

L'AZURDE



Presentation Results Q2 2019

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Agenda

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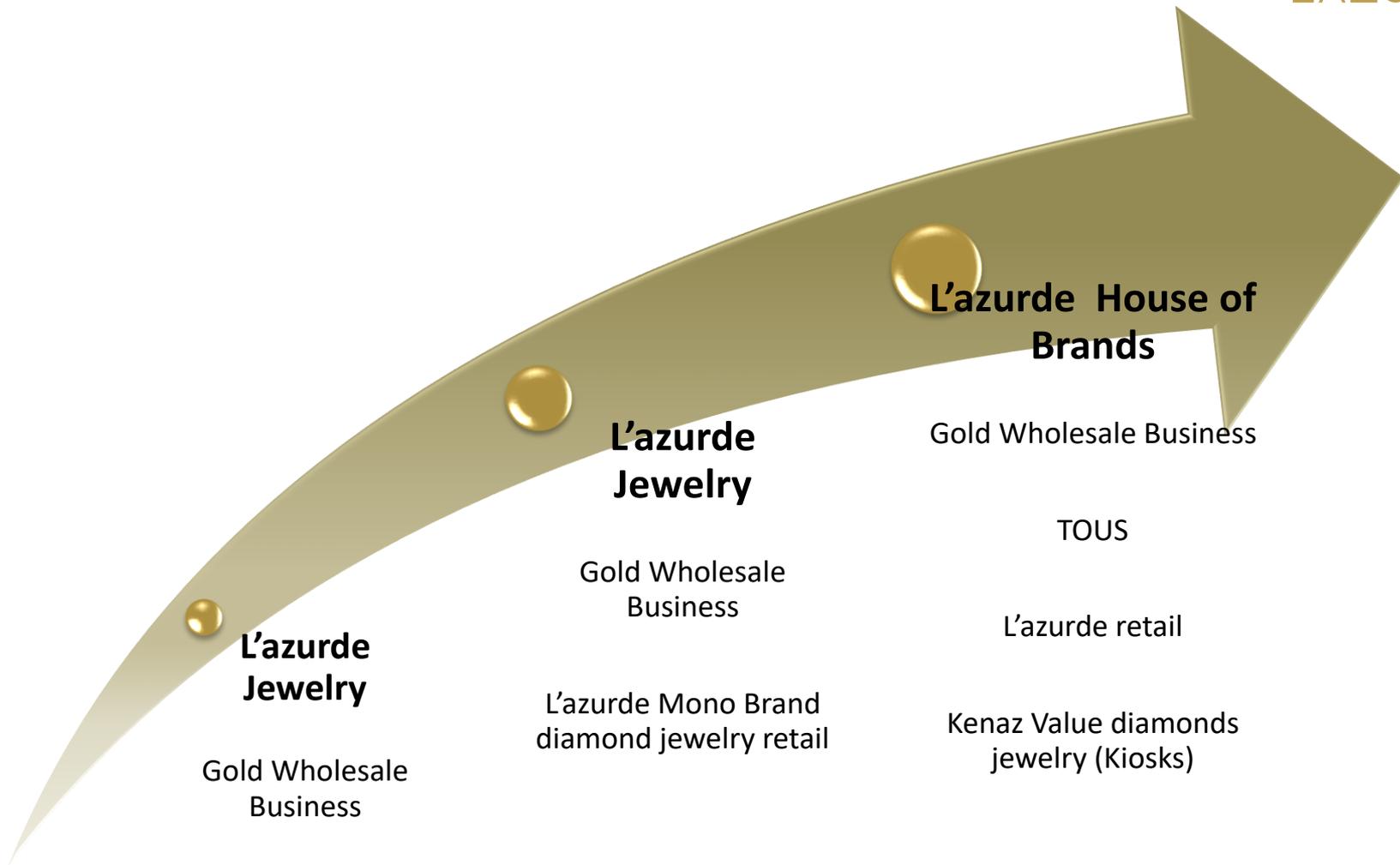
Executive Summary

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- **Q2 Revenues were 43% higher than same quarter of LY:** In KSA, wholesale revenues increased by 8.8% compared to the same quarter of last year, due to successful new collections and celebrity endorsement campaign, while retail revenues witnessed a significant increase of 129.0% mainly due to consolidation of revenues of the recently acquired franchise business of Tous and a 10% growth in L'azurde retail shops. Egypt's revenues continued to perform strongly, for the seventh quarter in a row, with a growth of 20.1% in the wholesale channel due to a successful advertising campaign and strong customer uptake of new collections and in retail channel by 64.4% compared to the same quarter of last year due to the successful opening of seven new outlets during the last twelve months.
- **Gross profit of SAR 80.8 million for the second quarter of 2019, was 44% higher** than the same quarter of last year mainly due to mainly due the significant increase in operating revenues.
- **Net income for Q2 2019 came at SAR 12.2 Million, 151% higher same quarter LY.** Higher operating revenues together with higher gross margin contributed to the significant increase in net income.
- **This is the fifth quarter in a row with operating revenues exceeding the same quarters of last year.** Also net income in this quarter is 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

