Strong earnings and dividend growth in 2017

Paris, March 14, 2018

Audited accounts(1) (€m) 2016 2017 17/16
Net sales 365.6 422.0 +15%
Gross margin 236.9 275.9 +16%
% of sales 64.8% 65.4%
Operating profit 49.7 60.0 +21%
% of sales 13.6% 14.2%
Net income 32.4 40.0 +23%
% of sales 8.9% 9.5%
Total shareholders’ equity 404.4 423.2 +5%
Cash net of borrowings 159.9 170.6 +7%

(1) Audit report in the process of being issued

A financial structure remaining very solid
Despite the intentional increase in inventory levels to support current and future growth temporarily weighing on working capital, the cash position net of borrowings was up by €10 million to nearly €171 million at December 31, 2017.

A significantly higher dividend
The Board of Directors’ meeting to be held on March 13, 2018 will ask the Annual General Meeting of April 27, 2018 to approve:
- a dividend of €0.67 per share(2) representing a 34%(2) increase from the prior year or a payout ratio of 65%;
- for the 19th consecutive year, a bonus share issue in June providing for a grant of one new share for every ten shares held;

(1) Ex-rights date: May 9, 2018 (midnight) - Payment date: May 11, 2018
(2) In light of the bonus share issue of June 2017

Philippe Benacin, Chairman and CEO commented: “To consolidate the performances of each of our brands, several flankers will be rolled out in 2018. And to support continuing growth momentum in the years ahead, efforts in the period will also be devoted to preparations for the major strategic launches lined up for 2019 and 2020, notably for the Montblanc, Jimmy Choo, Coach, Lanvin and Rochas brands. Good performances at the start of the year have already laid the groundwork for achieving our annual sales target for €430 million in 2018.”

Philippe Santi, Executive Vice President and CFO, added: “Supported by a marketing and advertising investment budget of more than €100 million for 2018, we intend to maintain our long-term focus on building our brands. In this context, we are expecting an annual operating margin for 2018 of between 13% and 13.5%.”

Robust growth in earnings
To support business growth in 2017, the company devoted more than €100 million to marketing and advertising investments, 20% more than in 2016. Despite these efforts, operating profit rose 21% to €60 million, with the operating margin reaching 14.2% in consequence.

Net income displayed even stronger growth, up 23% from one year earlier to €40 million, including a refund expected of the 3% French surtax on dividend distributions. The net margin for the period came to 9.5%.

Upcoming events
- Publication of 2018 first-quarter sales
  April 27, 2018 (before the opening of Euronext Paris)
- 2018 Annual General Meeting
  CET - Pavillon Gabriel - Paris
  April 27, 2018 (2:00 p.m.)

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This press release and the presentation of 2017 annual results are available in French and English on the company’s website www.interparfums.fr