

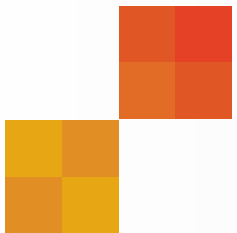


ISR  
PRESENTATION  
**2019**



**FNAC DARTY**

# STRATEGY



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**FNAC DARTY**

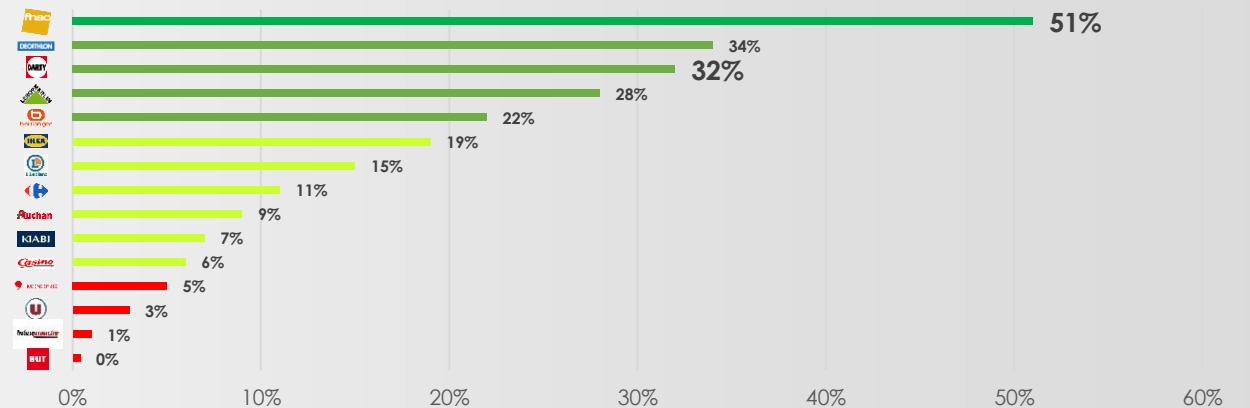
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# FNAC DARTY OMNICHANNEL LEADER IN EUROPE

- + €7.5bn revenue – 25,000 employees
- + Top 3 European Omnichannel Retailer
- + 780+ multiformat stores in 12 countries
- + 2<sup>nd</sup> largest e-commerce retailer in France<sup>(1)</sup>
- + 19% of Group sales
- + 81 million transactions
- + No. 1 after-sales service in France<sup>(2)</sup>
- + 8 million loyalty program members
- + 49% of online sales are omnichannel



What brand do you think best embodies the success of the omnichannel transition?  
4<sup>th</sup> barometer Oliver Wyman – October 2017



<sup>1</sup> Source: FEVAD, 2018

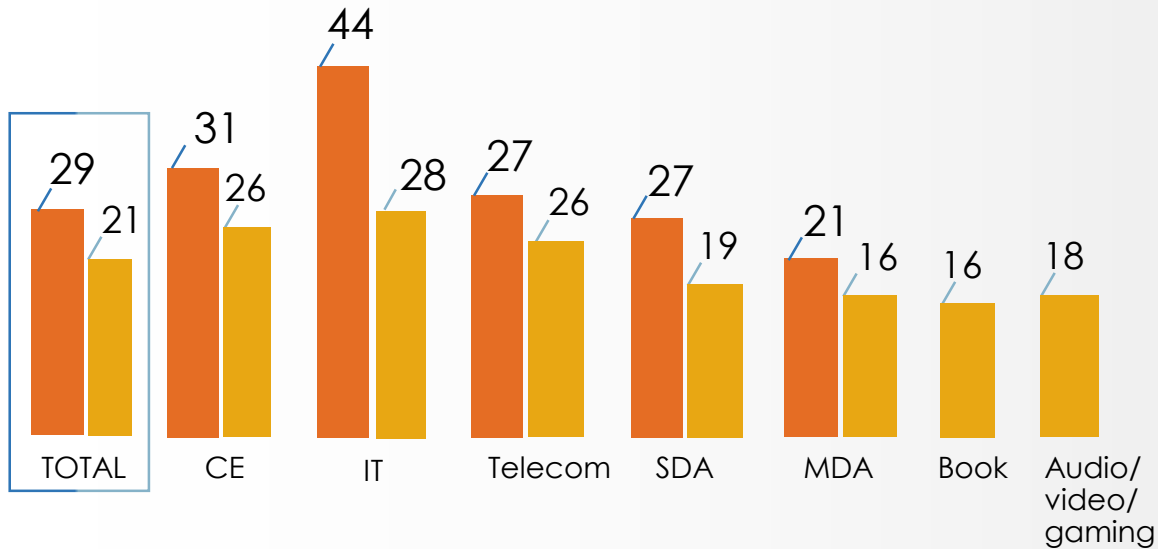
<sup>2</sup> Internal customer studies

<sup>3</sup> Include: Ticketing, B2B, after sales service, membership fees, franchise fees, insurance, consumer credit

# LEADING POSITIONS IMPLYING RESPONSABILITY...

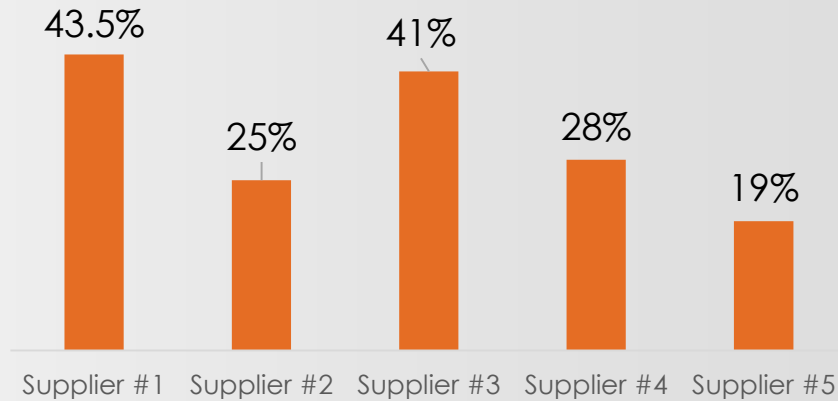
#1

in all our markets, specifically on high-end products



#1

client for key suppliers, in share of wallet



Audits carried out in 2018 on manufacturing facilities of our own-brand product suppliers

27

CSR check points

99

audited plants

18

unsatisfactory CSR audit

■ Fnac Darty market share in Premium segments: 3<sup>rd</sup> and 4<sup>th</sup> quartile<sup>1</sup>  
 ■ Fnac Darty market share (total market)<sup>1</sup>

Strict rules and audit procedures with our suppliers:

- Distribution of the "Supplier CSR Charter" to our third-party suppliers
- Integration of CSR dimension in processes and documents framing the supplier relationship and execution of audits on manufacturing facilities of our own-brand product suppliers

