



FULL YEAR
RESULTS
2018

FEBRUARY 21ST, 2019

FNAC DARTY

AGENDA



9.30 am

INTRODUCTION AND 2018 STRATEGIC ACHIEVEMENTS

Enrique Martinez, CEO



10.00 am

2018 ANNUAL RESULTS PRESENTATION

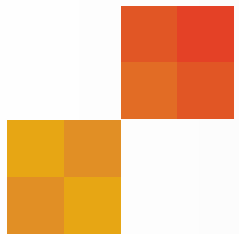
Jean-Brieuc Le Tinier, CFO



10.30 am

CONCLUSION AND Q&A SESSION

INTRODUCTION & 2018 STRATEGIC ACHIEVEMENTS



Enrique Martinez, CEO

FNAC DARTY



FNAC DARTY, LEADING OMNICHANNEL RETAILER



780

multi-format stores
across the world

2nd

Largest e-commerce
player in France¹



49%

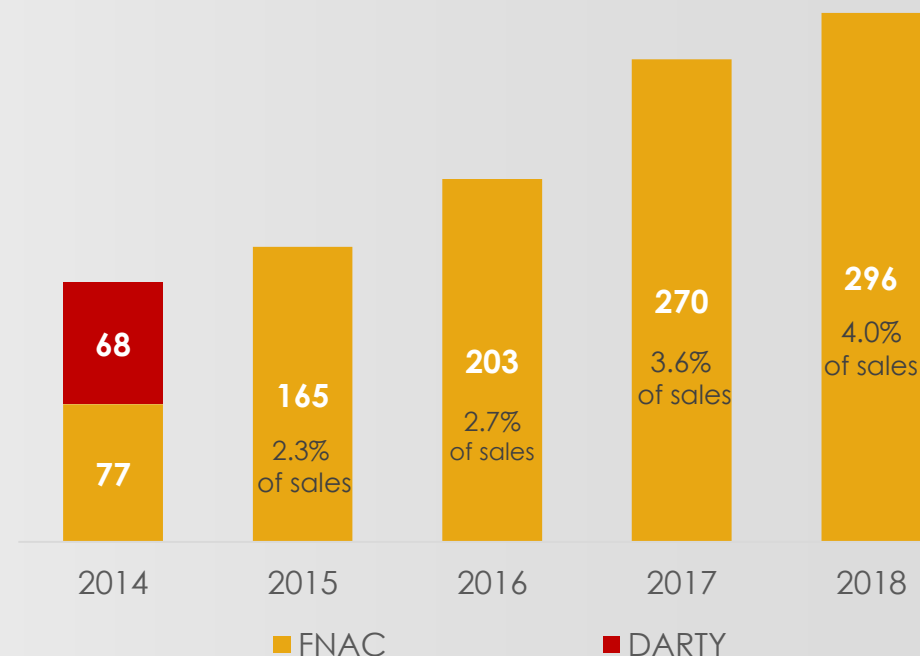
of online sales are
now omnichannel

- + Successful merger between two iconic brands
- + 25,000 people sharing the same values and the Confiance+ roadmap
- + Facing a time of transformation for the whole retail sector, Fnac Darty is in perfect position to be a market leader

STRONG 2018 RESULTS

- + **Topline growth delivered**
- + **Strong increase in Current Operating Income** at €296m, up +10% vs. 2017, reflecting good operational performance and synergies completion
- + **Tight commercial policy**
 - Gross margin at 30.3%, increased by +20bps, excluding the impact of the franchise (-30bps)
- + **Efficient cost control**
 - Costs reduced to 26.3% of sales from 26.7% in 2017
- + **Net income from continuing operations up +20%**
- + **High Operating Free Cash Flow** at €173m¹
- + **Net cash position** only two years after acquiring Darty

EBIT evolution by year in €m



(1) Excluding the €20m fine from the French Competition Authority

2018: SUCCESSFUL INTEGRATION

BUILDING 1 GROUP WITH 2 BANNERS

- + A **joint organization** serving 2 banners
- + Increased **organizational agility**
- + Promote a **common culture** around **shared and engaging values**
- + Our purpose: promoting “**choix éclairé**”

STRONG OPERATIONAL EXECUTION

- + **Operational agility** and **peerless execution**
- + **Market share gains** in France¹
- + Rapid deployment of **Confiance+** initiatives

