

L'AZURDE



Presentation Results Q4 2018

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Agenda

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Executive Summary

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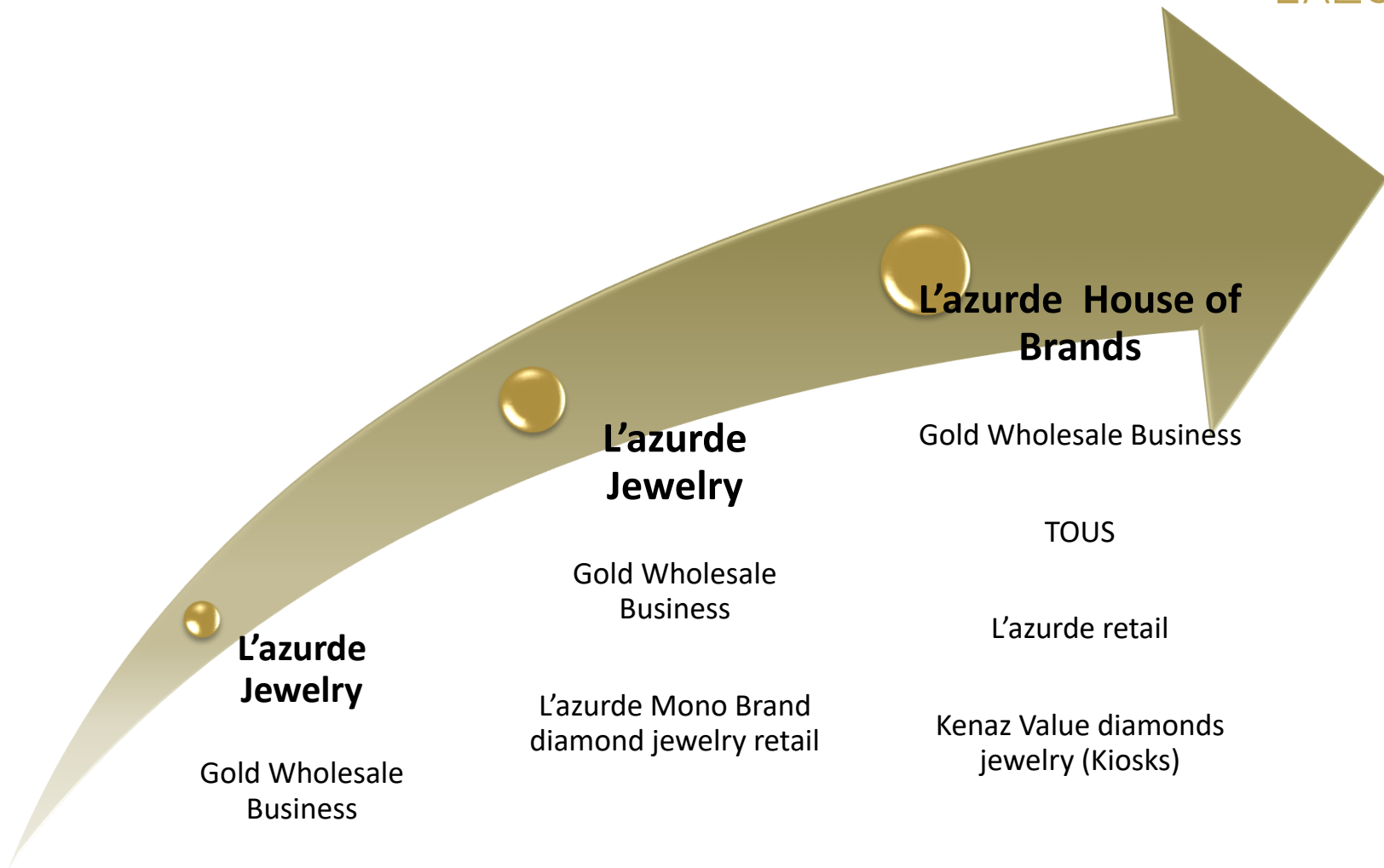
Q4 Revenues were 33.3% higher than same quarter of LY: Egypt's revenues continued to perform strongly with growth of 51.4% in the wholesale channel and 142% in retail channel due to the successful opening of new outlet. In KSA, wholesale revenues increased by 35.3% and KSA's retail revenues increased by 6.0% mainly due to consolidation of revenues of the recently acquired franchise business of Tous which was acquired at the end of October 2018.

2018 Revenues were 14.4% higher than 2017: Egypt's revenues continued to perform strongly with a growth of 51.2% in the wholesale due to a successful advertising campaign and positive recovery in the economy. Egypt's retail revenues more than doubled in size with a growth rate of 154.1% compared to last year due to the same reasons mentioned above in addition to the successful opening of 4 new shops. In KSA, wholesale revenues declined by 10.9% mainly due to the introduction of VAT which affected the industry especially in the first quarter of 2018. On the other hand, retail revenues increased by 1.7% due to consolidating two months of revenues of the recently acquired franchise business of Tous which was consolidated at the end of October 2018.

