

Lalique Group SA

2019 Half-Year Results Presentation



Zurich, 11 September 2019

Overview

LALIQUE
GROUP



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Roger von der Weid, Chief Executive Officer

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Highlights H1 2019



Financial highlights in H1 2019

LALIQUE
GROUP



1

Top line growth and progress in strategy implementation in line with expectations

2

5% growth of operating revenue to EUR 70.0m despite a noticeable decline in Lalique Parfums sales in the Middle East region

3

EBIT of EUR 0.5m reflecting planned expenses and investments for international business expansion (Asia, mainly Japan), restructuring costs (USA) as well as acquisition costs (The Glenturret)

4

Equity ratio down to 39% due to acquisition financing, however balance sheet strengthened again in July 2019 following rights issue and capital raise of CHF 48m

Business highlights in H1 2019

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1

New shop openings in Shanghai, Beijing, Tokyo (2), Nagoya, Macau

2

New strategic launches at Lalique Art and Lalique Perfumes

3

Expansion of Ultrasun in Asia with growing market presence in Mainland China, Hong Kong, Taiwan and Korea

4

Integration of The Glenturret, Scotland's oldest working distillery for single malt whisky

Financial Performance H1 2019



H1 2019 key results

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in EURm	H1 2019	H1 2018	Change
Operating revenue	70.0	66.9	+4.6%
Gross result	40.5	36.6	+10.6%
Salaries and wages	-17.2	-16.0	+7.5%
Other operating expenses	-15.5	-15.0	+3.0%
EBITDA	7.8	5.6	40.1%
Depreciation and amortization / impairment	-7.3	-3.3	+202%
EBIT	0.5	2.0	-74%
EBIT margin	0.7%	2.9%	-2.2 pp
Financial result	-0.7	-0.7	0%
Net Group profit	-0.8	1.3	-164%
Basic earnings per share (in EUR)	0.08	0.35	-77.1%

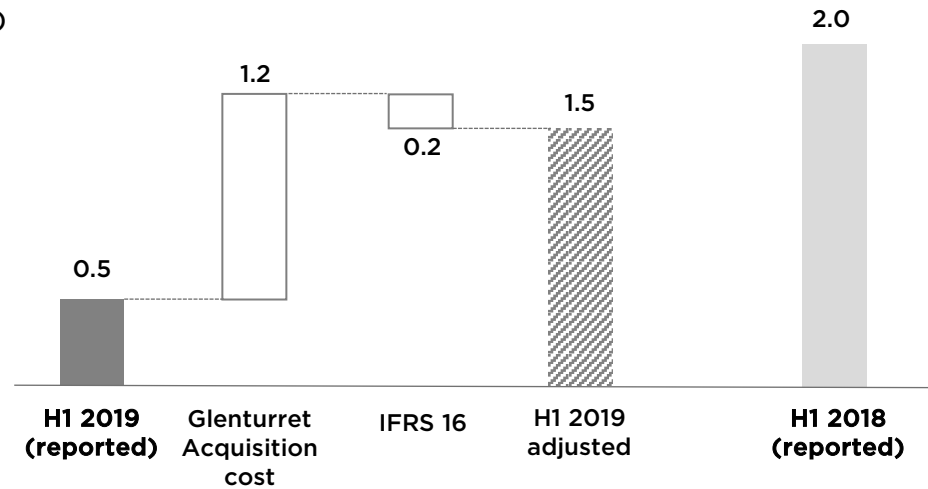
EBIT breakdown (in EURm)	H1 2019	Margin
Lalique	-4.5	-
Other Segments ¹⁾	5.5	14.5%
Holding and Elim.	-0.5	-
Lalique Group	0.5	0.7%

1) Ultrasun, Jaguar, Grès and Other Brands

- **Growth of operating revenue** driven by positive development of **Ultrasun, Grès, and Bentley**, as well as Lalique's **crystal** business
- Increase in **personnel costs** and other **operating expenses** driven by acquisition costs of The Glenturret (EUR 1.2m), as well as business expansion in Asia and restructuring costs in the US (EUR 0.3m)
- IFRS 16 effect : increase in EBITDA EUR +3.5m; increase in EBIT EUR +0.2m; no effect at net profit level
- EBIT decrease to EUR 0.5m. Excluding the Glenturret acquisition costs, EBIT would have been at EUR 1.7m versus EUR 2.0m in H1 2018
- Y-on-Y decrease in **net Group result** also reflects positive H1 2018 tax effect (EUR 1.0m)

