

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

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Guidance for 2019

Our guidance for the full year remains unchanged, at an expected growth in Auction Turnover of 5-7 percent, and EBITDA of DKK 15-25m.

Growth in Auction Turnover and improved EBITDA from operations

Lauritz.com has achieved growth in Auction Turnover of 2.1 percent in the first 9 month of 2019 compared to last year. Resulting in revenue growth of 1.2 percent compared to last year.

The improvement is due to strengthened sales and marketing efforts across the business.

The like for like business has reduced cost by 4 percent compared to last year, partly offsetting the increase in cost from acquired businesses, primarily the fine art business.

EBITDA in the first 9 month of 2019 is DKK 5,707k compared to DKK 2,740k (excluding the gain from sale of the Fine Art business in 2018). Comparing EBITDA like for like with last year shows an increase of DKK 4.4m. EBITDA in Q3 is below last year mainly due to the negative EBITDA in the Fine Art business in Q3, as Fine Art auctions and the related revenue primarily is placed in Q2 and Q4.

The Cash Flow from Operations in Q3 is DKK -18,6m an improvement DKK 2.1m compared to 2018. For the first 9 months of 2019 the Cash flow from operations improved by DKK 45.5m compared to 2018. The improvement is partly driven by seasonality in the business significantly impacted by timing of Fine Art auctions, and partly due to improved EBITDA.

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

Several commercial initiatives are showing positive effect on the results. Among them, a continued 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 have gone through in terms of logistics and handling of the auction supply chain, has released resources for intensified sales activities, and the efforts are showing now in Q3.

In terms of marketing activities, we are continuously focused on creating local activities including an increase in our outreach via focused social media, which is still showing a positive effect and strengthening our presence in the local and regional communities.

To increase the number of new sellers, a national campaign communicated in national publications and social media, was performed spanning 6 weeks in July and August. The purpose of this campaign, First Time is Special, was to invite potential customers who never sold with Lauritz.com before to try selling with us. This had a positive effect and proved the potential among consumers who never sold with us before. Furthermore, we are continuously communicating our standard free pickup-service and personal booking of experts for private home visits.

We are still targeting professional sellers to consign larger lot stocks or one-off sales within both vintage items and newly produced items. As to the furniture and decoration market, we are approaching design producers to sell e.g. previous season's product inventories or suitable surplus items directly on auction. Furthermore, we have introduced a new overall theme, New Nordic, focusing on high-end newly produced luxury items, promoting these curated theme auctions Internationally and on all platforms.

With regards to Stockholms Auktionsverk, we have observed a continuously positive steady development in Q3. The implementation of Lauritz.com's sales management system is expanding the commercial skills among our Swedish experts whose role is currently changing from a more internal role to a more external role, proactively contacting potential sellers for consignments. Moreover, our focused brand related collaborations with other strong brands and ambassadors are influencing the results positively, and we have strengthened our Stockholm based marketing department to support the positive development further.

New CEO

On October 1st Carsten Rysgaard joined the group as CEO.

Bengt Sundström, Chairman of the board

Carsten Rysgaard, CEO

Preben Vinkler Lindgaard, CFO

Highlights 2019

July – September 2019

- Revenue in line with last year in like for like business. In total revenue increase of 0.8% in Q3 compared to last year.
- Auction Turnover decline of 6.5 percent, primarily due to change in seasonality and is expected to be recovered in Q4.
- Average knockdown price DKK 2,284 (2,502).
- Number of knockdowns 62,547 (61,060).
- Cost level in like for like business in Q3 is reduced by 5 percent compared to last year.
- EBITDA in Q3 is DKK -3,074k, compared to DKK 21k in Q3 in 2018. The decline is primarily due to the expected Q3 loss in the Fine Art business, as Fine Art primarily has auctions in Q2 and Q4. Last year the Fine Art business was not part of the group, but was acquired in March 2019.
- Cash flow improved by DKK 2.1m compared to Q3 in 2018.

January – September 2019

- Revenue increase by 1.2 percent compared to last year.
- Auction Turnover growth of 2.1 percent.
- Average knockdown price DKK 2,612 (2,597).
- Increase in number of knockdowns 199,397 (196,401).
- Cost level in like for like business in first 9 month of 2019 is reduced by 4 percent compared to last year.
- EBITDA for the 9 month is DKK 5.707k, compared to DKK 2.740k (excluding the gain from the fine art sale) in 2018. Equal to an Auction Turnover Margin¹ of 1.1 (0.5) percent.
- Cash flow improved by DKK 45.5m compared to same period in 2018. The improvement is partly driven by seasonality in the business significantly impacted by timing of Fine Art auctions, and partly due to improved EBITDA.

Lauritz.com Group A/S key figures

DKK million	July – September		January – September	
	2019	2018	2019	2018
Auction turnover	142,859	152,789	520,833	510,038
Revenue	46,042	45,663	158,825	156,920
Number of Knockdowns (excl. QXL)	62,547	61,060	199,397	196,401
Average Knockdown price (excl. QXL)	2,284	2,502	2,612	2,597
EBITDA	-3,074	21	5,707	43,286
Auction Turnover Margin ¹	-2.2%	0.0%	1.1%	8.3%
Profit	-14,569	-10,373	65,074	17,412
Earnings per share	-0.211	-0.254	1.599	0.427
Cash flow from operations	-18,645	-20,776	-28,143	-73,663

¹ Auction Turnover Margin = EBITDA/Auction Turnover.

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