



BY APPOINTMENT TO  
HER MAJESTY THE QUEEN OF DENMARK

# GEORG JENSEN

ESTABLISHED 1904

CONSOLIDATED INTERIM FINANCIAL REPORT

H1 2019

January 1 – June 30, 2019

GEORG JENSEN A/S, SDR. FASANVEJ 7, DK-2000 FREDERIKSBERG

COMPANY REG.NO.: 26573645

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# MANAGEMENT'S REVIEW H1 2019

FINANCIAL HIGHLIGHTS		Q2			H1		
DKK million, except for number of stores	2019	2018	Change	2019	2018	Change	
Net Sales	201,6	207,3	-3%	399,2	417,6	-4%	
Closed stores	0,0	-3,0		-0,3	-10,6		
<b>Net sales continuing operations</b>	<b>201,6</b>	<b>204,4</b>	<b>-1%</b>	<b>398,9</b>	<b>407,1</b>	<b>-2%</b>	
<b>EBITDA</b>	<b>6,2</b>	<b>13,9</b>		<b>11,2</b>	<b>23,3</b>		
<b>EBIT</b>	<b>-29,0</b>	<b>-21,6</b>		<b>-60,1</b>	<b>-50,0</b>		
<b>Profit before tax</b>	<b>-34,8</b>	<b>-30,0</b>		<b>-73,1</b>	<b>-70,6</b>		
<b>Profit for the period</b>	<b>-36,6</b>	<b>-15,5</b>		<b>-75,3</b>	<b>-56,7</b>		
Cash flow from operating activities	-21,2	-15,5		-27,6	-2,4		
<b>Total cash flow</b>	<b>4,5</b>	<b>0,7</b>		<b>-5,2</b>	<b>-10,8</b>		
<b>Number of stores</b>	<b>96</b>	<b>102</b>		<b>96</b>	<b>102</b>		

- Adjusted for closed stores revenue was less than 1 % down on previous year in Q1 and down 2% in H2.
- Denmark, the largest market grew 1 %, while North America grew 5 % in the second quarter.
- Both Australia and UK suffered macro-economic challenges and experienced slowdown of 4 % and 11 % respectively in the second quarter.
- E-commerce delivered 22 % growth in the second quarter caused by a strong performance in the jewellery category and had a 32 % growth in H1. This helped the B2C channel achieve broadly flat sales compared to the previous year.
- The Jewellery & Silver Hollowware Category had a stable sales performance in the second quarter.

- Cost of sales was negatively affected by an increase in the Thai Bath exchange rate of approximately DKK 5,1 million in H1. The company's jewellery production is domiciled in Thailand. This has partly been offset by FX hedging recognized in the financial income.
- Staff costs have been reduced compared to last year by DKK 9.4 million whilst investment in marketing has been increased primarily on the digital platforms in H1.
- Earnings before interest, depreciation and amortization (EBITDA) in Q2 was DKK 6.2 million compared to DKK 13,9 million last year. In H1 it was DKK 11,2 million and DKK 23,3 million respectively.
- Profit before tax in Q2 was DKK -34,8 million versus DKK -30,0 million last year. For H1 the result was DKK 73,1 million and DKK -70.6 million in H1 2018. This is in line with normal seasonality, where a high part of the company's income is in the second half of the year.
- NIBD has been reduced to DKK 473,3 million from DKK 558,7 million last year. Last twelve months (LTM) adjusted EBITDA was DKK 146,5 million, hence a leverage of 3,2.
- The revenue outlook for the full year is adjusted to +/- 2 percent.

## MANAGEMENT'S COMMENTARY

The second quarter has delivered satisfactory results in many aspects of the business. The sales decline was isolated to Australia and UK where both countries experienced macroeconomic and political challenges. Being the largest retail market, Australia accounts for the majority of the setback in the second quarter.

The three other major retail markets in APAC – Taiwan, Hong Kong and Japan - have maintained the 2018 sales levels. Denmark - being the largest market - had 1 % growth while North America grew 5 % in Q2.

