



# H1-2018 RESULTS

•  
- July 26<sup>th</sup>, 2018 -

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# H1-2018 KEY BUSINESS HIGHLIGHTS

# H1-18 KEY BUSINESS HIGHLIGHTS



**WE EXECUTE OUR “PERFORMANCE 2018-2020” PLAN WITH ALREADY SIGNIFICANT MANAGEMENT ACTIONS UNDERTAKEN ON ALL FRONTS (COMMERCIAL, BUSINESS MONITORING, MARKETING, IT)**



**WE SEE THE FIRST EFFECTS OF OUR ACTIONS, WITH POSITIVE SIGNALS IN Q2, AND A CLEAR TURNING POINT VS. Q1**

- Come back to growth: +8% growth in Q2
- Overall growth of +3% in H1
- Q2 performance demonstrates the relevancy of initiatives carried out over the last few months



**GROWTH REBOUND MATERIALIZED BOTH IN FRANCE AND INTERNATIONAL MARKETS IN Q2**



**PROGRESSION OF CUSTOMER SATISFACTION AND ENGAGEMENT**

- NPS up by 4pts in H1



**CONTRASTED FINANCIAL PERFORMANCE IN H1 WITH EBITDA STILL NEGATIVELY IMPACTED BY Q1 REVENUE SLOWDOWN, 2017 FIRM PURCHASES, AND INVESTMENTS MADE IN 2017 AND H1-2018 AS PART OF “PERFORMANCE 2018-2020” PLAN**

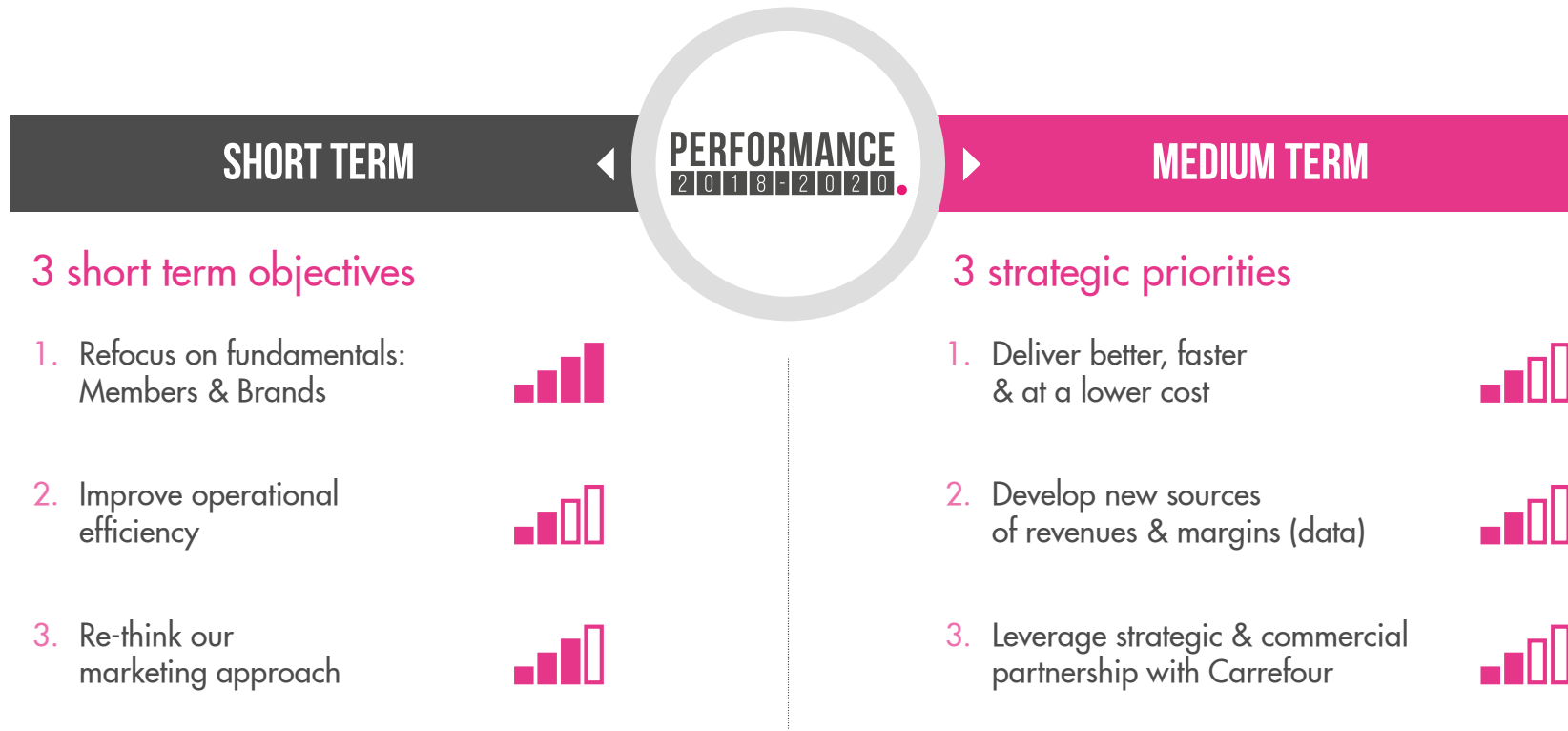
- -0.2% EBITDA margin at -€0.8M
- Full effect of our “Performance 2018-2020” plan to be seen progressively throughout the year



**IN PARALLEL WE ARE PROGRESSING IN THE DEPLOYMENT OF OUR MEDIUM TERM STRATEGIC PRIORITIES**

- New warehouse dedicated to consignment flows
- Launch of SRP Media
- Fast implementation of synergies with Carrefour (Click-&-Collect and marketing notably)

