FNAC DARTY

Ivry, February 26, 2020

2019 results confirms Fnac Darty model resilience
Increase in free cash flow from operations
Proposed dividend payout of €1.50 per share

- **2019 revenue growth of +3.0% on a reported basis and +0.7% on a like-for-like basis[1], despite a loss in revenues of around €70 million on Christmas sales, due to social movements in France**
- **Resilience of current operating margin, which reached 4.0% in 2019, thanks to cost control**
- **Increase in free cash flow from operations, excluding IFRS 16, which amounted €173 million, thanks to good operational execution**
- **Launch of a shareholder return policy, with the payment of an ordinary dividend of €1.50 per share for the 2019 financial year**
- **Transformation of the Group, strengthening of the multi-specialist profile with the acquisition of Nature & Découvertes, and strategic development of the Ticketing business**
- **Active search for a partner for activities in the Netherlands**
- **Acceleration of an innovation policy toward a more circular economy**

Enrique Martinez, Chief Executive Officer of Fnac Darty, declared:

"2019 has been decisive for the Group. Our capacity to innovate, the excellence of our banners and brands, and our wise investment policy have enabled us to significantly accelerate our omnichannel and digital transformation while demonstrating the robustness of our model. Fnac Darty's current operating margin remained stable in 2019 thanks to the Group's agility and cost control. The Group has demonstrated its capacity to generate a good level of free cash flow from operations, which also reflects our good operational execution.
In 2020, our Group will pursue the integration of the recent acquisitions and will continue to offer its customers a unique, modern and digitalized purchasing experience, notably by providing them with an "educated choice" that sets us apart. The Group targets a slight growth in sales and current operating income in 2020 and confirms its medium-term objectives of achieving revenue growth higher than its markets and a current operating margin between 4.5% and 5%. Fnac Darty's sound business model allows us to launch a shareholder return policy as of this year, and the payment of a dividend of €1.50 per share will be proposed at our next Annual General Meeting."

KEY FIGURES

Operations in the Netherlands are recognized as discontinued operations, following the application of IFRS 5

(€ million)	2018 Reported	2018 Continuing operations	2019	Change
Revenues	***7,475***	**7,132**	**7,349**	**+3.0%**
Change on a like-for-like basis[1]	*+0.3%*			*+0.7%*
Current operating income	***296***	**304**	**293**	**-3.6%**
Current Operating margin	*4.0%*	*4.3%*	*4.0%*	*-0.3pt*
Net income from continuing operations	***150***	**158**	**114**	**-€44m**
Free cash flow from operations, excluding IFRS 16	***153***	**158**	**173**	**+€15m**

[1] Like-for-like data: excluding effect of changes in foreign exchange rates, changes in scope, and the openings and closures of stores

FNAC DARTY

2019 HIGHLIGHTS

2019 revenue growth in a complex market environment

Fnac Darty's **revenue** totaled €7,349 million, up +0.7%[1] on a like-for-like basis. This performance was achieved in a market environment affected by exceptional events which repeated impacts on business activity, particularly in France: the ongoing yellow vest movements in the 1st quarter of 2019 and the social movements at the end of the year.

The additional revenue related to the scope of consolidation amounted to €159 million in 2019, from continuing operations.

Gross margin rate was 30.4%, down by -20 bps in 2019 compared to 2018, mainly due to the lower weight of Christmas sales, impacted by the social movements in France, and the dilutive technical effect of the franchise development. The product/service mix effect remains slightly positive due to the favorable impact of the Nature & Découvertes integration.

Current Operating Income from continuing operations reached €293 million. It includes a contribution from acquired companies for slightly more than €20 million in 2019. Thanks to cost-control, the current operating margin remained solid at 4%.

Net income from continuing operations was €114 million in 2019, compared to €158 million in 2018. The decrease is mainly due to the increased financial expenses, impacted by €27 million one-off costs related to the renegotiation of the bond issue in 2019, and a deferred tax benefit of approximately €10 million accounted in 2018.

Fnac Darty continued to generate a strong **free cash-flow from operations**, excluding IFRS 16, amounting to €173 million, up €15 million compared to 2018[2].

Based on the resilience of its results in a complex environment, Fnac Darty will propose, at the General Shareholders Meeting held on May 28, 2020, the distribution of an **ordinary dividend of €1.50 per share**, representing a payout ratio of around 35%. This dividend will be payable in cash or in shares, at shareholders' discretion, with a 5% discount. The ex-dividend date will be June 4, 2020 and the dividend payment date will be July 3, 2020.

