LALIQUE GROUP

MEDIA RELEASE

# Lalique Group announces half-year results 2019

*Zurich, 11 September 2019* – **Lalique Group SA (SIX: LLQ), which is active in the creation, development, marketing and worldwide distribution of luxury goods, generated 5% growth in sales to EUR 70.0 million in the first half of 2019 despite a decline in sales in Lalique Parfums due to difficult market conditions in the Middle East. Net Group profit amounted to EUR -0.8 million, reflecting planned investments in and expenditure on business expansion, as well as one-off costs for the acquisition of 50% of the Scottish whisky distillery The Glenturret. For the full year 2019, Lalique Group anticipates that it will achieve further moderate growth, while the EBIT margin is expected to be lower than in the prior year.**

**Today at 11:00 a.m. CEST, the results for the first half of 2019 will be presented in a conference call for investors, analysts and the media.**

Lalique Group delivered solid further growth in the first half of 2019. This was driven primarily by continued strong growth in the Ultrasun segment as well as the positive development of Parfums Grès and Bentley Fragrances. While Lalique Parfums saw sales decline, the crystal business within the Lalique segment experienced solid growth, partly due to the opening of new boutiques in Japan, China, Macau, Vietnam and France in the second half of 2018 and the first half of 2019. The acquisition of The Glenturret also contributed to growth. In total, Group operating revenue increased by 5% to EUR 70.0 million (+2% in local currencies) compared to the prior-year period.

Personnel costs rose by 7% to EUR 17.2 million, reflecting the planned expansion of the business. Other operating expenses of EUR 15.5 million were slightly higher than the figure for the prior-year period, with expenses in the first half of 2019 including a positive impact of EUR 3.5 million due to the first-time application of IFRS 16, while depreciation increased by EUR 3.2 million. Operating expenses reflect planned costs for the international expansion of the business as well as the restructuring in the US on the one hand, and EUR 1.2 million of one-off costs related to the acquisition of 50% of The Glenturret on the other.

This resulted in earnings before interest and taxes (EBIT) of EUR 0.5 million in the first half of 2019, compared to EUR 2.0 million in the prior-year period. The EBIT margin was 0.7%, compared to 2.9% in the first half of 2018. Net Group profit totalled EUR -0.8 million, compared to EUR 1.3 million in the prior-year period, which included a positive tax effect of EUR 1.0 million in connection with the company tax reform in France. Excluding acquisition costs, EBIT was EUR 1.7 million, the EBIT margin was 2.5% and net Group profit was EUR 0.4 million.

## Segment results

The Lalique segment recorded a 3% decrease in sales to EUR 35.5 million in the first half of 2019. While the crystal business delivered a positive performance (+4%), the sale of Lalique perfumes declined by 25% year on year. Difficult market conditions in the Middle East as well as the discontinuation of sales activities in

Iran due to the embargo were the reasons for this downturn. The two hotels/restaurants Villa René Lalique and Château Hochberg continued to report high occupancy rates and generated a corresponding increase in profitability. The overall costs for the segment rose by 8% and include the above-mentioned restructuring costs in the US, as well as expenditure on the expansion of the business units in China and, in particular, in Japan, where three new sales points were opened in the first half of 2019. This resulted in an EBIT of EUR -4.5 million (first half of 2018: EUR -3.3 million).

The Ultrasun segment once again achieved strong growth in all key markets, especially in China, Switzerland and EU states. The increased focus on distribution through pharmacies and chemists continued to pay off. Sales rose by a total of 18% to EUR 15.5 million. Including higher growth-related personnel costs, EBIT increased by 32% to EUR 3.9 million.

In the other segments, Jaguar Fragrances recorded slight growth (+1%), while Parfums Grès reported a pleasing rise in sales of 41%. Among the other brands, Bentley Fragrances experienced a 27% increase in sales, and Parfums Samouraï achieved growth of 4% following successful product launches. The perfume filling and logistics operation Lalique Beauty Services produced a result that was in line with expectations. The whisky distillery The Glenturret, which has been fully consolidated in the accounts of Lalique Group since its acquisition on 28 March 2019, generated sales of EUR 0.7 million in the last three months of the first half of 2019.

