



HALF-YEAR
RESULTS
2019

July 25, 2019



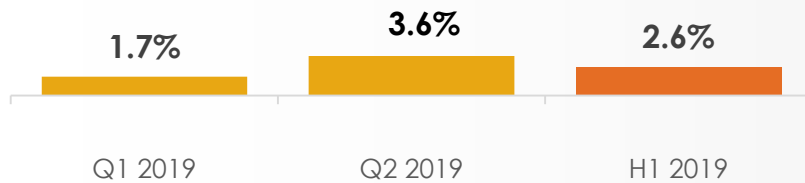
FNAC DARTY

H1 2019 HIGHLIGHTS

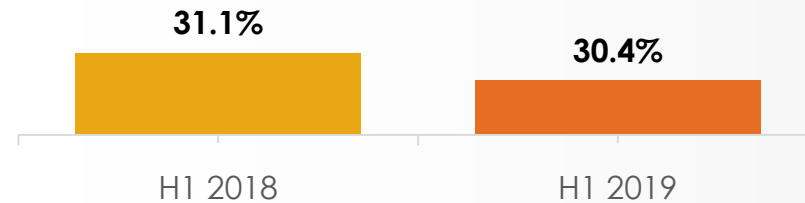
- + Solid sales momentum with Group revenue of **€3,284.6 million**, up **2.6%** on a like-for-like basis, driven by all regions and digital
- + Current operating income at **€42.2 million**, with a **solid gross margin rate of 30.4%**, despite the technical impact of perimeter effects and product mix
- + **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⁽¹⁾



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

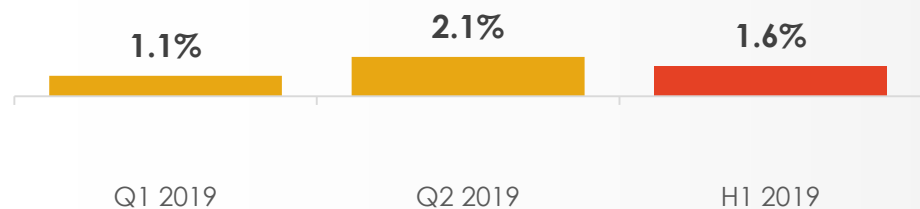
- Near stable costs despite higher inflation, increased activity and perimeter effect of more than €10 million
- Performance plans delivering well

FRANCE AND SWITZERLAND IN H1 2019

€m	H1 2018	H1 2019	Change
Revenues	2,482	2,524	+1.7%
Current operating income	47	40	-€7m
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 ⁽¹⁾



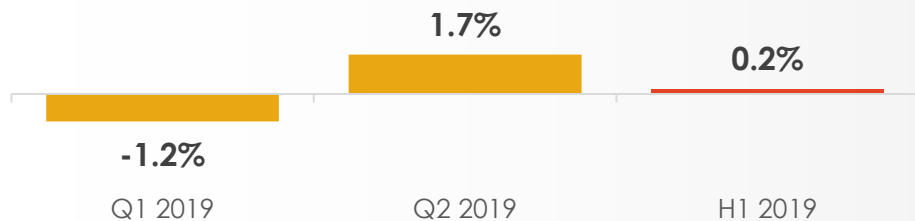
(1) Like-for-like: excluding FX, perimeter and expansion effects

IBERIAN PENINSULA IN H1 2019

€m	H1 2018	H1 2019	Change
Revenues	294	296	+0.5%
Current operating income	3.3	5.5	+€2.2m
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 ⁽¹⁾

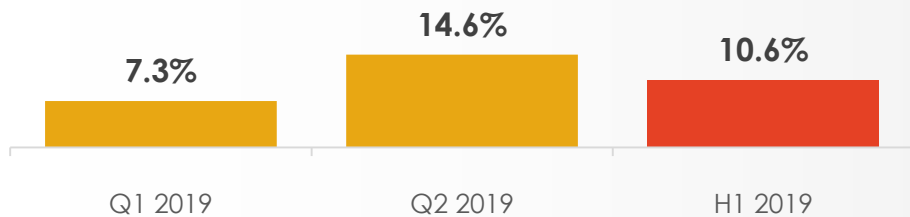


(1) Like-for-like: excluding FX, perimeter and expansion effects

BENELUX IN H1 2019

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

H1 2019 sales evolution ⁽¹⁾



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

- + 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 GROUP FINANCIAL RESULTS

