interparfums

2011 annual results

Operating profit: +10% Net income: +13% Dividend: +15%

In 2011, successes by the *Burberry Body, Jimmy Choo* and *Montblanc Legend* lines in particular combined with an intentional increase in marketing and advertising expenses led to new market share gains worldwide and accelerated development with growth of more 30% for the year (50% over two years).

Audited accounts[1] **(€millions)**	**2010**	**2011**	**11/10**
Sales	305.7	398.3	+30%
Gross margin	186.8	252.7	+35%
% of sales	*61.1%*	*63.4%*	
Operating profit	42.2	46.3	+10%
% of sales	*13.8%*	*11.6%*	
Net income	26.8	30.3	+13%
% of sales	*8.7%*	*7.6%*	
Shareholders' equity	191.9	216.0	+13%
Borrowings	12.1	3.5	-71%
Cash and certificates of deposit	57.7	17.4	-70%

(1) Pending certification.

Continuing earnings growth

Despite a negative currency effect, the gross margin as a percentage of sales added more than two points reflecting the change in the Group's structure from the consolidation of the new US company Interparfums Luxury Brands starting January 1, 2011.

Operating profit came to €46.3 million (+10%) in a year of significant increases in marketing and advertising expenses (+76%) resulting in an operating margin of 11.6%.

In light of the non-recurring financial charge from the 2010 currency effect, Group net income rose for the 15th consecutive year to more than €30 million in 2011 (+13%). This performance was achieved despite an additional tax expense (€0.6 million) from an increase in the corporate income tax rate in France. At constant tax rates, net income rose 15%.

A solid financial position

The Group's balance sheet has strengthened year after year with at December 31, 2011:

- Shareholders' equity of €216 million (61% of the total assets);
- Cash and cash equivalents of €17.4 million;
- Low net debt of €3.5 million (to be fully paid off at September 30, 2012).

The Group increased inventory levels in response to strong growth in sales and the launch of three major lines in 2011, which led to a temporary and limited decline in operating cash flow.

Dividend and bonus share issue

The Board of Directors will ask the Annual General Meeting of April 27, 2012 to approve:

- The distribution of a dividend of €0.50 per share representing of 15% increase over the prior year, payable in cash on May 7, 2012[2];
- A new bonus share issue for the 13th consecutive year on the basis of one new share for every ten shares held programmed for September 2012.

Burberry license agreement

Discussions between Interparfums and Burberry on the creation of a new operational structure for the fragrance and beauty business are continuing.

Paris, March 13, 2012

Philippe Benacin, Chairman and CEO commented:

"Results for 2011 once again highlighted the efficacy of our strategy based on building sustained growth for each brand, creative and coherent launches, an effective global distribution network, proven processes and an efficient organization supported by nearly 20 years of experience in this business. With continuing momentum at the start of this year from sustained sales particularly by the Jimmy Choo and Montblanc brands, we are able to confirm our full-year target for sales of €400 million in 2012".

Philippe Santi, Executive Vice President, added:

"These results also demonstrate the strength of our business model that produced double-digit growth in a year of sustained marketing and advertising investments and a current operating margin of nearly 12%. Furthermore, with our solid financial position, we have the capacity to pursue any major external growth opportunities that might arise".

(2) Ex-rights date of May 4, 2012

Upcoming events

Publication of 2012 first-quarter sales
April 27, 2012 (before the opening of the NYSE-Euronext Paris stock exchange)

2012 AGM
April 27, 2012 (2:00 p.m. - Pavillon Gabriel - Paris)

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