## Outlook for 2019

Lalique Group believes that with its diversification strategy, it is very well positioned to serve a broad international target clientele in the luxury goods market and it continues to target sales growth in the mid-single digit percentage range (in local currencies) and a gradual increase in the EBIT margin to 9%-11% in the medium term.

In the second half of 2019, Lalique will continue to focus its business expansion on Asia – primarily Japan. With regard to the previously communicated negotiations surrounding two additional perfume licences, one of the agreements is expected to be concluded in the second half of 2019, while it is likely that more time will be required for the second agreement.

For the full year 2019, Lalique Group expects to achieve further moderate sales growth in the low single digit percentage range (in local currencies), as previously announced. However, particularly in view of the shortfall of sales at Lalique Parfums, the EBIT margin for 2019 is likely to be lower than in 2018, when extraordinary income was recorded in the second half of the year. Lalique Group originally expected a slight increase in the EBIT margin for 2019.

Roger von der Weid, CEO of Lalique Group: "In the first half of 2019, we achieved solid growth overall while continuing to invest in the breadth of our business, and we made progress in the development of our business activities. We are convinced that we have thus created an even better basis for future growth and a gradual increase in profitability. When expanding our business, we will continue to focus on Asia, especially Japan, as well as on integrating The Glenturret into our diversified portfolio to appeal to a broad target clientele in the luxury goods market."

## Documentation on results for the first half of 2019

The media release, the presentation and the 2019 Half-Year Report are available on Lalique Group's website:
Media release: www.lalique-group.com/media
Results presentation: www.lalique-group.com/financial?section=presentations
Half-Year Report: www.lalique-group.com/financial?section=reporting

## Conference call for investors, analysts and the media

Date: Wednesday, 11 September 2019
Time: 11:00 a.m. CEST
Speakers: Roger von der Weid, CEO; Alexis Rubinstein, CFO

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## Lalique Group

Lalique Group is a niche player in the creation, development, marketing and global distribution of luxury goods. Its business areas comprise perfumes, cosmetics, crystal, jewellery, high-end furniture and living accessories, along with art, gastronomy and hospitality as well as single malt whisky. Founded in 2000, the company employs approx. 720 staff and has its headquarters in Zurich. The Lalique brand, from which the Group derives its name, was created in Paris in 1888 by the master glassmaker and jewellery designer René Lalique. The registered shares of Lalique Group SA (LLQ) are listed on the SIX Swiss Exchange.

You can find further information at: www.lalique-group.com.

LALIQUE GROUP

## Development of key figures for Lalique Group

in EUR million

| | 1st semester 2019 | 1st semester 2019 excl. acquisition costs (Glenturret) of EUR 1.2 million | 1st semester 2018 |
|---|---|---|---|
| **Operating revenue** | 70.0 | 70.0 | 66.9 |
| **Gross result** | 40.5 | 40.5 | 36.6 |
| Salaries and wages | -17.2 | -17.2 | -16.0 |
| Other operating expenses | -15.5[1)] | -14.3[1)] | -15.0 |
| **EBITDA** | 7.8[1)] | 9.0[1)] | 5.6 |
| Depreciation and amortization / impairment | -7.3[2)] | -7.3[2)] | -3.6 |
| **EBIT** | 0.5[3)] | 1.7[3)] | 2.0 |
| EBIT margin | 0.7% | 2.5% | 2.9% |
| Financial result | -0.7[4)] | -0.7[4)] | -0.7 |
| **Net Group profit** | -0.8 | 0.4 | 1.3 |

1) Positive impact of EUR 3.5 million compared to H1 2018 due to IFRS 16
2) Negative impact of EUR -3.2 million compared to H1 2018 due to IFRS 16
3) Positive impact of EUR 0.2 million compared to H1 2018 due to IFRS 16
4) Negative impact of EUR -0.2 million compared to H1 2018 due to IFRS 16

in EUR

| | 1st semester 2019 | 1st semester 2018 |
|---|---|---|
| **Basic earnings per share** | 0.08 | 0.35 |

in EUR million

| | 30.06.2019 | 31.12.2018 |
|---|---|---|
| **Total equity** (before shares with non-controlling interests) | 120.9 | 124.1 |
| Equity ratio | 39% | 52% |