PUIG

Puig Revenues Reach €1,933 Million with Net Income of €242 Million in 2018

- **Revenues grew by 5% on a like-for-like and constant currency basis. Reported sales remained stable.**
- **Net income grew by 6% in a year of record profits.**
- **Puig is strengthening its model of owned brands and its position in the fashion world with the acquisition of Dries Van Noten.**

Barcelona, May 9, 2019

In 2018, Puig reported €1,933 million in net revenues, a figure very similar to the previous year, and a reported 5% increase on a like-for-like and constant currency and accounting rules basis.

Profit before tax represented 17% of net revenues. Net income reached to €242 million, or 13% of net revenues.

Evolution of Net Revenues and Profit (2017-2018)

In millions of euros

	2017	2018	Y18/Y17	(1)
Net Revenues	1,935	1,933	0%	5%
Profit Before Tax (PBT)	310	326	5%	
Corporate Tax	-77	-79		
Taxes/PBT	-25%	-24%		
Net Income	228	242	6%	

(1) Growth on a like-for-like and constant currency and accounting rules basis.

Geographical Breakdown

In 2018, 14% of revenues were generated in Spain and 86% in other countries throughout the rest of the world. Emerging markets outside of North America and the European Union accounted for 41% of the company's business.

In Spain, retail sales of selective fragrances to end consumers have increased by over 1%, and Puig maintained its leadership both in selective perfumery and in the mass market. Some significant chains closed some of their doors, which had a negative impact on our sales to this channel, resulting in a net reduction of 3%.

The developed markets have grown 9% compared to the previous year on a comparable basis, equivalent to 8% reported growth.

In emerging markets, revenues grew by 4% on a like-for-like and constant currency basis. The drop in the exchange rate in countries like Argentina and Brazil has had an impact on our reported sales, which decreased by 6% in these markets.

In millions of euros

		2017	2018	Y18/Y17	(1)
Revenues in Spain		290	280	-3%	-3%
Revenues generated in developed markets	(NA+ European Union excl. Spain)	793	854	8%	9%
Revenues generated in emerging markets	(Rest of the world)	852	800	-6%	4%
TOTAL		**1,935**	**1,933**	**0%**	**5%**

(1) Growth on a like-for-like and constant currency basis, and accounting rules basis.

All Puig fragrances are manufactured in the company's production centers in Spain and France.
Puig currently sells its products in more than 150 countries and has affiliates in 26 of them.

Business Development

Our ambition is to construct a portfolio of "Love Brands." In 2018 we faced challenges in the area of our main business of selective fragrances, owing to the mutual decision of Valentino S.p.A and Puig to terminate the licensing agreement under which Puig has developed and distributed fragrances for the Valentino label. This made us shift our strategy, giving more support to our owned brands, with which we will be much more ambitious. We want to make Paco Rabanne and Carolina Herrera into brands generating revenues over €1 billion, by reassigning resources previously dedicated to supporting licensed brands.

Paco Rabanne, headed by Julien Dossena as artistic director, has achieved very positive reviews from the specialist press over recent shows, putting us among the top 10 at Paris Fashion Week. In fragrances, the brand has ranked fourth globally since 2015, with two lines in the top 10 masculines. 1 Million holds fourth place 10 years after its initial launch and continues to grow.

Carolina Herrera, founder of the brand that bears her name, has taken on the role of global brand ambassador and named the American designer Wes Gordon creative director, responsible for design and artistic direction at this New York fashion house. In the area of fragrances, the brand has risen three positions, reaching number 11 in the global ranking, despite the contraction of its key markets. The brand has maintained its leading position in Latin America and strengthened thanks to the success of Good Girl, the fastest-growing feminine line in the industry in 2018.

Both at Paco Rabanne and Carolina Herrera, there are plans to enter new categories in the near future.

Likewise, we have rebuilt enthusiasm for owned brands such as Jean Paul Gaultier, which has reached a historic sales record in its third year after joining the Puig range of fragrances. Nina Ricci has had a brand relaunch and it has made a surprisingly positive impact at its first show after the appointment of its new creative directors, Rushemy Botter and Lisi Herrebrugh.

