

**Interim Financial Report**

**Q4 2018**

**October 1 – December 31, 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 31 December 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 31 December 2018 and of the results of the Company's operations and cash flows for the period ending 31 December 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, 28 February 2019

Executive Board

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Francesco Pesci  
CEO

Board of Directors

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Hazem Ben-Gacem  
Chairman

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David Ching Chi Chu

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Karl Sebastian Inger

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Francesco Pesci

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Andrea Jayne Davis

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Adnan Hadzihasanovic

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Inge Andersen

# Georg Jensen A/S

## Management's Review

### Financial highlights for the group

DKK million, except for number of stores	Q4			YTD December			LTM Dec
	2018	2017	Change	2018	2017	Change	2018
<b>Financial highlights</b>							
Net Sales	379,5	406,6	-7%	1.040,6	1.088,6	-4%	1.040,6
FX impact	9,0	1,0		29,3	-14,9		29,3
<b>Net sales at constant FX rates</b>	<b>388,5</b>	<b>407,6</b>	<b>-5%</b>	<b>1.069,8</b>	<b>1.073,7</b>	<b>0%</b>	<b>1.069,8</b>
Discontinued operations	-1,6	-12,8		-12,5	-44,1		-12,5
<b>Net sales continuing operations at constant FX</b>	<b>386,9</b>	<b>394,8</b>	<b>-2%</b>	<b>1.057,2</b>	<b>1.029,6</b>	<b>3%</b>	<b>1.057,3</b>
<b>EBITDA, adjusted</b>	<b>82,6</b>	<b>94,5</b>	<b>-13%</b>	<b>74,7</b>	<b>74,4</b>	<b>0%</b>	<b>74,7</b>
EBITDA, adjusted from continuing operations							80,4
<b>EBITDA</b>	<b>66,7</b>	<b>65,5</b>	<b>2%</b>	<b>47,0</b>	<b>44,8</b>	<b>5%</b>	
<b>EBIT, adjusted</b>	<b>65,9</b>	<b>67,5</b>	<b>-2%</b>	<b>18,0</b>	<b>5,1</b>	<b>255%</b>	
EBIT, adjusted from continuing operations							35,0
EBIT	50,0	38,6	30%	-9,7	-24,8	61%	
Net debt				231,9	228,5		
Cash flow from operating activities	123,4	135,0	-9%	44,3	-9,8	550%	
Total cash flow	108,5	94,9	14%	136,2	-64,6	311%	
Number of stores	97	106		97	106		

## Management's Commentary on 2018 full year result

Net sales from continuing operations grew at 3% at constant currency. There was strong performance in E-commerce, growing at 28% with the channel now 8% of total sales. Solid performance was seen in both our Wholesale channel and B2B channel both delivering growth. The two main product groups, Home & Jewelry, in total 89 % of total sales, also delivered positive results.

In 2018 we have seen a 4% decrease in our cost base which offset the impact from the lower net sales. The lower cost is a result of a structured approach to reducing cost across all markets, channels and in our corporate functions. Adjusted EBITDA was flat as a result.

Cash flow from operating activities amounts to DKK 44.3m million vs. DKK -9.8 million in 2017. Improvement in cash flow from operating activities of DKK 54.1 million was driven by improvements in net working capital and especially in inventory. Total cash flow in 2018 is impacted by a cash contribution from issuing of a Bond and a repayment of our old facility. The net positive cash flow impact from the refinancing in 2018 is DKK 134,7m. Both 2018 & 2017 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 cash flow ended at DKK 136.2m, an improvement of DKK 201m on 2017.

Total assets by the end of 2018 amounts to DKK 899 million vs. DKK 920 million by the end of 2017, a reduction of DKK 21 million. The reduction in asset value is primarily related to improvements in working capital mainly due to positive improvement of DKK 39 million in inventory.