€m	H1 2018	H1 2019
Current operating income	46	42
Non-current operating income and expenses	-11	-22
Operating income	35	21
Financial expense	-25	-54
Tax expense	-2	-7
Net income from continuing operations	7	-40
Discontinued operations	1	0
Net current income, Group share¹	11	0

- + 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

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

FREE CASH FLOW GENERATION

€m	H1 2018	H1 2019
EBITDA	95	207
IFRS 16 impact	-	-116
Non-recurring cash elements	-16	-30
Cash flow from operations before tax, dividends and interest	78	61
Change in working capital ¹	-321	-376 ²
CAPEX	-45	-49
Tax	-17	-15
Operating Free Cash flow¹	-305	-379

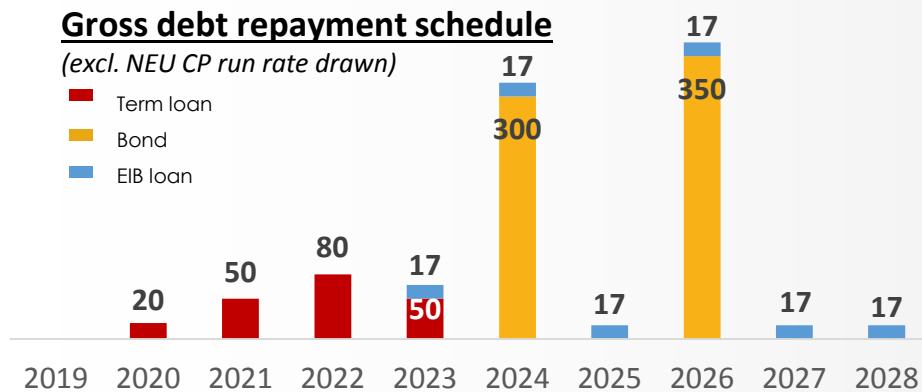
¹ excluding IFRS 16

² 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

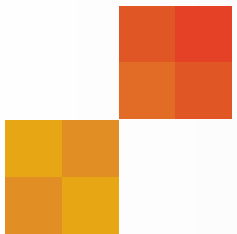
€m	31/12/2018	30/06/2019
Shareholders' equity	1,261	1,177
Net Debt¹	(7)	452
Gross debt (excl. EIB loan)	911	928
Cash & cash equivalents	(919)	(476)
Rental debt (IFRS16)	-	936



¹ 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

STRATEGIC ACHIEVEMENTS



FNAC DARTY

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

AN ENRICHED ECOSYSTEM TO ACCELERATE FNAC DARTY'S TRANSFORMATION

+ Reinforced multi-specialist profile of the Group through acquisitions

- Ongoing acquisition of **Nature & Découvertes** which should be finalized in the coming weeks
- Integration of **WeFix** according to plan
 - 22 new corner openings in the half year, with a total number of 79 sales points at the end of June
- Acquisition of **BilletReduc.com**, a specialist in cultural and entertainment ticket sales, to enlarge the Group's ticketing offering with last minute tickets

+ An enlarged ecosystem of partnerships

- Recently announced strategic partnership between **France Billet** and **CTS Eventim** to accelerate the digital transformation of the Ticketing business
- Exclusive distribution partnership with **Xiaomi**
 - + A first corner dedicated to Xiaomi products opened in a Fnac store during the first half year

- + France Billet is the leader in ticketing in France with an offering of 60,000 shows annually, and a strong multichannel platform
- + Fnac Darty plans to boost France Billet's development through an alliance with a powerful partner that has influence across Europe
 - CTS is a European leader in ticketing, representing more than €1 billion in revenue and more than 250 million tickets sold in 2018
- + France Billet will acquire 100% of the capital of CTS Eventim France
- + CTS Eventim will acquire a 48% minority stake in France Billet, which will remain under Fnac Darty's control. In the mid-term, CTS Eventim will have an option to increase its share to a majority stake
- + Fnac Darty plans to retain a long-term strategic interest in France Billet



