

Much stronger-than-expected 2021 earnings

Sales: €560m

Operating margin: 17.6%

Net margin: 12.7%

Dividend per share: €0.94

Income statement highlights⁽¹⁾

€m	2019	2020	2021	21/19
Sales	484.3	367.4	560.8	+16%
Gross margin	308.8	227.1	365.6	+18%
% of sales	63.8%	61.8%	65.2%	
Operating profit	73.1	46.9	98.9	+35%
% of sales	15.1%	12.8%	17.6%	
Net income	50.6	30.7	71.1	+40%
% of sales	10.5%	8.4%	12.7%	

Effectively contained production costs and the US subsidiary's increased contribution lifted the gross margin to a historically high level in 2021 of more than 65%. Prudent management of operating expenses in H1 and tight controls over fixed costs throughout the year contributed to very strong growth in annual earnings. Operating profit and net income for FY 2021 rose in response by 35% and 40% respectively from 2019, resulting in exceptionally high top and bottom line margins of 17.8% and 12.7%.

Balance sheet highlights⁽¹⁾

€m	12/31/20	12/31/21	21/20
Tangible & intangible assets	166.9	277.4	+66%
Cash and cash equivalents	228.2	257.7	+13%
Shareholders' equity	492.5	541.4	+10%
Borrowings & financial liabilities	11.0	109.8	ns

ns : not significant

While the company's balance sheet profile has been significantly altered by the acquisition of its future headquarters and the loan obtained for that purpose, its financial structure remains extremely solid with €148m in cash net of borrowings and financial liabilities and €541m in shareholders' equity at December 31, 2021.

Dividend and Board appointment

On March 1, 2022 the Board of Directors proposed for approval by the Annual General Meeting of April 29, 2022:

- the appointment of Mrs. Constance Benqué, President of the Lagardère Group's News division, as an independent director;
- a dividend of €0.94 per share⁽²⁾ corresponding to a payout ratio of 75% of net income;
- a new bonus share issue for the 23rd consecutive year.

US market

In a US market that continued to show strong momentum at the start of 2022, our subsidiary Interparfums Luxury Brands is currently facing major shipping-related challenges with its local logistics partner following a change in order processing software. These temporary difficulties should be resolved quickly though may impact first quarter sales in the United States.

(1) Audit report in the process of being issued

(2) Ex-rights date: May 16, 2022 (midnight) - Payment date: May 18, 2022

Upcoming events

Publication of Q1 2022 sales
April 27, 2022
(before the opening of Euronext Paris)

2022 Annual General Meeting
April 29, 2022

Investor relations and analysts contact

Philippe Santi
Executive Vice President
psanti@interparfums.fr

Press contact

Sarah Romay
sromay@interparfums.fr

Shareholder information

+33 1 53 77 00 99

Philippe Benacin, Chairman and CEO commented: "Driven by the combined efforts of all teams, sales in 2021 reached €560m or 16% higher than in 2019. Business momentum remained strong at the beginning of 2022, though supply-chain difficulties that emerged last summer, shipping problems in the United States as well as the war in Ukraine and sanctions against Russia significantly limit our visibility for the upcoming months. For that reason, we remain particularly cautious and will wait until the end of the first quarter before making any adjustments to our annual sales forecast."

Philippe Santi, Executive Vice President and CFO, added: "Our excellent 2021 results once again highlight the flexibility of our business model, allowing us in this way to achieve an exceptionally high operating margin. In 2022, the increase in our sales prices at the beginning of the year will limit the impact of inflation seen with certain production costs. The variability of our operating expenses and our practice of maintaining tight controls over fixed expenses will assist us in managing the current challenges."

Paris, March 2, 2022

This press release and the presentation of 2021 annual results are available in French and English on the company's website www.interparfums.fr

Consolidated income statement

(€ thousands)	2019	2020	2021
Sales	484,260	367,365	560,827
Cost of sales	(175,441)	(140,293)	(195,187)
Gross margin	308,819	227,072	365,640
<i>% of sales</i>	<i>63.8%</i>	<i>61.8%</i>	<i>65.2%</i>
Selling and administrative expenses	(235,750)	(180,163)	(266,749)
Operating profit	73,069	46,909	98,891
<i>% of sales</i>	<i>15.1%</i>	<i>12.8%</i>	<i>17.6%</i>
Net financial income / (expense)	84	(1,148)	2,420
Income before income tax	73,153	45,761	101,311
<i>% of sales</i>	<i>15.1%</i>	<i>12.5%</i>	<i>18.1%</i>
Income tax	(22,057)	(15,220)	(29,676)
<i>Effective tax rate</i>	<i>30.02%</i>	<i>33.3%</i>	<i>29.3%</i>
Share of profit from equity-accounted companies	-	477	45
Net income	51,096	31,018	71,680
<i>% of sales</i>	<i>10.5%</i>	<i>8.4%</i>	<i>12.8%</i>
Net income (loss) attributable to non-controlling interests	(463)	(314)	(585)
Net income attributable to parent company shareholders	50,633	30,704	71,095
<i>% of sales</i>	<i>10.5%</i>	<i>8.4%</i>	<i>12.7%</i>