The E-commerce channel grew by 22 % in the second quarter and 32 % in H1 and continued the good development in omni channel retail. Georg Jensen will continue to invest in digital platforms to ensure that the entire B2C-channel shows growth. The growth in the E-commerce channel was mainly based on Jewellery that was up with 61 % in Q2.

The Jewellery & Silver Hollowware Category had a stable sales performance thanks to strong focus in the retail channel and high growth in the E-commerce channel. The Home Category suffered partly driven by the market in Australia. The Jewellery & Silver Hollowware Category was supported by two strong silver launches in the second quarter. One being the silver master piece The Bed: Georg Jensen teamed up with acclaimed Berlin based artist duo Elmgreen & Dragset for a thought-provoking installation crafted in sterling silver and first shown during The Milan Design Week. The second silver launch was the revival of the lost Georg Jensen design – 270 - from 1918 that was remade in the Copenhagen smithy demonstrating the heritage of our craftsmanship that continues today.

Fixed costs have been reduced compared to last year due to staff reductions but as investment in marketing expenses has been changed overall fixed cost are on par with last year. Earnings before interest, depreciation and amortization (EBITDA) in Q2 was DKK 6.2 million compared to DKK 13,9 million last year. Ongoing cost adjustment and efficiency measures are being implemented to improve the operating leverage of the company.

Cash flow from operating activities before financial items and expenses was DKK -1,5 million in Q2 2019 compared to DKK -9,8 million in Q2 2018. A lower net profit was off-set by better net working capital developments, where especially inventory levels improved being DKK 31,7 million lower than last year.

Net interest bearing debt was reduced from DKK 558,7 million last year to DKK 473,4 million primarily driven by a reduction in lease obligations.

## **First half 2019**

Revenue in the first half of 2019 was DKK 399,2 million compared to DKK 417,6 million last year. Furthermore, the deviation in sales from continuing operations was a drop of 2 %. Gross margin is negatively impacted by the exchange rate development in Thai Bath of DKK 5,1 million. Fixed cost reductions have helped absorb the loss in gross margin. Earnings before interest, depreciation and amortization (EBITDA) shows a decline of DKK 12,1 million from DKK 23,3 million to DKK 11,2 million. Due to lower financial items profit before taxes was DKK -73,1 million in the first half of 2019 which is almost on par with the DKK -70,6 million in the same period in 2018. The seasonality of Georg Jensen's business is such that H1 normally constitutes around 40 % of the total annual revenue.

## **New product launches**

The company introduces new Fusion jewellery design in the third quarter. In its most personal expression yet, Georg Jensen opens the next chapter for its famed and iconic collection – Fusion - with a lighter and more refined expression. The Danish designer Nina Koppel brought a meticulous craft and independent spirit to Georg Jensen when her 'Fusion' design was first presented in 2000. Its flowing wave motif is also the secret behind the interlocking trio of gold bands that makes a complete ring. That original stacking system – where a choice of one to three gold rings could be combined to create as delicate or as bold a look as preferred – proved ahead of its time. The new Fusion pieces, in a host of collectable options, also promise to captivate future generations. Furthermore, Georg Jensen shall launch the Helix collection in the fourth quarter, a five-piece, stainless steel coffee and tea service set. Featuring elegant but memorable silhouettes that clearly prioritize both function and form, the Helix collection represents a clear continuation of Georg Jensen's longstanding mission to craft minimalist, Scandinavian design that is at once exciting and enduring.

## **Outlook**

In the latest quarterly report the company stated the expectations for the full year of 2019, with an increase in revenue of 2-3 percent, and an improved operating profit between DKK 30-40 million yielding a positive result before taxes. Given increased economic uncertainty in Australia, UK and parts of Asia the company revises its turnover guidance to +/- 2 % compared to last year.

# MANAGEMENT STATEMENT

The Board of Directors and Executive Management have reviewed and approved the consolidated interim financial report of Georg Jensen A/S for the period January to June 2019. The consolidated interim financial report has not been audited or reviewed by the company's independent auditors.

