

Good sales momentum in Q1 2019

- Revenues reached €1,715 million, up +1.7% on a reported and like-for-like basis, despite a negative calendar effect in the first quarter
- Continued development of the Group's omnichannel platform with sustained growth in e-commerce and acceleration in mobile
- Accelerated roll-out of the Confiance+ strategic plan and strengthening of the Group's multi-specialist profile with the acquisition of WeFix, Billetreduc.com and Nature & Découvertes
- Improvement in the Group's credit rating with Standard & Poor's and Investment Grade rating with Scope Rating

Enrique Martinez, Chief Executive Officer of Fnac Darty, declared: "In a sluggish consumer environment, particularly in France, the Group posted revenue growth in the first quarter, mainly thanks to the quality of its commercial execution enabling market share gains. All teams are now focused on stepping up the roll-out of Confiance+ and implementing growth projects, particularly those linked to digital. In Q1, our sound e-commerce performance illustrates the Group's progress in the omnichannel customer experience. Finally, our recent strategic moves in terms of acquisitions, WeFix, Billetreduc.com and Nature & Découvertes show Fnac Darty's capacity to play a key role in the consolidation of the sector."

FIRST QUARTER 2019 REVENUE

	Q1 2019 in €M	Change vs Q1 2018	
		Reported	Like-for-Like ¹
France and Switzerland	1,318	+1.2%	+1.1%
Iberian Peninsula	151	-0.8%	-1.2%
Benelux	245	+6.2%	+7.3%
Group	1,715	+1.7%	+1.7%

¹ Like-for-like: excluding the impact of currency, changes in the scope of consolidation, openings and closures of directly-owned stores

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FIRST QUARTER 2019 HIGHLIGHTS

Sales growth in the first quarter

Group revenues amounted to €1,715 million in the first quarter of 2019, up +1.7% on a like-for-like and reported basis.

This solid performance was achieved despite a negative calendar effect over the quarter, and in a sluggish consumer climate.

Excluding editorial products, all Group's segments recorded growth. Consumer electronics showed strong momentum thanks to the sound and telephony segments and a more favorable line-up in the hardware segment. Household appliances showed solid performance, mainly driven by market share gains. Editorial products were particularly impacted in the first quarter by the continuing "yellow vests" protests in France, which had a negative impact on store traffic, and impulse purchases of books in particular. The Group's active diversification strategy reaped the benefits, with record growth this quarter in the Toys & Games, Home & Design and Urban Mobility categories. Finally, services continued to experience strong growth momentum in all regions, and benefited from the integration of WeFix in France.

Revenues in the France-Switzerland segment were up +1.1%¹ despite continued social protests in the first quarter. Internationally, sales in the Iberian Peninsula were down slightly (-1.2%)¹ due to negative calendar effects and timing differences in promotional periods. With the integration of Wehkamp, revenues for the Benelux region showed sustained growth (+7.3%)¹, despite an unfavorable calendar effect, and a negative comparison basis.

Operational improvements and roll-out of Confiance+

The Group continued its rapid roll-out of its Confiance+ strategic plan, strengthening its omnichannel platform.

During the quarter, e-commerce activities were marked by solid performance internationally, with double-digit growth, and marketplaces pursuing fast development. E-commerce performance in France benefited from the good momentum in consumer electronics and the Diversification segment. Fnac Darty is committed to continuing to improve its digital platform and accelerating its digital transformation. Mobile also remains an area for development for the Group which is introducing tools to help customers with their purchasing decision to improve the customer experience in this channel.

During the quarter the Group continued to strengthen its territorial coverage at a sustained pace of expansion, opening 9 new stores, including 8 under franchise. The store network now includes 783 stores, 267 of which were franchises at the end of March.

In addition, following the launch in 2018 of pilot stores for the reservation of gaming products directly from store inventory, the Group continued to strengthen its omnichannel offerings and started to deploy the same service for books, CD and DVD this quarter, giving its customers the option to pick up their purchases within an hour. All of Fnac's integrated stores in France deployed this new service during the first quarter.

Finally, omnichannel initiatives continued to be introduced in stores in the first quarter, with the ongoing digitalization of stores; 15 additional stores were digitalized during the quarter.

Diversification categories were strengthened during the quarter with double-digit growth recorded once again in the Toys & Games and Home & Design segments. The Kitchen segment experienced strong momentum, mainly driven by sales of built-in products, and market share gains as a result of new collaborations with

independent kitchen fitters. Fnac Darty set a new record for kitchen sales in March, which demonstrates the relevance of the model.

