

# WESTPEAK RESEARCH ASSOCIATION

## Inter Parfums Inc. (NASDAQ: IPAR)

Consumer Cyclical – Fragrance Manufacturing

### A Little Luxury Goes a Long Way

March 5, 2024

*Inter Parfums Inc. (NASDAQ: IPAR) is a global manufacturer, marketer, and distributor of prestigious fragrance and cosmetics products. The company is known for its licensing deals with a wide variety of well-known brands including DKNY, GUESS, Coach, Kate Spade and Van Cleef & Arpels.*

#### Thesis

Inter Parfums Inc. understands the importance of innovation, trends and ESG factors in maintain a sustainable competitive advantage through its ability to create new and innovative product lines alongside brands with a pre-established reputation. The company is therefore able to grow by prioritizing its ability to innovate and maintain licensing agreements with many of the world's largest fragrance and cosmetics brands. By focusing on R&D and innovation, Inter Parfums minimizes future costs while maximizing earnings by prioritizing consumer preferences.

#### Drivers

Inter Parfum Inc.'s main drivers of growth include the ability to consistently grow earnings while maintaining a strong portfolio of brands that have a loyal customer base. Both catalysts go hand in hand as Inter Parfums reinvests earnings to create unique fragrances, which contributes to the company's ability to maintain a good standing with its portfolio brands while also appealing to current consumer preferences through R&D.

#### Valuation

We believe Inter Parfums Inc. is currently undervalued by the market and therefore recommend a BUY rating with a target price of \$187.66 and an implied upside of 35.3%. This valuation is based on a weighted average of four methods: the DCF perpetuity growth method, EV/EBITDA exit multiple method, P/E implied price method and EV/EBITDA multiples implied price method.

Analyst: Manha Waheed, BCom. '26  
contact@westpeakresearch.com

#### Equity Research US

Price Target **USD\$187.66**

Rating **Buy**

Share Price (Mar. 5 close) **\$138.65**

Total Return **35.3%**

#### Key Statistics

52 Week H/L **\$161.17/\$120.71**

Market Capitalization **\$4.7B**

Average Daily Trading Volume **125,152**

Net Debt **\$69M**

Enterprise Value **\$4.8B**

Net Debt/EBITDA **0.26x**

Diluted Shares  
Outstanding **32M**

Free Float **56.3%**

Dividend Yield **2.5%**

#### WestPeak's Forecast

	2023A	2024E	2025E
Revenue	\$ 1,318M	\$ 1,624M	\$ 1,949M
EBITDA	\$ 268.7M	\$ 406.1M	\$ 487.3M
Net Income	\$188M	\$297M	\$ 360M
EPS	\$5.84	\$9.24	\$11.21
P/E	24.9x	15.8x	13.0x
EV/EBITDA	18.4x	12.2x	10.1x

#### 1-Year Price Performance



## Business Overview/Fundamentals

Inter Parfums Inc. (NASDAQ: IPAR) is a global manufacturer, marketer and distributor of prestigious fragrance and cosmetics products. Headquartered in New York, Inter Parfums Inc. operates in two main geographic segments, Europe and the United States, with global distribution networks that allow for goods to be sold in over 120 countries worldwide. Originally founded as Jean Philippe Fragrances in 1982, the company acquired the licensing rights to Jordache Enterprises, soon acquiring Inter Parfums S.A within a decade of operation. After very quickly continuing to expand in both Europe and the United States due to deals with brands like Burberry, Christian Dior and Givenchy, the company changed its name to Inter Parfums Inc. in July of 1999 after recognizing the success of its French Subsidiary Inter Parfums S.A., Inter Parfums Inc. now has an impressive group of brands including DKNY, GUESS, Coach, Kate Spade and Van Cleef & Arpels in its portfolio.

### Operating Segments

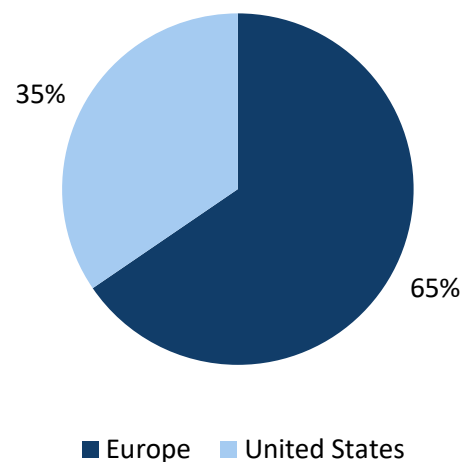
#### Europe

Inter Parfums Inc.'s European operations include the following brands: Boucheron, Coach, Jimmy Choo, Karl Lagerfeld, Kate Spade, Lanvin, Moncler, Montblanc, Rochas, S.T. Dupont and Van Cleef & Arpels. The European operations generated 65% of the company's net sales in FY2023 and continue to grow due to historically high penetration (>50%) as well as increased usage habits and premiumization in relation to fragrance. Furthermore, new licensing agreements will expand Inter Parfums Inc.'s European Operations. After an agreement with Lacoste signed in December 2022, Inter Parfums Inc. has a 15-year license agreement effective January 1, 2024. Inter Parfums Inc. also licensed Roberto Cavalli in July of 2023 with plans to modernize and elevate its fragrance portfolio with new lines in 2024 and 2025. These new licensing agreements will allow Inter Parfums to apply its innovative philosophy to develop and expand upon product lines under these licenses, thus increasing future sales by bringing new fragrances to market while continuing to improve upon well-beloved fragrance lines.

#### The United States

Inter Parfums Inc.'s United States-based operations include the following brands: Abercrombie & Fitch, Anna Sui, Dunhill, Donna Karan, DKNY, Ferragamo, Graff, GUESS, Hollister, MCM, Oscar de la Renta, Roberto Cavalli, and Ungaro. These operations accounted for 35% of net sales in FY2023. Despite the U.S market's focus on well-known, more attainable fragrances compared to the European Markets focus on luxury and prestige, with the U.S market continuing to expand due to increasing penetration levels, higher fragrance usage, and continued premiumization, these operations have a positive outlook on Inter Parfums Inc.'s future success.

**Revenue Segmentation**  
FY2023



Source: [Company Filings](#)

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## Company Strategy

With a business model that is not capital intensive, Inter Parfums Inc.'s strategy focuses on continuing to grow its market reach in collaboration with prestigious global brands, especially with the increasingly large interest in fragrance and cosmetics that has emerged due to the popularization of ecommerce and social media marketing.

### A Capital-Light Strategy

Inter Parfums Inc. mainly produces and distributes products under licensing agreements with external brands. The company does not manufacture through its own facilities and thus relies on the brands it works with to provide product components as well as third party fillers to manufacture goods. After goods are manufactured, they are delivered to the company's distribution centres. This business model solely relies on licensing agreements and does not require much capital.

### Trends in the Fragrance Industry

Inter Parfums Inc. also focuses on taking advantage of the growing fragrance industry, which is expected to continue growing until 2030. This increasing interest is due to the expansion and popularization of ecommerce as well as the continued growth of social media marketing. As consumers continue to upgrade to more luxurious and prestigious brands due to these trends, the fragrance industry benefits from the lipstick effect, where consumers are willing to buy less expensive luxury goods even in times of economic downturn. This increased demand for luxury goods can also be directly traced to the increased use of social media.

66% of millennials say their purchasing decisions are driven by influencers, who emulate a high sense of luxury through their lavish lifestyles. As consumers purchase these luxury goods, often related to cosmetics and fragrance related products due to their lower price points compared to luxury apparel or accessories, in an attempt to reduce the gap of a particular attribute between themselves and their idolized social media influencers, the demand for such luxury goods only continues to increase. The lipstick effect, combined with the influence of social media content creators, indicates very positive prospects for the demand of fragrances and other lower-priced luxury goods. With an expected growth rate of 20% in FY2023, Inter Parfums Inc. has a significant opportunity to continue capturing more of the market due to its competitive advantage and accelerating trends towards luxury fragrances.

