

i n t e r p a r f u m s

2017  
Letter to shareholders

# Message to our shareholders



Dear friends,

Our annual guidance for 2017 sales was just revised upwards for the second time this year. After already raising guidance once in July, we now expect annual sales of around €400m-€405m or growth of nearly 10%. This comes after a 12% gain in 2016.

One year ago, we were very confident in the prospects for Coach and Rochas whose launches were expected to drive growth in 2017.

Their performances have not let us down...

Coach's first men's fragrance generated considerable interest when launched in September and is supporting the women's fragrance line introduced in 2016 to achieve annual sales of approximately €40 million, considerably exceeding forecasts.

Confirming the solidity of the Eau de Rochas line and Mademoiselle Rochas' successful launch, Rochas fragrances should reach sales of around €35 million in 2017, also above target.

Performances of our portfolio's other strong brands have matched our ambitions...

Montblanc fragrances have consolidated their market positions after very strong growth in 2016, while sales for Jimmy Choo and Lanvin fragrances grew respectively 24% and 14% in the first nine months of the year.

Interparfums is thus on track for growth in 2017 as it delivers another excellent performance. And despite a significant increase in advertising expenditures to support our rapid growth, our profitability will not be affected since the full year operating margin should remain at around 13.5%.

We thus have every reason to be confident in the outlook for 2018. And for the years to follow...

Sincerely,

**Philippe Santi**  
Executive Vice President

**Philippe Benacin**  
Chairman & Chief Executive Officer

# Corporate profile

## Our business

Created in 1982 by Philippe Benacin and Jean Madar, Interparfums manufactures and distributes prestige perfumes through license agreements with leading brands in the high-end ready-to-wear, high fashion, jewelry and accessories sectors.

Specialized in prestige perfumes, in 2015, with the Maison Rochas, it acquired for the first time a brand covering both fragrances and fashion.

## Our brands

Our company operates license agreements with prestigious brands concluded for long periods of up to 20 years. The companies entrusting us with the manufacture and exclusive distribution of their fragrances systematically have a global reach:

Luxury and fashion accessory brands: Jimmy Choo, Montblanc, S.T. Dupont, Repetto.

High-end luxury jewelry houses: Van Cleef & Arpels and Boucheron.

Haute couture and ready-to-wear houses: Coach, Karl Lagerfeld and Paul Smith.

In addition, the Company is the owner of the brand names and international trademarks of Lanvin for fragrances and Rochas for fragrances and men's and women's fashion.

## 2017 first-half financial highlights

€209.3m

sales

€33.1m

operating profit

€21.7m

net income

€0.55

per share  
dividend payout

60%

payout ratio

1 for 10

1 new share for every  
10 shares held

## Reasons for becoming an Interparfums shareholder

### Our business and organization

- 1 - A streamlined organization with a human scale (approximately 260 employees);
- 2 - Excellent knowledge of the prestige fragrance market;
- 3 - Long-standing partnerships with our licensors, distributors and suppliers;
- 4 - Extensive know-how covering the complete cycle from product design to launch, enhancing cost efficiencies and facilitating continuous quality control.

### Our financial structure and relations with shareholders

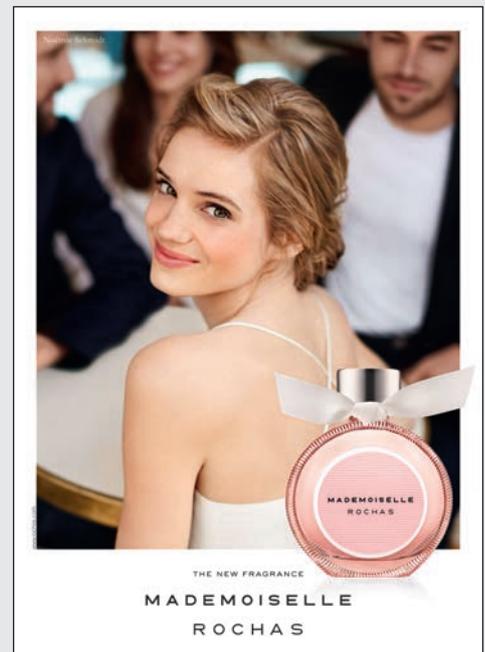
- 1 - Long-term license agreements (10, 15 and even 20 years);
- 2 - A solid financial structure with substantial cash resources and limited debt;
- 3 - A stable shareholder base, with the Company's founding managers holding a significant stake;
- 4 - Bonus share grants to shareholders every year for the last 18 years;
- 5 - A significant dividend (50% of net income in 2017), with increases every year.