Consolidated balance sheet

ASSETS		
(€ thousands)	2020	2021
Non-current assets		
Net trademarks and other intangible assets	153,578	149,777
Net property, plant, equipment and right-of-use assets	21,647	142,912
Long-term investments and other non-current financial assets	5,400	6,113
Equity-accounted investments	12,977	12,722
Deferred tax assets	7,982	9,228
Total non-current assets	201,584	320,752
Current assets		
Inventory and work-in-progress	92,520	102,136
Trade receivables and related accounts	85,961	125,430
Other receivables and tax assets	8,571	16,010
Cash, cash equivalents and current financial assets	228,158	257,684
Total current assets	415,210	501,260
Total assets	616,794	822,012
EQUITY & LIABILITIES		
(€ thousands)	2020	2021
Shareholders' equity		
Share capital	155,965	171,562
Additional paid-in capital and reserves	305,819	298,752
Net income for the year	30,704	71,095
Equity attributable to parent company shareholders	492,488	541,409
Non-controlling interests	1,630	1,920
Total shareholders' equity	494,118	543,329
Non-current liabilities		
Provisions for non-current commitments	12,984	8,771
Non-current borrowings, financial liabilities and lease liabilities (> 1 yr.)	6,139	109,274
Deferred tax liabilities	1,913	3,302
Total non-current liabilities	21,036	121,347
Current liabilities		
Trade payables and related accounts	51,276	92,148
Current borrowings, financial liabilities and lease liabilities (< 1 yr.)	13,852	16,169
Provisions for contingencies and expenses	925	5,114
Other payables and corporate tax liabilities	35,587	43,905
Total current liabilities	101,640	157,336
Total shareholders' equity and liabilities	616,794	822,012

Consolidated statement of cash flows

(€ thousands)	2020	2021
Cash flows from operating activities		
Net income	31,018	71,680
Depreciation, amortization and other	18,902	15,179
Share of profit from equity-accounted companies	(477)	255
Net finance costs	(858)	5
Tax charge of the period	15,220	29,676
Operating cash flows	63,805	116,795
Interest expense payments	(896)	(1,992)
Tax payments	(17,991)	(28,571)
Cash flow after interest expense and tax	44,918	86,232
Change in inventory and work in progress	8,509	(12,480)
Change in trade receivables and related accounts	5,088	(37,355)
Change in other receivables	(1,160)	(8,688)
Change in trade payables and related accounts	(12,005)	40,872
Change in other current liabilities	641	8,585
Change in working capital requirements	1,073	(9,066)
Net cash flows provided by (used in) operating activities	45,991	77,166
Cash flows from investing activities		
Net acquisitions of intangible assets	(1,432)	(1,253)
Net acquisitions of property, plants and equipment	(8,543)	(116,767)
Net acquisitions of property, plants and equipment - right-of-use assets	(699)	(9,381)
Acquisition of equity interests	(12,500)	—
Net acquisitions of marketable securities (>3 months)	3,376	(36,198)
Changes in investments and other non-current assets	528	(713)
Net cash flows provided by (used in) investing activities	(19,270)	(164,312)
Cash flows from financing activities		
Issuance of borrowings and new financial debt	12,000	134,204
Debt repayments	(11,000)	(34,204)
Discharge of lease liabilities	(2,640)	6,638
Dividend payments to shareholders	—	(28,508)
Treasury shares	823	454
Net cash flows provided by (used in) financing activities	(817)	78,584
Change in net cash	25,904	(8,562)
Opening cash and cash equivalents	99,062	124,966
Closing cash and cash equivalents	124,966	116,404
Reconciliation of net cash:		
(€ thousands)	2020	2021
Cash and cash equivalents	124,966	116,404
Current financial assets	103,192	141,280
Cash and current financial assets	228,158	257,684
Borrowings and financial liabilities	(11,000)	(109,814)
Net cash	217,158	147,870