GROUPE LDLC

PRESS RELEASE

LIMONEST, **18 JUNE 2020, 5:45pm**

STRONG GROWTH IN 2019/2020 FULL-YEAR RESULTS

- H2 2019/2020 UPSWING IN BTOC BUSINESS
- STRUCTURAL IMPROVEMENT IN GROSS MARGIN TO 19.3% (2018/2019: 17.0%)
- EBITDA UP SHARPLY TO €15.7M (2018/2019: €1.8M)
- NET DEBT DIVIDED BY 7 TO €8.6M AT MARCH 31, 2020
- STEEPENING OF PROFITABLE GROWTH CURVE IN 2020/2021

Olivier de la Clergerie, LDLC Group CEO, said: *"FY 2019/2020 saw sharp growth in Group financial results including a return to profit levels exceeding historical performance, particularly in the second half. These results prove the merits of the structural strategic guidelines we have followed over the past 18 months in order to strengthen our offering and positioning on high-tech markets. Moreover, the Group considerably strengthened its financial position over the year, bringing net debt down from €60.3m to €8.6m under the combined effects of real estate disposals and strong operating cash flow of €12.4m.*
Despite the disruptive environment of the last few months, the Group is confident in its ability to post further strong growth in earnings for the 2020/2021 financial year and is targeting revenues of over €600m, entailing growth of over 20%, and EBITDA of €33m including consolidation of the recent Top Achat business acquisition."

SIMPLIFIED FULL-YEAR INCOME STATEMENT (1 APRIL-31 MARCH)

€m (audited)	2019/2020 12 months	*H1 2019/2020* *6 months*	*H2 2019-2020* *6 months*	2018/2019 Restated 12 months	Change (€m)
Revenues	**493.4**	***222.0***	***271.4***	**507.5**	***-14.1***
Gross margin	**95.1**	***42.3***	***52.8***	**86.1**	***+9.0***
Gross margin rate	*19.3%*	*19.1%*	*19.5%*	*17.0%*	*+2.3 pp*
EBITDA [1]	**15.7**	***4.7***	***11.0***	**1.8**	**+13.9**
EBITDA margin	*3.2%*	*2.1%*	*4.1%*	*0.4%*	*+2.8 pp*
EBIT	**6.6**	***0.8***	***5.8***	**(5.5)**	**+12.2**
Net financial income/(expense)	(1.0)			(2.1)	+1.1
Earnings of consolidated companies before non-recurring items	**5.7**			**(7.6)**	**+13.3**
Non-recurring income/(expense)	10.5			(0.1)	+10.6
Income tax	(7.9)			2.8	-10.7
Net income/(loss) of consolidated companies	**8.3**			**(4.8)**	**+13.1**

[1] EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortisation

On 18 June 2020, the LDLC Management and Supervisory Boards approved the consolidated financial statements for the financial year ended 31 March 2020. The statutory auditors have completed their audit of the financial statements and the financial statements are audited.

CHANGE OF ACCOUNTING STANDARDS

As announced when the company share was transferred to Euronext Growth Paris (see press release dated 29 August 2019), the LDLC Group now prepares French GAAP financial statements as of the 2019/2020 financial year. The financial statements for the financial year ended 31 March 2019 have been restated accordingly to allow comparison between the two periods. A detailed reconciliation between the 2018/2019 financial statements published under IFRS and restated under French GAAP will be included in the 2019/2020 Universal Registration Document.

LDLC Group management considers that revenues, gross margin and EBITDA are relevant indicators for evaluating Group performance and plans to communicate henceforth on this basis.

FY 2019/2020 OVERVIEW

The Group posted revenues of €493.3m for the 2019/2020 financial year, compared to €507.5m the previous year. The second half surge in business was partly curbed by the diverse initial impacts of the current health crisis on the Group's business lines in Q4 2019/2020.

2019/2020 revenues of €493.4m (down 2.8%) boosted by second half upswing in BtoC business

BtoC business generated full-year revenues of €323.5m versus €335.9m in 2018/2019, including 1.2% growth in the second half with revenues of €180.6m versus €178.4m the previous year. As previously announced, H1 2019/2020 was impacted by an expense arising from the strategic repositioning of the Materiel.net offer, now completed.

LDLC store revenues rose 11.2% to €66.7m reflecting continuing expansion of the store chain throughout the year (51 stores in France at 31 March 2020 versus 42 the previous year).

BtoB business posted revenues of €162.3m, stable compared to the previous year.