Net profit for the year amounted to SAR 17.7 million, a decrease of 44.0% compared to SAR 31.5 million of net profit for the last year. The decrease was due to higher expenses in the current year which included the results of two months of Tous acquisition and several one-off costs like the acquisition due diligence and restructuring and training of the work force. Excluding these one-off costs, the net profit of the group for the year would be SAR 23.1 million, a decrease of 27.0% compared to the last year.

L'azurde Business Model Evolution

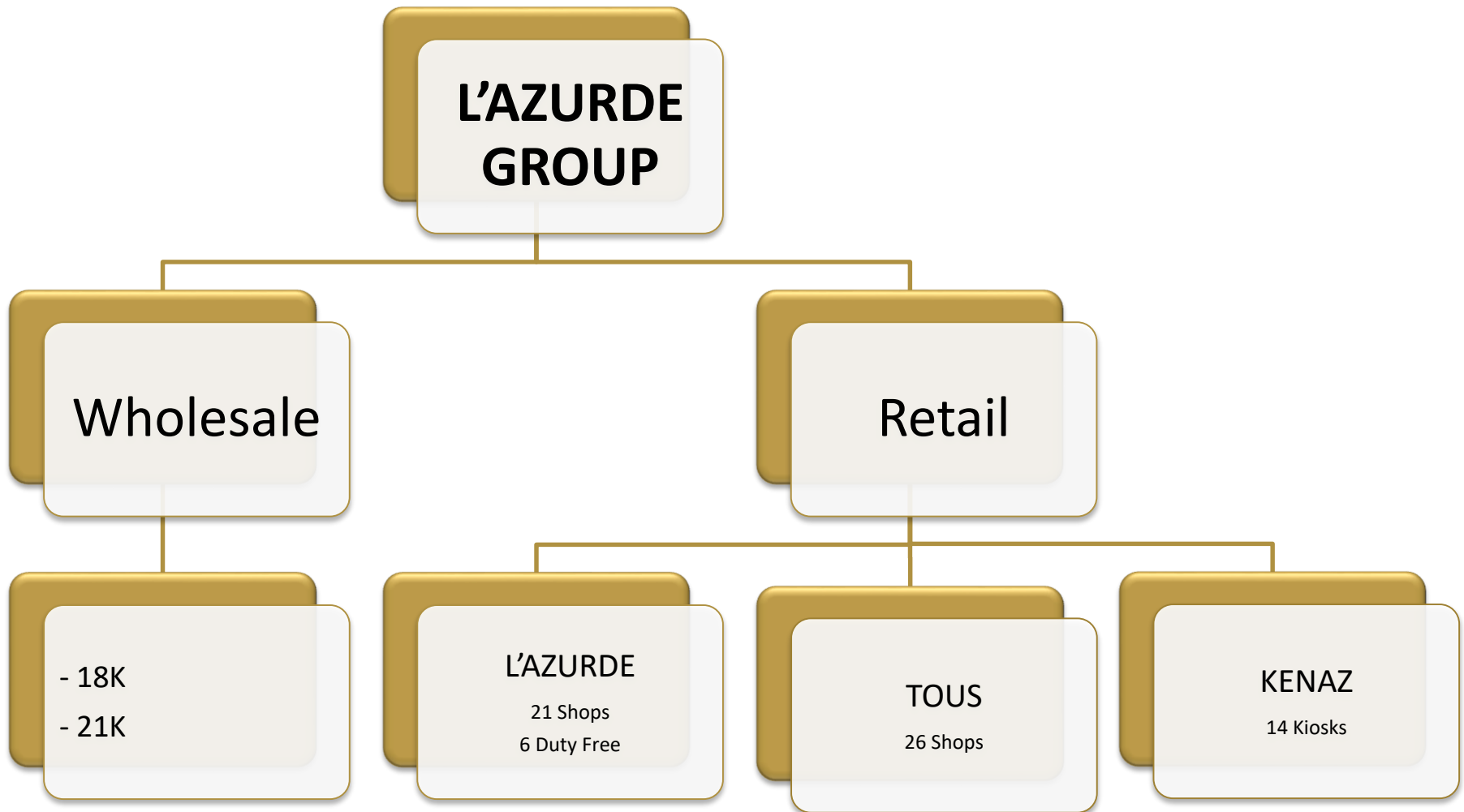
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L'azurde Business Model Evolution