# OUR “PERFORMANCE 2018-2020” PLAN IS ON TRACK



We are well on track with our roadmap

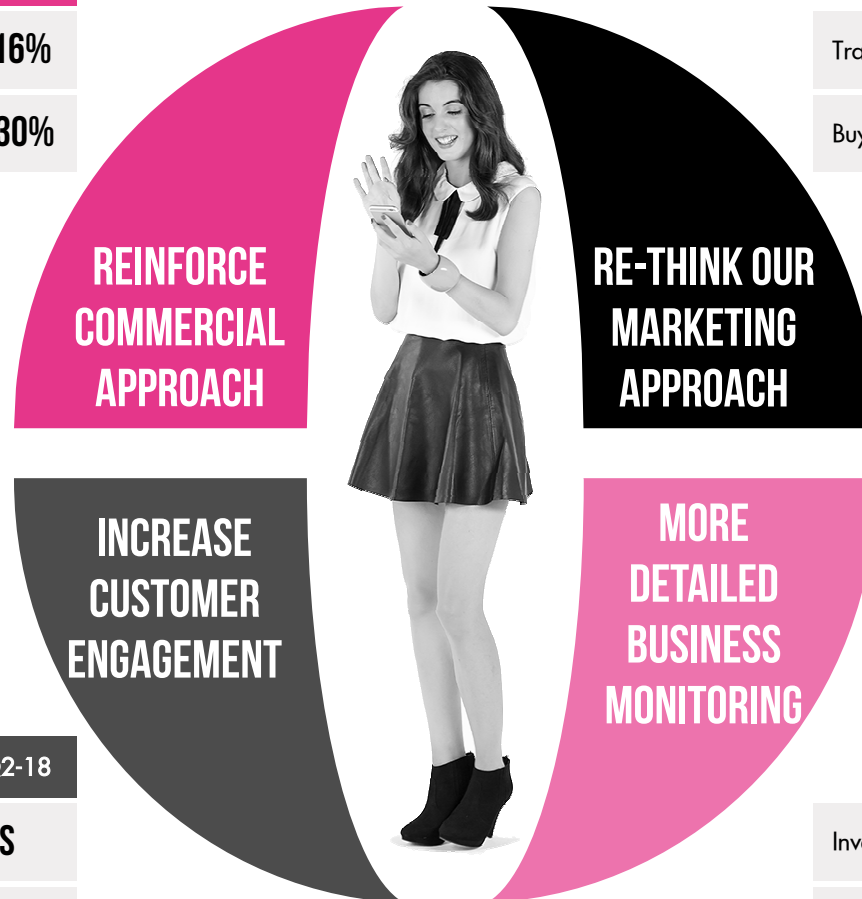
# WE HAVE FOCUSED IN H1 ON STRENGTHENING OUR ORGANIZATION AND BUSINESS MONITORING

	Priorities	Key actions	Progress
<b>IMPROVE OPERATIONAL EFFICIENCY</b>	<b>REINFORCE COMMERCIAL APPROACH</b>	<ul style="list-style-type: none"> <li>• Reinforcement of the teams in several categories notably sport, FMCG, and children with senior hires already realized</li> <li>• Holistic approach with strategic brands combining overstock-clearance, media and marketing solutions and reinforcement of commercial relationship</li> <li>• Stronger senior focus in rationalizing offering and prospection</li> <li>• Optimisation of commercial planning with better coordination between commercial, marketing and operating teams</li> </ul>	
	<b>MORE DETAILED BUSINESS MONITORING</b>	<ul style="list-style-type: none"> <li>• Strengthened validation process for all sales opportunities</li> <li>• Closer monitoring of inventories and firm purchases</li> <li>• "100% Salesforce" implementation to boost commercial effectiveness</li> </ul>	
	<b>GROWING INVESTMENT IN IT TEAMS &amp; PLATFORM</b>	<ul style="list-style-type: none"> <li>• All expected recruitments in H1 already realized to accelerate the implementation of our roadmap and gain in efficiency and scalability</li> </ul>	
	<b>RE-THINK OUR MARKETING APPROACH</b>	<ul style="list-style-type: none"> <li>• Shift of our marketing approach focused on acquisition to a new strategy adding also traffic, loyalty and brand preference</li> <li>• Reinforcement of our traffic acquisition and CRM capabilities with two senior recruitments</li> <li>• New media approach</li> </ul>	

# WE ARE SEEING THE FIRST POSITIVE EFFECTS OF OUR PERFORMANCE PLAN

	Q1-18	Q2-18
# Sales events <sup>1</sup>	<b>+9%</b>	<b>-16%</b>
Turnover / sale <sup>1</sup>	<b>-12%</b>	<b>+30%</b>

	Q1-18	Q2-18
Traffic <sup>1</sup>	<b>0%</b>	<b>+8%</b>
Buyers <sup>2</sup>	<b>-6%</b>	<b>+5%</b>

