

Lalique Group SA

2018 Half-Year Results Presentation



Zurich, 20 September 2018

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Highlights H1 2018



Further sales growth and investments in business expansion in H1 2018

- First-half 2018 results in line with expectations:
 - Operating profitability with EBIT of EUR 2.0m reflects moderate growth and further investments in business expansion
 - 4% sales growth driven by continued strong contribution from Ultrasun and solid trend in Lalique segment with good performance of Lalique perfumes
 - 3% cost increase, largely due to build-up of operations in Japan
- Balance sheet strengthened through conversion of shareholder loans as part of the capital increase completed in June 2018; in addition, CHF 8.5m in gross proceeds from rights issue providing more flexibility to further invest in the business
- Change of listing from BX Swiss to SIX completed in June 2018 as a step to enhance Lalique Group's profile in the capital market and with a view to further broaden its investor base

Financial Performance H1 2018



H1 2018 key results

in EURm	H1 2018	H1 2017	Change
Operating revenue	66.9	64.2	+4.2%
Gross result	36.6	36.1	+1.4%
Salaries and wages	-16.0	-15.0	+6.6%
Other operating expenses	-15.0	-14.8	+1.8%
EBITDA	5.6	6.3	-12.0%
EBIT	2.0	2.5	-20.5%
EBIT margin	2.9%	3.8%	-0.9 pp
Financial result	-0.7	-0.9	+28.0%
Net Group profit	1.3	3.0	-55.8%
Basic earnings per share (in EUR)	0.35	0.66	-62.7%

EBIT breakdown (in EURm)	H1 2018	Margin
Lalique	-3.3	-
Other Segments ²⁾	5.4	13.3%
Holding and Elim.	-0.1	-
Lalique Group	2.0	2.9%

2) Ultrasun, Jaguar, Grès and Other Brands

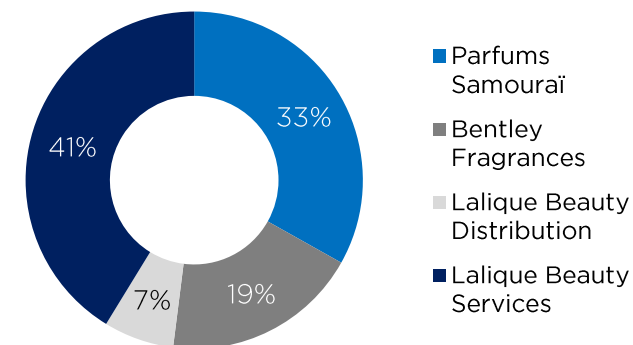
- **Moderate growth of operating revenue** driven by positive development of **Lalique** and continued strong expansion of **Ultrasun**
- Increase in **personnel costs** and other **operating expenses** driven by further expansion of the business, particularly the **new operations in Japan**
- **Net Group result** again included positive one-off tax effect in connection with company tax reform in France (H1 2018: EUR 1.0m; H1 2017: EUR 1.9m)

