Transcription audios

Enrique MARTINEZ, CEO

… with Jean-Brieuc Le Tinier, our CFO. We are very happy to see you today even if it is at a distance, especially because our results are excellent. Almost a year ago to the day, I presented our Everyday strategic plan, today the remarkable performance achieved by the Group in 2021 reflects the first successes of this plan and we are very proud. Above all, we are proud of the collective work accomplished thanks to the work of our 25 000 employees, who are the primary architects of this success. It is also an opportunity for me to thank our customers for their loyalty and support; we were very touched by their recognition and trust. This confirms our ambition to become the key ally for consumers in their efforts to consume responsibly and sustainably in their daily lives.

I will start my presentation with this year's successes and Jean-Brieuc will explain the main elements of our financial performance in more detail. As you know, we started this year with the pandemic and the Group's major achievements took place at a very difficult period. We had to adapt and thanks to the agility and responsiveness of our teams, it was possible to take up the challenge. We had to adapt to period of closure and reopening of our outlets, while ensuring the health and safety of our employees and customers. We have overcome supply chain disruptions thanks to the quality of long-term and trusted relationships with our suppliers. We were also able to shift a large part of our business online thanks to the extensive digital skills and the performance of our integrated logistics solutions. We were able to deliver to our customers in the shortest possible time, even in periods of peak demand, thanks to click and collect and our dense network of stores, and strong partnership with delivery companies. We strengthened the quality of the work of our teams with the signature at the beginning of the year on the first Group agreement on the quality of life at work. Most importantly, not only did we successfully weather the Covid crisis, we were also able to look to the future by launching our Everyday strategic plan a year ago, which strengthens our role in sustainability advice and service for all our customers. This has proved a winning bet and we are already seeing the first successes and they are very encouraging.

2021 was an exceptional year for our Group, with excellent results that reflect the relevance and success of our strategy and the outstanding day-to-day work of our 25 000 employees in all countries. Our revenue sits at the record level of EUR 8 billion, up 7.4% year on year. Thus, during the two years of crisis, the Group's status grew by more than 8.2% on a pro forma basis. Our online sales represented 6% of our total sales, in line with our projections and well above the level prior to the health crisis, while maintaining a click and collect rate close to 50%. Our current operating results amount to EUR 271 million, a strong increase compared to 2020, which also exceeds the pro forma level for 2019.

How can we understand the evolution of our activities during the period we have just been through? First, through the behaviour of our markets and of course, there are favourable trends directly linked to the crisis. People have spent more time at home and needed to quickly equip themselves for teleworking, to improve the quality of life in their homes, or simply to keep themselves occupied during periods of confinement. However, there are also underlying trends to which the range of our products and the quality of our services respond perfectly. The need for culture with a growing appetite for comic strips, both for young and old. The search for authentic, sustainable, and repairable products, the search for a sensory experience and collector's item such as a return to vinyl. The demand for more premium products, which has had an undeniable value and volume effect on certain categories. The breadth of our offer, its positioning and the quality of our sales staff who now know how to anticipate trends and decipher our customers' expectations. These give us unrivalled assets to accompany the underlying trends on the market. I will illustrate this with a few examples.

For the past two years we have outperformed the trends in our markets, and this is no accident, it is the result of our strategic and tactical choices in our purchasing policies and the depth and range of our offers. We have a long-term relationship of trust with our suppliers, that has enabled us to maintain excellent availability for our products throughout the year, despite disruptions to supply chains. To sell, you cannot just promise, you have to deliver. We have exclusive offers on innovative and technological products, such as Samsun Micro LED TV and many others throughout the year. We offer attractive cultural events in our points of sales, with meetings with more than 600 artists this year between September and December, despite the health context. It is also thanks to the launch of the Eclaireur digital platform launched in October. We are diversifying our offer, we have an extension of the Darty kitchen offer, which now has 185 points of sale over the development of new areas dedicated to [inaudible] games at home, which is a very important market for the Group.

