2020 first-half earnings

Orléans, 23 September 2020, 6pm CET - Mr.Bricolage SA, which groups together local independent home improvement and gardening stores, is reporting its earnings for the first half of 2020 (1 January to 30 June 2020), which were approved by the Board of Directors during its meeting on 23 September 2020.

- In a French market that was down -8.5% in value at end-June 2020(1) in the context of the health crisis, the Group's French networks outperformed the market by +13 points, up +4.5% (on a like-for-like store basis and on a total store basis), while attracting a growing number of new entrepreneurs (786 stores vs. 708 at 31 December 2019). **Overall, with 855 stores, compared with 778 at 31 December 2019, the volume of business shows +5.6% growth on a like-for-like store basis and +5.1% on a total store basis**.

- During the first half of this year, the Group completed the plan to divest its directly-owned stores, launched at the end of 2018, to realign operations around its core "Network Services" business. Out of the 65 initial directly-owned stores, 60(2) have been divested, with nearly 85% of them sold to Mr.Bricolage members, while five stores were closed as it was not possible to find a sustainable buyout solution (Brive La Gaillarde (19), Orléans (45), Lexy (54), Montereau-Fault-Yonne (77) and La-Roche-sur-Yon (85)). At the end of the first half of 2020, the Group is 100% reconfigured around a "Network Services" business focused on developing the performance of its members and affiliates. **This new beginning is reflected in the +19.6% increase in consolidated revenues for "Network Services" and the return to profitability, with a net profit of +€6.8m**.

"We are on track to complete the REBOND strategic plan, launched at the end of 2016 to modernize the banner and reconfigure the Group. The results that we are presenting highlight the relevance of our realignment around our core "Network Services" business, as well as the effectiveness of the ambitious transformation rolled out at all levels across the Group in the last four years. The work accomplished by all the teams has been remarkable. And it is continuing to move forward. Looking beyond the robust development of our networks, which we can be proud of in a difficult economic context, Mr.Bricolage's financial position is picking up again: this will enable us to further develop the competitiveness of our points of sale, while investing in their development. During this year when we are celebrating our 40th anniversary, the performance levels achieved at the height of the health crisis illustrate the responsiveness and agility of a Group that is firmly focused on the future and dedicated entirely to the success of its members-entrepreneurs in the buoyant home improvement and gardening market", confirms Christophe Mistou, Mr.Bricolage Group CEO.

(1) Source: Banque de France
(2) 59 directly-owned stores were sold at 30 June 2020. The Saint-Paul-lès-Dax store was sold on 20 July 2020, taking the number of directly-owned stores divested up to 60 out of the 65 stores owned by the Group at 31 December 2018.

I - KEY DEVELOPMENTS FOR THE FIRST HALF OF 2020

1. Business volume growth and network development

At end-June 2020, the member and affiliate networks in France and other countries comprised 855 stores, compared with 778 at end-December 2019. This represents a net balance of 77 new points of sale in six months, including 12 stores previously trading under a rival banner in southeast France that joined Mr.Bricolage in early January. The networks' growth is consolidating the ambition to reach 1,000 points of sale by 2028, supported by a structured development strategy, and highlights the increased appeal of a streamlined banner whose modernization is continuing to move forward. Together, these 855 stores represent a total volume of business of around €1,056m, up +4.7% on a total store basis and +5.6% on a like-for-like store basis.

In a French market that is down -8.5%(1), the Mr.Bricolage Group's networks in France (786 stores vs. 708 at end-December) outperformed the market by +13 points, with +4.5% growth on a like-for-like store basis and a total store basis. The process for the 50(3) stores previously owned by the Group to be bought out by Mr.Bricolage members-entrepreneurs is progressing under good conditions: the economic and financial indicators (commercial performance, footfall, etc.) are promising.