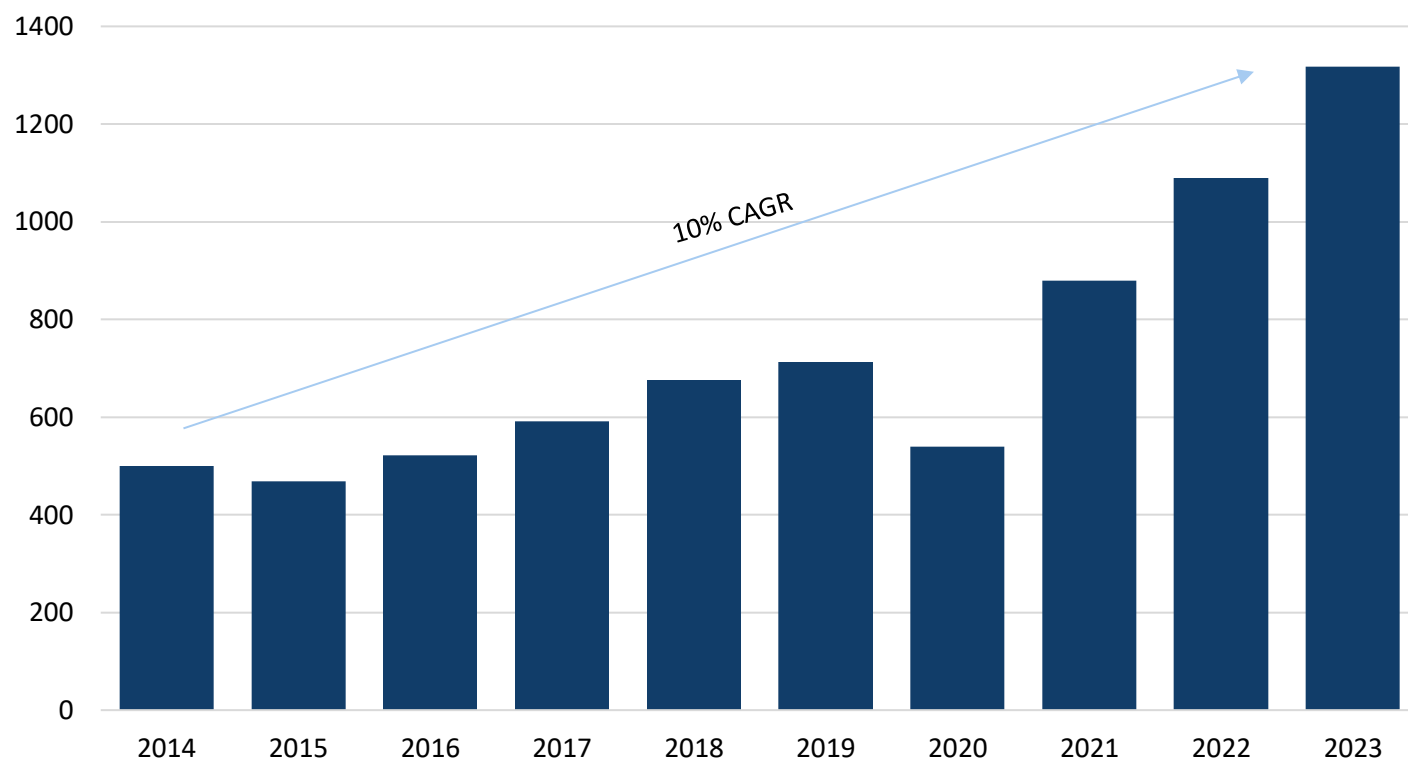
### External Licensing

Inter Parfums Inc. focuses on collaborating and acquiring licensing agreements for well-known brands, acting as a general contractor. Licensing agreements in the Global Perfume Manufacturing industry usually consist of five-to-ten-year contracts with strategically chosen companies. Once Inter Parfums Inc. evaluates a brand by analyzing its potential for growth, alignment with the company's values and objectives as well as its current presence in the industry, the outreach and negotiation for the acquisition process begins. The length of these agreements varies from context to context and clauses to extend agreements based on financial performance can be implemented as both a benchmark for growth and incentive to continue this newly established relationship between Inter Parfums Inc. and an established perfume brand. This strategy allows the company to not only continue expanding its operations, but the take advantage of the brand name loyalty and reputable history that come with brands like Coach and Jimmy Choo. Inter Parfums Inc. has a competitive advantage over its rivals as funding can be put towards research and development, focusing on creating high quality, innovative products

with the backing of already reputable brands. By developing and launching quality fragrances with internationally renowned brands, Inter Parfums Inc. can increase sales while continuing to stay innovative in such a competitive market. This strategy has allowed the company to maintain a compounded annual growth rate of 10% over the past 10 years despite major recessions and the COVID-19 Pandemic.

### 10 Year Revenue Growth (USD\$MM)

FY2014-FY2023

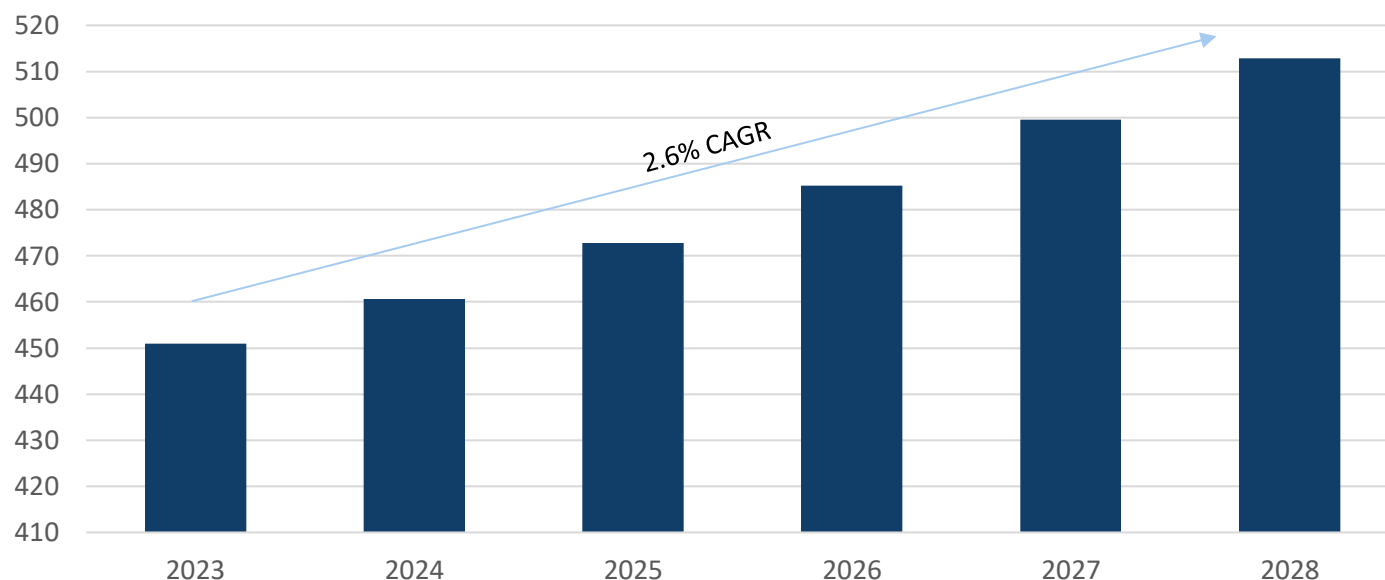


Source: [Company Filings](#)

## Industry Analysis

Inter Parfums Inc. operates in the Luxury Cosmetics and Fragrance Manufacturing industry. Cosmetics products manufactured in this industry include skincare, makeup, fragrance and other beauty products, with fragrance products being broken down into categories such as Eau de Parfum, Eau de Toilette, Body spray, Eau de Cologne and various other fragrance related products. With a heavily competitive environment, this industry is saturated with many large players such as Coty Inc., Estee Lauder Companies Inc. and L'Oréal. In the United States alone, luxury fragrance manufacturing is a 5.1 billion dollar industry. Globally, the cosmetics manufacturing industry generated around 450.9 billion dollars in 2023. It is important to note that even within the United State, European companies continue to dominate the fragrance manufacturing industry. Despite a disruption due to the COVID-19 Pandemic, the luxury cosmetics and fragrance manufacturing industry continues to grow steadily with an expected compounded annual growth rate of 2.6% between 2023 and 2028.

**Global Cosmetics Manufacturing Industry Growth (USD\$B)**  
FY2023-FY2028



Source: IBISWorld

## Competition

### Coty Inc.

Coty Inc. is a cosmetics manufacturing company headquartered in New York, United States with over 18,000 employees globally and a market share of 18.2% in the fragrance manufacturing industry in the United States. The company's product line consists of well-known brands such as Bourjois, Philosophy, Rimmel and Kylie Cosmetics. With 919.3 million dollars in revenue in 2023, Coty is a key competitor in the industry. It is important to note that Coty Inc also operates in the United States Cosmetic & Beauty Products Manufacturing industry, where it accounts for around 1.4% of total industry revenue. Furthermore, Coty Inc holds a 1.2% market share in the Global Cosmetics Manufacturing industry.