IMPROVING VALUE CREATION AND VALUATION OF THE TICKETING BUSINESS

AN OMNICHANNEL PLATFORM REINFORCED TO OFFER THE BEST CLIENT EXPERIENCE

+ Continued **expansion of store network** in H1

- **800+ stores** at end of June 2019
- Almost **290 stores digitalized**
- Close to **60 openings targeted** in 2019

+ **Acceleration in digital development**

- **Digital factory project** deployed to accelerate time to market, which will contribute to an improved customer experience
- **Double-digit growth** in online sales, which represent 19% of sales in H1 2019 (+1pt vs. H1 2018)
- **62%** of web traffic is **mobile**
- **49%** of online sales are now **omnichannel**

A REINFORCED DIVERSIFICATION OF OFFERING AND SUPPORT FOR CUSTOMERS TOWARDS AN « EDUCATED CHOICE »

+ Continued acceleration in Kitchen corners deployment

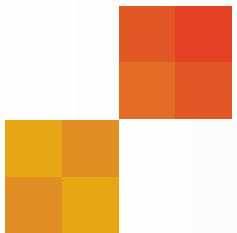
- 10 new **Kitchen points of sale** opened in H1, o/w 4 stand alone
- **140+ Kitchen points of sale** at end of June 2019

+ Continuing initiatives to promote an “educated choice” to customers

- Launch of the second “**after-sales service barometer**”
- Creation of the “**Durable Choice by Darty**”
- Extension of the scope of the **reparability index** to smartphones

+ Group CSR ambitions affirmed with the **reduction of 50%** of the Group’s **CO2 consumption in France by 2030**

CONCLUSION



FNAC DARTY

CONCLUSION AND OBJECTIVES

+ In H2, focus on:

- **Operational excellence** and **cost control** for high season in Q3 and Q4
- **Integration** of acquisitions
- Acceleration on **digital**
- Reinforced **omnichannel** footprint (close to 60 store openings targeted in 2019)
- “**Educated choice**” for customers and improved **customer experience**

+ Mid-term objectives¹ confirmed

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

¹ including IFRS 16



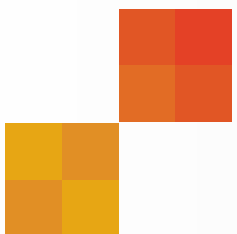
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APPENDICES



FNAC DARTY



DEFINITIONS

+ Definition of Like-for-like sales growth

- This indicator measures changes in revenue excluding exchange rate fluctuations, the impact of variations in perimeter and the impact of the opening and closing of integrated stores since January 1, N-1.

+ Definition of Current operating income

- The monitoring of the Group's operating performance uses the current operating income as the main operating balance. It is defined as the difference between the total operating profit and the "Other non-current operating income and expenses."
- Recurring operating income is an intermediate line item intended to facilitate the understanding of the entity's operating performance that can be used as a way to estimate recurring performance.

+ Definition of EBITDA and EBITDAR

- EBITDA = Current operating income before depreciation, amortization and provisions on fixed operational assets.
- EBITDAR = EBITDA before property rental costs.

+ Definition of Free cash flow from operations

- This financial indicator measures net operating cash flow and gross operating investment flow (defined as purchases and sales of tangible and intangible non-current assets, and the change in supplier accounts payable for non-current assets).

+ Definition of Net current income

- The Net current income refers to the net result of continuing operations, adjusted for exceptional items for the year.
- Other non-current operating income and expenses, exceptional items relating to financial income or tax, and the tax impact of these items are therefore restated.

DEFINITIONS

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

Q1/Q2/H1 REVENUE

(€m)	Q1 2019	Change vs. Q1 2018			Q2 2019	Change vs. Q2 2018			H1 2019	Change vs. H1 2018		
		Reported	At constant FX and comparable scope of consolidation	Like for like		Reported	At constant FX and comparable scope of consolidation	Like for like		Reported	At constant FX and comparable scope of consolidation	Like for like
France and Switzerland	1,318	+1.2%	+0.9%	+1.1%	1,206	+2.2%	+1.7%	+2.1%	2,524	+1.7%	+1.3%	+1.6%
Iberian Peninsula	151	-0.8%	-0.8%	-1.2%	144	+2.0%	+2.0%	+1.7%	296	+0.5%	+0.5%	+0.2%
Benelux	245	+6.2%	+6.2%	+7.3%	219	+14.0%	+14.0%	+14.6%	465	+9.8%	+9.8%	+10.6%
Group	1,715	+1.7%	+1.4%	+1.7%	1,570	+3.7%	+3.3%	+3.6%	3,285	+2.7%	+2.3%	+2.6%