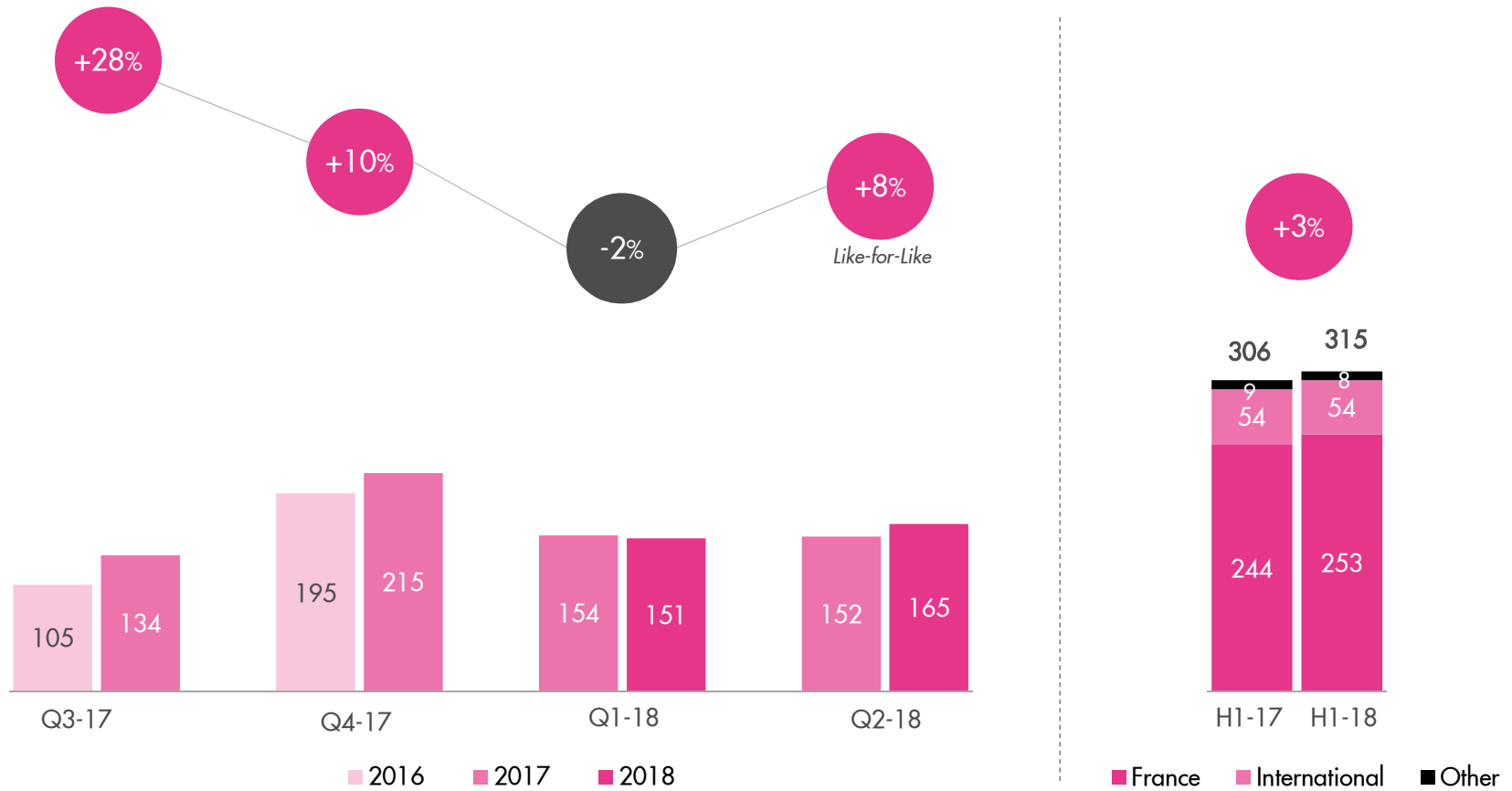


	Q1-18	Q2-18
NPS	<b>+4 POINTS</b>	
Orders / buyer <sup>2</sup>	<b>-3%</b>	<b>0%</b>

	June 18 vs. June 17
Inventories	<b>-18 M€</b>
Firm purchases	<b>-33%</b>

Notes: <sup>1</sup> excluding Italy and Beauteprimee, <sup>2</sup> excluding Beauteprimee

# RETURN TO GROWTH IN Q2



Come back to growth in Q2 in both France and International markets

# WE ARE LAYING OUT THE FOUNDATIONS OF OUR MEDIUM TERM GROWTH DRIVERS

## LOGISTIC



Deliver better, faster and at a lower cost by insourcing a part of our logistic services

- Progress in developing the Group new automated warehouse
  - 2 sites shortlisted
  - Financing secured
  - Automation technology and supplier selected
- Ramp-up of our dropshipment offering in order to reduce our shipping time (6.5 % of revenues over 6 months)

## MEDIA & DATA



Monetize our data and launch media offerings

- Successful launch of SRP Media in June
- Several media campaigns realized in 2018, with strong brands
- Strong traction from brand partners
- Digital native, decision maker and brand lover, the Digital Woman is the client brands want to attract

## CARREFOUR PARTNERSHIP

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Leverage our transforming partnership with Carrefour which opens new horizon

See next slide



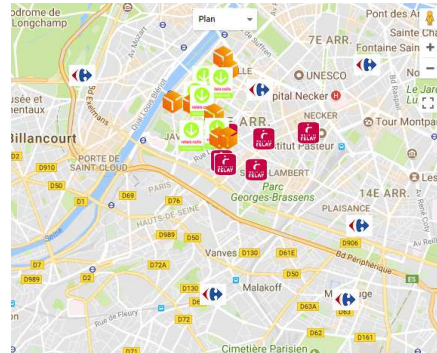


# ZOOM ON OUR PARTNERSHIP WITH CARREFOUR



## LOGISTIC

- 600 Click-&-Collect stores already opened
- Target of 2,800 at year-end in France
- Price subsidies testing phase already launched with positive results in terms of both client satisfaction and traffic & sales generation



## MARKETING

- Cross marketing campaigns
  - Already several successful campaigns realized
  - Strong appetite and complementarity of the two Groups member base



## DATA

- Media & Data
  - Successful media operation demonstrating both the appetite from SRP members for Carrefour brands, and the quality of media solutions offered by SRP
  - Both Groups are reflecting on joint operations around data, currently under design



## COMMERCIAL

- Sourcing and portfolio synergies is an area on which both Groups are currently working jointly

First common developments have been fastly implemented and will be progressively automated and scaled-up in H2