**COTY**  
SINCE 1904

### Loreal

Headquartered in Paris, France, Loreal is a global leader in cosmetics and fragrance. With a 15.3% market share in the United States Perfume & Fragrance Manufacturing industry and 9.5% market share in the Global Cosmetics manufacturing industry, Loreal continues to dominate the production of hair care, skin care, perfume and cosmetics. Loreal employs around 88,000 individuals globally and earned a total of 773.9 million dollars in revenue in 2023. This success is largely contributed to by Loreal's portfolio of reputable brands, including but not limited to Giorgio Armani, Lancome, NYX and YvesSaintLaurent.

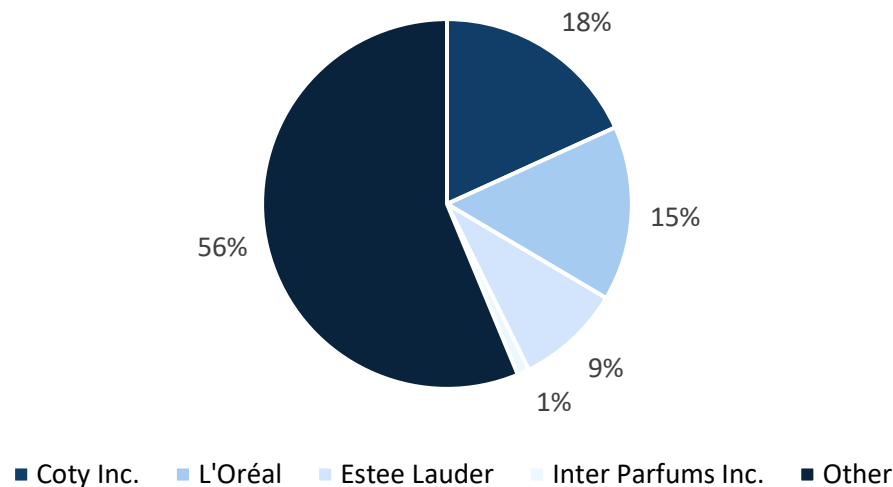
**L'ORÉAL**

## Estee Lauder

Estee Lauder is headquartered in New York, with an estimated employee count of 62,000. The company controls 9.2% of Perfume and Fragrance Manufacturing in the US, with notable brands being Bumble and bumble, La Mer, Tom Ford Beauty and Tommy Hilfiger. Annual revenue for Estee Lauder in 2023 totalled to 462.9 million dollars and the company is expected to continue steadily growing in the next five years. Estee Lauder's revenue from fragrance products only accounts for around 11% of its total revenues, however, it is a key player in the United States Cosmetic & Beauty Products Manufacturing industry, where it accounts for an estimated 10% of total industry revenue. Estee Lauder is also a large global player, with a 3.8% market share in the Global Cosmetics Manufacturing industry.



## Global Cosmetics Manufacturing Industry Growth (USD\$B) FY2023-FY2028



Source: [IBISWorld](#)

## Key Drivers and Trends

### Innovation and Consumer Preferences

With an increasingly competitive and saturated market, it is as important as ever for cosmetics and fragrance manufacturers to continue focusing on tapping into niche markets and creating new, unique fragrances that best align with consumer preferences. Strong brand names, most notably the four largest players, continue to account for more than half of the overall revenue generated in the United States Perfume & Fragrance Manufacturing. With heavily volatile revenues due to the discretionary nature of luxury consumer goods like cosmetics and fragrances, it is evident that companies that can better differentiate themselves and cater to consumer trends are more likely to continue growing despite macroeconomic fluctuations. Some key trends to note that heavily impact the fragrance and cosmetics manufacturing industry include the increasingly prevalent consumer preference of clean and eco-friendly products, the importance of collaborations with influencers and celebrities as well as the popularization of digital marketing.

Clean beauty refers to the production of fragrance and cosmetics products without the use of unnecessary and harmful chemicals found in traditionally formulated products. The formulation of these products often involves the use of only natural and renewable ingredients which in turn not only provides consumers with less-harmful alternatives, but also reduces the harmful impact cosmetics production often has on the environment. 45% of female consumers aged 13 to 39 are interested in trying clean beauty products and 66% of consumers aged 13 to 39 are more likely to buy personal care or beauty products that have a “clean” label. Brands like Ellis Brooklyn and Maison Louis Marie provide value to these consumers by focusing on the production of clean fragrances. As the demand for such products increase, Inter Parfums should focus on either acquiring licensing agreements with prevalent brands in the clean fragrance space or adapting to the trend by launching clean fragrance lines through pre-established licensing agreements.

With the rise of social media influencers and the increasing reliance on influencer marketing, the fragrance and cosmetics industry has seen immense growth through sponsorships, collaborations and other forms of influencer and celebrity marketing. 50% of millennials feel as if they know their favourite influencers better than their actual friends and 66% say their purchasing decisions are driven by influencers. To adapt to how consumers make most of their purchasing decisions, Inter Parfums should continue collaborating with influential figures to promote various fragrances lines with brands across its entire portfolio.

An example that illustrates the importance of adapting to specific consumer preferences, especially within fragrance and cosmetics, is Kayali Fragrances. Kayali is a brand founded by Mona Kattan, a beauty influencer and sister of Huda Kattan, a prominent influencer and businesswoman in the beauty industry. Having been a part of the beauty community for years, Kattan recognized the need for customized fragrances dedicated to Middle Eastern culture. After identifying the lack of such fragrances in the market, she spent half a decade formulating her initial perfume launch, which quickly became popular on social media leading to new scents that are often sold out on both the company’s website and Sephora. This example illustrates both the importance of innovation and social media trends in the fragrance industry.

### **Sustainability and Social Responsibility**

There is expected to be an expectation from both consumers and government regulators for brands to focus on the sustainable production of fragrance and cosmetics. Concerns about pollution and carbon footprints signal businesses to find new eco-friendly resources, develop new products and introduce new packaging. The increasingly popular development of substituting plastic for paper in cosmetic and beauty packaging is expected to become more standardized. Furthermore, manufacturers are encouraged to cut down on the unnecessary use of utilities during the manufacturing process. With governments globally beginning to regulate plastics and setting carbon emission targets, simply complying to new industry standards is not an option.

Companies must begin turning to consumers and meeting their personal sustainability preferences. For example, although the United States Food and Drug Administration does not define organic cosmetics or beauty products, many brands have begun using the term to market products, with a positive response from consumers. Furthermore, due to the viral nature of such trends on social media, consumers have begun outwardly demanding clean beauty and fragrance products that meet ethical production standards. For example, studies have shown that social media usage is directly related to sustainable purchasing attitudes and according to McKinsey & Co., 66% of individuals consider sustainability when they



make a purchase. Such efforts towards sustainability and social responsibility in relation to evolving consumer preferences is what will differentiate beauty manufacturers moving forward.

## Catalysts

### Brand Acquisitions

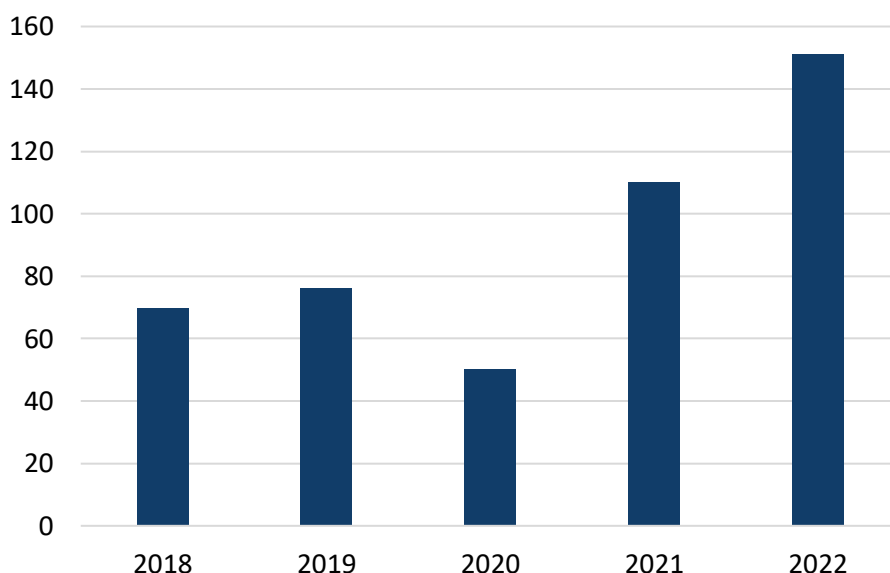
Much of Inter Parfums' growth has been due to its acquisition of licensing for reputable and well-known luxury brands. With the recent acquisition of popular brands like Lacoste and Roberto Cavalli, Inter Parfums Inc.'s strength comes from the ability to hold a diverse portfolio of new brands while continuing to expand at a rapid rate through such licensing agreements. Furthermore, with plans to release new lines for already acquired brands such as GUESS, DKNY and Ferragamo in 2024, Inter Parfums continues to grow pre-established relationships, increasing the likelihood for both new acquisitions as well as renewal of potentially expiring licenses through a proven ability to grow fragrance brands. It is important to note that in order to continue maintaining a strong reputation within the Global Perfume Manufacturing industry, Inter Parfums must continue to hold ESG factors to a high standard. Deviations from the current emphasis on sustainability, social impact and proper internal governance as well as improper action from the company, management or employees may lead to a strong negative impact on the company's reputation, and therefore ability to continue working with these reputable brands.

