

Lalique Group SA 2019 Full-Year Results Presentation

Zurich, 16 April 2020



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Roger von der Weid, Chief Executive Officer

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Alexis Rubinstein, Chief Financial Officer

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The historic distillery The Glenturret

Highlights 2019



Financial highlights 2019

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1

Further growth in a year of significant investment in the breadth of the diversified business

2

Sales up 5% to EUR 143.5m, driven by Ultrasun, almost all perfume brands and Lalique crystal, impacted by significant decline at Lalique Parfums in the Middle East

3

EBIT of EUR 1.4m reflecting business expansion (Asia, mainly China, Japan), restructuring (USA) and acquisition costs (The Glenturret); EBIT margin of 1.0% or 1.8% excluding acquisition-related costs

4

Completed capital increase with gross proceeds of CHF 48m

5

Continued strong balance sheet with equity ratio of 50.1%, solid liquidity position

Business highlights 2019

LALIQUE
GROUP

1

Acquisition of 50% of The Glenturret, Scotland's oldest working distillery for single malt whisky

2

New exclusive perfume licensing agreement with prestigious brand Brioni

3

Expansion of Lalique market presence in Asia, including new boutique in Beijing and four new shop-in-shops in Japan; strong positioning of Ultrasun

4

New strategic investor DS Group (12.3%) and partnership with Hansjörg Wyss (6.3%) on The Glenturret

Financial Performance 2019



FY 2019 key results

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in EURm	2019	2018
Operating revenue	143.5	136.4
<i>Revenue growth</i>	<i>+5.1%</i>	<i>+5.9%</i>
Gross profit	81.8	78.8
Personnel costs	-35.5	-32.6
Other operating expenses	-30.0	-32.4
EBITDA	16.2	13.8
EBIT	1.4	6.1
EBIT margin	1.0%	4.5%
Financial result	-1.9	-0.4
Net Group result	1.1	5.2
Earnings per share (EUR)	0.52	1.09
Dividend per share (CHF)	- ¹	0.50 ¹
Total equity²	171.9	128.1
Equity ratio	50.1%	54.0%

- **Solid operating revenue growth** of 5% (5% in local currencies) driven by positive development of Ultrasun, almost all perfume brands and Lalique crystal, impacted by significant decline at Lalique Parfums in Middle East
- **Operating expenses** reflect international expansion, restructuring in the US and acquisition costs of The Glenturret
- Reduction of other operating expenses is due to first-time application of **IFRS 16**
- **EBIT** of EUR 1.4m

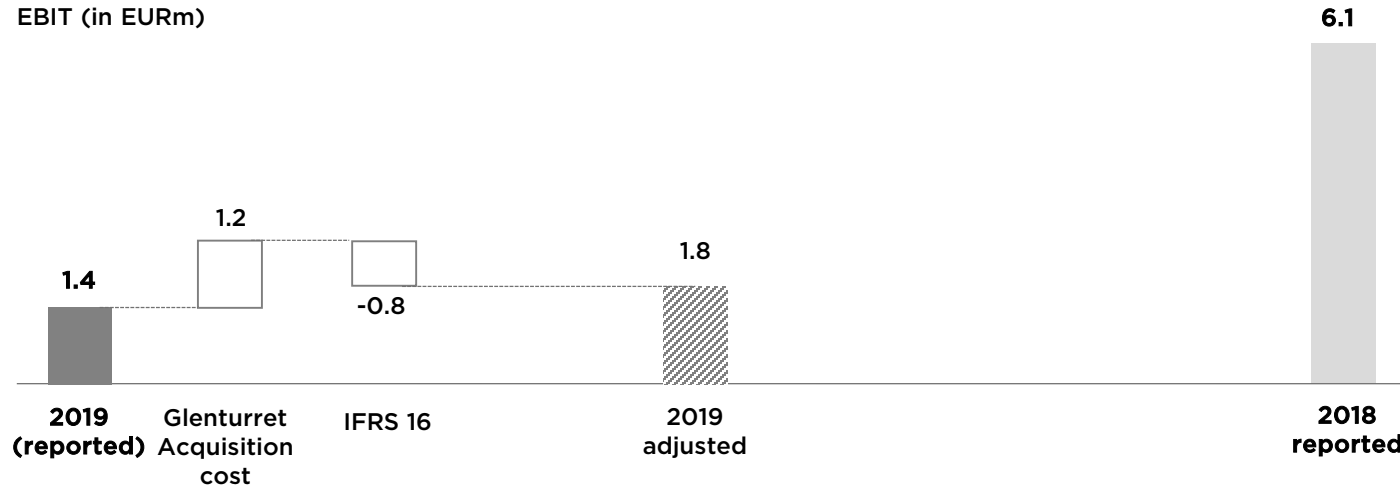
EBIT breakdown (in EURm)	2019	Margin
Lalique	-6.9	-
Ultrasun	4.1	18.8%
Jaguar	3.7	15.6%
Grès	0.9	15.6%
Other Brands	0.7	3.5%
Holding and Elim.	-1.1	n.a.
Lalique Group	1.4	1.0%

¹ Proposal to AGM 2020; prior year dividend paid out of capital contribution reserves

