FNAC DARTY

Ivry, April 19, 2020

Impacts of the COVID-19 crisis: Q1 2020 revenue down by -7.9% on a reported basis
Very strong growth in e-commerce, in all countries, during the lockdown period
Implementation of a €500 million Term Loan facility guaranteed by the French State to secure cash flow and prepare activities recovery

- **Q1 2020 revenue of €1,490 million,** down -7.9% on a reported basis and -10.3% on a like-for-like basis
- **Closure of almost all of the Group's physical stores from mid-March onwards,** leading to a drop in Group sales of around 30% in March
- **Growth of cumulative revenue in January/February of +2.8% on a reported basis** and stable on a like-for-like basis, in a consumer environment marked by continuing strikes in France and a shorter promotional sales period
- **Excellent operational execution on digital platforms** that allow the Group to absorb a doubling of e-commerce sales, over the last 15 days of March and the first days of April
- **Plan for rapid adaptation to the new context**
    - Continuity plan to ensure the health and safety of employees and customers by providing the best possible service
    - Rapid reallocation of the Group's resources to strengthen digital capacities and ensure the continuation of its service activities (after-sales service, deliveries, etc.)
    - Cost readjustment plan with the implementation of temporary unemployment scheme for 80% of the workforce in France following the closure of stores, and downward adjustment of the Group's investments plan
    - Implementation of €500 million Term Loan facility guaranteed by the French State ("Prêt Garanti par l'Etat") to significantly strengthen financial liquidity
    - Withdrawal of the proposed dividend payment of €1.50 per share for the 2019 financial year

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

"Since the beginning of the Covid-19 crisis, our priority has been to guarantee the safety of our employees and our customers, through very rigorous procedures. Thanks to our preparation and the mobilization of our teams, Fnac Darty was able, from mid-March, to adapt to the closure of stores in all countries and to be fully operational as an e-commerce and services player. Faced with the need to take particularly tough decisions, the quality of social dialogue within the Group and the commitment of our employees enabled us to meet our customers' expectations and thus enable them to better live this period. Thanks to the rapid implementation of our action plan, and with the support of our banking partners, Fnac Darty is one of the first companies to benefit from a State-guaranteed Term Loan. I would like to thank all the Group's employees for their professionalism, all our customers for their trust, the public authorities for their support, and all our partners and suppliers for their sense of responsibility."

FNAC DARTY

Q1 2020 REVENUE

	Q1 2020 In €m	Change compared with Q1 2019	
		Reported growth	Like-for-Like growth[1]
France and Switzerland	**1,206**	-8.5%	-11.1%
Iberian Peninsula	**140**	-7.3%	-9.8%
Belgium and Luxembourg	**144**	-2.6%	-3.5%
Group	**1,490**	**-7.9%**	**-10.3%**

Analysis of 1st quarter 2020 revenue

Group revenue reached €1,490 million in the first quarter of 2020, down -7.9% on a reported basis and -10.3% on like-for-like basis, following the closure of physical stores in March.

Since the beginning of 2020, the COVID-19 epidemic, which initially expanded in China, has subsequently spread to Europe and many other parts of the world.
In January and February, the Group reported revenue growth of +2.8% on a reported basis and stable on a like-for-like basis, in a consumer environment marked by prolonged strikes in France in January and a shorter promotional sales period.

In February 2020, the Group first had to deal with production delays due to disruptions in industrial bases in China. Demonstrating its ability to adapt quickly, Fnac Darty put in place mechanisms to adjust its supplies. In close collaboration with its suppliers, the Group drew up a tactical purchasing plan of around €80 million in key product categories, which was finally partially deployed. This measure ensured a good level of availability of these products and enabled the Group to meet the high demand on e-commerce platforms during the lockdown period.