<sup>1</sup> Source: GFK - 2018 FY data - France

# CONFIANCE +: FNAC DARTY STRATEGIC PLAN

OMNI-CHANNEL

FRANCHISE

DIVERSIFICATION

SERVICES

LOYALTY

BELIEFS

Customers are agnostic

Growth driver

Targeting new markets to find new opportunities

Differentiating asset

Ecosystem cornerstone

NEW INITIATIVES

Marketplace

UX Program

Self-checkout



200+ openings



Kitchen plan: 100+ new stores

Shop-in-Shops rollout

Integration of Nature & Découvertes



Integration of WeFix and corner openings rollout

Launch of a unique and differentiating subscription program: Darty Max



Subscription programs



“

Further gains in market share

Operating margin mid-term objective: 4.5-5%

”

# CONFIANCE + ROLL-OUT BASED ON **TWO ICONIC BRANDS**



## INDEPENDENT EXPERTISE AND CUSTOMERS' ADVICE

- ◆ Give access to culture
- ◆ Independent vendors to give best advice for an educated purchase

**1972** launch of Fnac Labo



## RESPONSIBLE PRODUCTS AND SERVICES

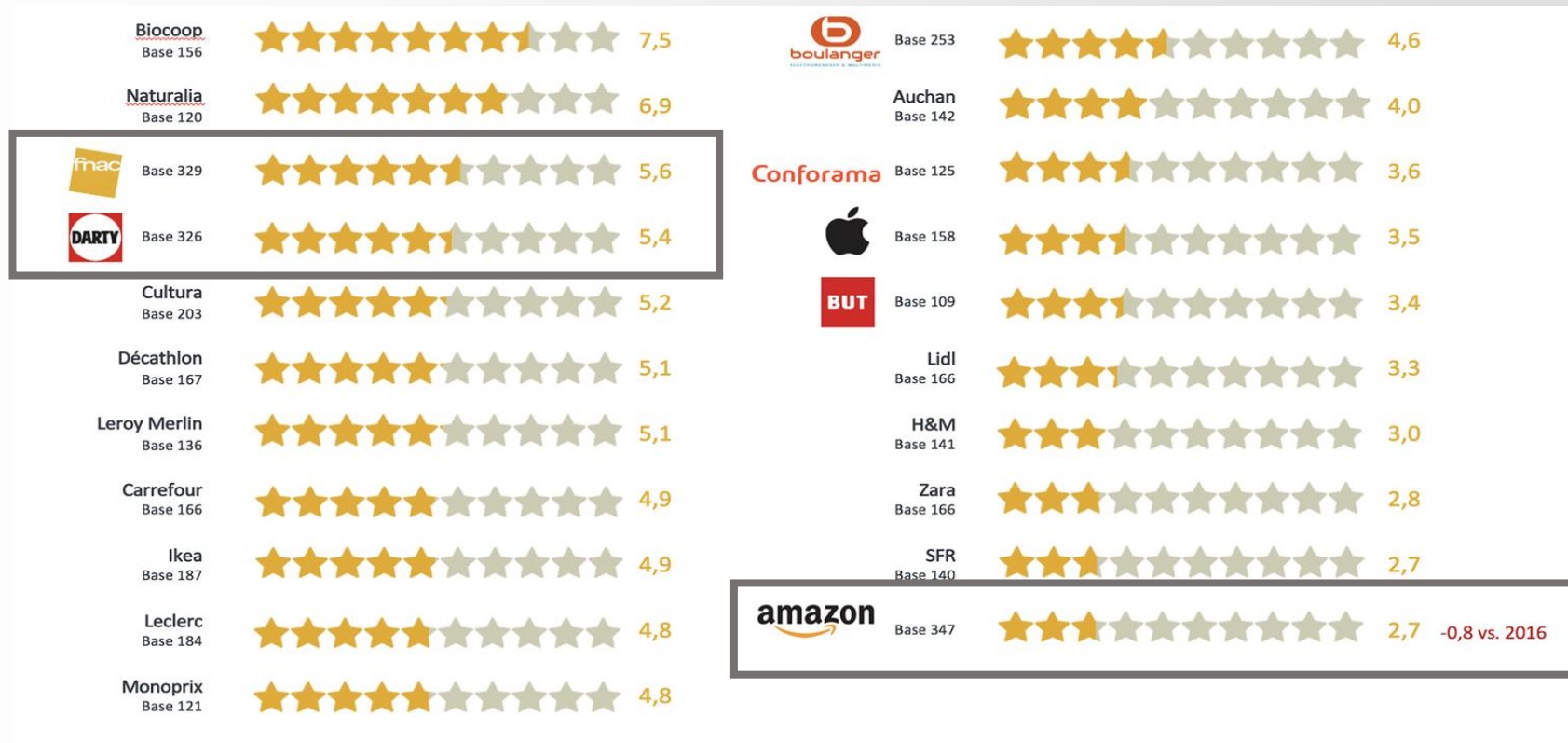
- ◆ Strong services offer for repair, reuse and product recycling
- ◆ #1 after-sales service

**1973** launch of Darty  
« contrat de confiance »

# FNAC DARTY: A RECOGNIZED RESPONSIBLE COMPANY

FNAC and DARTY are identified by customers as more responsible brands than AMAZON  
Results of the customers survey conducted in December 2017

“Could you please rate from 1 to 10 the social commitment of the following brands?”



# FNAC DARTY **MISSION**

---

- + In 2018, Fnac Darty has adopted a **corporate mission**

## **TOGETHER ENGAGED FOR AN EDUCATED CHOICE**

- At a time of hyperchoice and consumer expectations for more responsible consumption, this mission aims to guarantee the best offer of products and services, enriched by the strong expertise of our vendors
- This mission is intended to irrigate the entire Group and guide our strategic choices



# RECENT INITIATIVES TO PROMOTE AN “**EDUCATED CHOICE**” TO CUSTOMERS

**Transparent information and services for the circular economy**



**3 recent acquisitions which enhance Fnac Darty's commitment to a more responsible economy**



Fnac Darty's strong engagement to extend product life span



Fnac Darty, an economic, social and cultural actor which widen access to culture



Fnac Darty and Nature & Découvertes' commitments converge to ethical and greener consumption with a product offering reinforced around the segments of well-being and natural product consumption

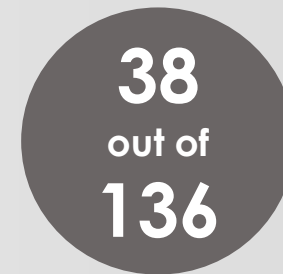
# FNAC DARTY: A RESPONSIBLE RETAILER RECOGNIZED BY ESG RATING AGENCIES



- Information rate: 88%
  - Sector average: 59%
- Rank in Sector: 11/77
- Rank in Region: 415/1612
- Rank in Universe: 574/4916