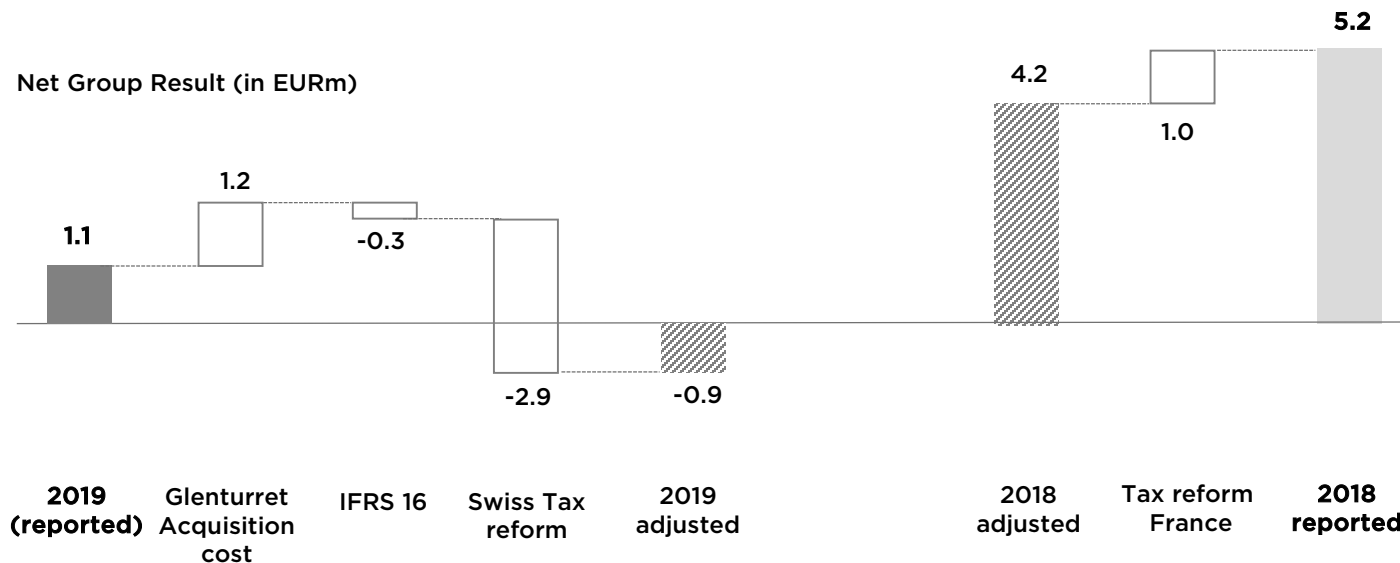
² Before non-controlling interests

Performance affected by one-off effects

EBIT (in EURm)



Net Group Result (in EURm)

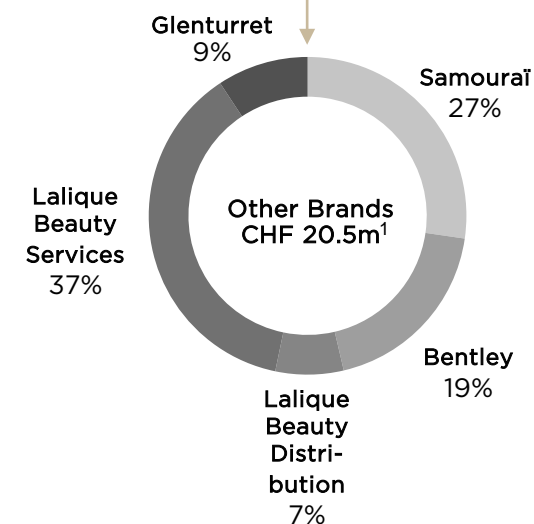


- EUR 1.2m impact of Glenturret acquisition costs on 2019 EBIT and net result
- Previous year: EUR 6.1m including extraordinary income of EUR 2.4m related to legal proceedings
- Initial application of IFRS 16 with positive effect of EUR 0.8m on 2019 EBIT (EUR 0.3m on net group result)
- Swiss tax reform required revaluation of deferred tax positions leading to additional deferred tax expenses (EUR 2.1m), as well as allowing partial step-up of tax values leading to deferred tax income (EUR 5.0m), in 2019
- 2018 had been positively impacted the company tax reform in France (EUR 1.0m)

FY 2019 results by segment

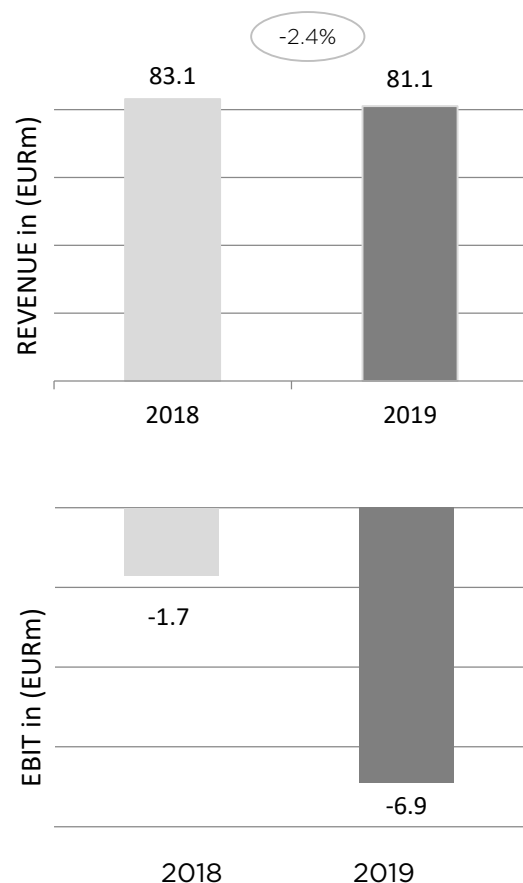
LALIQUE
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2019 segment results (in EUR thousand)	Lalique	Ultrasun	Jaguar	Grès	Other Brands	Holding and Elim.	Group
Revenue from contracts and other operating income with external customers	79,779	21,770	23,317	5,585	13,119	-96	143,474
Revenue from transactions and other operating income with other segments	1,303	1	26	129	7,428	-8,887	-
Total operating revenue	81,082	21,771	23,343	5,714	20,547	-8,983	143,474
<i>Revenue growth (vs. 2018)</i>	-2.4%	+25.1%	+5.2%	+19.9%	-17.7%	n.a.	+5.2%
<i>Revenue growth (vs. 2018) in local currencies</i>	-2.4%	+26.1%	+4.6%	+19.2%	-17.7%	n.a.	+5.4%
EBIT	-6,898	4,087	3,650	892	722	-1,066	1,387
Assets	192,009	22,646	18,592	11,649	83,055	14,862	342,814
Liabilities	160,636	8,082	10,574	4,398	37,716	-70,772	150,634
Investments in PPE	9,342	36	7	25	7,817	19	17,246
D&A PPE	11,512	305	252	59	1,785	28	13,941
Investments in Intangibles	139	182	95	-	24,988	160	25,564
D&A Intangibles	181	249	80	18	357	3	888



