2018 FULL-YEAR EARNINGS

With its transformation moving forward to realign around its core Network Services business, the Mr.Bricolage Group is releasing its full-year earnings for 2018, with a significant negative impact for the "Retail" business. They reflect the decisions taken in order to get back on track for sustainable growth, serving its members and affiliates.

Orléans, 25 April 2019 – Mr.Bricolage SA, which groups together local independent home improvement and gardening stores, is releasing its consolidated accounts for 2018, which were approved by the Board of Directors during its meeting on 24 April 2019. Thanks to the efforts made as part of the REBOND plan, the Group is resuming growth (7.7%) in its core *Network Services* business and developing its member and affiliate network. Earnings have been significantly affected by the prospect of divesting the entire network of directly-owned stores. The resulting depreciaton of assets is combined with the intrinsic losses recorded by these stores. As announced on 13 December 2018, the divestment plan is underway and is delivering the results expected. Once it has been finalized, it is expected to help sustainably restore the Mr.Bricolage Group's financial position in order to continue moving forward with its development.

- The Group's realignment around its core business for network services is delivering benefits. **Consolidated turnover for the *Network Services* business shows year-on-year growth of 7.7% for 2018,** thanks in particular to the combined impact of the range changes, the development of the own-brand "Inventiv" and the opening up of the warehouses to the Briconautes and affiliate networks;

- **Driven by the dynamic transformation process and the efforts made to develop the brand's appeal, the Mr.Bricolage network has resumed its growth in the number of stores, with a net incoming-outgoing balance of nine additional stores in 2018.** Excluding volumes of business for the directly-owned stores, the volume of business for the member and affiliate networks is up +1.3% on a like-for-like store basis;

- However, the persistent difficulties faced by the directly-owned stores - *Retail* business – have significantly affected turnover, earnings (2018 operating profit of -€114m) and the Group's debt (net financial debt of €96.1m at 31 December 2018). To resolve this situation, **on 13 December 2018 the Group launched the divestment of the entire directly-owned store network**. The Group is continuing to actively look for buyers in order to find adapted solutions for each point of sale. At 24 April 2019, out of the 65 directly-owned stores to be divested:
    - 3 have been effectively acquired;
    - 14 sales agreement have been signed with conditions precedent;
    - 25 additional bids are currently being reviewed by the company.

- Alongside this, **the discussions with the financial partners are continuing to move forward**. They aim to adapt the Group's financing structure in line with its short, medium and long-term financial requirements and capacities.

"2018: a pivotal year for the Mr.Bricolage Group. Pivotal because, for the first time in 10 years, the number of stores within the network increased. This very encouraging result reflects the combined impact of the improvement in the competitiveness of our range of products and services, the modernization of the brand and the huge amount of work accomplished by all the teams this year. This proves that our brand and our expert capabilities are attracting entrepreneurs, and that our values of proximity are aligned with real demand on the market. 2018 was also pivotal because it marked the Group's realignment around network services, Mr.Bricolage's core business since it was founded. The divestment plan that we are currently rolling out is key in order to improve the Group's financial position and focus all our energy on efficiently, effectively and sustainably supporting the entrepreneurs who have trusted the brand for nearly 40 years. This stage is a necessary precondition to ensure that all the efforts made since 2016 can deliver their benefits from 2020", explains Christophe Mistou, CEO of Mr.Bricolage SA.

I - KEY DEVELOPMENTS IN 2018

Growth in Mr.Bricolage's core *Network Services* business and resumption of development for the member and affiliate networks

The combined efforts to modernize the brand, rationalize the product selection and optimize services paved the way for Network Services, Mr.Bricolage's core business, to resume its growth, with its turnover up 7.7%. Alongside this, the net incoming-outgoing balance for new stores moved back into positive territory again for the first time in 10 years, with an additional nine stores in 2018.

Divestment plan covering the entire network of directly-owned stores

The decision to sell the entire network of directly-owned stores had significant accounting repercussions for Mr.Bricolage's accounts in 2018. The non-current operating losses of €104.6m primarily concern depreciations of goodwill, other fixed assets and inventory linked to the acceleration of the divestment plan (see below: "*Operating profit*").