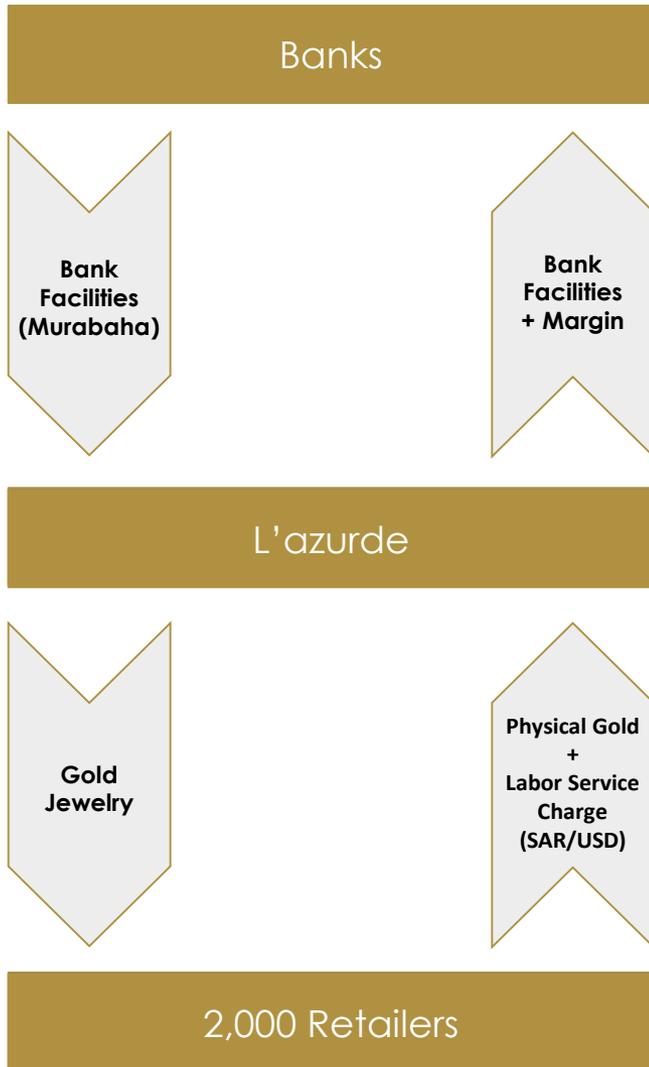
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Wholesale Business Model