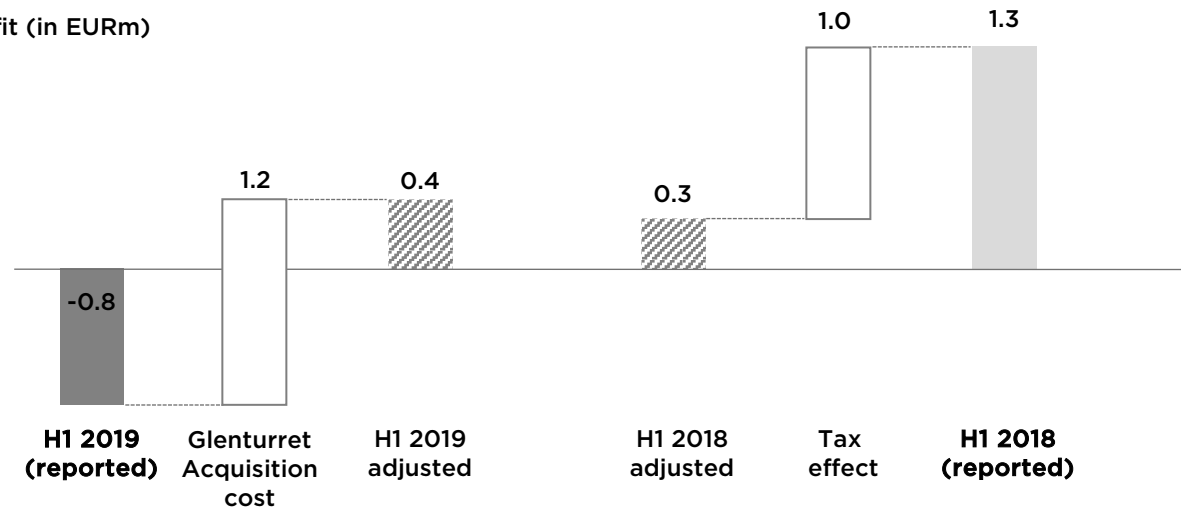
H1 2019 net Group profit ahead of prior year on an adjusted basis

EBIT (in EURm)



- EUR 1.2m impact of Glenturret acquisition costs on Group EBIT
- Initial application of IFRS 16 with positive effect of EUR 0.2m on Group EBIT
- Adjusted H1 2019 EBIT is EUR 1.5m (vs. EUR 2.0m in prior year)

Net Group Profit (in EURm)



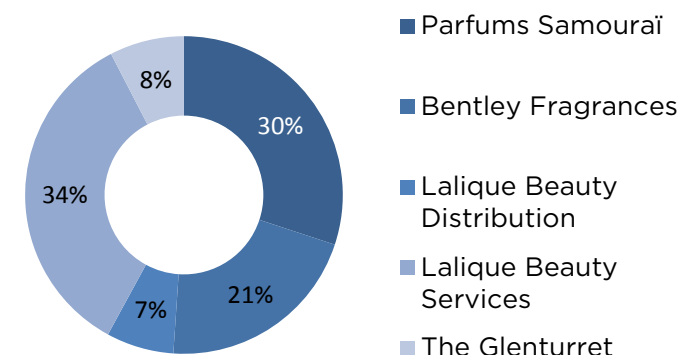
- Adjusted H1 2019 net Group profit is EUR 0.4m
- H1 2018 net Group profit was boosted by EUR 1.0m tax effect in connection with the company tax reforms in France

H1 2019 results by segment

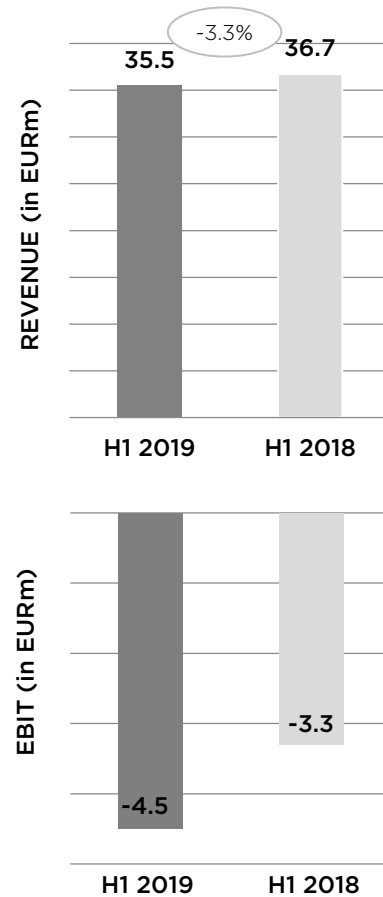
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H1 2019 segment results (in TEUR)	Lalique	Ultrasun	Jaguar	Grès	Other Brands	Holding and Elim.	Group
Revenue from sales to external customers	34 941	15 488	10 583	3 120	5 872	-44	69 960
Revenue from transactions with other segments	541	-	-	53	3 225	-3 819	-
Total operating revenue	35 482	15 488	10 583	3 173	9 097	-3 863	69 960
<i>Revenue growth (vs. H1 2018)</i>	<i>-3.3%</i>	<i>+17.6%</i>	<i>+1.1%</i>	<i>+40.5%</i>	<i>+14.2%</i>	<i>+5.3%</i>	<i>+4.6%</i>
<i>Revenue growth (vs. H1 2018) in local currencies</i>	<i>-5.7%</i>	<i>+15.2%</i>	<i>-2.4%</i>	<i>+35.7%</i>	<i>+12.4%</i>	<i>-5.3%</i>	<i>+2.4%</i>
EBIT	-4 516	3 874	1 801	621	-730	-542	508
Assets	181 868	25 232	17 281	10 381	75 912	-2 603	308 071
Liabilities	151 461	10 910	12 960	3 390	32 910	-45 183	166 448
Investments in PPE	2 976	35	-	-	5 604	4	8 619
D&A PPE	5 695	177	111	26	793	10	6 812
Investments in Intangibles	134	116	37	-	23 181	75	23 543
D&A Intangibles	126	125	38	4	172	1	466

