

L'AZURDE



Presentation Results Q1 2019

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Agenda

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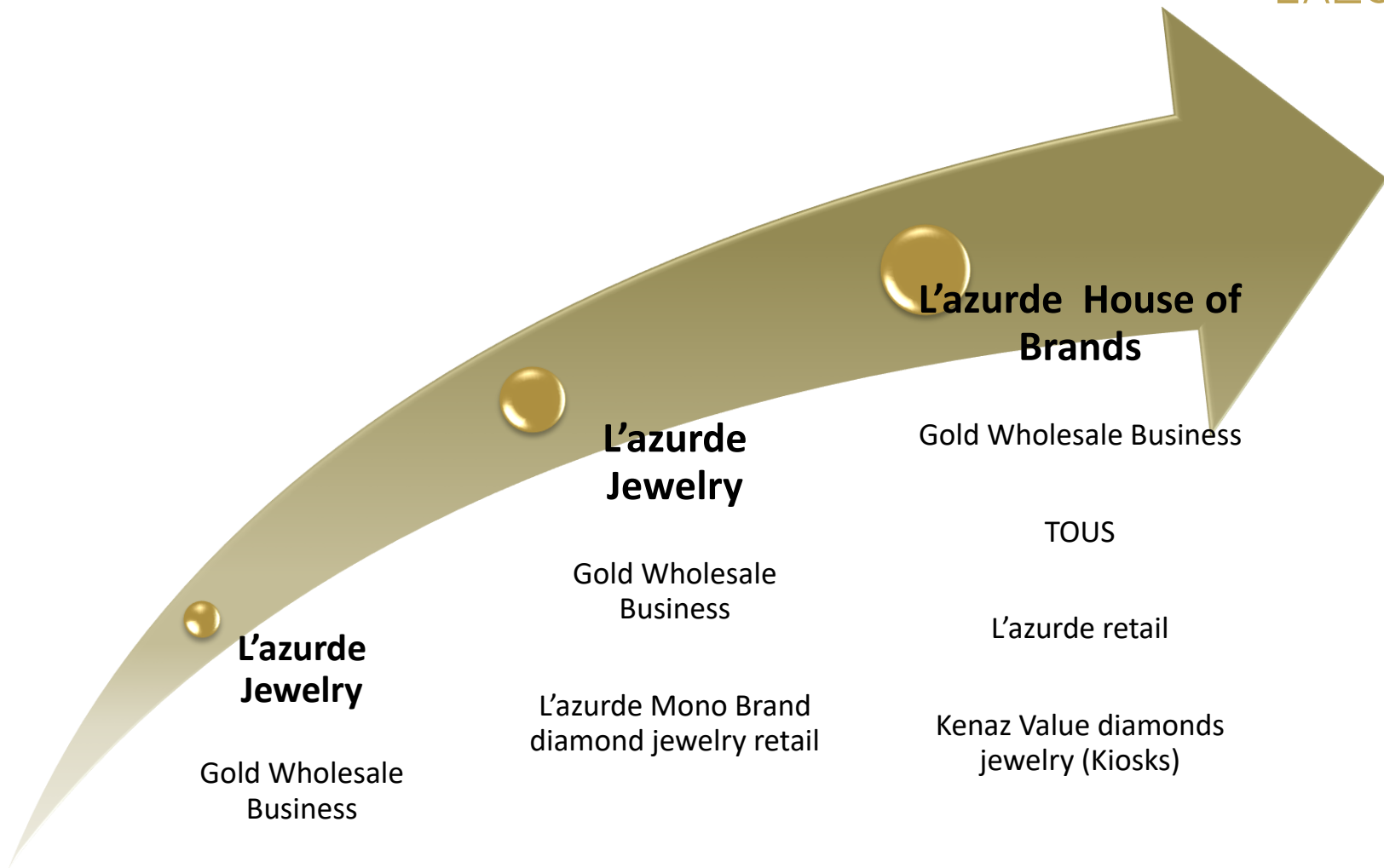
Executive Summary