**“ AT END 2018, €131m OF SYNERGIES DEPLOYED,
1-YEAR AHEAD OF ORIGINAL PLAN ”**

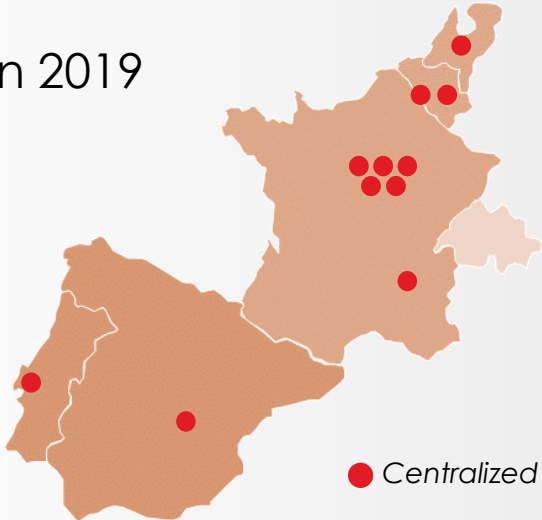
(1) source GfK

CONFIANCE+: OUR OMNICHANNEL MODEL RELIES ON A NETWORK OF STORES, WAREHOUSES AND AFTERSALES SERVICE

A DENSE STORE NETWORK



- + **780 stores** at year-end 2018
- + **250 stores digitalized** at the end of 2018
- + **60 openings targeted** in 2019



AN EFFICIENT OPERATIONS PLATFORM

- + **11 main warehouses in Europe**
- + **12m packages processed/year**
- + **4 efficient aftersales workshops in France**
- + **2,000 technicians**
- + **2m home installations/year**

“ SEAMLESS CLICK AND MORTAR CAPABILITIES ”

BUILDING STRONG DIGITAL CAPABILITIES ON OPERATIONAL AND OMNICHANNEL GROUNDS

ONLINE SALES REPRESENT 19% OF TOTAL SALES



30M references available on our **Marketplace**

49% of **online sales** are now **omnichannel**

56% of **web traffic** is **mobile**

A FIRST SUCCESSFUL “CONFIANCE +” YEAR

STRATEGIC PARTNERSHIPS



FOCUS ON GOOGLE

- + 3-month exclusive partnership with Google to launch its connected smart speaker and Google Home
- + Google offer available in all Fnac and Darty stores, including around 50 corners
- + “Darty Button” incorporated in Google Assistant ecosystem
- + Offer voice activated payments with Google Assistant to Fnac Darty customers
- + Common Ad campaign : 21.3M views on Youtube



CONFIANCE+: ENRICHED ECOSYSTEM FOR OUR CUSTOMERS

A SEAMLESS SHOPPING EXPERIENCE

- + **Cross-banner Click & Collect**
- + **A cash register free experience with Pay & Go**
- + **Voice activated payments** with Google Assistant
- + **Next day delivery at home** for all items, including bulky goods

STANDING OUT WITH ADVICE & “CHOIX ECLAIRÉ”

- + **Customers’ advice** with our salesmen and **technical expertise** thanks to LaboFnac
- + **Reinforced offering for repair & recycling:**
 - Best in class aftersales
 - Darty No.1
 - WeFix, a leader of express smartphone repair in France
 - Focus on “choix éclairé”
 - Barometer for product repair
 - Reparability index
- + **Enriched loyalty programs**

“ FNAC DARTY OFFERS BEST IN CLASS CUSTOMER EXPERIENCE ”

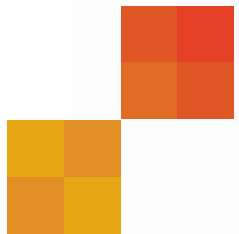


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FNAC DARTY

2018 FY RESULTS

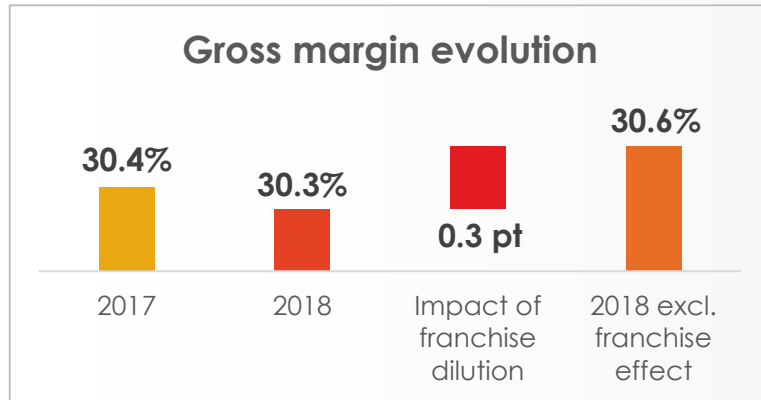
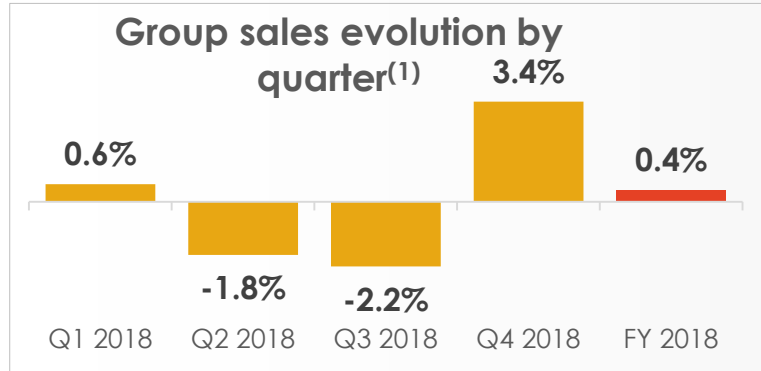