## Coach

Coach fragrances had €31.5 million in sales at September 30, 2017 on continuing growth by the women's line *Coach* rolled out in 2016 and bolstered by the launch of the men's version in fall 2017.

The Coach man is adventurous and free spirited. Interparfums has developed an aromatic, woody scent that evokes the energy and spontaneous urban lifestyle of New York.



## Rochas

The Rochas fragrances had €26.5 million in sales at September 30, 2017 reflecting the solidity of the *Eau de Rochas* line and the *Mademoiselle Rochas* line's successful launch in around fifteen markets, the brand's first initiative since acquired in 2015.

Reflecting Parisian chic, *Mademoiselle Rochas* has that delicious, irresistible "je ne sais quoi" that casts a spell with its floral fruity trail.



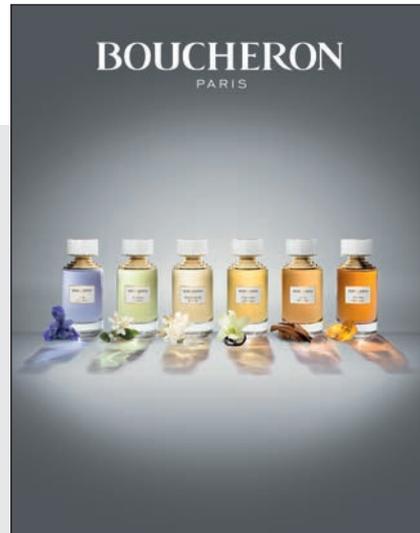
## Van Cleef & Arpels

Van Cleef & Arpels fragrances declined slightly (5%) despite continuing gains by the *Collection Extraordinaire* line. Total sales from all the brand's lines amounted to €13.6 million at 30 September 2017.



## Lanvin

After experiencing difficult market conditions in selected markets in 2016, Lanvin fragrances have returned to growth, driven by the international launch of the *Modern Princess* line and the *Éclat d'Arpège* line's historical strength, to reach €47 million in sales for the period.



## Boucheron

Boucheron fragrances had sales of more than €14 million at 30 September 2017, up 15% year-over-year largely due to the positive response to La Collection launched in March.

## Jimmy Choo

With sales of €79 million at September 30, 2017, up 24% from last year's same period, Jimmy Choo fragrances maintained forward momentum with gains by the *Jimmy Choo L'Eau* and *Jimmy Choo Man Ice* lines and good performances by the established women's and men's lines.



## Montblanc

After growing more than 20% in 2016, a year that included the launch of the *Montblanc Legend Spirit* line, Montblanc fragrances consolidated their positions with sales of nearly €89 million at September 30, 2017.

# A publicly-traded company

## Year 2017

Until the publication of the 2016 results in March, the Interparfums share traded between €26 and €28 (price not adjusted for the bonus share grant of June). In the second half of March, boosted by the Group's favorable outlook and investor appetite, the share rose above €30. This was followed by strong gains in the spring to reach a record high of €35.60 on June 16 or a market capitalization of more than US\$1.3 billion.

With trading volume of nearly 30,000 shares (for all platforms combined), for the last three months the share has traded between €32 and €34, representing an increase since the beginning of the year of approximately 30%.

## Shareholder base as of September 30, 2017

**Interparfums Inc.: 72.7%**

Free float: 27.3%

Number of shares at September 30, 2017: 39,059,662.  
Interparfums has 7,850 individual shareholders and 350 institutional shareholders (with foreign investors representing more than one third).