H1 2018 results by segment

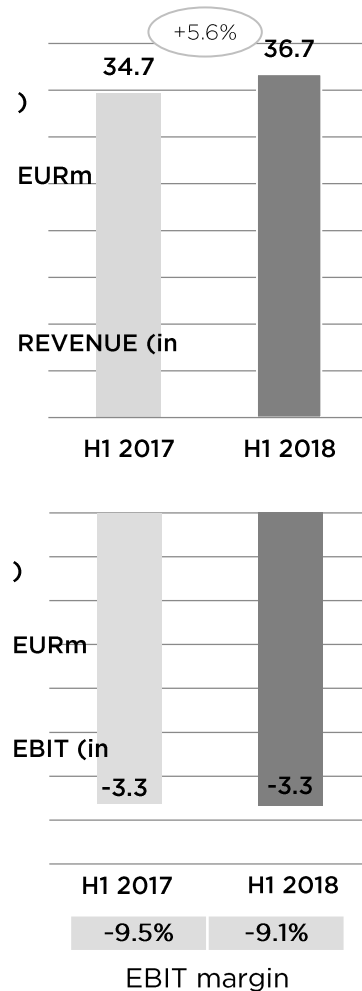
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H1 2018 segment results (in TEUR)	Lalique	Ultrasun	Jaguar	Grès	Other Brands	Holding and Elim.	Group
Revenue from sales to external customers	36 208	13 190	10 486	2 221	4 757	25	66 887
Revenue from transactions with other segments	485	-17	-22	37	3 211	-3 694	-
Total operating revenue	36 693	13 173	10 464	2 258	7 968	-3 669	66 887
<i>Revenue growth (vs. H1 2017)</i>	<i>+5.6%</i>	<i>+20.4%</i>	<i>-2.8%</i>	<i>-20.7%</i>	<i>-9.5%</i>	<i>n/a</i>	<i>+4.2%</i>
EBIT	-3 342	2 943	1 600	453	448	-150	1 952
Assets	158 469	22 857	15 358	9 867	28 591	1 222	236 364
Liabilities	119 019	10 375	11 458	3 152	29 095	-57 857	115 242
Investments in PPE	1 764	147	99	28	2 454	42	4 534
D&A PPE	2 069	44	56	29	583	7	2 788
Investments in Intangibles	657	127	1	-	63	104	952
D&A Intangibles	461	173	20	3	158	1	816

Other Brands CHF 8m

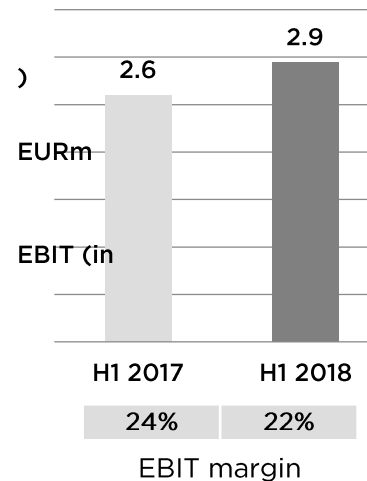
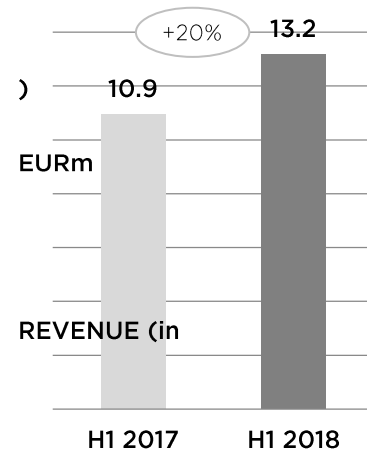


Lalique segment: solid sales trend with good performance in perfumes and hospitality



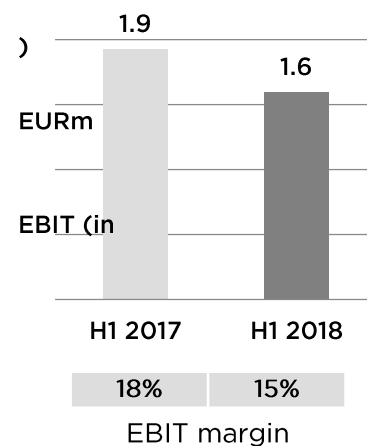
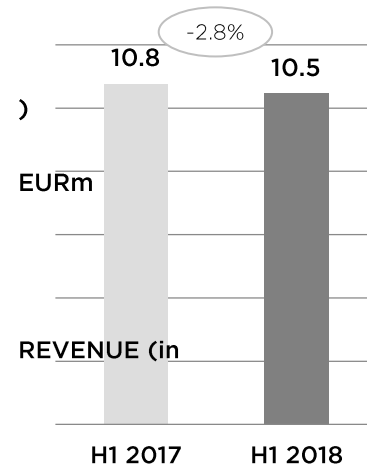
- Crystal decorative objects, interior design and jewellery: Stable turnover whereby difficult market conditions in Middle East offset positive performance in other regions
- Perfumes: Good sales growth (+9%) after recovery from market challenges in the previous period and with particularly strong performance in Asia and South America
- Art: Slowdown following last year's launch of Damien Hirst collection, but stable sales
- Gastronomy/Hospitality: High occupancy rates; constant source of positive media coverage
- EBIT: On level with previous-year period (EUR -3.3m) despite increase in revenue, due to growth-driven increase in costs