L'azurde Group: House of Brands

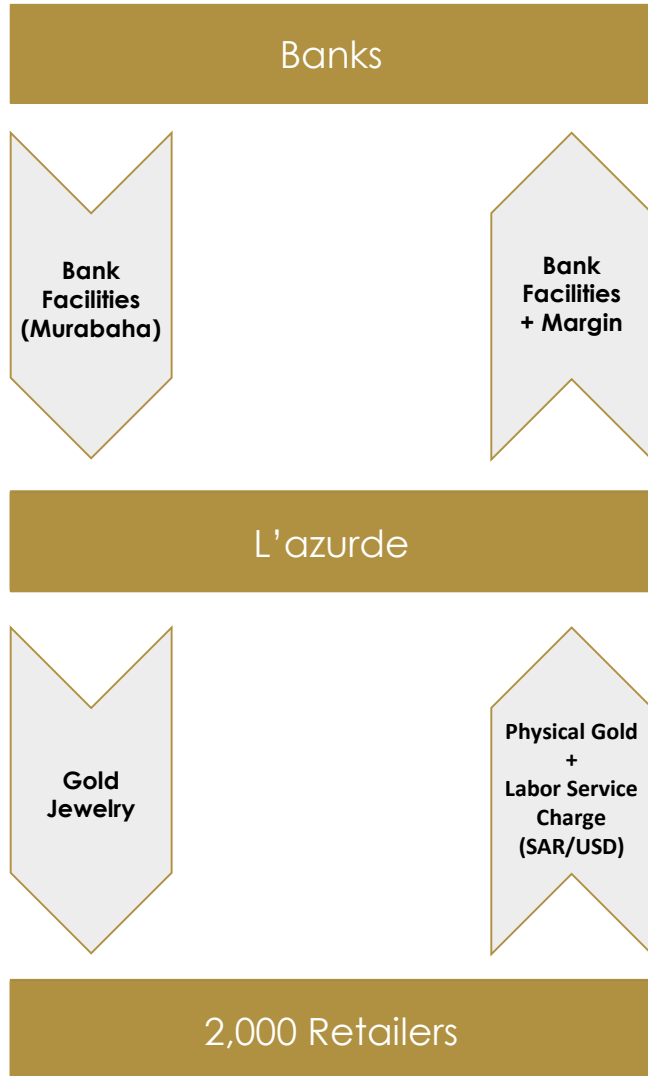
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Wholesale Business Model

Gold Jewelry Wholesale Business Model

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Value Creation at L'azurde:

- Creating great Gold jewelry products (Design, technology, value offering, innovation,...)
- Brand marketing
- Revenues = LSC (Labor Service Charge) + Stones Profits

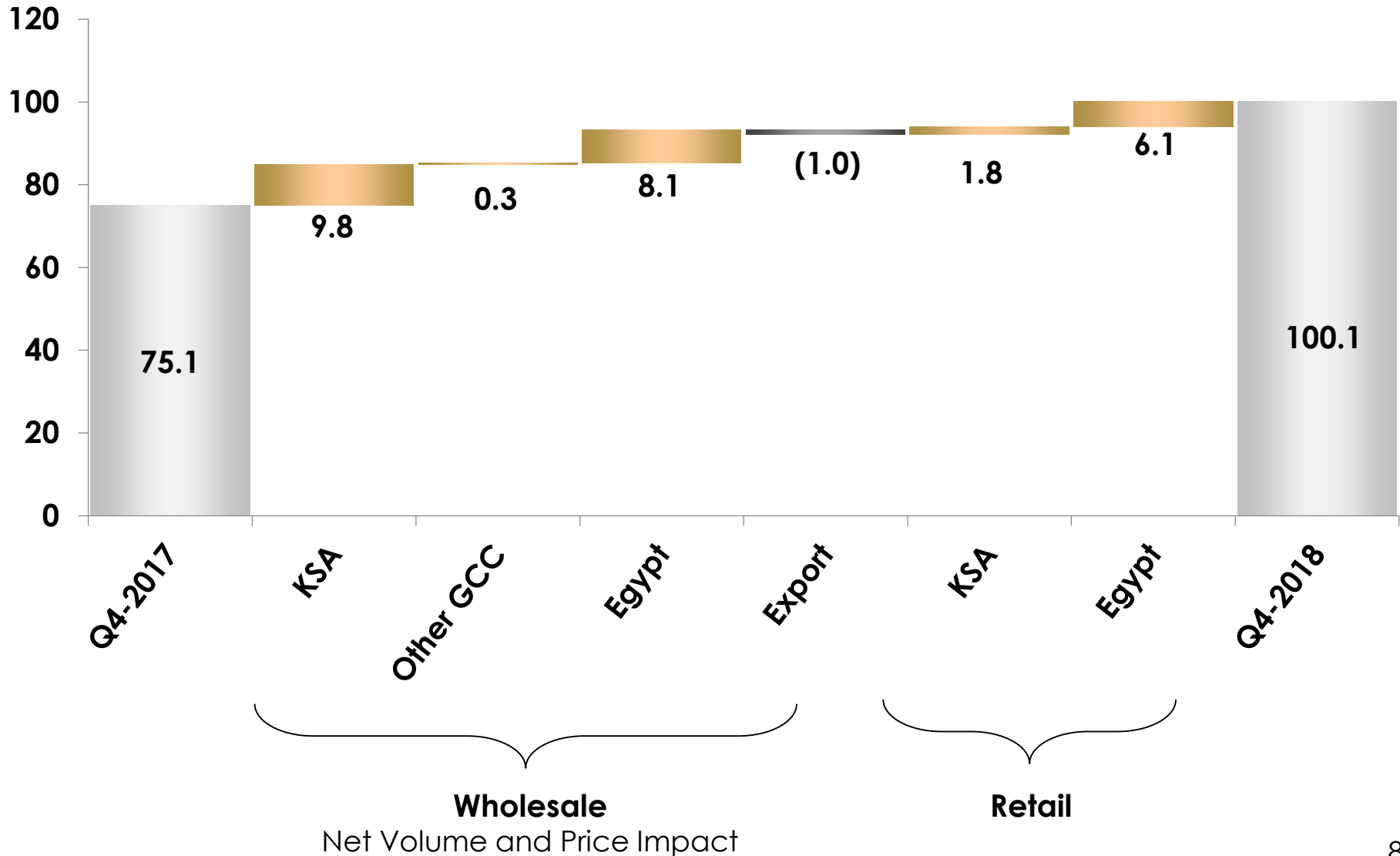
Retailers pay L'azurde:

- Physical Gold + Labor Service Charge

L'azurde takes no position on Gold

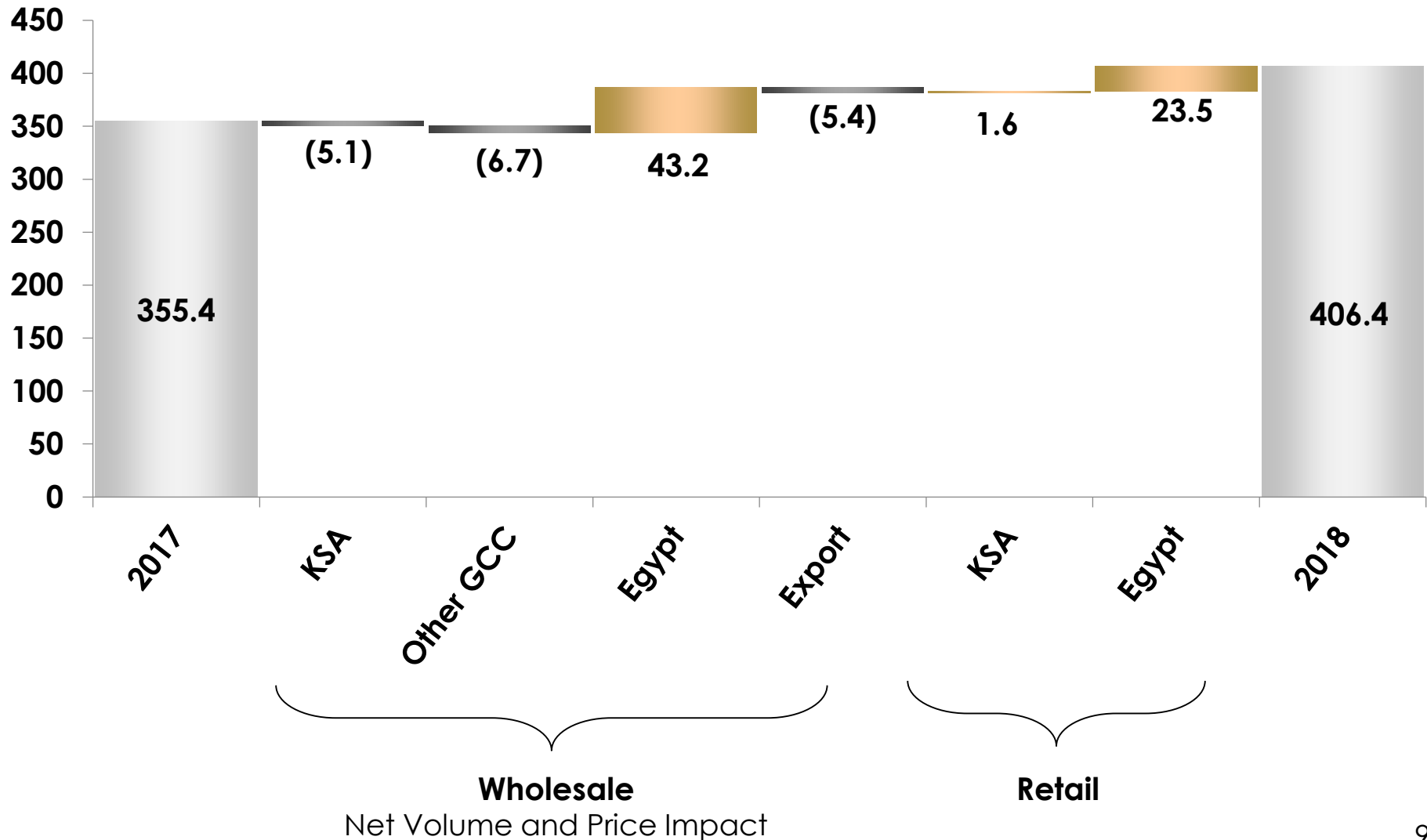
Revenues Variance – Q4 2018 (Million SAR)

