
Other receivables	5,298	42,248
Corporate income tax	3,273	1,368
Current financial assets	103,192	124,621
Cash and cash equivalents	124,966	96,479
Total current assets	415,210	486,223
Total assets	616,794	792,102

SHAREHOLDERS' EQUITY & LIABILITIES (€ thousands)	Notes	12/31/2020	06/30/2021
Shareholders' equity			
Share capital		155,965	171,562
Additional paid-in capital		—	—
Retained earnings		305,820	296,244
Net income for the year		30,704	45,531
Equity attributable to parent company shareholders		492,489	513,337
Non-controlling interests		1,629	1,825
Total shareholders' equity	2.10	494,118	515,162
Non-current liabilities			
Provisions for non-current commitments	2.11	12,984	11,795
Non-current borrowings	2.12	—	104,313
Non-current lease liabilities	2.12	6,139	13,834
Deferred tax liabilities	2.13	1,913	2,695
Total non-current liabilities		21,036	132,637
Current liabilities			
Trade payables and related accounts	2.14	51,276	66,954
Current borrowings	2.12	11,000	26,232
Current lease liabilities	2.12	2,852	4,104
Provisions for contingencies and expenses	2.11	925	925
Income tax		2,939	14,746
Other liabilities	2.14	32,648	31,342
Total current liabilities		101,640	144,303
Total shareholders' equity and liabilities		616,794	792,102

Consolidated statement of cash flows

(€ thousands)	06/30/2020	12/31/2020	06/30/2021
Cash flows from operating activities			
Net income	8,879	31,018	45,726
Depreciation, amortization and other	14,072	18,902	5,103
Share of profit from equity-accounted companies	—	(477)	(82)
Net finance costs	(682)	(858)	625
Tax charge of the period	3,250	15,220	20,316
Operating cash flows	25,519	63,805	71,688
Interest expense payments	(624)	(896)	(706)
Tax payments	(4,101)	(17,991)	(7,794)
Cash flow after interest expense and tax	20,794	44,918	63,188
Change in inventory and work in progress	(25,533)	8,509	(6,499)
Change in trade receivables and related accounts	34,040	5,088	(35,149)
Change in other receivables	970	(1,160)	(35,577)
Change in trade payables and related accounts	(25,252)	(12,005)	15,678
Change in other current liabilities	(20,160)	641	(1,034)
Change in working capital needs	(35,935)	1,073	(62,581)
Net cash flows provided by (used in) operating activities	(15,141)	45,991	607
Cash flows from investing activities			
Net acquisitions of intangible assets	(870)	(1,432)	(781)
Net acquisitions of property, plants and equipment	(1,002)	(8,543)	(99,026)
Net acquisitions of property, plants and equipment - right-of-use assets	(699)	(699)	(8,413)
Acquisition of equity interests	(12,500)	(12,500)	—
Net acquisitions of marketable securities (>3 months)	(6,000)	3,376	(21,045)
Changes in investments and other non-current assets	(8,654)	528	(1,137)
Net cash flows provided by (used in) investing activities	(29,725)	(19,270)	(130,402)
Financing activities			
Issuance of borrowings and new financial debt	12,000	12,000	134,206
Debt repayments	(10,000)	(11,000)	(14,000)
Net change in lease liabilities	(1,220)	(2,640)	8,947
Dividend payments to shareholders	—	—	(28,508)
Treasury shares	1,267	823	663
Net cash flows provided by (used in) financing activities	2,047	(817)	101,308
Change in net cash	(42,819)	25,904	(28,487)
Cash and cash equivalents, beginning of year	151,624	99,062	124,966
Cash and cash equivalents, end of year	108,805	124,966	96,479