Ultrasun segment: continued strong and broad-based growth supported by launch of new line



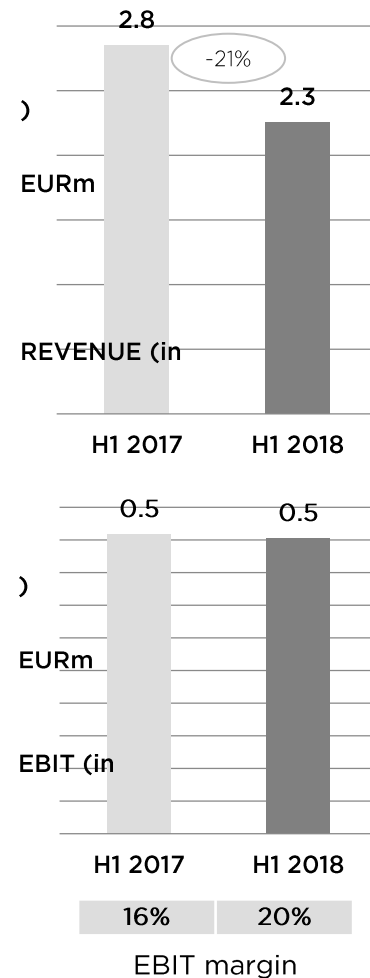
- Strong growth (+20%) driven by expansion in top 3 markets UK, China/Hong Kong and Switzerland as well as in smaller markets such as Finland, Austria, Japan and UAE
- Switzerland benefited from a shift in focus on pharmacies and drugstores
- Launch of new product line (mineral, sports and fluid) allowed entering new channels (e.g. health stores) in all markets
- EBIT increased to EUR 2.9m

Jaguar segment: lower performance mainly due to phasing of orders and sales



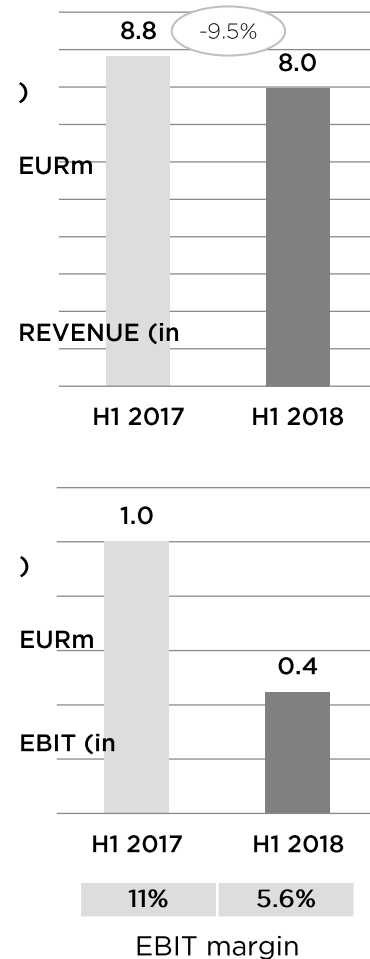
- Slowdown of turnover after several years of significant growth
- Sales decline (-2.8%) mainly attributable to phasing of orders and sales in various markets, with deliveries deferred into the second half of 2018
- EBIT margin decreased to EUR 15% due to sales mix

Grès segment: sales impacted by high inventory levels – EBIT margin improved



- Decline in sales (-21%) due to high wholesale inventory levels in key markets
- Negative trend inversed since beginning of H2 2018
- EBIT on level with previous-year period but with improved EBIT margin at 20% due to sales mix

Other brands segment: results marked by lower sales in perfume brands



- Bentley Fragrances with decline in sales (-22%) amid difficult market conditions in Middle East
- Parfums Samouraï with sales decline (-9.5%) due to phasing of sales
- Both brands expected to return to growth in second-half and to offset first-half decline by end-2018
- Lalique Beauty Services with increased logistic capacity and new filling facility coming on stream in autumn 2018, allowing for further growth
- EBIT declined to EUR 0.4m due to lower sales and increased depreciation expense at Lalique Beauty Services

