



ART & FRAGRANCE

AD-HOC ANNOUNCEMENT

Art & Fragrance significantly increases 2015 net Group profit

Zollikoberg near Zurich, 21 April 2016 – Art & Fragrance SA (BX:ARTN), which is active in the creation, development, marketing and worldwide distribution of luxury goods, achieved good results in 2015. Operating revenue grew by 14% compared to the previous year to EUR 126.5 million, while the net Group result rose to EUR 8.5 million versus EUR 5.3 million in 2014. Art & Fragrance is confident that it will continue to achieve growth in all segments.

Art & Fragrance is now reporting the consolidated financial statements for 2015 as well as future consolidated financial statements in euros, as the euro is by far the most significant currency in its business model on both the revenues and the costs side. This means that currency conversion effects will have less impact on the annual results, enabling a better comparison of operating performance. For the purpose of comparison, the results for 2014 are also shown in euros.

Art & Fragrance achieved good results in 2015 under challenging market conditions. Thanks to higher sales, particularly in the strong second half of the year, operating revenue increased by 14% compared to the prior year to EUR 126.5 million. Salaries and wages rose by 12% to EUR 26.5 million, due among other things to the opening of the hotel and restaurant “Villa René Lalique” and growth in the perfumes business. Other operating expenses were up by less than 1% to EUR 30.1 million. Including 14% higher depreciation, costs rose by 6% overall. Earnings before interest and taxes (EBIT) of EUR 11.5 million was more than double the figure in 2014. The net Group result amounted to EUR 8.5 million and was therefore 60% higher than the prior year, which had been negatively impacted in the amount of EUR 1.9 million by a court case involving Lalique in France.

The Lalique segment generated 12% higher sales of EUR 86.3 million in 2015. After allowing for 3% higher costs, EBIT rose significantly to EUR 4.2 million compared to EUR 0.4 million the year before. Lalique Art and Lalique Parfums in particular generated strong growth in the year under review. Awareness of the Lalique Art brand was enhanced further thanks in particular to the cooperation with the world-famous artist Damien Hirst initiated last year. Lalique Parfums already made up for the seasonal decline in sales in the first half of the year in the third quarter of 2015 and posted a very successful closing quarter. There was also a favourable trend in the travel retail business thanks to the expansion of the presence of the perfume range on board a number of airlines. Lalique Crystal also posted good growth in the year under review due to stronger co-branding activities and an 11% increase in retail sales. In terms of markets, the Lalique segment recorded business growth in the US and China in particular. By contrast, sales in the Middle East and in Russia declined, but remained on a satisfactory level in view of the difficult local economic conditions. The luxury hotel “Villa René Lalique”, opened in September 2015 in the house of the artist René Lalique, which was originally built in 1920 and is located in Wingen-sur-Moder, Alsace, met with keen interest among the public and from guests. Managed by top chef Jean-Georges Klein, the hotel restaurant was awarded two Michelin stars in February 2016, only a few months after it opened. The “Villa René Lalique” hotel and restaurant also joined the renowned hotel association “Relais & Châteaux” in February 2016.

The Ultrasun segment remained stable compared to the prior year’s good figures. Sales grew by 15% to EUR 10.6 million, due mainly to currency effects on account of the stronger Swiss franc. Currency effects were also responsible for the increase in costs and the 12% growth in EBIT to EUR 1.8 million. In the UK, Ultrasun benefited from the opening of an online shop operated by Amazon in the premium luxury beauty segment, which enables better pricing in online trading. There are plans to



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introduce this cooperation with Amazon in further countries later this year. Optimised product formulas were launched in spring 2016 and have been well received by the market.

Of the other segments, Jaguar (+9%) and Grès (+7%) posted stronger revenues in 2015. They were also able to more than offset the decline in revenues in the first half of the year, which was partly due to the distribution partners' seasonally staggered procurement of perfume products, in the second half of the year. The other brands were also able to increase revenues in 2015. Bentley, the youngest brand in Art & Fragrance's portfolio, performed particularly well, generating a 59% increase in revenues versus the prior year and positive EBIT for the first time. The expansion of the business in the traditionally competitive travel retail segment indicates growing interest in this brand and already increased awareness. Samouraï, one of the first brands in the Art & Fragrance portfolio, confirmed its return to strong revenue growth in the first half of 2015 and increased full-year revenues by 25%.

Art & Fragrance Services (AFS), the Group's perfume filling and logistics firm, increased production by 4% to 6.0 million units in 2015. The company also invested further in the safety and optimisation of its industrial facility processes, based on which AFS acquired ISO 22716 certification in February 2016. Finally, the SAP information system, which is expected to further increase the efficiency of the business, was introduced at the beginning of 2016. Production and logistics capacities will be significantly expanded through corresponding investments this year to support the growth of the Group's perfume business and also increase the share of third-party revenues.

Art & Fragrance Distribution (AFD), the Group's perfume distribution company for the French market that has been operating since April 2015, posted results that were in line with forecasts and has good growth prospects for 2016.

Outlook

Art & Fragrance sees its strategy confirmed and expects to achieve further growth in all its segments, even though market conditions in various regions will remain difficult. The diversified business model that has enabled Lalique to be repositioned as a global lifestyle brand is set to be systematically pursued. In perfumes, the Group will continue to target organic growth, which it plans to accelerate via acquisitions.

Roger von der Weid, CEO of Art & Fragrance: "The 2015 results underline the strong position of our diversified business model in terms of both products and regions to achieve good results in the luxury goods market, even in a more difficult economic environment. We are confident that all our brands will continue to grow and that we will be able to take advantage of the opportunities presented by the development of new markets and the expansion of our distribution channels."



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Art & Fragrance SA

Art & Fragrance is a niche player in the creation, development, marketing and global distribution of luxury goods and specialises in perfumes, cosmetics, crystal, jewellery, high-end furniture and living accessories, as well as art and hospitality. Founded in 2000, the company employs approx. 600 staff and has its headquarters in Zollikerberg near Zurich. The registered shares of Art & Fragrance (ARTN) are listed on the BX Berne eXchange.

You can find further information at www.art-fragrance.com.



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Key performance figures for Art & Fragrance

In million

	2015 EUR	2014 EUR	2014 CHF
Operating revenue	126.5	111.2	135.1
Gross profit	74.5	64.7	78.6
Salaries and wages	-26.5	-23.7	-28.7
Other operating expenses	-30.1	-29.9	-36.4
EBITDA	17.9	11.1	13.5
EBIT	11.5	5.5	6.7
EBIT margin	9.1%	5.0%	5.0%
Financial result	-1.9	0.7	0.4
Net Group result	8.5	5.3	6.0

In EUR / CHF

Earnings per share	1.73	1.14	1.30
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In million

	31.12.2015 EUR	31.12.2014 EUR	31.12.2014 CHF
Total equity (before shares with non-controlling interest)	77.6	67.6	81.3
Equity ratio	35.1%	35.0%	35.0%

The complete consolidated financial statements for the year 2015 are available from end-May at www.art-fragrance.com.