As you know, one of the strategic orientations, our Everyday plan, is the development of a multichannel approach that combines the best of physical and digital worlds. In 2021, we gained five million new active customers on the Web and digital sales represented 26% of total sales. This is 7 percentage points better than 2019 and confirms our objective or reaching at least 30% of sales through digital channels by 2025. We owe this success to our 20 use of online sales expertise in France and Europe, and to the launch of an ambitious programme of innovation and transformation. For example, we have recently launched our live streams service, which puts our customers in touch with our expert salespeople and we have already conducted over 150 000 live streams. The results are extraordinary, with a conversion rate between two and three times higher and a high level of customer engagement. I suggest you take a look at the video of this service.

[Video 0:07:54 – 0:09:49]

It is an excellent example of this kind of service. In the same spirit and in order to present new products, we are continuing with live streams, and we have exceeded 100 in 2021, compared to just 40 the previous year. We are reinventing the human relationship within the virtual dimension. Today, we are announcing a major partnership with Google on Cloud and data, and we will improve the relevance of our search tools and use Artificial Intelligence or machine learning to provide more services to our customers. We will soon be the first retailer in France to implement a new solution for our search engine using Google Search technology. That will enable us to set new performance standards for the online and mobile shopping journey. I am very pleased with this project, which represents a major innovation made possible thanks to close collaboration with the Google teams, who I thank for their trust. I am very excited about the impact this project will have for our customers. We know that the quality of the search engine is strategic, because more than one out of two visitors arriving on the homepage of our site uses the search engine to buy products.

To succeed in our omnichannel model, we must not only succeed in terms of digital technologies but also in the physical world in our shops, which are the key assets in our strategy. By the end of 2021, we will have a dense network of 957 stores, and we are carrying out two actions, the extension of our network and its optimisation. As far as the expansion is concerned, we have targeted opening strategy and optimistic. We are not looking for quantity but quality and relevance to our customers' expectations. We are opening new outlets when it makes sense, usually as franchises, like the first Nature et Découvertes shop in Portugal and the first Fnac shop in Senegal. We have doubled the number of WeFix sales outlets since its acquisition in 2018 and the brand now has nearly 140 outlets and is becoming a key player in smartphone repair in France. We are expanding in Switzerland in partnership with the Manor Group. The roll-out is proceeding as planned with the opening of shop in shops in French-speaking Switzerland. In 2022, we will open shop in shops in German-speaking parts of Switzerland, which will significantly extend the Group's coverage in Switzerland. Thanks to this dense geographical network, the click and collect offer now represents 46% of digital sales, in line with the target of 50%.

With regard to optimisation of our existing park, we have carried out an in-depth review of our locations and facilities and are taking the necessary actions. We are transferring some of the less busy city centre shops to retail parks that attract more customers, such as in Colmar or in Bourges. While also reducing surface areas, as in the case of Murcia, Spain, as well as reallocating space from declining products such as CDs and DVDs to benefit new offers with sales dynamics such as urban mobility or books. These actions will continue over the next two to three years, depending in particular on the expiry of certain commercial leases. The Group still aims to have a 100% profitable integrated shop network by 2025.

The second strategic focus of our Everyday plan is to promote informed, responsible, and sustainable consumption. This is not an option; it is a commitment because we are convinced that it is a crucial issue for the future of our companies. Informing our customers' choices means providing them with better information. We have extended the sustainable choice label to Fnac, a selection that highlights the 150 most sustainable products in Fnac and Darty shops and on the Group's websites. In addition, we have made progress in terms of sustainability with a score that has evolved to 111 points in 2021, up six points over one year. It is in particular thanks to the work on the availability of spare parts provided by the manufacturers who we support and encourage. This score combines both product reliability and product repairability and our objective is to reach 135 by 2025. Finally, we have accelerated our initiatives to promote product repairability and 2.1 million products were repaired by the Group in 2021, thanks in particular to the deployment of a Darty Max repair offer, and an extension of the number of WeFIx service centres, the leading brand dedicated to smartphone repair. Therefore, we are confident that we will reach 2.5 million products repaired per year by 2025