Overall ESG score



Relative position

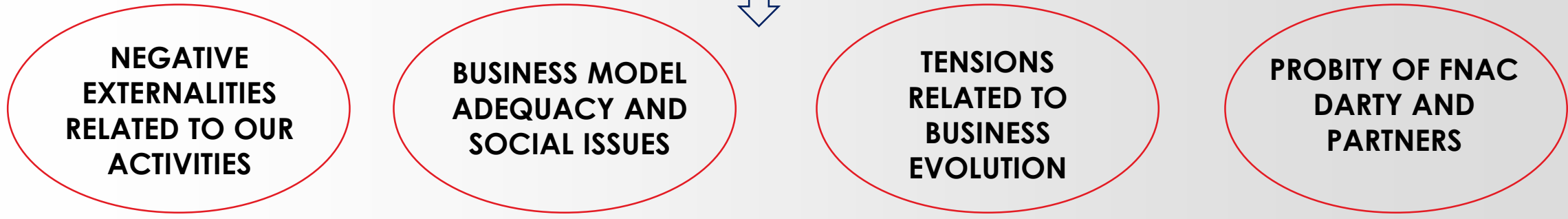
# A 6-PILLAR CSR POLICY TO ADDRESS OUR RISKS AND SEIZE BUSINESS OPPORTUNITIES



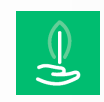
# OUR 4 MAJOR KEY RISKS, COVERED BY OUR CSR POLICY, HAVE BEEN IDENTIFIED BY A MATERIALITY ANALYSIS CONDUCTED IN 2018



Key issues



Fnac Darty Focus



**FNAC DARTY**

# KEY KPIS

## BUSINESS MODEL ADEQUACY AND SOCIAL ISSUES

### Responsible products and services

Promote more responsible consumption through transparent information and innovative services



1st

repairer in France

2,000

dedicated maintenance employees

### Economic, social and cultural actor

Boosting the economic, social and cultural vitality of local areas by offering advice, services and culture in close proximity to clients



780

multi-format stores across the world

2nd

largest e-commerce player in France

49%

of online sales are now omnichannel

## PROBITY OF FNAC DARTY AND PARTNERS



Conducting business in an exemplary manner through a business ethic that is conscious of its responsibilities and commitments

100%

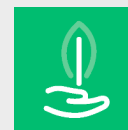
of new factories are audited and then every 2 years

+50%

of the 222 factories are audited on 27 CSR criteria in 2018

## NEGATIVE EXTERNALITIES RELATED TO OUR ACTIVITIES

Limiting the environmental impact of our activities through an ambitious CO<sub>2</sub> and waste policy



1st

collector in France

15%

of our Diesel truck fleet replaced by NGV trucks

## TENSIONS RELATED TO BUSINESS EVOLUTION

Develop our main asset, human capital, through well-trained employees who are confident in their expertise



52%

of employees have been trained

80%

of dedicated maintenance employees have been trained

# GOVERNANCE

## FNAC DARTY BOARD

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- + Fnac Darty Board has a diversified expertise, subject to the approval of members' appointment and renewals
- + As of October 2021<sup>9</sup>, the Board is composed of 13 directors, 11 of them are independent
  - Appointment of Frank Maurin as employee director, to represent the Group employees' interest
  - Appointment of Enrique Martinez, Fnac Darty CEO as director for a 4-year term, reflecting the Board's confidence in Enrique Martinez as a long-term CEO of the Group
- + Average participation rate of 83%<sup>1</sup>
- + 50% of the Board members are women
- + Creation of a social, environmental and societal responsibility committee
  - Chaired by Brigitte Taittinger-Jouyet (independent director)
  - 3 other members
  - Meets twice a year

<sup>1</sup> in 2018

# GOVERNANCE

## A STABLE AND QUALIFIED MANAGEMENT TEAM...

### ANNABEL CHAUSSAT

#### Marketing and e-Commerce Director

- ✓ Joined Morgan as Marketing, Digital and Operations Director in 2015
- ✓ 20 years' experience in BtoC retail (Printemps Group, Lapeyre)



### VINCENT GUFFLET

#### Commercial, Products and Services Director

- ✓ Joined Darty in 2003 as development Director and held various positions
- ✓ Strategy Director in the DIY division of the Kingfisher Group



### CHARLES-HENRI DE MALEISSY

#### CEO of Fnac Vanden Borre

- ✓ CEO of Vanden Borre
- ✓ Worked for 13 years at the Darty Group where he served in several capacities



### BENOÎT JAUBERT

#### Store network Director

- ✓ Joined Darty in 1998 and held various positions
- ✓ Distribution Director at the Eurostar Group and Operations Director at France Telecom



### MARCOS RUAO

#### CEO of Fnac Spain

- ✓ Joined Fnac Portugal in 2007 and managed several departments
- ✓ Held several Management positions at DHL



### ENRIQUE MARTINEZ

#### Chief Executive Officer of Fnac Darty

- ✓ More than 20 years at Fnac Darty in various positions of responsibility
- ✓ Member of the Executive Committee since 2004



### ANNE-LAURE FELDKIRCHER

#### Executive committee secretary & Fnac Darty Strategy and M&A Director

- ✓ Strategy Director at the Casino Group
- ✓ Worked in Hermès Strategy Department, then that of the Casino Group



### JEAN-BRIEUC LE TINIER

#### Group Chief Financial Officer and General Secretary

- ✓ CFO and member of the Executive Committee at Korian Group
- ✓ Financial Director at Brico Dépôt and held various positions in finance at Carrefour



### OLIVIER THEULLE

#### Operations and Information Systems Director

- ✓ Joined Fnac in 2013
- ✓ Brand manager of Le Chameau (Lafuma) and Group Operations Director of Redcats (Kering Group)



### FRÉDÉRIQUE GIAVARINI

#### Director of Human Resources, CSR and Governance

- ✓ Joined Fnac in 2007 and became Director for Organization, Strategy and Public Affairs
- ✓ Experience in public domain consultancy



### BENJAMIN PERRET

#### Communications and Public Affairs Director

- ✓ Joined the ADP Group as head of the Communication Department
- ✓ Various positions in Communication (Caisse des Dépôts, Ministry of Budgets)



# GOVERNANCE

## ...WHICH PROMOTES THE **INTEGRATION OF CSR** INTO THE **GROUP'S STRATEGY**

---

- + CSR is overseen by the Human Resources, CSR and Governance Director, a member of the Executive Committee
- + The Ethics Committee oversees compliance with transparency, due diligence and data protection laws
  - Meets twice a year
  - Presided by the Human Resources, CSR and Governance Director
  - The CSR Director, the Internal Audit Director, the Legal Director, the Risk Prevention Director and the Data Privacy Officer participate
- + A Climate committee, presided by the CSR Group Director, manages the climate roadmap in order to meet the Group's CO<sub>2</sub> reduction commitments
- + 10% of the total bonus of the Executive Committee members is related to CSR objectives, 5% of which to the Group's extra-financial rating



# CSR LEVERAGES BUSINESS OPPORTUNITIES

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# CSR LEVERAGES BUSINESS CHALLENGES & OPPORTUNITIES



## CONSUMERS' EXPECTATIONS

AGILITY / PROXIMITY

EXPERIENCE OVER GOODS

EDUCATED CHOICE

## FNAC DARTY STRATEGY

**BEST IN CLASS  
OMNICHANNEL EXPERIENCE**


**UNIQUE AFTER-SALES  
BEST IN CLASS PRODUCTS  
OFFER AND LINEUP**

**A UNIQUE  
SERVICES PROPOSAL**

## CSR COMMITMENTS

CONTRIBUTION TO THE **LOCAL ECONOMY, CULTURAL AND SOCIAL LIFE** THROUGH FNAC DARTY **OMNICHANNEL PLATFORM**

### **CIRCULAR ECONOMY**

- Ecodesign and customers' information
- Re-use
- Repair 
- Recycling

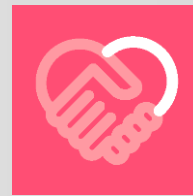


**#1**

After sales service in France  
Waste collector in France

BEST ADVICE THROUGH **FNAC LABO ENVIRONMENTAL IMPACT NOTE** ON TECHNICAL PRODUCTS  
**FNAC DARTY BAROMETER** FOR PRODUCTS REPAIR