Jean-Brieuc Le Tinier, CFO

FNAC DARTY



TOPLINE GROWTH AND GOOD COMMERCIAL EXECUTION

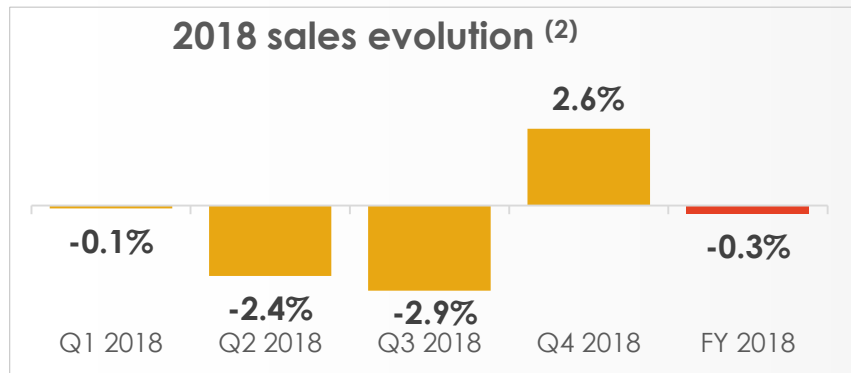


(1) Reported growth

- + **Exceptional items impacting topline growth** throughout the year
 - Q1: weather conditions impact of -0.4pt on sales
 - Q2: strikes in France impacting store traffic
 - Q3: high comparison basis related to product launches in 2017 (LFL +5.8% in Q3 17)
 - Q4: "Yellow Vests" protests impact of approx. €45m of loss in sales
- + **Growth opportunities seized** to deliver topline growth for the year
 - Excellent Black Friday execution in Q4
 - International operations up +2.4% in 2018
 - Double-digit growth of services and diversification categories
 - +20% growth of marketplaces
 - E-commerce: 19% of Group sales (+2 pts vs 2017)
 - 66 stores opened including 55 franchises
- + **Tight commercial policy:** gross margin up +20bp excluding the dilutive effect of franchises
- + **Strong operating model** delivering profitability growth in a tough environment

FRANCE AND SWITZERLAND IN 2018

€m	2017	2018	% Change
Revenues	5,856	5,835	-0.4%
Like-for-like⁽¹⁾			-0.1%
Current operating income	234	265	+13%
Operating margin	4.0%	4.5%	+50bp

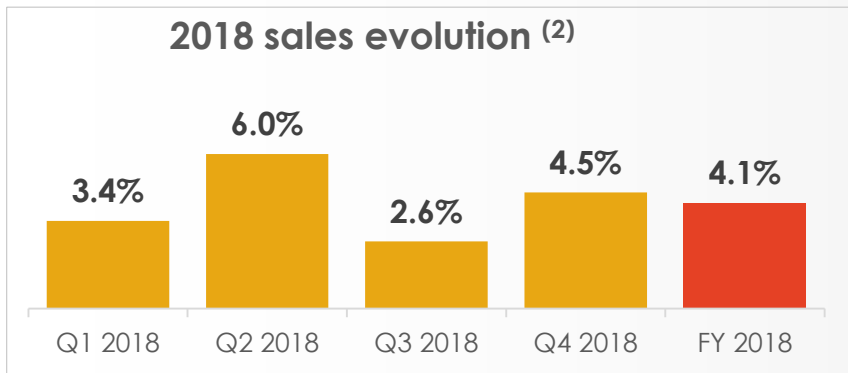


- + Stable sales on a LFL basis in a consumption climate impacted by multiple exceptional effects (weather in Q1, strikes in Q2 and “Yellow Vests” protests in Q4)
- + Strong execution in Q4 driven by success of Black Friday offsetting the impact of Yellow Vest protests
- + Market share gains
- + Operational agility, synergies completion and efficient cost control leading to strong growth in operating margin
- + Strong increase in current operating income, at +13%, despite decline in revenue
- + 62 store openings

