

L'AZURDE



Presentation Results Q3 2019

Disclaimer

L'AZURDE

Information contained in this presentation is subject to change without further notice. Its accuracy is not guaranteed and it may not contain all material information concerning the company. Neither we nor our advisors make any representation regarding, and assume no responsibility or liability for, the accuracy or completeness of, or any errors or omissions in, to any information contained herein.

In addition, the information may contain projections and forward-looking statements that reflect the company's current views with respect to future events and financial performance. These views are based on current assumptions which are subject to various risks and may change over time. No assurance can be given that future events will occur, that projections will be achieved, or that the company's assumptions are correct. Actual results may differ materially from those projected.

This presentation is strictly not to be distributed without the explicit consent of L'azurde for Jewelry Company management under any circumstances.

Agenda

L'AZURDE

Pages

1. Executive Summary	4
2. Business Model	5-7
3. Group Key Initiatives	8-12
4. Results	13-20

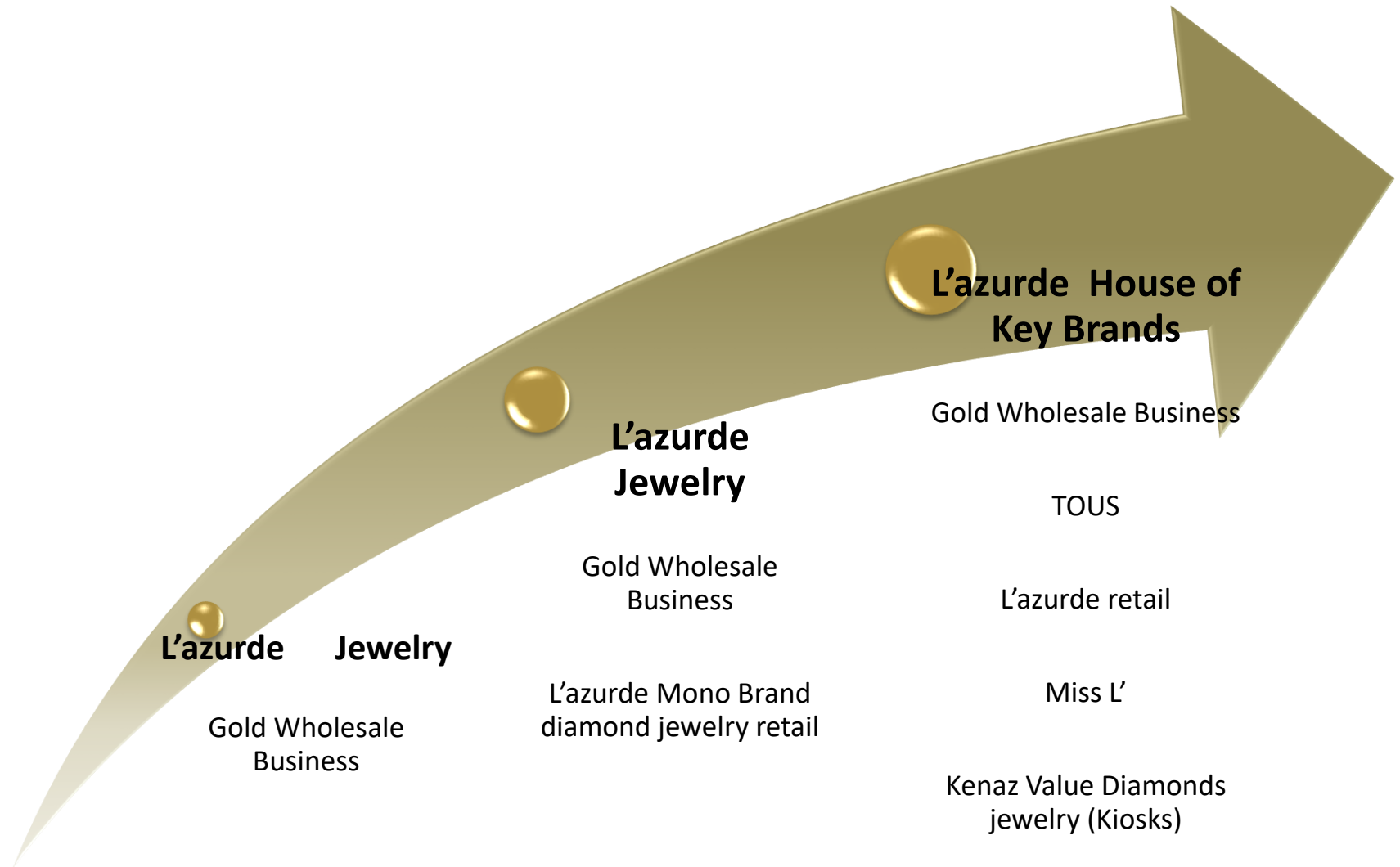
Executive Summary

L'AZURDE

- **Q3 Operating Revenues were 11% higher than same quarter of LY.** In KSA, Retail channel revenues increased by 78% mainly due to the recently acquired TOUS franchisee. Wholesale KSA revenues decreased by 44% compared to the same quarter last year due to high volatility in the gold price during this period which led to a temporary delay in buying decisions by our retailers and a very long summer break.
- **Egypt's revenues continued to perform strongly**, for the eighth quarter in a row, with a growth of 19% in the wholesale channel due to successful advertising campaigns and strong customer uptake of new collections. The retail channel revenues grew by 24.5% compared to the same quarter of last year due to the sales increase in existing shops and the successful opening of four new outlets.
- **This is the sixth quarter in a row with operating revenues exceeding the same quarter of last year.**
- **Net income for Q3 2019 came at SAR 0.2 Million, 93% lower than same quarter LY** due to due to lower revenues in KSA wholesale. YTD net income is at SAR24.4 Million, up +38.6% versus same period last year.
- **The Company has a major growth initiative with the new Miss L' line** offering affordable Gold fashion jewelry at high Gross Margin and low Working Capital sold through 3rd party retailers in Malls.
- **We undertake a significant repositioning in Q4** where we will restructure the core Gold wholesale business at much lower costs and Working Capital while securing the right resources on growing more efficient businesses like TOUS, Miss L' and E-commerce.