The Group average basket value increased 9.5% from €389 last year to €426 excl. VAT. The Group attracted 329,000 new BtoC and BtoB customers over the financial year.

Other businesses posted total full-year revenues of €7.6m, up from €7.1m in 2018/2019 driven primarily by brisk sales of L'Armoire de Bébé childcare products.

Positive structural impact on gross margin rate, up 2.3 percentage points to 19.3%

Boosted by the strategic repositioning of Group brands, FY 2019/2020 gross margin rose €9.0m to €95.1m or 19.3% of revenues. The LDLC Group is confident in its ability over the long term to deliver a normalised gross margin comparable to the FY 2019/2020 margin, excluding potential impacts related to the positioning of the Top Achat business.

Sharp improvement in EBITDA margin

2019/2020 EBITDA came to €15.7m, up €13.9m. EBITDA margin increased accordingly from 0.4% in 2018/2019 to 3.2% in 2019/2020, including a 4.1% margin for the second half alone.

This sharp improvement was driven by the increase in gross margin and the impact of savings generated by Group synergies and other cost-cutting measures initiated the previous year.

Net cost of debt fell from €1.8m last year to €1.2m after considerable deleverage over the period. The Group generated net non-recurring income of €10.5m during the year, mainly from the sale of the Nantes warehouse and Limonest head office, but also including €2.3m of expenses arising from business closures in Spain.

Net income for the 2019/2020 financial year came to €8.3m, an improvement of €13.1m over the previous year's loss.

Net debt reduced to €8.6m

Shareholders' equity amounted to €62.4m (versus €54.3m at 31 March 2019) compared to net debt of €8.6m (down from €60.3m at 31 March 2019).

This significant €51.7m reduction in net debt resulting from the sale of the warehouse in Nantes (June 2019) and head office premises in Limonest (July 2019), as well as the improvement in earnings, allowed the LDLC Group to regain sufficient financial leeway to pursue its business development plans.

Nevertheless, as a precautionary measure in view of the ongoing health crisis, in April the Group applied for and obtained an €18m PGE state-guaranteed loan from its bank partners.

RECENT NEWS AND OUTLOOK

Update on COVID-19

The health crisis impacted the LDLC Group's businesses in different ways, with a sharp decline in store and BtoB sales fully offset by strong demand on e-commerce websites.

Thanks to judicious positioning of its offering and a diverse range of sales channels (physical stores, BtoB, online BtoC), the Group has not only suffered no ill effects on its global business, but has even benefited significantly as a result of its omnichannel retail model.

The LDLC Group is currently working on the resumption of businesses adversely impacted by lockdown, focusing on providing assistance to the franchises. These operations could return to normality fairly soon, whereas growth in online sales has not been interrupted.

Successful Top Achat acquisition

On 10 April the LDLC Group closed the acquisition of the Top Achat business purchased from Rue du Commerce. This merger is already fully operational and will be a source of additional opportunities and synergies for the new structure.

2020/2021 targets: revenues of over €600m and EBITDA of €33m

The results of the last financial year reflect the major impact the various strategic guidelines followed over the past 18 months have had on the Group's business model and financial performance. These strategies include repositioning the Group's web brands, particularly Materiel.net, expanding the store chain, closing physical retail operations in Spain and the acquisition of Top Achat.

Bolstered by these structural changes, the LDLC Group is confident in pursuing and accelerating its profitable growth curve in FY 2020/2021 and is targeting **revenues of over €600m, entailing growth of over 20%, and EBITDA of €33m.**

Based on these targets, the Group expects to post **negative net debt by the end of the 2020/2021 financial year**.

Next meeting:
19 June 2020 at 10am – Full-year earnings presentation conference call
To take part in this conference call, please dial: +33 (0)1 72 72 74 03
Presentation materials may be downloaded from:
https://www.anywhereconference.com/?Conference=418932541&PIN=89287859&UserAudioMode=DATA
Login: 418932541 PIN: 89287859#

Next release:
On 23 July 2020 after market close, Q1 2020/2021 revenues

GROUP OVERVIEW

The LDLC Group was one of the first to venture into online sales in 1997. As a specialist multi-brand retailer and a major online IT and high-tech equipment retailer, the LDLC Group targets individual customers (BtoC) as well as business customers (BtoB). It operates via 15 retail brands, has 7 e-commerce websites and close to 1,000 employees.

Winner of a number of customer service awards and widely recognised for the efficiency of its integrated logistics platforms, the Group is also developing an extensive chain of brand stores and franchises.

Find all the information you need at www.groupe-ldlc.com

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