Deployment of the new store concept

Following a pilot phase with three stores during the first half of 2018, the Group is accelerating the new concept's deployment across its network. To date, nine stores have been remodeled. At the heart of this new concept is the "Entraide" space, a core feature for in-store service, a space for welcoming and exchanges for customers, hosted by the teams. It illustrates the Group's proximity-based positioning in all aspects. This new concept also includes the Cdiscount corners, which are currently being tested.

Dynamic and competitive offering

In 2018, 23% of the product selection was renewed in line with the ambitions from the REBOND plan, and the Inventiv own-brand is delivering higher margin rates than national brands. The dynamic development and competitiveness of the offering are also reflected in the higher volume of business for the member and affiliate networks, up +1.3% on a like-for-like store basis (excluding volumes of business for the directly-owned stores), outperforming the market in 2018.

Modernization of information systems

The standardization of the information systems is continuing to move forward. To date, 59% of the network (175 stores) is now connected to Unimag, compared with 31% at end-2017.

II - 2018 EARNINGS

The audit procedures concerning the consolidated accounts have been completed by the Group's statutory auditors, who will issue an opinion.

Condensed consolidated accounts (€m)	31 Dec 2018	31 Dec 2017	Change (%)
Consolidated turnover	**456.7**	**485.7**	**-6.0%**
Network Services	196.3	182.2	+7.7%
Retail	260.4	303.5	-14.2%
EBITDA[1]	**4.5**	**27.3**	**-83.5%**
Current operating profit[2]	**(9.4)**	**13.8**	**-168.6%**
Network Services	11.7	23.2	-49.7%
Retail	(21.1)	(9.4)	-123.8%
Non-current operations and expenses	**(104.6)**	**(2.9)**	
Depreciation of directly-owned store assets (incl. goodwill)	(59.7)	-	
Depreciation of directly-owned store inventory	(29.7)	-	
Depreciation of web assets (incl. goodwill)	(13.4)	-	
Other non-current expenses and depreciations	(1.8)		
Operating profit	**(114.0)**	**10.9**	
Financial income and expenses	**(2.6)**	**(2.5)**	
Profit before tax	**(116.7)**	**8.4**	
Contribution from associates	(2.0)	2.2	
Tax	(19.2)	(2.8)	
Net income from discontinued operations	-	-	
Net profit	**(137.9)**	**7.8**	

Net financial debt	**96.1**[3]	**72.5**
Net financial debt / EBITDA	**21.29x**	**2.65x**

[1] EBITDA = Current operating profit + Depreciation and amortization
[2] Current operating profit = Operating profit excluding non-current operations
[3] The Group's net debt represents €103.6m, including net financial debt and certain liabilities that are due.

Consolidated turnover[4]

In 2018, consolidated turnover came to €456.7m, compared with €485.7m in 2017 (-6.0%). Growth in the *Network Services* business (+7.7%), in line with the strategy to realign the Group around this longstanding business, was offset by the *Retail* business contraction (-14.2% of turnover on a total-store basis and -2.4% of turnover on a like-for-like store basis) against a backdrop of the resizing and continued underperformance of these directly-owned stores. This led the Group to present a proposed plan on 13 December 2018 to divest the entire network of directly-owned stores.

Current operating profit

The deterioration in operating losses for the *Retail* business affected the current operating profit, which came to -€9.4m at end-2018, compared with €13.8m at end-2017.

- The current operating profit for the *Retail* business is down €11.7m to -€21.1m. This is primarily due to the lower commercial margin recorded (from 36.1% in 2017 to 29.0% in 2018, i.e. -€21.5m) against a backdrop of underperformance for sales. The contraction in turnover (-14.2%) was not offset by a sufficient reduction in external costs (-6.4%) and staff costs (-11.3%);
- The current operating profit for the *Network Services* business, with €11.7m at end-2018, versus €23.2m at end-2017, does not include the €3.9m of non-recurring income recorded in 2017, while this year factors in the consequences of the contraction in the volumes of business and purchases for the networks on the margin (-€2.7m). Alongside this, the level of external costs (+€0.8m) primarily reflects the increase in transport costs, while staff costs (+€1.3m) are linked to the continued efforts to support the Group's transformation in 2018. In 2019, the levels of costs are being adjusted in order to adapt the structure to the realigned scope and support the finalization of the REBOND plan.

