Interparfums makes solid progress with earnings in Q1

By Robin Driver - 11 May 2021

International fragrance company Inter Parfums, Inc. (Interparfums) achieved net income of $27.7 million in the first quarter ended March 31, 2020, up 175% from $10.1 million in the prior-year period. Diluted earnings per share for the quarter were $0.87, compared to $0.32 in the same period in the previous year.

As pointed out by Interparfums chairman and CEO in a release published on Monday, due to the outbreak of Covid-19, “comparisons with the first quarter of last year are not especially meaningful.” The fragrance group therefore also provided data comparing its latest quarterly results with the equivalent period in 2019.

Compared to Q1 2019’s total of $18.9 million, the company’s Q1 2021 net income increased 47%, while diluted EPS rose 45% from $0.60.

As previously reported, Interparfums’ net sales for the first quarter of 2021 came to $198.5 million, rising 37% from $144.8 million in the prior-year period and 11% from $178.2 million in Q1 2019.

According to Madar, the company made particular progress in regions where stores have been able to reopen due to the lifting of lockdowns. This includes North America and Asia, where quarterly sales rose 56% and 34% year over year, respectively. The group also saw strong gains in the Middle East, where sales increased 32%; Eastern Europe, where they shot up 125%, and Central and South America, which achieved 22% growth.

Following the introduction of renewed restrictions due to the arrival of a third wave of Covid-19 in the region, Interparfums’ revenues in Western Europe did not made the same progress in the quarter.

Commenting on the group’s plans moving forwards, Madar explained, “we continue to believe that our business model, financial resources, distribution network, and talented staff could support a substantially larger business. To accelerate our pace of growth, we have been actively pursuing prospective license agreements with brands who are seeking a new partner to jumpstart their fragrance franchise.”

Looking towards the end of the year, the executive explained that its new product pipeline for the rest of 2021 is dominated by brand extensions for fragrances including Montblanc “Explorer,” “Coach Dreams” and Jimmy Choo “Urban Hero,” as well as for the Oscar de la Renta “Bella,” Hollister “Wave” and Anna Sui “Fantasia” lines. Entirely
Urban Hero,” as well as for the Oscar de la Renta Bella, Hollister Wave and Anna Sui Fantasia lines. Entirely new fragrance launches planned for this year include a women’s line for Lanvin, an Abercrombie & Fitch duo, the “Driven” men’s collection for Dunhill and a male grooming collection for Guess.

In the first quarter, Interparfums launched the Oscar de la Renta “Alibi,” Guess “Bella Vita” and Hollister “Canyon Escape” fragrances, as well as the debut scent for MCM.

Highlighting the company’s unexpectedly high percentage sales growth in Q1, Interparfums EVP and CFO Russell Greenberg explained that “as we resume more normalized operations, S,G&A expenses should likewise normalize, especially promotional and advertising expenses which should approach historical levels of 21% of net sales.”

On Monday, Interparfums also affirmed its full-year financial guidance for 2021, reporting that it expects to achieve annual net sales of approximately $700 million, resulting in diluted EPS of $1.65.

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