

**Interim Financial Report**

**Q2 2018**

**April 1 – June 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 June 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 June 2018 and of the results of the Company's operations and cash flows for the period ending 30 June 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, 27 August 2018

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 Hadzihanovic

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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	Q2			YTD June			LTM June
	2018	2017	Change	2018	2017	Change	2018
<b>Financial highlights</b>							
Net Sales	210,0	224,8	-7%	417,6	434,4	-4%	1.073,8
FX impact	6,4	-1,1		13,8	-5,4		26,9
<b>Net sales at constant FX rates</b>	<b>216,4</b>	<b>223,7</b>	<b>-3%</b>	<b>431,4</b>	<b>429,0</b>	<b>1%</b>	<b>1.100,7</b>
Discontinued operations	-0,3	-7,8		-5,3	-17,9		-20,3
<b>Net sales continuing operations at constant FX</b>	<b>216,1</b>	<b>215,9</b>	<b>0%</b>	<b>426,1</b>	<b>411,1</b>	<b>4%</b>	<b>1.080,4</b>
EBITDA excl. special items	-9,9	-6,3	-59%	-22,7	-30,1	24%	91,0
EBIT excl. special items	-22,4	-20,8	-8%	-49,8	-58,9	15%	
EBIT excl. special items continuing operations							38,4
Net debt				297,7	275,5		
Cash flow from operating activities	-29,0	-46,3		-47,8	-83,1	42%	
Total cash flow	-45,9	-60,7		-69,2	-90,9	24%	
Number of stores	102	107		102	107		

## Management's Commentary

Net sales growth in the first six months of 2018 from continuing operations excluding currency impact is 3.6% 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 9%. E-commerce continues its positive development with a growth rate vs. last year of 28% and the channel now makes up 7% of total sales.

EBITDA excluding special items June YTD 2018 amounts to DKK -22.7 million vs. DKK -30.1 million June YTD 2017. An improvement of 25%. Development in EBITDA excluding special items in the first half of 2018 is ahead of budget and management expectations. LTM EBITDA excluding special items amount to DKK 91m and is ahead of management expectations and budget for full year 2018.

Cash flow from operating activities June YTD 2018 amounts to DKK -47.8 million vs. DKK -83.1 million June YTD 2017. Improvement in cash flow from operating activities in January to June 2018 amount to DKK 35 million or 42% vs. January to June 2017.

Total assets as of June 2018 amounts to DKK 874 million vs. DKK 939 million in June 2017, a reduction of DKK 65 million equal to a 7% reduction. The reduction in asset value is primarily related to improvements in working capital and especially improvements in inventory and receivables.

Net debt as of June 2018 is DKK 298 million. Leverage ratio as of June 2018 is 3,3x and is in line with expectations.

# Georg Jensen A/S

## Income Statement

Q2			YTD	
2018	2017		June 2018	June 2017
DKK million	DKK million		DKK million	DKK million
210,0	224,8	Net sales	417,6	434,4
-69,1	-63,0	Cost of sales	-142,9	-126,6
-8,3	-16,2	Other costs	-16,3	-28,5
<b>132,6</b>	<b>145,6</b>	<b>Gross profit</b>	<b>258,4</b>	<b>279,3</b>
-71,4	-74,8	Personnel costs	-140,6	-147,4
-71,1	-77,1	Other external costs	-140,5	-162,0
<b>-9,9</b>	<b>-6,3</b>	<b>EBITDA excl. special items</b>	<b>-22,7</b>	<b>-30,1</b>
-12,5	-14,5	Depreciation & amortisation	-27,1	-28,8
<b>-22,4</b>	<b>-20,8</b>	<b>EBIT excl. special items</b>	<b>-49,8</b>	<b>-58,9</b>
-1,1	-7,2	Special items	-4,2	3,9
<b>-23,5</b>	<b>-28,0</b>	<b>EBIT incl. special items</b>	<b>-54,0</b>	<b>-55,0</b>
-4,9	-9,0	Finance items, net	-13,5	-14,4
<b>-28,4</b>	<b>-37,0</b>	<b>Profit before tax</b>	<b>-67,5</b>	<b>-69,4</b>
5,8	5,2	Tax on profit	13,9	12,4
<b>-22,6</b>	<b>-31,8</b>	<b>Profit before tax</b>	<b>-53,6</b>	<b>-57,0</b>

# Georg Jensen A/S

## Balance Sheet

	June 2018	June 2017
	DKK million	DKK million
<b>Assets</b>		
Intangible assets	89,9	94,3
Tangible assets	104,8	132,4
Deposits	28,7	32,7
<b>Total non-current assets</b>	<b>223,4</b>	<b>259,4</b>
Inventory	408,2	439,7
Trade receivables	55,4	68,1
Other receivables & prepayments	32,7	47,5
Deferred tax asset	122,3	93,4
Receivable from group enterprises	11,7	9,1
Cash at bank and in hand	19,8	21,8
<b>Total current assets</b>	<b>650,1</b>	<b>679,6</b>
<b>Total assets</b>	<b>873,5</b>	<b>939,0</b>
<b>Equity &amp; Liabilities</b>		
Share capital	139,6	139,6
Share premium	488,3	488,3
Retained earnings	-265,3	-231,9
<b>Total equity</b>	<b>362,6</b>	<b>396,0</b>
<b>Provisions</b>	<b>15,0</b>	<b>7,7</b>
Credit institutions	302,2	178,9
<b>Non-current liabilities</b>	<b>302,2</b>	<b>178,9</b>
Credit institutions	15,3	118,4
Loan from group enterprises	6,9	6,9
Trade liabilities	90,9	143,3
Other liabilities	80,6	87,8
<b>Current Liabilities</b>	<b>193,7</b>	<b>356,4</b>
<b>Total equity &amp; liabilities</b>	<b>873,5</b>	<b>939,0</b>

# Georg Jensen A/S

## Cash Flow Statement

### The Group

Q2			YTD	
2018	2017		June 2018	June 2017
DKK million	DKK million		DKK million	DKK million
-9,9	-6,3	EBITDA excl. special items	-22,7	-30,1
-1,1	-7,2	Special items excl. Sale of intangible	-4,2	-10,1
<b>-11,0</b>	<b>-13,5</b>	<b>EBITDA incl. special items</b>	<b>-26,9</b>	<b>-40,2</b>
-12,2	-29,0	Changes in working capital	-10,1	-35,1
<b>-23,2</b>	<b>-42,5</b>	<b>Operating cash flow before financial items and tax</b>	<b>-37,0</b>	<b>-75,3</b>
-2,6	-1,7	Interest payments and similar (net)	-7,6	-5,2
-3,2	-2,1	Corporation taxes paid	-3,2	-2,6
<b>-29,0</b>	<b>-46,3</b>	<b>Cash flow from operating activities</b>	<b>-47,8</b>	<b>-83,1</b>
-6,6	-11,8	Purchase of tangible & intangible assets	-11,1	-19,6
-	-	Sale of intangible assets	-	14,0
-10,3	-2,6	Other	-10,3	-2,2
<b>-16,9</b>	<b>-14,4</b>	<b>Cash flow from Investment activities</b>	<b>-21,4</b>	<b>-7,8</b>
<b>-45,9</b>	<b>-60,7</b>	<b>Change in cash and cash equivalents</b>	<b>-69,2</b>	<b>-90,9</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 August 27, 2018.

All numbers is presented in DKK (million)