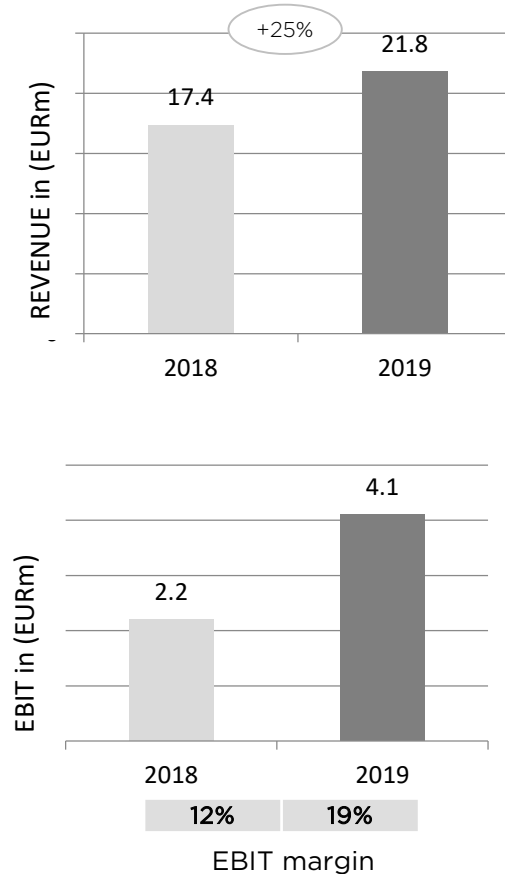
¹ Alain Delon (discontinued) around 1%

Lalique segment: strong sales in crystal business but overall performance impacted by decline in perfumes



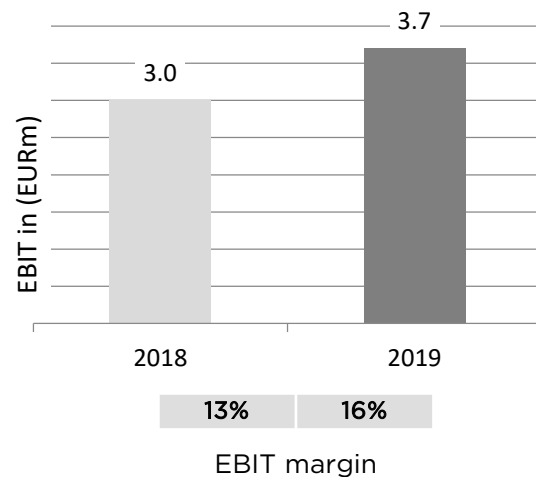
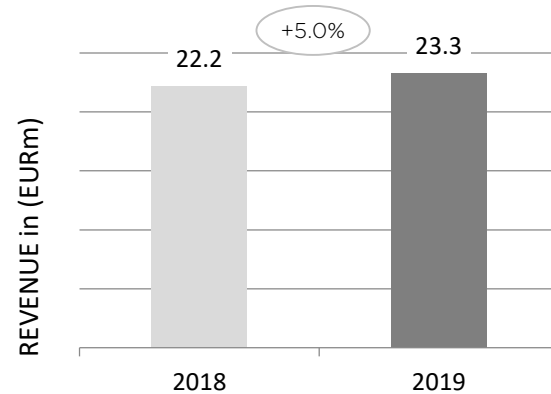
- Total sales stable excluding the extraordinary litigation compensation of EUR 2.4m in 2018
- Crystal business (decorative items, interior design, art, jewellery): up 7%, with strong growth in China and Russia in particular
- Perfumes: down 18%, due to difficult market and operating conditions in the Middle East including Iran embargo as previously communicated
- Gastronomy/Hospitality: continued good occupancy rates and increased EBIT
- Costs up 4% in total, reflecting planned business expansion namely in Asia and restructuring costs in the US
- EBIT down to EUR -6.9m

Ultrasun segment: continued strong sales with excellent growth in China, Switzerland and the Netherlands