# AN INDEPENDENT EXPERTISE AND CUSTOMERS' ADVICE FOR A RESPONSIBLE CONSUMPTION



Since 1972



compares the characteristics and performance of technical products  
**1 038 tests on 492 products in 2018**

Since 2012



**ENVIRONMENTAL NOTE** indicates the environmental impact of TVs, Tablets, PCs and smartphones.

**69%**  
of our products in 2018

2018

LAUNCH OF A PRODUCT REPARABILITY INDEX



PUBLICATION OF THE 1<sup>ST</sup> AFTER-SALES BAROMETER BY BRAND



LAUNCH OF SAV.DARTY.COM, the 1<sup>ST</sup> support community platform for Darty users



2019

LAUNCH OF "DURABLE CHOICE BY DARTY"



EXTENDING THE SCOPE OF THE REPARABILITY INDEX TO SMARTPHONES

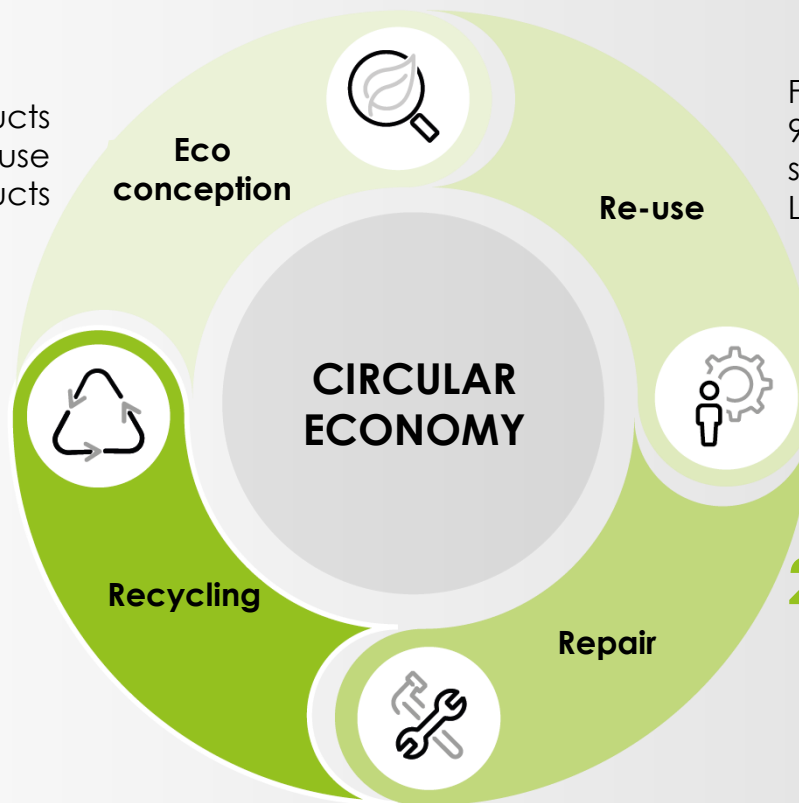


“ **INNOVATIVE ACTIONS THAT ONLY EXIST AT FNAC DARTY** ”

# EXTENDING PRODUCTS' LIFE SPAN IS A KEY ENGAGEMENT TO OUR CUSTOMERS...



Build robust and easy to repair products  
Inform and advise customers on the proper use of products



Fnac Darty Occasion  
90 products given each day to 'ENVIE' for a second life  
Launch of the Smartphone roadworthiness test

**+45,000†** of **WASTE**  
collected and recycled in 2018

Launch of "2 for 1" collecting systems in  
the home appliances and (1 for 0)

**2 500 000** repairs in 2018

Launch of Darty+ in 2017  
Launch of Fnac Darty barometer in 2018  
Launch of the reparability indice in 2018  
Wefix acquisition in 2018  
Launch of Darty Max in October 2019



**FNAC DARTY 1<sup>st</sup> COLLECTOR  
IN FRANCE**

**FNAC DARTY**

**FNAC DARTY 1<sup>st</sup> REPAIRER  
IN FRANCE**





# ... WHICH IS **STRENGTHENING** IN 2018 AND 2019 WITH 6 NEW KEY INNOVATIONS

The 6 key innovations launched in 2018 and 2019 enable customers to be **better informed**, to **better use** and **repair** their product, and to **better sell** it back

2019

2018

- 1 After-Sales Service Barometer
- 2 Repairability Index
- 3 Acquisition of WeFix
- 4 Launch of sav.Darty.com, the 1<sup>ST</sup> community support platform for Darty users
- 1 Launch of "le choix durable par Darty" 
- 2 Launch of Darty Max 



**B2C SERVICES: HISTORICAL ACTIVITIES**  
repair, collect, reuse and recycle

## A **MONTHLY SUBSCRIPTION PLAN DEDICATED** TO **REPAIR AND ASSISTANCE** FOR **LARGE DOMESTIC APPLIANCES**

- + **After-sales service regardless of product age or place of purchase**
  - Phone assistance, maintenance and usage advice, home call-outs and diagnosis
- + **Repair covered for at least 7 years**
  - During the entire period of spare parts availability, as per the information provided on the invoice
- + **Refund of full purchase cost on a gift card for Darty products that cannot be repaired**
  - If the product cannot be repaired during the reparability period
- + **€9.99/month**
  - Minimum 12 months contract
  - €59 registration fee for products not purchased at Darty, invoiced only for the first home call-out and per product

# FOCUS ON DARTY MAX: A VALUE CREATING SERVICES OFFERING

A solution to combat planned product obsolescence  
Easing customers' expenses through a €9.99-per month subscription plan  
Extended equipment durability

Differentiated offering  
A captive ecosystem and increased customer loyalty  
Premiumisation  
Financials:  
Recurring revenue  
Positive impact on EBIT: low single digit in 2020, double digit from 2021  
Negative technical impact on 2020 cash flow related to spread of client payments

**CLIENTS**

**ENVIRONMENT**

**GROUP**

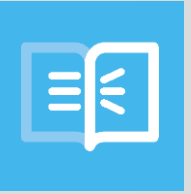
**PARTNER**



Reduction in waste weight  
Reduction in raw material consumption and CO<sub>2</sub> emissions