It is also our duty to be exemplary in the way we conduct our operations. In 2021, we reduced our CO_2 emissions by 14% compared to 2019 and we confirm our goal of reducing these levels by 50% by 2030. We have just signed the second agreement with Valeco, which will enable us to cover 30% of the Group's annual consumption of green electricity in France. We are also the first retailer to launch an informed delivery project that allows our customers to estimate the environmental impact of different delivery methods when shopping online, and to make their choices accordingly. All these initiatives and concrete commitments were assessed once again in 2021 by the non-financial rating agencies. We achieved an A- rating from the CDP, which is above average for the specialist retail sectors, and were included in the Leadership category for the first time. Moody's ESG Solutions, formerly Vigeo Eiris, gave us a score of 54 out of 100, up six points, confirming our position in the European top-10. Finally, in 2021 Nature et Découvertes, which was one of the first French companies to obtain the B Corp label, has had it renewed for the third consecutive time.

To conclude this first part of the presentation, I would like to tell you about Darty Max, a total revolution in the world of service. Darty Max is a benchmark in terms of quality and added value of the service provided to our customers, since it allows for the pre-repair or not of purchased products, at Darty in the event of a breakdown with the launch of two complementary offers. We now have three Darty Max formulas covering the repair of large and small household appliances, as well as the whole multimedia universe, TV, home cinema, sound, or photography. Today, Darty Max already had almost 500 000 subscribers by the end of 2021 compared with only 200 000 at the end of 2020 and over four million products are already covered by Darty Max. With the focus on repairability and product durability, with Darty Max with are creating a relationship of trust and transparency with our customers. The frequency of purchase is 50% higher than the rest of the customers, with an average basket that is 25% higher. We are going to continue to increase the number of exclusive experiences and the customer experience for Darty Max subscribers. To illustrate you I invite you to watch a preview of the next Darty Max advertising campaign.

[Video 0:18:15 – 0:18:44]

As you can see, we are going to enrich the Darty Max offer, in particular by developing maintenance device that enables our customers to avoid breakdowns or by deploying a video assistance service to complement repair services. Other initiatives will be launched in the near future. As you know, our objective is to reach two million Darty Max customers by the end of 2025 and we are well on our way to achieving this.

I will now hand over to Jean-Brieuc, our Chief Financial Officer, to give you the details of our financial results, before coming back for the conclusion.

Jean-Brieuc LE TINIER

Thank you, Enrique and good morning, everyone. I would like to turn to Fnac Darty's operational performance in 2021 before going into detail by region and ending with the Group's financial performance.

Let us start by looking at the top line of the income statement against the backdrop of an unprecedent crisis that continued into 2021, with the closure of some stores during the first half of the year. The Group posted record sales of EUR 8 billion and reported exceptional growth, plus 7% like for like compared to 2020, and plus 8.2% compared to the pro forma for 2019 with Nature et Découvertes in full year. This studied performance is the result of the growth of in-store sales driven by both a higher conversion rate and an increase average basket, while footfall continues to be penalised, especially in city centres and shopping centres. Taking into account a high comparison base effect, the Group's online sales consolidated during the year with a rate that remains high at 26%, well above pre-crisis levels. Click and collect reached 46% this year, close to the target level of 50%, a strong increase, plus seven points, over a year. It should be noted that in the fourth quarter, in the context of normal store openings, this rate even exceeded 50%, proof that consumers are strongly in favour of this channel.

The Group's gross margin rate reached 29.5% in 2021, up 30 basis points compared to 2020. This increase is mainly due to a favourable product mix effect of around plus 40 basis points, linked in particular to the increase in in-store footfall, which benefited sales of editorial products highly sensitive to impulse buying. The rise in services of around plus 30 basis points, was driven in particular by the continued roll-out of Darty Max. These two factors more than offset the impact on the gross margin rate of around minus 15 basis points due to the decline in Nature et Découvertes' business, penalised by the drop in footfall due to its strong presence in city centres and shopping malls. Also, there was the technical impact of the development of the franchise for around minus 25 basis points. As a reminder, franchising allows the Group to have significant territorial coverage by being present in smaller catchment areas. This allows almost 90% of the French population to have either a Fnac or Darty store within 15 minutes of their home and ensures the relevance of click and collect. This franchise development is certainly dilutive in terms of the Group's gross margin, but it is accretive to the EBIT margin.