The consolidated interim financial report for the period January to June of 2019 has been prepared in accordance with IAS 34 'Interim Financial Reporting'. The accounting policies adopted in the preparation are consistent with those applied in the Annual Report 2018 of Georg Jensen A/S. Furthermore, the consolidated interim financial report for January to June of 2019 and Management's Review are prepared in accordance with additional Danish disclosure requirements for interim reports of listed companies.

In our opinion, the accounting policies used are appropriate and the overall presentation of the consolidated interim financial report for the period January to June of 2019 is adequate. Furthermore, in our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances, of the results for the period and of the consolidated interim financial position of the Group as well as a description of the most significant risks and elements of uncertainty facing the Group in accordance with Danish disclosure requirements for listed companies.

Besides what has been disclosed in the consolidated interim financial report, no changes in the Group's most significant risks and uncertainties have occurred relative to what was disclosed in the consolidated annual report for 2018.

Copenhagen, 28<sup>th</sup> of August 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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Andrea Jayne Davis

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Francesco Pesci

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Karl Sebastian Inger

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Annick Eliane M. Desmecht

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Inge Andersen

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Ida Heiberg Bøttiger

## DISCLAIMER

This company announcement contains forward looking statements, which include estimates of financial performance and targets. These statements are not guarantees of future performance and involve certain risks and uncertainties. Therefore, actual future results and trends may differ from what is forecast in this report due to a variety of factors.

# CONSOLIDATED INCOME AND COMPREHENSIVE INCOME STATEMENT

<b>INCOME STATEMENT</b>	<b>Q2</b>		<b>H1</b>	
<b>DKK million</b>	<b>2019</b>	<b>2018</b>	<b>June 2019</b>	<b>June 2018</b>
Revenue	201,6	207,3	399,2	417,6
Cost of sales	-77,9	-76,5	-153,8	-159,2
<b>Gross profit</b>	<b>123,7</b>	<b>130,8</b>	<b>245,4</b>	<b>258,4</b>
Other external costs	-53,2	-45,9	-103,4	-95,3
Staff costs	-63,9	-70,8	-130,2	-140,6
Other operating income and costs	-0,5	-0,2	-0,7	0,8
<b>Operating profit before depreciation and amortization</b>	<b>6,2</b>	<b>13,9</b>	<b>11,2</b>	<b>23,3</b>
Depreciation, amortization and impairment losses	-35,2	-35,5	-71,3	-73,3
<b>Operating profit</b>	<b>-29,0</b>	<b>-21,6</b>	<b>-60,1</b>	<b>-50,0</b>
Financial income	3,3	3,4	11,3	4,0
Financial costs	-9,1	-11,8	-24,3	-24,6
<b>Profit before tax</b>	<b>-34,8</b>	<b>-30,0</b>	<b>-73,1</b>	<b>-70,6</b>
Tax on profit for the year	-1,8	14,5	-2,2	13,9
<b>Profit for the year</b>	<b>-36,6</b>	<b>-15,5</b>	<b>-75,3</b>	<b>-56,7</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
	<b>Q2</b>		<b>H1</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Profit for the year</b>	<b>-36,6</b>	<b>-15,5</b>	<b>-75,3</b>	<b>-56,7</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<i>Items that will be reclassified to profit or loss</i>				
Adjustment Cash flow hedges	0,0	-0,1	0,0	3,0
Exchange differences on foreign operations	0,0	0,0	1,5	1,7
<b>Other comprehensive income after tax</b>	<b>0,0</b>	<b>-0,1</b>	<b>1,5</b>	<b>4,7</b>
<b>Total comprehensive income for the year</b>	<b>-36,6</b>	<b>-15,6</b>	<b>-73,8</b>	<b>-52,0</b>