Other Brands CHF 9.1m

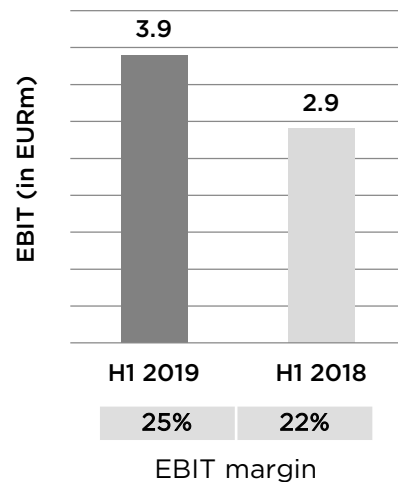
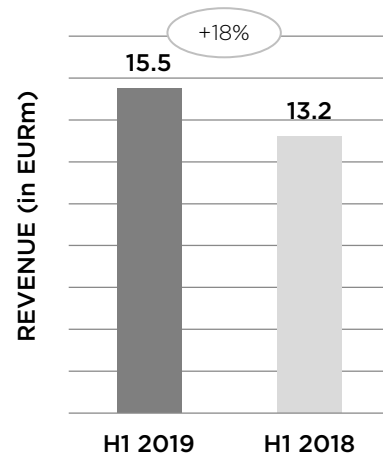


Lalique segment: sales decline reflecting market challenges for Lalique Perfume in the Middle East



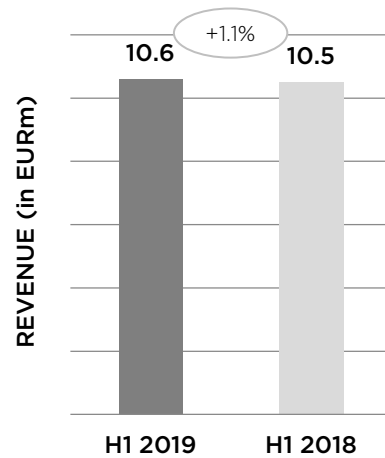
- Crystal decorative objects, interior design and jewellery: solid growth thanks to retail performance including new stores
- Perfumes: decline due to Iran embargo and market challenges in the Middle-East region
- Gastronomy/Hospitality: continued good occupancy rates and increased profitability
- Gross margin improvement thanks to retail sales increase and productivity gains at the Lalique factory

Ultrasun segment: continued strong and broad-based growth

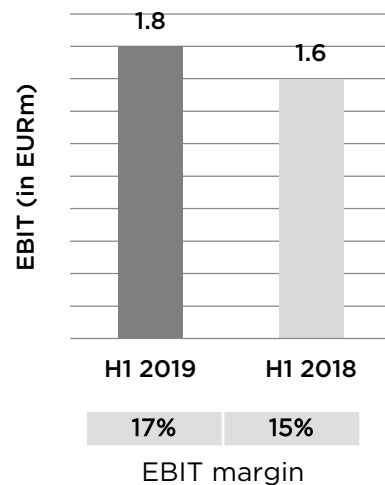


- Continued strong growth due to improved performance in main markets and new market openings in Asia
- Focus on pharmacy and chemists continues to prove successful
- Slight increase in personnel expenses to absorb growth
- EBIT increased to EUR 3.9m

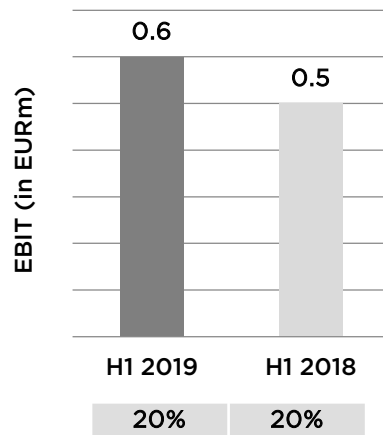
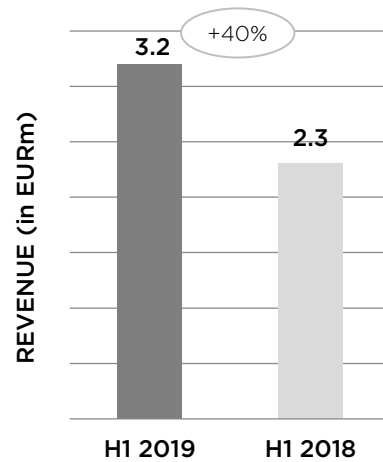
Jaguar segment: Lalique Group's largest perfume brand with slight growth



- Slight growth with stable operating expenses
- Increase in gross margin
- EBIT margin improved accordingly