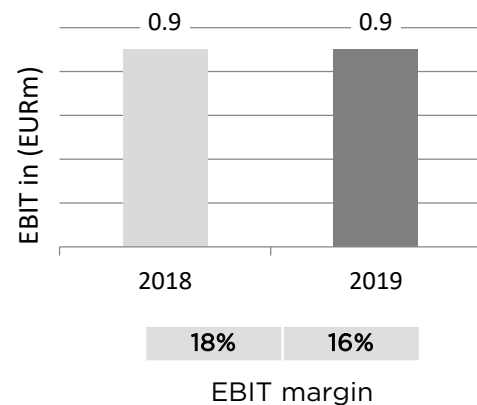
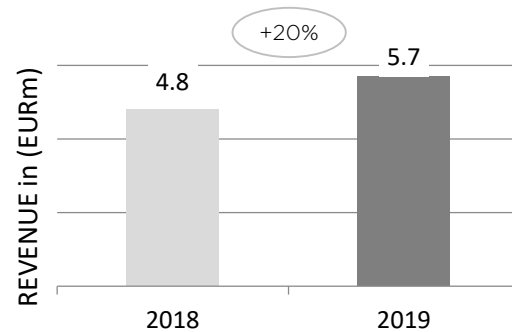
- Sales up 25% with higher gross profit margin
- Costs up 19% reflecting higher personnel costs and marketing expenditures due to business expansion
- Continued broad-based growth with consistent performance in UK, excellent sales in China, Switzerland and the Netherlands, and solid contributions from new markets Taiwan and Korea
- Focus on pharmacies and drugstores continues to prove successful
- EBIT increased to EUR 4.1 m and EBIT margin further rose to 19%

Jaguar segment: strong year for Lalique Group's largest perfume brand



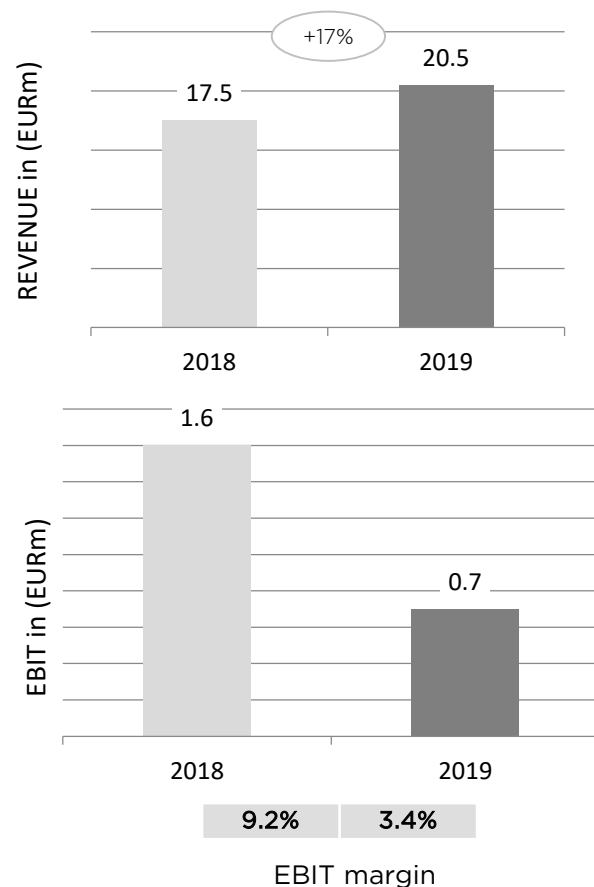
- Sales up 5%, reflecting continued growth in Europe, North America and Asia, more than offsetting decrease in the Middle East
- EBIT increased to EUR 3.7m
- EBIT margin improved to 16%, also reflecting improved operational efficiency thanks to the new automated filling facility at Lalique Beauty Services

Grès segment: sales rebound driven by key markets



- Sales up 20%, driven by key markets such as Spain, France, some Latin American countries and Israel
- Positive contributions by launch of “Cabochard chérie” and relaunch of “Cabochard”, originally introduced in 1959
- EBIT remained stable, EBIT margin decreased slightly

Other brands segment: solid growth, improved operating profitability, EBIT reflects The Glenturret integration



- Bentley Fragrances sales up 5%, mainly due to higher sales in the US and the UK
- Parfums Samouraï sales up 9% after decline in prior year, supported by launch of two new product lines
- The Glenturret, fully integrated in Lalique Group's accounts since its acquisition on 28 March 2019, generated sales of EUR 1.9m from April to December 2019, in line with expectations
- All businesses in the segment, including perfume filling and logistics operation Lalique Beauty Services, improved operational profitability
- EBIT declined by EUR -0.9m, mainly due to acquisition costs of The Glenturret (EUR 1.2m) and costs for rebranding

Balance sheet reflects first-time application of IFRS 16, The Glenturret acquisition and capital increase

in EURm	31.12.2019	30.6.2019	31.12.2018 (restated)
Cash and cash equivalents	48,845	16,516	15,336
Trade accounts receivable	21,070	21,498	17,698
Inventories	82,790	84,664	67,603
Other current assets	9,679	8,901	8,356
Property, plant and equipment	77,915	78,042	54,561
Intangible assets	93,031	90,989	67,832
Other non-current assets ¹	9,484	7,461	5,608
Total assets	342,814	308,071	236,994
Bank overdrafts	41,623	46,945	41,785
Trade accounts payable	15,953	16,873	14,179
Other current liabilities	33,404	46,185	18,899
Non-current financial liabilities	36,947	29,425	14,820
Other non-current liabilities ¹	22,707	27,020	17,887
Total liabilities	150,634	166,448	107,570
Total equity	192,180	141,623	129,424
Total liabilities and equity	342,814	308,071	236,994