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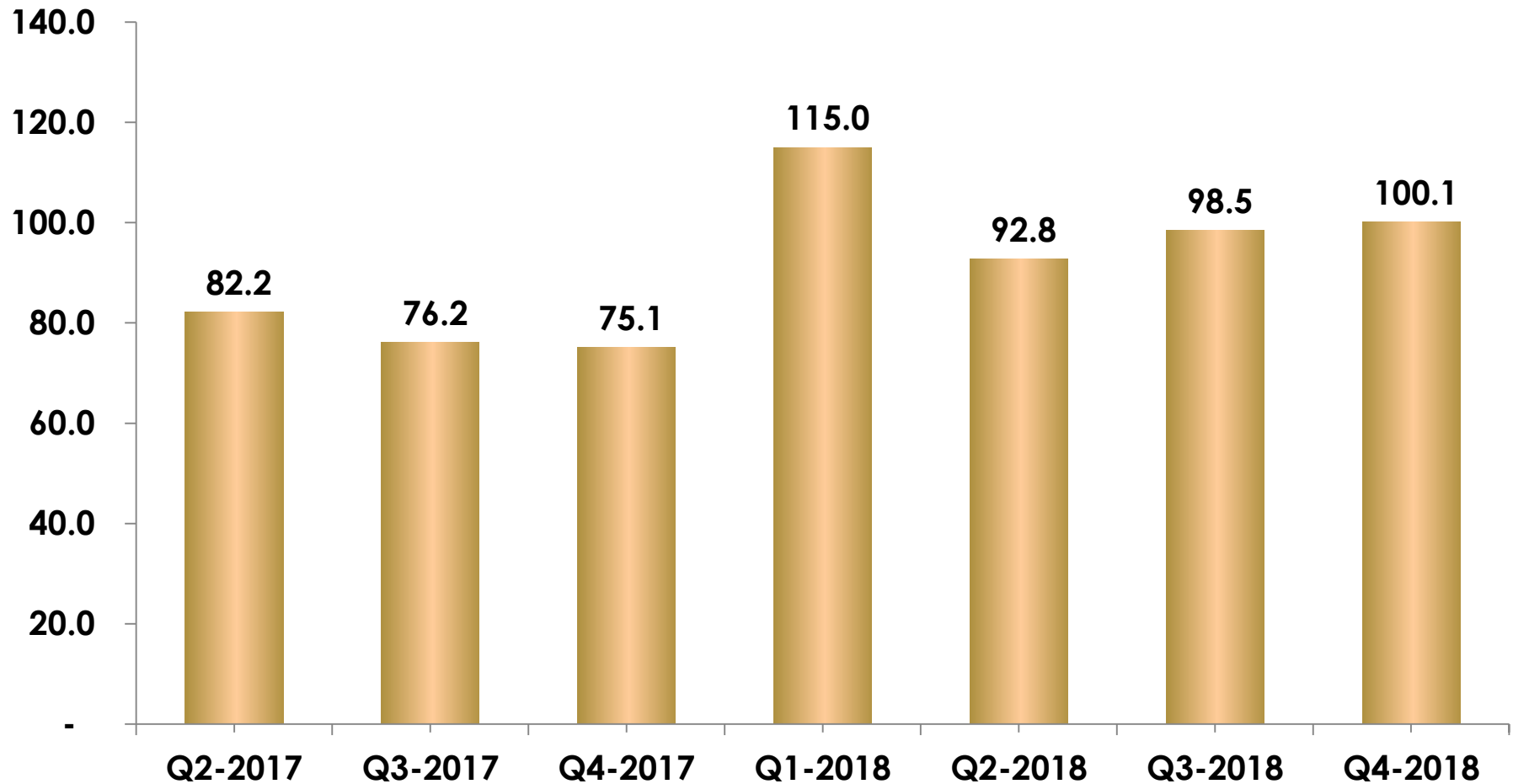
Revenues Variance – 2018 (Million SAR)