Analysis of the impact of the transition to IFRS 16

The method used for the application of IFRS 16 is the modified retrospective method. It consists in reintegrating rent commitments into debt, and recognizing in return an asset, called the right of use. As a result, for lease contracts within the scope of IFRS 16, rental expenses are no longer recognized in the income statement, replaced by depreciation 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 the standard therefore relate to EBITDA, the Group's debt position and the accounting financial expenses associated with this debt.

EBITDA stood at €626 million, up by €219 million compared to 2018, of which €231 million was linked to the application of IFRS 16. Excluding IFRS 16, EBITDA totaled €395 million, compared to €407 million[2] in 2018.

The application of IFRS 16 adversely impacts **financial costs,** in the income statement, for €21 million.

[1] Like-for-like data: excluding effect of changes in foreign exchange rates, changes in scope, and the openings and closures of stores
[2] Restated from the reclassification of BCC under discontinued operations

Finally, at the end of 2019, **the net debt position** was €18 million excluding IFRS 16, compared to -€7 million in 2018.

Strengthened commitment to social and environmental responsibility

In 2019, the Group continued its initiatives to become a major player in the circular economy and to promote the extended lifespan of its products. Hence, Fnac Darty launched, at the end of October 2019, a new subscription-based repair service to extend the lifespan of large domestic appliances. This service, known as Darty Max, is available in all Darty stores. Darty Max is carrying on the Group's historic commitment to responsible consumption. The Group also continued its initiatives in helping customers to make an "educated choice", and in June created the "Sustainable Choice by Darty" – a label that helps consumers to easily identify, both in stores and online, the most sustainable products, based on the availability of spare parts and breakdown rate. The label was recently extended to small domestic appliances, and now references 82 products in total. Finally, the scope of the repairability index was extended to smartphones, and the second "after-sales service barometer" was launched and will be renewed each year, in order to better inform the public about the lifespan of domestic appliances and multimedia equipment.

In this context, Fnac Darty saw a significant improvement in its extra-financial ratings, reflecting the progress made in its commitments to social and environmental responsibility. In 2019, the Group obtained a rating of A2 from Vigeo Eiris (with a score of 44/100 compared to 35/100 in 2018), joined the "Outperformer" raking of Sustainalytics (with a score of 68/100 compared to 61/100 in 2018) and had its rating improved to AA by MSCI (compared to A in the past three years). Finally, the CDP (Carbon Disclosure Project), which provides an international benchmark for corporate environmental transparency, upgraded Fnac Darty's rating to B (from D in 2018), ranking the Group above the average of its sector. In addition, the Group has also affirmed its environmental strategy by setting a quantified objective of reducing its CO_2 consumption in France by 50% by 2030, compared to the 2018 level. In order to incorporate the climate criterion into the company's strategies, a Climate Committee was set up in 2019 to discuss and validate the roadmaps and action plans undertaken to achieve the stated reduction target.

A year of transformation and strengthening of the multi-specialist profile

In 2019, Fnac Darty continued to diversify and strengthen its profile as a multi-specialist.

Acquisition of Nature & Découvertes

During the second half of 2019, Fnac Darty completed the acquisition of Nature & Découvertes, a leading omnichannel retailer of products in the natural and wellbeing sector. Created in 1990, Nature & Découvertes offers a unique products range with a network of 99 stores in Europe, and a website attracting more than 15 million visitors per year.

This acquisition allows Fnac Darty to continue to diversify its product offering by integrating a strong brand whose commitment to the values of curiosity, discovery and wellbeing will strengthen and enhance the Group's strategic positioning. Nature & Découvertes' commitment to ethical, eco-friendly consumption – highlighted by its B CORP certification – converges with Fnac Darty's commitment to provide an educated choice to customers, as well as its commitment to a more circular and responsible economy.

The rapid integration of Nature & Découvertes is in line with the initial plan. The first Nature & Découvertes shop-in-shop opened in Fnac La Rochelle in September 2019. At the end of 2019, four Nature & Découvertes shop-in-shops were opened in Fnac stores, including one in Barcelona (Spain), representing the first establishment of the brand in the Iberian Peninsula. The ambition is to continue to expand the brand's presence in this region in 2020. In addition, Nature & Découvertes' range of products and its marketplace have begun to be integrated into the Fnac.com product offering.

Digital development and strengthening of the ticketing offer

Fnac Darty is present in the ticketing sector through its subsidiary France Billet, the leading distributor of event tickets in France, selling more than 12 million tickets in 2019.
In an environment of profound transformation, two significant transactions occurred in this sector in 2019.

In the 1st quarter, the Group acquired Billetreduc.com, which is a leading player in "last-minute" event ticketing in France; the website has 2.4 million visits a month. Billetreduc.com provides France Billet with a complementary ticketing offer in the growing last-minute market, allowing it to attract new audiences, become more attractive to event organizers and boost its ability to promote cultural diversity, discover new talents and offer consumers broader access to culture for all audiences.