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- **Q1 Revenues were 33.0% higher than same quarter of LY:** Egypt's revenues continued to perform strongly with growth of 18.5% in the wholesale channel due to a successful advertising campaign and strong customer uptake of new collections. Egypt's retail revenues increased by 56.8% compared to the same quarter of last year due to the successful opening of six new outlets during the last twelve months. Also, Egypt retail like-for-like shops revenues increased by 20% in the first quarter of 2019. In KSA, wholesale revenues increased by 24.5% compared to the same quarter of last year due to a successful new collection and celebrity endorsement campaign. Also, KSA's retail revenues increased by 55.6% mainly due to consolidation of revenues of the recently acquired franchise business of Tous which was acquired at the end of October 2018.
- **Gross profit of SAR 96.0 million for the first quarter of 2019, was 40.2% higher** than the same quarter of last year mainly due to higher operating revenues. Gross Profit margin also improved by 3.2% due to cost saving initiatives that contributed in reducing production costs
- **Net income for Q1 2019 came at SAR 12.0 Million, 32.5% higher same quarter LY.** This is due to higher operating revenues and higher gross profit margin due to cost saving initiatives that contributed in reducing the production costs.
- **L'azurde has ben growing revenues vs. prior year for the last four consecutive quarters.** Q1 revenues and net income are the highest since 9 quarters. The Company has many initiatives to continue growing its top-line and bottom line.

L'azurde Business Model Evolution

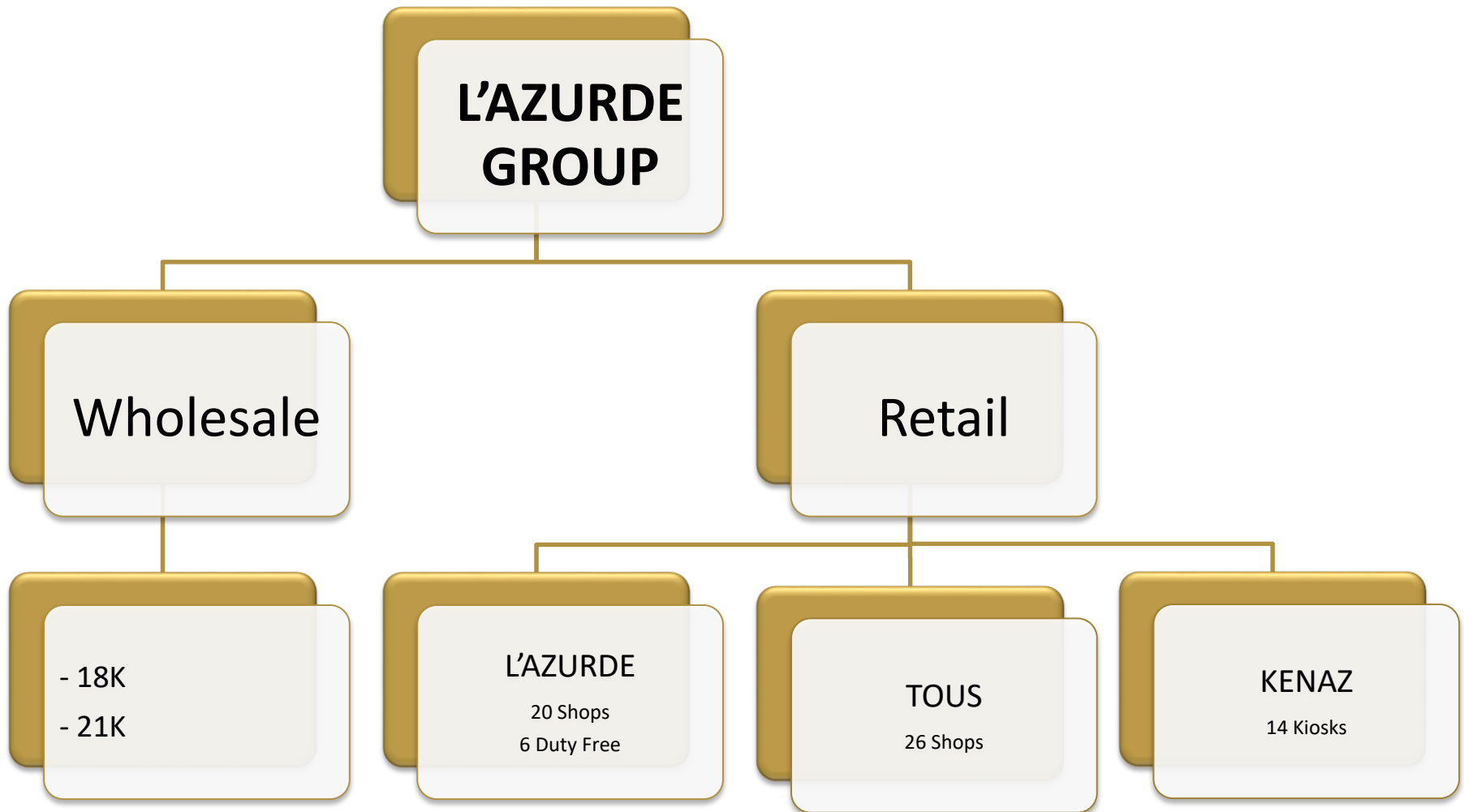
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L'azurde Business Model Evolution

