

Lauritz.com Group A/S interim report January – September 2020

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Development in EBITDA

EBITDA in the third quarter of 2020 is DKK 5.4m compared to DKK -3.1m last year driven by increase in revenue as well as decrease in cost.

Auction Turnover for the quarter increased 14.4 percent compared to same period last year. The increase is driven by continued strong commercial initiatives.

In total cost decreased by 13.2 percent compared to Q3 last year, driven by savings across the business. As a result of Lauritz.com taking over a number of auction houses from partners the cost related to these houses change from partner commission (in variable expenses) to salaries and other operating cost.

The Cash Flow from Operations in Q3 is DKK -0.2m an increase of DKK 18.5m compared to the same period in 2019. The change is driven by the improved EBITDA and timing of payments from auction sales, auction settlements, and receivables.

To support and strengthen the growth in auction turnover we will continue the intensified sales- and marketing initiatives and further increase the focus on operations of the business. In the first 4 weeks of Q4 we have seen significant growth in auction turnover continuing the strong momentum seen since June.

Commercial initiatives

The focus on developing the sales and marketing activities to drive growth in Auction turnover and Revenue of the group is continuing.

The comprehensive optimization process that all auction houses have gone through has released resources for intensified sales activities.

In Aarhus and Helsingborg we have moved to new and better locations, and at the same time reduced rental cost, which has resulted in improvements in the businesses and in profitability.

The ability to stay focused on developing the business even during difficult external circumstances underlines the resilience and determination in our organization to go the extra mile.

M&A process

The process to secure a sustainable long term solution for the capital structure of the group, and find a solution in relation to the bondholders, as the bond is no longer listed and the redemption to be made in December 2019 has been postponed, is ongoing.

We are actively pursuing the strategic possibilities for strengthening the capital base of Lauritz.com and redeem the bond debt. This process with an M&A consultant commenced in April 2020, and is progressing according to the timeplan and is expected to be finalised before the end of 2020.

Information about Corona virus pandemic

In 2020 for the period until 10 March auction turnover was in line with last year and with our expectations. For the rest of March Auction turnover and Revenue was impacted negatively, with a drop compared to last year of 31 percent. Compared to last year April was down 20 percent. In May and June online auction turnover was up 0.2 percent vs last year, and traditional Fine Art auction turnover was down 55 percent.

In Q3 we have seen a strong improvement with growth in auction turnover of 14.4 percent compared to last year, which is continuing in October where we have seen significant growth in auction turnover continuing the strong momentum seen since June. We expect this to continue during the remainder of the year under the assumption that a lockdown like in March/April is not initiated.

As a result hereof the result in Q1 2020 was impacted negatively by approximately DKK 4m and Q2 by 4-5m compared to last year, primarily in April and May. In June EBITDA was improving slightly compared to last year, and in Q3 we have seen a strong improvement compared to last year.

Guidance for 2020

Growth is seen across most categories as both sellers and buyers are attracted by the opportunities that our auctions offer.

The positive development seen in Q3 and in October is slightly above the assumptions behind the guidance given in August.

We are expecting the positive development to continue, under the assumption that governments don't choose to initiate a lockdown similar to the one seen in March 2020.

The upper part of the guidance ranges will be pending on that improvements will materialize for the consignments of very expensive art and antique items during the last part of the year.

As a result we have updated our expectations for the full year to:

- Auction Turnover growth of 0 to 5 percent (unchanged),
- Revenue growth of 0 to 5 percent (unchanged) and
- EBITDA of DKK 10 to 20m (previous guidance was DKK 5 to 20m).

Bengt Sundström, Chairman of the board

Carsten Rysgaard, CEO

Preben Vinkler Lindgaard, CFO

Highlights Q3 2020

July – September 2020

- Auction Turnover increase of 14.4 percent.
- Revenue increase of 4.3 percent.
- Average knockdown increase 6.7 percent in Q3 to DKK 2,438 (2,284).
- Number of knockdowns increase 7.2 percent in Q3 to 67,071 (62,547).
- EBITDA is DKK 5.4m (-3.1m).
- Auction Turnover Margin amounted to 3.3 (-2.2) percent.
- Cost in Q3 is reduced by DKK 6.5m compared to 2019, equal to 13.2 percent.
- Cash flow from operations improved by DKK 18.5m compared to the same period in 2019.

January – September 2020

- Auction Turnover decline of 6.7 percent due to Covid-19 in the spring.
- Revenue decrease of 9.8 percent due to Covid-19 in the spring.
- Average knockdown price DKK 2,469 (2,612).
- Number of knockdowns 196,747 (199,397).
- EBITDA for the 9 months is DKK 0.8m, compared to DKK 5.7m in 2019.
- Auction Turnover Margin¹ amounted to 0.2 (1.1) percent.
- Cost year to date is reduced by DKK 10.6m compared to last year, equal to 6.9 percent.
- Cash flow from operations improved by DKK 30.2m compared to the same period in 2019.

Lauritz.com Group A/S key figures

000 DKK	July – September		January – September	
	2020	2019	2020	2019
Auction turnover	163,500	142,859	485,760	520,833
Revenue	48,040	46,042	143,311	158,825
Number of Knockdowns (excl. QXL)	67,071	62,547	196,747	199,397
Average Knockdown price (excl. QXL)	2,438	2,284	2,469	2,612
EBITDA	5,403	-3,074	800	5,707
Auction Turnover Margin ¹	3.3%	-2.2%	0.2%	1.1%
Profit	-1,114	-8,580	-19,175	65,073
Earnings per share	-0.027	-0.211	-0.471	1.599
Cash flow from operations	-186	-18,645	2,091	-28,143

¹ Auction Turnover Margin = EBITDA/Auction Turnover.

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