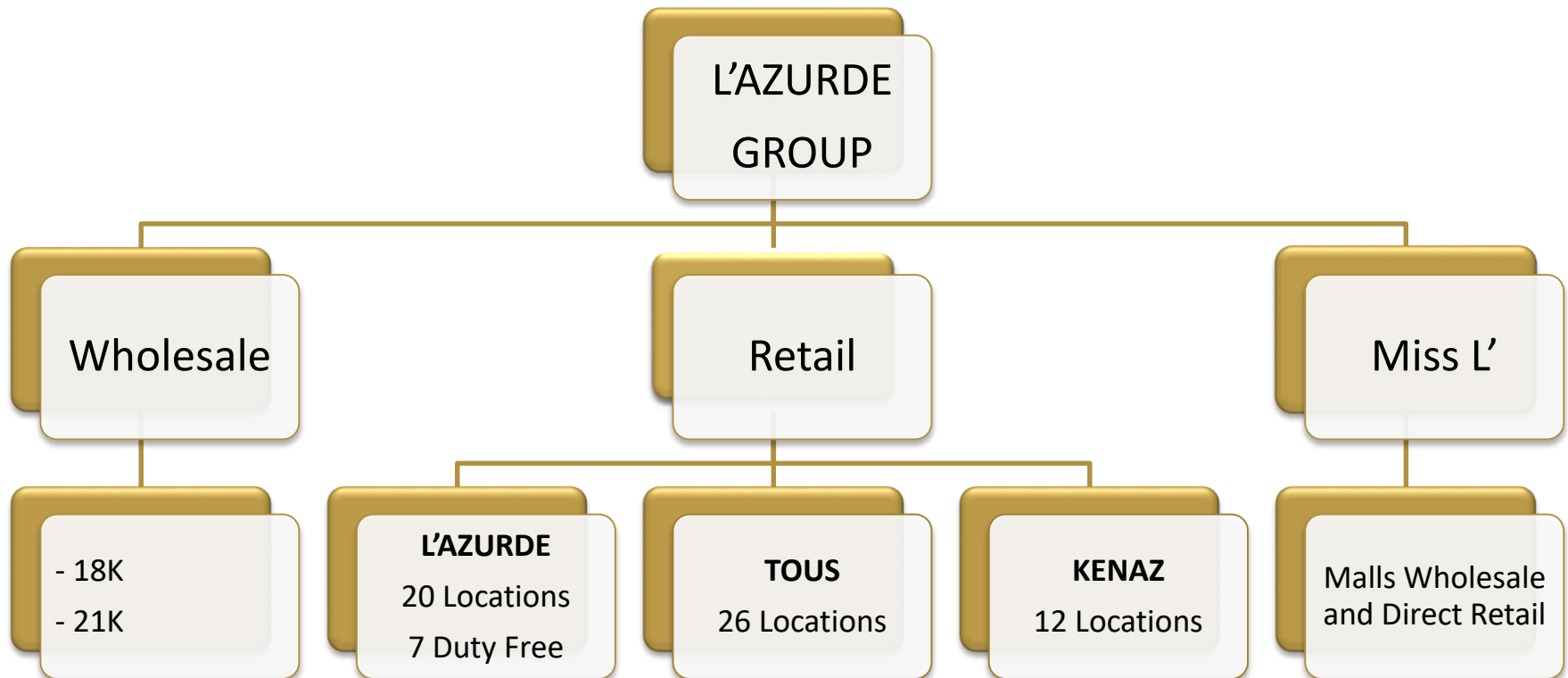
L'azurde Business Model Evolution

L'AZURDE



L'azurde Business Model Evolution

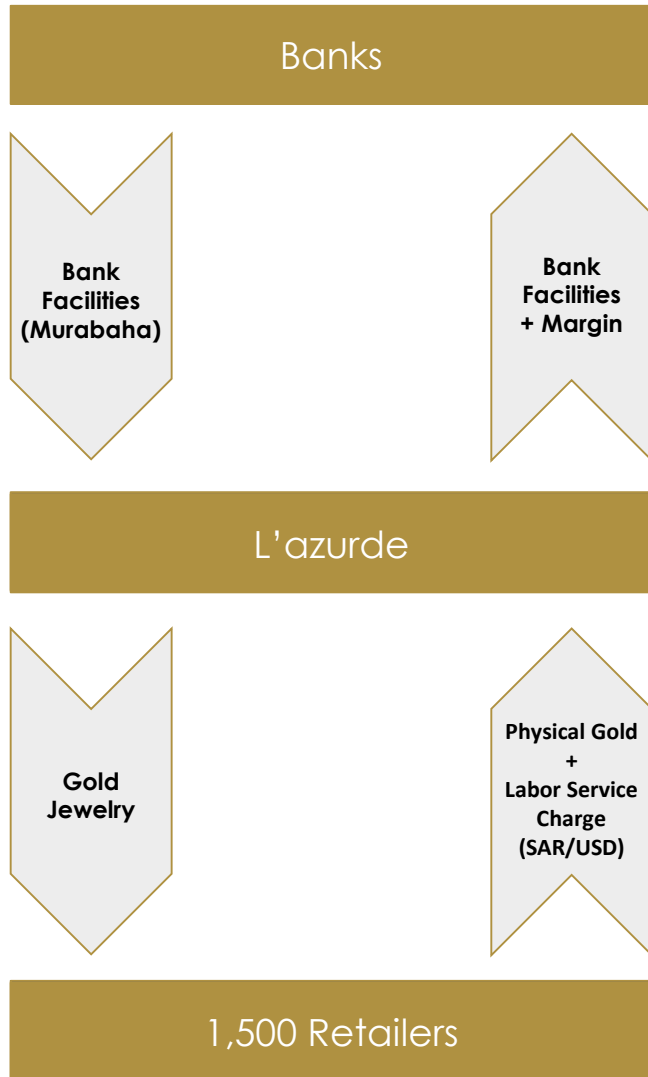
L'AZURDE



Wholesale Business Model

Gold Jewelry Wholesale Business Model

L'AZURDE



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

Quarterly Gold Audit with Auditors rotation

New Miss L' High Potential Line

High GM and Low Working Capital

L'AZURDE



New Miss L' High Potential Line

Wholesale Business at Malls



L'AZURDE



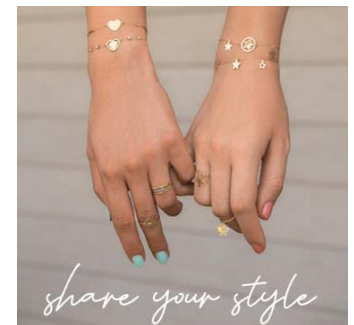
Miss L'
L'AZURDE
18k Gold



**E-Commerce
Advertising Banners**

**Standing Displays
3rd Party Retailers in Malls**

Effortless Fashion



L'azurde Wholesale Business Model Evolution

L'AZURDE



If we shift 10% of the current wholesale volume sales to Miss L', GM and NI can increase by SAR 50m and SAR 40m respectively

Group Initiatives

L'AZURDE

Reinforce Core Gold Wholesale Business

- Improve design capabilities and leverage technology and 3D printing to produce differentiated products at lower weight
- Leverage product tracking technologies for better measurement of sales, faster replenishment to our retailers and lower working capital