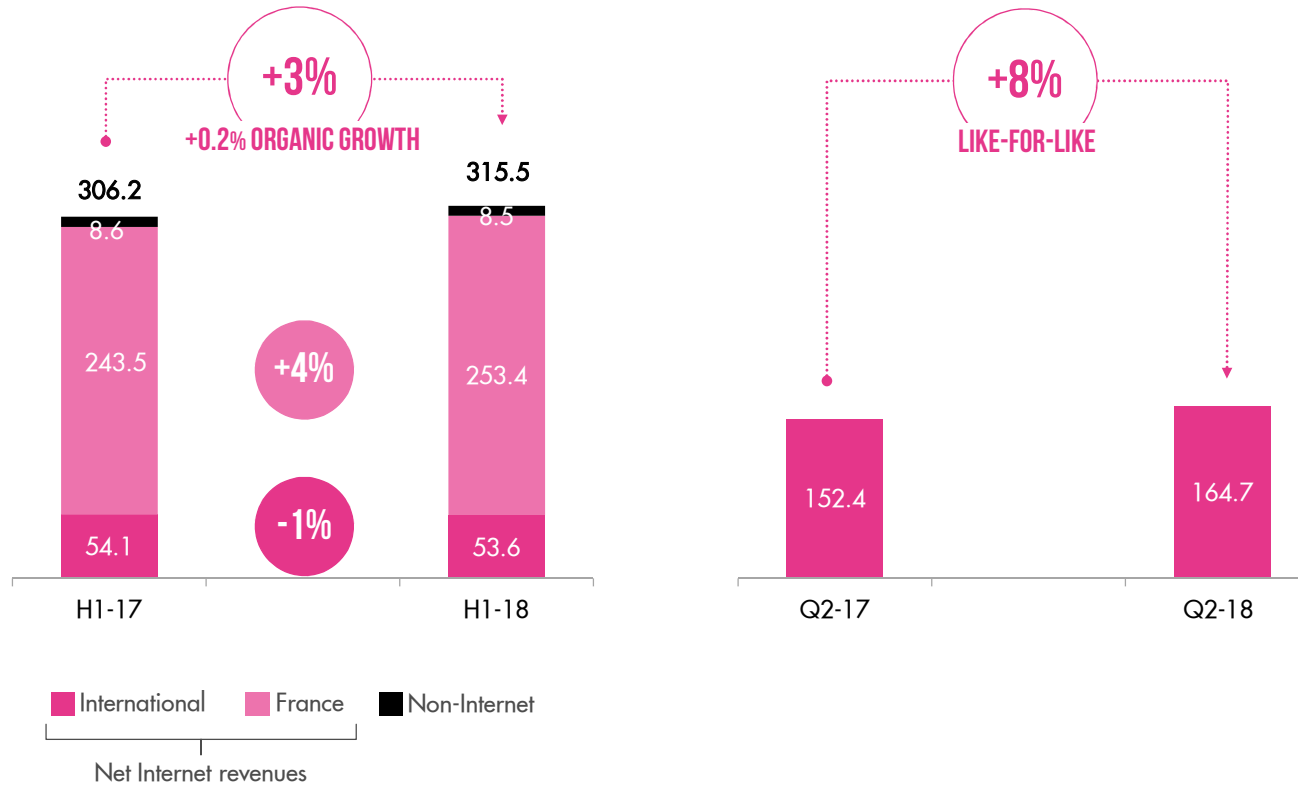


# H1-2018 FINANCIAL RESULTS

# REVENUES GROWTH SUPPORTED BY Q2 PERFORMANCE

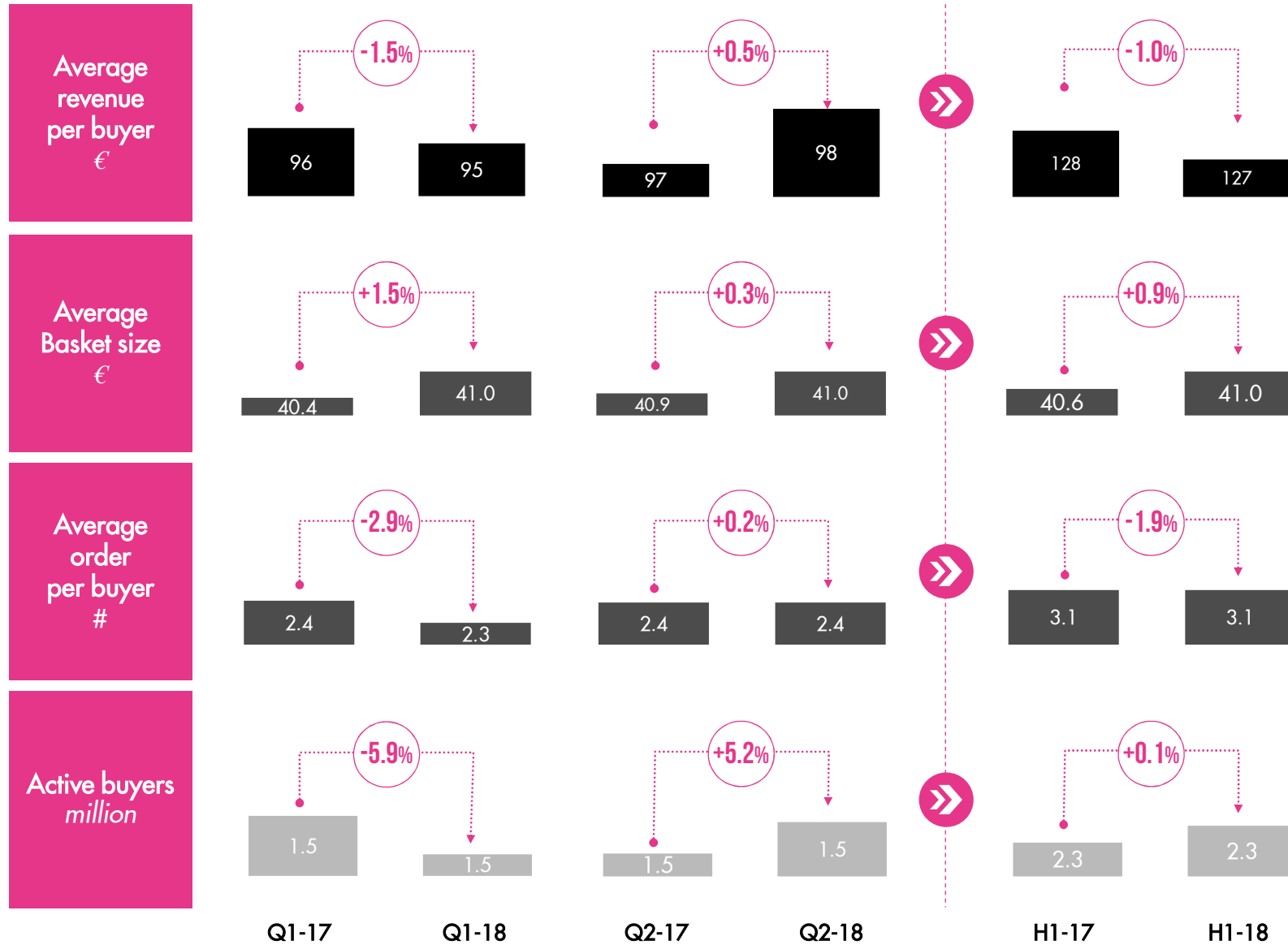
## Revenues breakdown

€ million



3% growth in H1 supported by rebound of growth in France and international markets in Q2 (+8% revenues growth)

