2019 first-half earnings
Agreement with the Group's banking partners
Progress with the divestment plan

With the realignment of its operations around its core "Network Services" business fully underway, the Mr.Bricolage Group is reporting its earnings for the first half of 2019. They reflect the network's good performances in a sluggish home improvement superstore market[1]. Covered by the plan to divest directly-owned stores, which is progressing under satisfactory conditions, the "Retail" business is still down. In this context, the Group has reached an agreement with its banking partners to enable it to continue effectively rolling out the REBOND strategic plan, a key part to renewed competitiveness of the Group and its brands.

Orléans, France, 2 August 2019 - Mr.Bricolage SA, which groups together local independent home improvement and gardening stores, is reporting its earnings for the first half of 2019 (1 January to 30 June 2019), which were approved by the Board of Directors during its meeting on Friday 2 August 2019.

- With consolidated turnover of €145.7m and a current operating profit of €1.0m, the half-year accounts are marked by the first scope effects with the store divestment plan launched in December 2018 and the difficulties facing the directly-owned stores. However, the good performances by the core "Network Services" business (+2.1%) and the members and affiliates (+2.8% on a like-for-like store basis in France) in a sluggish home improvement superstore market[2] highlight the relevance of the strategy to realign operations around this business, launched in November 2016. These performances are being driven by the strategic actions from the REBOND plan, whose implementation continued over the first half of the year (renewing the product selection, standardizing the information systems, etc.). Backed by various supporting measures, the network's members are ramping up their commitment to modernizing their points of sale: 10 stores are now in line with the new concept (four new stores over the half-year period) and this deployment will be accelerating over the coming months. At the same time, the Group is continuing to attract new member and affiliate entrepreneurs: the total number of points of sale was 781 at end-June 2019, compared with 764 at end-December 2018 (positive balance for new arrivals net of departures of 17 points of sale).

- The talks initiated with the banking partners in the second half of 2018 made it possible to reach an agreement on 1 August 2019 giving the Group leeway to continue rolling out the REBOND plan and finalize the plan to divest the directly-owned stores, a key element for the Group's future. It includes plans to consolidate the bilateral lines and defer the maturity of all the bank borrowings of Mr.Bricolage SA to December 2026.

- The divestment plan launched in December 2018 is continuing to progress under good conditions thanks to the dedication and efforts of all the Group's stakeholders. 23 directly-owned stores have already been taken over to date[3], including 21 by Mr.Bricolage network members-entrepreneurs. Negotiations are ongoing, including 30 stores whose sale is considered highly likely in the short term. Everything is being done to ensure that this divestment plan can be finalized under the best conditions.

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[1] and [2] Banque de France home improvement superstore index at end-June 2019: +0.05% in value and +0.15% in volume
[3] Status report at 31 July 2019

I - 2019 FIRST-HALF EARNINGS

***Application of IFRS 16 "Leases"*[4]** *- With IFRS 16 coming into force on 1 January 2019, the Group has recognized assets and liabilities for all the leases included in this standard's scope. Its application has changed the presentation of the Group's results, canceling lease charges to replace them with repayments of lease liabilities and interest expenses. In addition, earnings are affected by the depreciation recorded on the rights of use recognized as assets on the balance sheet.*

***Application of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"*[5]** *- The Group has reclassified earnings for the 16 directly-owned stores sold during the first half of 2019 on a separate line on the income statement. The earnings, assets and liabilities of 37 other stores whose sale is considered highly likely on the half-year reporting date and the related real estate assets owned by six subsidiaries have also been reclassified on the corresponding lines.*

Condensed consolidated accounts (€m)	30 June 2019 IFRS 5 reported	30 June 2018 IFRS 5 restated	Change Like-for-like
Consolidated turnover	**145.7**	**150.3**	**-3.0%**
- Network Services	112.5	110.2	+2.1%
- Retail	33.2	40.1	-17.0%
EBITDA[6]	10.4	8.6	+20.7%
Current operating profit[7]	**1.0**	**3.7**	**-73.7%**
- Network Services	6.7	8.7	-23.0%
- Retail	(5.7)	(5.0)	+14.8%
Other non-current operating income and expenses	(3.3)	0	-
Operating profit	**(2.3)**	**3.7**	**-161.5%**
Financial income and expenses	**(2.0)**	**(1.3)**	**+50.4%**
Contribution from associates	(0.1)	0.2	-173.4%
Corporate income tax	(0.8)	(0.6)	+29.7%
Profit after tax from continuing operations	**(5.3)**	**2.0**	**-364.4%**
Profit after tax from discontinued operations	**(3.4)**	**(1.8)**	**-**
Profit (loss) for the period	**(8.7)**	**0.2**	**-**
- Group share	(8.7)	0.2	-
- Minority interests	ns	ns	-

Consolidated turnover	30 June 2019	30 June 2018	Change
€m	IFRS 5 reported	IFRS 5 restated	Like-for-like
Retail turnover	**33.2**	**40.1**	**-17.0%**
Directly-owned store sales	29.8	35.1	-14.9%
Online sales	3.4	5.0	-32.1%
Network Services turnover	**112.5**	**110.2**	**+2.1%**
Sales of goods	77.7	73.7	+5.4%
Sales of services	34.8	36.5	-4.5%
Total consolidated turnover	**145.7**	**150.3**	**-3.0%**

[4] and [5] The main impacts of these standards are detailed in the Half-Year Financial Report
[6] EBITDA = Current operating profit + Depreciation and amortization
[7] Current operating profit = Operating profit excluding non-current operations

With consolidated turnover of €145.7m for the first half of 2019 (-3.0%), the Group is continuing to move forward with its realignment around its core "Network Services" business and the plan to divest all of its directly-owned stores.

