



2017 first-half earnings

After successfully completing the first phase of the REBOND plan, Mr.Bricolage is uniting under the banner “Do it yourself, but not all by yourself” to accelerate its development and create new market opportunities

Orléans, 26 July 2017

- **Turnover stable: €269.7 million**
- **Consolidated net profit, Group share: €7.6 million**
- **Year-on-year reduction in debt: €15.5 million**

Mr.Bricolage SA, which groups together local independent home improvement and gardening stores, is releasing its consolidated financial statements for the first half of 2017, which were approved by the Board of Directors today.

“We have successfully completed the first steps from our REBOND strategic plan, launched in November 2016. During the first half of this year, this ambitious plan has enabled us to successfully go back to our basics and lay solid foundations for the future, as illustrated by our results. I am proud of all the work accomplished by our teams and our network of members-entrepreneurs. Following the launch of our new brand platform and store concepts, we are going to accelerate our development and further strengthen our positioning as a market leader for local-format stores on the French home improvement and gardening market. Our entire Group is united around this goal”, confirms Christophe Mistou, Chief Executive Officer of Mr.Bricolage SA.

Condensed consolidated financial statements

Accounts subject to a limited review by the statutory auditors.

€M	30 Jun 2017	30 Jun 2016	% change
Consolidated turnover	269.7	270.3	-0.2%
Network services	98.7	97.9	+0.8%
- Sales of goods	63.2	64.1	-1.3%
- Sales of services	35.4	33.8	+4.8%
Retail	171.0	172.4	-0.8%
EBITDA	20.8	18.0	+15.3%
Current operating profit	12.4	11.1	+11.5%
Non-current income and expenses	(1.4)	(2.9)	-51.7%
Operating profit	11.0	8.2	+34.5%
Network services	16.2	19.2	-15.4%
Retail	(5.2)	(11.0)	-52.8%
Financial expense	(0.8)	(1.5)	-46.5%
Profit before tax	10.2	6.7	+52.6%
Share of profit (loss) of associates	0.8	0.3	+172.3%
Tax	(3.4)	(2.7)	+23.0%
Net profit, Group share	7.6	4.3	+78.3%
Net financial debt / EBITDA year-on-year	2.72 x	2.57 x	
Gearing	41.7 %	36.8 %	

1. Networks: €1,050.7 million volume of business for the first half of 2017

782 Mr.Bricolage brand, Les Briconautes brand and affiliate stores in France and internationally

€M	30 Jun 2017	Change on total store basis	Change on like-for-like store basis ⁽²⁾
Tax-inclusive volume of business ⁽¹⁾	1,050.7	- 1.3%	- 0.1%
<i>France</i>	<i>932.9</i>	<i>- 2.0%</i>	<i>- 0.7%</i>
Mr.Bricolage	690.2	- 1.1%	- 0.8%
Les Briconautes	108.0	- 0.8%	0.0%
Affiliates	134.7	- 7.1%	NS
<i>International⁽³⁾</i>	<i>117.8</i>	<i>+ 4.6%</i>	<i>+ 4.2%</i>

(1) The volume of business including taxes for the networks includes in-store sales, sales from local Mr-bricolage.fr sites and sales from the le-jardin-de-catherine.com site.

(2) The changes on a like-for-like store basis are calculated based on 410 Mr.Bricolage stores and a panel of 55 Les Briconautes stores.

(3) 70 stores: Andorra (1 store), Belgium (46), Bulgaria (11), Cyprus (1), Colombia (1), Macedonia (1), Madagascar (1), Morocco (5), Mauritius (2), Romania (1).

- **France**

In a French home improvement superstore market that is down 0.6%⁽¹⁾ on a like-for-like store basis at the end of the first half of 2017, the Les Briconautes stores have outperformed, with business stable, while the Mr.Bricolage brand networks have contracted 0.8% on a comparable store basis. At 30 June 2017, the total volume of business for the 712 stores open in France represented €932.9 million. It is down 2.0% on a total-store basis, linked in particular to the exit of a group of affiliates at end-2016.

Driven by the first successful achievements with its REBOND strategic plan, the Mr.Bricolage members have resumed their development since the start of 2017 with significant investments in new projects. The first half of this year saw four store openings, seven transfers, various remodelings or expansions, and seven acquisitions.

- **International**

Internationally, business has been driven by the network in Belgium (46 stores). It is confirming its return to growth (+10.8%) following a first half of 2016 affected by the sharp downturn in consumption in this country. Over the first six months of the year, Belgium generated 58.6% of the volume of business for the networks internationally.

During the first half of this year, one store was opened in Morocco and the two stores in Uruguay were closed.

(1) Source: Banque de France index for the DIY superstore market on a like-for-like store basis

2. Mr.Bricolage SA

Key developments

Launched on 16 November last year, the phase to go back to basics before deploying the REBOND strategic plan was completed in June. Over the period, Mr.Bricolage successfully rolled out three initiatives, laying the foundations for its future growth, focused on its organization and offering, as well as its customer experience and digital technology.

Organization: in line with the plan to resize the network of directly-owned stores

- Out of the 17 stores in critical positions and proposed for closure by the end of 2017:
 - Four stores have been closed to the public,
 - One store has been bought out by a member,
 - 11 stores, with their stock being liquidated, will be closed to the public from 29 July,
 - One store will continue operating after adapting its space and selling its premises.

In the end, 15 stores in critical positions will be removed from Mr.Bricolage's scope and two stores will be kept within the networks.

- In terms of the program to sell a selection of directly-owned stores and real estate assets for a total of €17.5 million to the members by the end of 2017:
 - One non-operational real estate asset and four stores have been sold for €11.4 million⁽²⁾,
 - A preliminary sales agreement has been signed for one store, with the definitive contract to be signed on 1 September,
 - Negotiations are underway with a view to selling three real estate assets and several stores before the end of the year.

