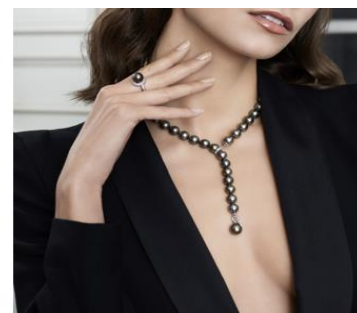


## ANNUAL RESULTS 2018

**Back to a positive operating income in 2018**

**Full normative profitability expected in 2019**



**Paris, France, July 11, 2019** – GROUPE SCHMITTGALL, a French leading player of the cultured pearl since 2001, and actor of excellence in French jewelry, today announces its annual results and activity for 2018.

Present in France, Europe and Asia, the Group is the fruit of the successful alliance between two key players in the luxury sector: SCHMITTGALL, a company founded in 1926, a historic player and now the French leader in cultured pearls since 2001, and THIEN PO, founded in 1959 and heir to a unique know-how in jewelry and precious stones. Creator of the brand PACOMA PARIS, positioned in the segment mid-high-end jewelry, the Group led by Gaëtan PINOT and Benjamin CHHOA has a strong entrepreneurial culture based on innovation, agility, creativity and quality execution.

Leading supplier of jewelry and haute French jewelry, GROUPE SCHMITTGALL also designs and manufactures its collections, covering white label all sales networks of cultured pearls and precious stones jewelry (diamond, sapphire, ruby, emerald): fine jewelry, distribution networks, independent. Its collections are also available to the general public and distributed in omni-channel under the PACOMA PARIS brand. Manufacturing is located in France and Thailand.

### Despite a complicated context, a rapid return to normative profitability

At 7.36 million euros, sales were down (-6.5%) compared to the previous year, a slight decline which can be explained in particular by the turbulent social context that marked the fourth quarter 2018 in France (movement of "Giles Jaunes"). The holiday season is in fact the period on which the Group usually carries the largest part of its annual turnover.

<i>in</i>	2017	2018	var. 2017/2018
<b>Turnover</b>	<b>7 878 633</b>	<b>7 365 846</b>	<b>-6,51%</b>
Revenues	7 989 678	7 757 568	-2,91%
Operating income	-765 678	87 254	-
Current income before taxes	-670 357	-42 094	-
Exceptional result	-637 307	-239 002	-
<b>Net income</b>	<b>-1 307 663</b>	<b>-281 096</b>	<b>-</b>
Equity	2 361 841	2 079 989	-11,93%
Debt*	2 474 244	2 295 252	-7,23%

Source: Accounts Commissioner's Report on 2018 Annual Accounts  
\*Excluding supplier debt

The operating result is positive and stands at 87,254 euros, compared to a loss of 765,678 euros in 2017. As a reminder, the beginning of the 2017 financial year was marked by the need for the Group to implement a major plan. to allow this

rapid return to normative profitability. This consisted of three series of important measures, materialized by heavy exceptional loads:

- The melting of part of the stock to regain financial flexibility;
- Social measures leading to the abolition of 8 posts;
- The reduction and rationalization of the external load structure.

Net income, negative in 2017 of € 1.3 million, rose to € 0.28 million, including the last exceptional charges related to the finalization of the costs reduction plan (nearly € 0.3 million). Its positive full-year impact is estimated at 790,000 euros, and will continue with a growth plan for sales to allow a solid progression of results over several consecutive years.

Shareholders' equity stands at 2.079 million euros. Net debt (excluding trade payables), at 2,279 million euros, is down 7.2%. At December 31, 2018, the Company employs 20 people.

On the operational side, the year was marked by the renewal of all key accounts contracts, including the THOM EUROPE contract. THOM EUROPE, which places Europe at the center of its strategic priorities, bought two Italian and German jewellery chains in the first quarter, representing 250 additional points of sale. The development of this contract for 2019 and subsequent years will contribute to a significant increase in sales.

The Group also took advantage of this exercise to increase the number of one-off collaborations with ready-to-wear brands on high-end limited series, which enabled it to expand its reputation and to position the PACOMA brand's positioning on the market. General public. As every year, SCHMITTGALL also took part in the various international trade shows of reference. The PACOMA corner opened at Matsuya (the largest luxury brand in Japan) allowed for early negotiations with a Japanese distributor.

Over the financial year, the Group generated 11.7% of its turnover in exports.

### **Perspectives for fiscal year 2019**

Although still impacted in the first quarter by the end of the Yellow Vests movement, sales are expected to increase in 2019, and should benefit from the sustainability of several strategic initiatives taken by management on a commercial level. Growth is driven by a solid growth environment for the French luxury, jewellery and jewellery sector, whose mid-high-end PACOMA collections are particularly popular in Europe and internationally. This growth should also benefit from developments in the showroom.

### **An approach backed by transparency and communication to all Group stakeholders**

GROUPE SCHMITTGALL has decided to implement, starting in the 2019 financial year, reinforced communication, information and transparency commitments for all of its main stakeholders. These commitments are reflected in the April 2019 membership of the LOVE MONEY SECURITY(1) Association's Code of Ethics, which calls for the provision of financial and activity-related information at regular (quarterly, half-yearly, annual) dates. Group, as well as the provision of a liquidity tool for its capital, the Carnet d'Annonces, to facilitate the entry and exit of investors and shareholders, a tool managed by the firm CIIB, Listing Sponsor on Euronext.

As a reminder, SCHMITTGALL shares are eligible for the PEA and PME scheme (2). For any further information, please contact the CIIB office on +33 (0) 1 42 46 11 73 or by mail: [groupe-schmittgall@ciib.fr](mailto:groupe-schmittgall@ciib.fr)

1: see [LOVE MONEY SECURITY Charter of Ethics](#)

2: see [press release of 16/05/2019](#): Eligibility of GROUPE SCHMITTGALL shares to the PEA-SME scheme for the year 2019.

### **Next appointments:**

**Tuesday, July 16, 2019:** Opening of the liquidity tool "Carnet d'Annonces"

**Tuesday, July 23, 2019:** Information Meeting in Paris (Palais Brongniart)



## **About GROUPE SCHMITTGALL**

*GROUPE SCHMITTGALL is a leading player in the creation, manufacture, and B2B distribution of mid-range and high-end jewelery. Heir to a century-old know-how, the Group is today the fruit of the successful alliance between two complementary houses:*

- *SCHMITTGALL, founded in 1926, French leader of the cultured pearl,*
- *THIEN PO, founded in 1959, which has a unique and recognized know-how in jewelery.*

*The Group has a strong entrepreneurial culture, based on innovation, quality of execution, agility, and creativity. As a customs operator and with a delegation of stamps for precious metals, the Group, which operates in France, Europe and Asia, employs 20 people and achieved a turnover of 7.3 million euros in 2018.*

*Creator of the brand Pacoma, Schmittgall evolves in a very dynamic luxury market for the French industry and acclaimed worldwide.*

*GROUPE SCHMITTGALL shares can be fully integrated into PEA-PME accounts which enjoy the same tax advantages as traditional PEA.*

## **CONTACTS**

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