The COVID-19 epidemic, which began in February, changed from a largely supply crisis into an unprecedented global health crisis in March 2020, with a sudden impact on the Group's business.
Due to the implementation of lockdown measures in all Group countries, in-store sales first fell sharply, then came to a complete shutdown.
Indeed, on the evening of 14 March, Fnac Darty closed all its physical stores in France and Spain. The stores in Switzerland and Belgium were closed on 17 March. Finally, the Group first partially closed its stores in Portugal on 19 March, before closing all its stores in that country on 31 March. As a result, the Group's revenue for the month of March was down around 30%, on a reported and like-for-like basis.

At the same time, thanks to the support of its customers and the excellent operational execution of its teams in a very difficult context, the Group managed to double its e-commerce sales in the last two weeks of March in all its countries.

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

Thanks to the agility of its unique omnichannel model, Fnac Darty has rapidly reallocated resources to strengthen its digital capabilities and service activities. The Group, 2nd largest e-commerce player in France, has relied on its powerful e-commerce platforms, which already accounted for 20% of its revenues in 2019, and which are sized to support very high levels of demand. Indeed, Fnac Darty's significant digital capacities, which have enabled it to achieve strong growth several times during periods such as Black Friday, and the dedicated commitment of its teams, enable it to meet very high product demand, despite a difficult operational context.
The Group's supply chain has also been adapted accordingly to meet and fulfil all orders as quickly as possible, while safeguarding the health and safety of its employees. Supplies are now exclusively redirected to the Group's central stock, to give capacity to the e-commerce platforms. Incentives, such as free home delivery for any purchase over €20 made on the fnac.com and darty.com websites, have been implemented and have sustained dynamic online sales.
As a result, online sales increased by c.19% during the quarter, and by more than 100% during the last 15 days of March.

All product categories were impacted by the closure of stores from mid-March onwards and are decreasing. Online sales showed strong momentum in Technical Products driven by the IT, linked to the development of telework, Telephony and Television segments, and in the Domestic Appliances category driven notably by refrigerators, freezers and washing machines. Editorial Products recorded double-digit growth in online sales of Books and Gaming. Services were strongly negatively impacted by the closure of stores, as well as Ticketing activities.

As lockdown measures have been imposed in all countries where the Group operates, all of the Group's geographical areas have been significantly impacted. The France-Switzerland region reported a decline in sales of -8.5% on a reported basis and -11.1% on a like-for-like basis to €1,206 million. The Iberian Peninsula recorded sales of €140 million, down -7.3% on a reported basis and -9.8% on a like-for-like basis. Finally, the Belgium-Luxembourg region reported a decline in revenue of -2.6% on a reported basis and -3.5% on a like-for-like basis to €144 million.

Gross margin trend in the first quarter 2020

The gross margin rate was up slightly in January and February, driven by a favourable product mix. The estimated gross margin rate deteriorated sharply in March due to store closures, which had a significant negative impact on the services/products mix.

Flexibility of the business model to limit the impact on profitability and cash flow

As of March 16, the Group has implemented a temporary unemployment scheme for 80% of its employees in France, and similar measures were subsequently applied in other countries as a result of the closure of its stores. The Group is revaluing rental payments and postponing the payment of taxes and social security charges, in line with the measures introduced by the government, while adjusting its business model by optimising its current operating expenditure and capital expenditure.

Strengthening liquidity and financial flexibility

Given the sudden shutdown of the Group's in-store activities, which occurred at a normally low point in the annual cash cycle (always characterized by strong seasonality in the specialized retail sector), €400 million revolving facility was fully drawn down on a preventive basis in mid-March. At the end of March, the corresponding cash remained available. Fnac Darty is determined, as a matter of priority, to pursue a trusted partner relationship with its suppliers over the long term, and will continue to operate in a responsible way during the crisis.

