LALIQUE
GROUP

MEDIA RELEASE

Annual results for 2016

## Lalique Group announces 2016 annual results

*Zurich, 29 March 2017* - **In the 2016 financial year, Lalique Group SA (BX: LLQ), which is active in the creation, development, marketing and worldwide distribution of luxury goods, faced a challenging market environment and higher costs arising from expansion of its business. In addition, the Group recorded an extraordinary impairment of EUR 1.7 million in the annual financial statements for 2016. Operating revenue decreased by 2% year on year to EUR 123.6 million. The Group result came in at EUR 1.0 million, compared with EUR 8.5 million in 2015.**

As announced in February 2017, Lalique Group suffered a surprising setback before the court of first instance in a legal case it is pursuing in France to enforce a claim for compensation against a former legal advisor. Lalique Group has appealed this ruling to the next higher court; nonetheless, the company decided, on the basis of the precautionary principle, to record an extraordinary impairment in the amount of EUR 1.7 million in the 2016 financial statements in connection with the recognised receivable.

The entire luxury goods sector – Lalique Group included – faced a challenging market environment in 2016. Operating revenue decreased by 2% year on year from EUR 126.5 million to EUR 123.6 million. Personnel costs increased by 9% to EUR 28.9 million and other operating expenses rose by 3% to EUR 30.9 million. The operating result (EBIT) amounted to EUR 3.6 million, 69% lower year on year. The Group result came in at EUR 1.0 million, compared with EUR 8.5 million in 2015.

In the reporting year, the Lalique segment posted an uneven performance in its various business areas. The Lalique Parfums business recorded a pleasing result and generated healthy growth, in most of its principal markets, particularly in the fourth quarter. Sales of Lalique Parfums also developed positively in the travel retail sector. The hospitality and gastronomy activities can look back on a successful year. The newly established luxury hotel Villa René Lalique in Wingen-sur-Moder in Alsace exceeded expectations in terms of revenue. By contrast, the crystal and interior design business reported lower sales. Business in the French boutiques, for example, was significantly affected by the decline in tourism due to a prevailing mood of anxiety concerning the terrorist threat. Sales in China and the Middle East also declined owing to the difficult local conditions. In the crystal and interior design business large-scale special commissions from Asian customers had to be postponed at short notice until the year 2017, while a co-branding project was significantly cut back, after making good progress in the previous year.

Overall sales in the Lalique segment reached EUR 81.0 million, 6% down on the previous year. By contrast, costs increased by 4% overall. This was due in particular to the impairment booked in connection with the above-mentioned court case, as well as the higher depreciation allowance related to capital expenditure. The rise in costs was also attributable to the luxury hotel Villa René Lalique, whose operating expenses were booked on a full-year basis for the first time in 2016, reflected particularly in the overall increase of 7% in personnel costs. As a result the segment recorded a negative EBIT of EUR minus 2.5 million.

In the reporting year the Ultrasun segment was able to increase sales in local currencies in almost all markets, but generated only a modest overall improvement of 3% to EUR 10.9 million. This was mainly due to currency effects from the devaluation of the pound sterling following the Brexit referendum. On an 8% rise in costs, mainly due to more intensive marketing efforts in local markets, the operating result (EBIT) fell by 30% to EUR 1.2 million. Ultrasun's new product line with the "Sensitive Skin" formula and the new alpine suncare line were well received in the market. The various markets served by the segment, the Middle East – following the recent market entry – and Europe, as well as the online sales platform, recorded a particularly gratifying performance. The Ultrasun segment is targeting further growth, with the opening up of China, Japan, Tunisia and other new markets planned for 2017.

In the other segments, Jaguar reported an 18% rise in sales with very good results in all its important markets, particularly in Europe and the Middle East. Sales of Grès brand perfumes in 2016 showed a year-on-year decline of 11%, attributable to the continuing high level of inventories in the USA. The other brands posted an overall increase in sales in 2016. Bentley reported modest sales growth (up 1%), while Samouraï, one of Lalique Group's very first brands, recorded a slight decrease (down 1%); however this downtrend was more than compensated for by a significant margin improvement.

The perfume filling and logistics operation Art & Fragrance Services (AFS), which has had ISO 22716 certification since the beginning of 2016, can look back on a successful year. In addition to the new semi-automated production line, which has been in operation since September 2016, storage capacity will be doubled as of July 2017 thanks to an extension of its logistics centre which is currently under construction. Art & Fragrance Distribution (AFD), the young perfume distribution company for the French market, is still undergoing development and has good growth prospects for 2017.

## Dividend

The Board of Directors proposes, subject to the approval of the General Meeting of Shareholders to be held on 23 June 2017, an unchanged dividend distribution of CHF 0.50 per share for the financial year 2016. As in the previous year, Silvio Denz, Chairman of the Board of Directors and principal shareholder, intends to forgo payment of the dividend, as a result of which the related funds will remain at Lalique Group's disposal for use as growth capital for the expansion of the Group's activities.

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## Outlook

The Group made a good start to the 2017 business year, reporting positive developments in the first few months of the year. The company's business model is based on diversification in terms of both products and regions, and Lalique Group will continue to pursue this strategy consistently.

Although the luxury goods industry is likely to continue facing a challenging business environment, Lalique Group looks to the future with confidence. The strategic partnership with Singapore Airlines (SIA), announced in early 2017, is a very positive step in the right direction. As part of this partnership, Singapore Airlines will offer selected Lalique products exclusively to passengers in its suites and first class cabins, further enhancing the image of the Lalique brand. It is planned to launch this service at the beginning of 2018. Lalique Group is also in the final phase of negotiations to extend its perfume licensing agreements with its current partners Bentley Motors and Jaguar Land Rover.

Roger von der Weid, CEO Lalique Group: “Despite various external factors which have had a negative impact on the 2016 business year, we see a positive picture as far as our future growth prospects are concerned. Our diversified business model gives us an advantage, and in recent months we were also able to broaden our investor base through the addition of strategic shareholders with a long-term orientation. The funds invested will be committed entirely to the Group’s growth. As a result, we are in a strong position, also on a long-term basis, to invest in new markets and push ahead with developing the business.”


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## Lalique Group SA

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. Founded in 2000, the company employs approx. 600 staff and has its headquarters in Zurich. The registered shares of Lalique Group SA (LLQ) are listed on the BX Berne eXchange.

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

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## Development of key figures for Lalique Group

In millions EUR

| | 2016 | 2015 |
|---|---|---|
| **Operating revenue** | 123.6 | 126.5 |
| **Gross profit** | 70.3 | 74.5 |
| Salaries and wages | -28.9 | -26.5 |
| Other operating expenses | -30.9 | -30.1 |
| **EBITDA** | 10.6 | 17.9 |
| **EBIT** | 3.6 | 11.5 |
| EBIT margin | 2.9% | 9.1% |
| Financial result | -1.6 | -1.9 |
| **Net Group result** | 1.0 | 8.5 |

In EUR

| | | |
|---|---|---|
| **Earnings per share** | 0.39 | 1.73 |

In millions EUR

| | 31.12.2016 | 31.12.2015 |
|---|---|---|
| **Total equity**<br>**(before shares with non-controlling interests)** | 89.3 | 77.6 |
| Equity ratio | 41.5% | 35.1% |

The complete consolidated financial statements for the year 2016 will be available at www.lalique-group.com from mid-April 2017.