In October 2019, in response to the increase in competition, particularly related to the disintermediation of the sector and the increased power of new sales segments, a strategic partnership was concluded with the CTS Eventim Group, the European leader in the ticketing sector, allowing France Billet to benefit from the technological innovation of CTS Eventim, one of the leading international providers of Ticketing and Live Entertainment. This partnership allows France Billet to accelerate the development of its digital platform and enrich its value proposition towards its customers and partners. CTS Eventim now integrates to its offer the distribution of tickets for shows in France.
As part of the strategic partnership, CTS Eventim acquired a 48% stake in France Billet's share capital.

Integration of WeFix

The integration of WeFix, a French leader in express smartphone repair, acquired in October 2018, progressed according to plan, which aims to double the number of repair points. The Group has now become a key provider of smartphone repair and associated services. WeFix opened 42 stores in 2019, including 13 openings in the 4th quarter of 2019. The total number of points of sale reached 96 at the end of 2019.
Fnac Darty continued to invest in developing the banner's capacities, specifically including the roll-out of the screen protection solution XForce in 138 stores in 2019. Strategic partnerships have also been signed with Garantie Privée and Bouygues Telecom, to provide common customers with a first-class repair experience. Finally, the integration of WeFix has enabled the Group to expand its offer in reconditioned phones, in which sales have more than tripled in comparison to 2018.

Continuation of the Confiance+ plan

In 2019, the strategic plan Confiance+ continued to be rolled out.

Strengthening of the omnichannel platform

First-rate digital and logistical capabilities

Fnac Darty continued with initiatives to reinforce its omnichannel footprint, primarily by accelerating the transformation of its digital platforms with the deployment of its Digital Factory project, which has improved the agility and speed of development of its e-commerce sites. As a result, the websites' search engines have been optimized, and the speed of the teams has accelerated in 2019.

E-commerce activities account for nearly 19% of revenue, and the performances of our e-commerce platforms in the 4th quarter were solid, with notably double-digit growth internationally. In 2019, the development of online sales was marked by strong international growth and the continued development of marketplaces.

The Group continued to strengthen its delivery offerings in 2019, and generalized its click&collect offer for books, CDs and DVDs, offering the option of picking up purchases in one hour. The entire Fnac integrated store network in France has rolled out this new service. In 2019, 1.5 million 1-hour pickup orders in France were recorded for this category of products.

Finally, in-store omnichannel initiatives continued, with more than 270 stores digitalized by the end of 2019. “Pay & Go”, an innovative solution allowing customers to pay their purchases via their smartphone without going through the checkout, was also rolled out in all Fnac’s integrated stores in France. Fnac Darty was also rewarded for this disruptive innovation, and received the Gold Trophy at the CX Awards in the Innovation category.

Omnichannel sales accounted for 49% of online orders in 2019.

Continued expansion of our store network

The pace of the expansion of our store network remained sustained in 2019, with a total of 78 openings, including one opening in a new country, Luxembourg. Fnac opened 38 stores in 2019 (26 in France, one in Tunisia, one in Luxembourg, one in Switzerland, four in Spain, four in Portugal and one in Belgium); 24 of these are franchises. Darty opened 36 stores in 2019 (35 in France and one in Tunisia); 31 of these are franchises.
Nature & Découvertes opened four new integrated stores in 2019, bringing the total number of stores under the banner to 99 (83 in France, three in Germany, four in Belgium, one in Luxembourg and eight in Switzerland); 91 of these are integrated stores, and eight are franchises.
Fnac Darty had a total of 880 stores at the end of 2019, including Nature & Découvertes.

An enhanced customer experience

A reinforced diversification of the product offering

Diversification of the products and services offers continued in 2019, with the opening of dedicated small domestic appliance areas in Fnac stores in Spain, Portugal, Switzerland and France. By the end of 2019, 90 small domestic appliance areas were opened across the network under the banner of Darty or Fnac Home.

The kitchen segment continued to expand, with the opening of 22 new point of sales during the year, including eight new stores exclusively dedicated to this offering. At the end of 2019, the Group had more than 150 Kitchen points of sale, including 11 dedicated Kitchen stores.

The acquisition of Nature & Découvertes in 2019 allowed the Group to diversify its product offerings by integrated a leading brand in the omnichannel distribution of natural and wellbeing products.

Finally, Fnac Darty continued to streamline its stores in 2019, redistributing the in-store sales areas to diversification categories that have continued to grow significantly, with double-digit growth over the year, and very strong performance in the Toys & Games and Urban Mobility categories.

New service offerings

Fnac Darty also continued to develop its service offering, a major vector in differentiation and value creation, capitalizing in particular on Fnac’s expertise in customer advice and Darty’s after-sales service know-how.