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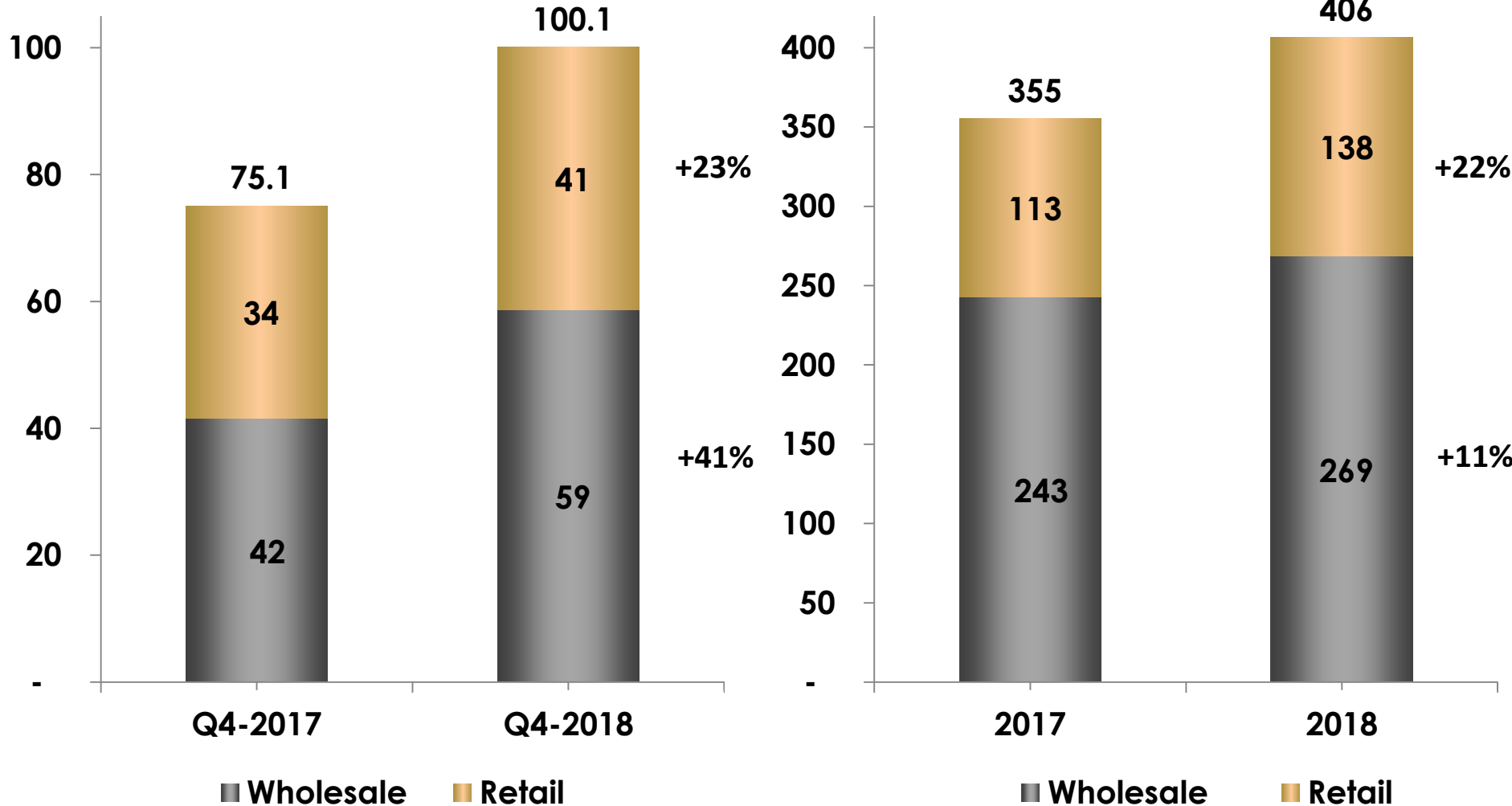
Group Quarterly Revenues (Million SAR)

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Retail Revenues at +22% in 2018 vs. LY