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

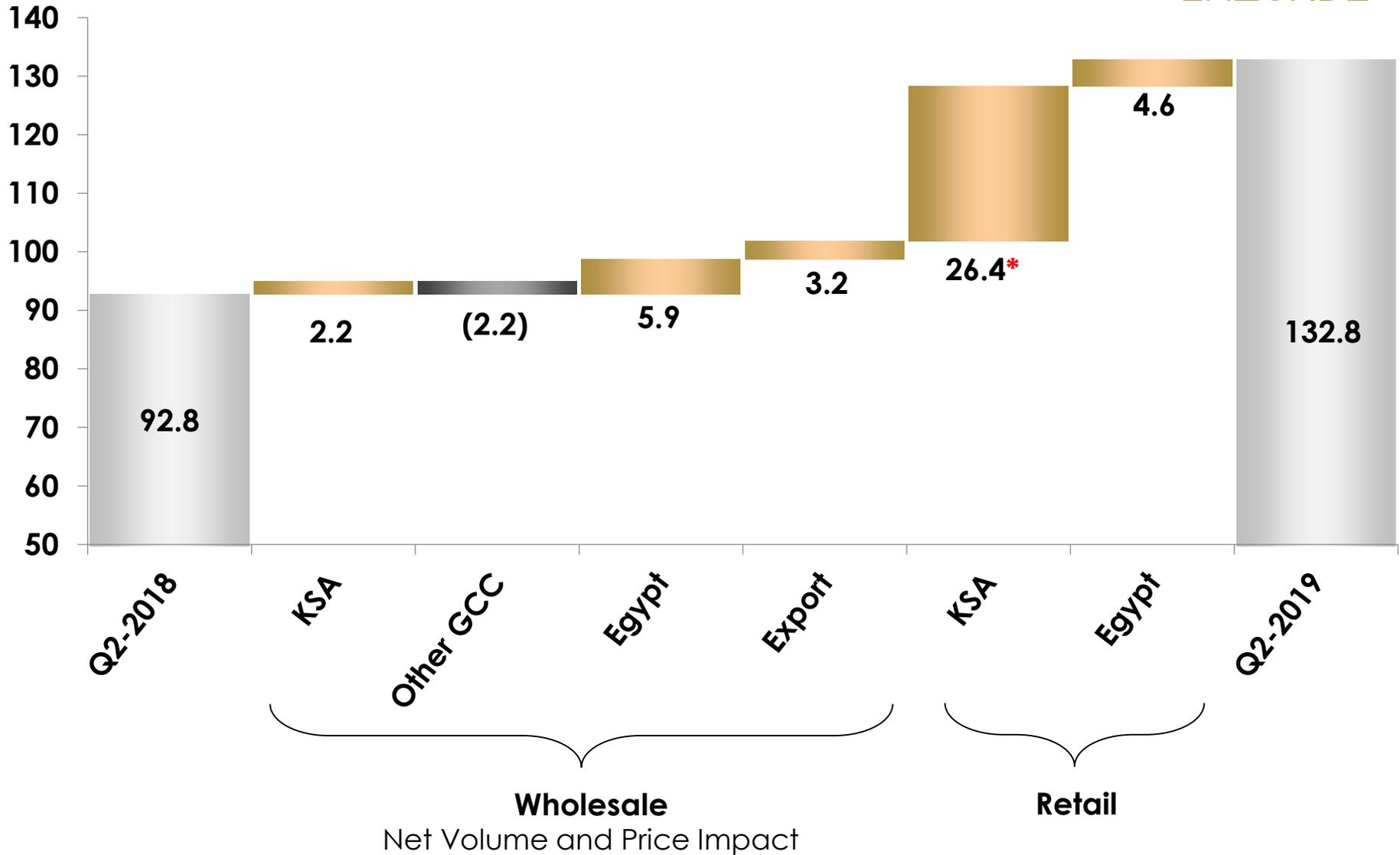
Retailers pay L'azurde:

- Physical Gold + Labor Service Charge

L'azurde takes no position on Gold

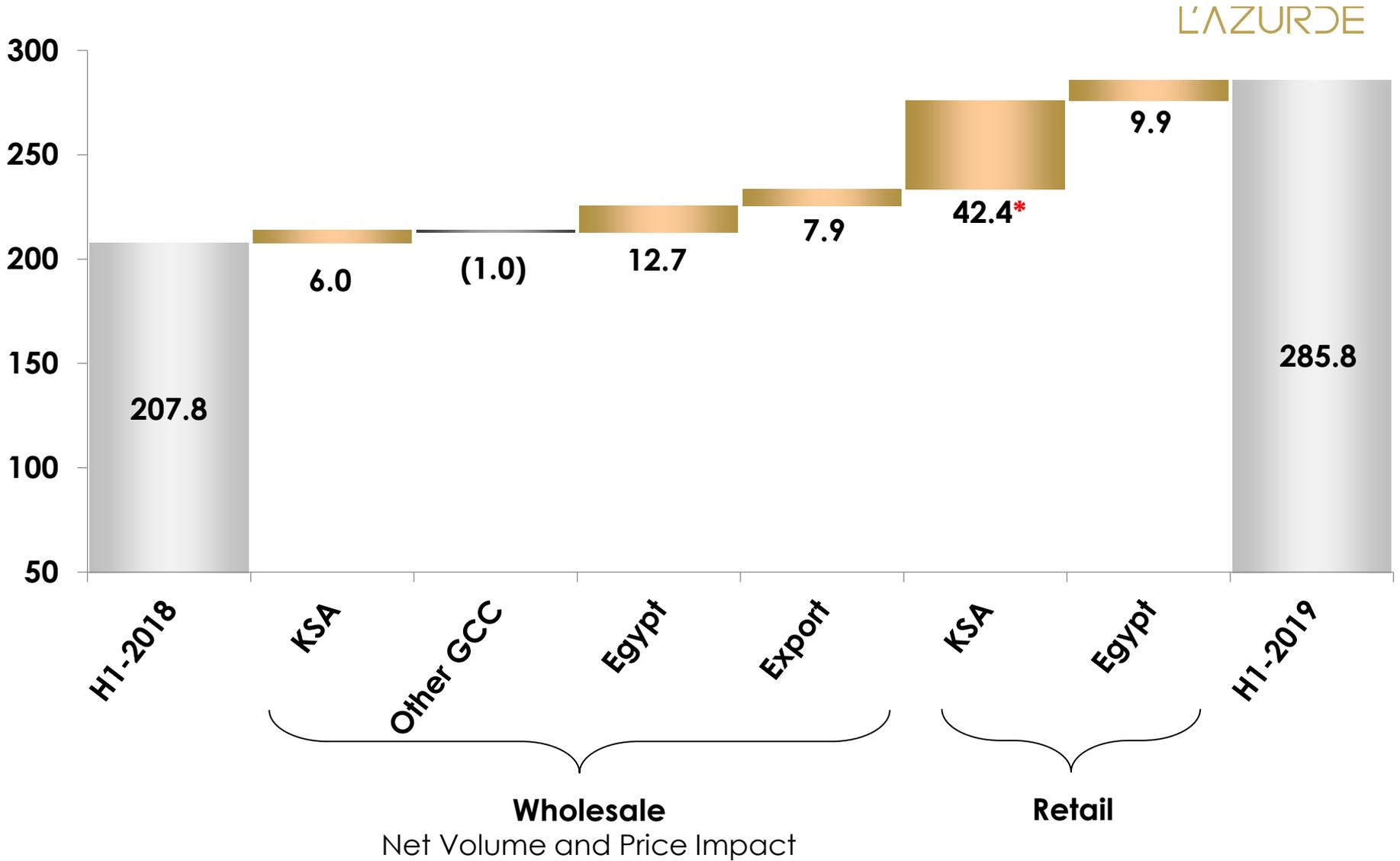
Revenues Variance – Q2 2019 (Million SAR)