Services continued to record growth in 2019, driven by the integration of WeFix and advertising businesses. At the same time, the normalization of telephony/multimedia insurance commissions, and the gradual ramp-up of new offers, had a negative impact on revenue and gross margin growth starting in the 2nd quarter of 2019. These effects are expected to continue in the first half of 2020.

Enriched content to serve subscribers

Loyalty programs continued to expand in 2019. Fnac+ and Darty+ together have around 1.8 million subscribers, and, since the launch of Darty+, provide a first joint approach to loyalty. Customers holding only one of these cards can benefit from premium, free delivery within the two banners.

At the end of 2019, Fnac has a strong membership base of nearly 9 million, including 7 million in France.
The Group continued to pursue its strategy of enhancing its loyalty programs, by the Fnac and Fnac+ programs with offers to discover cultural content, both in terms of the digital press, with access to more than 400 titles, and in terms of digital comic books via the Izneo Pass, giving access to more than 3,000 cartoon strips, comics and manga. The *Pass Partenaires* has also been extended, allowing loyal customers of both banners to benefit from attractive discounts at more than 70 partners.
Finally, in 2019, Fnac Darty offered targeted cross-banner promotions, encouraging the Group’s customers to buy both from Fnac and from Darty.

Expansion of the Fnac Darty ecosystem of partnerships

The omnichannel platform has also been enriched through new partnerships with the aim of strengthening the value proposition for both customers and partners.

In 2019, an exclusive distribution agreement with Xiaomi was signed for the marketing of its latest smartphone and its most recent electric scooter. A first 50-sqm corner dedicated to Xiaomi products has also opened within the Fnac Montparnasse store. In addition, an exclusive partnership was signed at the end of the year with Angell Bike for the distribution of the Angell electric-assisted bike in some 30 Fnac stores from spring 2020.
The partnership with Google continued to bear fruit in 2019, thanks to the strengthening of the offer towards connected devices. The Google offer is now available in dedicated areas in all of the Group's stores, including around fifty corners.
Finally, the Group launched the Nespresso capsule subscription in France in September 2019, with a strong success.

In November 2019, following the success of the “shop-in-shops” tests in Carrefour stores, Fnac Darty announced the continued development of this strategic partnership, and the ambition to roll out around thirty shop-in-shops under an exclusive operating contract, in Carrefour hypermarkets in France, under the Darty banner. The legal processes have begun, and the project is currently being examined by the French Competition Authority, in accordance with the planned schedule. The Group also has three Darty shop-in-shops in Système U hypermarkets and one Fnac shop-in-shop in an Intermarché store, in addition to the 13 Fnac shop-in-shops in Intermarché’s shopping malls.

Search for a partner for operations in the Netherlands

In January, Fnac Darty announced the launch of an active search for a partner that could result in a withdrawal from the Netherlands. Given the efforts made to improve its operational agility and a renewed focus on markets in which the Group has a critical size, the search for a more suitable partner to ensure BCC's future is now relevant and will enable BCC to better seize its market opportunities.

ANALYSIS OF OPERATIONAL PERFORMANCE

4th quarter of 2019

In the 4th quarter of 2019, revenue rose by +5.4% on a reported basis and +0.2% on a like-for-like basis[1]. As a reminder, revenue in December was impacted by social movements, which caused a loss in revenues of around €70 million.
During the quarter, sales benefitted from the momentum of the Large Appliances, Sound, Telephony and Urban Mobility segments. The Small Domestic Appliance segment was impacted by a sustained fierce competition related to a sluggish innovation cycle, in line with the trend seen from the start of the year. Editorial products were impacted by the structural decline of the CD and DVD segments and the declining sales in Gaming, while Books showed good resilience despite social movements in France, impacting store traffic and and impulse buying.

Sales in the **France-Switzerland** region were up +5.8% on a reported basis, and remained stable on a like-for-like basis[1], compared to 2018, despite a consumption environment marked by these unprecedented social movements in France. The sales performance achieved over the Black Friday period helped to mitigate their negative impacts. Physical stores posted a sharp decline in sales despite a favorable base effect and calendar effect. The increase in the weight of Black Friday sales and the exceptional impact of the social movements in December negatively affected the gross margin rate for the region.
Finally, the network expansion continued to be sustained, with 27 stores openings in France-Switzerland during the quarter.

In the Iberian Peninsula, revenue was up +5.0% on a reported basis and +2.1% on a like-for-like basis[1]. This robust performance can be explained by the quality of the commercial execution and the strengthening of the digital platforms' performance. Spain showed strong resilience against a backdrop of lackluster consumption and fierce competition. Portugal continued its sustained growth, driven by the sales momentum in Telephony, IT and Services.