Balance sheet strengthened through conversion of shareholder loans as part of rights issue

in TEUR	30.06.2018	31.12.2017
Cash and cash equivalents	11 903	16 252
Trade accounts receivable	21 022	15 723
Inventories	65 514	63 533
Other current assets	8 357	7 084
Property, plant and equipment	52 922	51 631
Intangible assets	67 684	67 294
Other non-current assets	8 962	8 303
Total assets	236 364	229 820
Bank liabilities	40 996	45 568
Trade accounts payable	13 228	10 838
Other current liabilities	17 530	17 485
Non-current financial liabilities	21 675	33 679
Other non-current liabilities	21 813	26 770
Total liabilities	115 242	134 340
Total equity	121 122	95 480
Total liabilities and equity	236 364	229 820

- Balance sheet total has increased essentially as a result of the rights issue completed in June 2018
- Conversion of shareholder loans led to decrease in financial liabilities and net debt
- Gross proceeds from rights issue (on top of shareholder loan conversion) contributed CHF 8.5m in cash to Lalique Group
- Equity ratio increased to 51%, from 41% as of end-2017

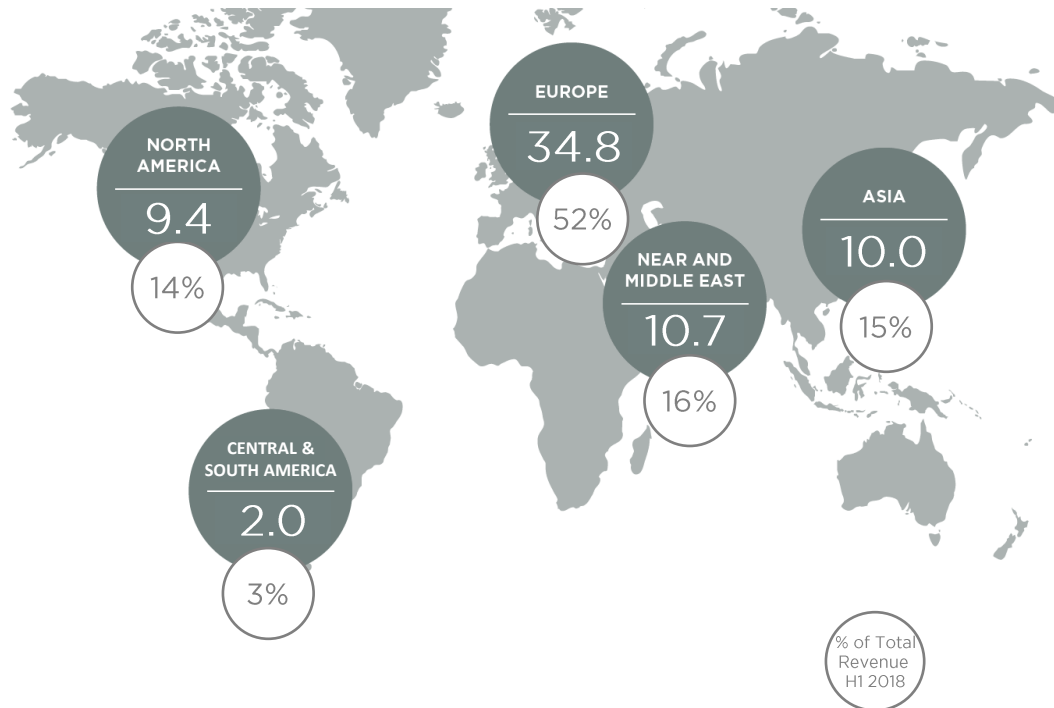
in EURm	30.06.2018	31.12.2017
Total equity before non-controlling interests	119. 3	93. 2
Equity ratio	51%	41%

