

INTER PARFUMS SA

2006 earnings exceed targets

Operating margin: 13.5%

Full-year earnings exceed targets

With consolidated sales of 216.2 million in 2006, the Company again significantly outperformed the market as a whole with growth of 11.2% at current exchange rates and 11.5% at constant exchange rates over the previous year. This performance reflected contributions from both its historic brands and new launches.

€ millions	2005	2006	06/05
Sales	194.4	216.2	+11%
Operating income	25.9	29.2	+13%
<i>Operating margin</i>	<i>13.3%</i>	<i>13.5%</i>	
Net income	16.3	18.7	+15%
<i>Net margin</i>	<i>8.4%</i>	<i>8.6%</i>	
Shareholders' equity	98.0	115.8	+18%
Borrowings	11.3	26.2 ⁽¹⁾	+132%
Cash	34.4	44.1	+28%

(1): Including financing of the Van Cleef & Arpels license agreement realized in January 2007

A combination of sustained marketing and advertising efforts (17% of sales) and limited growth in administrative and non selling expenses contributed to operating income of €29.2 million, a 13% increase over the prior year. The operating margin advanced in consequence to 13.5%.

With lower financial expenses resulting from the improved cash position, net income totalled €18.7 million, up 15% over the prior year. This increase resulted in an expansion of the net margin to 8.6%.

A reinforced balance sheet

At December 31, 2006, a very solid balance sheet with net cash of €18 and shareholders' equity of €116 million has provided the Company with considerable debt capacity. It is consequently well-positioned to take advantage of opportunities for any acquisitions that may arise.

Cash flow from operations of €18.7 million reflected an optimal management of working capital throughout the period.

Increase in dividend and bonus share issue

The Board of Directors will ask shareholders at the annual shareholders meeting on April 20, 2007 to approve:

■ A dividend of €0.38 per share representing an increase of 15%⁽²⁾ over the prior year, payable April 30, 2007;

■ A bonus share issue for the eighth consecutive year of one new share for every ten shares held in early June 2007.

Excellent growth prospects

With a strong portfolio of historic brands, significant potential from new brands and a well-defined operating organization, the Company anticipates strong growth in the years ahead. On this basis, it confirms guidance for 2007 net sales of €245 million and 2007 net income in the €20 million to €21 million range.

Paris, March 13, 2007

(2) Taking into account the bonus share issue in 2006

Upcoming events

■ Publication of 2007 first-quarter sales April 19, 2007 (after the close of the Paris stock exchange)

■ Annual shareholders' meeting April 20, 2007 (2:00 p.m. - Pavillon Gabriel - Paris)

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