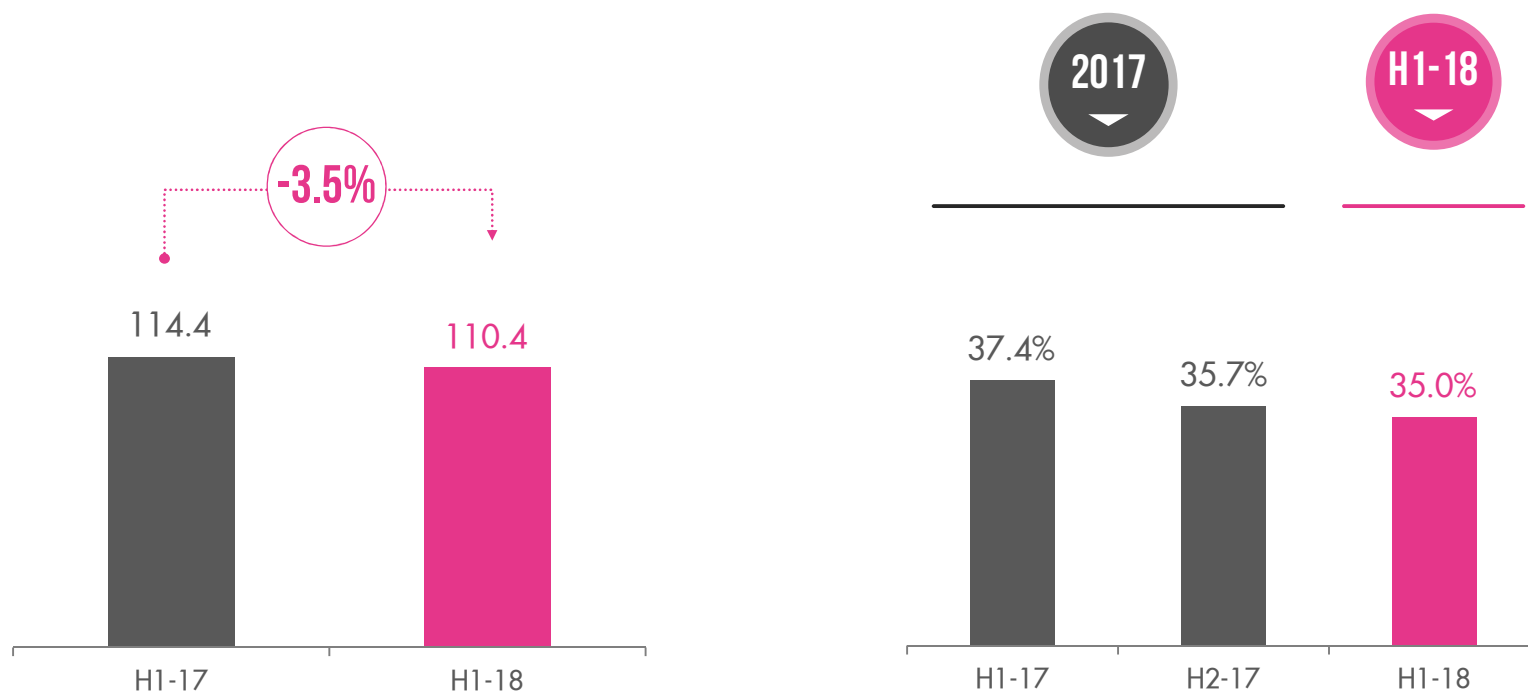
# IMPROVEMENT OF CUSTOMER METRICS IN Q2



# GROSS MARGIN EVOLUTION

## Gross margin evolution

€ million

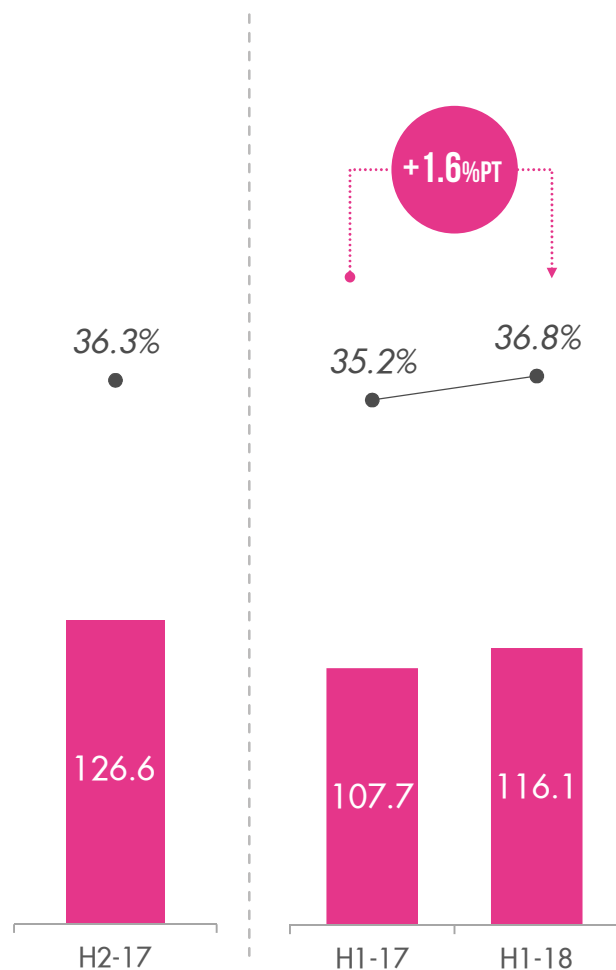


Gross margin still negatively impacted by the sale of residual firm purchases inventories built in 2017 at less favourable commercial conditions

# COST STRUCTURE OVERVIEW

## Opex evolution<sup>1</sup>

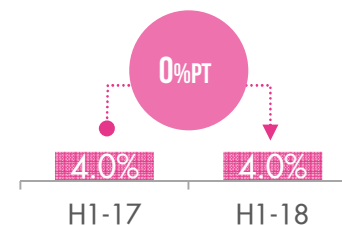
In € million and as % of net revenues



## Costs

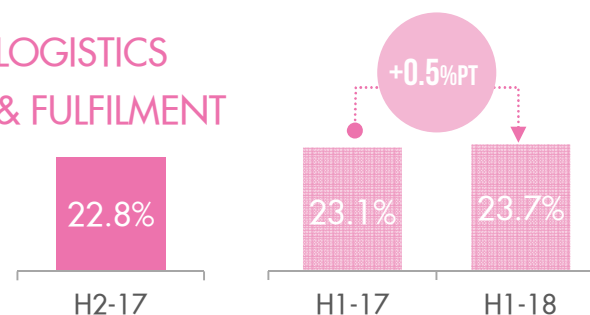
(as % of net revenues)

### MARKETING



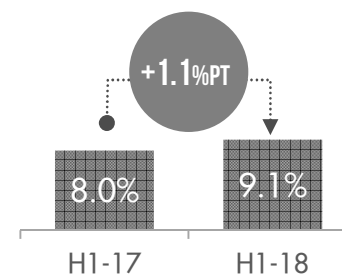
Marketing expenses up 3.6% over first half and stable compared to the previous year at 4% of revenues