In Belgium-Luxembourg, sales were up +1.1% on a reported basis and were almost stable on a like-for-like basis[1]. In the context of increased competition, Belgium showed growth over the quarter thanks to the performances of Large Domestic Appliances and a double-digit growth in online sales.

[1] Like-for-like data: excluding effect of changes in foreign exchange rates, changes in scope, and the openings and closures of stores

2019 by reporting segment

France-Switzerland

Revenue for the France-Switzerland region was up +3.4% on a reported basis over the year, driven by the integration of Nature & Découvertes, and increased by +0.7% on a like-for-like basis[1], against the backdrop of major social movements in France in December.
The year was marked by a slight drop in sales of Technical Products, primarily linked to the downturn in the TV segment, impacted by an unfavorable base effect (2018 football World Cup), and the Photo segment, penalized by the increased competition from smartphones. This trend is partially offset by the strong sales momentum in the Sound segment, as well as the growth of the Telephony and IT segments.
Editorial Products were down, mainly due to the natural decline in CDs and DVDs. The Book segment, showed good signs of resilience despite the impact of the social movements on store traffic in December 2019. The Gaming segment was impacted by a wait-and-see attitude among consumers pending the releases of new consoles scheduled for late 2020.
The growth in sales of Domestic Appliances was mainly driven by Large Domestic Appliances, while Small Domestic Appliances suffered from a less buoyant innovation cycle. The Diversification segment experienced strong growth thanks to a solid momentum in the Urban Mobility, Toys & Games, the Kitchen segment, and the integration of Nature & Découvertes. Services slowed significantly, impacted by telephony insurance. This effect is expected to continue in the first half of 2020. The new “Darty Max” service offer, launched at the end of October 2019, will contribute to the transformation of the Group’s service offering. The franchise expansion continues at a sustained pace, with 55 new franchise stores opened during the year.

Current operating income totaled €256.7 million in 2019 (compared with €263.6 million in 2018), impacted by the loss of revenue due to the social movements in France, which structurally has a higher level of margins in December, an unfavorable product mix effect, and the decline in telephony insurance; this was offset by the accretive effect related to the consolidation of Nature & Découvertes’ results from August 2019 onward. The gross margin rate was 4.3% in 2019, down 20 basis points compared to 2018.

Iberian Peninsula

Sales in the Iberian Peninsula were up +2.7% on a reported basis in 2019, and +1.0% on a like-for-like basis[1].
In Spain, Fnac Darty posted sales growth thanks to good operational execution despite the fierce competition from both physical and e-commerce players. In Portugal, the sales momentum remained solid throughout the year.
Sales in this region benefited from growth in Technical Products, mainly driven by the good sales momentum in Sound and Telephony, and the resilience of Books. The Diversification categories recorded strong growth, driven by Toys & Games and Urban Mobility. Services posted double-digit growth in Portugal in 2019, and a decline in Spain.
The region benefited from the continued network expansion, with the opening of eight stores (four in Spain and four in Portugal) during the year. Online sales also experienced double-digit growth in the region.

Current operating income stood at €25.0 million in 2019, compared to €25.4 million in 2018, i.e. almost stable thanks to costs control. The current operating margin was 3.5%, down 10 basis points.

Belgium-Luxembourg

Revenue for Belgium-Luxembourg varied by +0.3% on reported basis and -0.4% on a like-for-like basis[1].
Despite a negative calendar effect and continued sustained competitive pressure, Belgium showed good resilience in sales, driven particularly by the growth in Large Domestic Appliances and the strong dynamism of the web channel. The transformation plan launched for the Fnac banner in 2019 to boost in-store agility continued to be implemented. The Group opened its first store in Luxembourg this year.

[1] Like-for-like data: excluding effect of changes in foreign exchange rates, changes in scope, and the openings and closures of stores

Against a backdrop of intense competition, the current operating income came to €11.6 million in 2019 (compared to €15.1 million in 2018[1]). The operating margin reached 1.9%, down 60 basis points compared to 2018.

ANALYSIS OF FINANCIAL RESULTS

As a results, the Group's **current operating income** was €293 million for the 2019 financial year. It includes a contribution of slightly over €20 million from acquired companies in 2019. Thanks to cost control, the **current operating margin** from continuing operations remains solid at 4.0%.

Non-current operating expenses were -€29 million in 2019, an improvement compared to 2018 (-€39 million). They mainly include costs linked to the restructuring plans and the exceptional French purchasing power bonus paid at the beginning of the year.

Net financial income represented a loss of -€79 million in 2019, compared to -€43 million in 2018. It includes €27 million of non-recurring costs related to the renegotiation of the bond issue in May 2019. A cost linked to the interest on rental payables of €21 million was also recognized, following the application of IFRS 16 as of January 1, 2019. Financial costs related to consumer credit amounted to €5 million.

