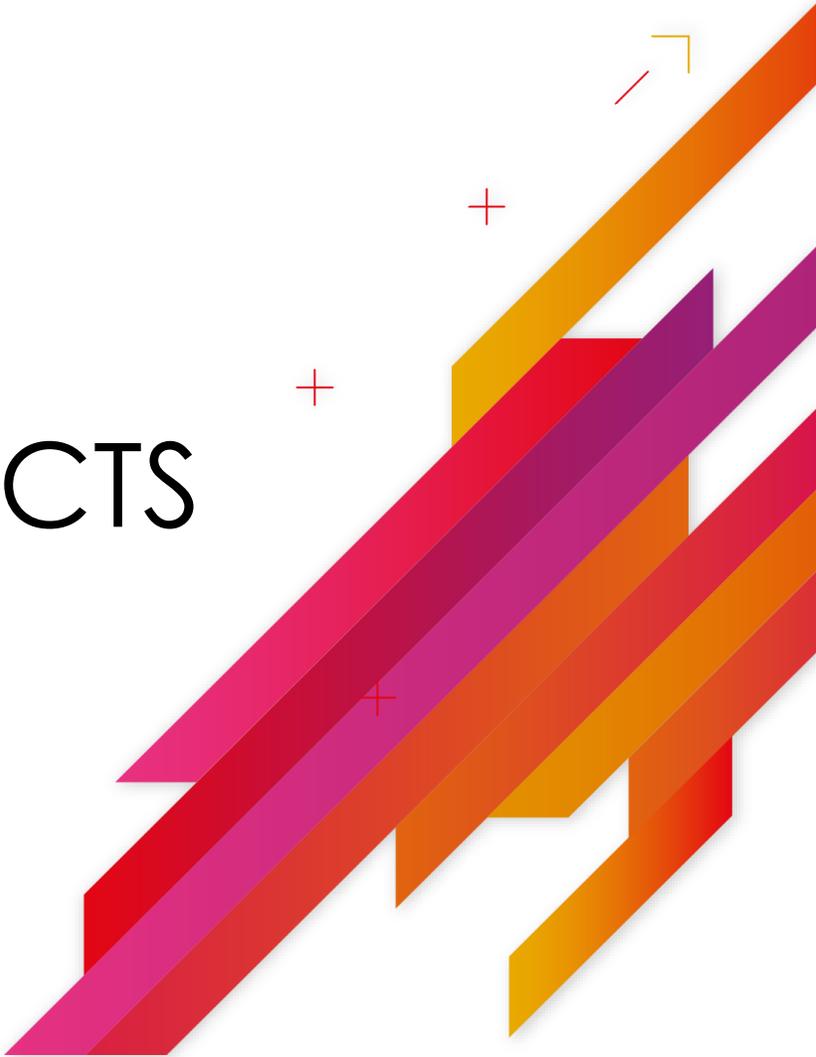




# Q1 2020 REVENUE UPDATE ON COVID-19 IMPACTS



**FNAC DARTY**

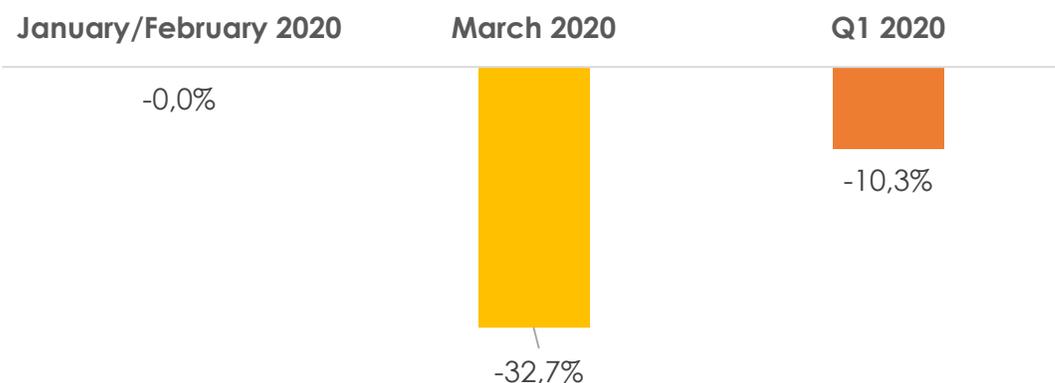


# COVID 19 IMPACTS ON FNAC DARTY

- **COVID-19 crisis strongly impacts Fnac Darty's activities**
  - In February, the Group had to cope with a supply crisis due to production delays in China
  - Since mid-March, the COVID-19 epidemic has turned into a global health crisis leading to the closure of all the Group's physical stores
- **Continuity plan to ensure the health and safety of employees and customers by providing the best possible service**
- **Leveraging on its strong omnichannel capacities and ensuring the continuation of its service activities**
  - Free delivery offered to all customers
- Implementation of a **cost readjustment plan** with the reduction in personnel costs with technical unemployment scheme for 80% of employees, and **downward adjustment of the Group's investments plan**
- Implementation of a 1+5-years **€500 million Term Loan facility guaranteed by the French State ("Prêt Garanti par l'Etat")** to significantly strengthen liquidity and prepare the recovery
- **2019 dividend proposal withdrawn**, in compliance with French Government recommendations for issuers benefiting from State support