Operating costs reached EUR 2.103 billion, up on 2020 and in line with the strong growth in activity. I would like to highlight the good performance of our operating costs, which as a percentage of our revenue were down by 20 basis points compared to last year, thanks to good control and execution of performance plans. Those performance plans have enabled us to offset the rise in inflation of relative costs thanks to actions taken by all the Group's departments. Current operating income was EUR 271 million in 2021, perfectly in line with the guidance communicated last October. I would like to remind you that despite 2021 being marked by the lockdown and several periods of shop closures, we reported a higher current operating income above that of 2019 pro forma, excluding the Ticketing business, which was still heavily impacted by the health restrictions. As a result, the Group's operating margin stands at 3.4%, up 50 basis points compared to 2020.

Turning to the operational performance of each of our regions, starting with France-Switzerland. In the fourth quarter sales in the region were down 3.3% like for like on a very high comparison base. I would like to remind you that sales growth in the region in the fourth quarter of 2020 was particularly strong in the context of the exit from lockdown, plus 11.7%. It should be noted that sales in Switzerland benefitted in the last quarter from the first effect from the opening of the nine Fnac shop in shops within Manor shops, added to the first four test shop in shops opened at the end of 2020. Therefore, the Group is on track to achieve its objective of EUR 100 million in additional sales in Switzerland over the full year, once all 27 shop in shops have been opened. In 2021, sales in the France-Switzerland region grew by 7.2% like for like. As a reminder, the region was penalised by the lockdown and the closure of stores, especially in shopping centres. Footfall in Nature et Découvertes shops continued to be strongly impacted this year with the closure of all stores during the first half-year penalising sales in 2021.

By distribution channel, this solid growth was driven by a strong performance from Fnac and Darty which more than offset a normalising performance on the Web on a high comparison base. In terms of product categories, almost all of them grew with particularly strong momentum for television driven by the Euro Cup and the Tokyo Olympics; telephony, with the successful launch of iPhone 13; and IT linked to continued working from home, despite tensions in the supply chains. Household appliances continued to post solid growth in both large and small appliances, driven by continued market share gains and consumer awareness of home wellbeing resulting in the purchase of higher-end products. Editorial products are also growing strongly, driven by books which benefitted from the fact that more stores remained open than last year, the growing appetite from all generations for comics, particularly mangas, and the widespread introduction of the Culture Pass for 18-year-olds in all Fnac stores in France. This category also benefitted from good momentum in audio and gaming, where sales were postponed to 2021 following the stock shortage of the new PlayStation and Xbox consoles at the end of last year. Diversification categories continued to grow strongly in 2021, mainly driven by the home and design and urban mobility segments, with a strong push for scooters.

Services grew, driven by franchising with the opening of 47 new franchises during the year. Services also benefitted from strong momentum in insurance and warranty and the accelerated roll-out of Darty Max offers, with almost 500 000 subscribers at the end of December. Conversely, the marketplace was impacted by the change in European regulations this summer and tension in the market for technical products, especially telephony. Finally, the Ticketing activity mainly increased in the last quarter, but this gradual recovery was nevertheless impacted by the arrival of the Omicron variant in Europe in December.

Thus, the sales turnover momentum in 2021, coupled with a growing gross margin, enabled the France-Switzerland region to record a current operating profit of EUR 245 million, up by EUR 51 million compared to last year.

Let us turn to the Iberian Peninsula. In the fourth quarter, the region recorded a 1.1% decline in like for like sales. Spain was penalised by a particularly strong competitive environment, which more than offset the good sales momentum in Portugal in the last quarter. In 2021, the region posted sales growth of plus 6.5% like for like driven by a solid performance from stores benefiting from a gradual easing of health restrictions. All product categories drove growth in the region, in particularly telephony, television, sound and books. IT showed more normative growth due to a very high base effect. Finally, services showed solid growth over the period, driven by the strong momentum of insurance and guarantees. The solid commercial performance of the teams in Spain and Portugal, as well as good control of operating costs, enabled the region to post a EUR 11 million operating income, up EUR 2 million compared to 2020.

