

# FNAC DARTY



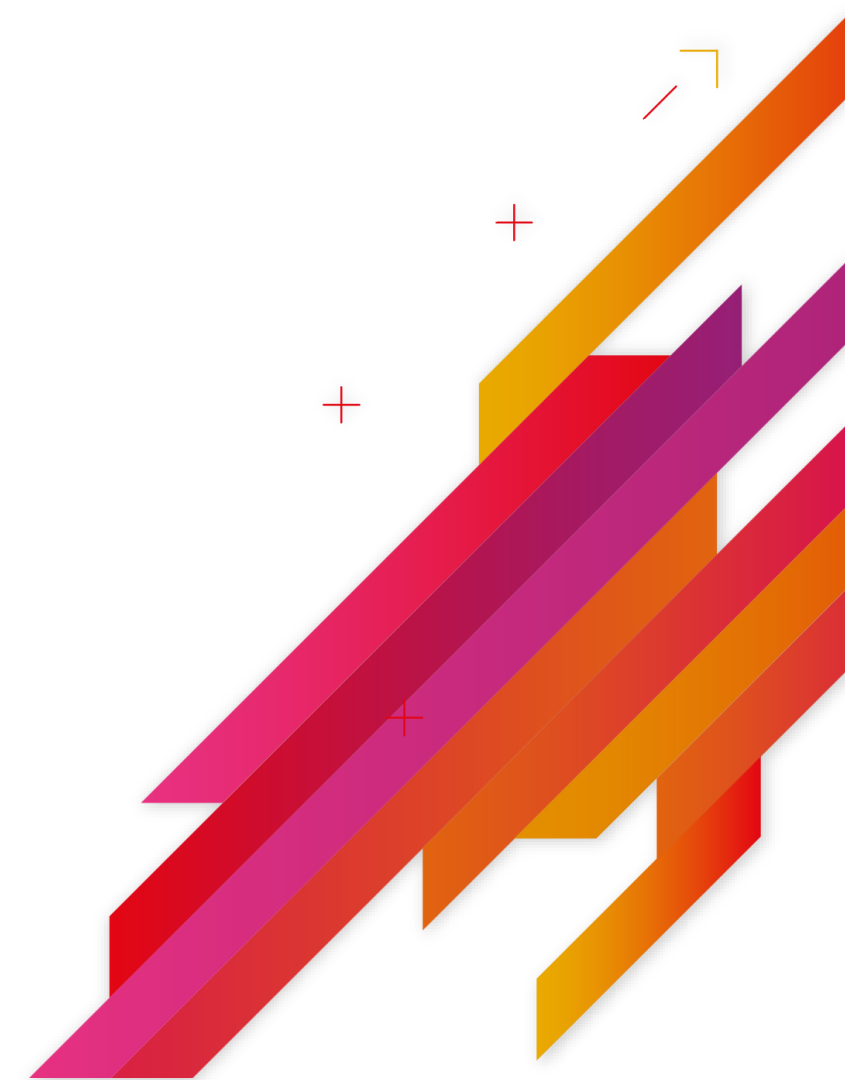
## CORPORATE PRESENTATION

November 2020



# BUSINESS REVIEW

**FNAC DARTY**



# SUCCESS OF THE OMNICHANNEL MODEL

## Pre-lockdown

January 1 – March 15

## Since the reopening of stores

From May 11 to end of September



## Lockdown

Closure of the Group's store network

March 16 – May 10



From May 11 to end of June

From July to end of September



Strong Fnac Darty **brand awareness**  
Quality of its **operational execution**  
Robustness of the **IT and logistics capabilities**



Maintained **high standards of after-sales services and delivery**

**FNAC DARTY**

Click & Collect: c.50% of online sales in Q3 2020, +1pt yoy

<sup>1</sup> Reported growth

<sup>2</sup> Excluding Nature & Découvertes and services

<sup>3</sup> Excluding web, franchises, services and Nature & Découvertes



# MAIN ACHIEVEMENTS TO DATE IN 2020

## + Continuing the diversification business strategy in new and promising markets

- Continued selective **deployment of the Group's stores network** including Darty Cuisine
- Acceleration in **urban mobility**



## + Profound transformation of the range of Services

- **Restart of services since the reopening of stores** with the Darty Max offer deployment in stores and online
- Overhaul of the **Group's loyalty program** with the launch of the new **Fnac+ cross-brand card**



