

## Interparfums

### Earnings Call – First-Quarter Revenue

#### Participants

1. **Philippe Benacin**, Chairman and CEO
2. **Philippe Santi**, Deputy CEO / Finance
3. Financial analysts and journalists

#### Management Remarks

##### First-quarter performance

Philippe Benacin opened the conference by noting that the **macroeconomic environment remains challenging**, marked by a slowdown in consumer spending, an unstable geopolitical environment, and an unfavorable currency effect, particularly due to the decline of the dollar.

In this context, **first-quarter revenue is considered to be satisfactory**, and **better than what was anticipated at the start of the year**:

1. Sales growth **remains virtually stable in constant dollars**
2. **-2.6% in constant currencies**
3. **-7% in current currencies**, mainly due to exposure to the dollar (45% of revenue), and taking into account the war in the Middle East

Management emphasizes that the quarter is **in line with internal expectations** and notes that **the first quarter constitutes a “good quarter”**, given the environment. Profitability remains intact.

#### Market Environment

The group believes that the **global fragrance market is now approaching a state of stagnation**:

1. Low traffic in doors
2. Consumers adopting a wait-and-see attitude
3. Lack of momentum across all markets, including the luxury sector

Some exceptions remain, notably in **China** and the **United States**.

## Analysis by geographic region

### 1. **United States**

The quarter got off to a solid start, with strong order momentum, also explained by important flankers. However, management remains cautious regarding the full year.

### 2. **Europe**

**France** posted a strong performance in the first quarter. The United Kingdom remains on track, with operational activity deemed encouraging.

### 3. **Asia**

**China** is showing positive signs: our local partner anticipates a growth between **+5% and +7%**.

**Korea** is off to a good start following the establishment of the subsidiary in late 2025.

Overall, the group states that it does not identify any structural risks in Asia.

### 4. **Middle East**

The region is heavily impacted by geopolitical tensions, with a sharp decline in purchases in the first quarter (approximately **-40%**).

Management notes, however, a **phase of gradual normalization**, albeit at levels below pre-crisis levels.

## Performance by brand

### 1. **Coach**

The brand posted growth of **+17%**, driven by several recent launches and very positive momentum across all markets. Coach could become the **group's leading brand** as early as this year.

### 2. **Jimmy Choo**

Performance is down, impacted by currency effects and the absence of major launches at the start of the year.

### 3. **Lacoste**

Revenue is declining, amid a wait-and-see attitude in the key markets where the brand is strong, with major launches expected starting in 2027.

#### 4. **Montblanc**

A strong first quarter, thanks in particular to recent launches.

#### 5. **Goutal**

Early indicators are very positive following the reopening of strategic stores. The brand is generating **strong interest from retailers** and is positioned as an **asset with high medium-term potential**.

#### 6. **Off-White & Longchamp**

Both brands are still in the preparation phase. The first commercial presentations will take place starting in June, with launches planned for 2027.

### **Outlook and strategy**

Management notes that :

1. **2026 is considered a transition year**, with limited growth, or even slightly negative growth
2. **2027 is a pivotal year**, marked by numerous major launches across the entire portfolio

The company confirms its **confidence in the medium-term growth trajectory**, without questioning the current strategy.

### **Costs, margins, and financial discipline.**

1. The first signs of pressure are appearing on **input costs**, with requests for increases limited at this stage.
2. No **cost-cutting** policy has been implemented to date.
3. The group favors a **cost-control** approach, thanks to a structure deemed agile.
4. The **target operating margin** mentioned by management is around **18%**, allowing for increased marketing and sales investments.

### **US tariffs :**

The group has initiated a refund process regarding certain U.S. customs duties deemed illegal.

The potential amount mentioned could reach **up to \$12–13 million**, with no visibility at this stage on the timeline or the amount actually recoverable.

### **Q&A Highlights Conclusion**

1. **Outlook for 2026:** Management believes that achieving positive organic growth for the fiscal year may be difficult given the current environment and the timing of product launches.
2. **Key identified risks:** Macroeconomic and geopolitical risks, considered cyclical rather than structural.
3. **M&A and market rumors:** The group denies any advanced discussions regarding new licenses or major acquisitions.
4. **Adaptability:** Management emphasizes the group's ability to quickly adjust its priorities and resource allocation if necessary.

### **Conclusion**

Interparfums is approaching the 2026 fiscal year with **caution**, but remains **confident in its fundamentals** and in the **visibility provided by a dense pipeline of launches starting in 2027**.

The current difficulties are viewed as **temporary**, without calling the long-term strategy into question.