For international operations, with a volume of business of €141.8m, growth came to +8.7% on a total store basis and +11.5% on a like-for-like store basis: this is linked primarily to strong sales growth in Belgium (+18.5% on a total store basis and +19.5% on a like-for-like store basis).

For online sales, the contraction recorded is linked to the closure of the *Le Jardin de Catherine* site at the end of 2019, the finalization of the divestment plan and the closure of the dedicated online warehouses during the lockdown period. This trend does not reflect the strong progress with click and collect sales (2h collection) on the www.mr-bricolage.fr site, included in the volume of business for stores in France. With 95% of the Mr.Bricolage stores connected to the e-commerce platform, the Group's web-to-store strategy largely illustrated its benefits during the first half of this year. Throughout this period, the digital teams worked to support members and scale up the e-commerce platform in response to the increase in traffic. In-depth work on the *360 Client Vision* was also launched during this period and will continue over the second half of the year.

Volume of business incl. taxes ***€M***	**Number of stores**	**H1 2020**	**Change on total store basis**	**Change on like-for-like store basis**
In-store sales	**855**	**1,053.8**	**+5.1%**	**+5.6%**
- France	786	912.0	+4.5%	+4.5%
- International	69	141.8	+8.7%	+11.5%
Total sales excl. directly-owned stores	**854**	**1,049.2**	**+7.7%**	**+5.6%**
Online sales (excluding click-and-collect)	**-**	**2.1**	**-59.1%**	**NA**
Total	**855**	**1,055.9**	**+4.7%**	**+5.6%**

(3) At 30 June 2020, 49 of the initial 65 directly-owned stores had been bought out under the Mr.Bricolage banner. The takeover of the Saint-Paul-lès-Dax store by a member on 20 July took this figure up to 50.

2. Finalization of the plan to divest directly-owned stores and realignment around the "Network Services" business

At 20 July 2020[4], the Group finalized its realignment around its core "Network Services" business. Out of the 65 directly-owned stores at 31 December 2018, 60 stores have been taken over, with 50 stores placed with Mr.Bricolage members who were already part of the network and new entrepreneurs looking to join the banner. The Brive-la-Gaillarde (19), Lexy (54), Montereau-Fault-Yonne (77) and La-Roche-sur-Yon (85) stores did not reopen after the lockdown[5]. Whereas it was scheduled to close, the Allonne (60) store was bought out under the Mr.Bricolage banner.

Alongside this realignment, a major transformation plan launched two years ago is being rolled out to support head office staff, members and store teams with the development of their activities and skills. Since the start of the second half of the year, the work organization for head office staff has been subject to an in-depth review and now offers more flexibility and independence for staff to manage and carry out their day-to-day missions.

3. Implementation of the 4 pillars concept

The store concept based around the 4 retail pillars (Collaboration, Delivery, Inventiv Solutions and Home Fund) is continuing to be put in place across the network. To date, 21 Mr.Bricolage stores have implemented the 4 pillars concept, which illustrates Mr.Bricolage's proximity positioning. Around 30 modernization projects are currently planned for the end of 2020 and 2021.

4. Commercial operations rolled out around the Group's 40th anniversary

In line with the REBOND plan roadmap, work to renew the product ranges and standardize the information systems is moving forward. This is being supported by stronger communication around the banner's 40th anniversary, with a new advertising campaign promoting Mr.Bricolage's unique close relationship with its customers since 1980. Deployed on the television and radio since mid-June, several sketches use a fun, affectionate approach to show how Mr.Bricolage's advisors are committed to understanding and listening to their customers each day.

5. Management of the health crisis linked to the coronavirus

The Mr.Bricolage Group quickly organized itself to adapt to its networks' needs and support them to put the health measures in place. The vast majority of the members-entrepreneurs mobilized to continue trading and serve their customers' needs by putting in place solutions to welcome them and/or arrange for orders to be collected. Supported by the Group's very regular communications on the legislative context and the latest health guidelines, and by the continuity of the essential procurement, logistics and support services, the Mr.Bricolage networks' stores clearly outperformed the market during the first half of this year. The Group is continuing to monitor changes in the health context very closely and will continue to implement the measures required to protect its employees and customers.