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* This figure includes the revenues of the recently acquired franchise business of Tous

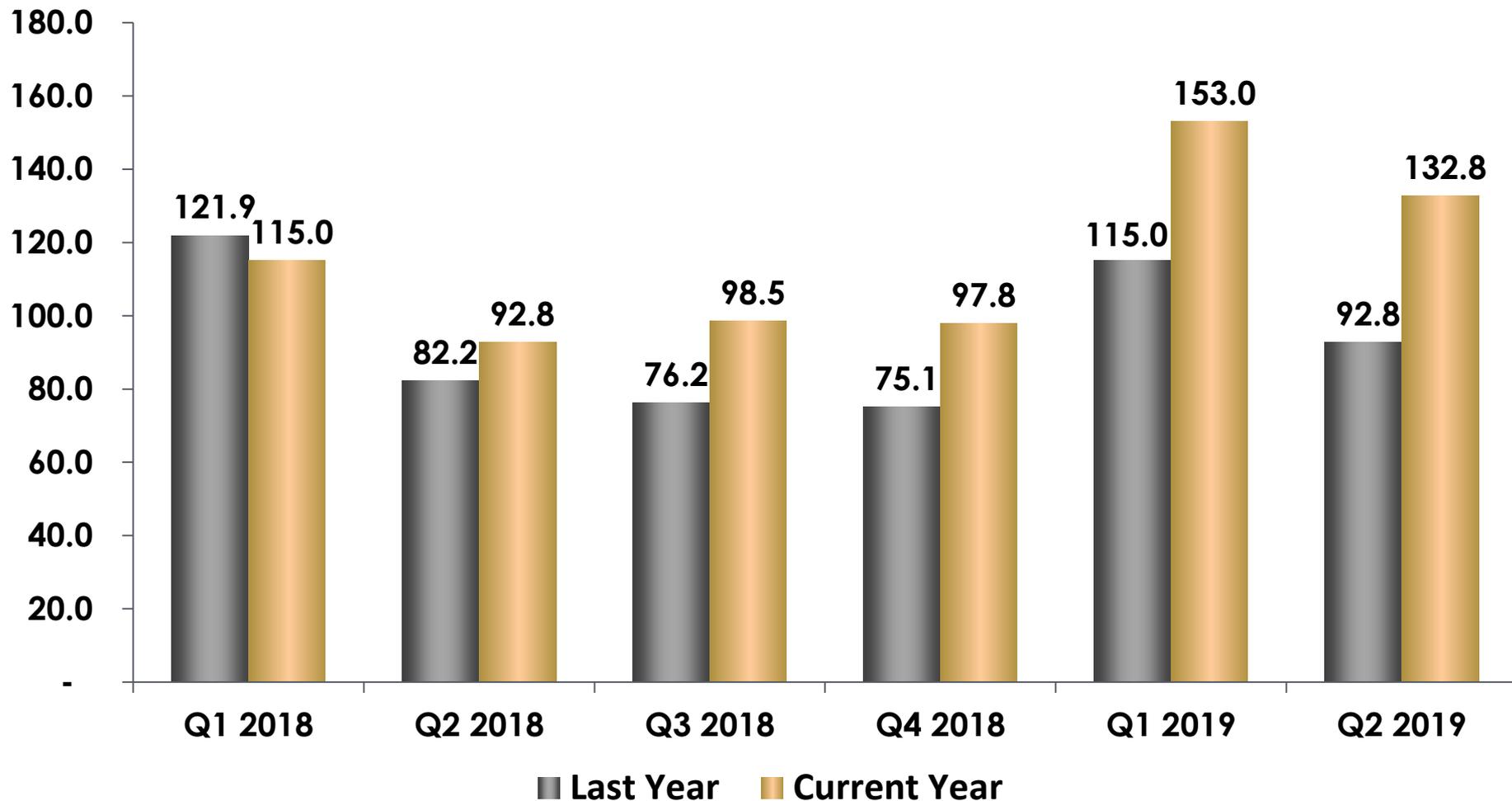
Revenues Variance – H1 2019 (Million SAR)