## Indexes and securities market information

Market: Euronext Paris – Compartment B  
PEA-PME eligibility: Yes  
Indexes: CAC Mid & Small, CAC PEA-PME, EnterNext PEA-PME 150  
ISIN code: FR0004024222 ITP  
Reuters code: IPAR.PA  
Bloomberg code: ITP

## Brokerage and research firms covering Interparfums

Bryan Garnier, CM-CIC Securities, Exane BNP Paribas, Gilbert Dupont, ID Midcaps, Kepler Cheuvreux, Midcap Partners, Natixis Securities, Oddo BHF.

## Dividends

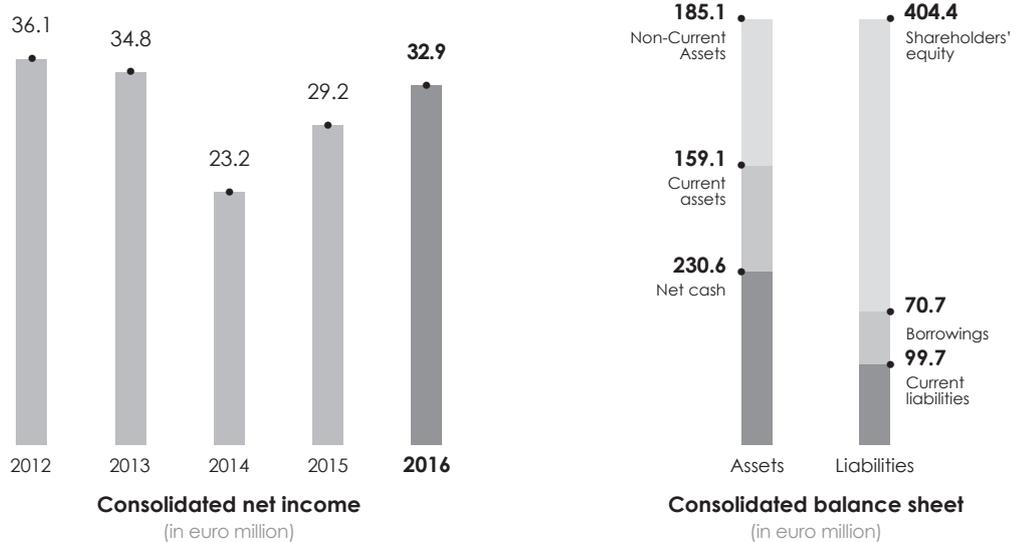
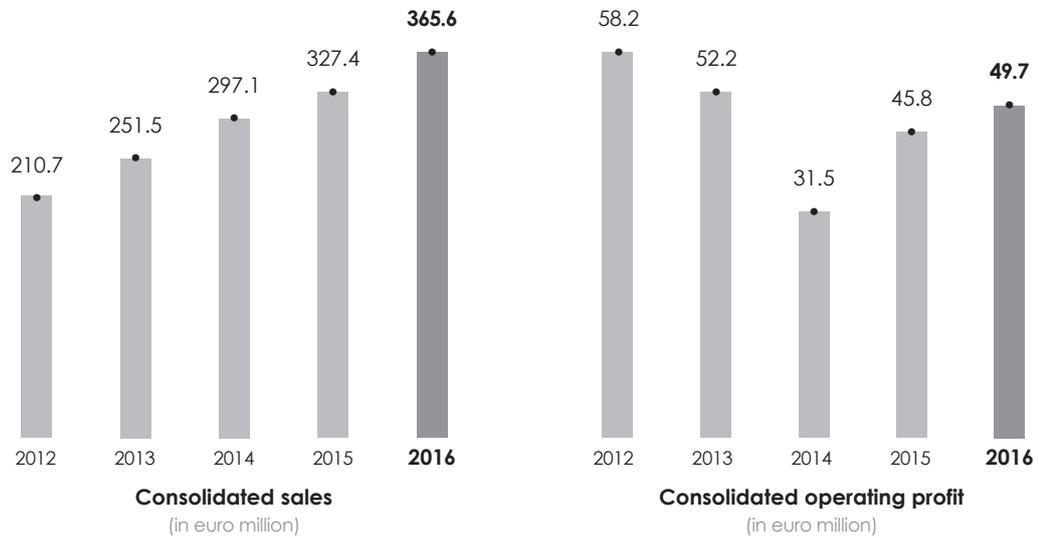
In early May 2017, a dividend of €0.55 per share was paid or a total of €19.4 million, an increase of 21%.