## + Stronger partnerships ecosystem

- Deployment of **4 Fnac pilot shop-in-shops in Manor stores** in Switzerland in the 4<sup>th</sup> quarter 2020



## + Disposal of BCC in the Netherlands

- **Exclusive negotiations with Mirage Retail Group** to be completed by the end of the year

# CURRENT HIGHLIGHTS

**All product categories are accessible on our website and through Click & Collect**

- + **In France**, in face of the 2<sup>nd</sup> lockdown from 30 October, **all our Fnac and Darty stores stay open** for technical products (excl. photo), small domestic appliances and urban mobility
  - Representing **>65% of product normative sales in stores**
- + In **Switzerland and Iberian Peninsula**, stores remain open
- + In **Belgium**, only click & collect is possible in Vanden Borre stores while all Fnac stores remain open for Books

# STRONG AMBITION TO PROMOTE CLICK & COLLECT

- + Fnac Darty's ambition during the 2<sup>nd</sup> lockdown is to push customers to Click & Collect rather than home delivered online sales
- + Consumers incentives to Click & Collect pick-up purchases
  - Commercial push highlighted on Fnac and Darty websites to promote C&C
  - Drive in place mainly for Darty stores
  - Customers incentives to choose C&C

5,000  
to  
80,000

Product references  
available depending  
on the stores

>60%

C&C 1-hour represent  
> 60% of the C&C  
pick-up purchases

FNAC DARTY

>97%

Quality rate of  
C&C 1-hour

SÉLECTIONNER UN MODE DE LIVRAISON

Click & Collect sans contact  
Fnac ou Darty  
Gratuit

fnac  
Paris - Ternes Modifier

● Ouvert - aujourd'hui jusqu'à 19:00  
26/30, avenue des Ternes  
75017 Paris  
[Horaires du magasin](#)

🕒 Votre commande sera prête sous 1H

**Retrait magasin ou drive**  
Petit électroménager

**5€ de remise**  
dès 50€ d'achat en retrait magasin 1h\*

Cumulable avec les offres en cours J'EN PROFITE

# OUTLOOK

- + **Quality of operational performance** to succeed in major end-of-year commercial events but cautiousness in the face of economic and health uncertainties
- + **Strength of Fnac Darty's logistic and digital capacities, leading position in France** in its markets, and **quality of the relationship with suppliers**, will allow the Group to meet the business challenges that lie ahead at the end of the year
- + Strong **focus on controlling costs, investments and cash flow**
- + **Confidence in Fnac Darty's resilience** and **relevance of its omnichannel strategy** to face the current situation, **which have already been demonstrated in H1**



# FINANCIAL HIGHLIGHTS



**FNAC DARTY**





# STRONG REVENUE GROWTH IN Q3 2020

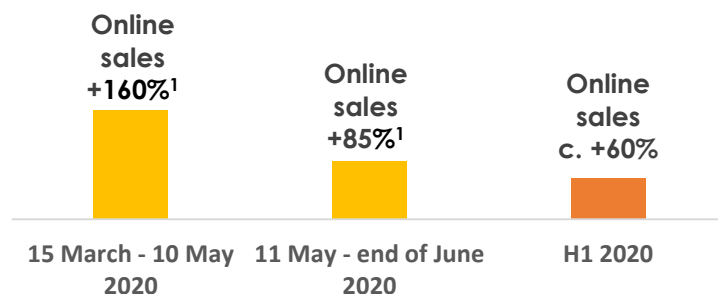
€m	Q3 2020	Change vs. Q3 2019	
		Reported	Like-for-Like <sup>1</sup>
France – Switzerland	<b>1,537</b>	10.1%	9.0%
Iberian Peninsula	<b>163</b>	-3.7%	-6.1%
Belgium - Luxembourg	<b>159</b>	7.9%	6.6%
<b>Group</b>	<b>1,859</b>	<b>8.5%</b>	<b>7.3%</b>

- + Revenue of €1,859 million, up +8.5% on a reported basis and +7.3% on a like-for-like<sup>1</sup> basis, in Q3 2020
- + Over the first 9 months of the year, revenue down -2.0% on a reported basis and -4.0% on a like-for-like<sup>1</sup> basis
- + Continued solid growth in online sales at nearly +30% and strong recovery in stores over the quarter, which limited the revenue loss related to the crisis to less than €100 million at the end of September
- + Gross margin rate down -50 basis points vs. Q3 2019
  - Dilutive technical effect related to the slid performance of franchisees of c. -15bps
  - Unfavorable effect from the drop in ticket sales estimated at c. -35bps