* This figure includes the revenues of the recently acquired franchise business of Tous

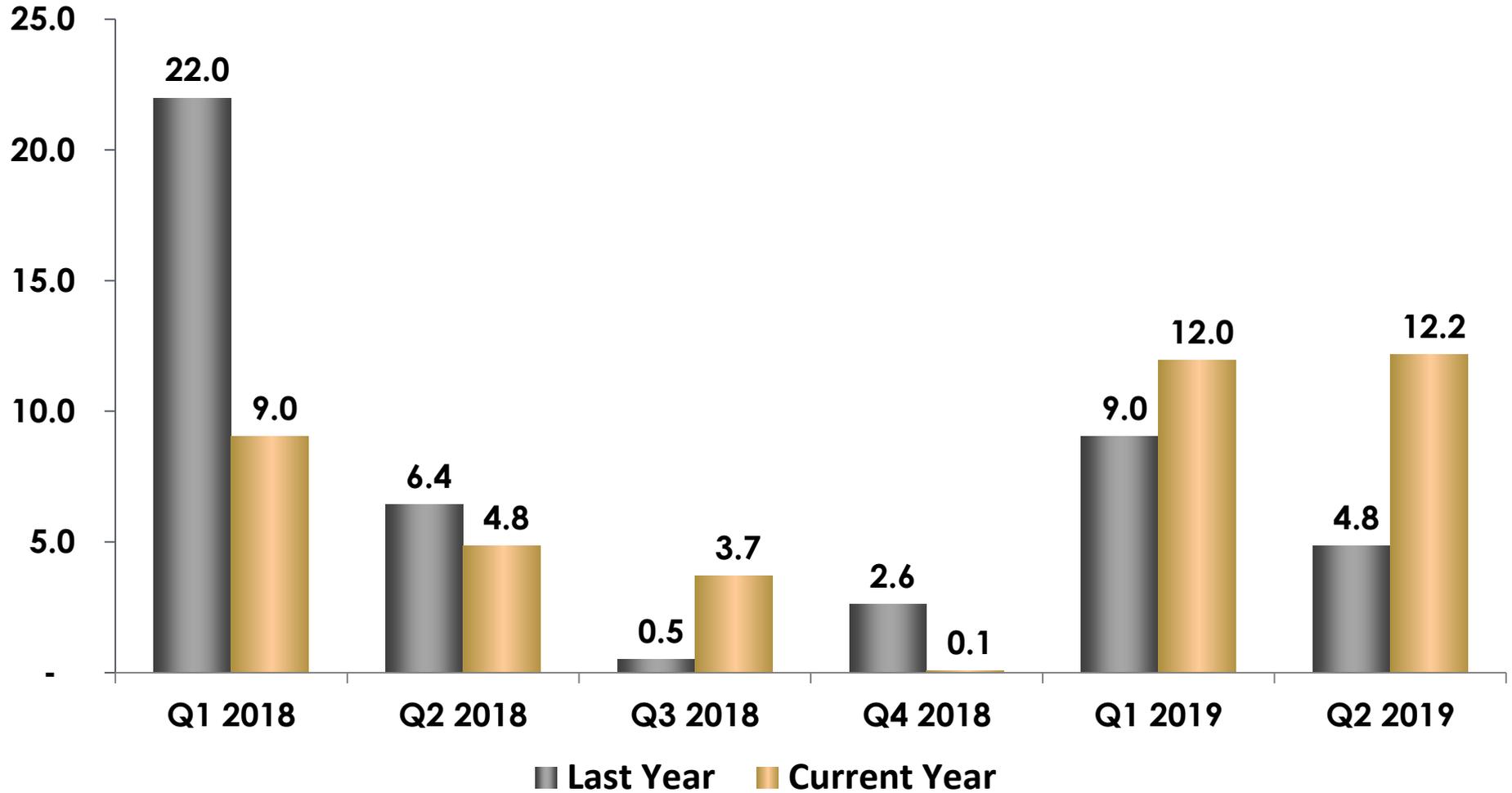
Group Quarterly Revenues (Million SAR)

