

2019 NINE-MONTH BUSINESS REVIEW**NET REVENUES: €427M****CONTROLLED BUSINESS CONTRACTION AGAINST A BACKDROP OF OVERALL OPTIMISATION**

La Plaine Saint Denis, 24 October 2019 – Showroomprivé, a leading European online retailer specialising in fashion for the Digital Woman, has published its revenues for the first nine months of 2019 ended 30 September.

9-month net revenues of €427 million, down 5.6% versus 2018 (down 4.9% like-for-like at constant perimeter).

The decline was accentuated in the 3rd quarter (down 8.6%; down 7.8% like-for-like), traditionally the weakest period of the year, due mainly to Internal effects related to strategy:

- Increased offering selectivity and discontinuation of low margin sales;
- Significant reduction in marketing investment;
- Gradual model shift from firm to conditional purchases.

As always, the fourth quarter, the most profitable period of the year (13th anniversary of Showroomprivé, Black Friday, Christmas season), will be crucial to the Group's EBITDA performance.

Showroomprivé continues to implement measures under the "Performance 2018-2020" plan.

- Strict control of operating expenses and streamlining of support services.
- Rundown and optimisation of inventory management (significant decline in firm purchases, increase in drop shipping).
- Progressive streamlining of supply chains.
- Creation of a commercial prospecting unit aimed at renewing the brand offering.

Showroomprivé obtained the Customer Service of the Year 2020 award in recognition of its strategy of always placing the customer at the forefront of its priorities ¹.

Showroomprivé co-founders and co-CEOs Thierry Petit and David Dayan commented on these results: *"The decline in revenues since the beginning of the year, particularly in the third quarter mainly due to the strategic decisions we have made. In addition to closures made in certain countries, we have decided to rationalise our offering and discontinue sales that are not sufficiently profitable. To compensate, we are reinforcing our portfolio of premium brands to provide an ever more attractive and diversified offering. Controlling costs and restoring profitability in the short term clearly remain our priorities. We are therefore continuing to focus on successful implementation of our plans to optimise processes. Showroomprivé is currently at a pivotal point in its history. We still have a few quarters of intense work ahead, but we should begin to gradually reap the benefits of these measures over the next few quarters."*

¹ "General retail distance selling" category, organised by Viséo Customer Insights

Q3 2019 HIGHLIGHTS

	Q3 2018	Q3 2019	% Variation
Net revenues (in millions)*	136.7	125.0	-8.6%
Total Internet revenues (in millions)*	134.2	122.0	-9.1%
buyers (in millions)**	1.4	1.2	-11.3%
Revenue per buyer (€)	88.7	90.5	+2.0%
Number of orders (in millions)	3.2	2.8	-14.2%
Average Number of orders**	2.3	2.2	-3.3%
Average Basket size (€)**	38.3	40.4	+5.5%
	9 months 2018	9 months 2019	% Variation
Net revenues (in millions)*	452.2	427.0	-5.6%
Total Internet revenues (in millions)*	441.2	419.9	-4.8%
buyers (in millions)**	2.8	2.6	-6.3%
Revenue per buyer (€)	147.3	147.6	+0.2%
Number of orders (in millions)	10.2	9.5	-7.3%
Average Number of orders**	3.7	3.6	-1.1%
Average Basket size (€)**	40.2	40.7	+1.3%
	31/12/2018	30/09/2019	Variation
Cumulative buyers*** (in millions)	9.0	9.5	+0.5

* IFRS

** Excluding Beauteprivee

*** "Cumulative buyers" are all buyers who made at least one purchase on the Group's platform since it was launched

Revenue analysis

Group net revenues fell 8.6% to €125.0 million in the third quarter of 2019, down 7.8% after adjusting for the closure of operations in certain countries announced in 2018 (Germany, Poland and the multi-currency website). The third quarter is historically the weakest period of the year (20% of revenues in 2017 and 2018).

Total Internet revenues, which represent the Group's core business (98% of total revenues) posted a decline of 9.1% (down 8.3% excluding the impact of the aforementioned closures).

The volume of the offering decreased due to the policy of increased selectivity leading to the discontinuation of low margin sales such as in the high-tech segment. This had an inevitable knock-on effect on the number of orders. In addition, the reduction in marketing investment geared towards acquiring new customers has impacted the number of new buyers. Nevertheless, existing customers strengthened their commitment to Showroomprive during the quarter, with revenue per buyer up 2% to over €90 in the third quarter, testifying to the resilience of the brand and the power of the online sales platform.

Nine-month revenues amounted to €427.0 million, down 5.6% year-on-year and down 4.8% excluding the impact of the aforementioned closures. 9-month Internet revenues totalled €419.9 million, down 4.8% (down 4.1% excluding geographical impact).

Loyal buyers generated 87% of revenues over the first 9 months of the year, up 3 percentage points year-on-year. This trend gathered momentum in the third quarter with loyal buyers generating 90% of revenues, in line with the strategy aimed at reducing expenditure on acquiring new customers while boosting earnings from the loyal buyer base. Notwithstanding, the attractiveness of the brand continues to win over new customers, with more than 500,000 new buyers since the start of the year bringing the total number of buyers to 9.5 million.

Progress with the “2018-2020 performance” plan

During the 3rd quarter, management continued to focus on implementing measures under the “Performance 2018-2020” plan. In order to return to profitability in the short term by tightly controlling operating expenses whilst optimising marketing investment, the company has made headway with streamlining support services and has stepped up its policy of reducing firm purchases.

The strategy to improve the Group continued in the following areas:

- **The progressive shift in its purchasing model** in order to reduce inventory risks. Accordingly, the firm purchase percentage of revenues fell 5 percentage points to 21% of 9 months 2019 gross Internet revenue. During this transitional period, the Group managed to sustain the attractiveness of its brand. In this context, a commercial prospecting unit was set up to recruit new brands in order to continue to offer customers an attractive and distinctive product portfolio;
- **Dropshipping** (direct delivery from vendor), which simplifies logistics management, continued to gain popularity and represented 12% of 9-month revenues, up 4 percentage points year-on-year. Growth of these sales accelerated in the third quarter to reach 15% of Q3 gross Internet revenues;
- **The streamline supply chain** (one of the Group’s largest projects over the next 18 months), a first milestone will be reached in the fourth quarter with the opening of the new high-performance mechanised logistics warehouse.

The Group is fully focused on achieving a successful fourth quarter, the most significant period of the year (13th anniversary, Black Friday, Christmas season) and crucial for the aimed return to profitability in the second half, which will not, however, compensate for the delay taken in the first semester.

Furthermore; in recognition of its commitment to quality of service and making the customer its number one priority. Showroomprivé has just been voted Best Customer Service 2020 by Viséo Customer Insights, which acknowledges the Group’s commitment to providing a premium retail experience and the relevance of its value proposition.

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FY 2019 results, mid-March 2020

ABOUT SHOWROOMPRIVE.COM

Showroomprivé.com is a European player in event-driven online sales that is innovative and specialized in fashion. Showroomprivé proposes a daily selection of more than 2,000 partner brands over its mobile applications or its Internet site in France and in six other countries. Since its creation in 2006, the company has undergone quick and profitable growth.

Listed on the Euronext Paris market (code: SRP), Showroomprivé achieved a gross business volume with all taxes included of more than 900 million euros in 2018, and net revenue of 672 million euros, growing by 3% over the preceding year. The Group employs more than 1,150 people.

For more information : <https://www.showroomprivégroupe.com>



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