GROUPE LDLC

PRESS RELEASE

LIMONEST, **30 NOVEMBER 2017**

H1 2017/2018 RESULTS

SOLID FUNDAMENTALS BEHIND RESILIENT PERFORMANCE
REDUCTION OF NET DEBT TIED TO STRONG IMPROVEMENT IN WORKING CAPITAL
2021 TARGETS CONFIRMED

LDLC Group CEO Olivier de la Clergerie made the following comments: *"While our core business (IT component sales) has felt the pressure of consistently high inflation in memory component prices over the past few months (up 200% in one year), performance over the first half of the 2017/2018 financial year showed strong resilience and proves our ability to maintain profit margins. Accordingly, the gross margin rate came to 16.7% in the first half, showing consistent growth since the equivalent period last year.*
Meanwhile, we are continuing to implement the necessary measures and decisions in order to drive our development. These initiatives have enabled us to significantly improve working capital while reducing net debt.
Backed by strong fundamentals and confident in our ability to meet our medium-term targets, we have pursued our business plan and maintained capital expenditure with the implementation of multiple growth-generating projects allowing us to (i) roll out our cross-channel strategy in order to have 100 stores up and running by 2021, (ii) continue to grow our online BtoC business and (iii) step up growth in the BtoB business.
Given these circumstances and our strengthened position, we can confirm our ambition of hitting the one billion euro revenue mark by 2021, with an EBITDA margin between 5.5% and 6%."

SIMPLIFIED FIRST HALF INCOME STATEMENT (1 APRIL-30 SEPTEMBER)

€m (unaudited)	H1 2017/2018	H1 2016/2017
Revenues	**215.0**	221.1
Gross margin	**36.0**	36.6
Gross margin rate (% of revenues)	***16.7%***	*16.5%*
EBITDA	**6.6**	10.1
EBIT	**4.1**	7.8
Earnings before tax	**3.7**	7.4
Net income for the year	**2.5**	4.6

EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortisation

SIGNS OF UPLIFT SINCE THE SECOND QUARTER

The BtoC business posted first half sales of €155.0m, while revenues from the 26 LDLC stores rose 19.3% to €24.1m. The BtoC business posted growth in the second quarter and recorded first half revenues of €54.6m. Other businesses, including Maginéa, contributed €5.9m to Group revenues.

The Group average basket size increased to €334 excl. VAT (from €330 excl. VAT over the same period last year) and the number of new accounts (BtoC and BtoB) totalled 227,500.

The gross margin rate for H1 2017/2018 increased to 16.7% of revenues compared to 16.1% for the same period last year. This improvement stems from various measures, including the procurement synergies with Materiel.net, which offset the diluting effect of the increase in store numbers.

EBITDA amounted to €6.6m representing 3.7% of revenues. During the first half, the Group continued to structure and strengthen its organisation while continuing to invest for the future, particularly in IT systems and platforms, the development of its franchise network and the relocation of its head office and LDLC School to a single site in Limonest, near Lyon. This new site, financed via a lease purchase agreement, represents a total investment of €23.5m.

At the same time, the Group made considerable efforts to optimise working capital, which enabled it to generate cash and reduce its debt-to-equity ratio.

Property, plant and equipment increased significantly from €17.7m as at 31 March 2017 to €39.4m as at 30 September 2017 (the Group having moved onto the new site at the end of August). These assets had grown in 2016 following the consolidation of Materiel.net, whose logistics platform is owned by Domisys (€10m).

€m (unaudited)	30 September 2017	31 March 2017
Operating cash flow	**27.6**	4.0
Shareholders' equity	**57.6**	54.9
Net debt	**33.6**	35.9
Gearing (net debt/equity)	**0.58**	0.66

GROUP MANAGEMENT

After having contributed to the successful integration of Materiel.net, Jean-Philippe Fleury, founder and CEO/Executive Director of Domisys, announced his decision to turn towards other personal projects, while remaining a shareholder of the LDLC Group. His departure should be finalised by the end of 2017. Laurent de la Clergerie commented: *"We thank Jean-Philippe for all the work he has done to enable the successful merging of the companies over the past two years. Now that most synergies have been finalised, the logistics aspect has made good progress and will be completed shortly. This will further strengthen our efficiency."*

OPERATIONAL PRIORITIES AND OBJECTIVES

Over the second half, the Group will benefit from the initiatives pursued over the past few months in order to guide BtoB business growth and end-of-year sales, this being an important period for the BtoC business. After the announcement made on 21 November of the opening of a 27th store in Chambery, the opening rate of new franchises and brand stores should increase, with 6-8 stores expected to open their doors during the period, which will drive further growth.

Black Friday (24 November 2017), with a high concentration of initial Christmas sales, was a resounding success that generated €7m in orders compared to €4m last year, thus demonstrating the Group's dynamism and ability to attract new customers.

Multiple growth-generating projects for the Group are underway, including:

- Finalising the acquisition of the OLYS Group, which markets the BIMP brand, an Apple distributor for professionals (60%) and individual consumers, and which recently acquired the iTribu brand in November 2017. The OLYS Group now has 18 stores as a result of this acquisition and forecasts 2017 revenues of €60m with EBITDA at €3m. Subject to fulfilment of the conditions precedent,

LDLC expects to close the transaction (100% of €15m financing via bank loans) for the acquisition of the OLYS Group by 31 January 2018 at the latest .
- Launching a commercial structure for BtoB sales (first employees already hired) in the fourth quarter, as well as a logistics platform in the Ile-de-France region, in order to expand business in this area.
- Setting up operations in Spain, slated for the beginning of the next financial year (online and pilot store in Madrid).
- Opening in 2018 of a L'Armoire de Bébé pilot store in the Lyon area, given the childcare brand's proven success online.

Lastly, the LDLC Group confirms its target of reaching the billion euro revenue mark with an EBITDA margin between 5.5% and 6.0% by 2021. By that time, the Group plans to have around 100 stores up and running.

Next meeting:

Information meeting on 1 December 2017 at 10.00 am, Pershing Hall, 49 Rue Pierre Charron, 75008 Paris

Next release:

25 January 2018 after market close, Q3 2017/2018 revenues

GROUP OVERVIEW

The LDLC Group was one of the first to venture into online sales in 1997. Today, as an e-commerce leader in the IT and high-tech market, the LDLC Group operates via 12 websites, including 7 commercial sites, serving consumers and professionals alike. The Group employs over 700 people. Winner of a number of customer service awards and widely recognised for the efficiency of its integrated logistics platforms, the LDLC Group is also developing a network of branch stores and franchises.

Read more at www.groupe-ldlc.com

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