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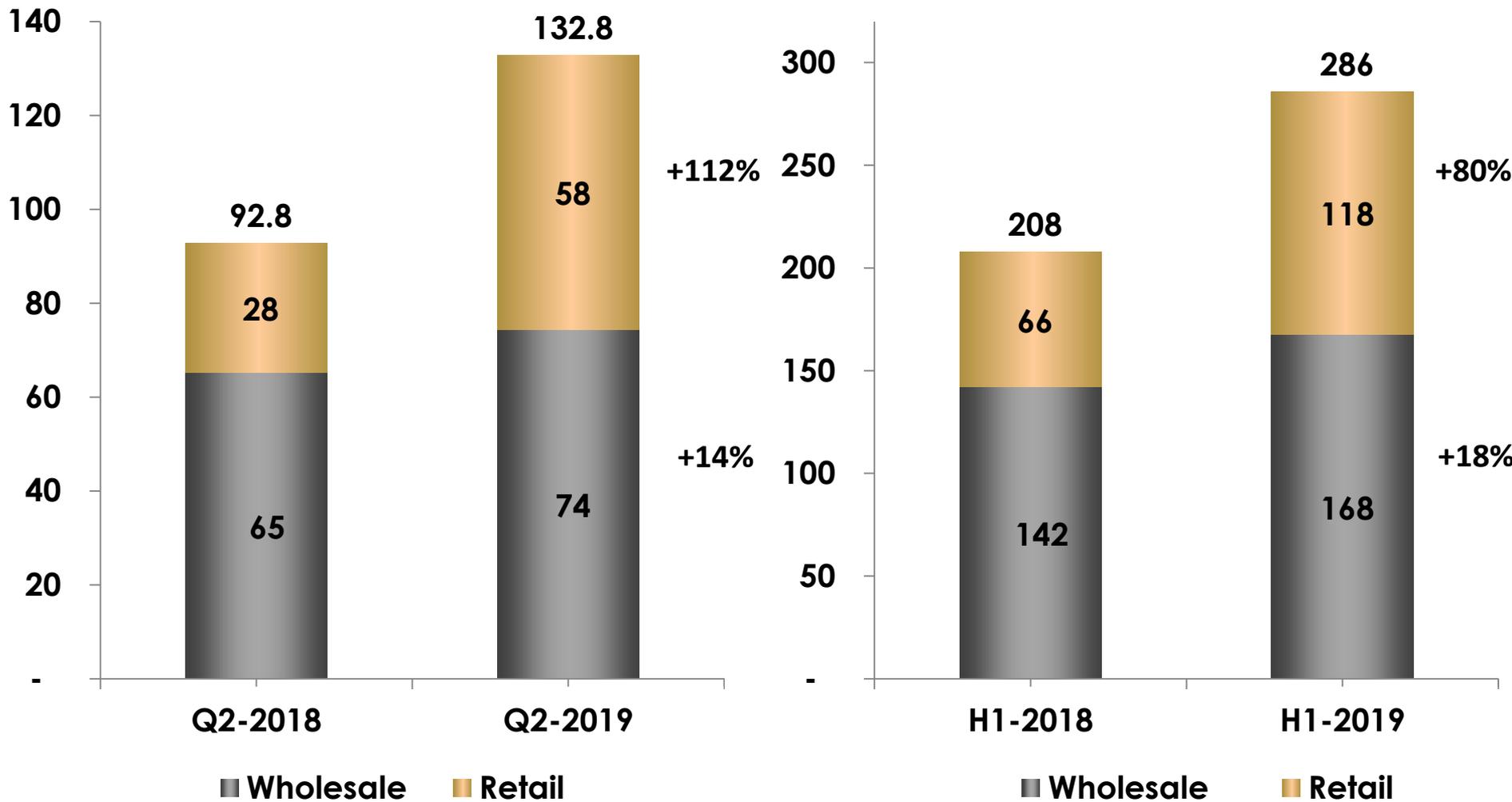
Group Quarterly Net Income (Million SAR)

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Retail Revenues at +112% in Q2 2019 vs. LY