Business Priorities and Outlook



Lalique Group benefits from broad international presence

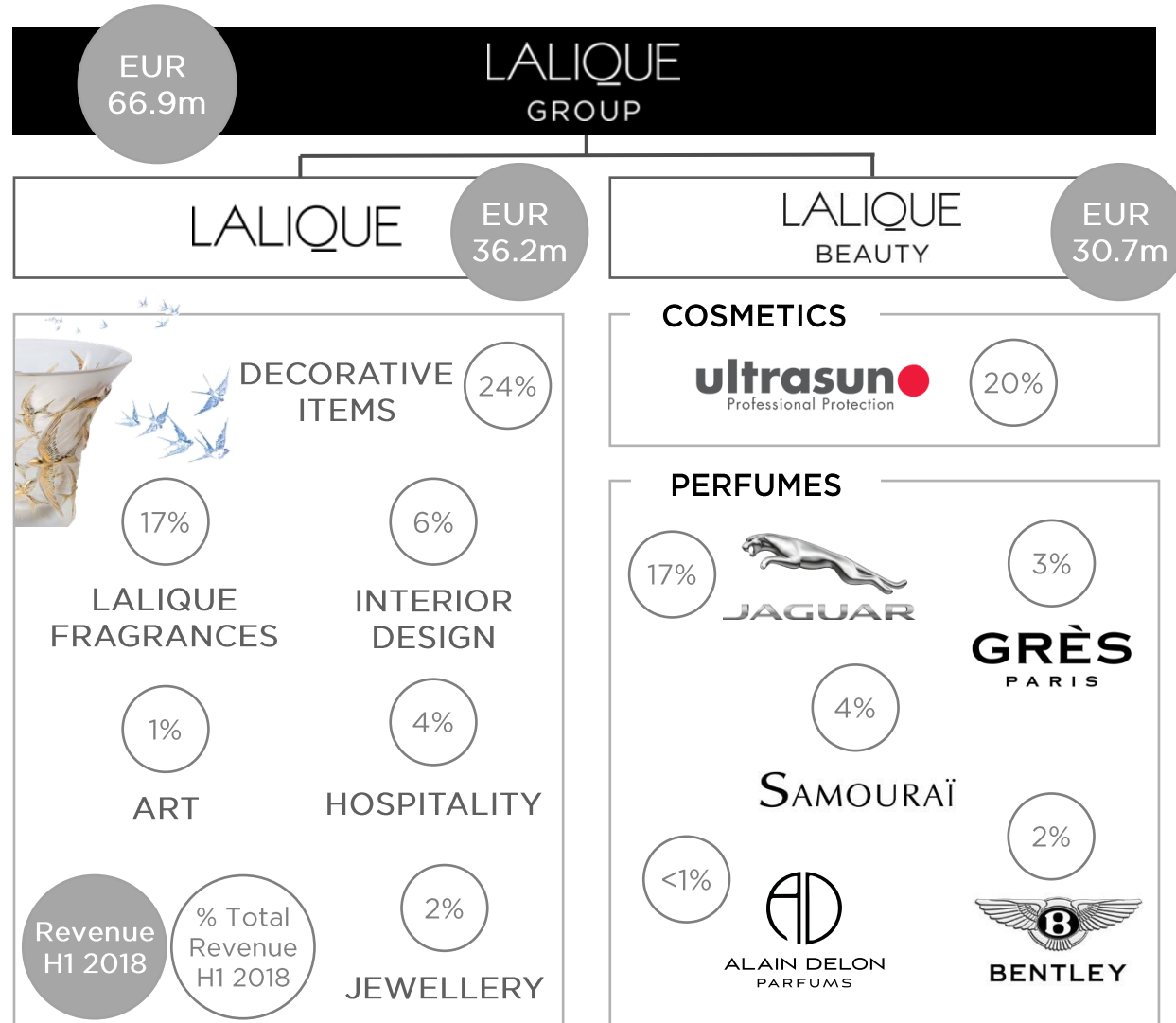
H1 2018 REVENUE BY REGION (EURm)



- Europe driving more than half of global revenue thanks to key markets France, England, Russia, as well as widespread distribution
- North America dominated by the USA, the Group's largest single market by revenue globally
- Middle East with strong business development over the past years but facing challenging market conditions with uncertain outlook due to political situation in key markets
- Far East with China as dominating market albeit with significant development potential and Japan as mature market with growth potential mainly for Lalique