Lastly, the Belgium-Luxembourg region recorded like for like sales growth of 3.2% in the last quarter and 5% for the full year. This growth was driven by a very good performance from the 72 Vanden Borre shops and the 13 Fnac shops in the region. By product category, this growth was mainly driven by the good momentum in sales of large household appliances at Vanden Borre, with an average selling price increase linked to the upmarket nature of the products purchased, particulatly built-in appliances. Telephony, books, and in-store services, as well as multimedia pack subscriptions also performed well. The quality of the teams' operational execution in the context of sustained competitive pressure enabled the region to post a current operating profit of EUR 15 million, up EUR 2 million on 2020.

Let us turn to the bottom line of the income statement. Other non-current income and expenses amounted to EUR 10 million in 2021, down on 2020 and include restructuring costs. Thus, operating profits reached EUR 260 million, up EUR 61 million compared to 2020. Financial expenses amount to EUR 42 million for 2021, compared to EUR 51 million in 2020. This decrease is mainly due to the upward revaluation of the fair value of the

Group's shares in the daphni Purple venture capital fund, in which Fnac Darty invested in 2016. In addition, the new financing strategy put in place in March 2021 has enabled the optimisation of interest and expenses with an extension of the average maturity of the Group's debt. The tax expense amounted to EUR 74 million compared to EUR 60 million in 2020 up year on year and directly linked to the increase in the Group's results. However, as expected, it includes a reduction in tax charges linked to CVAE of nearly EUR 10 million compared to 2020. The reduction in corporate tax, as a result the effective tax rate will be 34% in 2021, down six points compared to 2020. Net income from continued operations was therefore EUR 145 million compared to EUR 88 million last year.

Now let us look at free cashflow at the end of December. Free cashflow from operations, excluding IFRS 16, was down EUR 22 million compared to 2020, but still a good level EUR 170 million. This performance reflects the increase in EBITDA in line with the evolution of current operation results I explained earlier, as well as the good management of working capital requirements in a context of necessary inventory replenishment at the beginning of the year, after a 2020 that ended with a particularly low level of stocks. In addition, this level of free cashflow, reflects the relevant and effective management of our merchandise purchases to mitigate tensions in the supply chain, mainly for so-called scarce products. This agile stock management has enabled us to have a good level of product availability throughout the year and ensure the success of major commercial events at the end of the year.

Operating investments in 2021 returned to a normal level and amounted to EUR 117 million, in line with the Group's announcement in the Everyday strategic plan within that context. This level includes in particular, the investment required to deploy the Fnac partnership with Manor in Switzerland and the opening of nine shop in shops in 2021. However, Fnac Darty anticipates a slight increase in its investments from 2022 onwards, taking into account the roll-out of 14 new Fnac shop in shops within Manor in the first half of 2022. As well as part of the additional investments of around EUR 40 million over the duration of the plan dedicated to modernising and upgrading the Group's logistics equipment. In total, over 2022, the Group's investments will be in the order of EUR 140 million to EUR 150 million, around EUR 130 million excluding the logistics projects.

Just a few words to end on our financial status. The Group's financial position is sound with shareholders' equity of over EUR 1.5 million and net cash excluding IFRS 16 of EUR 247 million at the end of December 2021, up EUR 133 million year on year. At the same time, last March the Group announced the success of its new financing strategy, which consists of repaying in full the EUR 500 million state guaranteed loan, which we have never used. We are also extending the revolving credit facility of EUR 500 million with a maximum maturity in 2028. This new credit facility includes CSR components in line with the objectives of the Everyday strategic plan, which will enable the Group to improve its financing conditions if the objectives set are met. Finally, to redeem the EUR 200 million senior term loan facility maturing in 2023 and replacing it with a EUR 200 million convertible bond maturing in 2027. This new financial structure allows Fnac Darty to optimise its average cost of debt and has no major repayment dates before 2024. As a result, at the end of December 2021, Fnac has more than EUR 1 billion in cash and cash equivalents, in addition to the EUR 500 million RTF, which has not yet been drawn down. This extremely healthy balance sheet gives the company the confidence to face the uncertainties of the ongoing crisis. The Group's financial strength was underlined this year by the three financial rating agencies, Standard and Poor's, Moody's, and Scope, which confirmed their respective long-term credit ratings, and all raised their outlook to stable. Finally, in line with what was announced in the Everyday strategic plan, the Group has reactivated its policy of returning to shareholders in 2021, with a payment of a first dividend of EUR 1 per share paid on 7 July.