L'azurde Group: House of Brands

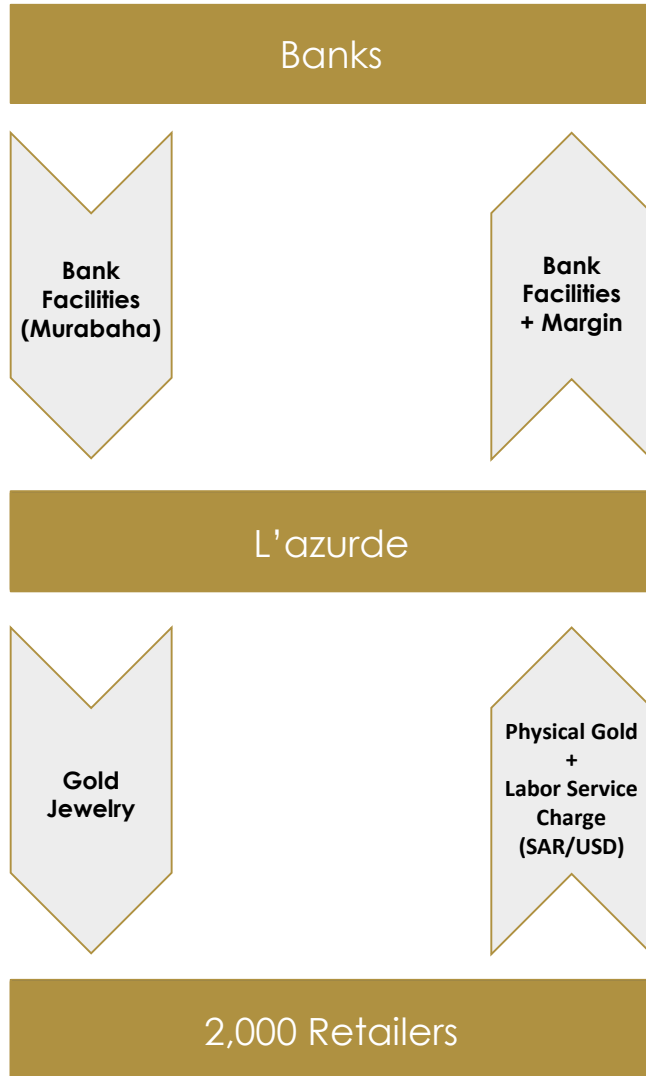
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Wholesale Business Model