The Group's partnerships continued to be rolled out. The partnership with Google pursued in the first quarter with the preparation of a second wave of openings of corners planned in the coming months. The integration of Wehkamp in the Netherlands was completed in the first quarter and the Group will continue to reap the benefits for the rest of the year. Finally, the Darty shop-in-shops tests in two Carrefour hypermarkets continued.

An external growth strategy based on the synergy and complementarity with the DNA of the Group's banners

Integration of WeFix

The integration of WeFix, French leader in express smartphone repair, was completed according to the plan set by the Group, which aims to double in two years the number of repair points and develop partnerships with insurers and operators. The Group is stepping up the number of openings to enable customers to benefit from express repair services, and recorded 8 new openings in the first quarter, including 4 as corners in Fnac or Darty stores, bringing the total number of sales points to 65 at the end of the first quarter. This acquisition is fully in line with the Group's intention to increase product life time, with, for WeFix, a service offer adapted to smartphones and tablets.

Acquisition of Billetreduc.com

The Group, through its subsidiary France Billet, also completed in the first quarter the acquisition of Billetreduc.com, a specialist in culture and entertainment ticket sales. This acquisition enables the Group to provide a broader and more diversified ticket sales offering, selling additional tickets through the last-minute market.

Acquisition of Nature & Découvertes

Fnac Darty recently announced exclusive discussions to acquire Nature & Découvertes, leader in the omnichannel distribution of natural and well-being products. This acquisition will allow the Group to diversify its product offering and strengthen its positioning in committed natural product consumption, theme which is increasingly important to consumers. A number of areas for collaboration between Fnac Darty and Nature & Découvertes would be deployed, to promote the power of the Nature & Découvertes brand, particularly through corners in Fnac stores in France and abroad. Finally, Nature & Découvertes would benefit from the Group's digital expertise.

Improvement of the Group's credit profile

During the quarter, Fnac Darty announced the signing of a credit agreement for €100 million with the European Investment Bank (EIB). Issued under the "Junker plan", this loan will be used to finance the Group's digital transformation investments in support of the roll-out of Confiance+. This loan has a maximum maturity of 9 years, under very attractive conditions. The Group has 18 months to draw from this credit line.

In March 2019, the rating agency Standard & Poor's raised the Group's long-term credit rating to BB+, after having increased Fnac Darty's rating outlook to "positive" in April 2018, underlining the Group's financial soundness.

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Fnac Darty also received a BBB- rating from Scope Ratings. This rating complements the BB+ ratings (outlook stable) and Ba2 (outlook stable) received from Standard & Poor's and Moody's respectively.

All of these actions taken in the first quarter reinforce the Group's financial structure and reflect its robust operational performance.

ANALYSIS OF REVENUE BY REPORTING SEGMENT

France-Switzerland

In the first quarter, sales in the France-Switzerland segment amounted to €1,318 million, up +1.2% in reported figures and +1.1% on a like-for-like basis, despite an unfavorable calendar effect over the quarter and the continued “yellow vests” protests. In a consumer environment which remains sluggish, sales experienced satisfactory performance.

The region recorded strong momentum in household appliances mainly driven by large appliances. Consumer electronics experienced growth thanks to the telephony sector and despite a lackluster imaging segment. Editorial products were impacted by a less extensive line-up than in 2018 during the January literary season. The ongoing social protests in France adversely impacted store traffic, affecting city-center and spontaneous purchases in particular in the editorial products category. The diversification categories experienced strong growth thanks to the good performance of the Toys & Games and Urban Mobility segments. Finally, the development of services continued, particularly with the successful integration of WeFix.

During the first quarter, the Group opened 8 franchise stores, of which 6 Darty and 2 Fnac, and closed or relocated 5 stores.

Iberian Peninsula

Revenues in the Iberian Peninsula reached €151 million, down -0.8% on a reported basis and -1.2% on a like-for-like basis, in a sluggish consumer environment. Digital platforms experienced solid growth in the quarter, and services once again recorded double-digit growth.

In Portugal, sales of editorial products were impacted by negative external effects as a result of a late Easter and an abnormally warm weather conditions. In Spain, consumer electronics showed good resilience whereas editorial products were in decline. Fnac Home continued its strong momentum during the quarter.