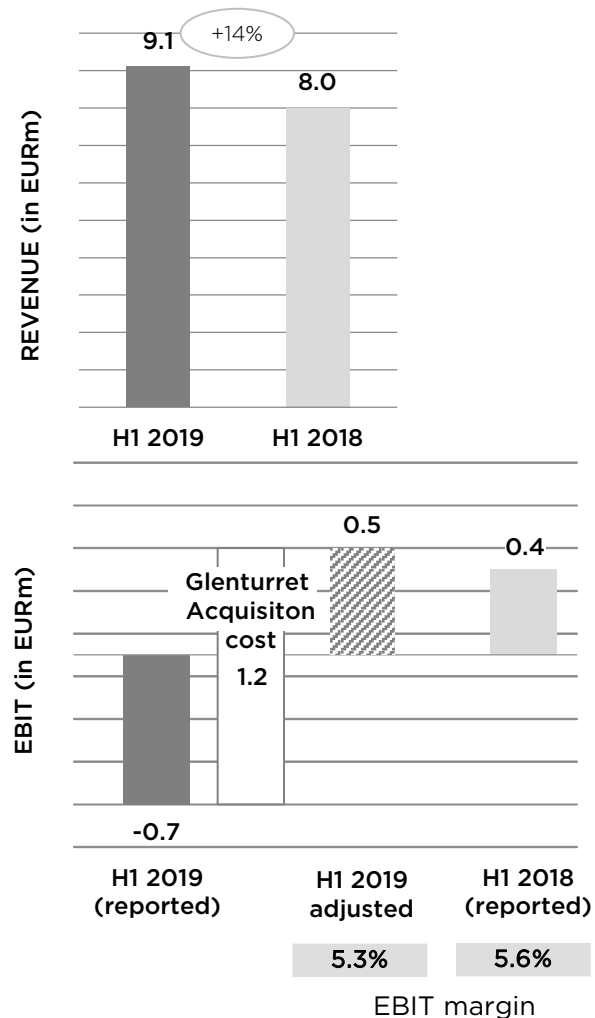
Grès segment: sales rebound in H1 2019



EBIT margin

- Strong sales increase
- Expansion driven by main markets : Spain and Latin America
- EBIT margin stable at 20%

Other brands segment: first-time integration of The Glenturret



- The Glenturret integrated to the segment adding EUR 0.7m operating revenue and EUR -1.4m EBIT loss
- Bentley Fragrances with rebound in sales, up 27%
- Parfums Samouraï sales up 4% due to successful product launches in Japan
- EBIT declined to EUR -0.7m, but amounts to EUR +0.5m on an adjusted basis excluding Glenturret acquisition costs

Balance sheet shows changes from IFRS 16 and transitional situation before capital increase

in TEUR	30.06.2019	31.12.2018
Cash and cash equivalents	16 516	15 336
Trade accounts receivable	21 498	17 698
Inventories	84 664	67 603
Other current assets	8 901	8 356
Property, plant and equipment	78 042	54 561
Intangible assets	90 989	67 832
Other non-current assets	7 461	6 527
Total assets	308 071	237 913
Bank overdrafts	46 945	41 785
Trade accounts payable	16 873	14 179
Other current liabilities	46 185	18 899
Non-current financial liabilities	29 425	14 820
Other non-current liabilities	27 020	23 012
Total liabilities	166 448	112 695
Total equity	141 623	125 218
Total liabilities and equity	308 071	237 913

- Assets increased as a result of The Glenturret acquisition
- Liabilities increased due to financing of The Glenturret acquisition through shareholder loan
- Capital increase with gross proceeds of CHF 48m performed in July will improve equity ratio
- Initial application of IFRS 16 boosts liabilities and assets (respectively EUR 23.4m and EUR 22.2m)

