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H1 2022/2023 BUSINESS REVIEW

- CONSOLIDATED REVENUES OF €253.9M
- CONTINUATION OF DEVELOPMENT PLAN: STORE OPENINGS, INCREASING BRAND AWARENESS, COMMISSIONING OF NEW SAINT-QUENTIN-FALLAVIER WAREHOUSE

Olivier de la Clergerie, LDLC Group CEO, said: “After two particularly buoyant years during the COVID period, as mentioned in our previous releases, the LDLC Group has returned to business as usual, marked by fewer replacements given the large volume of new equipment already purchased. These circumstances impacting the first half were exacerbated by further pressure on sales due to rising energy prices and the strengthening of the dollar versus the euro. As a result, Group revenues fell to €253.9m in the first half of 2022/2023.

Despite these conditions, we expect to see more sustained business in the second half in a market driven by product innovations against a less challenging base of comparison.

The Group is also continuing to invest in order to pounce on growth opportunities as soon as markets begin to pick up. The Group is focusing on increasing brand awareness among a broader public, expanding its store chain and strengthening logistics capacities by commissioning the new logistics centre at Saint-Quentin-Fallavier.

We are therefore looking to the future with confidence. Although the situation may impact the Group’s standard financial metrics in the short term, the medium-term outlook is not in jeopardy.”

FIRST HALF CONSOLIDATED REVENUES (1 APRIL TO 30 SEPTEMBER) – UNAUDITED

€m	2022/2023	2021/2022	Change (%)
Q1 revenues	126.3	163.7	-22.8%
Q2 revenues	127.6	169.7	-24.8%
Total H1 revenues	253.9	333.5	-23.9%

Half-year reporting, corporate data: H1 2022/2023 revenues of €230.1m



H1 2022/2023 revenues: €253.9m

Revenues for the first half ended 30 September 2022 amounted to €253.9m, down 23.9% versus the same period last year. This decline reflects the return to a normative seasonal pattern, with the first half of the financial year (April to September) traditionally being weaker than the second. As previously announced, over the last two financial years the Group benefited from the COVID episode during the first half, when lockdowns and travel restrictions prompted consumers to rechannel their spending, notably towards high-tech purchases.

The first half just ended, however, was impacted by economic and geopolitical conditions, including poor visibility regarding sharp increases in energy prices and extreme fluctuations in US dollar rates, leading to a temporary postponement of expenses, particularly in the BtoB segment.

As a result, BtoC revenues amounted to €166.4m, down 29.6% versus H1 2021/2022. Store revenues declined less steeply, down 8.8% to €52.3m. These developments confirm the appropriateness of the Group's multi-channel business model and commitment to staying close to its customers.

The BtoB business posted first half revenues of €81.1m, down 11.4% from €91.5m last year. Although BtoB is holding up better than BtoC, the business has nonetheless been impacted by the economic and political situation, which is weighing on companies' costs (economic slowdown and postponement of capital expenditure). That said, over the medium to long term, business will continue to be driven by the boom in digital technology and the new uses and requirements it is generating among professionals. The LDLC Group is ideally positioned in this segment and has been consolidating its presence there for years.

Other businesses posted revenues of €6.4m, up 11.6% from €5.8m in H1 2021/2022. Childcare brand L'Armoire de Bébé continued to grow strongly with revenues up 12.0% to €4.5m. The success of this business is driven by strengthening brand awareness and the expansion of the store chain (7 stores at 30 September 2022 plus a further store due to open in Avignon in November, versus 5 at 30 September 2021).

RECENT NEWS AND OUTLOOK

Continued expansion of the LDLC store chain to over 70 stores

Convinced of the merits of its omnichannel retail model, the LDLC Group continues to expand its chain of high-tech stores at a sustained pace. Since the beginning of the financial year, the Group has already opened 10 new stores (Perpignan in April, Mâcon and La Roche-sur-Yon in May, Lyon Cordelier and Orléans in June, Le Mans, Montélimar and Saint-Brieuc in July and Lyon Grand Parilly and Calais in August). The Group plans to open over 20 new stores in total across all retail chains during the year. By way of comparison, only six stores were added to the LDLC chain during the previous year.

In terms of operations, the expansion of the store chain will be supported by the new warehouse in Saint-Quentin-Fallavier, which will enable optimum processing of retail logistics flows.

In the interests of speed of execution and balance, the Group plans to give priority to the deployment of branches in this new stage of expansion. In doing so, the LDLC Group is not ruling out the possibility of acquiring existing business assets.

Heightened brand awareness

The LDLC Group continues to roll out its first national TV advertising campaign aimed at increasing LDLC brand recognition among the general public. The campaign slogan is "LD, elle sait!", a play on words based on the letters 'LC', which in French are phonetically equivalent to the phrase 'Elle sait', 'She knows'. After the first wave broadcast in May-June 2022, a new advertisement was shown from 8 August to 4 September via 1,500 insertions on traditional TV channels and DTT.



After excellent results in terms of off-line and online traffic, a third wave is scheduled for the end-of-year festive season.

In addition, the Group has partnered with the Monopoly chez McDonald's™ game by issuing gift vouchers valid in its stores in order to enhance the visibility of the store chain.

Outlook

As expected, after a first half impacted by the rerouting of household expenditure, economic uncertainties and a challenging comparison base, the LDLC Group enters the second half of 2022/2023 with confidence. This period is expected to benefit from a dynamic upgrading programme affecting processors and graphics cards (new major ranges every two years).

Over the medium term, backed by strong fundamentals and a healthy financial situation, the LDLC Group can leverage a large number of assets to capture most of the growth in its markets. The Group will draw on strengthened brand recognition, accelerated development of the store chain and continued growth in the BtoB segment. It also has the capacity to support future development through the creation of new logistics facilities, including the new warehouse in Saint-Quentin-Fallavier launched in September 2022.

Finally, Group remains open and alert to all acquisition and development opportunities in business lines identical or similar to its own.

Next release:

1 December 2022 after market close, H1 2022/2023 results

Next meeting:

2 December 2022 at 10 am in Paris, H1 2022/2023 results presentation

→ 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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