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

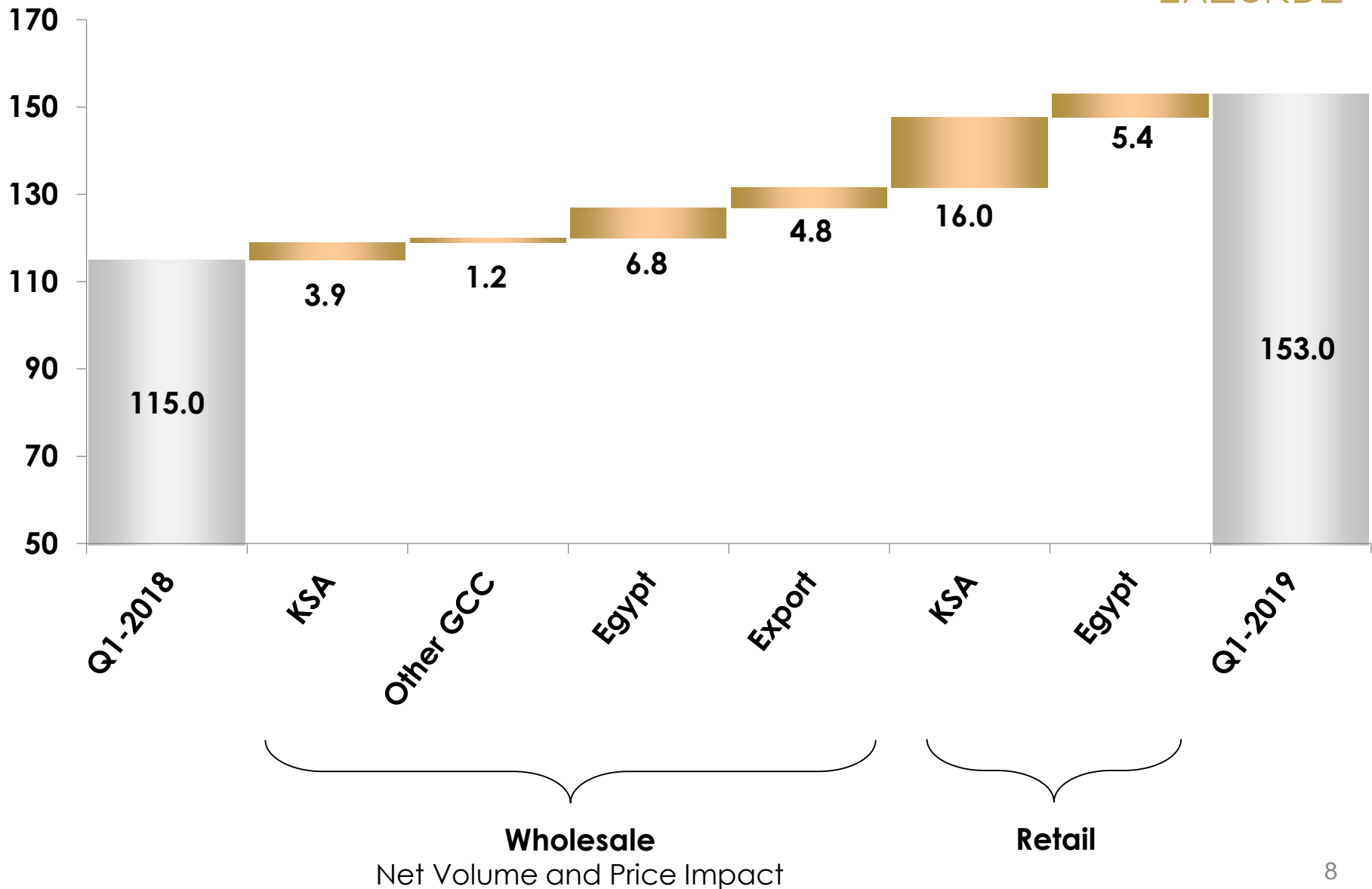
Retailers pay L'azurde:

- Physical Gold + Labor Service Charge

L'azurde takes no position on Gold

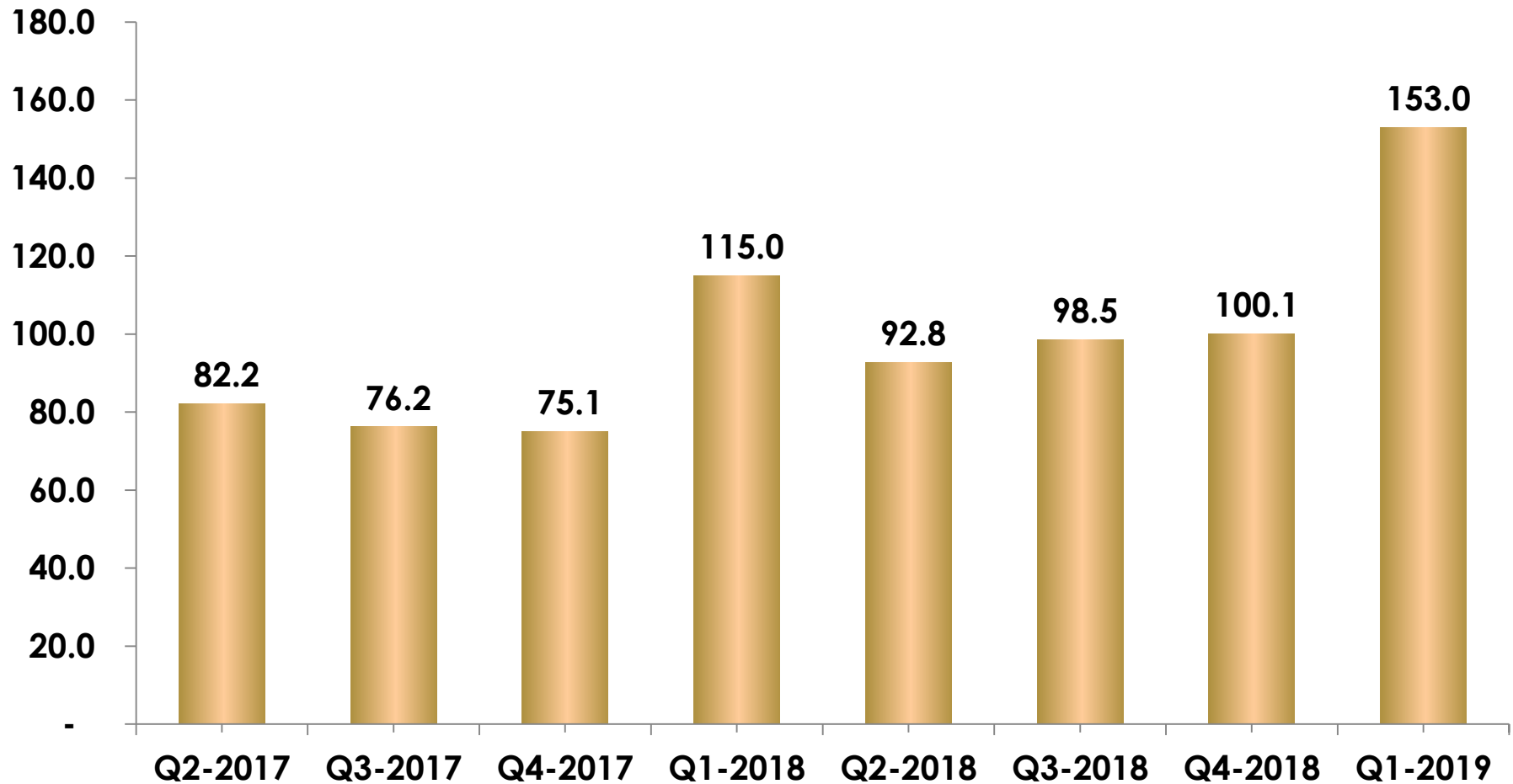
Revenues Variance – Q1 2019 (Million SAR)