The payout ratio, representing the percentage of net income distributed to shareholders in the form of dividends, was 60% of 2016 net income.

Interparfums share price vs. the SBF 120 index

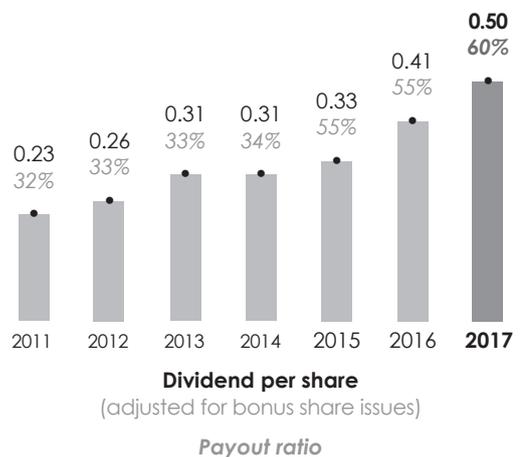


## Key figures



### 1 for 10

In June 2017, the Company proceeded with its 18th bonus share issue on the basis of one new share for every ten shares held.



# Interparfums shareholder guide

## **Bearer shares:**

Your shares are not registered in Interparfums' share account. Your financial intermediary maintains your security account and is your only contact for share services. As such, only this intermediary can apply custody charges and has the ability to identify you.

### **Advantages**

- 1 - Simple and rapid execution of purchase or sell orders placed;
- 2 - Possibility of having all securities of your portfolio managed by a single financial intermediary.

Interparfums is authorized to make use of provisions available by law to identify holders of securities conferring voting rights in shareholders' meetings.

## **Standard registered shares (*nominatif pur*):**

To register or convert your Interparfums shares as a standard registered shareholder, you must transfer the shares to CMC-CIC Market Solutions – Middle Office Corporates – Euroclear member No. 025 – 6 avenue de Provence- 75452 Paris Cedex 99 - Tel.: +33 (zero)1 53 48 80 10/Email: 34318@cmcic.fr You are registered directly with the Company as a shareholder and your securities are maintained in a custody-only securities account opened with CMC-CIC Market Solutions who will be your only contact for share services.

### **Advantages**

- 1 - No custody charges;
- 2 - Personalized information: the Company sends you the notice for the General Meeting, the admission card in addition to all information for transactions involving the share;
- 3 - Double voting rights in shareholders' meetings after the securities are held three years;
- 4 - A French tax reporting form (Imprimé Fiscal Unique or IFU) is sent to your home address. This document, which will be requested by French tax authorities specifies the amount of shares sold, the value and the capital gain on sales of Interparfums shares.

## **Administered registered shares (*nominatif administré*):**

To record or convert your Interparfums shares into administered registered shares, you must submit a request to your financial intermediary. Your financial intermediary remains your account holder. As such, it provides information about your holdings to CMC-CIC Market Solutions so that you may be known to the Company.

### **Advantages**

- 1 - Personalized information: the Company sends you the notice for the General Meeting in addition to all information for transactions involving the share;
- 2 - Facilitated access to the General Meeting: no prior formalities to render the shares temporarily nontransferable, and, on request, sending of the admission card;
- 3 - Double voting rights in shareholders' meetings after the securities are held three years.

## Investors calendar

January 30, 2018: Publication of 2017 annual sales  
March 14, 2018: Publication of 2017 annual results  
April 27, 2018: Publication of Q1 2018 sales  
April 27, 2018: Annual General Meeting  
End of July 2018: Publication of Q2 2018 sales  
Mid-September 2018: Publication of 2018 1st half results  
End of October 2018: Publication of Q3 2018 sales  
Mid-November 2018: Publication of 2019 targets

## Investor relations

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