Operating profit

Impacted by the deterioration in performance for the *Retail* business and the divestment plan announced on 13 December 2018, the operating profit came to -€114.0m, compared with €10.9m in 2017. Non-current operations represent €104.6m for 2018, linked almost exclusively to the *Retail* business, and are based on the divestment of the entire directly-owned store network. These results confirm the Company's objective to realign itself around Network Services, its core business.

Net profit

Financial income and expenses came to -€2.7m in 2018, compared with -€2.5m at end-2017, in line with the increase in the cost of debt and the depreciation of financial assets, mitigated by a foreign exchange gain. The net loss for associates represents -€2.0m, notably factoring in the consequences of the minority interests sold and the marking to fair value of other interests, partially offset by the results achieved by the interests held in Belgium. Taking into account a tax expense of €19.2m (deferred taxes), the consolidated profit for 2018 represents -€137.9m. The Board of Directors decided on 24 April 2019 to not submit a proposal at the general meeting to pay out dividends for 2018.

Net debt

At 31 December 2018, the Group's net financial debt totaled €96.1m, compared with €72.5m at end-2017. The Group has drawn down €95m from its syndicated loan. Alongside this, it has short-term credit lines for €19.1m (€16.7m drawn down). Two of the three financial ratios relating to the loan agreements were not respected at 31 December 2018, and the instalment due at 28 December 2018

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[4] 2018 turnover published on 28 February 2019 is available online at: http://mr-bricolage.com/finance/infos-reglementees/

on the syndicated loan was not paid. In view of net financial debt at 31 March 2019 (€91.4m taking into account €19.6m of cash excluding undrawn overdraft lines) and its cash flow forecasts, notably assuming the effective execution of the plan to divest the directly-owned stores, the Group has the capacity to finance its operations in 2019 (excluding capital repayments on its loans[5]). Discussions have been underway with its financial partners since the start of the second half of 2018. They are looking to adapt the financing in line with the Group's short, medium and long-term financial requirements and capacities. These discussions are correlated with the progress made with the divestment plan and are therefore still ongoing.

III - OUTLOOK FOR 2019

For 2019, Mr.Bricolage is continuing to move forward with **five** objectives:

- **Finalizing the plan to divest the directly-owned stores**;
- **Reaching an agreement with all its financial partners** in line with the objectives set out above;
- **Continuing to optimize the *Network Services* business and accelerating the development of all the value-creating actions rolled out over the past two years:** renewing the product selection and pricing management tools, standardizing the information systems, maintaining marketing investments in the Inventiv brand and in-store footfall, and deploying the new customer services platform;
- **Accelerating the growth of the brand and affiliate store network**;
- **Accelerating the deployment of the new store concept**.

In this environment, the Group's results for 2019 will be affected by a contraction in consolidated turnover and a significant reduction in operating losses.

Mr.Bricolage will be meeting its shareholders at the upcoming general meeting to be held on 12 June 2019 from 10am. When it releases its earnings for the first half of 2019, the company will communicate on progress with the divestment plan and the discussions with its financial partners.

ABOUT MR.BRICOLAGE

The Mr.Bricolage Group, which develops the well-known brands Mr.Bricolage and Les Briconautes, is the French specialist for local independent DIY retail, with 695 outlets operating under the brands or through affiliates. Internationally, the Group is present in nine other countries with 69 stores.
Mr.Bricolage SA is listed on Euronext Paris (Compartment C, ISIN FR0004034320 MRB).

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[5] The syndicated loan, with €95m drawn down at 31 December 2018, comprises a €55m section repayable annually over five years and a €40m section repayable at maturity.