### LOGISTICS & FULFILMENT



Flat logistic costs as a % of sales excluding Saldi Privati, whose logistic contract signed with unfavourable commercial terms, is being terminated by the end of the year

### G&A



€4.1M increase o/w:  
 • €2.3M related to growth investments made in H2-17 and increase in D&A  
 • €1.8M from full year effect of H2-17 hires and H1-18 recruitments made as part of Performance 2018-2020 plan (IT & commercial)

€26.2M

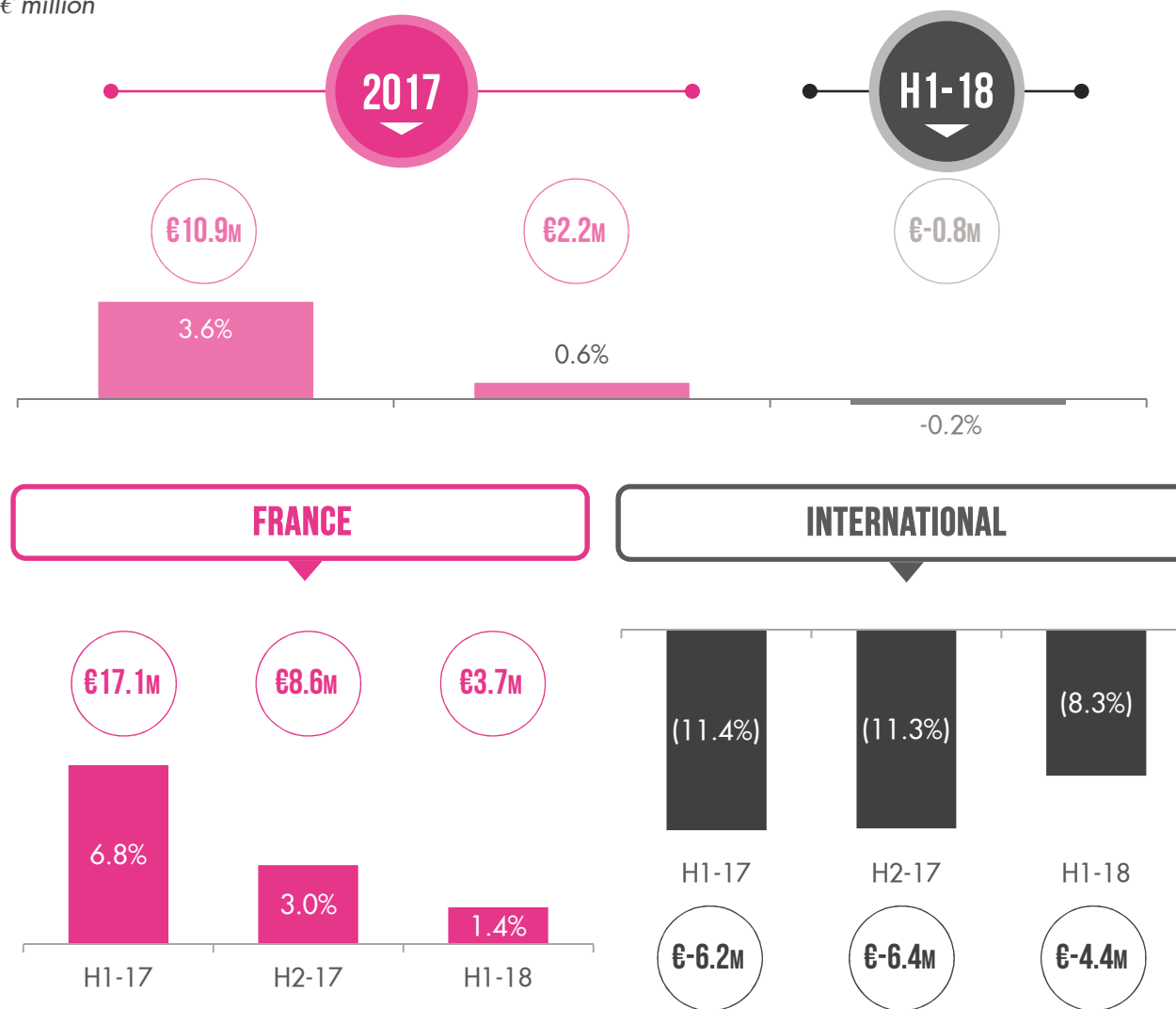
€24.6M

€28.7M

# EBITDA EVOLUTION

## EBITDA evolution

€ million



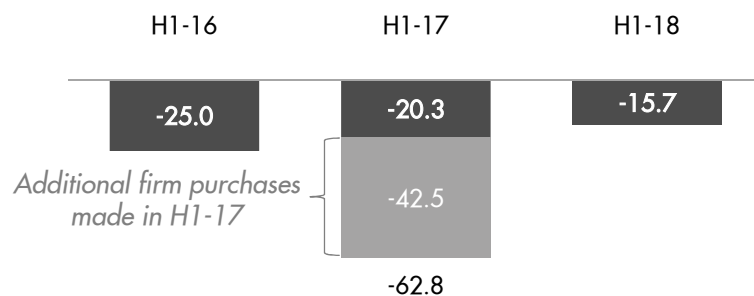
EBITDA mainly impacted by:

- Slowdown of activity in Q1-18
- The exhaustion of residual firm purchases made in 2017 at less favourable commercial conditions
- Growth investments made in 2017 (reinforcement of international teams and creation of SRP Media team)
- Recruitments made as part of "Performance 2018-2020" plan (notably IT and commercial teams)