### Strong Earnings

Inter Parfums Inc has proven time and time again its ability to exceed earning estimates, having beat analyst EPS expectations consistently for the past four earning periods. This stability and growth in earnings make Inter Parfums Inc. an attractive investment, especially when taking into account the company's ability to grow earnings at such a rapid rate so soon after the COVID-19 pandemic due to the strategic creation of new and unique product lines. This post-pandemic growth was heavily boosted by a sudden resurgence in demand for luxury goods combined with Inter Parfums ability to target such luxury consumers in Europe while balancing a portfolio of less expensive, yet equally reputable, brands in the United States. As seen in the figure below, despite the slight drop in 2020, the company was able to swiftly push revenue and earnings to exceed pre-pandemic levels within a year.

**Earnings Growth (USD\$MM)**

**FY2018-FY2022**



Source: [Company Filings](#)



## Management Team

### Jean Madar – Co-Founder, Chief Executive Officer and Chairman of the Board

As one of the Co-founders, Madar has been with Inter Parfums Inc. from the beginning, where he held the role of President until December 1993, then becoming the Director General of the subsidiary Interparfums SA in January 1997. During his time at Interparfums SA, Madar had the responsibility of overseeing the marketing operations of the company's foreign distribution, including market research analysis and the execution of marketing campaigns. After extensive experience, he became Chief Executive Officer of Inter Parfums Inc. in January of 1997. Madar is a graduate of The French University for Economic and Commercial Sciences (ESSEC), making his educational background, along with his extensive experience within the company, a great asset to Inter Parfums Inc.



### Philippe Benacin – Co-Founder, President and Vice Chairman of the Board

Benacin is the co-founder of Inter Parfum's Inc. along with Madar and is the company's current President as well as the Chief Executive Officer of Interparfums SA. He has also been the Vice Chairman of the Board since September of 1991. Benacin was elected to the position of Executive Vice President in 1991 and Senior Vice President in 1993 prior to gaining his current role as President in January 1994. Benacin has also held the role of Chief Executive Officer of Interparfums SA for over five years. Also having graduated from The French University for Economic and Commercial Sciences (ESSEC), Benacin's specialties and experience lie within business and his longstanding history with the company along with his co-founder continue to push Inter Parfums Inc. towards a positive future.



### Philippe Santi – Executive Vice President and Chief Financial Officer (Interparfums SA)

Santi has been with Inter Parfums Inc. since December 1999, having acquired the position of Chief Financial Officer of Interparfums SA in 1995 and serving as Executive Vice President since 2004. Aside from his history with the company, Santi has extensive experience in finance as he was the Chief Financial Officer for Stryker France and an Audit Manager for Ernst and Young. Having graduated of the Neoma Business School with a degree as a public accountant and holding the Chartered Accountant designation, Santi's expertise and educational background are critical to the financial success of Interparfums SA.



## Michel Atwood – Chief Financial Officer

Atwood has held the position of Chief Financial Officer since September 6, 2022. Despite being a new addition to the company, he has extensive experience within the global fragrance and cosmetics industry as well as years of experience within finance. Atwood worked at Procter & Gamble from 1995 to 2017, where he held a variety of executive positions including Divisional CFO of Global Prestige Fragrances and CFO Global Markets – Prestige Fragrances. Atwood gained crucial experience in the licensing and acquisition strategy of P&G's Global Fragrance and Premium skin and cosmetics businesses. As Vice President Finance and Strategy at The Estée Lauder Companies Inc., Atwood had strategic oversight across a variety of the company's fragrance brands along with senior level merger and acquisition duties.



Aside from his extensive experience, Atwood also has a strong educational background with a Master's degree in Software Engineering from the Institut National des Sciences Appliquées of Lyon, and a Master's in International Finance from HEC Paris, as well as a Certified Management Accountant designation. Lastly, Atwood's experience working in France, Switzerland, the U.S., Canada, Turkey and Italy brings an international perspective to the management team.

Inter Parfums Inc. Executive Compensation Summary (USD)							
Name, Position	Year	Salary	Bonus	Stock Awards	Option Awards	Other Compensation	Total
Jean Madar, Chief Executive Officer	2023	\$2,000,000	\$0	\$0	\$0	\$0	\$2,000,000
	2022	\$1,230,000	\$0	\$0	\$0	\$0	\$1,230,000
	2021	\$1,230,000	\$0	\$157,603	\$0	\$0	\$1,387,603
Philippe Benacin, President Inter Parfums Inc.	2023	\$794,975	\$216,260	\$0	\$0	\$29,278	\$1,040,513
	2022	\$755,440	\$210,600	\$139,077	\$0	\$27,378	\$1,132,495
	2021	\$803,504	\$165,578	\$0	\$0	\$30,507	\$999,589
Philippe Santi, Executive Vice President	2023	\$495,668	\$457,714	\$0	\$0	\$55,203	\$1,008,585
	2022	\$454,896	\$436,995	\$139,077	\$0	\$48,491	\$1,079,459
	2021	\$482,542	\$378,464	\$0	\$0	\$52,673	\$913,679
Michel Atwood, Chief Financial Officer	2023	\$525,000	\$125,000	\$0	\$140,327	\$0	\$790,327
	2022	\$161,218	\$150,000	\$0	\$101,814	\$0	\$413,032

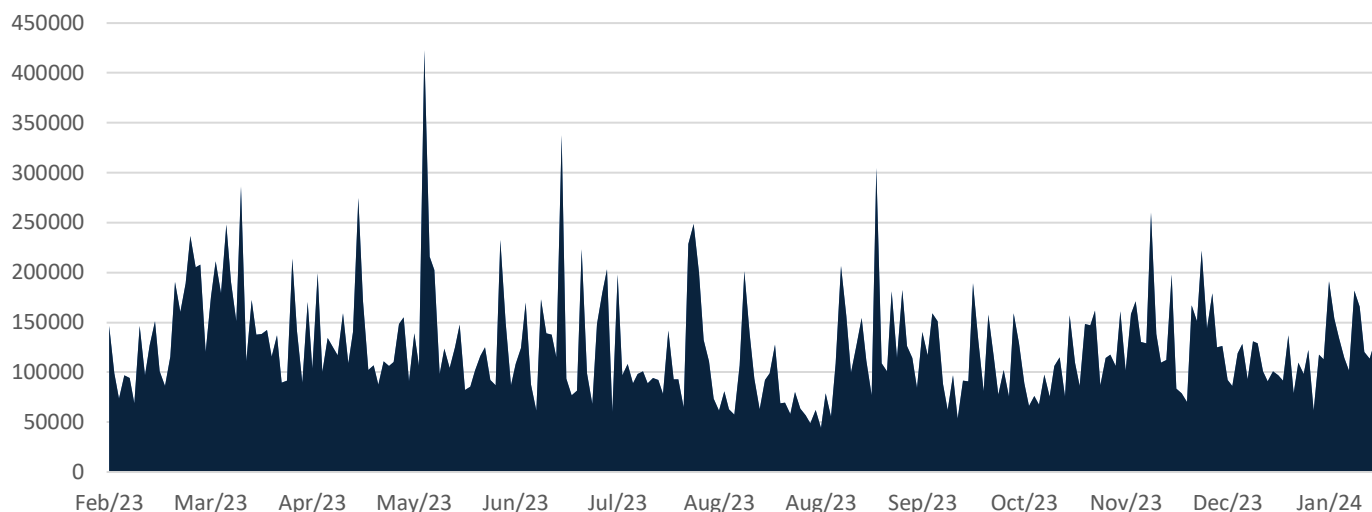
Source: [Company Filings](#)

## Shareholder Base, Liquidity, Market Depth

### Liquidity

Inter Parfums Inc.'s average daily trading volume over the past year was 125,152. This strong liquidity ensures an ease in trading when investing in Inter Parfums Inc. The spike in May of 2023 was due to the company's release of record first quarter earnings results that led to an increase in demand for the company's stock. The Spike in August of 2023 was due to both an earnings announcement as well as the announcement of a dividend, payable on September 30, 2023. Similarly the spike in November of 2023 illustrates another announcement of a dividend payable on December 31, 2023. Spikes in March, June and early September of 2023 represent ex-dividend dates.