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

# SOLID OPERATIONAL EXECUTION IN H1 2020

## Strong online performance in H1 2020



## Store performance<sup>2</sup> by region from 11 May, 2020

€m	May 11 – End of June, 2020	Change compared with 2019 Like-for-like basis
France – Switzerland and Belgium - Luxembourg	526	+15.6%
Iberian Peninsula	40	-36.3%
<b>Group</b>	<b>566</b>	<b>+9.3%</b>

### + Unprecedented context

- Continued strikes in France and shorter winter sales in January
- Unprecedented health crisis that led to the closure of the store network from March 15 to May 10

### + Solid and rigorous operational execution

- Resistance of Group revenue at €2,849m in H1 2020, down -10% on a like-for-like basis
- Online sales increased by +60% in H1 with +160% during the lockdown period and continued significant growth after the stores reopened from May 11 of +85%
- Over 1 million of new web customers registered during the lockdown period with a continued dynamics post-containment

### + Gross margin rate down -110 basis points

### + Excellent cost control thanks to the rapid implementation of a readjustment plan

### + Solid cash position at €909 million

- Implementation of a €500 million Term Loan facility guaranteed by the French State
- Withdrawal of the proposed dividend payment of €1.50 per share for the 2019 financial year

<sup>1</sup> excluding services and Nature & Découvertes

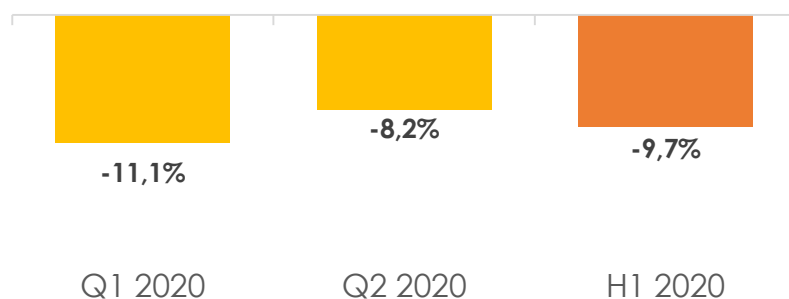
<sup>2</sup> excluding web, franchises, services and Nature & Découvertes

# FRANCE AND SWITZERLAND IN H1 2020

€m	H1 2019	H1 2020	Change
Revenue	<b>2,524</b>	<b>2,343</b>	-7.2%
Current operating income	<b>39.3</b>	<b>-45.6</b>	-€85m

- + Strong momentum in IT, freezers, air conditioners and gaming categories mitigated the revenue decline
- + Gross margin has been impacted by negative product and service mix effects as well as the continued negative impact of the introduction of the new telephone insurance offers
- + Tight control of commercial investments and operating expenses
- + Current operating income decreased due to the loss of revenue related to the crisis and a gross margin rate decline

H1 2020 revenue<sup>1</sup> evolution



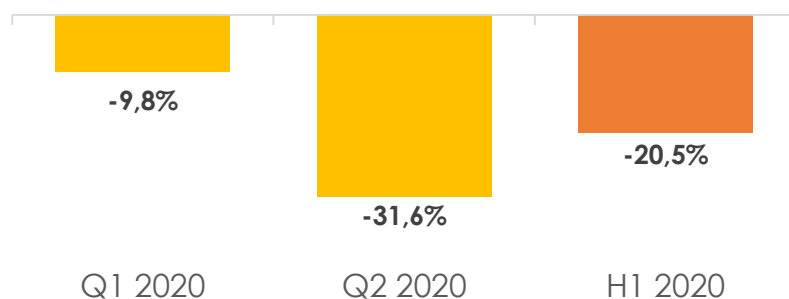
(1) Like-for-like: excluding FX, perimeter and expansion effects

# IBERIAN PENINSULA IN H1 2020

€m	H1 2019	H1 2020	Change
Revenue	<b>296</b>	<b>240</b>	-19.0%
Current operating income	<b>5.5</b>	<b>-12.7</b>	-€18m

