

Interim Financial Report

Q3 2018

June 1 – September 30, 2018

Georg Jensen A/S

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Georg Jensen A/S

Statement by Management on the interim report

The Board of Directors and the Executive Board have discussed and approved the interim financial report of Georg Jensen A/S for the period ending 30 September 2018.

The interim financial report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the interim report gives a true and fair view of the financial position of the Company at 30 September 2018 and of the results of the Company's operations and cash flows for the period ending 30 September 2018.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

Copenhagen, 30 November 2018

Executive Board

Francesco Pesci
CEO

Board of Directors

Hazem Ben-Gacem
Chairman

David Ching Chi Chu

Karl Sebastian Inger

Francesco Pesci

Andrea Jayne Davis

Adnan Hadzihasanovic

Inge Andersen

Georg Jensen A/S

Management's Review

Financial highlights for the group

DKK million, except for number of stores	Q3			YTD September			LTM September
	2018	2017	Change	2018	2017	Change	2018
Financial highlights							
Net Sales	243,5	247,5	-2%	661,1	682,0	-3%	1.069,8
FX impact	6,4	3,9		20,2	-1,5		29,4
Net sales at constant FX rates	249,9	251,4	-1%	681,3	680,5	0%	1.099,2
Discontinued operations	-0,4	-7,9		-7,3	-27,6		-17,8
Net sales continuing operations at constant FX	249,5	243,5	2%	673,9	652,9	3%	1.081,4
EBITDA, adjusted	14,9	10,3	44%	-7,9	-19,7	60%	86,6
EBITDA, adjusted from continuing operations							92,1
EBITDA	7,3	5,5	32%	-19,7	-20,7	5%	
EBIT, adjusted	1,9	-3,6	152%	-47,9	-62,4	23%	
EBIT, adjusted from continuing operations							37,9
EBIT	-5,7	-8,4	32%	-59,7	-63,4	6%	
Net debt				340,6	348,1		
Cash flow from operating activities	-31,3	-59,1	47%	-79,2	-142,1	44%	
Total cash flow	-42,9	-66,0	35%	-112,1	-156,8	29%	
Number of stores	101	106		101	106		

Management's Commentary

Net sales growth in the first nine months of 2018 from continuing operations excluding currency impact is 3% with growth coming from all three regions. The sales development is in line with budget and follows management expectations. Sales have been strong in all major product categories lead by the Home product category growing 12%. E-commerce continues its positive development with a growth rate vs. last year of 30% and the channel now makes up 7% of total sales.

EBITDA adjusted September YTD 2018 amounts to DKK -7.9 million vs. DKK -19.7 million September YTD 2017. Development in EBITDA adjusted in the first nine month of 2018 is in line with budget and management expectations. LTM EBITDA adjusted amount to DKK 86.6m vs. DKK 82.0 by the end of June 2018. LTM EBITDA adjusted continuing operation amount to DKK 92.1 vs DKK 91.0 by the end of June.

Cash flow from operating activities September YTD 2018 amounts to DKK -79.2 million vs. DKK -142.1 million September YTD 2017. Improvement in cash flow from operating activities in January to September 2018 amount to DKK 63 million vs. January to September 2017. Cash flow from operations has improved significantly mainly due to improvements in inventory.

Total cash flow in both years was impacted by extraordinary one-time transactions (2018; financing cost of DKK 10.3 million in relation to financing bonds. 2017; Income from key money of DKK 13,9)

Total assets as of September 2018 amounts to DKK 936 million vs. DKK 957 million in September 2017, a reduction of DKK 21 million equal to a 2% reduction. The reduction in asset value is primarily related to improvements in working capital mainly due to positive improvement of DKK 53 million in inventory.

Net debt as of September 2018 is DKK 340.6 million. Leverage ratio as of September 2018 is 3,9x.