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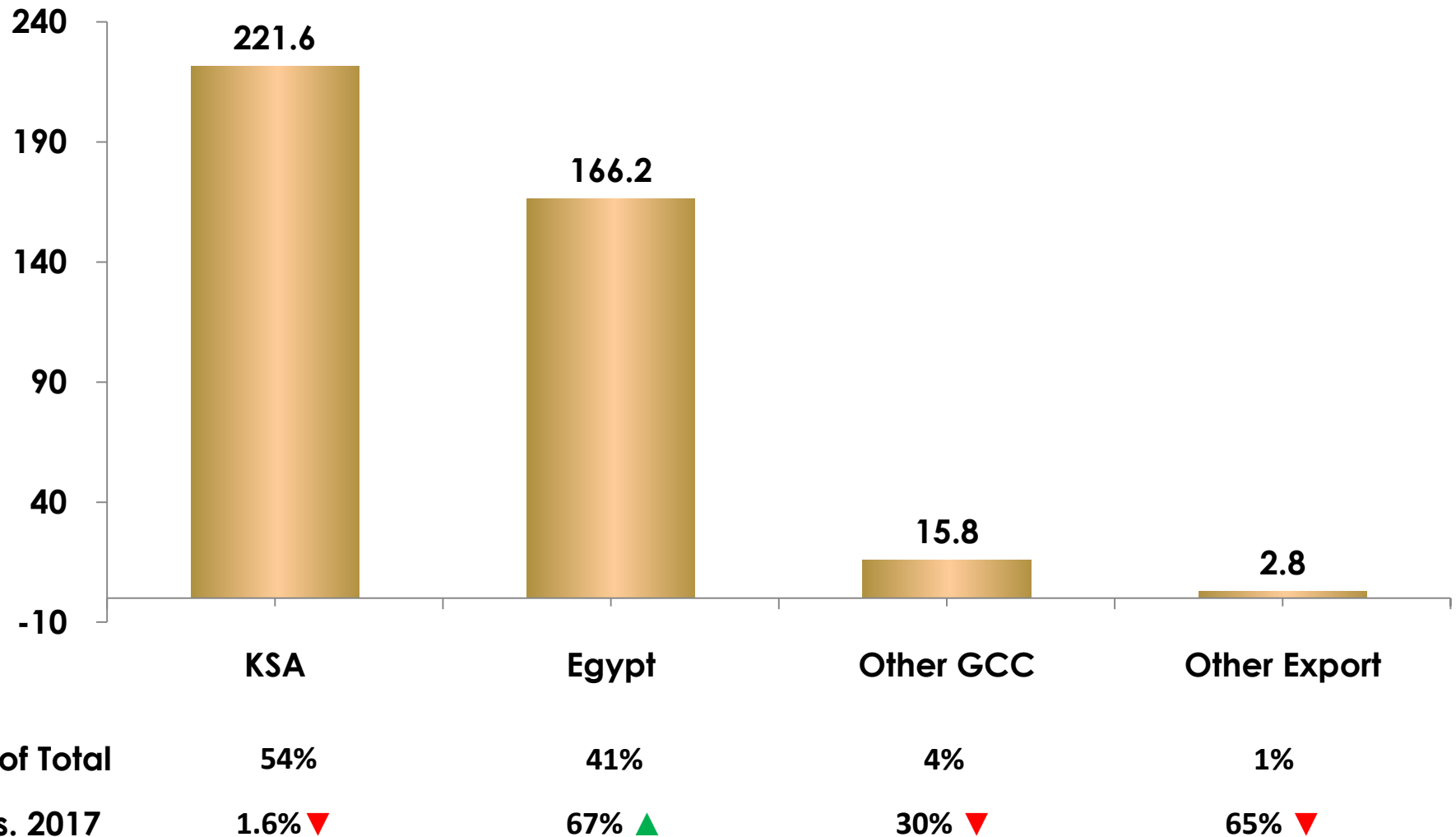


