PRESS RELEASE

The Mr.Bricolage Group is accelerating the REBOND plan's implementation and moving forward with talks with its financial partners

Orléans, 13 December 2018 – Mr.Bricolage SA, which groups together local independent home improvement and gardening stores, is announcing the acceleration of the REBOND plan's implementation and realigning itself around its "Network Services" business to support the development of its members and affiliates.

- At 30 November 2018, the Mr.Bricolage Group comprised a network of 781 stores, with: (i) 325 stores owned by members-entrepreneurs (256 in France and 69 in other countries), (ii) 391 Briconautes brand / affiliate stores, and (iii) 65 directly-owned stores.
- In a difficult market environment, with the Group affected by the underperformance by the directly-owned stores, the Board of Directors met on 11 December 2018 and set out its plans to accelerate the REBOND plan aiming to focus on developing its member and affiliate network.
- The REBOND plan's acceleration will also make it possible to provide a competitive level of service and quality for the members and affiliates.
- The talks opened with the Group's financial partners after the financial leverage ratio was not met are continuing to move forward.

I - The REBOND plan's implementation is continuing, but is being slowed down by the difficulties facing the directly-owned stores

Mr.Bricolage is continuing to modernize the brand with the deployment of its new store concept, setting out the Group's groundbreaking positioning around proximity. Presented in March 2018, and already in place in five stores to date, it aims to transform the points of sale into lifestyle destination stores (advice, provision of spaces, accessibility of products and services) and provide a response to the "100% digital" approach advocated by online pure-players. Two of the five modernized stores also include a Cdiscount corner for small appliances, with the first phase of the partnership announced in July 2018 between the two French retailers.

The progress made is reflected in (i) the performances achieved by the members and affiliates (1.2% growth in the volume of business[1] for the Mr.Bricolage, Briconautes and affiliate stores on a like-for-like store basis at end-September 2018), (ii) the network's development, and (iii) the competitiveness of the offer, which now serves 781 stores at 30 November 2018, compared with 755 at end-2017.

The Group's realignment around its longstanding "Network Services" business with the REBOND plan is also delivering various benefits: consolidated turnover for the "Network Services" business at 30 September 2018 is up 7.9% from 30 September 2017, reflecting the impact of the range changes, the development of the own-label brand Inventiv and the opening up of Mr.Bricolage warehouses to Briconautes and affiliate points of sale.

[1] The volume of business corresponds to the turnover including sales tax recorded by the Mr.Bricolage, Briconautes and affiliate brand networks.

II - The underperformance by directly-owned stores is affecting the Group's results

Alongside this, the "Retail" business, which covers the directly-owned stores and e-commerce, recorded a contraction, with €203.5m of consolidated turnover at 30 September 2018, down 17.2% from 30 September 2017. This downturn was compounded by the sales and closures of directly-owned stores in 2017 and early 2018. For the directly-owned stores alone, the contraction in consolidated turnover came to 4.4% on a like-for-like store basis.

This underperformance by the directly-owned stores is continuing to impact the Group's financial position and resulted in the financial leverage ratio not being complied with at 30 June 2018. The talks with the Group's financial partners are continuing to move forward, looking to adapt Mr.Bricolage's financing structure in line with the structural difficulties (persistent very poor performance levels for directly-owned stores) and the general environment (difficult market conditions for non-online retail).

At 30 November 2018, the Group's net debt totaled €107.5m. Various measures have been adopted to adjust working capital requirements and optimize the Group's cash position, which represented €5.5m at 30 November 2018 (excluding undrawn overdraft lines).

III – The Group plans to accelerate the REBOND plan's divestment section to sustainably reestablish its financial position

In this environment, the Group plans to accelerate the divestment component of the REBOND plan to sell directly-owned stores. These proposed sales would be carried out in priority with members. From a cooperative model of home improvement entrepreneurs, the Mr.Bricolage Group has gradually transformed into a two-speed hybrid structure, with:

- On the one hand, member and affiliate stores managed by entrepreneurs contributing to the company's growth;
- On the other hand, directly-owned stores with weak structural performance levels.

By wanting to accelerate the Group's realignment around its longstanding "Network Services" business, Mr.Bricolage is reaffirming the relevance of the model that has been the foundation for the brand's success from the outset: the combination of (i) the performance of a network of stores owned by members-entrepreneurs and (ii) the strength of a central procurement unit and competitive services, fully focused on supporting its network's stores.

The proposed acceleration of the divestment plan, presented to the employee representatives today, concerns the entire network of directly-owned stores. It will be structured as several phases, with the first to focus on buyers within the network to support the conditions for implementing the automatic transfer of employment contracts and give the Group the resources it needs to achieve its ambition of 1,000 points of sale by 2028. In any event, the employee representatives will be informed and consulted, in accordance with legal requirements, prior to each store's proposed sale.

A review will be carried out during the first half of 2019 to take stock of progress made with the proposed sales.

IV – Change in consolidated turnover at 30 September 2018 (current and non-comparable basis)

At 30 September 2018, consolidated turnover came to €356.4m, down 8.0% compared with the same period in 2017. Turnover for the third quarter of 2018 shows a contraction of 3.3% compared with the third quarter of 2017. These turnover figures are on a non-comparable basis following the sales and closures of directly-owned stores.

€m	30 Sep 2018	30 Sep 2017	Change 9 months	Q3 2018	Change Q3
Retail turnover	203.5	245.6	-17.2%	68.0	-8.8%
Network Services turnover	153.0	141.8	+7.9%	45.8	+6.2%
Total consolidated turnover	356.4	387.4	-8.0%	113.8	-3.3%

About Mr.Bricolage

The Mr.Bricolage Group, which develops 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 9 others countries with 69 stores.

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