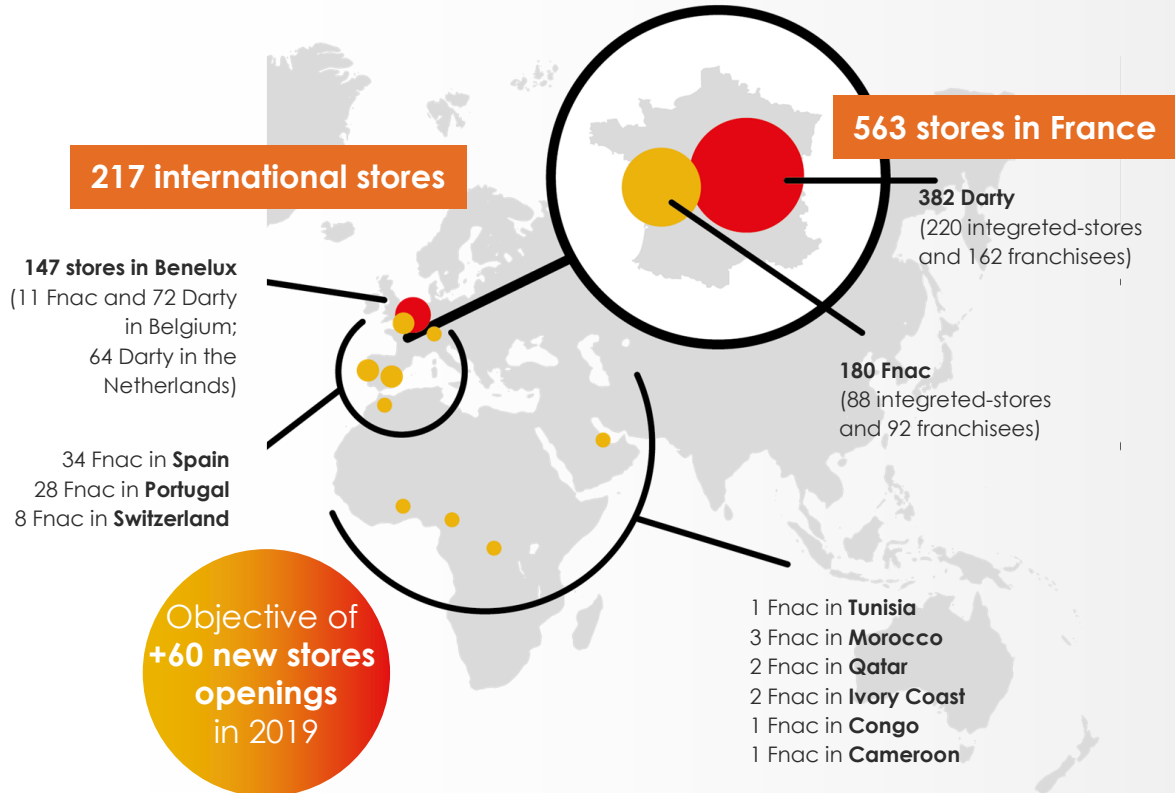
Valuation of premium and sustainable brands  
Tackling planned product obsolescence

# FNAC DARTY: AN ECONOMIC, SOCIAL AND CULTURAL ACTOR



## + A SIGNIFICANT STORES NETWORK TO CONTRIBUTE TO THE LOCAL ECONOMY

- 780 stores worldwide in 2018, of which:



## WIDEN ACCESS TO CULTURE



#1

- Bookstore in France
- Ticket vendor in France
- Record shop owner in France

**1,650**  
free cultural events in  
Fnac stores in France

**90,000**  
people participated  
to the Fnac LIVE  
festival: 30 free  
concerts over 3 days

**10,000**  
people  
participated to the  
Forum Fnac Livres

**3**  
Key literary award





# CONFIANCE +: AN OPEN PLATFORM TO OFFER THE BEST IN CLASS OMNICHANNEL **RESPONSIBLE** EXPERIENCE



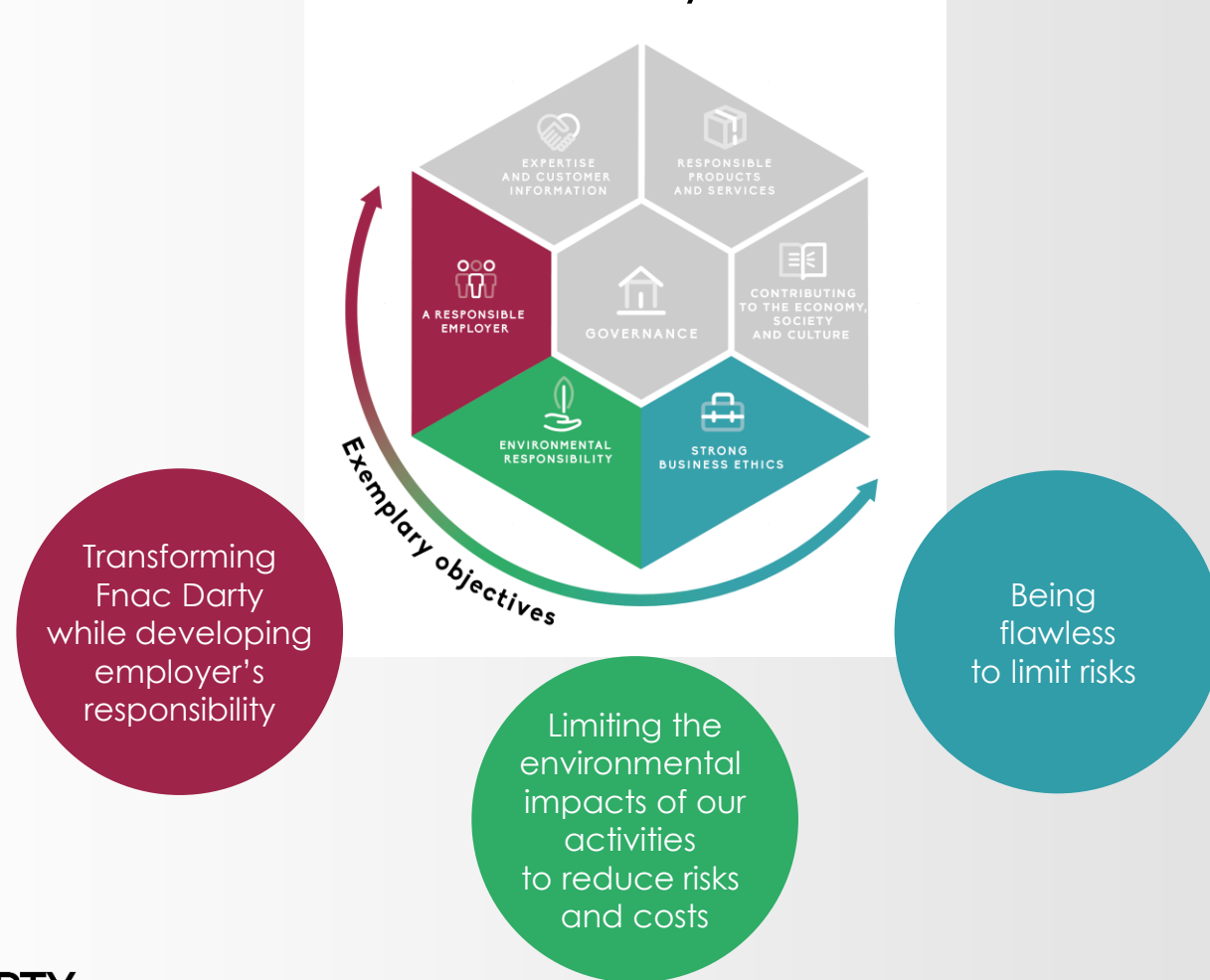
ENSURING REACH  
PROTECTING VALUE

**“ MIDTERM OBJECTIVES:  
HIGHER GROWTH THAN “MARKETS”  
CURRENT OPERATING MARGIN OF 4.5% TO 5% ”**

OFFER THE BEST CLIENT  
EXPERIENCE BEST VALUE  
FOR MONEY

# CSR LEVERAGES EXEMPLARY OBJECTIVES

As a leader, Fnac Darty must be **best in class**



# FNAC DARTY FACES ETHICAL REQUIREMENTS



## Duty of care

Respect for human rights, environmental, labour and fundamental freedoms



## Sapin II

Prevention, settlement agreements, repressive and preventive aspects



## RGPD

Privacy by design, profiling, right to erase and portability, notification of data leaks