(1) Like-for-like: excluding FX, perimeter and expansion effects
 (2) At comparable scope of consolidation and at constant forex

IBERIAN PENINSULA IN 2018

€m	2017	2018	% Change
Revenues	676	703	+4.1%
Like-for-like⁽¹⁾			+1.4%
Current operating income	24	25	+8%
Operating margin	3.5%	3.6%	+10bp

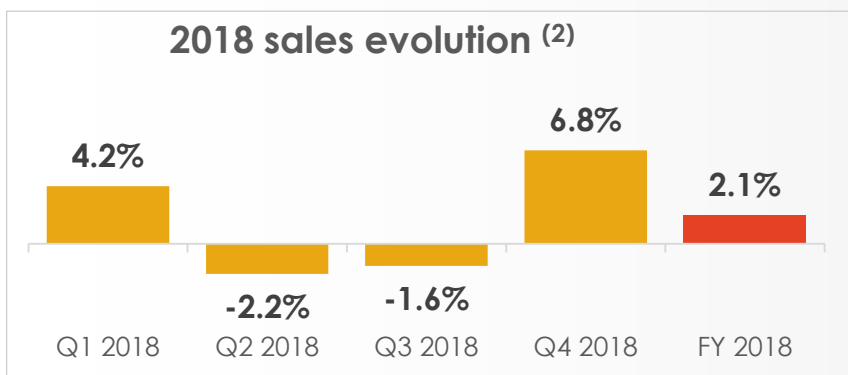


- + Strong sales growth throughout the year
 - Growth in Spain despite still tense political climate
 - Continuing strong growth in Portugal
- + Continuing expansion (3 openings in 2018)
- + Double-digit growth of web sales and services in both countries
- + Expanding network of small domestic appliances corners (approx.30 at end 2018)
- + Improving profitability in both countries, driven by gross margin control despite negative mix effect and opex increase related to expansion

(1) Like-for-like: excluding FX, perimeter and expansion effects
 (2) At comparable scope of consolidation and at constant forex

BENELUX IN 2018

€m	2017	2018	% Change
Revenues	917	936	+2.1%
Like-for-like⁽¹⁾			+2.1%
Current operating income	12	5	-€7m
Operating margin	1.3%	0.6%	-70bp



(1) Like-for-like: excluding FX, perimeter and expansion effects
 (2) At comparable scope of consolidation and at constant forex

- + Good sales performance in very competitive markets
- + Both Belgium and Netherlands delivering sales growth
- + Excellent Q4 performance with market share gains
- + Solid performance in Belgium
- + Growth at BCC despite store closures
 - Digital acceleration via first effects of the Wehkamp partnership
 - 7 stores closed at BCC in 2018
- + BCC current operating income negatively impacted by:
 - Management fees accounting
 - Continuing network restructuring
 - Wehkamp partnership implementation costs

2018 GROUP CURRENT OPERATING INCOME

€m	2017	2018	% Change
Revenues	7,448	7,475	+0.4%
Gross Margin <i>% Revenues</i>	2,261 30.4%	2,265 30.3%	-10bp
Total costs <i>% Revenues</i>	-1,991 -26.7%	-1,969 -26.3%	-40bp
Current operating income	270	296	+10%
<i>% Revenues</i>	3.6%	4.0%	+40pb

- + Growth of sales despite tough markets
- + Strong control of gross margin, up +20bp excluding the dilutive impact of franchises
- + Costs down, reflecting:
 - Fnac Darty synergies
 - Success of performance plans
- + Current operating income up +10%
- + Current operating margin up +40bp, at 4.0%, from 2.7% two years ago

GROUP REPORTED FINANCIAL RESULTS

€m	2017	2018
Current operating Income	270	296
Non-current operating income and expenses	-53	-39
Operating income	217	257
Financial charges	-44	-43
<i>o/w cost of net indebtedness</i>	-34	-36
<i>o/w other financial charges (net)</i>	-10	-7
Tax charges	-48	-65
Net income from continuing operations	125	150
Discontinued operations	-87	0