## One-Year Trading Volume 2023-2024



Source: [Yahoo Finance](#)

## Shareholder Base

Inter Parfum Inc. currently has 41,930,670 shares outstanding with a float of 18,042,776. With stock ownership comprising of 43.58 % insiders and 56.54% institutional investors. Co-founders Madar and Benacin hold a large percentage of publicly traded shares, approximately 22% each, followed by 379 insituional investors.

Top Institutional Shareholders			
Shareholder	Shares	% Outstanding	Value
BlackRock Inc.	2,722,123	8.51%	\$379,872,272
Vanguard Group Inc	2,027,894	6.34%	\$282,992,613
Morgan Stanley	965,101	3.02%	\$134,679,847
Dimensional Fund Advisors LP	778,711	2.43%	\$108,669,122
State Street Corporation	637,340	1.99%	\$88,940,798
Copeland Capital Management, LLC	623,543	1.95%	\$87,015,427
Acadian Asset Management. LLC	539,666	1.69%	\$75,310,391
Royce & Associates LP	479,803	1.50%	\$66,395,519
Northern Trust Corporation	475,783	1.49%	\$66,395,519
Geode Capital Management, LLC	392,136	1.23%	\$54,722,579
Top 10 Institutional Shareholders	9,642,100	30.15%	\$1,344,994,087

Source: [Market Screener](#)

## Investment Thesis

### Pre-Established Relationships and Prospective Acquisitions

Inter Parfums Inc. Current Licensing Agreements	
Brand Name	Expiration Date
Dunhill	Expired September 30, 2023, sell off period until September 30, 2024
Van Cleef & Arpels	December 31, 2024
Boucheron	December 31, 2025, plus a 5-year optional term if certain sales targets are met
Coach	June 30, 2026
Anna Sui	December 31, 2026, plus one 5-year optional term
Graff	December 31, 2026, plus 3 optional 3-year terms if certain sales targets are met
Moncler	December 31, 2026, plus a 5-year optional term if certain conditions are met
French Connection	December 31, 2027, plus a 10-year optional term if certain sales targets are met
Roberto Cavalli	December 31, 2029
Kate Spade	June 30, 2030
Montblanc	December 31, 2030
MCM	December 31, 2030, plus 4 option years
Jimmy Choo	December 31, 2031
Emanuel Ungaro	December 31, 2031, plus a 5-year optional term if certain sales targets are met
Ferragamo	December 31, 2031, plus a 5-year optional term if certain sales targets are met
Oscar de la Renta	December 31, 2031, plus a 5-year optional term if certain sales targets are met
Karl Lagerfeld	October 31, 2032
DKNY	December 31, 2032, plus a 5-year optional term if certain sales targets are met
Donna Karan	December 31, 2032, plus a 5-year optional term if certain sales targets are met
GUESS	December 31, 2033
Lacoste	December 31, 2038
Abercrombie & Fitch	Extends until either party terminates on 3 years' notice
Hollister	Extends until either party terminates on 3 years' notice

Source: [Company Filings Filings](#)

Inter Parfums Inc. has been operating in the global perfume and cosmetics manufacturing industry for over four decades, having aquaried tens of brand licensing agreements with well-known global brands. The figure below shows 24 active licensing agreements currently made between Inter Parfums Inc. and such brands, showing the company's ability to maintain pre-established relationships with corporate partners. The large number of brands within Inter Parfums' portfolio can be accredited to the company's strategy and unique ability in boosting brand awareness and sales, as previously discussed. Such an ability allows the brand to continue focusing on aquaring new, prospective licenses while also mainting previous relationships and restablishing agreements with brands that have their licensing agreement expiration dates soon approaching, such as Van Cleef & Arpels and Anna Sui. The market often overlooks the impact of future licensing agreements until closer to the acquisition date and thus this catalyst a strong indicator of future growth potential.

## Market Positioning

Relative to its competitors, Inter Parfums Inc. is more stable and has more potential for growth. During times of Market downturn, the company's stock continues to perform better than its competitors. For example, during the recent downturn in the final quarter of 2023, Inter Parfums Inc.'s shares dropped by only 0.2% in compared to the 10.2% decline of the overall industry. This relative strength comes mainly from the strength of the companies portfolio in terms of reputation and brand-name loyalty as well as Inter Parfums' focus on producing "emotional attachment fragrances," scents that resonate so much with a consumers specific preferences that individuals continue to repurchase them as a "signature scent" despite economic conditions and other external factors. Furthermore, Inter Parfums has also shown strength in its ability to grow at a faster rate than the market, with an expected growth rate of 8-10% through 2030 compared to the 6% of the industry. This accelerated growth can be accredited to the company's unique focus on innovation, with an emphasis on tapping into niche markets and adapting to consumer trends. Evidently, Inter Parfum Inc.'s position in the market illustrates an even greater potential for growth and stability in an already growing industry.

## Focus on Innovation and Environmental, Social and Governance (ESG) Issues

With the Global Fragrance manufacturing industry becoming increasingly more competitive, it is especially important for companies to differentiate themselves through new and innovative product lines as well as a focus on Environmental, Social and Governance (ESG) Issues. Inter Parfums Inc. understands the need to focus on these factors and is able to develop a sustainable competitive advantage through its ability to create new and innovative product lines and market them alongside brands with a pre-established reputation. This innovation is heavily due to the company's ability to keep up with consumer trends while also focusing on research and development to create new scents that appeal to a wide variety of luxury fragrance consumers. ESG efforts are often overlooking by the market due to the lack of direct, short-term effects, however, the long-term impact of Inter Parfums' ESG initiatives creates great potential for long-term growth.

Campaign for Fiscal Year	ESG Rating (/100)
2020 for Fiscal 2019	69
2021 for Fiscal 2020	76
2022 for Fiscal Year 2021	81

Source: [Company Filings](#)

Furthermore, Inter Perfume Inc.'s focus on ESG continues to illustrate the company's commitment to adapting to global industry standards and trends. The figure above shows a consistent increase in ESG ratings, as given by Gaia Research, calculated based on 140 criteria divided into four main pillars: Environmental, Social, Governance and External Stakeholders. Because of the company's capital light strategy where manufacturing and logistics is outsourced globally, Inter Parfums partners with EcoVadis to assess the CSR performance of its supply chain and suppliers, evaluating parties based on environmental, sustainability, human rights and ethical practices. The company has also established goals to decrease energy and water usage, reach carbon neutrality by 2024 and focus on decreasing the unnessecary use of plastics within packaging across all brands. Continuing to keep all stakeholders in mind, Inter Parfum's Inc. also focuses on giving back to local communities around the world through donations and education funding while continuously improving the

internal working environment through employee wellness programs and initiatives to attract and nurture diverse groups of talent, taking into account gender, ethnicity, sexual orientation and disabilities.