Income tax stood at -€72 million for the year, representing an effective tax rate of 38.5%, in line with expectations.

Net income from continuing operations came to €114 million in 2019, compared with €158 million in 2018.

Strong cash generation

Cash generation in 2019 remains solid. **Free cash flow from operations** excluding IFRS 16 amounted to €173 million, compared to €158 million in 2018. Working capital requirement improved significantly in 2019 to €49 million, compared to -€7 million in 2018[1]. This improvement is mainly due to good inventory management and, optimization of debt recovery. The Group continued to pursue a controlled investment policy, whilst continuing the roll-out of the strategic plan Confiance+. As a result, net investments amounted to €145 million, compared to €114 million in 2018.

[1] Restated from the reclassification of BCC under discontinued operations.

FINANCIAL STRUCTURE

Net debt, excluding IFRS 16, amounted to €18 million as at December 31, 2019, compared to -€7 million as at December 31, 2018. Free cash flow generation remained high in spite of an active acquisition policy in 2019.

Cash and cash equivalents totaled €996 million at the end of 2019.

As at December 31, 2019, the Group's financing covenants were met. The €400 million revolving facility was undrawn.

In the first half of 2019, Fnac Darty renegotiated its bond issue, improving the financial terms and extending its maturity. The strong success of this operation demonstrated the confidence of the financial markets in Fnac Darty's strategy. The Group's solid financial position was also highlighted by Standard & Poor's, which raised Fnac Darty's long-term credit rating to BB+ (stable outlook) in May 2019, in addition to the BBB- rating from Scope Ratings.

The debt restructurings conducted over the last 24 months strengthened the Group's financial structure and will reduce the cost of financial expenses by roughly €10 million on a full-year basis.

In 2019, Fnac Darty announced the signing of a loan agreement for €100 million with the European Investment Bank (EIB). Issued under the "Juncker plan", this loan will be used to finance the Fnac Darty's digital transformation investments to support the deployment of Confiance+. This financing has a maximum maturity of 9 years under very attractive terms.

Finally, Fnac Darty remained attentive to opportunities for return to its shareholders and continued to implement its share buyback program in 2019. As at December 31, 2019, 296,750 shares were bought back and canceled. Since the implementation of its share buyback program in October 2018, the Group has repurchased and canceled 495,000 shares, representing around 2% of the share capital.

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CONCLUSION AND OUTLOOK

In a still uncertain social and economic climate, Fnac Darty remains cautious about the performance of its markets in 2020, but confirms its ability to outperform their growth through agile commercial execution, and tight costs control. Efforts will continue to be focused on further integrating the Group's recent acquisitions, improving customer experience, ramping up the digital transition, strengthening its position in the circular economy, and providing customers with an educated choice, that sets the Group apart from its competitors. Finally, expansion will continue this year, mainly through the opening of franchised stores. The Group plans to open nearly 50 points of sale in 2020.

As a result, the Group targets a slight growth in revenues and current operating income in 2020.

Fnac Darty confirms its mid-term objectives and aims to achieve higher growth than its markets and a current operating margin between 4.5% and 5%. These objectives take account of the application of IFRS 16.

Finally, based on its solid business model, Fnac Darty will launch a shareholder return policy this year, with a target payout ratio between 30% and 40%. A recommendation will be made at the Annual General Meeting on May 28, 2020 for the distribution of an ordinary dividend of €1.50 per share for 2019, corresponding to a distribution rate of 35%, in line with the objectives. This dividend will be payable in cash or in shares at shareholders' discretion, with a 5% discount. The ex-dividend date will be June 4, 2020 and the dividend payment date July 3, 2020.

PRESENTATION OF 2019 RESULTS

On February 27th, 2020, a live **webcast** of the presentation of the 2019 Annual Results will be available at 08:30 am (Paris time).

www.fnacdarty.com

This presentation can also be accessed directly by clicking **here**.
A replay will also be available on the Group's website.

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APPENDICES

The Board of Directors of Fnac Darty SA met on February 26th, 2020, chaired by Mr Jacques Veyrat, approved the consolidated financial statements for the year 2019. The audit procedures for the Group's consolidated financial statements were performed, and the certification report will be issued once verification of the management report has been completed.