At the same time, in an uncertain post-crisis context, the Group decided to use additional financing to secure its liquidity. Fnac Darty has put in place a €500 million Term Loan facility guaranteed by the French State with a maturity of 1 year and with a 5-year extension option.
The Group was supported by all its French banking partners, Arkea, BNP Paribas, Bred, CIC, Crédit Agricole CIB, La Banque Postale, LCL, Natixis and Société Générale. Crédit Agricole CIB coordinated the transaction.
In addition, the Group obtained a commitment from the lenders to accept the suspension of its financial covenants for the months of June and December 2020.
The Group has once again demonstrated its agility in terms of execution by being among the first issuers in France to obtain access to this state-guaranteed credit line within a very short timeframe. The success of this operation also demonstrates the confidence of the banking partners in the Fnac Darty model.

Withdrawal of the proposed dividend for the 2019 financial year and management compensation

In view of the evolution of the COVID-19 epidemic and in accordance with the conditions imposed for the implementation of a State Guaranteed Term Loan, the Board of Directors has withdrawn the dividend proposal of €1.50 per share for 2019, and will not proceed with share buyback programs in 2020.
The long-term shareholder return policy is also suspended and will be reviewed at a later date.
Fnac Darty announced on 26 February 2020 the launch of a shareholder return policy, with a target payout ratio between 30% and 40%. For the 2019 financial year, the Group had planned to recommend to the General Shareholders Meeting on 28 May 2020, the distribution of an ordinary dividend of €1.50 per share, corresponding to a distribution rate of 35%, in line with the objectives.

In addition, the total compensation of the Chairman and Chief Executive Officer, paid in 2020, will be reduced by 25%, for the entire period during which the Group's employees are on temporary layoffs due to the COVID-19 crisis. The same measure will apply to the compensation allocated to the members of the Board of Directors paid in 2021 for 2020, and concomitantly the fixed compensation for 2020 for the members of the Executive Committee will be reduced by 15%, for the same period.
Enrique Martinez, Chief Executive Officer, has also chosen to reinvest in Group shares, 50% of his variable compensation for 2019 net of payroll taxes and taxes, paid in 2020, once it has been submitted and approved by the shareholders at the Annual General Meeting.

Financial objectives

The loss of in-store sales will have a material negative impact on the Group's financial results in 2020.
In this context, and in view of the significant impact of the epidemic on its activities, the Group had to announce on 17 March that it was no longer in a position to confirm its 2020 objectives, i.e a slight growth in revenue and current operating income in 2020 compared to 2019.
The evolution of the crisis linked to the spread of COVID-19 remains uncertain for the moment, and its consequences on the world economy are difficult to quantify. The magnitude of the impact on the Group's activities in 2020 will depend on the duration of the lockdown period, possible legal restrictions / operational challenges on deliveries and consumption recovery post lockdown period. To date, the Group is not in a position to update its 2020 and medium-term objectives. The Group continues to monitor and periodically re-evaluate, with the utmost attention, the evolution of the situation and its impact on its activities and results.

FIRST QUARTER 2020 REVENUE

Enrique Martinez, Chief Executive Officer and Jean-Brieuc Le Tinier, Chief Financial Officer, will host a conference call for investors and analysts on Monday, April 20, 2020 at 8:00 a.m. (CET); 7:00 a.m. (UK)

A live webcast of the Q1 2020 revenue presentation will be available by clicking here.

A replay will also be available on the Group's website.

Contact details for the conference call:
France: +33 (0) 1 7099 4740
UK: +44 (0) 20 3003 2666
Access code: Fnac Darty

CONTACTS

ANALYSTS / INVESTORS	Stéphanie Constand	stephanie.constand@fnacdarty.com +33 (0)1 55 21 18 63
	Marina Louvard	marina.louvard@fnacdarty.com +33 (0)1 72 28 17 08
PRESS	Benjamin Perret	benjamin.perret@fnacdarty.com +33 (0)1 55 21 54 13
	Audrey Bouchard	audrey.bouchard@fnacdarty.com +33 (0)6 17 25 03 77