- + Strong current operating income growth reflecting operational agility
- + Non-current items mainly reflecting cost of implementation of synergies, and €20m fine from Competition Authority
- + Financial charges reflecting cost of debt and cost of consumer credit
 - Financial result impacted by one-off non-cash expenses of €6m, following the renegotiation of bank debt
 - €7m reflecting cost of consumer credit
- + 2018 effective tax rate of 30% vs normative tax rate of approx.40% including CVAE
- + Net income from continuing operations up +20%

STRONG FREE CASH FLOW GENERATION IN 2018

€m	2017	2018
EBITDA	370	399
Non-recurring cash elements ⁽¹⁾	-17	-38
Cash flow from operations before tax, dividends and interest⁽¹⁾	353	361
Change in working capital	56	1
CAPEX ⁽²⁾	-112	-118
Tax	-98	-72
Operating Free Cash flow⁽¹⁾	199	173

- + Cash impact of 2017 non-recurring elements due to integration rollout
- + Working capital impact is positive despite high comps in 2017 due to alignment of payment terms between Fnac and Darty
- + Capex under control

(1) Excluding the impact of the €20m fine from the Competition Authority

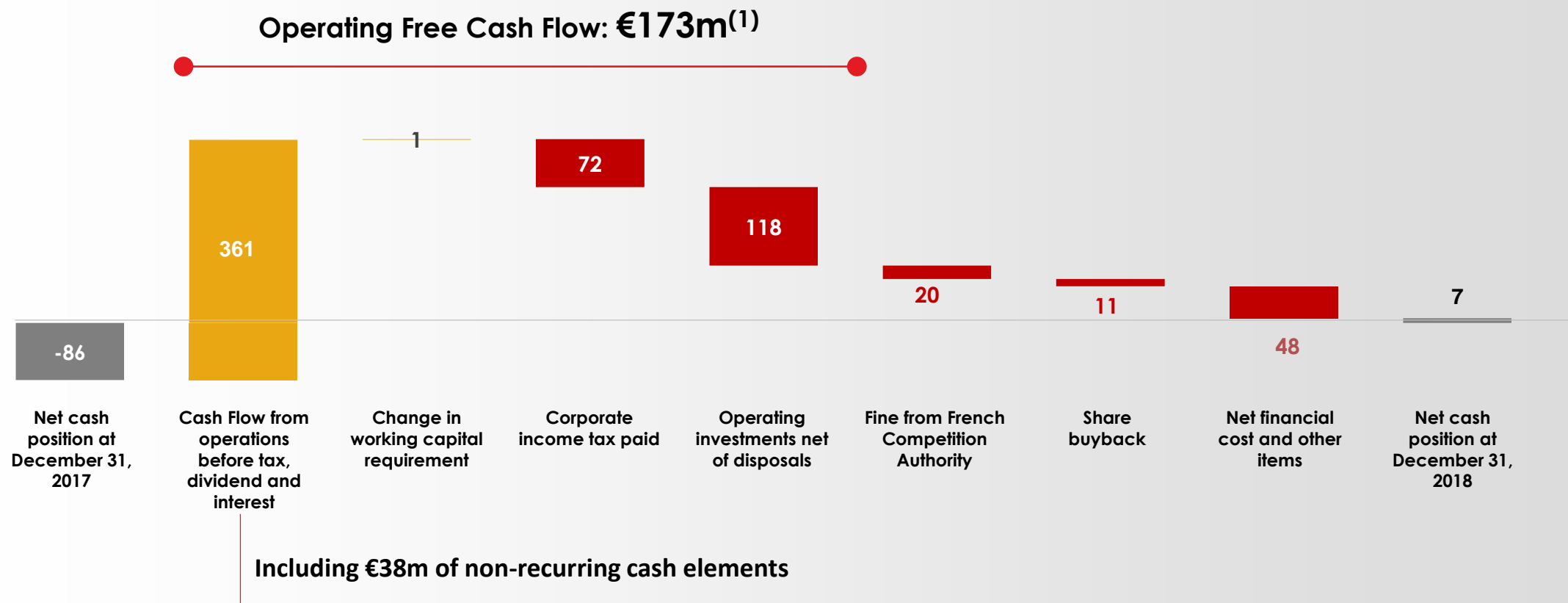
(2) Net of property disposals

A STRONG LIQUIDITY POSITION

€m	31/12/2017	31/12/2018
Shareholders' equity	1,103	1,261
Net Debt	86	(7)
<i>Gross debt</i>	861	911
<i>Cash & cash equivalents</i>	(775)	(919)