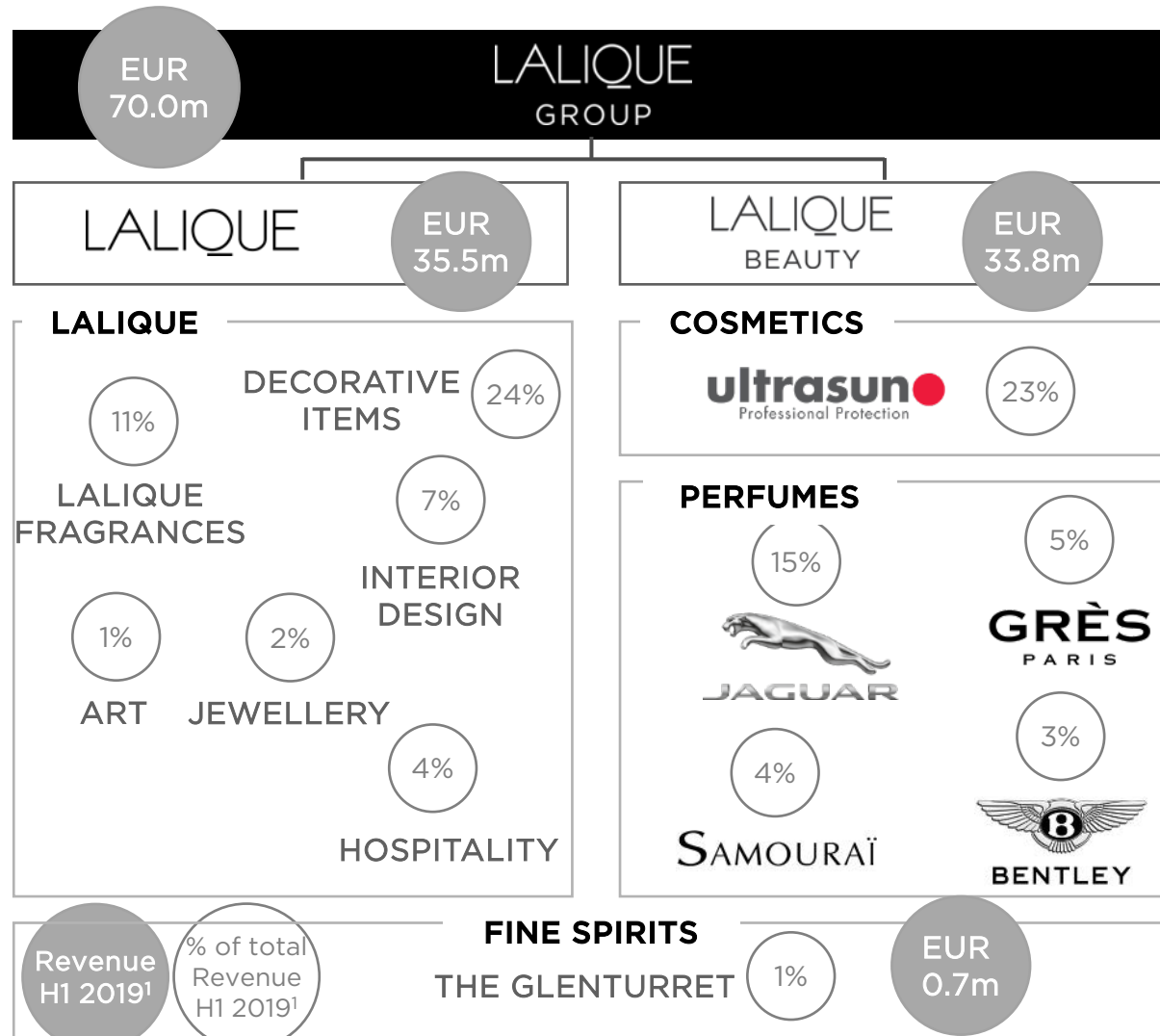
in EURm	30.06.2019	31.12.2018
Total equity before non-controlling interests	120.9	124.1
Equity ratio	39.2%	52.1%

Business Priorities and Outlook



Lalique Group product portfolio reflects diversification strategy

LALIQUE
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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 ongoing business expansion and changing consumer behavior

Jaguar Fragrances

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

The Glenturret

- Currently low impact on revenue but significant growth potential mid- and long-term

¹ Revenue in financial half-year 2019 from sales to external customers (third party)

Actionable strategy to improve operating revenue and profit margins

2019-2021		2022-2024	Objectives
Lalique			
• <i>Market expansion Asia</i>	<ul style="list-style-type: none"> Development of distribution network Lalique Japan Increase market presence in China 	• Expand to other Asian markets (South Korea, India, etc.)	• Increase Group revenue share in Asia (17% in 2018)
• <i>Improve performance in the US</i>	• Lalique North America to return to profitability	• Continuous increase of sales	• Contribution to profitability of Lalique segment
• <i>New partnerships</i>	<ul style="list-style-type: none"> Co-branding Artists and designers 		<ul style="list-style-type: none"> Increase brand awareness Increase revenue through alternate channels
Lalique Beauty			
• <i>Perfumes</i>	• 2 additional licenses	• 1-2 additional licenses	• Leverage production facility and increase revenue at higher profit margin
• <i>Ultrasun</i>	• Geographical expansion to regions with year-round sunshine and southern hemisphere markets	• Expand to other markets	• Build Ultrasun as global brand while increasing revenue
Glenturret			
	<ul style="list-style-type: none"> Set-up distribution network Gradual ramp-up of production Development of high-end single malt Scotch brand 		<ul style="list-style-type: none"> Gain market share 500k LOA p.a. International brand recognition Contribution to Group revenue and profit

Actionable strategy: Achievements H1 2019

2019-2021		Achievements H1 2019
Lalique		
<ul style="list-style-type: none"> • <i>Market expansion Asia</i> 	<ul style="list-style-type: none"> • Development of distribution network Lalique Japan • Increase market presence in China 	<ul style="list-style-type: none"> • Opening of 3 new POS in Japan • Opening of 1 new POS in Beijing
<ul style="list-style-type: none"> • <i>Improve performance in the US</i> 	<ul style="list-style-type: none"> • Lalique North America to return to profitability 	<ul style="list-style-type: none"> • Restructuring of subsidiary and sell-out of excess inventories
<ul style="list-style-type: none"> • <i>New partnerships</i> 	<ul style="list-style-type: none"> • Co-branding • Artists and designers 	<ul style="list-style-type: none"> • New crystal “Panda Collection” launched with Chinese artist Han Meilin
Lalique Beauty		
<ul style="list-style-type: none"> • <i>Perfumes</i> 	<ul style="list-style-type: none"> • 2 additional licenses 	<ul style="list-style-type: none"> • Significant progress made towards acquisition (expected) of 1st new perfume license
<ul style="list-style-type: none"> • <i>Ultrasun</i> 	<ul style="list-style-type: none"> • Geographical expansion to regions with year-round sunshine and southern hemisphere markets 	<ul style="list-style-type: none"> • Ultrasun now marketed in China, Hong Kong, Taiwan, Korea
The Glenturret	<ul style="list-style-type: none"> • Set-up distribution network • Gradual ramp-up of production • Development of high-end single malt Scotch brand 	<ul style="list-style-type: none"> • Glenturret fully consolidated since 28 March 2019