Egypt Revenues increased by 67%

Operating Revenues by Country – 2018

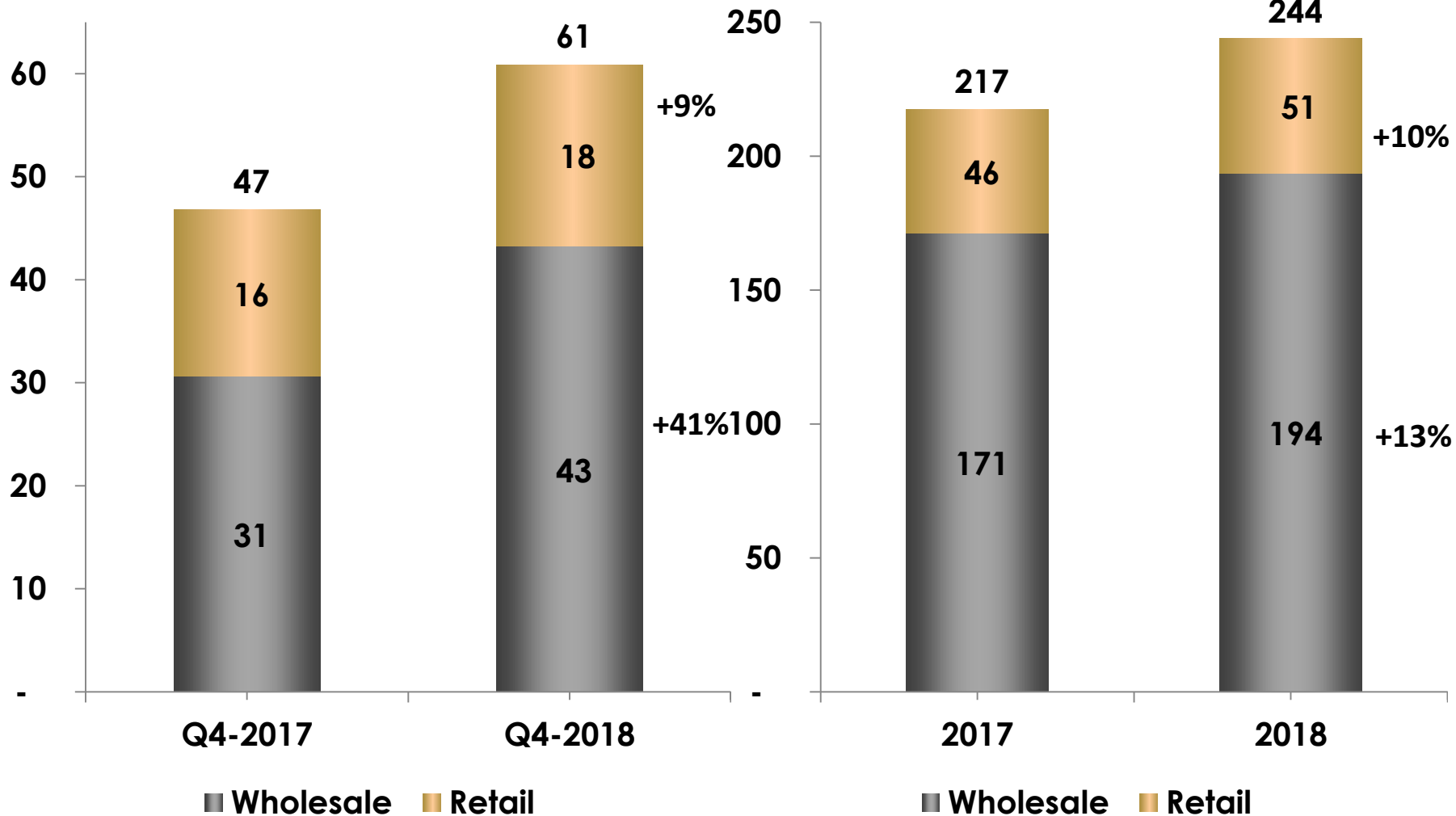
Million SAR

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Group Gross Margin +30% in Q4 -2018 vs. LY (Million SAR)

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Group Consolidated Income Statements (Million SAR)

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	Q4					Full Year				
	2017A		2018A		Delta	2017A		2018A		Delta
Revenue	75.1	100.0%	100.1	100.0%	33.3%	355.4	100.0%	406.4	100.0%	14.4%
Cost of revenue	(28.3)	-37.7%	(39.2)	-39.2%	38.6%	(137.9)	-38.8%	(162.4)	-39.9%	17.8%
Gross Profit	46.8	62.3%	60.9	60.8%	30.2%	217.5	61.2%	244.1	60.1%	12.2%
Selling and marketing	(22.1)	-29.5%	(35.2)	-35.2%	59.0%	(104.6)	-29.4%	(131.8)	-32.4%	26.0%
General and admin	(10.6)	-14.2%	(11.9)	-11.9%	12.1%	(37.6)	-10.6%	(42.3)	-10.4%	12.5%
Operating Income	14.0	18.6%	13.8	13.7%	-1.7%	75.3	21.2%	69.9	17.2%	-7.1%
Other income – net	(0.3)	-0.4%	(0.9)	-0.9%	212.6%	(0.5)	-0.2%	(4.4)	-1.1%	715.4%
Finance Charges – net	(7.4)	-9.8%	(9.4)	-9.4%	27.4%	(30.7)	-8.7%	(35.6)	-8.8%	15.8%
Net Profit before Zakat	6.3	8.4%	3.5	3.5%	-45.4%	44.0	12.4%	30.0	7.4%	-31.9%
Zakat	(2.5)	-3.3%	(2.5)	-2.5%	0.9%	(10.6)	-3.0%	(10.7)	-2.6%	1.0%
Income Tax	(1.2)	-1.7%	(0.9)	-0.9%	-28.7%	(1.8)	-0.5%	(1.6)	-0.4%	-13.4%
Net Income	2.6	3.5%	0.1	0.1%	-96.6%	31.5	8.9%	17.7	4.3%	-44.0%
Earning per Share	0.1		0.0		-96.6%	0.7		0.4		-44.0%

Group Initiatives

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Reinforce Core Gold Wholesale Business

- New Premium Collections and celebrity based promotions
- Digitization to obtain sell-through data, optimize sales and stocks
- Develop L'azurde Miss L' Line through our shops and 3rd party retailers
- Grow export
- Production efficiency through automation and 3D printing
- Leverage Egypt low cost production
- Reduce Working Capital

Perfect Integration Tous Franchisee Acquisition

- Strong marketing to build awareness and brand image
- Enhance products assortment
- Train and develop engaged female Saudi team in the shops
- Expand network with top locations
- Establish global E-Commerce platform and CRM
- Leverage global TOUS best practices

Group Initiatives

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Enhance L'azurde Retail Profitability

- Rationalize our KSA footprint
- Re-invigorate operations at KSA flagships shops
- Strengthen KSA airports operation
- Reinforce our kiosks retail network at top KSA Malls
- Expand our retail network in Egypt

Pursue M&A Opportunities And Shariaa Compliance

- Briefed several banks
- Acquisition to focus on KSA retail market
- Strong global franchise brands
- Products to complement our current assortment
- Deal accretive for shareholders
- Pursue Shariaa certification efforts and ensure the Company obtains full Shariaa compliance status

Thank You

For investors relations matters please contact: investors@lazurde.com