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION, ASSETS

DKK million	30/6 2019	30/6 2018	31/12 2018
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets	74,1	89,9	94,3
Tangible assets	276,5	367,8	316,9
Financial Assets	28,9	28,7	28,9
Deferred tax	-	122,3	0,0
<b>Total non-current assets</b>	<b>379,5</b>	<b>608,7</b>	<b>440,1</b>
<b>CURRENT ASSETS</b>			
Inventories	376,5	408,2	360,7
Trade receivables	70,6	55,4	101,1
Other receivables	5,4	6,8	5,9
Receivable from group enterprises	18,0	11,7	14,9
Prepayments	20,8	25,9	19,6
Cash and cash equivalents	25,4	19,8	76,4
<b>Total current assets</b>	<b>516,7</b>	<b>527,8</b>	<b>578,7</b>
<b>TOTAL ASSETS</b>	<b>896,3</b>	<b>1.136,5</b>	<b>1.018,8</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION, LIABILITIES

DKK million	30/6 2019	30/6 2018	31/12 2018
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	139,6	139,6	139,6
Share premium	488,3	488,3	488,3
Hedging reserve	0,7	0,7	0,7
Translation reserve	-3,4	-1,6	-4,9
Retained earnings	-442,0	-276,7	-366,7
<b>Total equity</b>	<b>183,2</b>	<b>350,3</b>	<b>257,0</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Bond	298,0	298,0	298,0
Credit institutions	2,8	4,2	2,8
Lease liabilities	110,6	189,4	151,5
Provisions	13,6	9,8	12,9
Deferred tax	1,9	2,6	2,6
Retirement benefit obligation	6,6	4,9	6,6
<b>Total non-current liabilities</b>	<b>433,5</b>	<b>508,9</b>	<b>474,4</b>
<b>CURRENT LIABILITIES</b>			
Credit institutions	24,9	15,3	7,6
Trade Payables	77,4	90,9	89,8
Other Payables	87,3	78,6	99,8
Payable to group enterprises	6,1	6,9	7,4
Lease liabilities	77,2	80,6	77,2
Tax payables	3,7	2,0	2,6
Provisions	3,0	3,0	3,0
<b>Total current liabilities</b>	<b>279,6</b>	<b>277,3</b>	<b>287,4</b>
<b>Total liabilities</b>	<b>713,1</b>	<b>786,2</b>	<b>761,8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>896,3</b>	<b>1.136,5</b>	<b>1.018,8</b>

# CONSOLIDATED CASH FLOW STATEMENT

<b>CASH FLOW STATEMENT</b>	<b>Q2</b>		<b>H1</b>	
<b>DKK million</b>	<b>2019</b>	<b>2018</b>	<b>June 2019</b>	<b>June 2018</b>
Net profit for the period	-36,6	-15,5	-75,3	-56,7
Non-cash items	42,8	29,5	86,5	80,0
Change in working capital	-7,8	-23,6	-13,9	-14,9
<b>Cash flows from operating activities before financial income and expenses</b>	<b>-1,5</b>	<b>-9,7</b>	<b>-2,7</b>	<b>8,4</b>
Financial cost, paid	-5,1	-2,6	-10,2	-7,6
Financial income, received	0,0	0,0	0,0	0,0
<b>Cash flows from ordinary activities</b>	<b>-6,6</b>	<b>-12,3</b>	<b>-12,9</b>	<b>0,7</b>
Income taxes paid	-1,8	-3,2	-1,9	-3,2
<b>Net cash flow from operating activities</b>	<b>-8,4</b>	<b>-15,5</b>	<b>-14,8</b>	<b>-2,4</b>
Purchase of intangible assets	-4,1	0,0	-5,4	0,0
Purchase of property, plant and equipment	0,0	-2,8	-2,6	-7,6
Sale of fixed asset investments etc.	0,0	0,0	0,4	0,0
Change in other financial assets	-0,1	0,0	-0,8	-3,9
<b>Net cash flow from investing activities</b>	<b>-4,2</b>	<b>-2,8</b>	<b>-8,4</b>	<b>-11,5</b>
Issued bond	0,0	298,0	0,0	298,0
Changes in credit institutions	42,2	-96,3	66,7	-87,0
Repayment of loans from credit institutions	0,0	-157,7	0,0	-157,7
Repayment of lease liabilities	-22,6	-25,0	-46,2	-50,2
Upstream to Group companies	-2,5	0,0	-2,5	0,0
<b>Cash flow from financing activities</b>	<b>17,1</b>	<b>19,0</b>	<b>18,0</b>	<b>3,1</b>
Net cash flow for the period	4,5	0,7	-5,2	-10,8
Cash and cash equivalents, beginning of the period	24,7	18,8	34,4	30,3
Currency adjustment of cash and cash equivalents	0,0	0,0	0,0	0,0
<b>Cash and cash equivalents, end of the period</b>	<b>29,2</b>	<b>19,5</b>	<b>29,2</b>	<b>19,5</b>

