GROUPE LDLC

PRESS RELEASE

LIMONEST, **3 DECEMBER 2018**

H1 2018/2019 RESULTS

FIRST HALF EARNINGS IMPACTED BY GROWTH INVESTMENTS
POSITIVE TRENDS EXPECTED TO CONTINUE DURING SECOND HALF

Group CEO Olivier de la Clergerie made the following comments: *"Over the first half of 2018-2019, the Group tackled many projects to strengthen the Group's foundations and create value for the future. In particular, we have finished setting up logistics synergies with Materiel.net, integrated the Olys Group acquired in January 2018 and upgraded our information systems as well as developing the new platforms for Materiel.net and LDLC.com. We have also rolled out our LDLC.com offering in Spain by launching the e-commerce business and opening two stores, hired an LDLC. pro sales force at Gennevilliers and committed ourselves to creating a logistics warehouse in order to provide fast delivery services for our customers in the Paris region. Finally, we continued the roll-out of our brand stores and franchises and now have a total of 39 stores operating under the LDLC.com brand. All of our staff were involved in these projects, which are important and necessary for the Group's future and which forced us to acquire major additional resources, both internal and external. These investments together with less favourable market conditions (rising component prices, gamer wait-and-see attitudes) had a momentary dampening effect on first half earnings. Naturally, as these projects are basically completed, they should start to rub off on the second half notably in terms of savings achieved through logistics and other synergies and reduced external staff costs. Business growth related to a) streamlined BtoC operations that will reap the benefit of end-of-year shopping, b) continued growth in LDLC.pro sales, c) the expansion of the store network and d) the positive contribution from the Olys Group in relation to the resulting savings, allows us to aim for more positive trends and largely positive EBITDA in the second half. Backed by solid fundamentals and the strengths of our new growth drivers, our Group is now well set to strengthen its position as a specialist on the high-tech market and to go forward with its business plan."*

SIMPLIFIED FIRST HALF INCOME STATEMENT (1 APRIL-30 SEPTEMBER)*

€m (audited)	2018/2019	2017/2018
Revenues	**234.6**	**215.5**
Gross margin	**38.2**	**36.0**
Gross margin rate (% of revenues)	***16.3%***	***16.7%***
EBITDA	**(1.9)**	**6.6**
EBIT	**(4.4)**	**4.1**
Earnings before tax	**(5.4)**	**3.7**
Net income for the year	**(3.5)**	**2.5**

EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortisation

** audited figures not yet approved by the Management Board*

OVERVIEW OF THE FIRST HALF

The Group posted revenues of €234.6 million, up 8.9% from €215.5 million in the previous year. The Olys Group, acquired in January 2018, contributed €29.4 million to this increase.

The Group's average basket continued to increase and amounted to €371, excluding tax, compared to €334 excluding tax in first half 2017 (at constant consolidation scope).
The Group attracted around 200,000 new (BtoC and BtoB) customers over the financial year.

For the fifth year running, DLC.com received the Customer Service of the Year award for 2019 in the Technical Product Retail category (BVA Group survey - Viséo CI – May-July 2018 - Read more on **escda.fr**).

The Group's gross margin is holding up well and the store network continues to grow, accounting for 16.3% of sales compared to 16.7% the previous year.

First half EBITDA was impacted by the additional resources deployed in support of all projects (information systems and web platforms, launch of operations in Spain, recruitment of a BtoB team in the Paris region, creation of an R&D department, expansion of the store network, etc.).
The LDLC Group (excluding Olys) posted an EBITDA loss of €1.3 million, including an increase of €3.8 million in staff costs and €0.6 million in external expenses compared to first half 2017.
The Olys Group posted an EBITDA loss of €0.6 million over the period. The Olys Group generates over 60% of its business in the second half and will therefore make a positive full-year contribution to Group earnings.

Depreciation, amortisation and provisions amounted to €2.5 million compared to €2.2 million in first half 2017.
Financial expenses amounted to €1.0 million compared to €0.5 million last year.
After recognition of tax loss carryforwards, tax income came to €1.8 million.

Overall, net income Group share amounted to a €3.5 million loss.

At 30 September 2018, Group equity stood at €54.5 million (€60.7 million at 31 March 2018), including net debt of €63.0 million (€52.4 million at 31 March 2018) including around €33 million in debt related to real estate assets. The company received a waiver from its banking pool following a breach of one of its covenants.

OPERATIONAL PRIORITIES AND OBJECTIVES

In terms of business, the LDLC Group should benefit from more favourable trends in the second half of 2018/2019, including:

- Stronger BtoC business (end-of-year holidays and a rebound in sales). To this effect, Black Friday weekend sales, which kick off the Christmas shopping period, reached record volumes.
- Launch of the online business and physical stores in Spain. The stores in Madrid and Barcelona are now up and running and, two months after its launch, the website has posted results in line with Group expectations, confirming the potential of the Iberian market.
- A larger contribution from the store network with 37 LDLC.com stores operating throughout France.
- Further growth in the LDLC.pro business thanks to an expanded sales force in the Paris region.

Financially, the Group will capitalise on a number of improvement factors that will enable it to claw back a largely positive EBITDA in the second half of 2018/2019:

- Benefits of Group synergies (websites, merging of logistics platforms as of 1 October 2018, etc.). This is expected to generate savings of around €150,000 per month.
- Adjustment of staff costs and external expenses now most projects have reached completion.
- Cost streamlining including a review of contractual agreements, communication, advertising, etc., in order to rapidly achieve annual savings of around €1.2 million.

In terms of balance sheet, with Group debt primarily related to its real estate assets, the decision was made to sell the Nantes warehouse building in March 2019 while continuing its operations. This sale will lead to a significant cash inflow of around €6 million. Withdrawal from the finance lease related to the current registered office will also reduce debt by €22 million.
As in the first half, the Group will also continue its efforts to optimise working capital.

In this context, the Group is not currently able to confirm its 2021 targets. While globally still within reach, the momentum and timing required to reach these targets are difficult to reliably estimate as of this day.

In conclusion, the results recorded in the first half of 2018/2019 are primarily related to investments made by the Group to strengthen its position in the high-tech market and develop new growth drivers. After two solid years of restructuring, essential for future growth, the Group will now be able to focus entirely on pursuing its strategic plan aimed at consolidating its leading position on the French market and making significant inroads into the Iberian market.

Next meeting:
At 10.00 am on 7 December 2018, information meeting at the Edouard VII Conference Centre, 23 square Edouard VII, Paris 8th District

Next release:
31 January 2019 after market close, Q3 2018/2019 revenues

GROUP OVERVIEW

The LDLC Group was one of the first to venture into online sales in 1997. Today, as an e-commerce leader in the IT and high-tech market, the LDLC Group operates via 11 websites, including 6 commercial sites, serving consumers and professionals alike. The Group employs 1 000 people.
Winner of a number of customer service awards and widely recognised for the efficiency of its integrated logistics platforms, the LDLC Group is also developing a network of branch stores and franchises.

Read more at www.groupe-ldlc.com

ACTUS
Investor / Press Relations
Amalia Naveira / Marie-Claude Triquet
anaveira@actus.fr – mctriquet@actus.fr
Tel: +33 (0)4 72 18 04 93