Actionable strategy: Focus points H2 2019

2019-2021		Key focus H2 2019
Lalique		
<ul style="list-style-type: none"> • <i>Market expansion Asia</i> 	<ul style="list-style-type: none"> • Development of distribution network Lalique Japan • Increase market presence in China 	<ul style="list-style-type: none"> • Increase brand awareness through marketing and VIP sales events • Develop wholesale sales
<ul style="list-style-type: none"> • <i>Improve performance in the US</i> 	<ul style="list-style-type: none"> • Lalique North America to return to profitability 	<ul style="list-style-type: none"> • Marketing and communication initiatives to develop sales • Review of sales mix (retail/wholesale)
<ul style="list-style-type: none"> • <i>New partnerships</i> 	<ul style="list-style-type: none"> • Co-branding • Artists and designers 	<ul style="list-style-type: none"> • Collaboration planned with 1 artist in Japan and another 1 in China
Lalique Beauty		
<ul style="list-style-type: none"> • <i>Perfumes</i> 	<ul style="list-style-type: none"> • 2 additional licenses 	<ul style="list-style-type: none"> • Work on acquisition of 2nd perfume license (expected: 2020)
<ul style="list-style-type: none"> • <i>Ultrasun</i> 	<ul style="list-style-type: none"> • Geographical expansion to regions with year-round sunshine and southern hemisphere markets 	<ul style="list-style-type: none"> • Sales development in newest markets Taiwan, Korea
The Glenturret		
	<ul style="list-style-type: none"> • Set-up distribution network • Gradual ramp-up of production • Development of high-end single malt Scotch brand 	<ul style="list-style-type: none"> • Negotiations with prospective distribution partners in key target markets • Brand relaunch and creation of new spirit types planned for Spring 2020

Summary & outlook

- First-half 2019: Solid growth and operating development; level of expenses and investments for further business expansion, restructuring, and one-off acquisition costs in line with forecasts
- Full-year 2019 outlook:
 - On track to achieve envisaged low single digit revenue growth (in local currencies¹)
 - Further investments to drive business development
 - Due to drop in Lalique perfumes sales, EBIT margin shortfall (as opposed to slight increase) expected for 2019 compared to 2018, which was positively affected by extraordinary income in H2
- Lalique Group well positioned in the luxury goods markets thanks to its diversified business model
- Unchanged mid-term targets:
 - Mid-single digit revenue growth (in local currencies¹)
 - Investments in business expansion expected to result in Group EBIT margin gradually increasing to 9-11%

¹At constant exchange rates

Appendix



Lalique Group: Strengths and opportunities

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1

Lalique – a global contemporary luxury and lifestyle brand

2

Highly profitable portfolio of perfume and cosmetics brands with high growth and margins

3

Growing global distribution platform

4

Long-standing experience and commitment of main shareholder and management team

5

Expansion into highly promising Asian markets

6

Establishment of a strong online presence

7

Significant potential for margin improvement in crystal glass

Consolidated income statement

in TEUR	H1 2019	H1 2018
Revenue from contracts with customers	69 612	66 733
Other operating income	348	154
Operating revenue	69 960	66 887
Material costs, licences and third-party services	- 29 490	-30 293
Gross result	40 470	36 594
Salaries and wages	- 17 153	- 15 958
Other operating expenses	- 15 531	- 15 080
EBITDA	7 786	5 556
Depreciation and amortisation / impairment	- 7 278	- 3 604
EBIT	508	1 952
Financial income	6	4
Financial expenses	- 1 021	- 759
Net foreign exchange differences	276	42
Group profit before taxes	- 231	1 239
Income taxes	- 611	75
Net Group profit	- 842	1 314
of which attributable to:		
Non-controlling interests	- 1 295	- 439
Owners of the parent company	453	1 753
Basic earnings per share (in EUR)	0.08	0.35

Income statement affected by acquisition of The Glenturret

in TEUR	H1 2019	Glenturret akq. cost	HY1 2019 excl. Glent.	H1 2018
Revenue from contracts with customers	69 612		69 612	66 733
Other operating income	348		348	154
Operating revenue	69 960		69 960	66 887
Material costs, licences and third-party services	- 29 490		-29 490	-30 293
Gross result	40 470		40 470	36 594
Salaries and wages	- 17 153		-17 153	- 15 958
Other operating expenses	- 15 531	-1 210	-14 321	- 15 080
EBITDA	7 786	-1 210	8 996	5 556
Depreciation and amortisation / impairment	- 7 278		-7 278	- 3 604
EBIT	508	-1 210	1 718	1 952
Financial income	6		6	4
Financial expenses	- 1 021		-1 021	- 759
Net foreign exchange differences	276		276	42
Group profit before taxes	- 231	-1 210	979	1 239
Income taxes	- 611		-611	75
Net Group profit	- 842	-1 210	368	1 314