6. Transfer to Euronext Growth Paris

Following the General Meeting's approval on 22 January 2020, the Board of Directors' decision on the same day and the Euronext Listing Board's approval on 24 February 2020, Mr.Bricolage's ordinary shares were admitted to Euronext Growth Paris on 24 March 2020 under the same ISIN (FR0004034320) and the same ticker code (ALMRB).

(4) 59 directly-owned stores were sold at 30 June 2020. The Saint-Paul-lès-Dax store was sold on 20 July 2020, taking the number of directly-owned stores sold up to 60 out of the 65 owned by the Group at 31 December 2018.
(5) The Orléans store was also closed at the start of 2020.

II - 2020 FIRST-HALF EARNINGS

Following the transfer to Euronext Growth Paris at the end of March 2020, the first-half financial statements are no longer audited by the statutory auditors.

Accounting standards

Following the application of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the "Retail" sector is no longer presented from 2020. Continuing operations therefore exclusively comprise the "Network Services" business. The comparison of the total figure for "consolidated revenues" is therefore not representative of the Group's performance. Only the change in consolidated revenues for the "Network Services" business, detailed below, is relevant.

Condensed consolidated accounts (€m)	30 June 2020 IFRS 5 reported	30 June 2019 IFRS 5 reported	Change Like-for-like
Consolidated turnover	134.5	145.7	-7.7%
- Network Services	134.5	112.5	+19.6%
- Retail	0.0	33.2	-100.0%
EBITDA	**16.9**	**10.4**	**+63.4%**
Current operating profit	**11.4**	**1.0**	**+1,053.0%**
- Network Services	11.4	6.7	+68.7%
- Retail	0.0	(5.7)	-100.0%
Other non-current operating income and expenses	(0.1)	(3.3)	+95.8%
Operating profit	**11.2**	**(2.3)**	**+587.6%**
Financial income (expense)	**(2.5)**	**(2.0)**	**-24.9%**
Contribution from associates	0.0	(0.1)	+121.1%
Corporate income tax	(2.7)	(0.8)	-
Profit after tax from continuing operations	**6.0**	**(5.3)**	**+214.0%**
Profit after tax from discontinued operations	0.8	(3.4)	-
Profit (loss) for the period	**6.8**	**(8.7)**	**-**
- Group share	6.8	(8.7)	-
- Minority interests	NS	NS	-

Consolidated turnover

€m	30 Jun 2020 IFRS 5 reported	30 Jun 2019 IFRS 5 reported	Change Like-for-like
Network Services turnover	**134.5**	**112.5**	**+19.6%**
Sales of goods	**97.5**	**77.7**	**+25.5%**
Sales of services	**36.9**	**34.8**	**+6.2%**
Retail (business discontinued from 2020)	0.0	33.2	-100.0%
Total consolidated turnover	134.5	145.7	-7.7%

Consolidated revenues for continuing operations, the longstanding core "Network Services" business, climbed to €134.5m for the first half of 2020. The 19.6% growth achieved compared with June 30, 2019 reflects:

- the €19.8m (+25.5%) increase in sales of goods linked to the networks' growth, the range changes, the development of the own-brand Inventiv, which is proving popular with customers, and the opening up of the warehouses to the Briconautes and affiliate points of sale;
- the €2.1m (+6.2%) growth in services linked to the increase in the volume of business and purchases for the networks' points of sale.

Current operating profit / operating profit

In line with the improvements recorded since the second half of 2019, benefiting from the REBOND plan and the acceleration of the divestment plan, the current operating profit came to €11.4m, compared with €1.0m for the first half of 2019.