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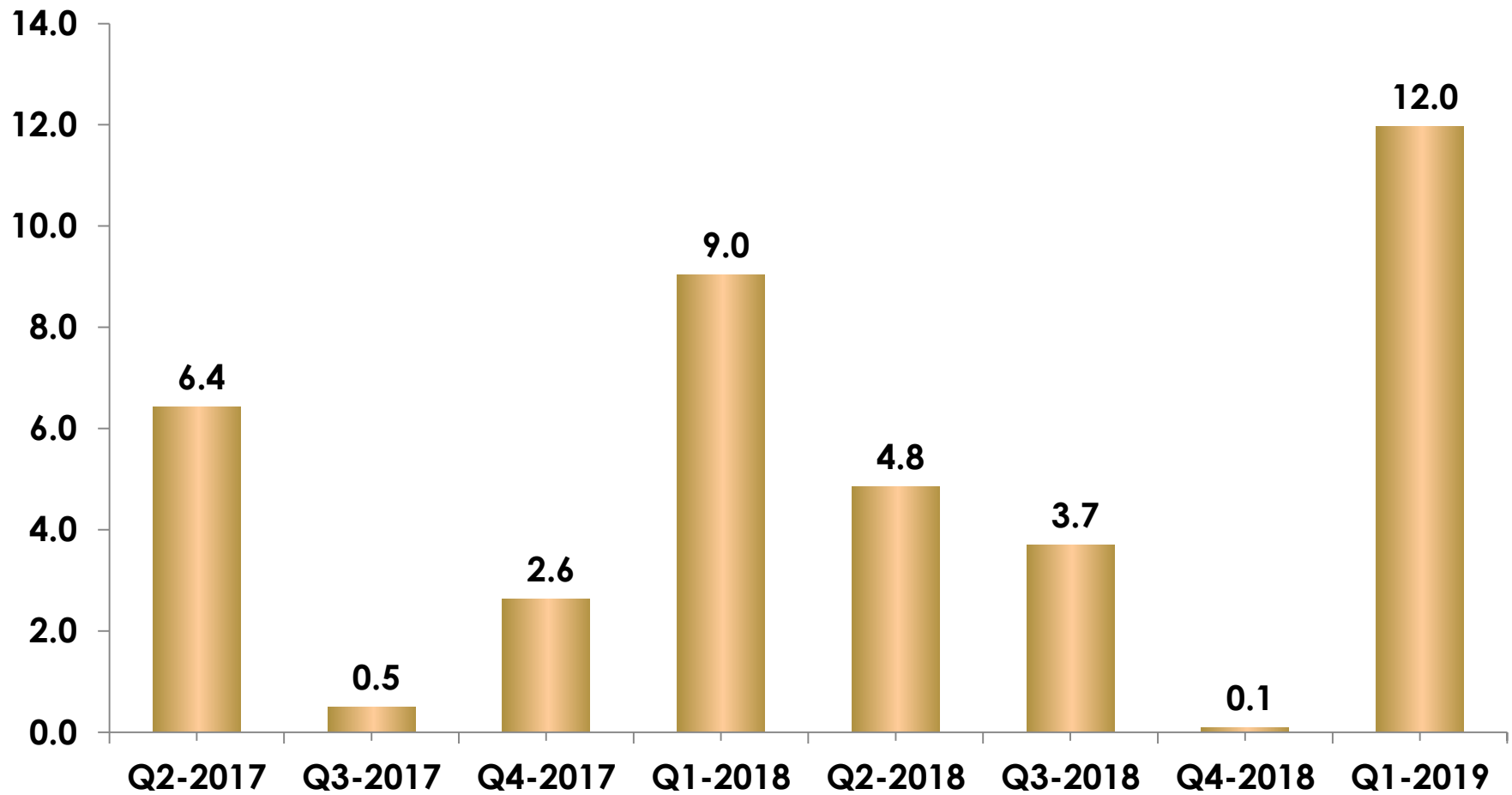
Group Quarterly Revenues (Million SAR)