Income statement affected by initial application of IFRS 16

in TEUR	H1 2019	IFRS 16	HY1 2019 excl IFRS 16	H1 2018
Revenue from contracts with customers	69 612		69 612	66 733
Other operating income	348		348	154
Operating revenue	69 960		69 960	66 887
Material costs, licences and third-party services	- 29 490		-29 490	-30 293
Gross result	40 470		40 470	36 594
Salaries and wages	- 17 153		-17 153	- 15 958
Other operating expenses	- 15 531	-3 521	-19 052	- 15 080
EBITDA	7 786	-3 521	4 266	5 556
Depreciation and amortisation / impairment	- 7 278	3 279	-3 999	- 3 604
EBIT	508	-242	266	1 952
Financial income	6		6	4
Financial expenses	- 1 021	250	-771	- 759
Net foreign exchange differences	276		276	42
Group profit before taxes	- 231	8	-223	1 239
Income taxes	- 611		-611	75
Net Group profit	- 842	8	-834	1 314

Consolidated balance sheet

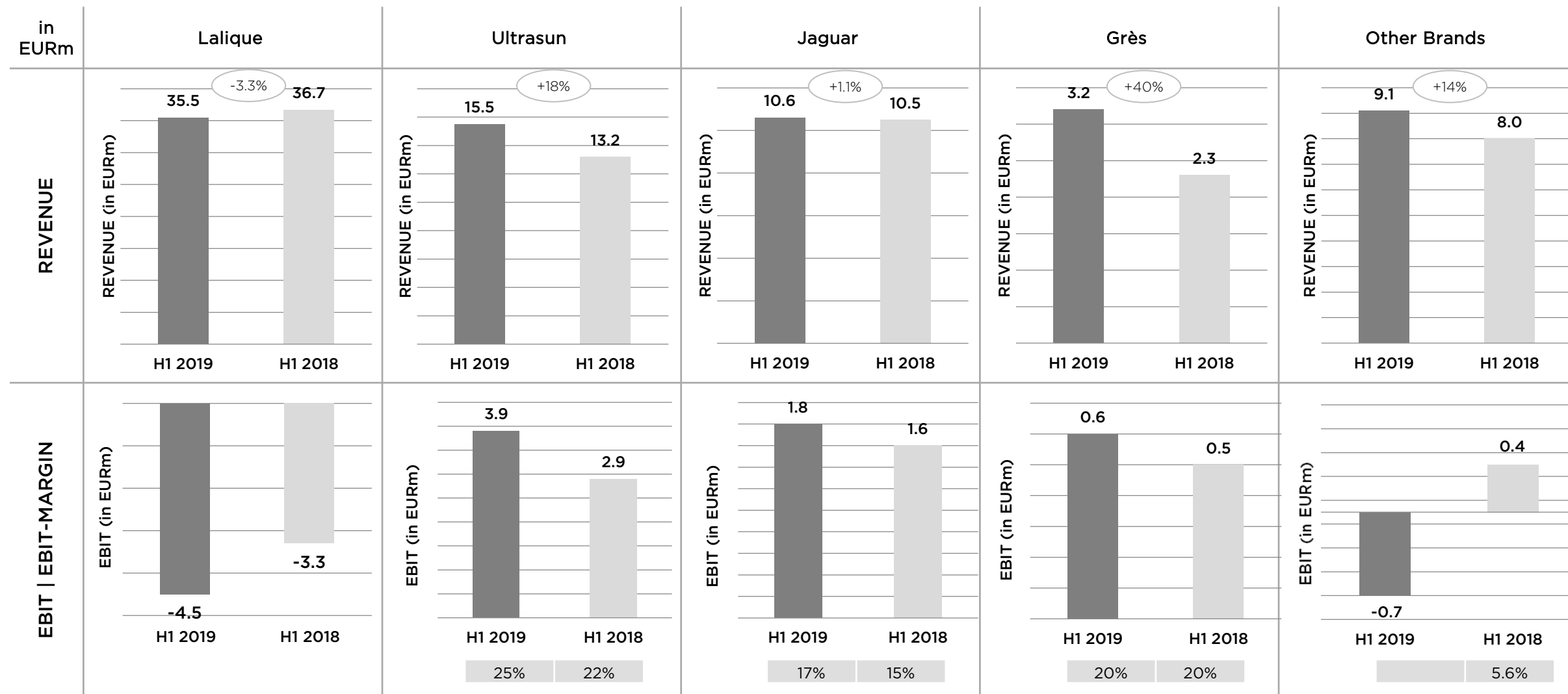
LALIQUE
GROUP

in TEUR	30.06.2019	31.12.2018
Cash and cash equivalents	16 516	15 336
Trade accounts receivable	21 498	17 698
Inventories	84 664	67 603
Other receivables	8 901	8 356
Total current assets	131 579	108 993
Property, plant and equipment	78 042	54 561
Intangible assets	90 989	67 832
Other non-current assets	5 347	5 199
Deferred tax assets	2 114	1 328
Total non-current assets	176 492	128 920
Total assets	308 071	237 913

in TEUR	30.06.2019	31.12.2018
Bank overdrafts	46 945	41 785
Trade accounts payable	16 873	14 179
Income tax liabilities	1 822	1 805
Other current liabilities	44 363	17 094
Total current liabilities	110 003	74 863
Other non-current liabilities	2 707	3 265
Provisions	225	208
Non-current financial liabilities	29 425	14 820
Defined benefit obligation	5 761	4 855
Deferred tax liabilities	18 327	14 684
Total non-current liabilities	56 445	37 832
Total liabilities	166 448	112 695
Share capital	988	988
Capital reserves	43 382	46 039
Retained earnings / other reserves	76 503	77 040
Total equity before non-controlling interests	120 873	124 067
Non-controlling interests	20 750	1 151
Total equity	141 624	125 218
Total liabilities and equity	308 071	237 913