- + Return to a **net cash position**, only two years after the acquisition of Darty
- + **Successful bank debt renegotiation** in H1 2018, with improved terms and 2y maturity gain
- + **100 million credit agreement** signed with the **European Investment Bank (EIB)** with a maximum maturity of 9 years, at very attractive financing terms
- + **Positive outlook** granted by S&P in April 2018 and **BBB-** rating issued by **Scope Ratings**
- + **Shareholder return: launch of a share buyback program for up to 2% of share capital**

NET DEBT EVOLUTION IN 2018



(1) Excluding the impact of the €20m fine from the Competition Authority

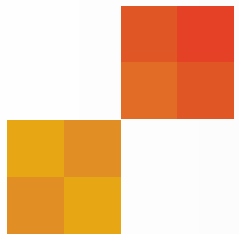


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FNAC DARTY

CONCLUSION



Enrique Martinez, CEO

FNAC DARTY



VISION AND 2019 KEY FOCUS

Being even more Client centric

Leverage trust and loyalty
Offer the best market omnichannel experience
Focus on team training to bring best in class customer experience
Search for new standards addressing new consumption trends and customers needs

Accelerating our digital transformation

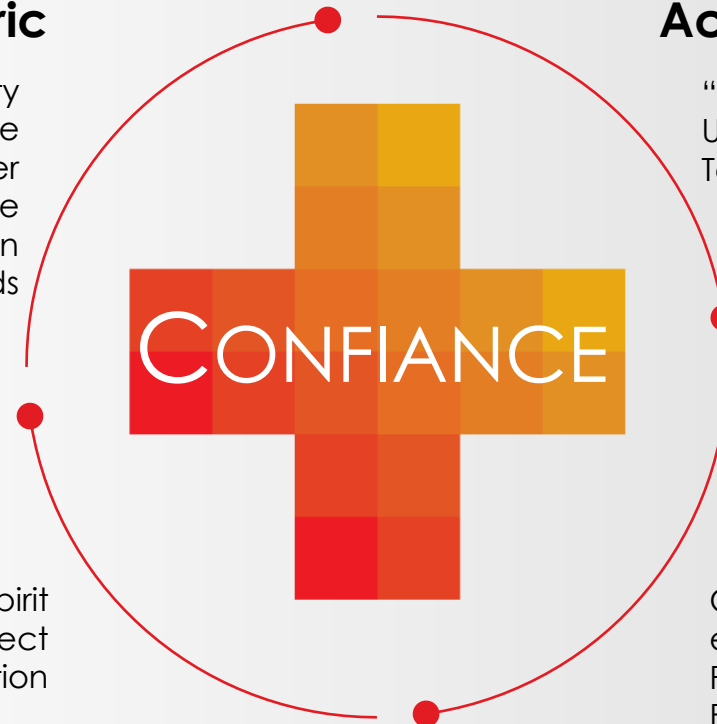
“Digital Factory” and major investments in IT
Updated marketplace platform
Test and learn process to implement shopping innovations

Focusing on Execution

Leading omnichannel player, with a competitive spirit
After successful integration, more scope for project implementation

Nurturing Responsibility

Committed to constantly offering clients more “choix éclairés”
Pioneer in the circular economy
Foster cultural and technological diversity and accessibility



Building future growth

Mid-term objectives confirmed

Higher growth than markets and 4.5% to 5% current operating margin



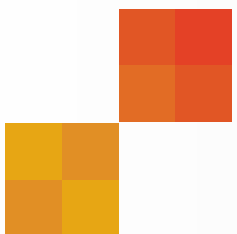
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FNAC DARTY

APPENDICES



FNAC DARTY

DEFINITIONS

+ **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**

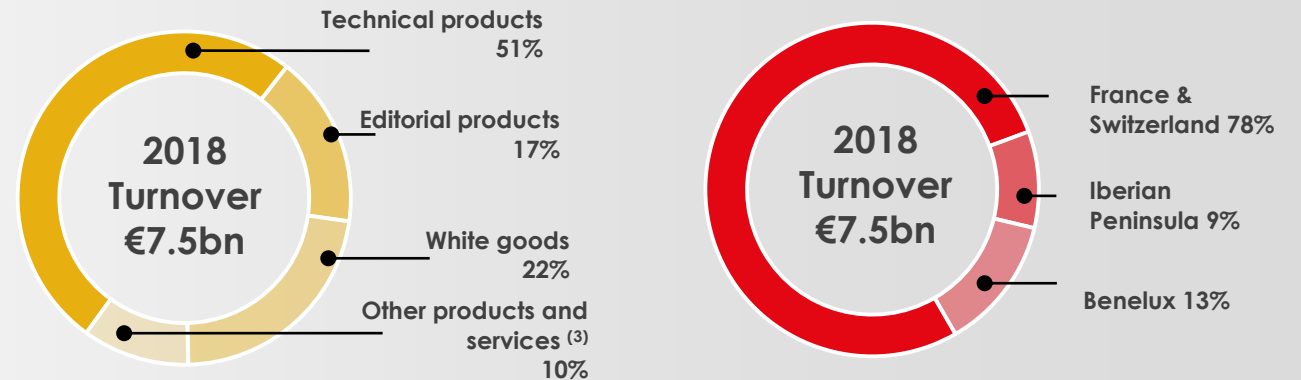
- EBITDA = Current operating income before depreciation, amortization and provisions on fixed operational assets.
- EBITDAR = EBITDA before rent costs.