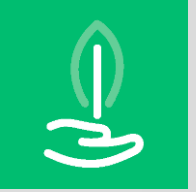
Risk mapping and associated action plans

Due diligence subcontractors, suppliers, subsidiaries, stakeholders

Alert and reporting systems

Communication and integration of customers policies into contracts

Training and employee awareness



## FNAC DARTY IS COMMITTED TO REDUCING CO<sub>2</sub> CONSUMPTION IN FRANCE BY 50% BY 2030

### 1 Transport

- ✓ Optimisation of flow and truck filling
- ✓ Renewal of part of Diesel truck fleet with Compressed Natural Gas (CNG) trucks
- ✓ Selection of partners with less impact on environment

### 2 Energy consumption

- ✓ Investing in greener energy (LED lights, electrical automation equipment, etc)
- ✓ Supplying electricity from renewable sources

# SOCIAL RESPONSIBILITY

## HUMAN CAPITAL OUR KEY ASSET



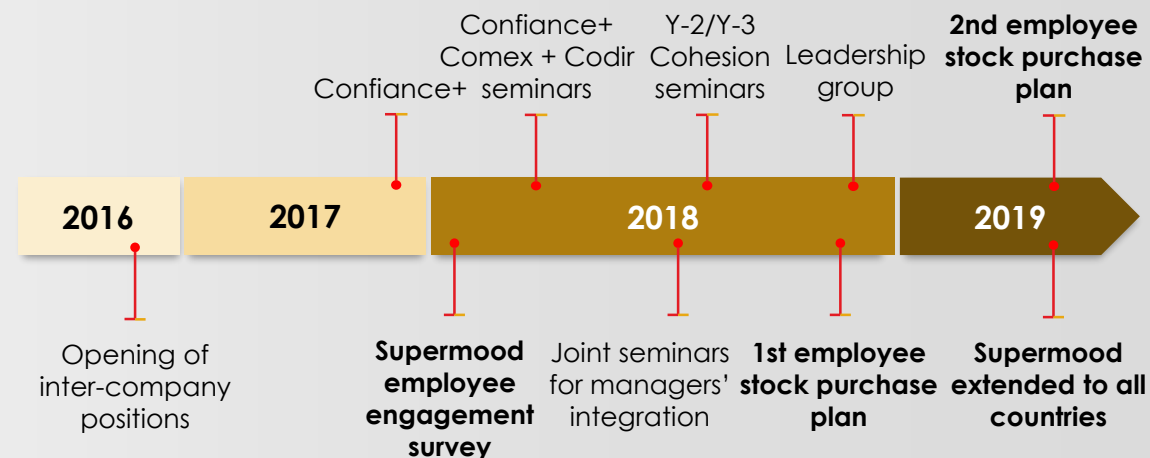
### TARGETS

Build **1 Group** with **2 brands**  
Promote a **common culture**

### ACTIONS

Voluntary Redundancy Scheme  
Centralisation of headquarters  
Harmonisation of the statutes

### PROMOTE SHARED AND ENGAGING VALUES



# FNAC DARTY INTEGRATION



# SOCIAL RESPONSIBILITY

## HUMAN CAPITAL OUR KEY ASSET



### 1 STRATEGIC PROGRAMS

#### 2017 – 2018 PROJECT MANAGER 2020

Implementation of a 24-month diploma training programme for Operating Managers

Develop the "Manager Coach" approach

Nearly 600 managers trained from several business lines

Significant participation rate (94% attendance at face-to-face sessions)

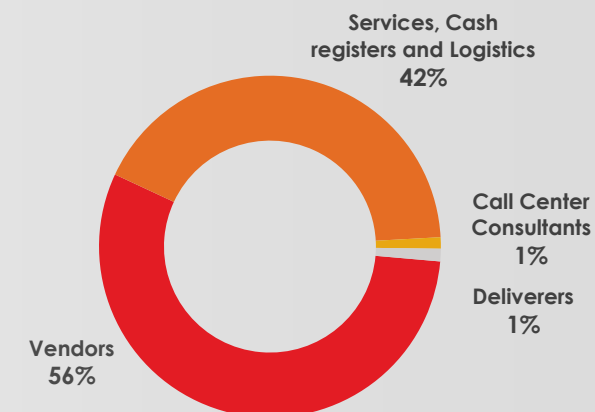
#### 2018 – 2019 PROJECT CLIENT EXCELLENCE

Implementation of a "CUSTOMER EXCELLENCE" training programme, for a period of 12 to 18 months

Anticipate the evolution of business lines, facilitate mobility and develop the employees' employability in stores

Develop customers' relations and sales skills in all business lines

#### Client excellence: trained employees breakdown



### 2 « FNAC DARTY ACADEMY »

#### A GLOBAL BUSINESS UNIT DEDICATED TO PEOPLE DEVELOPMENT



# DEVELOPPING PEOPLE



# SOCIAL RESPONSIBILITY

## HUMAN CAPITAL OUR KEY ASSET



### Supermood

Digital, short and monthly survey to c.15,000 employees with results immediately available to managers  
Instill a culture based on listening & proximity, agility & innovation  
Manage employees' engagement  
Extended to all countries in 2019

**69%**

Internal net promoting score at Group level in September<sup>1</sup>

### FNAC-DARTY EMPLOYEE STOCK PURCHASE PLAN

A first employee stock purchase plan implemented in June 2018 and a second one in June 2019  
Implemented in France and abroad with matching contributions up to 700€ and a 20% discount on the subscription price  
Strengthen the sense of belonging to Fnac Darty through value-sharing schemes and associate employees more closely with the Group's development and performance.  
4,522 subscriptions in 2019 and an average subscription amount of 1,400€  
Capital increase on 110,937 shares at a price of €56,24

**19%**

overall subscription rate

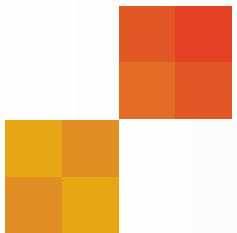


## COMMITTING PEOPLE



<sup>1</sup> 69% of respondents recommend Fnac Darty as a great place to work (% of scores from 7 to 10, on a scale from 0 to 10)

# FINANCE



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**FNAC DARTY**

A horizontal line with a yellow-to-red gradient bar underneath it, centered under the text "FNAC DARTY".