- Increase in assets of EUR 28.0m, especially in inventories (EUR 12.1m) and intangibles (EUR 22.3m) due to the integration of The Glenturret
- Rights issue generated gross proceeds of CHF 48.0m, which were used to re-finance the Glenturret acquisition (CHF 24.5m) and to increase net cash position
- Improved net debt vs EBITDA ratio as of 31.12.2019 = 2.0 vs 3.0 as of 31.12.2018
- Equity ratio as of 31/12/2019 improved from 39.2 % as of HY to 50.1 % as of year end 2019
- First-time application of IFRS 16 led to an increase in fixed assets (EUR 21.0m) and non-current financial liabilities (EUR 23.0m)

in EURm	31.12.2019	30.6.2019	31.12.2018 (restated)
Total equity before non-controlling interests	171.9	120.9	128.1
Equity ratio	50,1 %	39.2%	54,0%

¹ The Group has restated the comparative balance sheet as per 31 December and 1 January 2018 for the correction of an error in deferred taxes

Business Priorities and Outlook



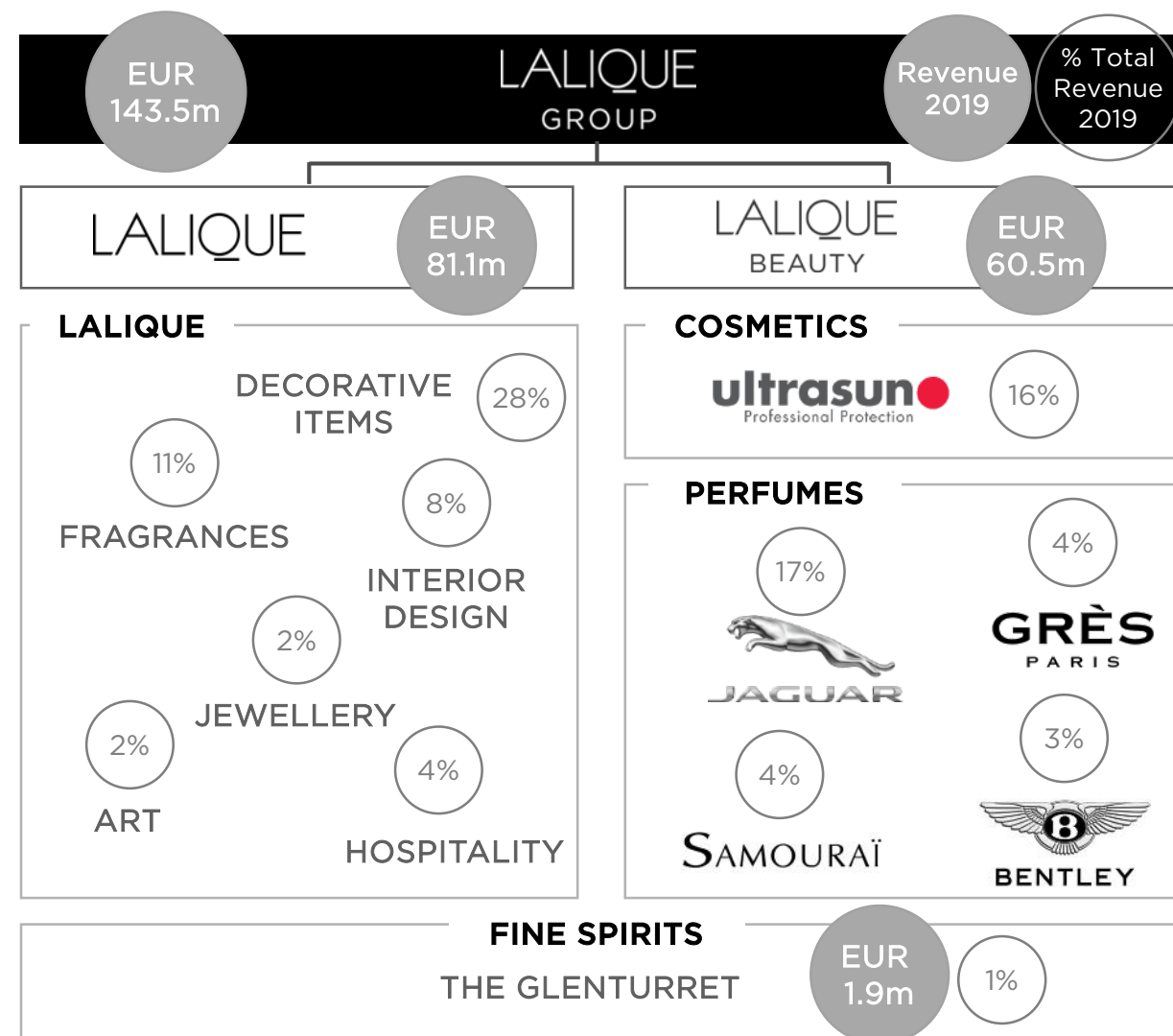
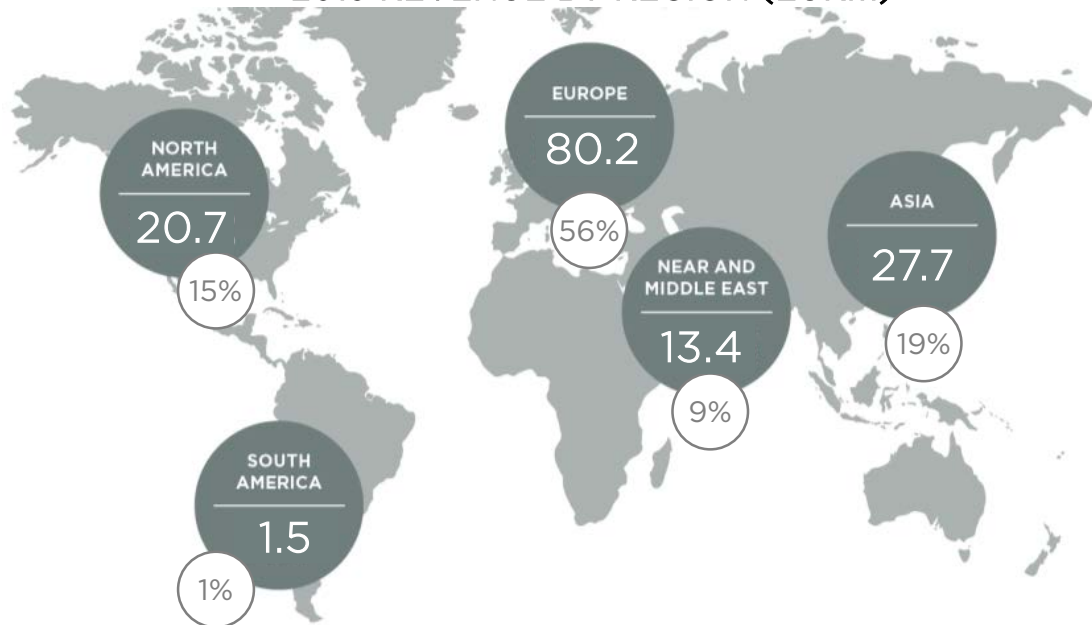
Lalique Group product portfolio reflects diversification strategy