Benelux

Revenues for the Benelux segment reached €245 million, up sharply by +6.2% on a reported basis and +7.3% on a like-for-like basis. This increase is mainly the result of the Wehkamp integration in the Netherlands. The quarter was marked by a strong negative calendar effect in the region.

In Belgium, sales were in decline due to the unfavorable comparison basis particularly in the household appliances category. Consumer electronics and editorial products, in line with the market, were in decline. E-commerce sales continued to show very good momentum. A restructuring plan was launched in Fnac in the first quarter to boost stores’ agility.

In the Netherlands, the Group bounced back with market share gains in what remains a highly competitive environment. E-commerce sales experienced strong growth in the first quarter.

Gross margin rate

The gross margin rate was slightly down over the quarter due to the dilutive effect of the franchise and the integration of Wehkamp as well as an unfavorable product mix effect, notably with the decline of editorial products sales.

OUTLOOK

Fnac Darty's leading position, its capacity for innovation and the accelerated roll-out of Confiance+ should enable the Group to achieve higher growth than its markets in 2019.

Expansion will continue this year, mainly through the opening of franchise stores. The Group should open about 60 stores in 2019.

Fnac Darty also confirms its mid-term objectives and aims to achieve higher growth than its markets, and a current operating margin between 4.5% and 5%.

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FIRST QUARTER 2019 REVENUE

Jean-Brieuc Le Tinier, Group Chief Financial Officer, will host a conference call for investors and analysts on Thursday, April 18, 2019, at 6:00 p.m. (CET); 5:00 p.m. (UK); 12:00 p.m. (East Coast USA).

Conference call dial-in numbers:

France: +33 1 72 72 74 03

Germany: +49 692 2225429

UK: + 44 207 194 3759

US: +1 646 722-4916

Access code: 59223021#

Replay dial-in numbers (available until Thursday, July 18, 2019)

France: +33 1 70 71 01 60

Germany: +49 211 97190087

UK: +44 203 364 5147

US: +1 646 722-4969

Replay access code: 418844258#

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APPENDICES

STORE NETWORK

	Dec.-18	Opening	Closing	March cumulative
France and Switzerland	571	8	5	574
<i>Traditional Fnac</i>	91	0	0	91
<i>Suburban Fnac</i>	14	0	0	14
<i>Travel Fnac</i>	24	2	1	25
<i>Proximity Fnac</i>	53	0	0	53
<i>Fnac Connect</i>	6	0	0	6
<i>Darty</i>	382	6	4	384
<i>Fnac Darty France</i>	1	0	0	1
<i>Of which franchised stores</i>	255	8	1	262
Iberian Peninsula	62	1	1	62
<i>Traditional Fnac</i>	45	0	1	44
<i>Travel Fnac</i>	2	0	0	2
<i>Proximity Fnac</i>	13	1	0	14
<i>Fnac Connect</i>	2	0	0	2
<i>Of which franchised stores</i>	5	0	0	5
Benelux	147	0	0	147
<i>Traditional Fnac</i>	10	0	0	10
<i>Proximity Fnac</i>	1	0	0	1
<i>Darty</i>	136	0	0	136
Fnac Darty Group	780	9	6	783
<i>Traditional Fnac</i>	146	0	1	145
<i>Suburban Fnac</i>	14	0	0	14
<i>Travel Fnac</i>	26	2	1	27
<i>Proximity Fnac</i>	67	1	0	68
<i>Fnac Connect</i>	8	0	0	8
<i>Darty</i>	518	6	4	520
<i>Fnac/Darty</i>	1	0	0	1
<i>Of which franchised stores</i>	260	8	1	267

The France-Switzerland segment includes 11 stores abroad: 2 in Tunisia, 3 in Morocco, 1 in Congo, 1 in Cameroon, 2 in the Ivory Coast and 2 in Qatar; 15 stores in the French Overseas Departments and Territories.

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DEFINITIONS OF ALTERNATIVE PERFORMANCE INDICATORS

CHANGE IN REVENUE ON A LIKE-FOR-LIKE BASIS (CONSTANT EXCHANGE RATES, COMPARABLE SCOPE OF CONSOLIDATION AND ON A SAME-STORE BASIS

The change in revenue 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, disposal of subsidiary) and that the effect of directly-owned store openings and closures since January 1 of financial year N-1 has been excluded. This indicator can be used to measure revenue excluding the effects of exchange rates, scopes of consolidation and directly-owned store openings and closings.

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