# SALES RESILIENCE IN Q3 2019

	Q3 2019	Change vs Q3 2018	
	(in €M)	Reported	Like-for-Like <sup>1</sup>
France and Switzerland	<b>1,397</b>	+2.8%	+0.4%
Iberian Peninsula	<b>169</b>	+3.2%	+1.1%
Benelux	<b>250</b>	+9.4%	+9.5%
<b>Group</b>	<b>1,816</b>	<b>+3.7%</b>	<b>+1.7%</b>

- + **Revenue at €1,816 million up +3.7% on a reported basis and +1.7% on a like-for-like basis<sup>1</sup> in Q3 2019**
  - International operations recording solid performance despite a challenging competitive environment
  - France-Switzerland grew by +0.4% on a like-for-like basis.
- + **Good commercial dynamic with +3.0% growth on a reported basis, and +2.3% on a like-for-like basis<sup>1</sup>, during the first 9 months of the year**
- + **Strengthening of the Group's omnichannel platform with sustained growth in digital**
  - Digital revenue represents 19% of Group sales, up compared to the same period last year
- + **Opening of the first Nature & Découvertes shop-in-shop in a Fnac store**
  - A dynamic roadmap with 4 additional openings before year-end, including the first shop-in-shop in Spain
- + **Profound transformation of the Services offering with the launch of Darty Max**
- + **Trend of gross margin rate in line with the first half of 2019**

(1) Like-for-like basis: excluding the impact of currency, the scope of consolidation, openings and closures of integrated stores

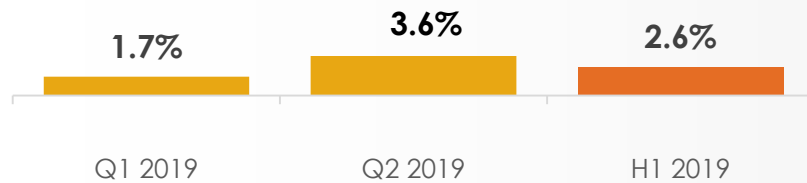
# H1 2019 HIGHLIGHTS

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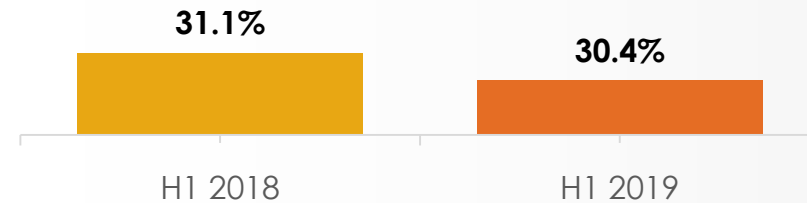
- + Solid sales momentum with Group revenue of **€3,284.6 million**, up **2.6%** on a like-for-like basis, driven by all regions and digital
- + Current operating income at **€42.2 million**, with a **solid gross margin rate of 30.4%**, despite the technical impact of perimeter effects and product mix
- + **Positive Current Net Income** excluding exceptional items, notably one-off expenses related to the bond refinancing
- + **Acceleration of the Group's transformation:**
  - Acquisition of BilletReduc.com and ongoing completion of the acquisition of Nature & Découvertes
  - Strategic partnership project with CTS Eventim to accelerate the digital transformation of the Ticketing business

# SOLID TOPLINE GROWTH IN H1

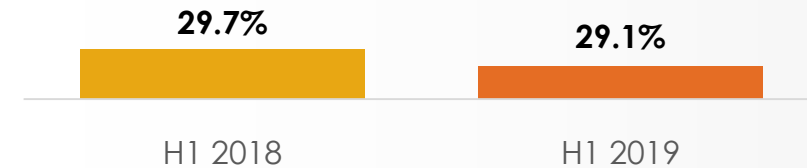
Group sales evolution by quarter<sup>(1)</sup>



Solid gross margin (% of sales)



Tight cost control (% of sales)



(1) Like-for-like: excluding FX, perimeter and expansion effects

## + Context

- Less deteriorated environment in Q2 in France
- Negative comparison basis in Q2 due to the soccer World Cup in June 2018
- Fierce competition

## + Good commercial agility

- Sales increased in all regions
- Double-digit growth of diversification categories
- Double-digit growth of e-commerce

## + Solid gross margin rate despite impact of:

- Wehkamp partnership
- Dilutive effect from franchises
- Negative SDA and TV impact

## + Strong cost control

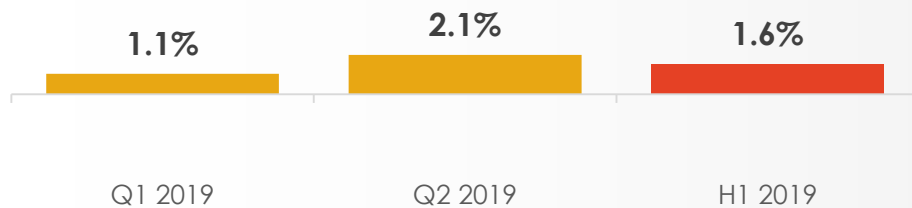
- Near stable costs despite higher inflation, increased activity and perimeter effect of more than €10 million
- Performance plans delivering well

# FRANCE AND SWITZERLAND IN H1 2019

€m	H1 2018	H1 2019	Change
Revenues	<b>2,482</b>	<b>2,524</b>	+1.7%
Current operating income	<b>47</b>	<b>40</b>	<b>-€7m</b>
Operating margin	1.9%	1.6%	-30bp

- + Strong commercial performance
  - Good performance of LDA, Hardware, Telephony and Books
  - TV segment impacted by high comparison basis
- + First impacts of insurance commission normalisation and ramp-up of new offers
- + Acceleration of network expansion: 30 store openings
- + Gross margin impacted by negative product mix and perimeter effects
- + Tight control of commercial investments and costs

H1 2019 sales evolution <sup>(1)</sup>



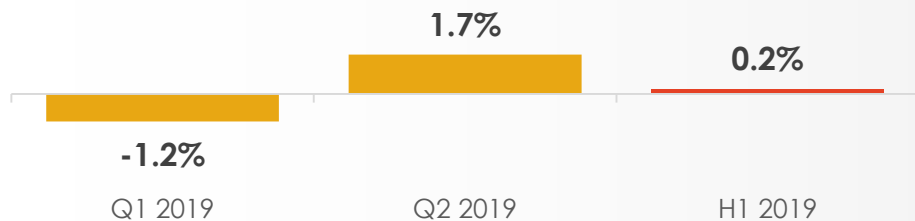
(1) Like-for-like: excluding FX, perimeter and expansion effects

# IBERIAN PENINSULA IN H1 2019

€m	H1 2018	H1 2019	Change
Revenues	<b>294</b>	<b>296</b>	+0.5%
Current operating income	<b>3.3</b>	<b>5.5</b>	<b>+€2.2m</b>
Operating margin	1.1%	1.9%	+80bp

- + Good commercial performance against a lackluster economic backdrop and intense competition
- + Strong dynamic of web sales, posting double-digit growth
- + Good performance of Sound and IT segments
- + Double-digit growth of diversification categories, driven by Fnac Home rollout
- + Current operating income and margin growing sharply, thanks to strong commercial execution and cost control