- Restructure the business model to run at lower operating costs and improve manufacturing productivity
- Reduce working capital through shorter payment terms and lower inventories levels

Grow Miss L'

- Drive the promising Miss L' affordable gold jewelry fashion line distribution through 3rd party retailers, own stores and e-commerce
- Develop a regional and global distribution channel for Miss L' products
- Launch top designs: essentials, classic and fashion jewelry at affordable prices
- Leverage latest consumer and fashion jewelry trends: gifting and lighter jewelry
- Enhance Gross Margins through mix and premium pricing for products endorsed by celebrities

Perfect Integration Tous Franchisee Acquisition

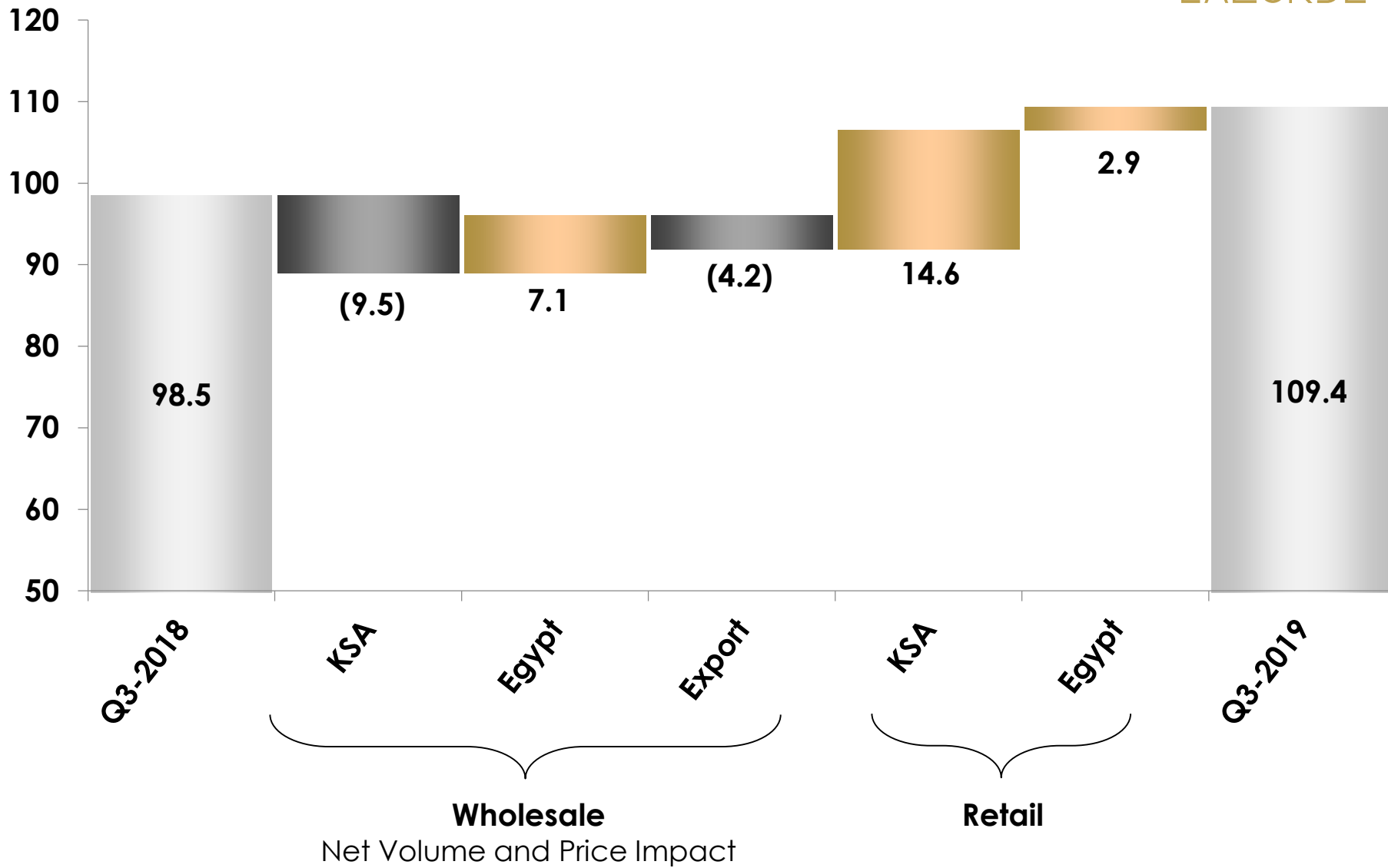
- Optimize the newly acquired TOUS franchisee business in KSA
- Strong marketing to build awareness and brand image
- Enhance products assortment
- Train and develop engaged female Saudi team in the shops
- Expand network with top locations
- Establish global E-Commerce platform and CRM
- Leverage global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