LALIQUE
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A successful niche player in luxury goods

- Lalique Group, headquartered in Zurich, specializes in the creation, development, production, marketing and global distribution of branded products
- 732 FTEs (31.12.2019)

2019 REVENUE BY REGION (EURm)



Addressing global Covid-19 situation

Impacts on Lalique Group business

- Developments surrounding Covid-19 pandemic are rapid and unpredictable
- Prior to lockdown measures imposed in Europe, Lalique Group business less affected than expected at the outset of the crisis in China
- Since mid-March, business adversely affected due in particular to closure of sales outlets and interruptions in supply chains
- Additional longer-term secondary effects expected due to economic downturn and impaired consumer confidence
- Overall impact on business will depend on duration of Covid 19-pandemic and related business restrictions as well as pace of economic recovery
- Demand for products for daily use and in lower price segments expected to bounce back more quickly, while it could take longer for luxury products – potentially mitigated in part by Lalique's loyal and less economically sensitive client base

Action plan to mitigate negative impacts

- Protection of health of employees, clients and partners as top priority
- Immediate focus on measures to protect Lalique Group's profitability and strong capital and liquidity position, including:
 - Significant reduction of marketing activities and suspension of launches of new collections and product lines
 - Application for short-time work for majority of employees in France (including production facilities), Zurich and overseas
 - Enhancement of digital marketing and online sales activities
 - Launch preparations for first Brioni perfume planned for Q4 2020 continue as planned
- Board of Directors to propose that no dividend will be paid for 2019
- BoD and EB to waive parts of fixed/variable compensation

Outlook taking into account Covid-19 situation

- Due to unpredictability of further developments, impacts on business can currently not be estimated
- At this stage, it is therefore impossible to provide any financial guidance for 2020
- Furthermore, 2021 outlook depends on pace of economic recovery
- Lalique Group's diversification strategy is expected to be a fundamental strength also in a potential longer-term economic downturn
- The group will continue to consistently implement its strategy, taking into account the development of the Covid-19 situation in its regional activities
- Previously communicated mid-term targets – mid-single digit revenue growth in local currencies, gradual increase in EBIT margin to 9%-11% – remain in place, but achievement will take more time

Unchanged strategy to enhance revenue and margin, but timing uncertain due to Covid-19

	2019-2021+	2022-2024+	Objectives
Lalique			
• <i>Asia market expansion</i>	<ul style="list-style-type: none"> Development of distribution network Lalique Japan Increase market presence in China 	<ul style="list-style-type: none"> Expand to other Asian markets (South Korea, India, etc.) 	<ul style="list-style-type: none"> Increase Group revenue share in Asia
• <i>US performance improvement</i>	<ul style="list-style-type: none"> Lalique North America to return to profitability 	<ul style="list-style-type: none"> Continuous increase of sales 	<ul style="list-style-type: none"> 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>	<ul style="list-style-type: none"> 2 additional licenses 	<ul style="list-style-type: none"> 1-2 additional licenses 	<ul style="list-style-type: none"> Leverage production facility and increase revenue at higher profit margin
• <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"> Expand to other markets 	<ul style="list-style-type: none"> 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

Summary

- 2019 a year of significant investments in the breadth of the business
- Performance in line with revised guidance, reflecting moderate growth and costs of expansion
- Covid-19 situation is significantly affecting the business, but Lalique Group is taking all the measures necessary to protect profitability
- Lalique Group will continue to execute its strategy, but achievement of financial goals will take more time
- More details will be provided with first-half 2020 results

Appendix



Lalique Group: Strengths and opportunities

LALIQUE
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1

Lalique – a global contemporary luxury and lifestyle brand

2

Diversified product portfolio of well-positioned brands in the perfume, cosmetics, crystal and jewellery sectors, as well as in the fine-spirits industry