# CASH FLOW EVOLUTION

## Change in working capital by semester

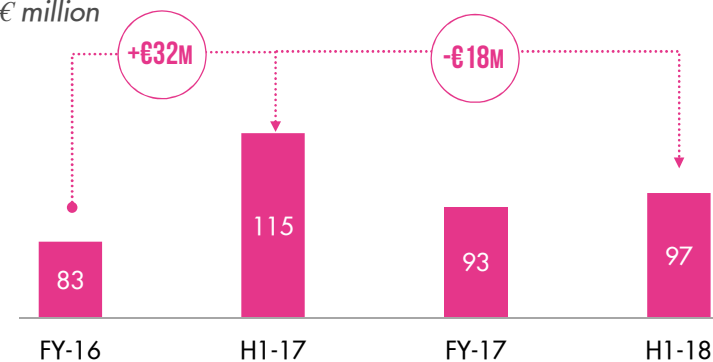
€ million



*Structural negative working capital in H1 due to seasonality effects*

## Progressive normalisation of inventories

€ million



*Tight monitoring of inventories in H1 and better control of firm purchases*

## EBITDA to net change in cash – H1-18

€ million

EBITDA	-0.8	
Change in WC	-15.7	Come back to normative level of change in working capital in H1
Capex	-7.6	
<b>Op. cash flow after capex &amp; before tax</b>	<b>-24,1</b>	
M&A	-2.3	Mainly include Beautepriivee earn-out (€2M)
Other	-2.5	
<b>Net change in cash</b>	<b>-28.9</b>	
<b>GROSS CASH POSITION JUN.30th, 2018</b>	<b>22.0</b>	





# OUTLOOK H2-2018

# EFFECTS OF "PERFORMANCE 2018-2020" PLAN WILL MATERIALIZE PROGRESSIVELY

Q1-2018	Q2-2018	H2-2018 & BEYOND
<ul style="list-style-type: none"> <li>• More selectivity and tight monitoring of firm purchases &amp; inventories</li> <li>• Reinforcement of commercial teams with senior recruitments</li> <li>• Offering rationalization</li> <li>• 100% Sales Force program roll-out</li> <li>• Reinforcement of CRM &amp; acquisition capabilities</li> </ul>	<ul style="list-style-type: none"> <li>• Reinforcement and enlargement of commercial relationship with brand partners</li> <li>• Commercial planning optimization (French Days)</li> <li>• Revision of all acquisition tools to boost traffic, loyalty, and engagement</li> <li>• New media approach</li> </ul>	<p>Ramp-up of "Performance 2018-2020" plan and confirmation of positive signals appeared in Q2</p> <p>Anticipate and prepare an ambitious commercial and marketing plan around Black Friday and Christmas period (new TV campaigns, SRP Media development, dynamic commercial agenda)</p>
<p>Implementation of "Performance 2018-2020" plan</p>		
<p>Long tail of winter season and 2017 weaknesses and more discipline</p>	<p>Trend inversion with first from 2018-2020 Performance plan</p>	<p>Confirmation of growth rebound and progressive margin improvement</p>

# OUR PRIORITIES FOR H2-2018

- 01 **Stay focused** on executing our "Performance 2018-2020" plan
- 02 **Capitalize on and amplify** the first positive effects of our strategic plan
- 03 **Anticipate and prepare** an ambitious commercial and marketing plan around Black Friday and Christmas period
- 04 **Maintain a strict discipline and work** on improving margin with a medium term view
- 05 **Keep a high level** of quality of service



We are confident in being on the right path and stay focused on execution



IV

# APPENDICES

# SELECTED KEY PERFORMANCE METRICS

	2016	2017	% Growth	H1-17	H1-18	% Growth
<b>CUSTOMERS METRICS</b>						
Cumulative Buyers (in thousands)	6,757	7,947	17.6%	7,256	8,474	16.8%
France	5,562	6,442	15.8%	5,950	6,793	14.2%
International	1,195	1,505	25.9%	1,306	1,682	28.7%
Buyers (in thousands)	3,234	3,555	9.9%	2,264	2,266	0.1%
France	2,767	2,817	1.8%	1,815	1,823	0.4%
International	466	738	58.4%	450	443	-1.4%
Revenue per Buyers	159.9	169.9	6.3%	128.0	126.7	-1.0%
France	164.0	175.2	6.8%	129.9	128.4	-1.1%
International	135.7	149.7	10.3%	120.3	119.5	-0.7%
<b>ORDERS</b>						
Total orders (in thousands)	13,605	15,687	15.3%	7,131	7,001	-1.8%
France	11,945	12,921	8.2%	5,887	5,636	-4.3%
International	1,660	2,766	66.6%	1,244	1,365	9.7%
Average Orders per Buyer (in number of orders)	4.2	4.4	4.9%	3.1	3.1	-1.9%
France	4.3	4.6	6.3%	3.2	3.1	-4.7%
International	3.6	3.7	5.2%	2.8	3.1	11.2%
Average Basket Size	38.0	38.5	1.3%	40.6	41.0	0.9%
France	38.0	38.2	0.5%	40.0	41.5	3.7%
International	38.1	40.0	4.8%	43.5	38.8	-10.7%

Note: All those KPIs exclude Beauteprimee, and Saldi Privati in 2016

# PROFIT & LOSS STATEMENT

(€ thousands)	2017	H1-17	H1-18	% Growth
<b>Net revenues</b>	<b>654,971</b>	<b>306,173</b>	<b>315,477</b>	<b>3.0%</b>
Cost of goods sold	-416,003	-191,765	-205,075	6.9%
<b>Gross margin</b>	<b>238,967</b>	<b>114,408</b>	<b>110,402</b>	<b>-3.5%</b>
Gross margin as % of revenues	36.5%	37.4%	35.0%	
Marketing	-33,048	-12,310	-12,759	3.6%
As % of revenues	5.0%	4.0%	4.0%	
Logistics & fulfilment	-150,497	-70,855	-74,673	5.4%
As % of revenues	23.0%	23.1%	23.7%	
General & administrative expenses	-50,802	-24,558	-28,657	16.7%
As % of revenues	7.8%	8.0%	9.1%	
Amortisation of intangible assets recognised upon business reorganisation	-1,372	-753	-567	-24.7%
<b>Total Opex</b>	<b>-235,719</b>	<b>-108,476</b>	<b>-116,656</b>	<b>7.5%</b>
<b>As % of revenues</b>	<b>36.0%</b>	<b>35.4%</b>	<b>37.0%</b>	
<b>Current operating profit</b>	<b>3,249</b>	<b>5,932</b>	<b>-6,254</b>	<b>n.a.</b>
Other operating income and expenses	-10,586	-5,243	915	n.a.
<b>Operating profit</b>	<b>-7,337</b>	<b>689</b>	<b>-5,339</b>	<b>n.a.</b>
Net finance costs	-178	-249	-93	-62.6%
Other financial income and expenses	-408	90	78	-13.4%
<b>Profit before tax</b>	<b>-7,923</b>	<b>530</b>	<b>-5,354</b>	<b>n.a.</b>
Income taxes	2,689	-740	-1,129	52.6%
<b>Net income</b>	<b>-5,234</b>	<b>-210</b>	<b>-6,483</b>	<b>n.a.</b>
<b>EBITDA</b>	<b>13,063</b>	<b>10,897</b>	<b>-773</b>	<b>n.a.</b>
EBITDA as % of revenues	2.0%	3.6%	-0.2%	