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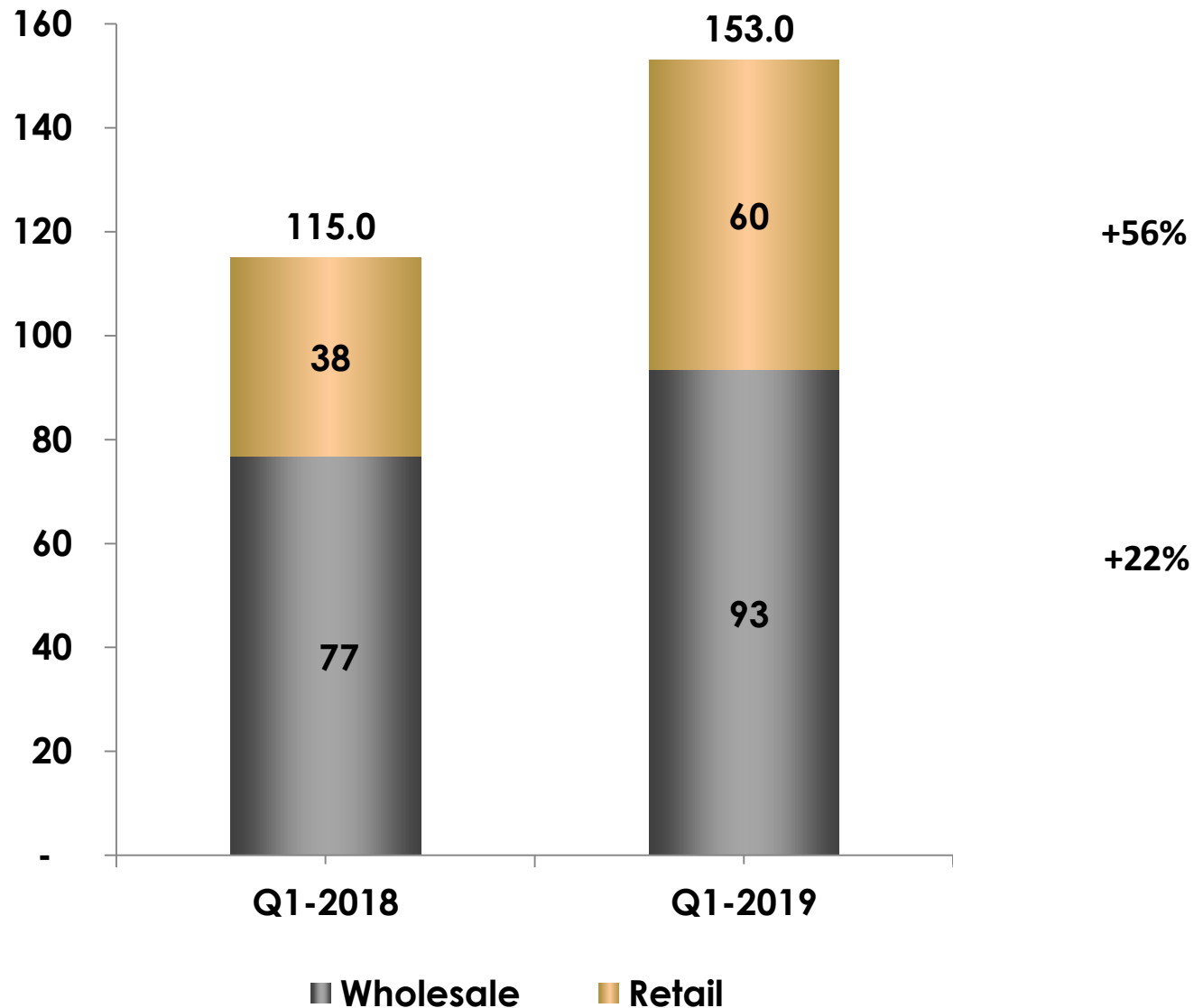
Group Quarterly Net Income (Million SAR)