3

Growing global distribution platform

4

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

6

Establishment of a strong online presence

7

Significant potential for margin improvement in crystal glass

Consolidated income statement

in EUR thousands	2019	2018
Revenue from contracts with customers	141,795	133,879
Other operating income	1,679	2,541
Operating revenue	143,474	136,420
Material costs	-61,703	-57,587
Gross profit	81,771	78,833
Salaries and wages	-35,521	-32,618
Other operating expenses	-30,034	-32,448
EBITDA	16,216	13,767
Depreciation and amortisation / impairment	-14,829	-7,693
EBIT	1,387	6,074
Financial income	61	26
Financial expenses	-1,887	-1,343
Net foreign exchange differences	-105	921
Group profit before tax	-544	5,678
Income taxes	1,637	-512
Net Group profit	1,093	5,166
of which attributable to:		
Non-controlling interests	-2,351	-1,035
Owners of the parent company	3,444	6,201
Earnings per share (EUR)	0.52	1.09

Income statement excluding IFRS 16 application

in TEUR	2019	IFRS 16	2019 excl. IFRS 16 application	2018
Revenue from contracts with customers	141,795		141,795	133,879
Other operating income	1,679		1,679	2,541
Operating revenue	143,474		143,474	136,420
Material costs, licences and third-party services	-61,703		-61,703	-57,587
Gross result	81,771		81,771	78,833
Salaries and wages	-35,521		-35,521	-32,618
Other operating expenses	-30,034	-7,718	-37,752	-32,448
EBITDA	16,216	-7,718	8,498	13,767
Depreciation and amortisation / impairment	-14,829	6,897	-7,932	-7,693
EBIT	1,387	-821	566	6,074
Financial income	61		61	26
Financial expenses	-1,887	493	-1,394	-1,343
Net foreign exchange differences	-105		-105	921
Group profit before taxes	-544	-328	-872	5,678
Income taxes	1,637		1,637	-512
Net Group profit	1,093	-328	765	5,166

Income statement excluding The Glenturret acquisition costs

in TEUR	2019	The Glenturret acquisition costs	2019 excl. acquisition costs	2018
Revenue from contracts with customers	141,795		141,795	133,879
Other operating income	1,679		1,679	2,541
Operating revenue	143,474		143,474	136,420
Material costs, licences and third-party services	-61,703		-61,703	-57,587
Gross result	81,771		81,771	78,833
Salaries and wages	-35,521		-35,521	-32,618
Other operating expenses	-30,034	-1 201	-28,833	-32,448
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Depreciation and amortisation / impairment	-14,829		-14,829	-7,693
EBIT	1,387	-1 201	2,588	6,074
Financial income	61		61	26
Financial expenses	-1,887		-1,887	-1,343
Net foreign exchange differences	-105		-105	921
Group profit before taxes	-544	-1 201	657	5,678
Income taxes	1,637		1,637	-512
Net Group profit	1,093	-1 201	2,294	5,166

Consolidated balance sheet

LALIQUE
GROUP

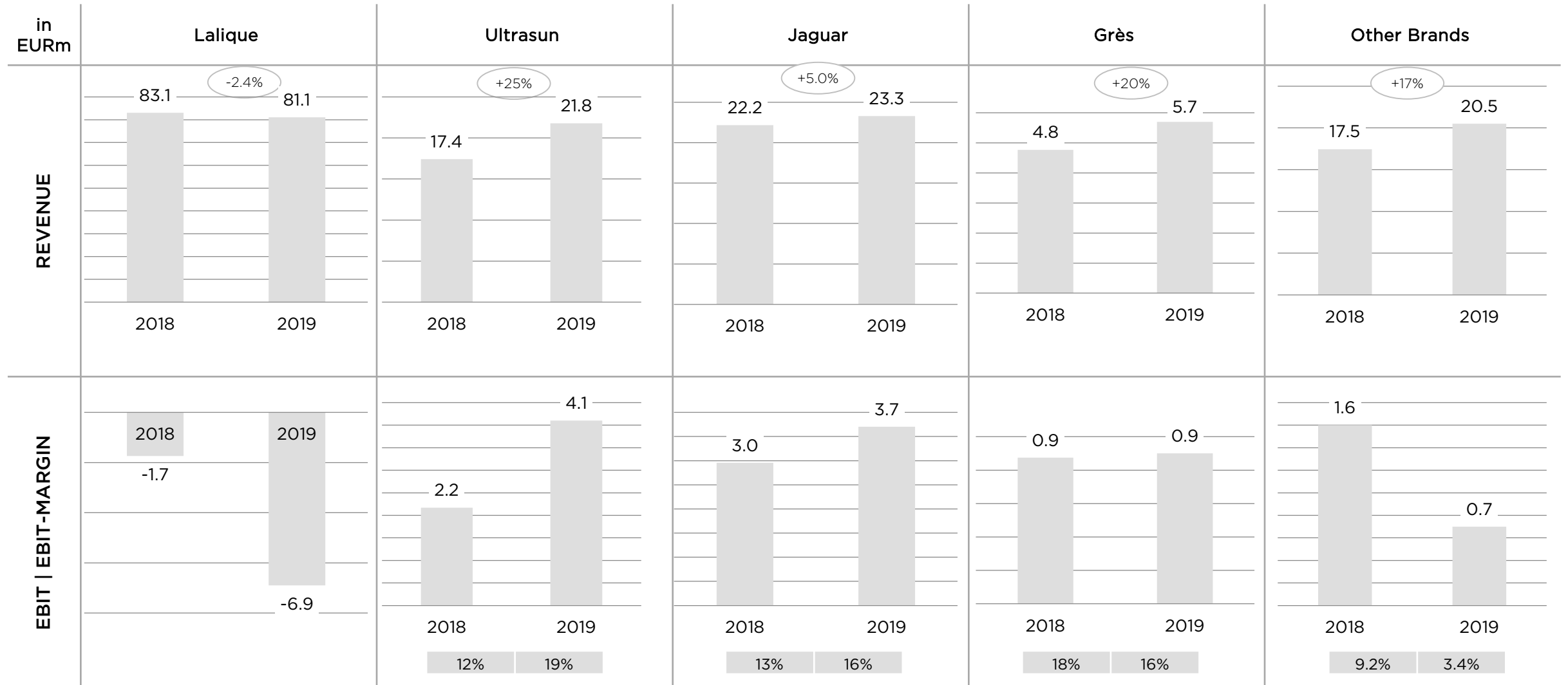
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Cash and cash equivalents	48,845	15,336
Trade accounts receivable	21,070	17,698
Inventories	82,790	67,603
Other receivables	9,679	8,356
Total current assets	162,384	108,993
Property, plant and equipment	77,915	54,561
Intangible assets	93,031	67,832
Other non-current assets	5,459	5,199
Deferred tax assets ¹	4,025	409
Total non-current assets	180,430	128,001
Total assets	342,814	236,994