Net debt end of 2018 is DKK 231.9 million with a leverage ratio end of 2018 of 2,88x

# Georg Jensen A/S

## Income Statement

Q4			YTD	
2018	2017		December 2018	December 2017
DKK million	DKK million		DKK million	DKK million
379,5	406,7	Net sales	1.040,6	1.088,6
-119,5	-138,7	Cost of sales	-338,9	-340,3
-15,5	-30,0	Other cost	-49,4	-72,8
<b>244,5</b>	<b>237,9</b>	<b>Gross Profit</b>	<b>652,3</b>	<b>675,5</b>
-80,1	-74,6	Personnel costs	-288,3	-296,9
-97,7	-97,9	Other external costs	-317,0	-333,9
<b>66,7</b>	<b>65,5</b>	<b>EBITDA</b>	<b>47,0</b>	<b>44,8</b>
-16,7	-26,9	Depreciation & amortization	-56,7	-69,6
<b>50,0</b>	<b>38,6</b>	<b>EBIT</b>	<b>-9,7</b>	<b>-24,8</b>
0,2	-9,3	Finance items, net	-19,0	-28,9
<b>50,2</b>	<b>29,3</b>	<b>Profit before tax</b>	<b>-28,7</b>	<b>-53,7</b>
-24,8	-23,6	Tax on profit	-8,1	18,3
<b>25,4</b>	<b>5,7</b>	<b>Net profit for the year</b>	<b>-36,8</b>	<b>-35,4</b>

# Georg Jensen A/S

## Balance Sheet

	December 2018	December 2017
	DKK million	DKK million
<b>Assets</b>		
Intangible assets	82,3	99,9
Tangible assets	110,4	109,3
Deposits	28,9	28,7
<b>Total non-current assets</b>	<b>221,6</b>	<b>237,9</b>
Inventory	360,7	399,7
Trade receivables	101,1	107,6
Other receivables & prepayments	20,2	30,0
Deferred tax asset	103,9	103,2
Receivable from group enterprises	15,1	11,4
Cash at bank and in hand	76,4	30,3
<b>Total current assets</b>	<b>677,4</b>	<b>682,2</b>
<b>Total assets</b>	<b>899,0</b>	<b>920,1</b>
<b>Equity &amp; Liabilities</b>		
Share capital	139,6	139,6
Share premium	488,3	488,3
Retained earnings	-249,6	-212,5
<b>Total equity</b>	<b>378,3</b>	<b>415,4</b>
<b>Provisions</b>	<b>13,8</b>	<b>13,8</b>
Credit institutions	300,8	106,2
<b>Non-current liabilities</b>	<b>300,8</b>	<b>106,2</b>
Credit institutions	7,5	152,6
Loan from group enterprises	7,4	6,9
Trade liabilities	89,8	101,1
Other liabilities	101,4	124,1
<b>Current Liabilities</b>	<b>206,1</b>	<b>384,7</b>
<b>Total equity &amp; liabilities</b>	<b>899,0</b>	<b>920,1</b>

# Georg Jensen A/S

## Cash Flow Statement

The Group

Q4		YTD	
2018	2017	December 2018	December 2017
DKK Million	DKK Million	DKK Million	DKK Million
66,7	65,5	47,0	28,1
	<b>EBITDA</b>		
62,4	72,4	19,7	-22,3
	Changes in working capital		
129,1	137,9	66,7	5,8
	<b>Operating cash flow before financial items and tax</b>		
-5,7	-2,8	-19,0	-12,5
	Interest payments and similar (net)		
-	-	-3,5	-3,1
	Corporation taxes paid		
123,4	135,0	44,3	-9,8
	<b>Cash flow from operating activities</b>		
-14,2	-13,4	-34,8	-44,1
	Purchase of tangible & intangible assets		
-	0,5	-	14,4
	Sale of intangible assets		
-	-4,1	-0,5	0,5
	Development in financial assets (Deposits)		
-14,2	-16,9	-35,3	-29,2
	<b>Cash flow from Investment activities</b>		
-0,7	-1,5	-2,2	-3,9
	Upstream to group companies		
-	-21,7	-158,3	-21,7
	Development in debt to credit institutions		
-	-	298,0	-
	Bond		
-	-	-10,3	-
	Financing cost		
-0,7	-23,2	127,2	-25,6
	<b>Cash flow from Financing activities</b>		
108,5	94,9	136,2	-64,6
	<b>Change in cash and cash equivalents</b>		

# 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 February 28, 2019.

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 in 2017 is adjusted for sale of intangibles assets

### **Exchange rates**

The exchange rates used when calculating the FX impact on net sales in the financial highlights is a constant rate equal to a fixed rate set when preparing the budget 2018. This rate has been applied to actual numbers for both years and compared with the actual sales for each year calculated with actual exchange rates per year.