We have maintained a portfolio of Lifestyle brands, with brands like Antonio Banderas, of wider distribution which allow us to take the opportunity of the growing middle class, particularly in emerging markets.

At the same time, Puig has continued to back the development of the growing niche brand segment. We are very selective in distribution of these brands, which are aimed at sophisticated consumers. Along these lines, in 2018 we acquired a majority share in Dries Van Noten, which we will extend to the fragrances category with very selective distribution, as we do with fashion. We will continue to promote the development of Penhaligon's, a brand that enjoyed double-digit growth above the market rate; we have 35 owned stores, which, together with digital sales, generate more than 70% of their sales. L'Artisan Parfumeur, which only has a presence in Paris, has shown through its excellent performance in its owned stores and in large department stores that it is ready to be scaled up to the international market.
We have also completed a majority acquisition of Eric Buterbaugh Los Angeles, a small niche brand with very limited distribution.

In 2018 Puig reached an agreement with Christian Louboutin to develop its beauty business. This strategic alliance affords entry into the color cosmetics category and offers a source of learning for knowledge transfer to the owned brands.

Future Plans

Puig has increased its interest in leading local and regional platforms in the beauty sector, with brands that have a differentiated offering, based on tradition, ingredients or concepts that are relevant in their respective territories, with potential for expanding their growth geographically. After success as a minority shareholder of Granado in Brazil, and in line with the new strategic priority, in early 2019 Puig acquired a minority share in Loto del Sur, a Colombian company with premium positioning in the beauty sector, and in Kama Ayurveda, a leading Indian company making beauty and personal care products developed on Ayurvedic principles. Both agreements are the first step towards a majority holding by Puig in the future.

The company's goal going forward is to generate revenues of 3 billion euros by 2025.

Sustainability and Social Action

On another front, Puig continues to uphold its firm commitment to sustainability in five key spheres of corporate activity (Product Stewardship, Sustainable Sourcing, Responsible Logistics, Responsible Manufacturing, and Employees and Facilities) through 13 action programs for which it has established a series of ambitious goals for 2020. In 2018 this program was revised, as many of the objectives had been achieved, and thus the third phase of the program started, pursuing a more sustainable business model focusing on the circular economy and greater awareness and participation among employees. A key point is that Puig has continued to lower the carbon footprint of its activities, with a 5% reduction compared to last year. Thus, the company consolidated its objective of zero waste to landfill across all production facilities and use of sustainable sources in factories and corporate offices.

Puig has continued to support social action through Invisible Beauty, a program run in close collaboration with Ashoka that provides young entrepreneurs with the mentorship, training, and grants they need to promote and develop socially oriented projects.

Puig also supported the work of other social entrepreneurs around the world in 2018 such as the ongoing work of David Cuartielles, the co-creator of Arduino (Spain); Matthieu Dardaillon, with Ticket for Change (France); and Mariana Costa, with Laboratoria (Peru).

In 2018, the Makers program, which helps young people who are committed to improving their social environment, has taken its first steps towards working internationally, extending its coverage to France and Argentina, and substantially increasing the commitment and participation of employees.

Puig Futures

In April 2018 Puig launched Puig Futures, a platform to promote innovation in the digital sphere, in products, technology and new business models, inspired by other similar sectors. The vision is to lead the transformation of the fragrance category through innovation.

In 2018 six pilot projects were launched, allowing our brands and markets to experiment with new and innovative technologies in the digital sphere and new business models, in collaboration with selected start-ups. Partnerships have been built up with tech companies, such as AirParfum, with innovative proposals to improve the olfactory experience at point of sale.

About Puig

Puig is a third-generation family-owned fashion and fragrance business based in Barcelona. Puig creates distinctive brands and fragrance experiences that make people dream. The company's ambition is to define the future of the fragrance category and capture a disproportionate share of innovation and growth.

The company's strong performance has resulted in substantial growth and revenues of €1,933 million in 2018. Puig success stories include a combination of owned brands such as Carolina Herrera, Nina Ricci, Paco Rabanne, Jean Paul Gaultier, Dries Van Noten, Penhaligon's and L'Artisan Parfumeur; licenses such as Prada, Christian Louboutin and Comme des Garçons; and Lifestyle fragrances. Puig products are sold in more than 150 countries.

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