in TEUR	31.12.2019	31.12.2018 (restated)
Bank overdrafts	41,623	41,785
Trade accounts payable	15,953	14,179
Income tax liabilities	1,735	1,805
Other current liabilities	31,667	17,094
Total current liabilities	90,980	74,863
Other deferred liabilities	4,149	3,265
Provisions	159	208
Non-current financial liabilities	36,947	14,820
Defined benefit obligation	5,712	4,855
Deferred tax liabilities ¹	12,687	9,559
Total non-current liabilities	59,654	32,707
Total liabilities	150,634	107,570
Share capital	1,204	988
Capital reserves	85,378	46,039
Retained earnings / other reserves ¹	85,276	81,036
Total equity before non-controlling interests	171,858	128,063
Non-controlling interests ¹	20,322	1,361
Total equity	192,180	129,424
Total liabilities and equity	242,814	236,994

¹ The Group has restated the comparative balance sheet as per 31 December and 1 January 2018 for the correction of an error in deferred taxes

Revenue and EBIT by segments 2019

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

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

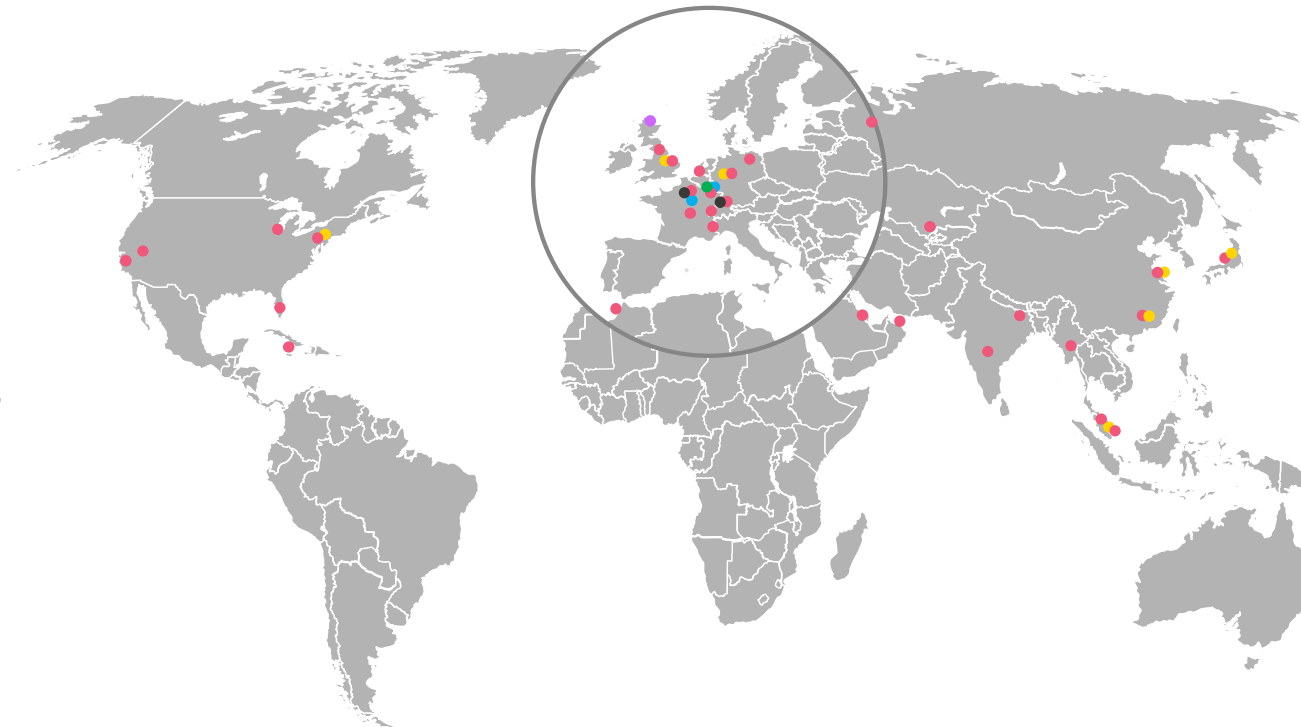
The Glenturret ●

- Whisky Distillery, The Hosh, Crieff, United Kingdom

>14,200 GLOBAL POINTS OF SALE

Lalique division >700

Beauty division: >13,500



● Lalique own boutiques

Europe: 13 stores

USA: 6 stores

Asia: 13 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)

LALIQUE GROUP