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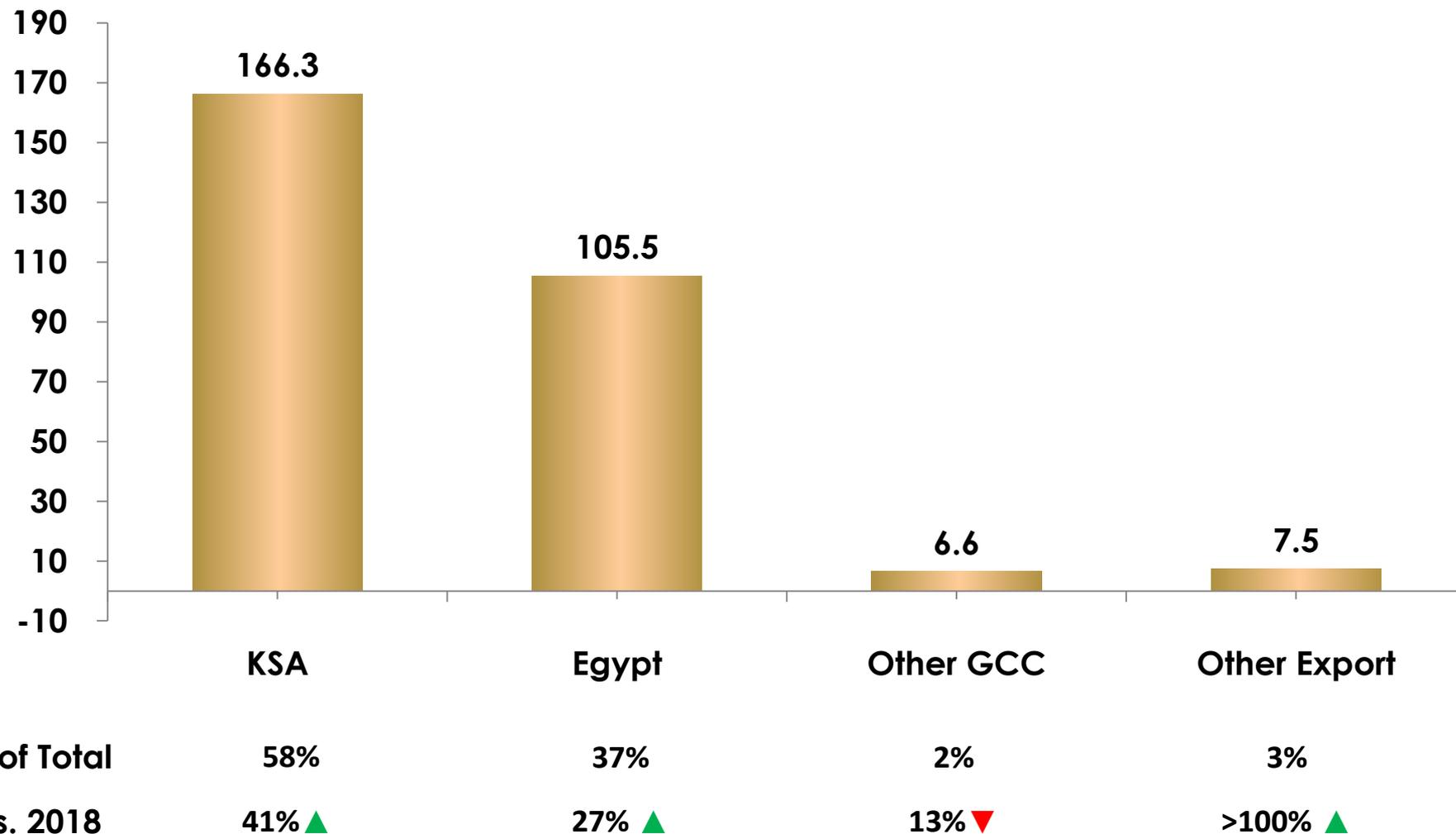