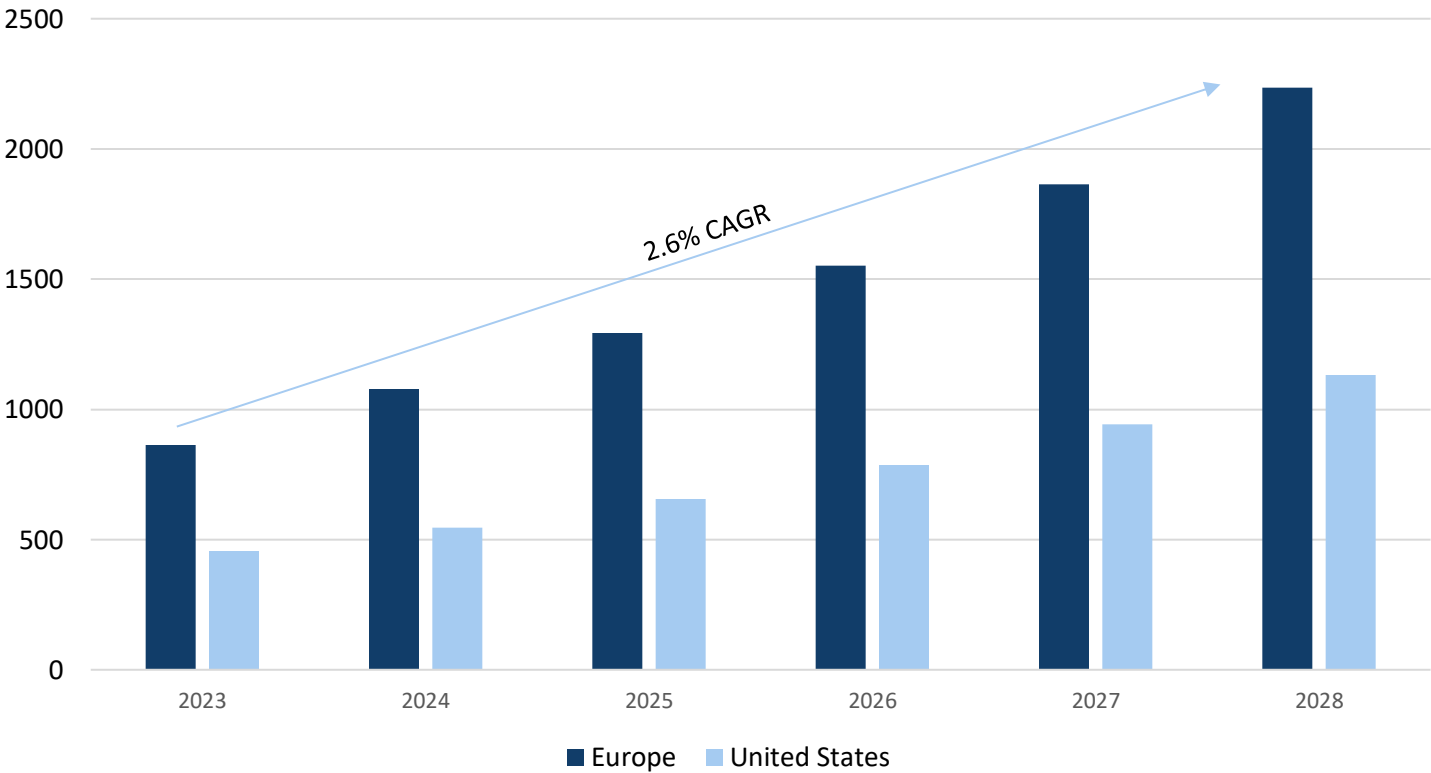
Valuation

Discounted Cash Flow Analysis – Results and Assumptions

Revenue

Revenue was broken down into two segments, European sales and U.S sales, to account for the companys two different operating segments. Each segment was assigned a growth rate, broken down into annual rates for FY2025 and onward while FY2024 is projected per quarter. Revenue projections considered past growth rates, management expectations and industry outlook. It is important to note that the growth projections for FY2024 for the European segment are higher compared to the U.S rates. European revenue growth was projected to be 25% in 2024 followed by a consistent growth of 20% from 2025 to 2028 while U.S revenues are projected to grow consistently at 20% from 2024 to 2028. This is because there is an expectation for Inter Parfums Inc. to continue expanding into the larger European fragrance market. This trend can also be seen in past growth rates, with European sales growing at a faster rate than U.S sales due to there being a larger market to capture in Europe. Inter Parfums Inc.’s total revenue is expected to grow at a CAGR of 2.6% from 2023 to 2028.

Global Cosmetics Manufacturing Industry Growth (USD\$B)  
FY2023-FY2028



Cost



Based on historical values, COGS has consistently stayed around 35-40% for the company and thus a margin of 35% was projected for FY2024 and onwards. SG&A costs are expected to stay consistent at a steady rate of around 40% each year. This rate aligns well with past trends as well as company expectations and activity in the next few years.

### **Weighted Average Cost of Capital (WACC)**

A weighted average cost of capital of 10.07% is calculated based on a 10.3% cost of equity and 5.4% cost of debt, weighted based on a market value of equity of \$4,482.9M and a market value of debt of \$175.3M. The cost of equity is calculated using the risk-free rate of 3.5% based on current 5-year U.S treasury yields, an expected market return of 9.5% based on S&P 500 returns and a company beta of 1.13. The cost of equity can be broken down into the pre-tax cost of debt of 7% and a tax rate of 23%.

### **Perpetuity Growth Rate**

Based on a U.S 4-6% GDP growth rate and a 2-3% inflation rate, A 2% perpetuity growth rate is assumed. Considering Inter Parfums Inc. has been growing stably and keeping up with the market, it is safe to assume the company will grow at 2% to perpetuity.

### **Terminal Multiple**

A terminal EV/EBITDA multiple of 10x is selected based on a conservative approach to analyzing multiples within the global perfume and cosmetics manufacturing industry.

## **Comparable Company Analysis – Company Overviews**

In order to conduct a comparables analysis, five companies that operate in the Global Fragrance Manufacturing industry were chosen based on key factors including the company's industry market share, business model and brand portfolio.

### **The Estée Lauder Companies Inc.**

Estée Lauder is one of the world's leading manufacturers, marketers, and sellers of cosmetics, skincare, fragrance, and hair care products. The company operates in over 150 countries worldwide and owns a variety of popular brands including brand names including: Estée Lauder, M·A·C, Jo Malone London, TOM FORD and Editions de Parfums Frédéric Malle. The company manufactures and produces fragrance and fragrance related products only through its own brands and is one of the three largest competitors of Inter Parfums Inc.

### **Coty Inc.**

Coty is an American beauty company known for developing, manufacturing and selling fragrances, cosmetics, skincare, nail care and hair products. The company operates in over 130 countries worldwide with a portfolio of brand names like Chloé, Hugo Boss, Kylie Cosmetics and Marc Jacobs. Coty, like Inter Parfums, heavily relies on licensing and working with established brands to produce and distribute fragrance and fragrance related products. Coty, along with Estée Lauder, is one of Inter Parfums Inc.'s largest competitors.

### **L'Oréal S.A**



L'Oréal is also one of the largest three competitors of Inter Parfums. The company operates in over 150 countries globally by producing, marketing and distributing cosmetics, fragrance, nail care and hair care products. Similar to Coty and Inter Parfums Inc., L'Oréal relies on licensing to operate in the perfume industry. Some of L'Oréal's most notable brands include: Giorgio Armani Beauty, Yves Saint Laurent Beauté and Ralph Lauren.

#### **LVMH Moët Hennessy - Louis Vuitton, Société Européenne**

LVMH is a global producer and distributor of luxury goods. The company is present across 81 countries with notable brands including Tiffany & Co., Christian Dior, Fendi and Givenchy. Like Estée Lauder, LVMH focuses on producing and distributing fragrances through its own brands as opposed to relying on licensing. LVMH is by far the largest company in this group, mainly due to the absolute variety of industries the company operates in. Despite this diversity, it is important to take LVMH into account as it is one of Inter Parfums largest competitors within the global fragrance manufacturing industry.

#### **Hermès International Société en commandite par actions**

Hermès is a global developer, producer and distributor of luxury goods. The company operates in 45 countries worldwide, selling goods under brand names including: Hermes Paris, Crystal Saint-Louis, John Lobb, Le Crin, and J3L. Like LVMH, Hermès specializes in a variety of luxury goods including leather goods, lifestyle accessories, home furnishings, perfumery, jewelry, watches and ready-to-wear. The company produces fragrances and fragrance related products under its own brands as opposed to licensing. Despite the diversity in goods produced by the company, Hermès is an active competitor in the global fragrance industry and therefore a key business to include in this comparables analysis.

## **Recommendation**

After analyzing the key factors of Inter Parfum Inc.'s business model, competition and external environment while taking into account the companies financial health, we believe that Inter Parfum Inc.'s stock is currently undervalued in the market. Not only has the company shown consistent growth post COVID-19, but it also has positive prospects for future growth due to a business structure that is not very capital intensive, an innovative outlook on the industry, a focus on ESG and stakeholders as well as its market position within the industry. Aside from the fundamental analysis, the various methods of valuation used in our quantitative analysis clearly support a buy recommendation.

In order to calculate a target price for Inter Parfums Inc., each of the four valuation methods were assigned a certain weight depending on their reliability. The final target price was a weighted average of the four valuations. The weighting criteria is as follows.

- 40% weight of \$149.77 (Perpetuity Growth DCF method)
- 40% weight of \$194.34 (Exit Multiple Implied Price DCF method)
- 10% weight of \$219.37 (P/E Implied Price method)
- 10% weight of \$280.78 (EV/EBITDA Implied Price method)

It is important to note that the Exit Multiple Implied Price DCF method, P/E Implied Price method and EV/EBITDA Implied Price method received very low weights in comparison to the Perpetuity Growth DCF method. This is because a few of the companies used in the comparables company analysis, and when choosing an EV/EBITDA multiple for the Exit Multiple

Implied Price DCF method, had very high EV/EBITDA and P/E multiples, which seemingly skewed the valuations. Because of this discrepancy, a lower weightage ensures that the valuations are still taken into account while also ensuring the target price isn't skewed by particularly high values.

Considering all methods of quantitative valuation and important qualitative factors, we propose a buy recommendation for Inter Parfums Inc., with a target price of \$187.66 and an implied upside of 35.3%.