- + Strong dynamic of web sales, which doubled during the semester in both countries
- + Good performance in IT and gaming segments
- + Sales performance strongly impacted by a later end to lockdown and a more gradual reopening of stores in this region
- + Current operating income strongly impacted by a weak macroeconomic environment and purchasing power penalized by the health crisis, despite good commercial execution

H1 2020 revenue<sup>1</sup> evolution

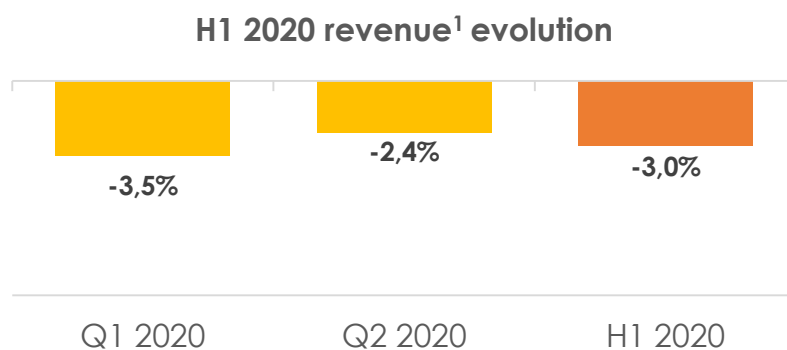


(1) Like-for-like: excluding FX, perimeter and expansion effects

# BELGIUM - LUXEMBOURG IN H1 2020

€m (IFRS 5 excluding BCC)	H1 2019	H1 2020	Change
Revenue	<b>273</b>	<b>267</b>	-2.1%
Current operating income	<b>1.4</b>	<b>0.7</b>	-€0.7m

- + Significant E-commerce performance and successful reopening of stores since May 11
- + Solid sales momentum in computer equipment, refrigeration, small kitchen appliances and gaming
- + Strong resilience of profitability mainly driven by good performance of white goods despite continuing competitive pressure



# H1 2020 GROUP FINANCIAL RESULTS

€m	H1 2019*	H1 2020
<b>Revenue</b>	<b>3,093</b>	<b>2,849</b>
Gross margin	951	844
Costs	-905	-902
<b>Current operating income</b>	<b>46</b>	<b>-58</b>
Non-current operating income and expenses	<b>-22</b>	<b>-25</b>
<b>Operating income</b>	<b>25</b>	<b>-83</b>
Financial expense	- 52	-23
Tax expense	-7	26
<b>Net income from continuing operations</b>	<b>-34</b>	<b>-80</b>
Discontinued operations	-6	-42
<b>Consolidated net income, Group share</b>	<b>-39</b>	<b>-118</b>

- + Current operating income at -€58 million strongly impacted by the revenue loss due to the crisis and an unfavorable product and service mix effect
  - The Nature & Découvertes integration had a negative technical impact of € -15 million, due to the brand's seasonality as expected
- + Cost-cutting plans that have been implemented rapidly have enabled the Group to significantly decrease its operating expenses
- + Non-current operating expenses coming from one-off effects:
  - -€14m of technical effects due to the depreciation of the Darty brand
  - -€6m of incremental costs directly related to the COVID-19 crisis

# FREE CASH FLOW GENERATION

€m	H1 2019*	H1 2020
<b>EBITDA</b>	<b>206</b>	<b>119</b>
IFRS 16 impact	-110	-124
Non-recurring cash elements	-30	-9
<b>Cash flow from operations before tax, dividends and interest</b>	<b>65</b>	<b>-14</b>
Change in working capital <sup>1</sup>	-366	-415
CAPEX <sup>2</sup>	-48	-50
Tax	-15	-24
<b>Operating Free Cash flow<sup>1</sup></b>	<b>-364</b>	<b>-503</b>

- + EBITDA down €87m including the impact of IFRS 16 vs. H1 2019, in line with the current operating income evolution
- + Operating free cash-flow impacted by:
  - The decrease of the EBITDA vs. H1 2019
  - The reduction in working capital requirements due to the decrease in trade payables, partly offset by the optimization of inventories as a result of a controlled merchandise-purchasing policy
- + CAPEX for the year 2020 amounts to €38m in H1 2020, down by -€16m as a consequence of the reduced CAPEX plan which will mainly impact H2 2020