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Retail Revenues at +56% in Q1 2019 vs. LY

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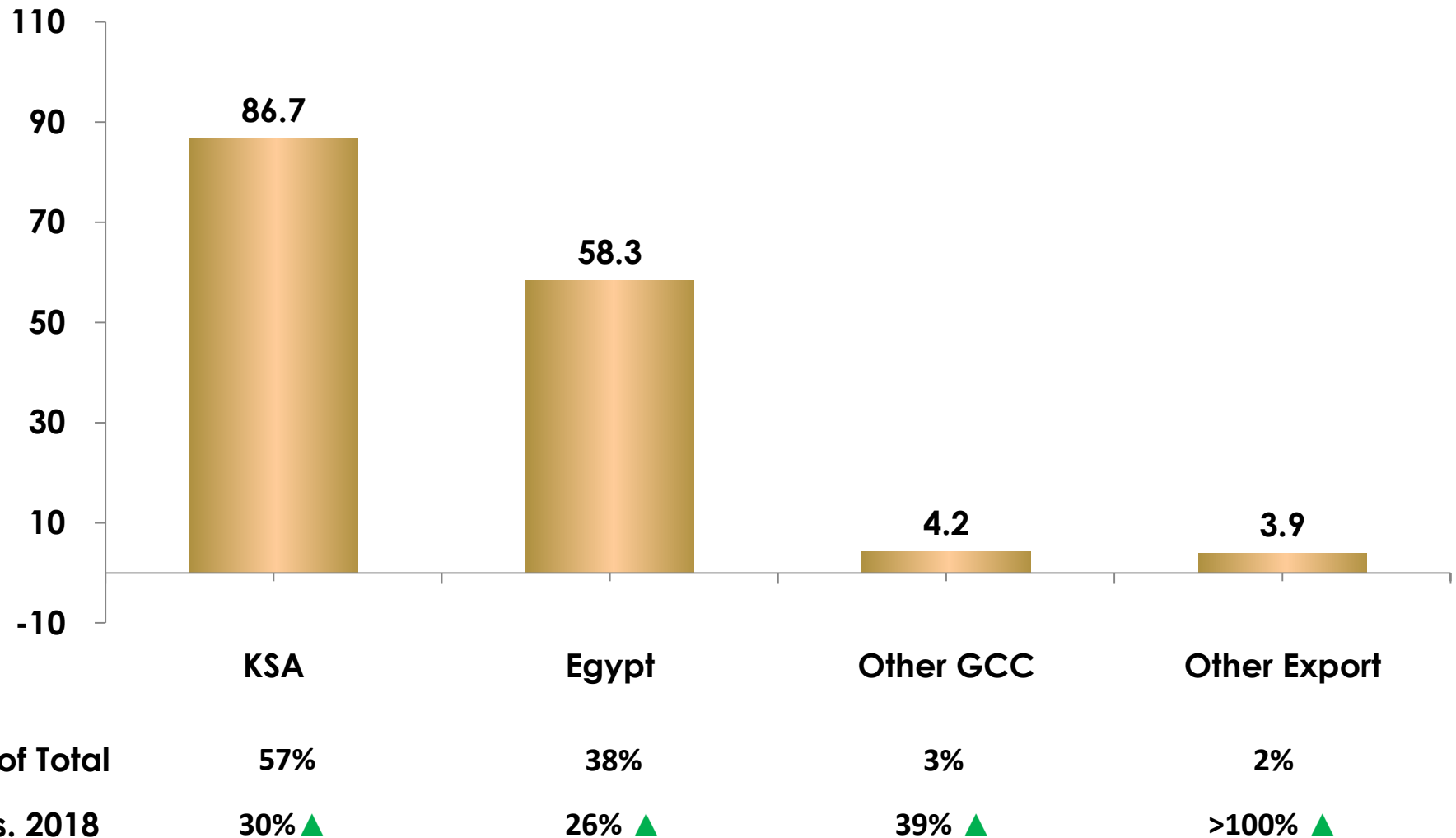