# Q1 2020 HIGHLIGHTS

## Group LFL revenue growth in Q1 2020

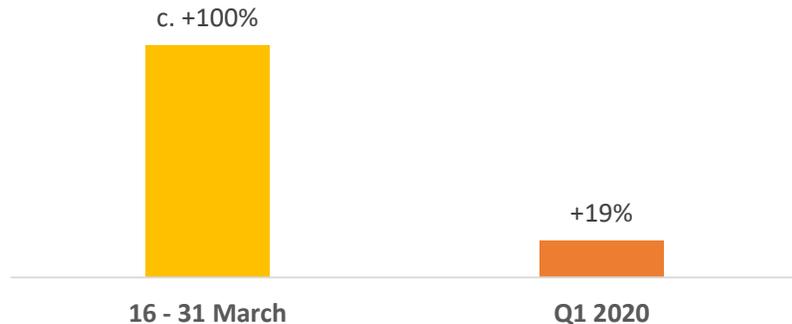


€m	Q1 2020	Change compared with Q1 2019	
		Reported change	Like-for-like basis
France and Switzerland	1,206	-8.5%	-11.1%
<b>Iberian Peninsula</b>	140	-7.3%	-9.8%
Belgium and Luxembourg	144	-2.6%	-3.5%
<b>Group</b>	<b>1 490</b>	<b>-7.9%</b>	<b>-10.3%</b>

- Q1 2020 revenue of €1,490 million, down -7,9% on a reported basis and -10,3% on a like-for-like basis
- Stable LFL growth in January and February, despite a difficult context in France
- Closure of almost all of the Group's physical stores from mid-March due to COVID-19 crisis, leading to a drop in Group sales in March of c.30%
- All geographic regions and all product categories have been impacted

# STRONG ONLINE PERFORMANCE

## Strong online performance



2<sup>nd</sup> e-commerce player in France

Online sales represented c.20% of revenue in 2019

14 main e-commerce sites

Scalable digital infrastructure allowing to absorb strong increase in online sales

Group centralized organization enables Fnac Darty to adapt quickly its supply chain

- Online sales increased by c.19% in Q1 2020
- Excellent operational execution on the Group's digital platforms enabled to absorb a strong growth of c. +100% on the last two weeks of march 2020 vs. 2019
- Strong online performance mainly driven by:
  - Technical products with good dynamics from IT, Telephony and Television categories
  - Appliances notably refrigerators, freezers and washing machines
  - Editorial products with double-digit growth in online sales of Books and Gaming

# SECURING LIQUIDITY AND PREPARING THE RECOVERY

- Given the abrupt shutdown of the Group's in-store activities, taking place at a time that is usually low in the annual cash cycle, the Group has decided to resort to additional financing to secure its liquidity
- **All the available financial resources have been requested since mid-March to anticipate the April seasonal peak in liquidity need, amplified this year by COVID-19 impact**
  - €400m revolving facility drawn down mid-March but not used at the end of March
- **The Group has successfully secured a new €500m Term Loan facility with the guarantee of the French State in order to ensure a robust liquidity and enabling the Group to be fully ready for the recovery**
  - Strong support of the French State towards a key player of the French distribution sector
  - Commitment of Fnac Darty banking pool
  - Group's agility to execute a complex transaction in a very short time frame
  - Long-term financing
- **Suspension of 2020 financial covenants of existing debts documentation under negotiation**

# DIVIDEND AND MANAGEMENT COMPENSATION

- 2019 dividend proposal withdrawn, in compliance with the conditions imposed for the implementation of a State Guaranteed Loan
- Long-term shareholder return policy is suspended and will be reviewed at a later date
- The total compensation paid in 2020 to the Chairman, the Chief Executive Officer and the members of the Board of Directors will be reduced by 25% for the entire period during which the Group's employees are in technical unemployment due to the COVID-19 crisis
- 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.
- The Group executive committee members have also decided to reduce by 15% their 2020 fixed compensation for the same period

# OUTLOOK

- The loss of in-store sales will have a significant negative impact on the Group's financial results in 2020
- The estimated gross margin rate deteriorated sharply in March due to store closures, which had a significant negative impact on the services/products mix with a lower level of attachment rate online for services (mainly warranty extension and insurance)
- In this context, on the 17<sup>th</sup> of March, Fnac Darty announced that the Group is no longer in a position to confirm its 2020 objectives, i.e. slight growth in sales and current operating income compared to 2019
- **To date, Fnac Darty is not in a position to update its 2020 and medium-term objectives as impacts 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**
- The Group continues to monitor and periodically re-evaluate the evolution of the situation and the impacts on its activities

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