+ **Definition of free cash flow from operations**

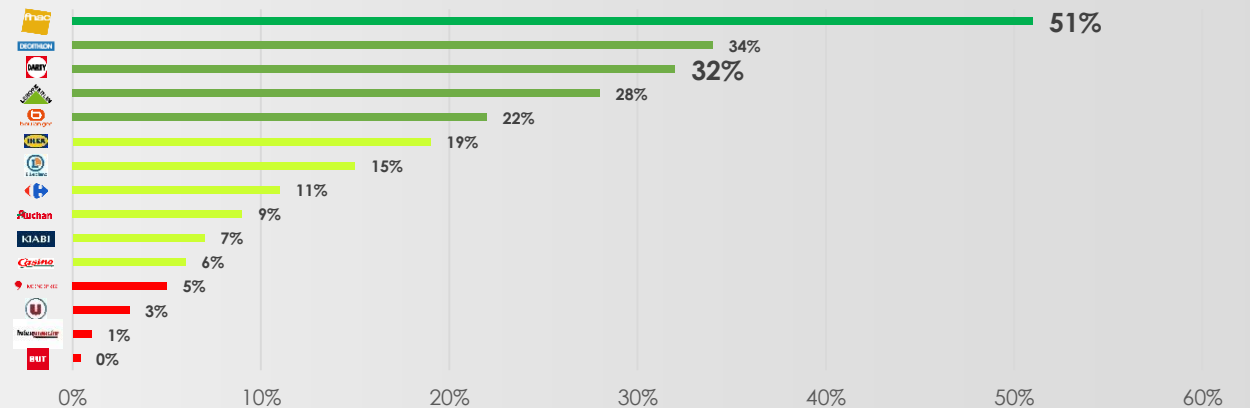
- This financial indicator measures net operating cash flow and gross operating investment flow (defined as purchases and sales of tangible and intangible non-current assets, and the change in supplier accounts payable for non-current assets).

FNAC DARTY PROFILE

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



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



¹ Source: FEVAD, 2018

² Internal customer studies

³ Include: Ticketing, B2B, after sales service, membership fees, franchise fees, insurance, consumer credit

Q4 AND FY REVENUE VS 2017 REPORTED

€m	Q4 2018	Change vs. Q4 2017			2018	Change vs. 2017		
		Reported	At constant FX and comparable scope of consolidation	Like-for-like at constant FX		Reported	At constant FX and comparable scope of consolidation	Like-for-like at constant FX
France and Switzerland	1,994	2.8%	2.6%	2.5%	5,835	-0.4%	-0.3%	-0.1%
Iberian Peninsula	246	4.5%	4.5%	2.9%	703	4.1%	4.1%	1.4%
Benelux	284	6.8%	6.8%	8.0%	936	2.1%	2.1%	2.1%
Group	2,524	3.4%	3.2%	3.1%	7,475	0.4%	0.4%	0.3%

Q1-Q2-Q3 REVENUE VS 2017

€m	Q1 2018	Change vs. Q1 2017			Q2 2018	Change vs. Q2 2017			Q3 2018	Change vs. Q3 2017		
		Reported	At constant FX and comparable scope of consolidation	Like-for-like at constant FX		Reported	At constant FX and comparable scope of consolidation	Like-for-like at constant FX		Reported	At constant FX and comparable scope of consolidation	Like-for-like at constant FX
France and Switzerland	1,303	-0.3%	-0.1%	+0.3%	1,179	-2.6%	-2.4%	-2.1%	1,359	-2.9%	-2.9%	-2.7%
Iberian Peninsula	152	+3.4%	+3.4%	+0.4%	142	+6.0%	+6.0%	+2.5%	164	+2.6%	+2.6%	-0.6%
Benelux	231	+4.2%	+4.2%	+2.2%	192	-2.2%	-2.2%	-2.3%	229	-1.6%	-1.6%	-1.0%
Group	1,686	+0.6%	+0.7%	+0.6%	1,513	-1.8%	-1.7%	-1.7%	1,751	-2.2%	-2.2%	-2.3%