KSA Revenues increased by 41%

Operating Revenues by Country – H1 2019

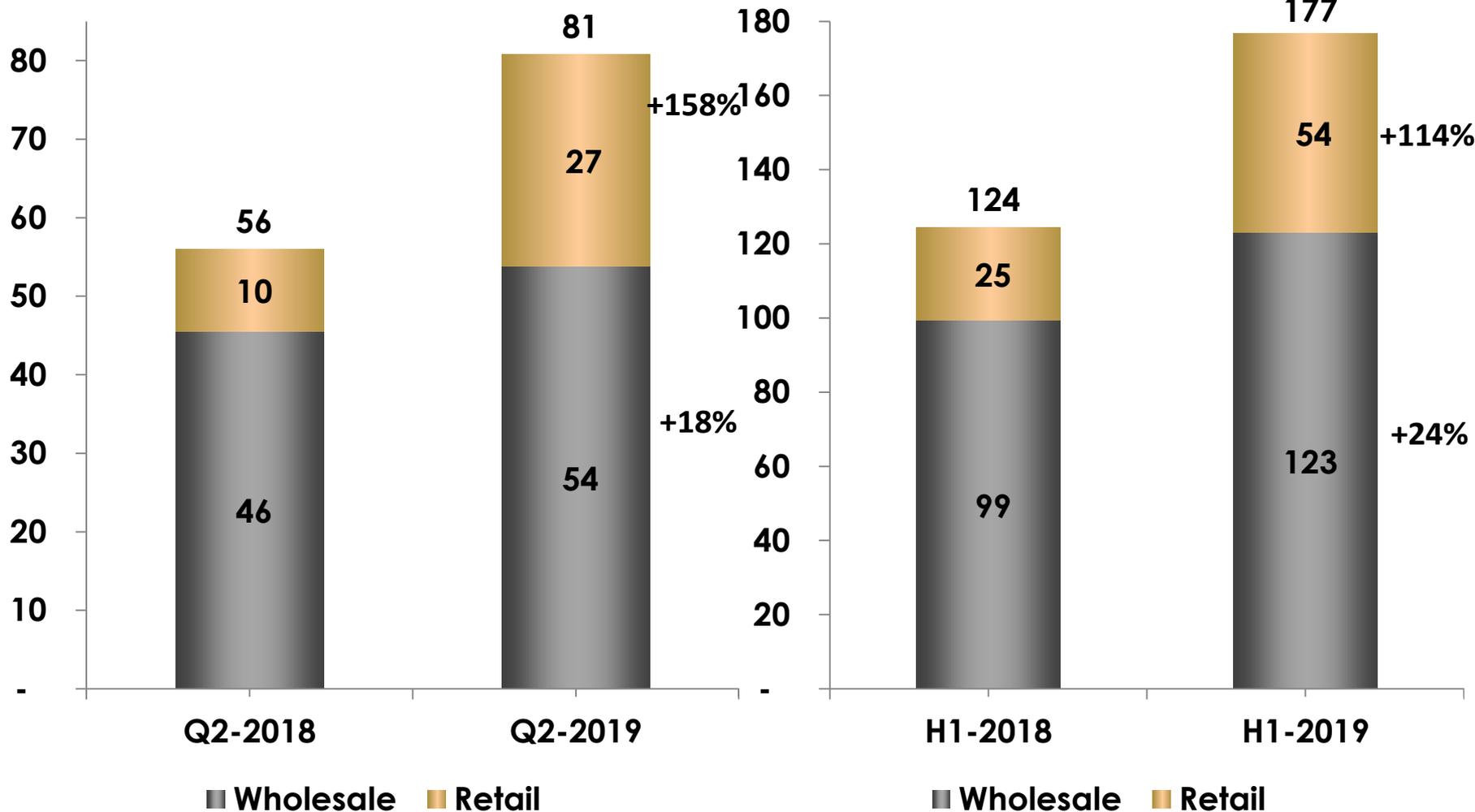
Million SAR

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Retail Gross Margin +158% in Q2 - 2019 vs. LY (Million SAR)

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Group Consolidated Income Statements (Million SAR)

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	Q2					H1				
	2018A		2019A		Delta	2018A		2019A		Delta
Revenue	92.8	100.0%	132.8	100.0%	43.1%	207.8	100.0%	285.8	100.0%	37.5%
Cost of revenue	(36.8)	-39.7%	(52.0)	-39.2%	41.3%	(83.4)	-40.1%	(109.1)	-38.2%	30.8%
Gross Profit	56.0	60.3%	80.8	60.8%	44.3%	124.4	59.9%	176.8	61.8%	42.0%
Selling and marketing	(29.4)	-31.6%	(40.9)	-30.8%	39.2%	(64.0)	-30.8%	(94.4)	-33.0%	47.5%
General and admin	(9.3)	-10.0%	(11.9)	-8.9%	28.2%	(20.0)	-9.6%	(23.9)	-8.4%	19.2%
Operating Income	17.4	18.7%	28.0	21.1%	61.6%	40.4	19.4%	58.4	20.4%	44.7%
Other income – net	(1.1)	-1.2%	0.6	0.4%	-153.7%	(3.1)	-1.5%	(0.0)	0.0%	-99.3%
Finance Charges – net	(8.7)	-9.3%	(13.4)	-10.1%	54.8%	(17.2)	-8.3%	(25.6)	-8.9%	48.4%
Net Profit before Zakat	7.6	8.2%	15.2	11.5%	99.8%	20.1	9.7%	32.9	11.5%	63.4%
Zakat	(2.6)	-2.8%	(2.6)	-2.0%	1.4%	(5.6)	-2.7%	(6.1)	-2.1%	7.7%
Income Tax	(0.2)	-0.2%	(0.4)	-0.3%	139.1%	(0.6)	-0.3%	(2.7)	-0.9%	344.4%
Net Income	4.8	5.2%	12.2	9.2%	150.9%	13.9	6.7%	24.1	8.4%	73.8%
Earning per Share	0.1		0.3		150.9%	0.3		0.6		73.8%

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

L'azurde, a great history, a greater future

Thank You

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