The "Network Services" business is up 2.1% to €112.5m, despite the changes in scope seen since the end of 2018 (sales of services down -4.5%). This robust development is being driven by the increase in sales of goods (+5.4%), linked to the range changes, the development of the Inventiv own-brand and the higher volumes recorded by the member and affiliate network.

At the same time, the contraction in the "Retail" business (-17.0% on a total-store basis and -7.8% on a like-for-like store basis) primarily reflects the lower commercial performance levels recorded by the directly-owned stores (-14.9%).

Current operating profit and operating profit

The first-half current operating profit came to €1.0m, reflecting the impact of the "Retail" activity's losses (-€5.7m) and the temporary drop in earnings for the "Network Services" business. This primarily reflects the changes in scope linked to the divestment plan and the support measures provided to support the deployment of the new store concept, with its positive effects to be seen over the coming months, despite the strong cost reduction measures implemented, the full impact of which has not yet been recorded. The application of IFRS 16, in force from 1 January 2019, is reflected in an adjustment of the current operating profit for €0.3m, transferring part of the external lease charges (€4.8m) to depreciation (€4.6m).

After taking into account non-current operations (-€3.3m), mainly fees linked to the ongoing divestment plan and the Group refinancing, the operating profit comes to -€2.3m.

Net profit

Financial income and expenses represent -€2.0m for the first half of 2019, including -€0.5m of interest expenses linked to the application of IFRS 16. Factoring in a tax expense of €0.8m, the consolidated net profit for the first half of 2019 represents -€8.7m.

II. AGREEMENT WITH THE BANKING PARTNERS

At 30 June 2019, net financial debt excluding lease liabilities totaled €93.5m (including €18.5m of cash, excluding undrawn overdraft lines), compared with €96.1m at end-2018. The Group has drawn down €95m from the syndicated loan set up in December 2017. Alongside this, it has short-term credit lines for €24.1m (€20.9m drawn down at 30 June 2019).

On 1 August 2019, the Group reached an agreement with its banking partners to reschedule the syndicated credit agreement set up in December 2017.

All the bank borrowings for the company Mr.Bricolage SA, including €16m of bilateral lines grouped together within a consolidation loan, have seen their maturity deferred to December 2026 (instead of December 2023 for the majority of the borrowings). With the exception of the €40m revolving credit, the repayment schedule for debt will be very gradual from December 2022. The financial ratios have been reduced and adjusted to enable the Group to finalize the plan to sell the directly-owned stores and continue rolling out the REBOND strategic plan, in line with the transformation and modernization objectives since November 2016.

III – VOLUMES OF BUSINESS FOR THE NETWORKS

Volume of business inc. taxes (€m)	Number of stores	H1 2019	Change on total store basis	Change on like-for-like store basis
In-store sales	781	1,003.1	+0.3%	+2.1%
- France	712	872.7	-0.9%	+1.3%
- International	69	130.4	+9.0%	+6.9%
In-store sales excl. directly-owned stores	733	899.8	+5.3%	+3.5%
Online sales	-	5.2	-23.6%	NA
Total	781	1,008.3	+0.1%	+2.2%

France (87% of volume of business)

The network in France has 712 stores at 30 June 2019, compared with 695 at end-2018. On a French home improvement superstore market with +0.05% growth at end-June 2019 in value terms[8], the volume of business for the networks on a like-for-like store basis is up 1.3% and 2.8% excluding directly-owned stores, significantly outperforming the market's trend.

International (13% of volume of business)

The international network has 69 stores at 30 June 2019, as at end-2018. The volume of business is up 6.9% to €130.4m on a like-for-like store basis, with robust development in the main countries where the Group is present. Belgium (45 stores) represents 57% of the international volume of business, with 5.4% growth on a like-for-like store basis. Bulgaria (11 stores) represents 23% of the volume of business, up 6.7% on a like-for-like store basis. Morocco (six stores) represents 10% of the volume of business, with 16.4% growth on a like-for-like store basis. During the first half of 2019, Mr.Bricolage SA also signed a new international partnership deal, with the LOE group, to develop the Mr.Bricolage brand in Mauritania.

IV - OUTLOOK FOR 2019

For the second half of 2019, Mr.Bricolage is moving forward with the implementation of its roadmap with **four objectives**:

- **Finalizing the plan to divest the directly-owned stores**;
- **Continuing to optimize the "Network Services" business and accelerating all the value-creating actions rolled out since November 2016:** 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;
- **Developing the growth of the brand and affiliate store network**;
- **Continuing to roll out the new store concept**.

In this environment, the Group confirms that its results for 2019 will be affected by a contraction in consolidated turnover and a significant reduction in operating losses due to the stores removed from the scope.

[8] - Banque de France home improvement superstore index at end-June 2019: +0.05% in value and +0.15% in volume

ABOUT MR.BRICOLAGE GROUP

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 712 outlets operating under the brands or through affiliates at 30 June 2019. Internationally, the Group is present in nine other countries with 69 stores. Mr.Bricolage SA (MRB - FR0004034320) is listed on Euronext Paris Compartment C and is notably part of the Enternext PEA-PME 150 and CAC All Shares indices. Mr.Bricolage SA is eligible for SME share-based savings schemes (PEA-PME).

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