# STATEMENT OF CHANGES IN EQUITY

## H1 2019

DKK million	Share capital	Share premium	Reserve for hedging transaction	Translation reserve	Retained earnings	Total Equity
<b>Balance at the beginning of the period</b>	<b>139,6</b>	<b>488,3</b>	<b>0,7</b>	<b>-4,9</b>	<b>-366,7</b>	<b>257,0</b>
Profit for the period	0,0	0,0	0,0	0,0	-75,3	-75,3
<i>Other comprehensive income</i>						
Exchange adjustment	0,0	0,0	0,0	1,5	0,0	1,5
<b>Balance at the end of the period</b>	<b>139,6</b>	<b>488,3</b>	<b>0,7</b>	<b>-3,4</b>	<b>-442,0</b>	<b>183,2</b>

## H1 2018

DKK million	Share capital	Share premium	Reserve for hedging transaction	Translation reserve	Retained earnings	Total Equity
<b>Balance at the beginning of the period</b>	<b>139,6</b>	<b>488,3</b>	<b>0,7</b>	<b>-6,4</b>	<b>-219,9</b>	<b>402,3</b>
Profit for the period	0,0	0,0	0,0	0,0	-56,7	-56,7
<i>Other comprehensive income</i>						
Adjustment cash flow hedges	0,0	0,0	0,0	3,0	0,0	3,0
Exchange adjustment	0,0	0,0	0,0	1,7	0,0	1,7
<b>Balance at the end of the period</b>	<b>139,6</b>	<b>488,3</b>	<b>0,7</b>	<b>-1,7</b>	<b>-276,6</b>	<b>350,3</b>

# NOTES

## 1 ACCOUNTING POLICIES

The unaudited consolidated interim financial statements for the period January to June of 2019 have been prepared in accordance with IAS 34 'Interim Financial Reporting'. The accounting policies and significant accounting estimates adopted in the preparation are consistent with those applied in the Annual Report 2018 of Georg Jensen A/S.

Furthermore, the consolidated interim financial report including the consolidated financial statements for the period January to June of 2019 and Management's review have been prepared in accordance with additional Danish disclosure requirements for interim reports of listed companies.

## 2 SEGMENT INFORMATION

### Q2 2019

DKK million	Europe	APAC	North America	Other	Total
Total revenue	98,6	89,9	12,2	1,0	201,6
<b>Gross Profit</b>	37,6	52,1	5,1	28,9	123,7
OPEX	24,3	44,1	6,1	43,0	117,6
<b>EBITDA</b>	<b>13,2</b>	<b>8,0</b>	<b>-1,0</b>	<b>-14,1</b>	<b>6,2</b>
Amortizations & depreciations					-35,2
<b>EBIT</b>					<b>-29,0</b>
Financial income					3,3
Financial expenses					-9,1
<b>Profit before tax</b>					<b>-34,8</b>

### H1 2019

DKK million	Europe	APAC	North America	Other	Total
Total revenue	200,0	173,4	24,4	1,4	399,2
<b>Gross Profit</b>	69,3	98,7	10,0	67,4	245,4
OPEX	48,4	83,8	12,0	90,0	234,2
<b>EBITDA</b>	<b>20,9</b>	<b>14,9</b>	<b>-2,0</b>	<b>-22,6</b>	<b>11,2</b>
Amortizations & depreciations					-71,3
<b>EBIT</b>					<b>-60,1</b>
Financial income					11,3
Financial expenses					-24,3
<b>Profit before tax</b>					<b>-73,1</b>