H1 2019 sales evolution <sup>(1)</sup>



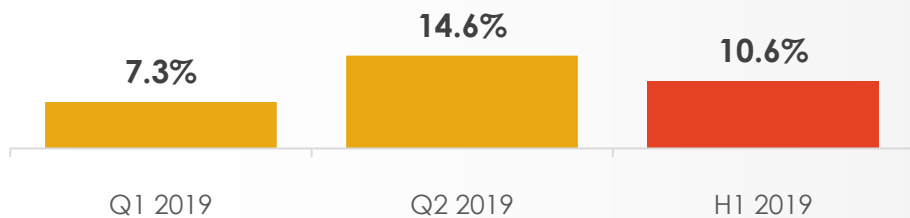
(1) Like-for-like: excluding FX, perimeter and expansion effects

# BENELUX IN H1 2019

€m	H1 2018	H1 2019	Change
Revenues	<b>423</b>	<b>465</b>	+9.8%
Current operating income	<b>-4.2</b>	<b>-3.6</b>	<b>+€0.6m</b>
Operating margin	-1.0%	-0.8%	+20bp

- + Strong sales growth in Benelux driven by the partnership with Wehkamp
- + Double-digit growth of web sales in both countries
- + Continuing strong performance of white goods
- + Transformation plan launched at Fnac Belgium to improve in-store agility
- + Improved profitability at BCC showing first results of optimization plans

H1 2019 sales evolution <sup>(1)</sup>



(1) Like-for-like: excluding FX, perimeter and expansion effects

# H1 2019 GROUP FINANCIAL RESULTS

€m	H1 2018	H1 2019
<b>Current operating income</b>	<b>46</b>	<b>42</b>
Non-current operating income and expenses	-11	-22
<b>Operating income</b>	<b>35</b>	<b>21</b>
Financial expense	-25	-54
Tax expense	-2	-7
<b>Net income from continuing operations</b>	<b>7</b>	<b>-40</b>
Discontinued operations	1	0
<b>Net current income, Group share<sup>1</sup></b>	<b>11</b>	<b>0</b>

- + Non-current operating expenses impacted by:
  - Restructuring plans in Benelux
  - Exceptional tax-free bonus as part of President Macron's plan
- + Financial expense impacted by:
  - A €27m one-off expense related to the bond refinancing
  - A negative impact of €12m from IFRS 16
- + On a like-for like basis, cost of debt is improving as a result of renegotiations

<sup>1</sup> See the reconciliation table of net income to net current income on slide 24

# IFRS 16 IMPACTS

- + Application of the modified retrospective method which consists in reclassifying lease obligations as debt, and recognizing in an asset “the right of use”
- + Regarding lease contracts within the scope of IFRS16, rental expenses are no longer recognized in the income statement, but in D&A and financial charges. The payment of rents is divided between the repayment of the capital of the debt and financial charges.
- + The main impacts of IFRS 16 are on the EBITDA, the Group's debt position and the P&L financial costs related to the rental debt
- + IFRS 16 impacts excluded from the operational FCF

	H1 2019	IFRS 16 impact	Comment	H1 2019, excl. IFRS 16
<b>EBITDA</b>	€207m	€116m	<i>Rental debt amortization</i>	€91m
<b>Net debt inc. IFRS 16</b>	€1,388m	€936m	<i>Rental debt</i>	€452m
<b>Financial costs</b>	€54m	€12m	<i>Financial expense related to rental debt</i>	€42m



# FREE CASH FLOW GENERATION

€m	H1 2018	H1 2019
<b>EBITDA</b>	<b>95</b>	<b>207</b>
IFRS 16 impact	-	-116
Non-recurring cash elements	-16	-30
<b>Cash flow from operations before tax, dividends and interest</b>	<b>78</b>	<b>61</b>
Change in working capital <sup>1</sup>	-321	-376 <sup>2</sup>
CAPEX	-45	-49
Tax	-17	-15
<b>Operating Free Cash flow<sup>1</sup></b>	<b>-305</b>	<b>-379</b>

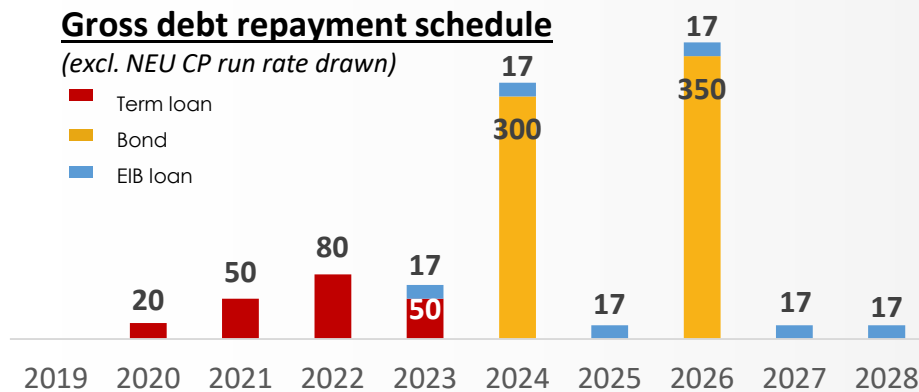
<sup>1</sup> excluding IFRS 16

<sup>2</sup> IFRS16 impact of €5m

- + EBITDA down €4m excluding the impact of IFRS 16, in line with current operating income evolution
- + Higher non-recurring cash items reflecting higher non-current expenses in H2 2018
- + Working capital impacted by:
  - A negative effect from the franchise model, impacting inventory and receivables
  - Wehkamp partnership
  - Tactical inventory management to secure supply in a context of final convergence of inventory management systems
  - Unfavorable comparable effect: 2018 payment terms adjustments in Benelux
- + Increased Capex, in line with Confiance+

# A STRONG LIQUIDITY POSITION

€m	31/12/2018	30/06/2019
<b>Shareholders' equity</b>	<b>1,261</b>	<b>1,177</b>
<b>Net Debt<sup>1</sup></b>	<b>(7)</b>	<b>452</b>
Gross debt (excl. EIB loan)	911	928
Cash & cash equivalents	(919)	(476)
Rental debt (IFRS16)	-	936



<sup>1</sup> excluding IFRS 16

- + **Net debt impacted by natural seasonality of activity**
- + **Strong equity position and liquidity**
- + **Significantly improved debt structure:**
  - **€100 million credit agreement** signed with the **European Investment Bank** (EIB) with a maximum maturity of 9 years, at very attractive financing terms – undrawn at June 30, 2019
  - **Successful bond refinancing** in May 2019, with improved conditions and longer maturities
  - **Liquidity risks improved** with a de-risked repayment schedule
- + **Upgrade to BB+** from S&P in March 2019 and **BBB-** rating issued by **Scope Ratings** in February 2019. Ba2 stable rating from Moody's

# CONCLUSION AND OBJECTIVES

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## + In Q4, focus on:

- **Commercial execution** to ensure the success of the major end-of year consumer campaigns and **cost control**
- Continuing **rapid integration** of recent acquisitions
- Transforming **digital platforms**
- Reinforced **omnichannel footprint** (close to 60 store openings targeted in 2019)

## + For 2019

- Technical effect on additional revenue from the consolidation of recent acquisitions and the Wehkamp partnership of approximately €200 million in 2019, compared to 2018

## + Mid-term objectives<sup>1</sup> confirmed

- Higher growth than markets
- Current operating margin of 4.5% to 5%

<sup>1</sup> including IFRS 16

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