Enhance L'azurde Retail Profitability

- Develop our profitable L'azurde retail business in Egypt
- Improve the profitability of the L'azurde retail business in KSA by rationalizing our footprint and re-invigorating our flagship shops
- Expand our exclusive airports retail operations
- Enhance products mix to raise Life Like sales through cross selling
- Invest in staff training to raise productivity

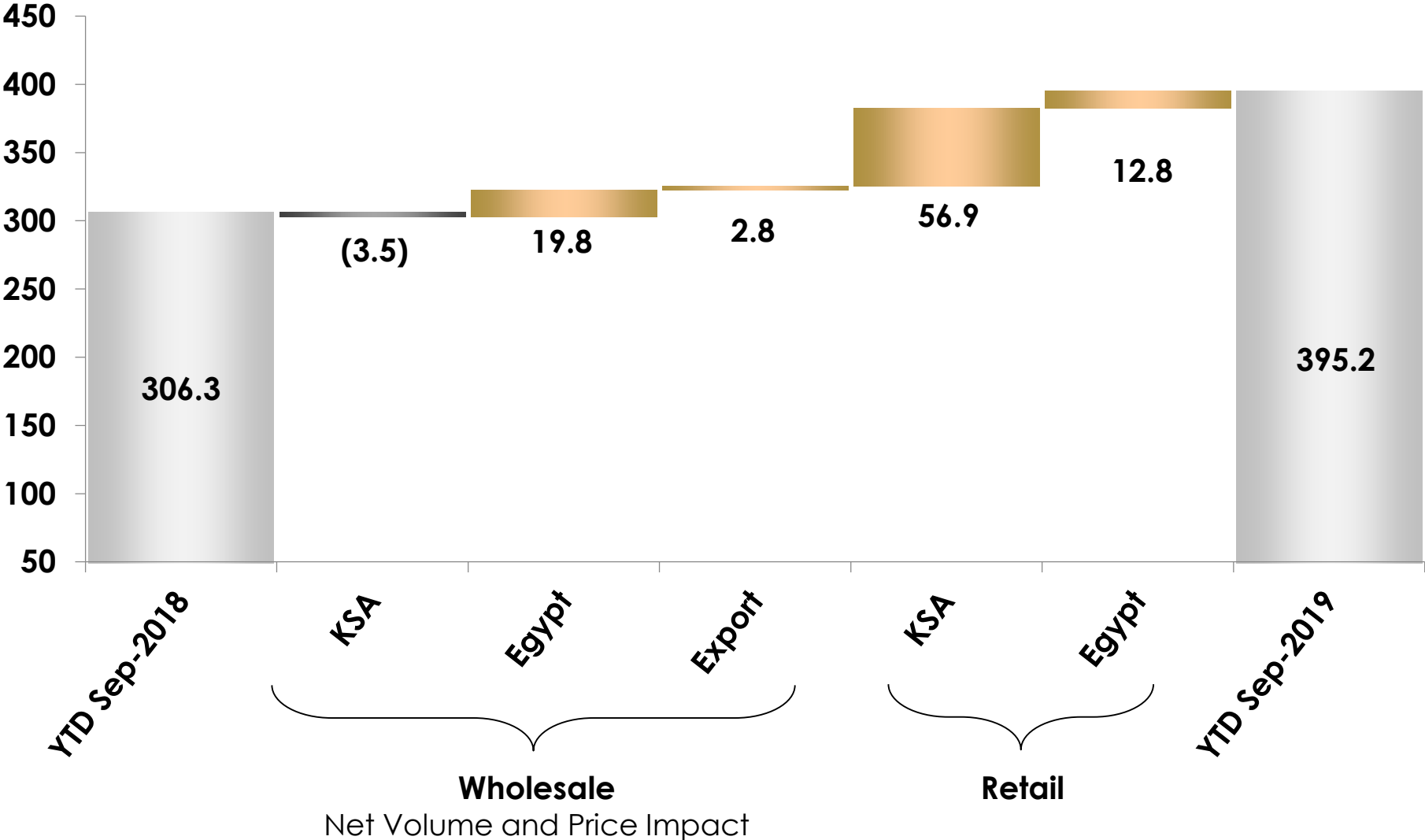
Revenues Variance – Q3 2019 (Million SAR)