**Q2 2018**

<b>DKK million</b>	<b>Europe</b>	<b>APAC</b>	<b>North America</b>	<b>Other</b>	<b>Total</b>
Total revenue	107,7	89,9	10,1	0,6	207,3
<b>Gross Profit</b>	41,5	50,5	4,4	34,4	130,8
OPEX	25,0	40,3	4,6	47,1	116,9
<b>EBITDA</b>	<b>16,5</b>	<b>10,2</b>	<b>-0,2</b>	<b>-12,7</b>	<b>13,9</b>
Amortizations & depreciations					-35,5
<b>EBIT</b>					<b>-21,6</b>
Financial income					3,4
Financial expenses					-11,8
<b>Profit before tax</b>					<b>-30,0</b>

**H1 2018**

<b>DKK million</b>	<b>Europe</b>	<b>APAC</b>	<b>North America</b>	<b>Other</b>	<b>Total</b>
Total revenue	213,3	182,5	20,6	1,2	417,6
<b>Gross Profit</b>	75,0	104,4	9,0	70,0	258,4
OPEX	52,2	82,1	9,9	90,9	235,1
<b>EBITDA</b>	<b>22,8</b>	<b>22,2</b>	<b>-0,8</b>	<b>-20,9</b>	<b>23,3</b>
Amortizations & depreciations					-73,3
<b>EBIT</b>					<b>-50,0</b>
Financial income					4,0
Financial expenses					-24,6
<b>Profit before tax</b>					<b>-70,6</b>

**3 REVENUE**

<b>PRIMARY SALES CHANNELS</b>	<b>Q2 2019</b>	<b>H1 2019</b>
B2B	68,0	144,6
B2C	126,5	244,7
Other	7,1	9,9
<b>Total</b>	<b>201,6</b>	<b>399,2</b>

<b>PRIMARY PRODUCT LINES</b>	<b>Q2 2019</b>	<b>H1 2019</b>
Jewelry	111,6	214,8
Home	65,4	141,1
Other	24,6	43,3
<b>Total</b>	<b>201,6</b>	<b>399,2</b>

<b>PRIMARY SALES CHANNELS</b>	<b>Q2 2018</b>	<b>H1 2018</b>
B2B	77,2	157,3
B2C	128,5	254,0
Other	1,6	6,3
<b>Total</b>	<b>207,3</b>	<b>417,6</b>

<b>PRIMARY PRODUCT LINES</b>	<b>Q2 2018</b>	<b>H1 2018</b>
Jewelry	110,3	218,6
Home	70,8	144,8
Other	26,2	54,2
<b>Total</b>	<b>207,3</b>	<b>417,6</b>

#### 4 NET INTEREST-BEARING DEBT

<b>DKK million</b>	<b>30/6 2019</b>	<b>30/6 2018</b>	<b>31/12 2018</b>
<b>Net interest-bearing debt comprises:</b>			
Credit institutions (current)	24,9	15,3	7,6
Payable to group enterprises	6,1	6,9	7,4
Lease liabilities	187,8	270,0	228,7
Issued bond	298,0	298,0	298,0
<b>Gross interest-bearing debt</b>	<b>516,8</b>	<b>590,2</b>	<b>541,7</b>
Receivable from group enterprises	-18,0	-11,7	-14,9
Cash and cash equivalents	-25,4	-19,8	-76,4
<b>Gross interest-bearing receivables</b>	<b>-43,4</b>	<b>-31,5</b>	<b>-91,3</b>
<b>Net interest-bearing debt</b>	<b>473,4</b>	<b>558,7</b>	<b>450,4</b>

See note 10.3 in the annual report for in depth description on financial risks.

#### 5 EVENTS AFTER THE REPORTING PERIOD

Subsequent to the balance sheet date, no other events that could significantly affect the consolidated interim financial statements as of 30 June 2019 have occurred.