SUMMARY INCOME STATEMENT

	In €m			
	2018 reported	2018 Continuing operations	2019	Change
Revenues	**7,475**	**7,132**	**7,349**	**+3.0%**
Gross margin	**2,265**	**2,183**	**2,235**	
As a % of revenues	*30.3%*	*30.6%*	*30.4%*	**-0.2pt**
Total costs	**1,969**	**1,879**	**1,942**	
As a % of revenues	*26.3%*	*26.3%*	*26.4%*	**+0.1pt**
Current operating income	**296**	**304**	**293**	**-€11m**
As a % of revenues	*4.0%*	*4.3%*	*4.0%*	
Other non-current operating income and expenses	(39)	(39)	(29)	
Operating income	**257**	**265**	**265**	**+€0m**
Net financial expense	(43)	(43)	(79)	
Income tax	(65)	(65)	(72)	
Net income from continuing operations for the year	**150**	**158**	**114**	**-€44m**
Net income from discontinued operations[1]	0	-8	-10	
Consolidated net income, Group share	**150**	**150**	**105**	**-€45m**
EBITDA[2]	**399**	**407**	**626**	**+€219m**
As a % of revenues	*5.3%*	*5.7%*	*8.5%*	
EBITDA excluding IFRS 16	**399**	**407**	**395**	**-€12m**

[1] Restated for the classification of BCC under discontinued operations

[2] EBITDA = Earnings (current operating income) Before Interest, Tax, Depreciation, Amortization and provisions on fixed operational assets.

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BALANCE SHEET

Assets (€m)	As at December 31, 2018	As at December 31, 2019
Goodwill	1,560	1,654
Intangible non-current assets	480	511
Tangible non-current assets	620	615
Rights of use relating to lease agreements	0	1,026
Investments in equity associates	20	21
Non-current financial assets	21	28
Deferred tax assets	67	83
Other non-current assets	0	0
Non-current assets	**2,767**	**3,938**
Inventory	1,092	1,079
Trade receivables	272	275
Tax receivables due	42	3
Other current financial assets	14	12
Other current assets	406	369
Cash and cash equivalents	919	996
Current assets	**2,744**	**2,733**
Assets held for sale	**0**	**201**
Total assets	**5,511**	**6,872**

Liabilities (€m)	As at December 31, 2018	As at December 31, 2019
Share capital	27	27
Equity-related reserves	985	971
Translation reserves	(5)	(6)
Other reserves	247	396
Shareholders' equity, Group share	**1,254**	**1,388**
Shareholders’ equity - Share attributable to non-controlling interests	8	10
Shareholders’ equity	**1,261**	**1,398**
Long-term borrowings and financial debt	855	936
Long-term rental payables	0	801
Provisions for pensions and other equivalent benefits	162	177
Other non-current liabilities	191	190
Deferred tax liabilities	190	203
Non-current liabilities	**1,398**	**2,307**
Short-term borrowings and financial debt	56	77
Short-term rental payables	0	215
Other current financial liabilities	16	18
Trade payables	1,877	1,889
Provisions	52	39
Tax liabilities payable	44	9
Other current liabilities	806	785
Current liabilities	**2,851**	**3,032**
Liabilities relating to assets held for sale	**1**	**135**
Total liabilities	**5,511**	**6,872**

CASH FLOW STATEMENT

In €m	2018 restated[1]	2019
Cash flow from operations before tax, dividends and interest[2]	**351**	**570**
IFRS 16 impact		-231
Cash flow from operations before tax, dividends and interest, excluding IFRS 16	**351**	**339**
Change in working capital requirement, excluding IFRS 16	(7)	49
Income tax paid	(72)	(70)
Net cash flows from operating activities, excluding IFRS 16	**272**	**318**
Operating investments	(118)	(152)
Change in debt and receivables relating to non-current assets	5	5
Operating divestments	0	2
Net cash flows from operating investment activities	**(114)**	**(145)**
Free cash flow from operations[2]	**158**	**173**

[1] 2018 restated for the reclassification of BCC under discontinued operations.

[2] after the impact of the €20 million fine paid at the request of the French Competition Authority.

FOURTH QUARTER 2019 REVENUES

	Q4 2019 in €m	Change compared with Q4 2018		
		actual	at constant exchange rate and with comparable scope	like-for-like basis*
France and Switzerland	**2,110**	5.8%	0.2%	0.0%
Iberian Peninsula	**258**	5.0%	4.8%	2.1%
Belgium and Luxembourg	**175**	1.1%	1.1%	-0.1%
Group	**2,543**	**5.4%**	**0.8%**	**0.2%**

*Like-for-like data: excluding effect of changes in foreign exchange rates, changes in scope, and the openings and closures of stores

FNAC DARTY

2019 REVENUES

	2019 in €m	Change compared with 2018		
		actual	at constant exchange rate and with comparable scope	like-for-like basis*
France and Switzerland	**6,031**	3.4%	0.7%	0.7%
Iberian Peninsula	**722**	2.7%	2.6%	1.0%
Belgium and Luxembourg	**596**	0.3%	0.3%	-0.4%
Group	**7,349**	**3.0%**	**0.9%**	**0.7%**