## Sensitivity Analysis

Due to the severe volatility in target prices that arises from slight changes in the WACC, perpetuity growth rate and the EV/EBITDA multiple, a sensitivity analysis was conducted to assess the risk in changes in these three variables. For the Perpetuity Growth Rate method, the worst-case scenario, with a WACC of 11.09% and a growth rate of 1.00%, results in an implied share price of \$121.02 and a downside of 12.7% while the best-case scenario, with a WACC of 9.09% and a growth rate of 3.00%, results in an implied share price of \$197.24 and an upside of 42.3%. For the Exit Multiples method, the worst-case scenario, with a WACC of 11.09% and a multiple of 8.0x, results in an implied share price of \$155.68 and an upside of 12.3% while the best-case scenario, with a WACC of 9.09% and a multiple of 12.0x, results in an implied share price of \$236.50 and an upside of 70.6%. Even in the absolute worst-case scenario, there is only a loss of 12.7%, which is negligible when considering the long-term growth prospects of this stock. These values are summarized in the tables below.

		WACC				
		11.09%	10.59%	10.09%	9.59%	9.09%
Perpetuity Growth Rate	1.00%	\$ 121.02	\$ 128.25	\$ 136.28	\$ 145.27	\$ 155.39
	1.50%	\$ 125.95	\$ 133.82	\$ 142.63	\$ 152.55	\$ 163.79
	2.00%	\$ 131.42	\$ 140.05	\$ 149.77	\$ 160.78	\$ 173.36
	2.50%	\$ 137.53	\$ 147.05	\$ 157.84	\$ 170.17	\$ 184.40
	3.00%	\$ 144.40	\$ 154.97	\$ 167.06	\$ 180.99	\$ 197.24

		WACC				
		11.09%	10.59%	10.09%	9.59%	9.09%
Terminal EV/EBITDA Multiple	8.0 x	\$ 155.68	\$ 159.14	\$ 162.71	\$ 166.37	\$ 170.13
	9.0 x	\$ 170.76	\$ 174.59	\$ 178.52	\$ 182.57	\$ 186.73
	10.0 x	\$ 185.84	\$ 190.03	\$ 194.34	\$ 198.77	\$ 203.32
	11.0 x	\$ 200.93	\$ 205.48	\$ 210.16	\$ 214.97	\$ 219.91
	12.0 x	\$ 216.01	\$ 220.92	\$ 225.97	\$ 231.16	\$ 236.50

## Risks

## High SG&A Costs

Although Inter Parfum Inc. focuses on a manufacturing strategy that is not very capital intensive, the company consistently incurs very high SG&A costs, with revenues often exceeding earnings by a significant amount. Although Gross Margins have been at an average of around 63% in the past five years, net income margins continue to sit much lower at an average of 18%. This is mainly due to the company's focus on marketing and market research as well as high legal costs due to the nature of the business and legalities around licensing and aquasition costs. These high costs greatly affect earnings and if there is a potential dip in sales, it is important to understand that earnings would be very negatively impacted.

## Macroeconomic Instability and Cyclicity of Demand for Consumer Goods

Current monetary policy efforts to combat post-COVID-19 inflation are likely to cause a slow down in the economy in 2024. With post-COVID economic instability continuing to affect the ways businesses operate, it is important for to Inter Parfums Inc. to continue monitoring macroeconomic conditions and adjusting to potential increases in cost in 2024, especially within the United States segment where this economic downturn is the most relevant. These external factors are important to consider as the company continues to expand into North America. Although Inter Parfums Inc. is somewhat protected by the lipstick effect, where less expensive luxury goods like cosmetics and fragrances as opposed to more expensive luxury goods are still often purchased in times of economic downturn, economic stability is highly correlated with demand for discretionary consumer goods and thus in order to continue expanding into markets, it is important for the company to recognize that sales rely heavily on the economic health of each region.

## Need to Maintain and Acquire Licensing Agreements

Inter Parfum Inc.'s entire business model heavily relies on corporate relarionships with other businesses. From revenue growth being almost entirely based on licensing aquasitions and product launches in collaboration with brands in the company's portfolio to even the responsibility of manufacturing and logistics being given to these companies, it is especially crucial for Inter Parfums Inc. to continue nurturing these connections. In order to combat such risks, the company should consider branching out of solely relying on licensing and potentially launching its own brands or product lines, however, because this is costly and capital intensive, it is unlikely to occur in the near future. This risk is especially important when comparing Inter parfums Inc. to other companies within the global perfume and cosmetics manufacturing industry.


