

ORCHESTRA[®]

KIDS FASHION • MATERNITY • CHILDCARE



October 10th, 2019

- **First semester revenue (March 1st to August 31th, 2019) increased by +0.9% to €280.9M, driven by a growth on the French market (+0.8%) despite deteriorated gross margin condition**
- **A first semester marked by a growth in Textile business (+2.9%) and Childcare business (+9.2%)**
- **Significant growth of club members: +14.5% year-on-year**

MARKET ENVIRONMENT

In a difficult market environment and to protect the Orchestra-Prémaman Group's cash, several actions have been taken since November 2018:

- Negotiation of maturity schedules with main suppliers;
- Products purchases reduction leading to stock rotation;
- Acceleration of ageing stock reduction through partnerships with digital or web major players (Showroom Privé and Veepee). These measures had a significant impact on Group's profitability on 2019/2020 financial year;
- Restriction in Group's investment (stores network, recruitment freeze,...); and
- Public authorities' solicitation with obtaining a €12.2M total amount settlement (€2.4M social contribution run across calendar 2019 year and €9.7M of VAT of which the settlement has been extended from June to December 2019), in connection with social movements in France ("Gilets jaunes").

All those actions have now been completed by commercial initiatives:

- In-store product offering development and the targeted opening of Childcare corners in some stores which lacked it;
- Prémaman brand name offering development; and
- Significant investment in communication (representing 3% of turnover).

All of these actions helped to restore a stability of the turnover during the first-half of the 2019/2020 financial year compared to last year, as outlined below.

However, this stability of the turnover has been made under significant deteriorated gross margin conditions, which affected the Group's cash and led to the opening of the Safeguard proceedings in favor of Orchestra-Prémaman, as announced in the press release of September 24th, 2019.

FIRST SEMESTER 2019/2020 REVENUE (unaudited data)
(March 1st, 2019 – August 31st, 2019)

IFRS - In €m	1st Semester 2018/2019	1st Semester 2019/2020	H1 2019/2020 vs. H1 2018/2019
Branches	149.1	149.9	0.5%
Affiliate commission	114.9	110.8	-3.5%
Internet	8.1	10.6	30.3%
Trading & Misc.	6.3	9.6	52.9%
Consolidated revenue	278.4	280.9	0.9%
of which France	173.7	175.1	0.8%
of which Belux	36.1	35.0	-3.1%
of which International (excl. Belux)	68.6	70.8	3.2%

During the first semester of 2019/2020 (from March 1st, 2019 to August 31st, 2019), Orchestra-Prémaman Group realized a consolidated Revenue of €280.9M, up to +0.9% compared to the same period last year.

The business in France (62.3% of first semester Revenue) increased by +0.8% driven by:

- Textile business with a +7.5% increase despite a difficult context of the textile market (down by -1.9%). This performance is due to Orchestra magazine distribution since March 2019;
- Childcare business remains dynamic thanks to a +11.7% increase compared to previous year.

Over the semester, the situation is more variable outside France: foreign entities without Belux (25.2% of first semester Revenue) posted an increase of +3.2% whereas Belux business (12.4% of first semester Revenue) is down by -3.1%.

The Web business continues to expand (+30.3%) driven by strong Childcare sales on this channel (+38.3%) and the growth of Web sales in France (+25.6%).

As of August 31st,2019 the Group has 2.0 million club members, an increase of +14.5% compared to August 31st,2018. This increase is due to proactive policy in recruitment and retention of Club members, ensuing future revenues. As a reminder, the Club ensures more than 90% of the Group revenue.

SECOND QUARTER 2019/2020 REVENUE (unaudited data)
(June 1st, 2019 to August 31st, 2019)

IFRS - In €m	2nd Quarter 2018/2019	2nd Quarter 2019/2020	Q2 2019/2020 vs. Q2 2018/2019
Branches	74.6	75.7	1.4%
Affiliate commission	58.3	55.9	-4.2%
Internet	3.8	5.1	34.8%
Trading & Misc.	2.5	4.6	83.3%
Consolidated revenue	139.3	141.3	1.4%
of which France	89.2	90.7	1.7%
of which Belux	17.7	17.0	-3.9%
of which International (excl. Belux)	32.4	33.5	3.7%

During the second quarter of 2019/2020, i.e. between June 1st, 2019 to August 31st, 2019, the Orchestra-Prémaman Group posted consolidated sales of €141.3M, up +1.4% relative to the year-earlier period.

STORES NETWORK (unaudited data)

in number and thousands of m ²	28/02/2019		31/08/2019		Variation 31/08/2019 vs. 28/02/2019	
	Number	Surface area	Number	Surface area	Number	Surface area
Branches	316	200.6	325	209.3	9	8.8
Affiliate commission	229	113.9	217	107.0	-12	-6.9
Total	545	314.4	542	316.3	-3	1.9
Textile	377	126.1	374	126.8	-3	0.7
Mixed stores and megastores	146	177.2	150	181.3	4	4.1
Outlet Stores	22	11.1	18	9.2	-4	-1.9
Total	545	314.4	542	317.3	-3	2.9
o.w. France	305	199.3	306	201.1	1	1.9
o.w. Belux	58	52.5	57	51.6	-1	-0.9
o.w. International (excl. Belux)	182	62.7	179	64.6	-3	1.9

In the context of a tough clothing market, the group decided to reduce its investment leading to a stability of the stores network.

Large format stores (mixed and megastores) now represent more than half of the sales area and 150 stores.

Orchestra-Prémaman Group confirms its strategy of speeding up the disposal of stocks and is preparing a Safeguarding Plan to restructure its long-term debt (which can be settled over a period of up to ten years). Debt payment prior to the beginning of the Safeguard proceedings is suspended while the restructuring plan is being processed.

Information are regularly communicated to the market upon the procedure evolution.

Next appointment

Consolidated 2019/2020 first semester results, on November 29th, 2019 before Stock opening

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