L'AZURDE



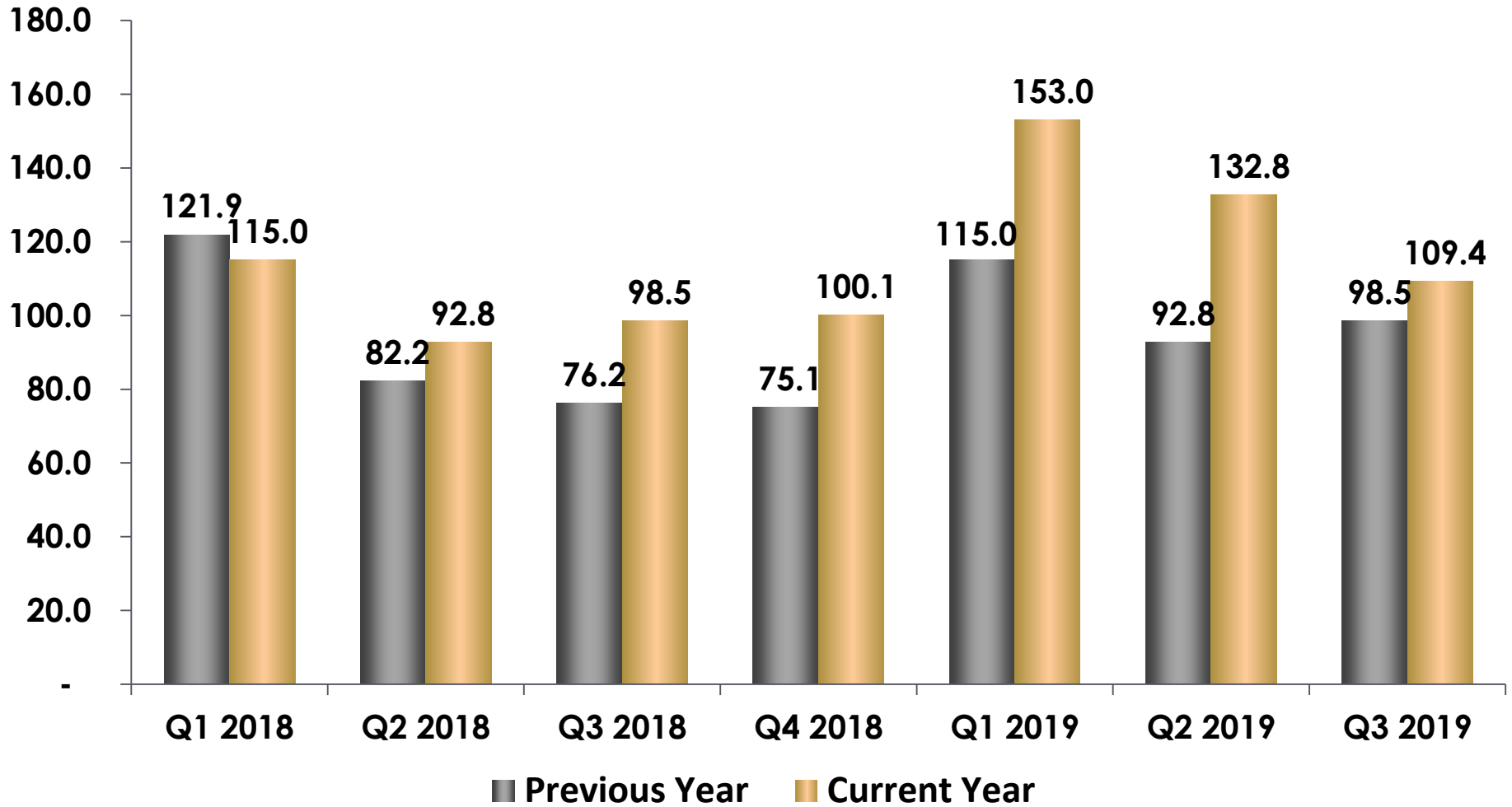
Revenues Variance – YTD Sep 2019 (Million SAR)

L'AZURDE



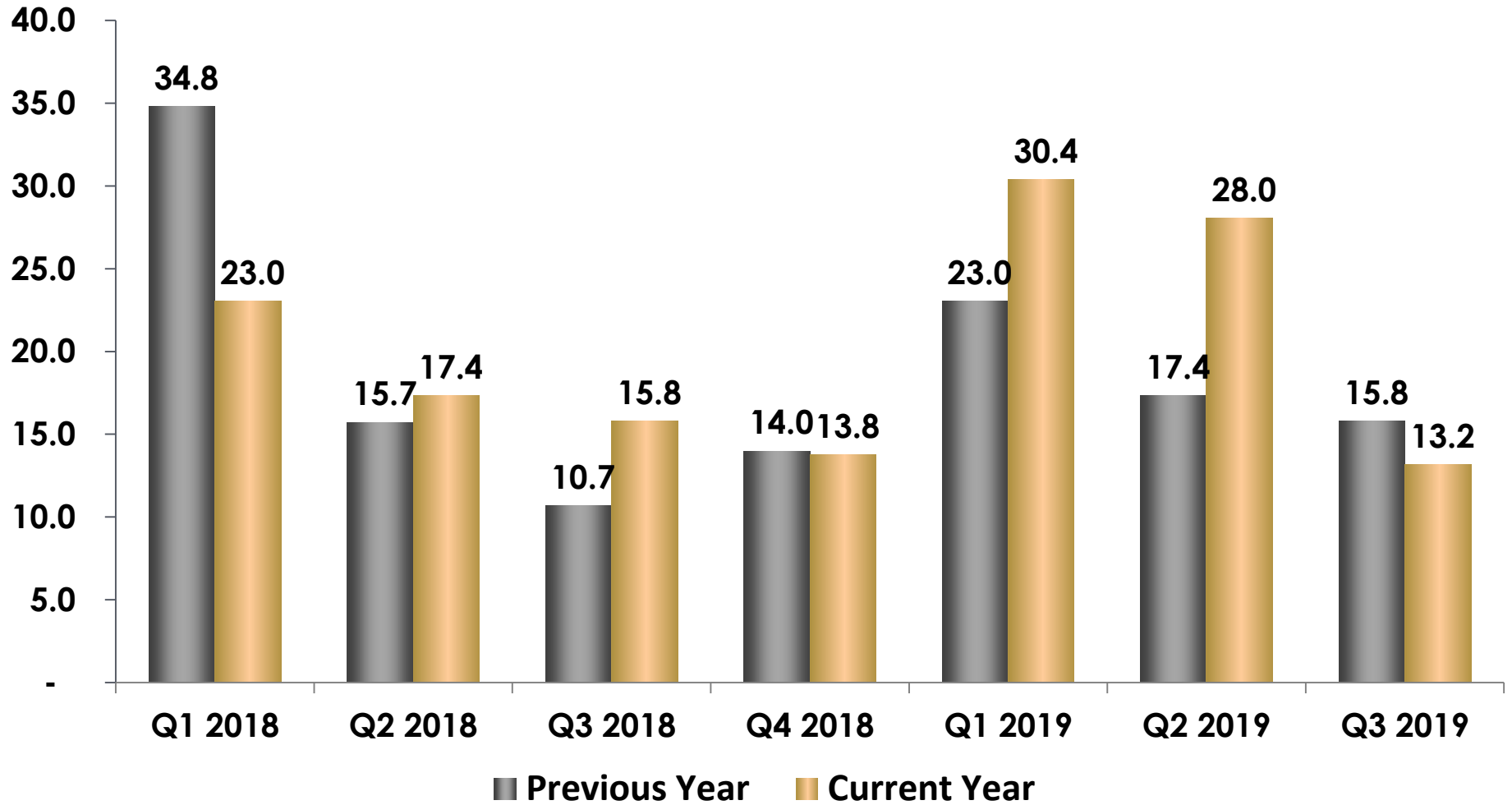
Group Quarterly Revenues (Million SAR)

L'AZURDE



Group Quarterly Operating Income (Million SAR)

L'AZURDE

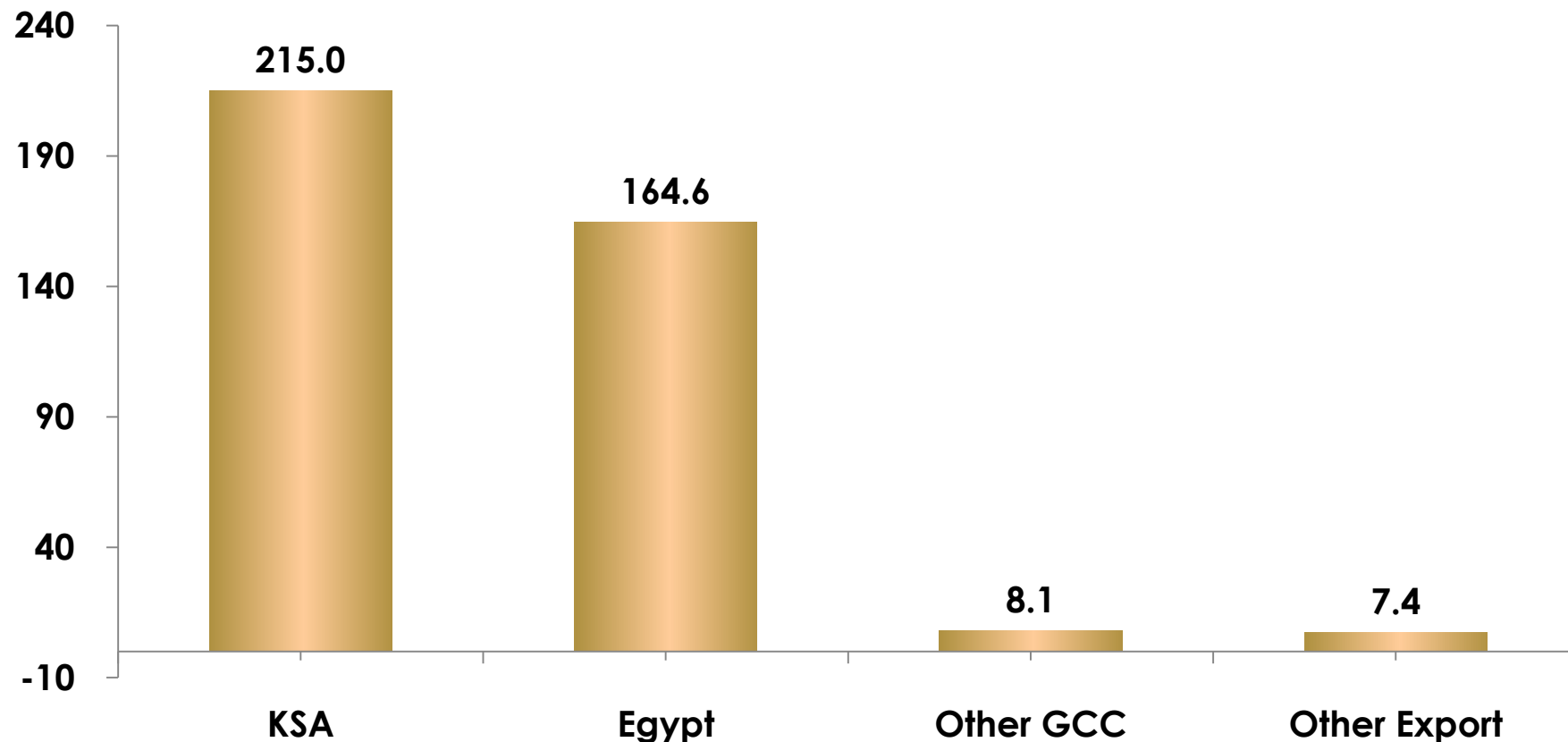


KSA Revenues increased by 33%

Operating Revenues by Country – YTD Sep 2019

L'AZURDE

Million SAR



% of Total

54%

42%

2%

2%

Vs. 2018

33% ▲

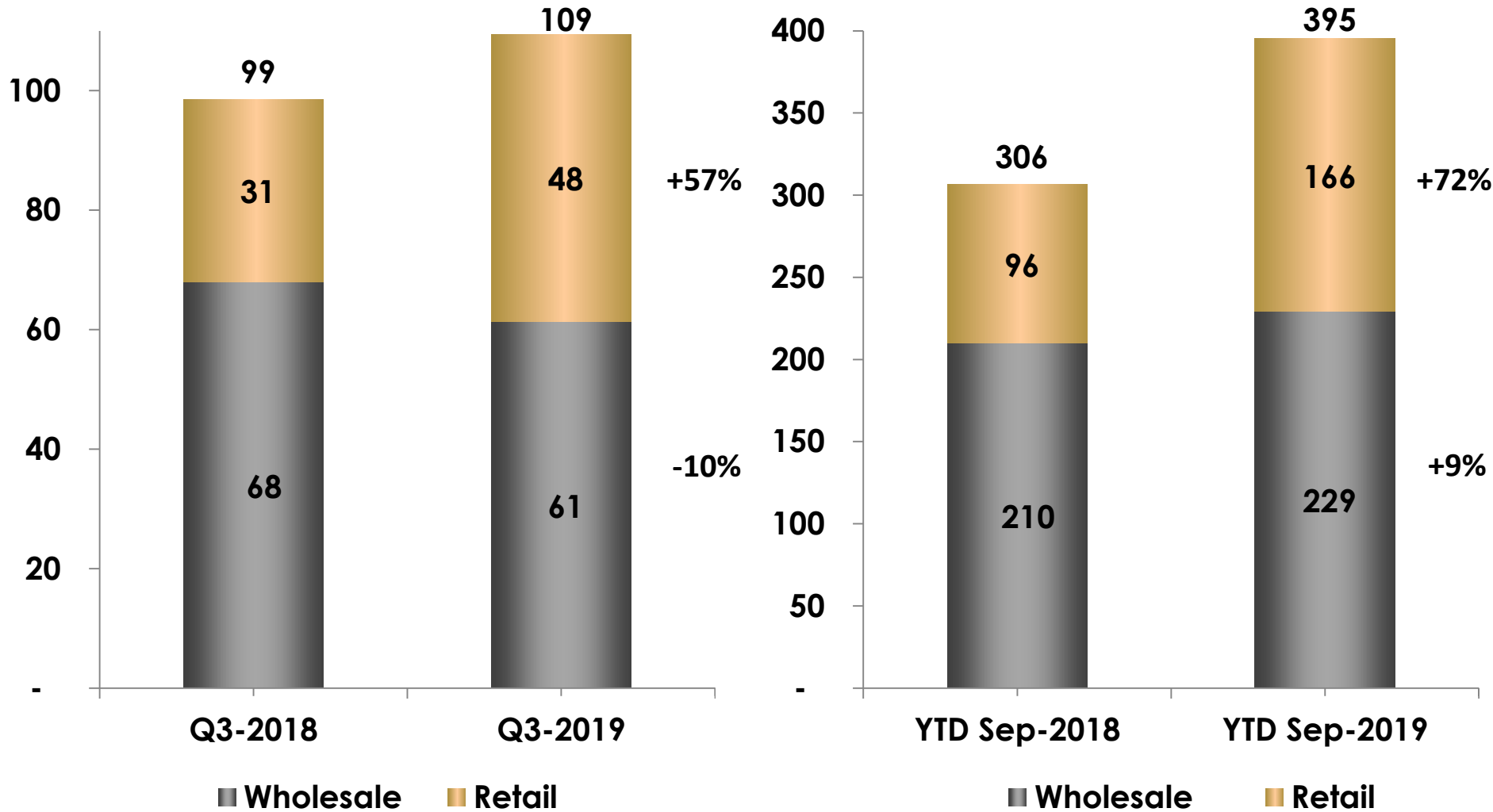
25% ▲

27% ▼

>100% ▲

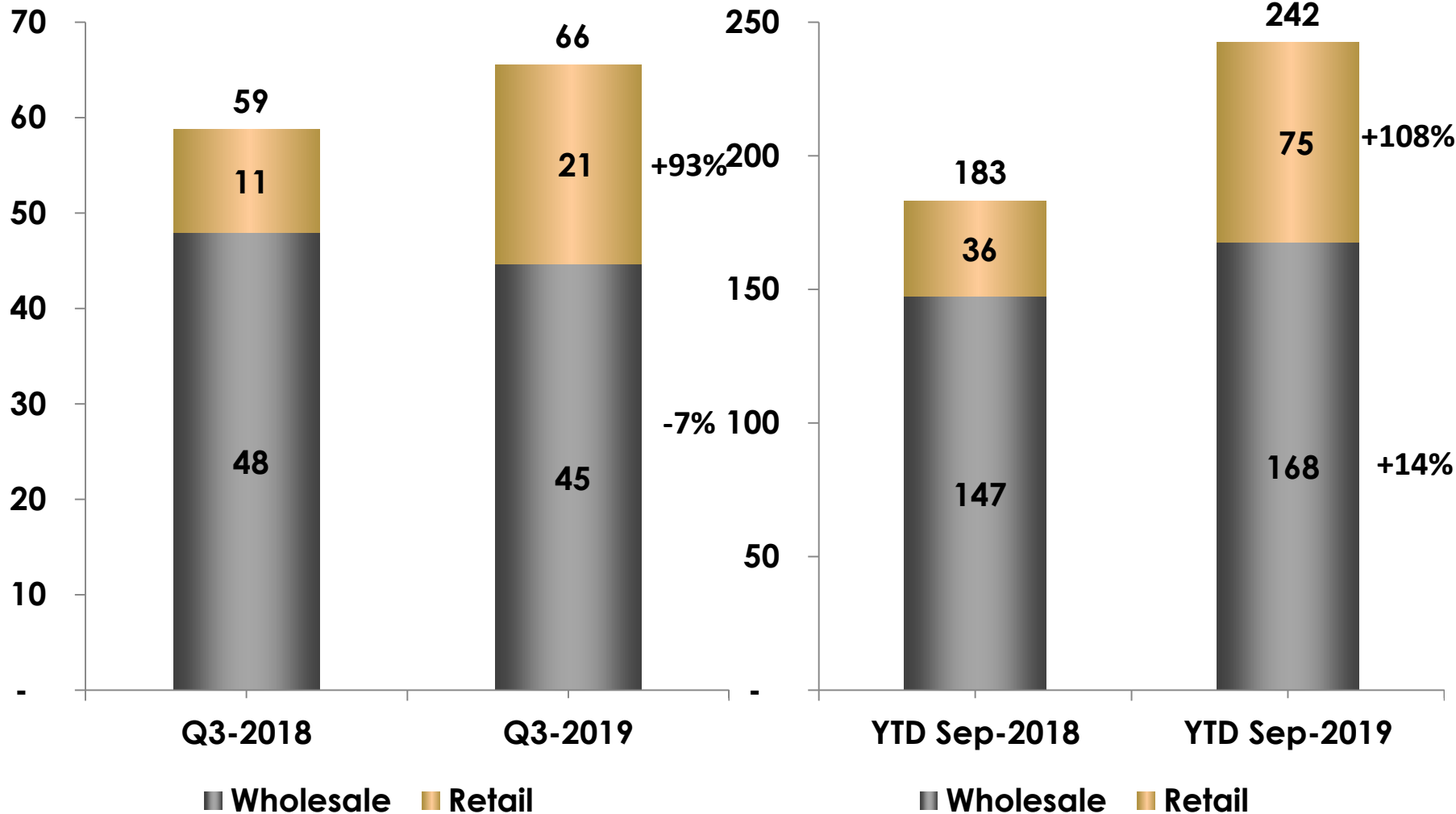
Retail Revenues at +57% in Q3 2019 vs. LY

L'AZURDE



Retail Gross Margin +93% in Q3 - 2019 vs. LY (Million SAR)

L'AZURDE



Group Consolidated Income Statements (Million SAR)

L'AZURDE

	Q3					YTD Sep				
	2018A		2019A		Delta	2018A		2019A		Delta
Revenue	98.5	100.0%	109.4	100.0%	11.0%	306.3	100.0%	395.2	100.0%	29.0%
Cost of revenue	(39.8)	-40.4%	(43.8)	-40.0%	10.2%	(123.1)	-40.2%	(152.9)	-38.7%	24.1%
Gross Profit	58.8	59.6%	65.6	60.0%	11.6%	183.2	59.8%	242.3	61.3%	32.3%