Note: <sup>1</sup> The group calculates 'EBITDA' as net income before expenses for amortisation, stock options expenses, non-recurring items, cost of financial debt, other financing income and expenses and income taxes

# SEGMENTAL INFORMATION

## Revenues

(€ thousands)	2016	2017	% Growth	H1-17	H1-18	% Growth
<b>INTERNET REVENUES</b>						
France	453,729	518,712	14.3%	243,476	253,416	4.1%
International	71,709	111,169	55.0%	54,075	53,603	-0.9%
<b>Total Internet revenues</b>	<b>525,438</b>	<b>629,882</b>	<b>19.9%</b>	<b>297,551</b>	<b>307,018</b>	<b>3.2%</b>
Other revenues	14,266	25,089	75.9%	8,622	8,458	-1.9%
<b>Net revenues</b>	<b>539,704</b>	<b>654,971</b>	<b>21.4%</b>	<b>306,173</b>	<b>315,477</b>	<b>3.0%</b>

## EBITDA

(€ thousands)	2016	2017	% Growth	H1-17	H1-18	% Growth
France	35,141	25,722	-26.8%	17,107	3,674	-78.5%
<i>France EBITDA as a % of revenues</i>	7.5%	4.7%		6.8%	1.4%	
International	-6,890	-12,659	-83.7%	-6,210	-4,447	28.4%
<i>International EBITDA as a % of revenues</i>	-9.6%	-11.4%		-11.4%	-8.3%	
<b>Total EBITDA</b>	<b>28,251</b>	<b>13,063</b>	<b>-53.8%</b>	<b>10,897</b>	<b>-773</b>	<b>n.a.</b>
<i>Total EBITDA as a % of revenues</i>	5.2%	2.0%		3.6%	-0.2%	

# CASH FLOW STATEMENT

<i>(€ thousands)</i>	2016	2017	H1-17	H1-18
Net income for the period	-250	-5,234	-210	-6,483
<i>Adjustments for non-cash items</i>	18,228	11,946	7,157	1,165
<b>Cash flow from operations before finance costs and income tax</b>	<b>17,978</b>	<b>6,712</b>	<b>6,947</b>	<b>-5,318</b>
<i>Elim of accrued income tax expense</i>	2,741	-2,689	740	1,129
<i>Elim of cost of net financial debt</i>	690	178	249	93
<i>Impact of change in working capital</i>	13,608	-37,627	-62,751	-15,743
<b>Cash flow from operating activities before tax</b>	<b>35,017</b>	<b>-33,426</b>	<b>-54,815</b>	<b>-14,521</b>
<i>Income tax paid</i>	-2,261	-4,812	-1,218	1,035
<b>Cash flow operating activities</b>	<b>32,756</b>	<b>-38,238</b>	<b>-56,033</b>	<b>-13,486</b>
Impact of changes in perimeter	-31,751	-8,331	-8,331	
Acquisition of financial assets				-4,582
Acquisitions of property plant & equipment and intangible assets	-8,400	-12,474	-5,786	-7,571
Changes in loans and advances	-97	-32	-45	-34
Other investing cash flows	368	43	-1,017	-2,320
<b>Net cash flows from investing activities</b>	<b>-39,880</b>	<b>-20,794</b>	<b>-15,179</b>	<b>-14,507</b>
Transaction on own shares	0	-1,641		71
Increase in share capital and share premium reserves	2,737	805	801	11
Issuance of indebtedness	0	22,500	15,000	21
Repayment of borrowings	-901	-8,569	-503	-568
Net interest expense	-690	-183	-249	-64
<b>Net cash flows from financing activities</b>	<b>1,146</b>	<b>12,912</b>	<b>15,049</b>	<b>-529</b>



# BALANCE SHEET

(€ thousands)	2016	2017	H1-17	H1-18
<b>NON-CURRENT ASSETS</b>				
<b>Goodwill</b>	<b>102,782</b>	<b>123,685</b>	<b>119,080</b>	<b>123,685</b>
Other intangible assets	39,289	49,789	48,472	51,558
Tangible assets	15,626	16,606	15,558	16,899
Other non-current assets	6,902	6,906	6,978	4,529
<b>Total non-current assets</b>	<b>164,599</b>	<b>196,971</b>	<b>190,088</b>	<b>196,671</b>
Current assets				
Inventory	82,638	92,945	114,555	96,871
Accounts receivable	36,612	53,001	34,839	50,788
Deferred tax assets	3,519	7,934	4,764	5,575
Other current assets	36,915	45,434	24,220	33,258
Cash and cash equivalents	97,004	50,878	40,841	22,017
<b>Total current assets</b>	<b>256,688</b>	<b>250,192</b>	<b>219,219</b>	<b>208,509</b>
<b>Total assets</b>	<b>421,287</b>	<b>447,183</b>	<b>409,307</b>	<b>405,180</b>
Long term financial debt	2,038	28,830	26,767	29,817
Obligations to personnel	88	52	88	52
Other provisions	0	5,368		
Deferred taxes	11,628	9,616	14,033	9,704
<b>Total non-current liabilities</b>	<b>13,754</b>	<b>43,866</b>	<b>40,888</b>	<b>39,590</b>
Short-term financial debt	966	1,144	1,050	1,457
Accounts payable	148,504	144,246	103,359	130,972
Other current liabilities	55,509	61,184	60,016	42,969
<b>Total current liabilities</b>	<b>204,979</b>	<b>206,574</b>	<b>164,425</b>	<b>175,398</b>
<b>Total liabilities</b>	<b>218,733</b>	<b>250,440</b>	<b>205,313</b>	<b>214,988</b>
<b>Total shareholders' equity</b>	<b>202,554</b>	<b>196,743</b>	<b>203,994</b>	<b>190,192</b>
<b>Total liabilities and shareholders' equity</b>	<b>421,287</b>	<b>447,183</b>	<b>409,307</b>	<b>405,180</b>

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