I will not hand back to Enrique to conclude this presentation with several elements on the outlook and the shareholder return policy for 2021.

Enrique MARTINEZ

Thank you, Jean-Brieuc. To conclude, we are approaching 2022 with confidence, strengthened by our positioning as a leading omnichannel player. It is difficult to make a projection for the coming year because, as you know, the background makes it difficult to make comparisons. I do not want to rush into giving too precise forecast or projection, but I am very confident that we can develop even in an uncertain environment. We will continue to ensure the best possible availability of the products and services we offer, with a focus on premium products and by continuing to offer exclusive products. Considering the very high involvement of our employees in 2021 and concerned about their purchasing power, the Group has decided to pay an exceptional purchasing power bonus of EUR 400 for employees working in France with a gross annual salary below EUR 35 000. The Group will also implement a similar measure adapted to the specific context of each country, unless measures have already been taken locally. This measure will affect approximately 19 000 employees. For 2022, we will accelerate the implementation of our Everyday plan, which is built around service, advice, and sustainability. We are going to continue cost controls. We are going to continue to improve the customer experience, expand our retail network outlets and strengthen our position in the circular economy, providing a differentiated and informed choice for our clients. Finally, we will continue the development of the Darty Max subscription service model.

Thus, we confirm our free cashflow from operating targets, approximately EUR 500 million in total over the period 2021 and 2023, and at least EUR 240 million to EUR 250 million per year by 2025.

When we presented the Everyday plan a year ago, I announced our policy of returning dividends to shareholders with a dividend payment of EUR 1 per share for the 2020 financial year. In view of the 2021 results and in compliance with our pay out criteria and the Group's debt level, we have decided with the board to propose payment of a dividend of EUR 2 per share to the General Meeting on 18 May. This dividend represents a pay-out ratio of almost 37% and will be payable in full in cash.

In conclusion, we have succeeded during this extraordinary time thanks to the strength of our brands, the commitment of our teams and the impetus of our Everyday project. We are entering a new and exciting phase in the life of our Group.

Thank you for your attention, we will now take your questions.

We already have the first question. 'Do you think that the objective of 2 million subscribers for Darty Max can still be achieved by 2025?' Thank you, Clement, the answer is yes. We have already reached the level of 500 000, which is quite promising. We had disturbances and disruptions in our stores in 2021 and even closures, but despite this we were able to increase subscriber numbers. We confirm this goal of 2 million subscribers to Darty Max by 2025.

There is another question from Clement. 'What is the average level of price rises passed on to consumers in 2022?' This is quite topical in all sectors. We are finalising the sales negotiations with the manufacturers for France and of course, there will be price rises because the costs of material and transportation have an impact, which will be more visible than in 2021. We are working with our partners to make sure that the offer is completely available for all types of households and purchasing prices. There will be price rises but we will make sure that there is a broad enough offer to satisfy all consumers.

A third question, 'What is the level of weighed evaluation or rise in 2022 to offset this rise in costs?' We just announced this bonus, which will cost between EUR 6 million and EUR 7 million on a yearly basis. We have not started the compulsory negotiations with the industrial partners but of course, we pay attention to this rise in inflation. We hope it will become more normal in the months to come. The Group really wanted to support the purchasing power of employees and we had to reduce costs to be able to finance that, so I hope will the cost reduction momentum will continue. This year, as Jean-Brieuc announced, we will probably have more difficulty in offsetting inflation, but we will do our best.

We have a question on Ticketing. 'What is the scenario for Ticketing in 2022 versus 2019?' Ticketing is recovering and recovered in 2021, especially over the summer where we were close to the normal level. Unfortunately, the Omicron variant arrived and that slowed down the recovery at the end of the year. Let me say, we are rather optimistic for 2022 and the pandemic is starting to recede, and the markets are preparing. We want to get back to the level of 2019, but 2022 will be marked by the recovery of the Ticketing business.