EBITDA & EBITDAR EXCLUDING IFRS 16

(€m)	H1 2018	H1 2019
EBITDA	95	91
Property rents	105	108
EBITDAR	200	199

NET INCOME TO NET CURRENT INCOME

(€m)	H1 2018	H1 2019
Net income from continuing activities, Group share	6.8	(39.0)
Non-current expenses	10.9	21.5
Non-current financial expenses	5.9	27.0
Taxes¹	(12.7)	(9.4)
Net current income, Group share	10.9	0.1

(1) Including non-current tax effects, as well as the tax impact of other restated non-current expenses

CASH FLOW STATEMENT

(€m)	H1 2018	H1 2019
Net debt excluding IFRS 16 as of January 1	86	(7)
Cash flow from operations before tax, dividends and interest	78	178
Change in working capital	(321)	(371)
Corporate income tax paid	(17)	(15)
Operating investments	(45)	(49)
Operating free cash flow	(305)	(258)
Interest paid net of interest and dividends received	(17)	(33)
Acquisition / disposal of subsidiaries net of cash transferred	0	(30)
Acquisition / disposal of other financial assets (net)	(2)	(1)
Increase / decrease in equity and other transactions with shareholders	(6)	(13)
Repayment of rental debts	0	(110)
Interest paid on rental obligations	0	(12)
Cash flow related to discontinued activities	0	0,0
Others	(2)	(3,0)
Change in net debt, excluding IFRS 16	(331)	(460)
Net debt excluding IFRS 16 as of June 30	417	452
Rental debt	-	936
Net debt including IFRS 16 as of June 30	417	1,388



Operating Free
Cash Flow
excluding IFRS 16:
€(379)m

BALANCE SHEET

Assets in €m	At December 31, 2018	At June 30, 2019	Equity and Liabilities in €m	At December 31, 2018	At June 30, 2019
Goodwill	1,560	1,585	Share capital	27	27
Intangible assets	480	471	Reserves related to equity	984	972
Tangible assets	620	593	Conversion reserves	(5)	(4)
Right of use related to rental contracts	-	931	Other reserves	247	176
Equity interests	20	21	Equity Group Share	1,254	1,170
Non-current financial assets	21	24	Equity attributable to minority interests	8	7
Deferred tax assets	67	68	Equity	1,261	1,177
Other non-current assets	0	0	Long-term liabilities	855	854
Non-current assets	2,767	3,692	Long term rental debt	-	742
Inventories	1,092	1,067	Provisions for retirement and similar benefits	162	202
Accounts receivable	272	176	Other non-current liabilities	191	175
Current tax receivables	42	18	Deferred tax liabilities	190	193
Other current financial assets	14	8	Non-current liabilities	1,398	2,165
Other current assets	406	315	Short-term liabilities	56	74
Cash & cash equivalents	919	476	Short-term rental debt	-	194
Current assets	2,744	2,059	Other current financial liabilities	16	20
Assets held for sale	0	0	Accounts payable	1,877	1,448
Total assets	5,511	5,751	Provisions	52	38
			Tax liabilities	44	7
			Other current liabilities	806	628
			Current liabilities	2,851	2,408
			Liabilities associated with assets classified as held for sale	1	1
			Total liabilities and equity	5,511	5,751

← €936m of IFRS 16 impact related to rental debt

←

STORE NETWORK

	December 31, 2018			June 30, 2019		
	Owned	Franchised	Total	Owned	Franchised	Total
France and Switzerland⁽¹⁾	316	255	571	316	279	595
Iberian Peninsula	57	5	62	57	5	62
Benelux	147	0	147	147	0	147
Group	520	260	780	520	284	804

(1) including 13 foreign stores: 1 in Luxembourg, 3 in Morocco, 2 in Tunisia, 1 in Congo, 1 in Cameroon, 2 in Côte d'Ivoire and 2 in Qatar; and 17 overseas stores

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