Lalique Group product portfolio reflects diversification strategy

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Lalique

- Dominated by crystal decorative items and fragrance businesses
- Investments in interior design driving revenue and leading to high-profile (co-branding-) projects worldwide
- Art and hospitality generating moderate revenue but driving PR and brand visibility
- Jewelry still small in terms of revenue contribution but strategic to reach a younger and trendier audience

Ultrasun

- Fastest growing brand of the Group both in terms of revenue and profit
- Further potential due to business expansion and changing consumer behavior

Jaguar Fragrances

- Group's biggest license brand in terms of revenue
- Further growth potential due to strongly performing automotive core business

Beauty business in general

- Main growth potential: Acquisition of new perfume brands and licenses, primarily in the perfume category

Lalique: Short-/mid-term priorities

Brand awareness

- Continue **collaborations** with major contemporary **artists** and renowned **interior designers**
- Extend **co-branding** program with leading houses
- Enhance brand communication by strengthening **online presence** as well as **social media**
- Accelerate **digital transformation** of marketing and sales activities

Retail operations

- Continue to expand network of **standalone boutiques** in selected locations
- Introduce new concept of **small-sized shops** focusing on fragrances, jewellery and crystal gift items

Manufacture

- Enhance **production and logistics capacity** and improve **efficiency** to absorb sales growth

Fragrances

- Increased filling and storage capacity at perfume production facility to enable **external growth**
- Continue to develop the **home fragrances** lines

Gastronomy/Hospitality

- Further increase **occupancy** at Villa René Lalique and Château Hochberg which also serve as representative showrooms, in addition to being valuable **PR tools**
- Evaluate additional **business opportunities** on a license/franchise basis (such as the recently opened Lalique hotel/restaurant of Château Lafaurie-Peyraguey in the Bordeaux region)

Lalique Beauty: Short-/mid-term priorities

Ultrasun

- Pursue **geographical expansion** into new markets
- **Reduce seasonality** of business by targeting regions with all-year-round sunshine and in Southern hemisphere
- Focus of R&D on markets with demand for **daily UV-protection with added benefits**
- Continue shift of distribution focus towards **pharmacy and dermatology channels** to strengthen positioning as a high-quality sun care brand

Perfumes

- License brands **Jaguar Fragrances, Bentley Fragrances**: Continuous brand development to enable organic growth
- Proprietary brands **Parfums Samouraï, Parfums Grès**: Focus on sustaining current business
- **Expansion of brand portfolio** through acquisitions of new brands or conclusion of new licencing agreements
- Providing filling and logistics **services to third party brands** taking advantage of expanded capacities of production facility

Summary and outlook

- Half-year 2018 performance
 - Achieved overall sales growth in line with expectations
 - Continued to invest in business expansion
- Full-year 2018 outlook
 - Moderate sales growth
 - Further investments to drive business development
- Lalique Group well positioned in the luxury goods markets thanks to its diversified business model
 - Investments expected to result in gradually increasing profit margin over the medium term
 - Lalique aiming at becoming a global lifestyle brand

Appendix



Consolidated income statement

in TEUR	H1 2018	H1 2017
Net revenue from sales of goods and services	66 496	63 135
Other operating income	391	1 054
Operating revenue	66 887	64 189
Material costs, licences and third-party services	-30 293	-28 097
Gross result	36 594	36 092
Salaries and wages	-15 958	-14 977
Other operating expenses	-15 080	-14 807
EBITDA	5 556	6 308
Depreciation and amortisation / impairment	-3 604	-3 856
EBIT	1 952	2 452
Financial income	2 067	1 299
Financial expenses	-2 780	-2 154
Group profit before taxes	1 239	1 597
Income taxes	75	1 376
Net Group profit	1 314	2 973
of which attributable to:		
Non-controlling interests	- 439	- 300
Owners of the parent company	1 753	3 273
Basic earnings per share (in EUR)	0.35	0.66

