



MEDIA COMMUNICATION

Art & Fragrance records CHF 6.2 million EBIT in 2007 and acquires renowned company Lalique in February 2008

The Art & Fragrance Group (BX: ARTN) is a successful niche player in the luxury goods sector specialising in the creation, development and worldwide distribution of perfumes and cosmetics. In February 2008 it took over the renowned French company Lalique. Revenues were CHF 35.2 million in 2007. Following its acquisition of Ultrasun, the operating result (EBIT) improved from CHF 5.8 million in 2006 to CHF 6.2 million in the reporting year. Equity ratio remained above 80%.

The Cosmetics segment (Ultrasun) contributed CHF 4.5 million to Art & Fragrance's total operating revenues of CHF 35.2 million. In the Perfumes segment (Parfums Alain Delon, Parfums Grès, Jaguar Fragrances), a CHF 3.9 million drop in sales volume to CHF 30.7 million was accepted in view of an adjustment of certain distribution channels and a realignment towards primary markets. Non-core business activities, which had contributed CHF 5.4 million to the company's 2006 turnover (Others segment), were terminated before the start of the reporting year.

Earnings before interest and taxes (EBIT) were CHF 6.2 million in 2007. Despite a substantial increase in price of some raw materials and the weak dollar, the gross result amounted to CHF 17.1 million – or approximately 48% of sales – with an EBIT margin of over 17%. The continuing positive financial income was mainly due to the sale of securities. The equity ratio remained at 83% at year-end. Liquid assets amounted to CHF 32.6 million.

Since the company's listing on the BX Berne eXchange on 19 September 2007, the share price has levelled around the issue price (CHF 22). The company had over 180 shareholders as at year-end. As a result of the takeover of the Lalique Group in February 2008 at a price of EUR 44 million, no dividend issue will be requested at the Annual General Meeting. The acquisition of Lalique represents a first step in the implementation of the growth strategy the company has embarked on. Art & Fragrance will continue to be on the lookout for new brands to expand the existing portfolio.

In 2008, Art & Fragrance is expecting only slight growth in the Perfumes segment. The launches of the new product lines "Jaguar Prestige" and "Parfums Grès Collection" in spring 2008 are expected to increase the visibility and attractiveness of both brands. At Ultrasun (Cosmetics segment), there is ongoing investment in the brand as well as in developing new markets to widen the brand's geographic range and build up its market position. At the same time, Art & Fragrance has significantly boosted growth with its acquisition of Lalique. This move has enabled it both to tap into new segments within the luxury goods sector with its activities in crystal and jewellery, and to increase the size and value of its brand portfolio with Lalique Parfums. For 2008, the company is expecting total operating revenues to exceed CHF 120 million, around CHF 50 million of which will be generated by its perfume business (based on 10 months for Lalique).

The company's annual report can be downloaded from 30 April 2008 at www.art-fragrance.com or requested from the company (investor.relations@art-fragrance.com).

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Art & Fragrance is a successful niche player in the luxury goods sector specialising in the creation, development and worldwide distribution of perfumes and cosmetics. Founded in 2000 and headquartered in Zollikerberg near Zurich, the company employs a staff of 30. The renowned French company Lalique S.A. has been a subsidiary of Art & Fragrance since February 2008. The registered shares of Art & Fragrance (ARTN) are listed on the BX Berne eXchange. www.art-fragrance.com

Key performance data for Art & Fragrance 2005 to 2007

As a result of changes during the reporting year in the consolidation scope of Art & Fragrance – i.e. the acquisition of Ultrasun and the takeover of the brand exploitation companies Parfums Alain Delon SA and Parfums Grès SA from the main shareholder – consolidated figures are only comparable with the previous year to a limited extent.

In CHF million

	2005 IFRS	2006 IFRS	2007 IFRS
Operating revenues	44.8	40.0	35.2
Operating revenues from core business	36.1	34.6	35.2
Gross result	16.2	14.5	17.1
Salaries and wages	- 2.8	- 3.5	- 4.3
Other operating expenses	- 5.1	- 3.8	- 5.9
EBITDA	8.3	7.1	6.9
EBIT	6.8	5.8	6.2
EBIT from core business	6.1	5.1	6.2
EBIT margin	15.1%	14.5%	17.6%
EBIT margin core business	16.8%	14.6%	17.6%
Financial revenues	3.4	7.3	3.9
Net group profit	7.5	11.2	8.4

In CHF

Earnings per share new capital structure	1.51	2.25	1.68
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In CHF million

	31.12.2005	31.12.2006	31.12.2007
Total equity	44.7	50.9	64.5
Equity ratio	78%	83%	83%