Offering: work is underway to rationalize the product range to prepare for the new offer strategy, with 25% of the ranges to be renewed per year from 2018.

In 2017, the renewal of the ranges will focus on 12% of the offering, with the new process for rapid in-store deployment and implementation making it possible to further strengthen its commercial effectiveness.

The development of the pricing, procurement and product strategies has been launched to ensure better alignment with customers' expectations and trends, while improving the perception of prices by customers and contributing to the economic performances of the various stores and the Group.

Digital-customer experience: to accompany the transformation of consumer habits in the home improvement and gardening sectors, Mr.Bricolage has chosen to roll out a strategy on two complementary levels, in line with its organization:

- Network services: with the web-to-store specialist Mr-bricolage.fr to drive store growth and enhance the customer experience, from digital to in-store;
- Retail: with the digital pure player Le-jardin-de-catherine.com, designed to be the Group's product innovation incubator.

The first half of 2017 was focused primarily on overhauling the Le-jardin-de-catherine.com (in March) and Mr.bricolage.fr (in June) sites, an essential prerequisite to be able to benefit from the market growth in this sector.

(2) This amount includes sales of stores (business, real estate, inventory) and sales of real estate assets

Consolidated turnover

For the first half of 2017, consolidated turnover came to €269.7 million, compared with €270.3 million for the first half of 2016, down slightly (-0.2%). Retail sales contracted 0.8%, while sales for the Network Services business are up 0.8%.

- **Network services**

At 30 June 2017, Network Services turnover is up +0.8% to €98.7 million, with 4.8% growth in sales of services (international royalties, member services and supplier services) to €35.4 million. Sales of goods to the networks came to €63.2 million (-1.3%).

- **Retail**

Following the four closures and the four stores sold during the first half of the year, the Group had 78 directly-owned stores at 30 June 2017, with 77 under the Mr.Bricolage brand and one under the Les Briconautes brand.

The Retail business groups together sales recorded by the directly-owned stores and the le-jardin-de-catherine.com site. At 30 June 2017, its turnover represented €171.0 million (-0.8%). Following the transfer of turnover from the Mr-bricolage.fr site to the local store sites since December 2016, and the overhauling of the Le-jardin-de-catherine.com site in March 2017, the contribution by the-commerce business is restricted. Turnover for the directly-owned stores is up 0.7%, benefiting from the acquisition of the Thouars store on 30 March 2016 and the Arles store on 1 July 2016, as well as the liquidation of stock for the four stores that have closed.

Current operating profit

The current operating profit is up 11.5% to €12.4 million thanks to the plan to resize the directly-owned stores, with the margin maintained and €1.8 million of net capital gains recorded on the sales of stores and real estate assets.

Operating profit

The €2.8 million increase in the operating profit to €11.0 million reflects a favorable base effect for non-current operations. For the first half of 2017, they concern €1.4 million of expenses linked primarily to an external growth project, compared with €2.9 million of expenses for the first half of 2016 linked to the TASCOM (retail property tax) on 2015 turnover and the costs for transferring the digital business to Paris.

Financial expense

The financial expense came to -€0.8 million at 30 June 2017, compared with -€1.5 million at 30 June 2016. This improvement primarily factors in the reduction in the cost of debt following the deleveraging, as well as foreign exchange gains (euro/dollar).

Net profit, Group share

Taking into account the contribution from associates for €0.8 million and a €3.4 million tax expense, the consolidated net profit for the first half of 2017 came to €7.6 million, up €3.4 million from the first half of 2016.

Net debt

At 30 June 2017, net debt totaled €81.5 million, down €15.5 million year-on-year. As announced, the sales completed during the first half of the year (€9.2 million) and the stock clearance action plan (€16.4 million, with €2.9 million for the liquidation of the four stores closed and €3.8 million for winter sales) contributed significantly to this reduction.

With €195.0 million of shareholders' equity at 30 June 2017, gearing represents 41.7%.

Outlook

- **Looking ahead to 2020**

Looking ahead to 2020, Mr.Bricolage has, as announced previously, two core objectives to ensure its sustainable return to growth:

- Relaunching the development of its networks, driven by the strong increase in profitability for member-entrepreneur stores,
- Increasing the Group's earnings and profitability, capitalizing on its change of scale (realignment around the Network Services business in particular).

- **Second half of 2017**

For the second half of the year, Mr.Bricolage is confirming that the schedule for the REBOND plan will be met, particularly with:

- The finalization of plans to close 17 directly-owned stores in critical positions, which will see 15 stores removed from Mr.Bricolage SA's scope and two stores kept within the networks;
- The sale of real estate assets and stores to members by the end of 2017, ensuring that the total target of €17.5 million for the year is achieved;
- The extension of the range to drive store growth and further enhance the customer experience, from digital to in-store, putting all the listed products from five priority categories online on the local Mr.bricolage.fr sites;
- The deployment of the pricing, procurement and product strategies for a better-performing, more competitive offering.

In this context, Mr.Bricolage SA is reconfirming its outlook to continue moving forward with its deleveraging program and achieve current operating profit growth with a resized operational scope.

About the Mr. Bricolage Group (figures as at 30 June 2017)

The Mr. Bricolage Group, which develops the well-known brands Mr. Bricolage and Les Briconautes, is a French specialist in DIY local independent retail with 712 outlets operating under the brands or through affiliates. Internationally, the Group is present in 10 others countries with 70 stores.

Mr. Bricolage SA (MRB FR0004034320) is listed in compartment C of Euronext Paris and is part of the Eternext PEA-PME 150 and CAC All Shares indices.

Mr. Bricolage SA is eligible for French PEA-PME savings plans.



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