## Appendix 1: Model Summary

Summary Page																
	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Dec-23	Dec-24	Dec-25	Dec-26	Dec-27	Dec-28	
(Figures in mm USD)	FY2018	FY2019	FY2020	FY2021	FY2022	Q1-2023	Q2-2023	Q3-2023	Q4-2023	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	
Income Statement																
Revenue	675.6	713.5	539.0	879.5	1,086.7	311.7	309.3	368.0	328.7	1,317.7	1,624.3	1,949.2	2,339.1	2,806.9	3,368.2	
EBITDA	105.8	113.5	79.2	160.7	216.8	94.4	59.3	91.6	23.4	268.7	406.1	487.3	584.8	701.7	842.1	
Net Income	69.7	76.1	50.0	110.0	151.0	70.9	42.5	66.1	8.2	187.8	297.1	360.4	436.6	527.7	636.7	
Earnings Per Share	\$ 2.21	\$ 2.40	\$ 1.58	\$ 3.46	\$ 4.72	\$ 2.20	\$ 1.32	\$ 2.06	\$ 0.26	\$ 5.84	\$ 9.24	\$ 11.21	\$ 13.58	\$ 16.42	\$ 19.81	
Cash Flow Statement																
Capital Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Acquisitions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Divestitures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dividend Payment	(26.3)	(34.6)	(20.8)	(31.7)	(63.7)	(20.0)	(20.0)	(20.0)	(20.0)	(80.0)	(96.0)	(112.0)	(128.0)	(128.0)	(160.0)	
Dividend Per Share	\$ 0.84	\$ 1.10	\$ 0.66	\$ 1.00	\$ 2.00	\$ 0.63	\$ 0.63	\$ 0.63	\$ 0.63	\$ 2.50	\$ 3.00	\$ 3.50	\$ 4.00	\$ 4.00	\$ 5.00	
Dividend Payout to Earnings	37.7%	45.5%	41.6%	28.8%	42.2%	28.2%	47.0%	30.3%	242.9%	42.6%	32.3%	31.1%	29.3%	24.3%	25.1%	
Dividend Payout to Core FCF	31.3%	39.2%	31.1%	23.8%	35.3%	25.8%	44.8%	28.1%	139.0%	38.5%	30.6%	29.8%	28.4%	23.7%	24.7%	
Dividend Yield	2.0%	1.7%	1.3%	1.5%	2.4%	0.5%	0.4%	0.5%	0.4%	2.0%	2.1%	2.4%	2.7%	2.7%	3.4%	
Balance Sheet																
Current Assets	571.6	573.3	600.7	718.5	787.7	851.6	823.4	876.9	839.0	839.0	1,096.1	1,422.9	1,786.2	2,247.5	2,794.3	
Non-Current Assets	226.2	255.5	289.4	426.9	520.8	528.6	528.2	517.5	530.3	530.3	513.9	498.6	484.9	472.5	461.4	
Assets	797.8	828.8	890.1	1,145.4	1,308.5	1,380.2	1,351.7	1,394.4	1,369.3	1,369.3	1,610.0	1,921.5	2,271.1	2,719.9	3,255.6	
Current Liabilities	189.2	184.5	156.2	244.9	344.6	362.2	341.7	363.1	324.7	324.7	364.5	427.6	468.5	517.6	576.6	
Non-Current Liabilities	22.9	35.4	31.5	162.1	175.8	168.4	163.1	154.4	152.4	152.4	152.4	152.4	152.4	152.4	152.4	
Liabilities	212.1	219.8	187.7	407.0	520.4	530.6	504.7	517.5	477.2	477.2	516.9	580.0	620.9	670.1	729.0	
Shareholders' Equity	447.6	468.0	535.8	571.9	616.8	658.4	668.2	690.3	699.4	699.4	900.4	1,148.8	1,457.4	1,857.1	2,333.9	
Cash	193.1	133.4	169.7	168.4	104.7	149.1	74.3	79.8	88.5	88.5	349.9	492.3	695.7	965.2	1,281.8	
Debt	46.1	23.1	24.7	148.8	180.0	192.2	172.6	175.3	157.5	157.5	157.5	157.5	157.5	157.5	157.5	
Net Debt	(147.1)	(110.4)	(145.0)	(19.6)	75.3	43.2	98.3	95.5	69.0	69.0	(192.4)	(334.8)	(538.3)	(807.7)	(1,124.4)	
Minority Interests	138.1	141.0	166.6	166.4	171.4	191.2	178.7	186.6	192.8	192.8	192.8	192.8	192.8	192.8	192.8	
Debt/EBITDA	n/a	n/a	n/a	n/a	0.3 x	0.5 x	1.7 x	1.0 x	3.0 x	0.3 x	n/a	n/a	n/a	n/a	n/a	
Operating Metrics																
Return on Equity (ROE)	15.6%	16.3%	9.3%	19.2%	24.5%	10.8%	6.4%	9.6%	1.2%	26.8%	33.0%	31.4%	30.0%	28.4%	27.3%	
Return on Assets (ROA)	8.7%	9.2%	5.6%	9.6%	11.5%	5.1%	3.1%	4.7%	0.6%	13.7%	18.5%	18.8%	19.2%	19.4%	19.6%	
Return on Invested Capital (ROIC)	19.4%	22.5%	12.6%	19.7%	27.0%	10.7%	7.4%	10.0%	3.3%	31.3%	37.2%	36.2%	35.0%	32.5%	32.0%	
Valuation Metrics																
Stock Price (High)	\$ 44.82	\$ 74.81	\$ 70.43	\$ 74.82	\$ 103.75	\$ 143.04	\$ 158.99	\$ 150.92	\$ 145.60	\$ 158.99	\$ 145.60	\$ 145.60	\$ 145.60	\$ 145.60	\$ 145.60	
Stock Price (Low)	\$ 37.55	\$ 54.04	\$ 32.11	\$ 54.93	\$ 62.62	\$ 94.04	\$ 123.31	\$ 126.28	\$ 145.60	\$ 94.04	\$ 145.60	\$ 145.60	\$ 145.60	\$ 145.60	\$ 145.60	
Stock Price (Average)	\$ 41.19	\$ 64.43	\$ 51.27	\$ 64.88	\$ 83.19	\$ 118.54	\$ 141.15	\$ 138.60	\$ 145.60	\$ 126.52	\$ 145.60	\$ 145.60	\$ 145.60	\$ 145.60	\$ 145.60	
Diluted Shares Outstanding (Average)	31.5	31.7	31.7	31.8	32.0	32.2	32.2	32.1	32.1	32.1	32.1	32.1	32.1	32.1	32.1	
Market Capitalization (Average)	1,298.2	2,041.5	1,622.9	2,065.3	2,661.0	3,812.1	4,539.7	4,452.4	4,679.5	4,066.2	4,679.5	4,679.5	4,679.5	4,679.5	4,679.5	
Enterprise Value (Average)	1289.3	2,072.2	1,644.6	2,212.2	2,907.7	4,046.5	4,816.7	4,734.4	4,941.3	4,328.0	4,679.9	4,537.5	4,334.1	4,064.6	3,748.0	
P/E	18.6 x	26.8 x	32.5 x	18.8 x	17.6 x	53.8 x	106.8 x	67.3 x	568.6 x	21.7 x	15.8 x	13.0 x	10.7 x	8.9 x	7.3 x	
EV/EBITDA	12.2 x	18.3 x	20.8 x	13.8 x	13.4 x	42.9 x	81.2 x	51.7 x	211.4 x	16.1 x	11.5 x	9.3 x	7.4 x	5.8 x	4.5 x	
FCF Yield to Market Capitalization	4.5%	3.6%	3.6%	5.1%	4.1%	-0.3%	0.3%	0.4%	1.8%	2.7%	7.7%	5.5%	7.1%	8.6%	10.3%	
FCF Yield to Enterprise Value	4.6%	3.5%	3.5%	4.8%	3.7%	-0.3%	0.3%	0.4%	1.7%	2.5%	7.7%	5.7%	7.7%	9.9%	12.8%	
Free Cash Flow																
EBIT	94.7	104.7	70.1	148.1	194.3	90.3	55.1	87.2	18.8	251.4	389.8	472.0	571.0	689.3	830.9	
Tax Expense	(26.1)	(29.1)	(19.4)	(41.0)	(43.2)	(21.7)	(13.0)	(20.5)	(4.3)	(57.8)	(89.7)	(108.6)	(131.3)	(158.5)	(191.1)	
D&A	11.0	8.7	9.1	12.7	22.5	4.1	4.3	4.4	4.6	17.3	16.3	15.3	13.8	12.4	11.1	
Capital Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Changes in NWC	(20.9)	(11.7)	(1.9)	(13.7)	(65.6)	(84.8)	(30.5)	(53.7)	67.1	(102.0)	44.1	(121.3)	(118.9)	(142.7)	(171.2)	
Unlevered Free Cash Flow	58.7	72.7	57.9	106.1	108.1	(12.1)	15.8	17.4	86.2	108.9	360.5	257.4	334.5	400.5	479.7	
Valuation Summary																
Current Price	\$ 145.60															
Target Price	\$ 187.57															
Total Return	28.8%															
Recommendation	BUY															
DCF Valuation																
Perpetuity Growth Implied Price	\$ 149.61															
Exit Multiple Implied Price	\$ 194.27															
Comps Valuation																
Comps - EV/EBITDA Implied Price	\$ 219.37															
Comos - P/E Implied Price	\$ 280.78															

## Appendix 2: Discounted Cash Flow Analysis

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Appendix 3: Comparable Companies Analysis



# Comparable Company Analysis

(Figures in mm USD)

Company	Ticker	Share Price	Diluted Shares Outstanding	Equity Value	Cash	Debt	Other EV Adjustments	Enterprise Value	EV/EBITDA Multiple						P/E Multiple					
									2023A EBITDA	2024E EBITDA	2025E EBITDA	2023A EV/EBITDA	2024E EV/EBITDA	2025E EV/EBITDA	2023A Diluted EPS	2024E Diluted EPS	2025E Diluted EPS	2018A P/E	2019E P/E	2020E P/E
The Estée Lauder Companies Inc.	(NYSE: EL)	\$ 134.81	357.8	48,235.0	3,090.0	7,268.0	826.0	53,239.0	2,167.1	3,089.0	3,618.5	24.6 x	17.2 x	14.7 x	2.3	4.2	5.3	58.1 x	32.4 x	25.6 x
Coty Inc.	(NYSE: COTY)	\$ 12.24	891.7	10,914.4	280.0	4,136.2	286.0	15,056.6	1,090.1	1,185.4	1,284.4	13.8 x	12.7 x	11.7 x	0.4	0.6	0.7	29.9 x	21.9 x	18.3 x
L'Oréal S.A.	(ENXTPA: OR)	\$ 488.48	536.0	261,825.3	5,479.4	5,665.0	6.5	262,017.4	10,769.9	11,658.9	12,662.9	24.3 x	22.5 x	20.7 x	13.3	14.5	15.7	36.7 x	33.7 x	31.1 x
LVMH Moët Hennessy - Louis Vuitton, Société Européenne	(ENXTPA: MC)	\$ 734.70	499.4	366,909.2	17,681.2	12,957.8	1,899.5	364,085.3	31,557.6	33,435.0	36,588.6	11.5 x	10.9 x	10.0 x	34.4	36.1	39.4	21.3 x	20.4 x	18.7 x
Hermès International Société en commandite par action	(ENXTPA: RMS)	\$ 2,007.45	104.5	209,778.5	10,238.6	38.3	(5.5)	199,572.8	6,794.0	7,465.8	8,373.7	29.4 x	26.7 x	23.8 x	42.0	46.0	50.8	47.8 x	43.6 x	39.5 x
Inter Parfums Inc	(NASDAQ: IPAR)	\$ 145.60	32.1	4,679.5	88.5	157.5	192.8	4,941.3	\$ 268.71	\$ 406.09	\$ 487.30	18.4 x	12.2 x	10.1 x	\$ 5.84	\$ 9.24	\$ 11.21	24.9 x	15.8 x	13.0 x
Median													17.2 x	14.7 x					32.4 x	25.6 x
Mean													18.0 x	16.2 x					30.4 x	26.6 x
High													26.7 x	23.8 x					43.6 x	39.5 x
Low													10.9 x	10.0 x					20.4 x	18.3 x

	EV/EBITDA Implied Price			P/E Implied Price		
Median	\$ 209.62	\$ 215.05		\$ 299.53	\$ 286.83	
Mean	\$ 219.37	\$ 237.24		\$ 280.78	\$ 298.57	
High	\$ 329.61	\$ 353.22		\$ 403.01	\$ 443.18	
Low	\$ 129.44	\$ 142.73		\$ 188.16	\$ 204.84	

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