KSA Revenues increased by 30%

Operating Revenues by Country – Q1 2019

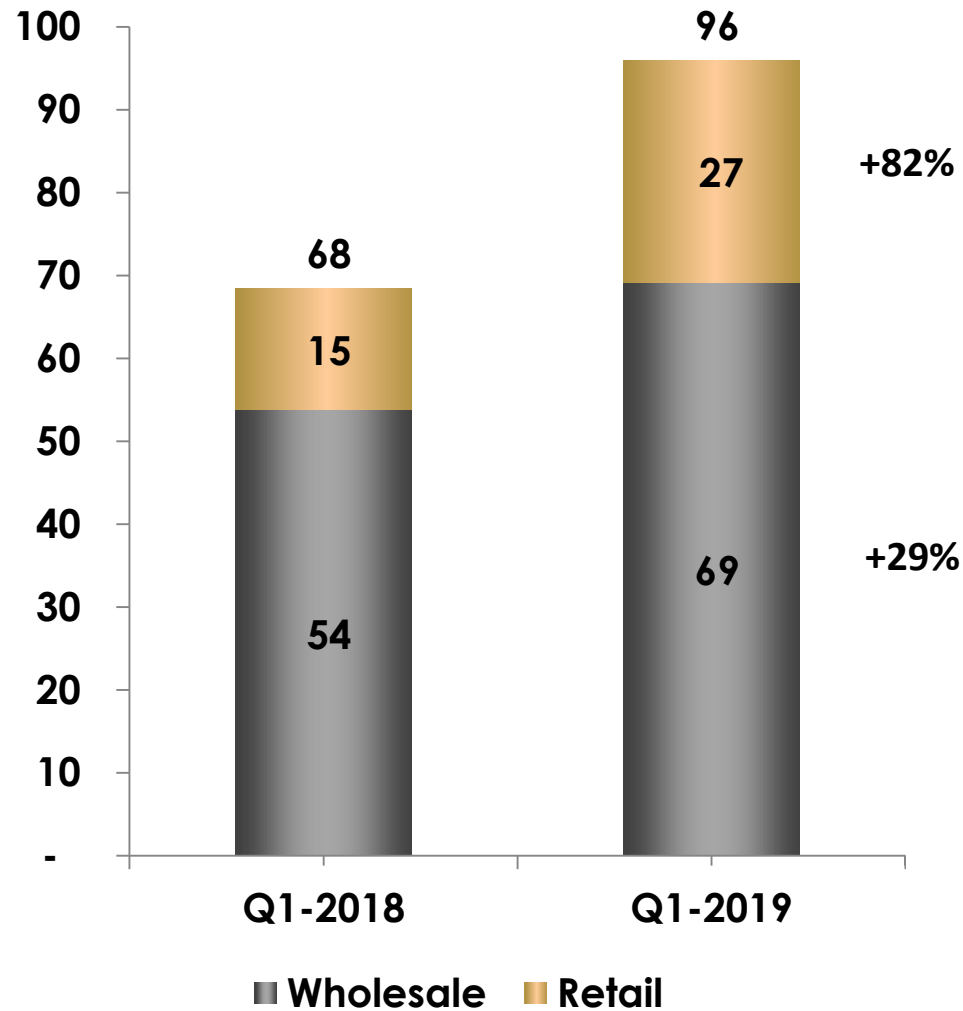
Million SAR

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Retail Gross Margin +82% in Q1 - 2019 vs. LY (Million SAR)

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Group Consolidated Income Statements (Million SAR)

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	Q1				
	2018A		2019A		Delta
Revenue	115.0	100.0%	153.0	100.0%	33.0%
Cost of revenue	(46.6)	-40.5%	(57.0)	-37.3%	22.5%
Gross Profit	68.5	59.5%	96.0	62.7%	40.2%
Selling and marketing	(34.6)	-30.1%	(53.6)	-35.0%	54.6%
General and admin	(10.8)	-9.4%	(12.0)	-7.9%	11.5%
Operating Income	23.0	20.0%	30.4	19.9%	31.9%
Other income – net	(2.0)	-1.7%	(0.6)	-0.4%	-69.9%
Finance Charges – net	(8.6)	-7.4%	(12.1)	-7.9%	41.9%
Net Profit before Zakat	12.5	10.9%	17.7	11.5%	41.3%
Zakat	(3.0)	-2.6%	(3.4)	-2.2%	13.1%
Income Tax	(0.4)	-0.4%	(2.2)	-1.5%	432.7%
Net Income	9.0	7.8%	12.0	7.8%	32.5%
Earning per Share	0.2		0.3		32.5%

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