Jean-Brieuc, you can answer this question. 'What share of your owned stores was unprofitable in 2021?'

Jean-Brieuc LE TINIER

In 2019, 5% of the stores were not profitable and during the Everyday plan we launched the momentum to make sure that they would all be profitable by 2025. If we look at 2021, we had a lot of closure and WeFix and Nature et Découvertes were impacted, but it is not the relevant comparison base for us. The objective is for 100% of the stores to be profitable by 2025 and we have action plans for all of them, so that they really become profitable. As Enrique said, this year we started to transfer and reduce surface areas, optimisation of square metres within stores but it takes time because in most cases, we have to negotiate with the lessors. The situation is excellent, but it will take time and it is linked to the renewal of leases and rents. Therefore, 2021 is not relevant here for the profitability of the stores and we will deliver profitability for 100% of them by 2025.

Participant

There is also a new shareholder in Vesalle controlled by Krepinsky. Did you have any discussions with Mr Krepinsky? What is a surprise to see him buying into the equity?

Enrique MARTINEZ

Of course, we want to make the Group attractive and last year we met Mr Krepinski several times and he decided to take shares in our equity. We like to say that he recognises that our Group is an interesting asset in the retail industry, and we are happy to have a newcomer in our equity.

We have a question another question. 'Can we have an idea of the Group's performance for January.' You know very well that we are not going to comment on ongoing business activity, we will keep that for April. What we can say is that the stores are open at the moment and there are no health restrictions in the countries, so the activity is normalised. We have to take past performances into consideration, but we are practically optimum in terms of performance today.

Maybe one for Jean-Brieuc. 'How great is the impact on EBIT of the results of Nature et Découvertes.'

Jean-Brieuc LE TINIER

It was EUR 100 million in terms of the Group, so in terms of performance in 2021 it was less than what they have done historically. However, we are talking about months that are relatively insignificant and it is not major in terms of structural EBIT.

Enrique MARTINEZ

'What would be the change in the margin?' That was plus 70 basis points. 'What would be the impact of the mix of products and services?' This would be 40 for products and 30 for services.

We have a question from Nicolas Chanses about operating costs. 'How much do we believe this will be impacted by inflation and what is the capacity to compensate for this?' It is a bit early to make an appraisal of the evolution of costs because the main cost is personnel and our negotiations have not finished, as well as real estate. It is a bit early to say but we know that costs will grow a bit faster than in recent years and it will be a bit more difficult for us with the different plans we are deploying, especially compared to the results we have. We have a cost base that is already optimised, and we know that we compensate for roughly 2% inflation every year, and if it is higher than that it will be more complicated. It depends how we can carry over the increase in costs to the pricing of our products and services. We will see how this evolves over the year, but I am not particularly concerned about this. It is not a given that the level of inflation today will continue for the whole of the year.

There is a question from Fabrice Carron on the number of leases coming to term in 2022, 2023, 2024. It is very linear in terms of the lease terms. We have 600 integrated stores and a number of leases, which mean that we have a very linear progression in terms of the number that come to term overall for the whole of the Group.

We have another question. 'What is your plan for the opening of stores in 2022, other than the Manor openings?' Of course, it all depends on the context. In 2021, we opened fewer stores because we were in a crisis situation, but probably around 50 this year. The majority of the openings will be in franchises and there is a significant drive for Darty Fnac franchises, as well as the kitchen stores. WeFix has practically doubled, and we continue to accelerate this penetration by the WeFix brand.

The next question is about competition in Spain, the [inaudible] economy and investing in promotions. As you know, the exit from the crisis has varied in different countries and it depends to a great extent on government policies. In North Europe and France, we have had very strong support and huge resources were made available, which means that a sustained recovery in consumption has been seen. In other countries, where the same policy was deployed with less money, the recovery has been more gradual. That has made things more complex, and we have had more, sometimes aggressive, competition in markets. It is not due to one player or another in particular, but to the overall context and probably the lack of consumption during lockdown. We hope to have a good recovery in 2022, tourism will come back, and the health conditions will improve and that we will come back to more normal levels and competitive pressure should also normalise.