Selling and marketing	(32.6)	-33.1%	(43.7)	-39.9%	33.9%	(96.6)	-31.5%	(138.1)	-34.9%	42.9%
General and admin	(10.4)	-10.5%	(8.7)	-8.0%	-15.9%	(30.4)	-9.9%	(32.6)	-8.3%	7.2%
Operating Income	15.8	16.0%	13.2	12.1%	-16.4%	56.2	18.3%	71.6	18.1%	27.5%
Other income – net	(0.4)	-0.4%	3.1	2.8%	>100%	(3.5)	-1.1%	3.1	0.8%	>100%
Finance Charges – net	(9.0)	-9.1%	(12.8)	-11.7%	42.9%	(26.2)	-8.6%	(38.4)	-9.7%	46.5%
Net Profit before Zakat	6.4	6.5%	3.5	3.2%	-45.9%	26.5	8.7%	36.3	9.2%	37.0%
Zakat	(2.6)	-2.6%	(2.5)	-2.3%	-5.3%	(8.2)	-2.7%	(8.5)	-2.2%	3.6%
Income Tax	(0.1)	-0.1%	(0.8)	-0.7%	>100%	(0.7)	-0.2%	(3.4)	-0.9%	>100%
Net Income	3.7	3.8%	0.2	0.2%	-93.7%	17.6	5.7%	24.4	6.2%	38.6%
Earning per Share	0.1		0.0		-93.7%	0.4		0.6		38.6%