In the absence of non-current operations (€0.1m), the operating profit came to €11.2m, compared with €(2.3)m for the first half of 2019. The Mr.Bricolage Group's workforce (excluding directly-owned stores) has been scaled to align with the needs of the "Network Services" business, with 493 staff at end-June 2020 (head office and warehouses). Following several difficult years, the Group recorded an operating margin of 8.3% for the first half of this year. The significant improvement in management balances linked to the Group discontinuing the "Retail" business and its efforts to adapt the organization for its new dimension and optimize operations is in line with the Group's expectations. It will make it possible to gradually reduce debt, while continuing to effectively support the development of its members and networks.

Net profit

Financial income and expenses came to €(2.5)m for the first half of 2020, linked primarily to the change in the interest rate margin for the syndicated credit agreement set up in 2019. Following a €(2.7)m tax expense, the profit after tax from continuing operations came to €6.0m, compared with a €(5.3)m loss for the first half of 2019. After factoring in the profit after tax from discontinued operations for €0.8m, the net profit for the period represents €6.8m, compared with €(8.7)m at end-June 2019.

Net debt

At 30 June 2020, the Group used its drawdown capacity under the credit agreement from 16 October 2019, with net financial debt of €94.7m, versus €78.6m at end-2019. This increase is linked primarily to the seasonality of purchases concentrated over the first half of the year, resulting in an increase in working capital requirements. This was compounded by the impacts of the health crisis this year: the significant concentration of sales at the end of the first half-year period led to deferred receipts in the second half of 2020. In this context, the Group's cash position represents €20.1m, including its use of the €3.0m overdraft line, in accordance with the Group's expectations. Shareholders' equity came to €31.9m at end-June 2020, compared with €25.0m at end-December 2019, in line with the improvement in results.

For reference, following the agreement with the banking partners to reschedule the syndicated credit agreement signed on 16 October 2019, the maturity of all of Mr.Bricolage SA's bank borrowings was deferred to December 2026 (instead of December 2023 for the majority of the borrowings). With the exception of the €40m revolving credit, repayable at maturity at end-December 2026, the repayment schedule for debt will be very gradual from December 2022 and no covenants will apply before mid-2022.

III - OUTLOOK FOR 2020

The very satisfactory results achieved for the first half of 2020 reflect (1) the mobilization by the members-entrepreneurs in the context of the health crisis to fully perform their role as key players for proximity and outstanding service, and (2) the efforts made to adapt the organization in line with its new scale and further strengthen the efficiency of operations. They are consolidating the REBOND plan's success.

The Mr.Bricolage Group has shown its responsiveness and agility during this uncertain period and is moving forward with its roadmap with confidence:

- Continuing to optimize network services and accelerating the development of value-creating actions: renewing the product selection and pricing management tools, standardizing the information systems, maintaining marketing investments in the Inventiv brand and in-store footfall, transforming the digital strategy and deploying the new customer services platform;
- Developing the network of branded and affiliate stores to achieve the ambition for 1,000 points of sale by 2028;
- Rolling out the Transformation and the new work organization, led by the head office teams;
- Deploying and implementing the 4 pillars concept across the network.

ABOUT THE MR.BRICOLAGE GROUP

The Mr.Bricolage Group, which develops the well-known banners Mr.Bricolage and Les Briconautes, is the French specialist for local independent home improvement retail. As of 30 June 2020, the Group has 855 stores operating under the banners or through affiliates, including 69 international stores across nine countries. Mr.Bricolage SA is listed on Euronext Growth Paris (ISIN: FR0004034320 - ALMRB).

PRESS CONTACTS

- Corporate press
  - Anne-Claire Moyer, Mr.Bricolage – anne-claire.moyer@mrbricolage.fr
  - Louise Chaulin - louise.chaulin@gmail.com – +33 (0)7 83 35 96 93
- Financial press and investors
  - Marie Calleux, Calyptus – mrbricolage@calyptus.net – +33 (0)1 53 65 68 68