H1 AND H2 REVENUE VS 2017

€m	H1 2018	Change vs. H1 2017			H2 2018	Change vs. H2 2017		
		Reported	At constant FX and comparable scope of consolidation	Like-for-like at constant FX		Reported	At constant FX and comparable scope of consolidation	Like-for-like at constant FX
France and Switzerland	2,482	-1.4%	-1.2%	-0.7%	3,353	0.4%	0.3%	0.3%
Iberian Peninsula	294	+4.6%	+4.6%	+1.4%	409	3.7%	3.7%	1.5%
Benelux	423	+1.2%	+1.2%	+0.1%	513	2.9%	2.9%	3.8%
Group	3,200	-0.5%	-0.4%	-0.4%	4,275	1.0%	0.9%	0.8%

EBITDA & EBITDAR

	2017	2018
Current operating income	270	296
Net depreciation and amortization charges	100	103
EBITDA	370	399
Rents	212	210
EBITDAR	582	609

CASH FLOW STATEMENT

€m	2017	2018
Net cash as of January 1	-207	-86
Operating Free Cash Flow	199	153
Interest paid net of interest and dividends received	-26	-33
Acquisition / disposal of subsidiaries net of cash transferred	-0	-11
Acquisition / disposal of other financial assets (net)	-2	-2
Increase / decrease in equity and other transactions with shareholders	12	-8
Cash flow related to discontinued activities	-57	-1
Others	-5	-4
Change in Net Cash	121	93
Net Cash as of December 31	-86	7

WORKING CAPITAL

€m	As of December 31, 2017	As of December 31, 2018
Inventories	1,073	1,092
Accounts receivable	243	197
Accounts payable	-1,594	-1,624
Other operational working capital	-602	-560
Operational working capital	-880	-895
Financial accounts receivable	4	-2
Accounts receivable and payable relative to tax	3	-3
Working capital	-873	-900

SIMPLIFIED P&L

€m	Reported		
	2017	2018	Var.
Revenues	7,448	7,475	+0.4%
Current operating income	270	296	+10%
Non-current operating income and expenses	-53	-39	-26%
Operating income	217	257	+19%
Financial charges	-44	-43	-2%
Tax	-48	-65	+35%
Consolidated net income from continuing operations	125	150	+20%
Net income discontinued operations	-87	0	
Consolidated net income	38	150	+€112m
Operating free cash flow ⁽¹⁾	199	173	

(1) Excluding the €20m fine from the French Competition Authority

BALANCE SHEET

Assets in €m	FY 2017	FY 2018
Goodwill	1,541	1,560
Intangible assets	473	480
Tangible assets	611	620
Investments in associates	22	20
Non-current financial assets	16	21
Deferred tax assets	60	67
Other non-current assets	0	0
Non-current assets	2,723	2,767
Inventories	1,073	1,092
Accounts receivable	265	272
Current tax receivables	50	42
Other current financial assets	22	14
Other current assets	358	406
Cash & cash equivalents	775	919
Current assets	2,543	2,744
Assets held for sale	3	0
Total assets	5,270	5,511

Equity and Liabilities in €m	FY 2017	FY 2018
Share capital	27	27
Reserves related to equity	989	995
Conversion reserves	-5	-5
Other reserves	86	236
Equity Group Share	1,096	1,254
Equity attributable to minority interests	7	8
Equity	1,103	1,261
Long-term liabilities	854	855
Provisions for retirement and similar benefits	180	162
Other non-current liabilities	195	191
Deferred tax liabilities	193	190
Non-current liabilities	1,421	1,398
Short-term liabilities	7	56
Other current financial liabilities	19	16
Accounts payable	1,766	1,877
Provisions	73	52
Tax liabilities	47	44
Other current liabilities	829	806
Current liabilities	2,740	2,851
Liabilities associated with assets classified as held for sale	6	1
Total liabilities and equity	5,270	5,511

STORE NETWORK

	December 31, 2017			December 31, 2018		
	Owned	Franchised	Total	Owned	Franchised	Total
France and Switzerland ⁽¹⁾	312	204	516	316	255	571
Iberian Peninsula	55	4	59	57	5	62
Benelux	153	0	153	147	0	147
Group	520	208	728	520	260	780

⁽¹⁾ Including 11 stores abroad (2 in Tunisia, 3 in Morocco, 1 in Congo, 1 in Cameroon, 2 in Ivory Coast, 2 in Qatar) and 15 stores in the French overseas territories

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