Georg Jensen A/S

Income Statement

Q3			YTD	
2018	2017		September 2018	September 2017
DKK million	DKK million		DKK million	DKK million
243,5	247,5	Net sales	661,1	682,0
-76,4	-75,0	Cost of sales	-219,4	-201,6
-17,8	-14,2	Other costs	-33,9	-42,8
149,3	158,3	Gross profit	407,8	437,6
-67,5	-70,9	Personnel costs	-208,2	-218,3
-74,5	-81,9	Other external costs	-219,3	-240,0
7,3	5,5	EBITDA	-19,7	-20,7
-13,0	-13,9	Depreciation & amortisation	-40,0	-42,7
-5,7	-8,4	EBIT	-59,7	-63,4
-5,7	-5,3	Finance items, net	-19,2	-19,6
-11,4	-13,7	Profit before tax	-78,9	-83,0
2,8	44,7	Tax on profit	16,7	41,9
-8,6	31,0	Net Profit for the year	-62,2	-41,1

Georg Jensen A/S

Balance Sheet

	September 2018	September 2017
	DKK million	DKK million
Assets		
Intangible assets	38,8	49,0
Tangible assets	154,6	173,9
Deposits	28,8	29,4
Total non-current assets	222,2	252,3
Inventory	420,3	473,3
Trade receivables	101,4	92,4
Other receivables & prepayments	33,7	34,7
Deferred tax asset	125,9	82,9
Receivable from group enterprises	13,6	9,7
Cash at bank and in hand	19,3	12,1
Total current assets	714,2	705,1
Total assets	936,4	957,4
Equity & Liabilities		
Share capital	139,6	139,6
Share premium	488,3	488,3
Retained earnings	-274,2	-264,4
Total equity	353,7	363,5
Provisions	15,4	16,0
Credit institutions	302,2	178,9
Other liabilities	2,6	2,5
Non-current liabilities	304,8	181,4
Credit institutions	57,7	175,1
Loan from group enterprises	6,9	6,9
Trade liabilities	110,2	117,2
Other liabilities	87,7	97,3
Current Liabilities	262,5	396,5
Total equity & liabilities	936,4	957,4

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Cash Flow Statement

The Group

Q3		YTD	
2018	2017	September 2018	September 2017
DKK million	DKK million	DKK million	DKK million
7,3	5,5	EBITDA	
		-19,7	-34,6
-32,7	-59,6	Changes in working capital	-42,7
			-94,7
-25,5	-54,1	Operating cash flow before financial items and tax	-62,4
			-129,3
-5,7	-4,5	Interest payments and similar (net)	-13,3
-0,3	-0,5	Corporation taxes paid	-3,5
			-3,1
-31,4	-59,1	Cash flow from operating activities	-79,2
			-142,1
-9,5	-11,2	Purchase of tangible & intangible assets	-20,6
-	-	Sale of intangible assets	-
			13,9
9,8	6,9	Other	-0,5
			4,6
0,2	-4,5	Cash flow from Investment activities	-21,1
			-12,3
-1,5	-2,4	Upstream to Group companies	-1,5
-10,3	-	Financing cost	-10,3
			-
-11,8	-2,4	Cash flow from Financing cost	-11,8
			-2,4
-43,0	-66,0	Change in cash and cash equivalents	-112,1
			-156,8

Georg Jensen A/S

Notes

Accounting Policies

The unaudited interim financial report has been prepared in accordance with the Danish Financial Statements Act. The accounting principles applied for preparing the interim financial report are unchanged from the accounting principles applied in the consolidated annual statement for 2017 for Georg Jensen A/S.

The board of Directors and the Executive Board has approved the interim financial report on November 30, 2018.

All numbers are presented in DKK (million).

Adjustment & Normalization of reported result

The adjustments to the results reflect management's normalization of the reported results where one-time items, non-recurring items etc. are excluded in order for the adjusted results to reflect the underlying performance without impact from one-time and non-recurring items.

Cash flow

EBITDA is adjusted for sale of intangibles assets.