Consolidated balance sheet

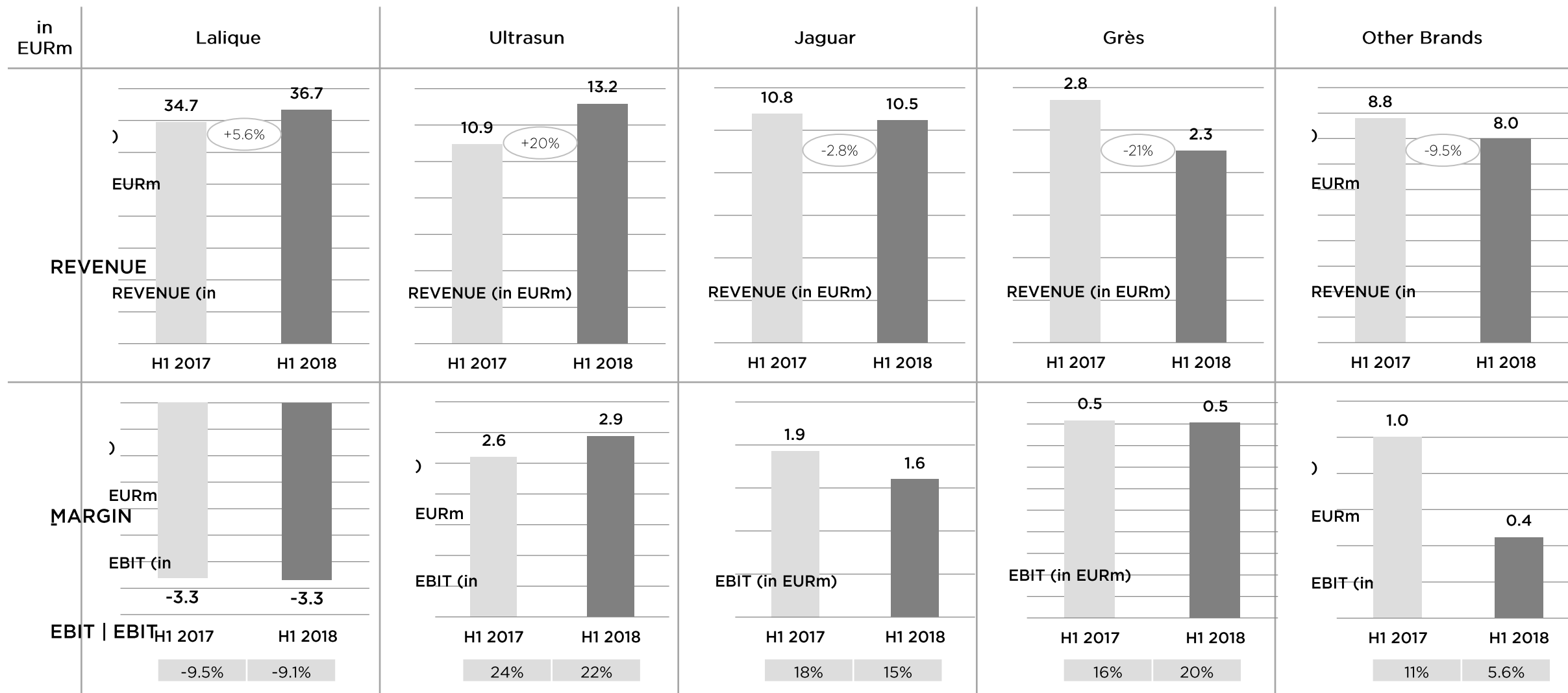
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Inventories	65 514	63 533
Other receivables	8 357	7 084
Total current assets	106 796	102 592
Property, plant and equipment	52 922	51 631
Intangible assets	67 684	67 294
Other non-current assets	5 120	5 114
Deferred tax assets	3 842	3 189
Total non-current assets	129 568	127 228
Total assets	236 364	229 820

in TEUR	30.06.2018	31.12.2017
Bank liabilities	40 996	45 568
Trade accounts payable	13 228	10 838
Income tax liabilities	1 600	1 416
Other current liabilities	15 930	16 069
Total current liabilities	71 754	73 891
Other deferred liabilities	-	4 291
Provisions	169	397
Non-current financial liabilities	21 675	33 679
Defined benefit obligation	4 877	4 836
Deferred tax liabilities	16 767	17 246
Total non-current liabilities	43 488	60 449
Total liabilities	115 242	134 340
Share capital	989	816
Capital reserves	46 418	20 798
Retained earnings / other reserves	71 884	71 596
Total equity before non-controlling interests	119 291	93 210
Non-controlling interests	1 831	2 270
Total equity	121 122	95 480
Total liabilities and equity	236 364	229 820