Revenue and EBIT by segments H1 2019 / H1 2018

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

Glenturrent in scope of consolidation as of March 28, 2019

Fair Value recognized on acquisition	in GBP tsd.	In EUR tsd.
Cash and cash equivalents	202	236
Inventories	10 368	12 131
Other current assets	20	23
Machinery and equipment	1 008	1 179
Real estate	2 500	2 925
Brand	9 400	10 998
Other fixed assets	515	603
Total assets	24 013	28 095
Other current liabilities	- 55	- 64
Short-term loan	-6 223	-7 281
Deferred tax liabilities	-3 015	-3 528
Total liabilities	-9 293	-10 873
Total identifiable net assets at fair value	14 720	17 222
Goodwill arising on acquisition	10 271	12 017
Purchase consideration transferred	24 991	29 239

Global presence

LALIQUE
GROUP

Headquarters ●

Lalique Group SA

- Grubenstrasse 18, Zurich, Switzerland

Lalique SA

- Rue Royale 11, Paris, France

Manufacturing sites ●

- Lalique
- Lalique Beauty Services

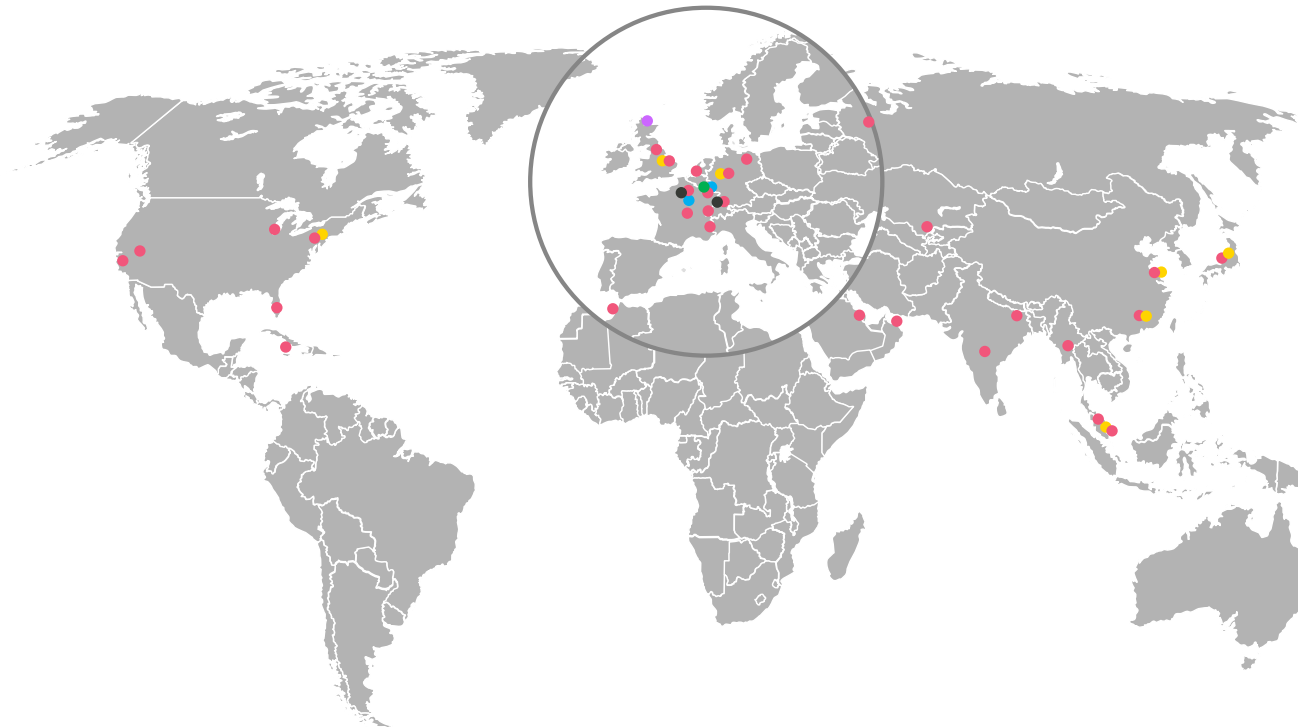
The Glenturret ●

- Whisky Distillery, The Hosh, Crieff, United Kingdom

>14,200 GLOBAL POINTS OF SALE

Lalique division >700

Beauty division: >13,500



● Lalique own boutiques

Europe: 14 stores

USA: 6 stores

Asia: 12 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 Alsace, F

Château Lafaurie-Peyraguey

(operates under Lalique brand on licensing basis)

- Five-star Hotel and gourmet restaurant (1* Michelin)

SOLEIL
LALIQUE

THE NEW FEMININE FRAGRANCE



#IAMTHESUNCHILD
lalique.com



Les Compositions
Parfumées