

Lauritz.com Group A/S interim report January – June 2019

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Strong growth in Auction Turnover and improved EBITDA from operations

Lauritz.com has achieved growth in Auction Turnover of 10.3% in Q2 and 6.0% for the first 6 month of 2019 compared to last year. The improvement is due to strengthened sales and marketing efforts which has most clearly materialized in the Swedish and Finnish markets.

Together with cost reductions of 3 percent (like for like business) this is driving the improvement in operational performance. EBITDA in Q2 2019 is DKK 7,303k compared to DKK 1,423k in 2018. For the first 6 month EBITDA is DKK 8,781k compared to DKK 1,869k (excluding the gain from sale of the Fine Art business in 2018 and accrual release) in 2018.

Cash Flow from Operations in Q2 of DKK 10.7m an improvement compared to 2018 of DKK 15.6m. For the first 6 month of 2019 the Cash flow from operations improved by DKK 43m compared to 2018. The improvement is a result of higher EBITDA and a higher amount payable to sellers at the end of the period due to higher sales in June.

The positive development seen in Q1 with an improved market demand for our services and a positive response on our financing situation has continued in Q2 and into the first part of Q3. We are expecting that the positive momentum will be continuing for the coming quarters.

To support and strengthen the positive development we will continue the intensified sales- and marketing initiatives and further increase the focus on operations of the business.

Commercial initiatives

A number of commercial initiatives are showing positive effect on the results. Among them, an increased focus on sales management, business control and execution both internally in the headquarters and in relation to the individual auction houses.

The comprehensive optimization process that all auction houses has gone through in terms of logistics and handling of the auction supply chain, has released resources for intensified sales activities.

In terms of marketing activities, we are focused on creating local activities including an increase in our outreach via focused social media, which has shown a positive effect and strengthened our presence in the local and regional communities, and we are creating a number of high profile events giving significant exposure in national media and developing relationships with key customers.

Furthermore, in order to keep a high visibility in the market, we continuously and persistently communicate our standard free pickup-service and personal booking of experts for private home visits.

We are targeting professional sellers to consign larger lot stocks, like previous season's product inventories or surplus items that are suitable for selling at auctions. The benefits of selling at auction are many for our professional sellers - some of the major benefits are massive exposure

and a higher stock turnover rate as well as storage capacity, logistics and resales all being handled by the auction house.

In order to give both private and professional sellers more comfort in relation to the price they will achieve in an auction, we have implemented a more flexible and individual setup for setting minimum prices and starting bid for the auction.

Following the reacquisition of the Fine Art business in March 2019 we have seen a strong development in Q2, and we are continuing the focused development of this business with a strong base in the facilities at Nybrogatan in Stockholm.

Furthermore, we are actively working on growing the business through increase in the number of auction houses, either through attracting existing auction houses to join as partners, or through opening new auction houses. In Q3 we will open a new auction house in Norrköping.

Refinancing of Bonds

The refinancing of the bonds has been agreed with the bondholders, and all legal work related to finalizing the changes is completed.

The clarification of the financing situation and the positive development in Auction turnover and profit achieved confirm our confidence in a successful development in the coming years for Lauritz.com.

Bengt Sundström, Chairman of the board

Preben Vinkler Lindgaard, CFO

Highlights 2019

April – June 2019

- Auction Turnover growth of 10.3 percent.
- Average knockdown price DKK 3,091 (2,775).
- Number of knockdowns 66,865 (68,370).
- Cost level in like for like business in Q2 is reduced by 3 percent compared to last year.
- EBITDA in Q2 is DKK 7,303k, compared to DKK 1,423k in 2018.
- Auction Turnover Margin¹ in like for like business amounted to 3,5 (0.8) percent.
- Cash flow improved by DKK 15.5m compared to Q2 in 2018

January – June 2019

- Auction Turnover growth of 6.0 percent.
- Average knockdown price DKK 2,767 (2,640).
- Increase in number of knockdowns 136,850 (135,341).
- Cost level in like for like business in H1 is reduced by 3 percent compared to last year.
- EBITDA for the 6 month is DKK 8,767k, compared to DKK 1,869k in like for like business in 2018.
- Auction Turnover Margin¹ in like for like business amounted to 2,3 (0.9) percent.
- Cash flow improved by DKK 43.4m compared to first half of 2018.

Lauritz.com Group A/S key figures				
	April – June		January – June	
DKK million	2019	2018	2019	2018
Auction turnover	206,699	187,424	378,681	357,249
Revenue	58,633	56,107	112,783	111,257
Number of Knockdowns (excl. QXL)	66,865	68,370	136,850	135,341
Average Knockdown price (excl. QXL)	3,091	2,775	2,767	2,640
EBITDA	7,303	1,423	8,781	43,265
Auction Turnover Margin ¹	3.5%	0.8%	2.3%	11.8%
Profit	79,643	-4,157	73,653	27,785
Earnings per share	1.957	-0.102	1.810	0.683
Cash flow from operations	10,724	-4,827	-9,498	-52,887

¹ Auction Turnover Margin = EBITDA/Auction Turnover.

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