We have a question, 'Boulanger is strengthening its position in refurbishment with Recommerce. Do you think that WeFix has a sufficient performance to benefit from this trend for refurbishment?' We are very pleased with WeFix, and you will see in the course of the year that it is becoming a major player in quick, quality repairs. It contributed to more than two million repairs in 2021 and we feel that we have the right assets. Do not forget that Darty really has an image for repair. We repair more than to million products a year, which has no comparison with the competition. With WeFix and the Darty aftersales service, we are really the champions in repair for all kinds of products, mobile phones, etc.

There is a question for you Jean-Brieuc about the possible development of the working capital requirement for 2022.

Jean-Brieuc LE TINIER

The WCR has been a bit disturbed over the last two years. In 2020, we had huge sales at the end of the year and stocks were at a very low level, so we had good WCR. Then it normalised in 2021 and stocks were replenished, and you saw that there was very good cashflow at EUR 170 million. In 2022, it will depend on the market and the sales terms and conditions, but we should probably have a normalisation of the working capital requirement, so less downward or upward impact than in 2021.

There was another question we did not answer, so please could you post it again. There is a question on the CO_2 footprint and informed delivery, that is the information we give our customers to choose the type of delivery based on the CO_2 footprint. 'Can it have an impact and really change customers' habits?' As I said in our presentation, we already have over 150 products with a sustainable choice label and the consumption of those products is much higher than the others. Sustainability is obviously the choice criterion for household appliances

Another question, ‘What about the sustainability of the products?’ For that, 50% of customers make their choice on the basis of sustainability and it therefore has a very positive impact on sales. It is the beginning of a trend and customers will buy into this, of course, also based on the design and quality of the brand and the service, and the price. However, sustainability will be one of the criteria for choosing a piece of equipment.

We have a question on the World Cup in November and December 2020, and if it could boost sales in the fourth quarter? It is the first time we will have had a World Cup other than in May and July, so of course there will be more dynamic consumption and there could be major market movements in terms of supply and demand. Of course, where we had significant sales of TVs in 2021 in particular. I think it is going to be a challenge and the first half year will probably be a bit sluggish, but the end of the year is always driven by sports, and we expect a boost in sales of TVs.

Jean-Brieuc, ‘What is the price volume mix in the LFL growth in 2021 and what do you expect for 2022, on volumes in particular?’

Jean-Brieuc LE TINIER

Growth in 2021 was driven by price and volume. A lot of stores were closed in 2020, so the fact that we reopened stores meant that the volume was present, but the price is not really inflation-proof. It was the upmarket customers in 2021 where we had the higher prices, but because customers wanted higher-end products, and Darty Max customers have an average basket that is 25% higher. Customers are choosing more expensive but more sustainable products and that was a growth factor in 2021.

I do not know if you want to add something for 2022, but we do not have the price volume mix and we will find out about that over the year. Of course, we start the beginning of the year with an inflation-based trend and prices will probably change. I hope that the supply chain will become more stable, and the tension will not be as bad, so we will see the impact on the product mix. I hope that during this year we will also have other stores and the technological and editorial products will play a role. Services and Ticketing were also impacted. It depends on the complexity of the moment and the comparison base has changed so it is impossible to refer back to 2019. In February 2021, a lot of stores in Paris and large cities were already closing so it is a difficult comparison base. You can say that there will be a base effect on inflation that will have an impact on products, and I hope that the situation will become more normal in order to strike a balance.

Enrique MARTINEZ

I think we have answered all the questions so we would like to thank you for your attention. You can understand that we are extremely proud and satisfied. Today, is difficult for mankind and you know what I am referring to, but we are very proud of the results. We completed 2021 full of faith in our ability to continue those projects. We are a transforming Group, and you have to look at the signs of transformation and this Everyday plan show you how to follow these transformations. The Group will be more digital, more sustainable, and responsible, with a higher level of service. 2021 was the first step in this transformation process but it is only a beginning. Thank you very much and see you soon.

Unfortunately we could not confirm the following names, words, and year: