

2005 RESULTS

Operating margin better than expected

Consolidated Financial Highlights (IFRS)	2005	2004	Change ⁽¹⁾	Like-for-Like Change ⁽²⁾
	In € million	In € million	%	%
Net Sales	998.2	932.0	+ 7.1	+ 6.7
Operating Profit	126.4	120.9	+ 4.5	+ 4.5
Net Profit	96.7	87.0	+ 11.2	+11.4
Cash Flow	116.0	99.0	+ 17.2	-
(Cash)/Net debt	(31.9)	16.5	NS	-
Shareholders' equity before distribution of profit	585.4	488.2	+ 19.9	-
Capital expenditures	(44.5)	(25.1)	+ 77.1	-
Change in working capital	(17.0)	15.2	NS	-
Earnings per share in euros⁽³⁾	2.56	2.31	+ 10.8	-
Net dividend per share in euros ⁽³⁾	0.85	0.69	+ 23.9	-

2005, an eventful year, has provided significant grounds for satisfaction.

Net sales totalled €998.2 million, advancing more than 7%, and approaching the symbolic €1 billion milestone.

The operating margin considerably exceeded targets: it increased to 12.7% versus the initial objective of 12%, despite promotional investments attributed to the roll-out of new perfumes (*par Amour* and *par Amour toujours* of Clarins, *Alien* of Thierry Mugler, *Silver Black* of Azzaro and *Miss Me* of Stella Cadente).

Through rigorous financial management, net profit increased 11.2% to €96.7 million.

Cash flow, advancing 17.2%, reached €116.0 million at year-end, assuring the resources to finance the investment plans and working capital requirements.

The Group, having paid down its debt, has the resources to actively pursue potential acquisition opportunities.

The alternative sources of growth developed in the Perfumes Division should maintain the Groups sales at current levels despite the contract with Procter & Gamble expired as planned on January 1st, 2006.

To welcome these performances and confirm its confidence in the future, the Management Board will ask the General Meeting to approve a dividend of €0.85, an increase of 23.9%.

This meeting will be held on Wednesday 24 May 2006 at 9:30 a.m. at Pavillon d'Armenonville, Allée de Longchamp, Paris 75116.

⁽¹⁾ At average exchange rates

⁽²⁾ At constant exchange rates

⁽³⁾ Figures adjusted for bonus issues

GROUPE CLARINS

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