*Like-for-like data: excluding effect of changes in foreign exchange rates, changes in scope, and the openings and closures of stores

CURRENT OPERATING INCOME - BY SEGMENT

In €m	2018 continuing operations	As a % of revenues	2019	As a % of revenues	Change
France and Switzerland	263.6	4.5%	256.7	4.3%	-0.2pt
Iberian Peninsula	25.4	3.6%	25.0	3.5%	-0.1pt
Belgium and Luxembourg	15.1	2.5%	11.6	1.9%	-0.6pt
Group	**304.0**	**4.3%**	**293.3**	**4.0%**	**-0.3pt**

STORE NETWORK

	Dec. 31, 2018	Consolidation	Opening	Closing	Dec. 31, 2019
France and Switzerland*	**571**	**96**	**68**	**9**	**726**
Traditional Fnac	91		4	0	95
Suburban Fnac	14		3	0	17
Travel Fnac	24		6	1	29
Proximity Fnac	53		6	0	59
Fnac Connect	6		9	1	14
Darty	382		36	6	412
Fnac Darty France	1		0	0	1
*Nature & Découvertes***	0	96	4	1	99
Of which franchised stores	*255*	*8*	*55*	*3*	*315*
Iberian Peninsula	**63**		**8**	**1**	**70**
Traditional Fnac	45		5	1	49
Travel Fnac	2		0	0	2
Proximity Fnac	14		1	0	15
Fnac Connect	2		2	0	4
Of which franchised stores	*5*		*0*	*0*	*5*
Benelux	**83**		**2**	**1**	**84**
*Traditional Fnac****	10		2	1	11
Proximity Fnac	1		0	0	1
Darty	72		0	0	72
Fnac Darty Group	**717**	**96**	**78**	**11**	**880**
Traditional Fnac	146		11	2	155
Suburban Fnac	14		3	0	17
Travel Fnac	26		6	1	31
Proximity Fnac	68		7	0	75
Fnac Connect	8		11	1	18
Darty	454		36	6	484
Fnac/Darty	1		0	0	1
Nature & Découvertes.	0	96	4	1	99
Of which franchised stores	*260*	*8*	*55*	*3*	*320*

* Including 11 Fnac stores abroad: two in Tunisia, three in Morocco, one in the Congo, one in Cameroon, two in the Ivory Coast, two in Qatar and two Darty stores in Tunisia; 17 stores in the French overseas territories.

** Nature & Découvertes and its subsidiaries, which are managed from France. Including three stores in Germany, four stores in Belgium, one store in Luxembourg and eight franchises in Switzerland.

*** Including one store in Luxembourg, which is managed from Belgium.

<u>DEFINITIONS OF ALTERNATIVE PERFORMANCE INDICATORS</u>

CHANGE IN REVENUES AT CONSTANT EXCHANGE RATES AND COMPARABLE SCOPE OF CONSOLIDATION

The change in revenues at constant exchange rates and comparable scope of consolidation means that the impact of exchange rate fluctuations has been excluded and that the effect of changes in scope is corrected to not take modifications (acquisition, sale of subsidiary) into account. The exchange rate impact is eliminated by recalculating sales for year N-1, based on the exchange rates used for year N. The revenues of subsidiaries acquired or sold since January 1 of year N-1 are excluded from the calculation of the change. This indicator can be used to measure the change in revenues excluding the effects of exchange rates and scopes of consolidation.

CHANGE IN REVENUES ON A LIKE-FOR-LIKE BASIS

The change in revenues on a like-for-like basis means that the impact of exchange rate fluctuations has been excluded, that the effect of changes in scope has been corrected (acquisition, sale of subsidiary) and that the effect of directly-owned store openings and closures since January 1 of year N-1 has been excluded. This indicator can be used to measure the change in revenue excluding the effects of exchange rates, scopes of consolidation and directly owned store openings and closings.

EBITDA

EBITDA = Earnings (current operating income) Before Interest, Tax, Depreciation, Amortization and provisions on fixed operational assets.

EBITDA	***+ Rents within the scope of IFRS 16 =***	**EBITDA excluding IFRS 16**
Current operating income before depreciation, amortization and provisions on fixed operational assets		EBITDA including rental expenses within the scope of IFRS 16

Free Cash flow from operations	***+ Disbursement of rents within the scope of IFRS 16 =***	**Free Cash flow from operations excluding IFRS 16**
Net cash provided by operating activities less net operating investments		Free cash flow from operations including cash impacts relating to rents within the scope of IFRS 16

Net debt	***- Rental debt =***	**Net debt excluding IFRS 16**
Gross financial debt less gross cash and cash equivalents		Net financial debt less rental debt

Financial result	***- Financial interest on rental debt =***	**Financial result excluding IFRS 16**