<sup>1</sup> excluding IFRS 16

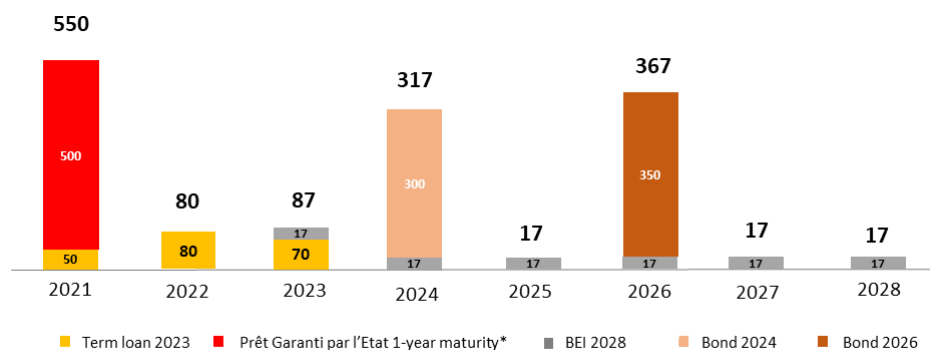
<sup>2</sup> including CAPEX for 2019 disbursed in 2020 for 13M€ in H1 2020

\* Operations in the Netherlands are recognized as discontinued operations for H1 2019, following the application of IFRS 5

# A STRONG LIQUIDITY POSITION

€m	31/12/2019	30/06/2020
<b>Shareholders' equity</b>	<b>1,398</b>	<b>1,271</b>
Net Debt <sup>1</sup>	<b>18</b>	<b>549</b>
Gross debt	1,013	1,458
Cash & cash equivalents	(996)	(909)
Rental debt (IFRS16)	1,016	958

## Gross debt repayment schedule



\*The Term Loan facility guaranteed by the French State "PGE" has a maturity of 1 year from 2020 with a 5-year extension option

+ **Strengthening liquidity and financial flexibility** in the context of unprecedented crisis

- €400 million revolving loan facility was fully drawn down on a preventive basis in mid-March and reimbursed on June 18, 2020
- €500 million Term Loan facility guaranteed by the French State ("Prêt Garanti par l'Etat") with a maturity of 1 year and with a 5-year extension option
- The corresponding cash was not used at end of September 2020

+ **Solid cash position at €909 million**, thanks to the implementation of the Guaranteed Government Loan combined with our strong business recovery and solid financial management



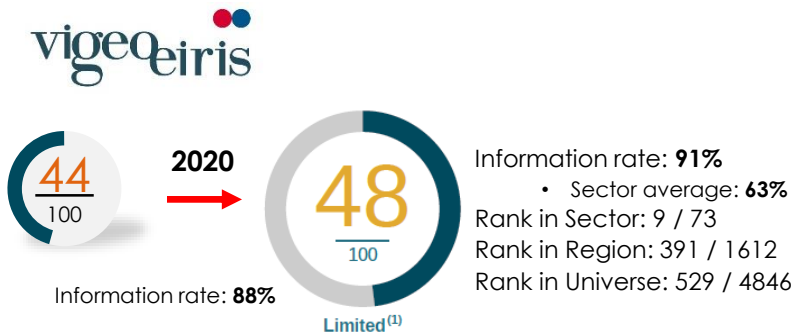
# STRONG COMMITMENT TO A MORE RESPONSIBLE ECONOMY

## + Enhancing Fnac Darty's initiatives in the **circular economy** to promote an **"educated choice"** to customers

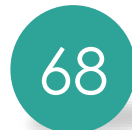
- The **Darty Max service offering**, available in all Darty's stores, can now be subscribed on the Group's websites
- Third edition of the **"After-Sales Service Barometer"** which now features an easily identifiable sustainability score to identify the most durable brands
- Expansion of the selection of products referenced by the **"sustainable choice by Darty"** label to **152 products**
- Extension of **Darty Occasion** offer to include domestic appliances in the refrigeration category



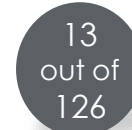
## + A **responsible retailer** recognized by **ESG rating agencies**



**OUTPERFORMER**



Overall ESG score



Relative position

**FNAC DARTY**



MSCI ESG RATINGS

CCC B BB BBB A AA AAA

LAST UPDATE: December 25, 2019



Score adjusted to the retail industry



Sector ranking: C

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