Revenue and EBIT by segments H1 2017 / H1 2018

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Note: Total operating revenue incl. revenue from transactions with other segments

Global presence

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Headquarters ●

Lalique Group SA

- Grubenstrasse 18, Zurich, Switzerland

Lalique SA

- Rue Royale 11, Paris, France

>14,200 GLOBAL POINTS OF SALE

Lalique division >700

Beauty division: >13,500

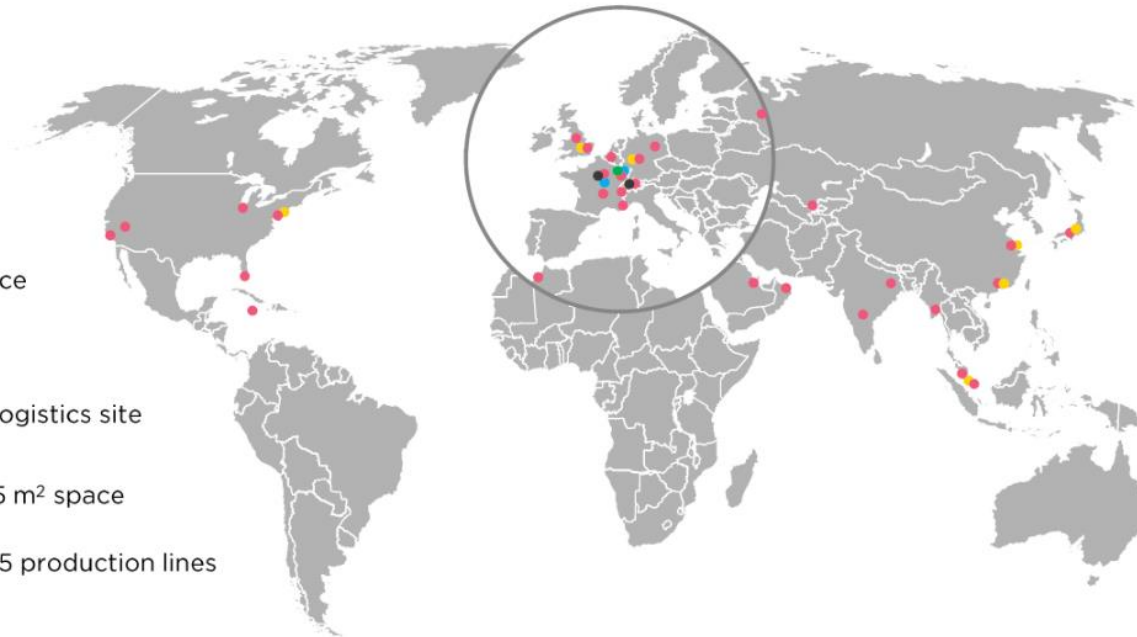
Manufacturing sites ●

Lalique

- Crystal glass factory
- Wingen-sur-Moder, Alsace, France
- Space: 20,000 m²

Lalique Beauty Services

- Perfume maceration, filling and logistics site
- Ury, France
- Space: 98,995 m² (thereof 14,365 m² space occupied for operations)
- Production capacity: 12m units | 5 production lines
- Logistic capacity: 15m pallets



● Lalique own boutiques

Europe: 13 stores in 4 countries

USA: 6 stores

Asia: 8 stores

● Foreign subsidiaries

- Lalique UK (London)
- Lalique Germany (Frankfurt)
- Lalique North America (New York City)
- Lalique Shanghai (Shanghai)
- Lalique Asia (Hong Kong)
- Lalique Singapore (Singapore)
- Lalique Japan (Tokyo)

● Gastronomy/Hospitality

Villa René Lalique

- Five-star hotel and gourmet restaurant (2* Michelin)

Château Hochberg

- Four-star hotel and brasserie-style restaurant

Both hotels are located in Wingen-sur-Moder, Alsace, France

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