Fnac Darty (Presentation of 2025 Q1)

April 23, 2025

PRELIMINARY REMARKS

INTRODUCTION

Jean-Brieuc Le Tinier
Good evening. Thanks for joining us on this call for presenting the business for Q1 2025. I'm joined this evening by Investor Relations team, Domitille Vielle and Laura Parisot. I'll present our results and we'll take our questions.

PRELIMINARY REMARKS

Slide three, I'll give you some information regarding our reporting. Acquisition of Unieuro gives new European dimension to our group. We wanted to adapt our financial information accordingly.

As of today, we're releasing according to the two following geography: France 60% of group sales and Rest of Europe that represents 40%. That includes Italy, Belgium, Portugal, Spain and Switzerland. The detail of restatements can be found at annex of the press release already available on our website.

And lastly, in order to better reflect the business performance of our activities, we're going to comment like-for-like on a pro forma basis as if Unieuro had been consolidated in our account since the 1st of January 2024.

I would also like to highlight the significant perimeter effects linked to store closures, either definitive such as the Champs Elysées store in France, or temporary for 2 stores in Spain for renovation and works.

Lastly, I'd like to detail with you. The impacts on our P&L of the integration of Unieuro and the deconsolidation of ticketing.

Starting with Unieuro, 100% of the Unieuro P&L will be consolidated in Fnac Darty P&L. The minority interest you'll see in the group P&L as of June 30th will, essentially, represent 49% of net income Unieuro coming to our co-investor, Ruby Equity Investments.

The impact on 2024 EPS was not significant. All the impacts on the 2024 results are detailed in the pro forma information released in February '25 and in this release.

For ticketing, we sold 17% of France Billet to CTS in 2024, and as we keep 35% stake of the company, we don't have control, we can only consolidate through equity method.

In future, therefore, we will record Share of profit from equity associates, after tax, in recurring operating income and net income before non-recurring items, Group share, for the same amount. You will therefore understand that the net impact on operating income is visible, in the region of ten million euros, but that the impact on Group share of net income is much less so, since we will always consolidate 35% of ticketing net profit compared with 52% previously.

Q1 2025 HIGHLIGHTS

Moving to slide four now. These are the key items of Q1 that are detailed throughout the presentation.

So revenue slightly up like-for-like pro forma, excluding unfavorable calendar effect of minus 1%.

Integration of Unieuro is well underway. Initiatives will allow us to deliver synergies of, at least, EUR 20 million by the end of '26. We'll release more broadly on this topic during our Investor Day in June.

Our pro forma gross margin sharply up over the period, with an improvement of 60 basis points.

And of course, we'll also return to the success of our bond issue maturity 2032, allowing us to buy 77% of OCEANE 2027 in circulation and extend debt maturity.

Q1 2025 REVENUE AT €2,314m

Slide five, as I announced in the introduction, Fnac Darty recorded an almost stable revenue, minus 0.6% like-for-like pro forma, +29% on reported basis. Restated from an unfavorable calendar effect of 1%, revenue is slightly up over the period. As a reminder, there were 29 days in February last year against 28 this year, showing the importance of the calendar effect.

Furthermore, the bulk of the decline in the non-comparable figures is due to the deconsolidation of ticketing and store closures in France, Champs Elysees, and in Spain, provisional closures for work at Callao and Valencia Bonaire.

Online sales account for 21% of revenue over the period.

Click and Collect, key indicator, represents 49% of sales. The integration of Unieuro and its web and Click & Collect business, which is currently underperforming compared with the rest of the Group, has slightly reduced this rate, which would have been higher than 52%, but gives us room for improvement in the future.

By category

Services and diversification category are continuing a positive momentum with double digit growth.

Positive signals observed at the end of '24 on domestic appliance sales are continuing. Small domestic appliances is delivering good performance and big domestic appliances is driven essentially by Italy.

Technical products recorded a decline in sales, impacted by low telephony volumes.

Finally, editorial products are down, still impacted by gaming, which has not yet benefited from the major launches expected at the end of the first half with the launch of the Switch 2 in June.

MIXED SALES PERFORMANCE ACROSS EUROPE

Let's turn to the breakdown by geography.

France is down 2.6% on reports basis, -1.2% on like-for-like basis versus Q1 '24. The scope effect reflects in particular the definitive closure of the Champs-Elysées store.

The Group continued to outperform the market in Q1 2025. According to the latest end-of-March figures published by the Banque de France this morning, our markets were down by around 2% in the first quarter. Against this backdrop, we are satisfied with our outperformance on a like-for-like basis, which once again testifies to the solidity of our business model.

With the acquisition of Unieuro, the geographical breakdown of our sales has become more balanced, with France accounting for 59% of the Group's total sales in the first quarter, compared with 76% for the same period last year.

In the Rest of Europe, sales, which represent 41% of the Group's total sales, were up +0.4% on a pro forma like-for-like basis, taking into account sales in Italy in 2024 as indicated in the introduction.

Sales in Italy rose by 1.4% on a pro forma like-for-like basis. This reflects the strong momentum of Italian household consumption.

Belgium declined by 3.6% like-for-like, still impacted by very intense competition. Portugal grew by 0.9% like-for-like, buoyed by dynamic online sales.

Spain was also up by 1.7% like-for-like, driven by strong momentum in stores. As already mentioned, the scope effect reflects the temporary closure of the Callao and Valencia Bonaire stores for renovation. Temporary closures.

Lastly, in Switzerland, sales were virtually stable at -0.5% like-for-like, driven by dynamic online sales. The scope effect reflects the closure of the last Manor shop-in-shops in German-speaking Switzerland last year.

GROSS MARGIN

Slide 6 shows our gross margin.

For the quarter, it was down 110 basis points in actual terms, impacted by the inclusion of Unieuro's gross margin, which is lower than that of the Group.
On a pro forma basis, i.e. on a like-for-like basis including Unieuro in 2024, it was up 60 basis points.

This good performance is due in particular to growth in service activities, notably Darty Max, which offset the dilutive effect of the franchise and the negative impact of the deconsolidation of the ticketing business.

LONG DATED DEBT MATURITY PROFILE

Slide eight, debt maturity.

Last month, we successfully completed a bond issue for a total amount of 300 million euros maturing in April 2032 and bearing a fixed annual interest rate of 4.75%.

We benefited from a good market environment, and the transaction was well received by a diversified base of institutional investors in France, the UK, Germany and internationally, and was oversubscribed several times over.
The gross proceeds of the issue were used to redeem the 2027 convertible bonds. More than 77% of the outstanding OCEANES were tendered to the buyback invitation, for a total of 147 million euros.

At the same time, our banks have agreed to extend the maturity of our RCF and DDTL revolving credit lines, for a cumulative amount of 600 million euros, to March 2030, with 2 one-year extension options to March 2031 and March 2032, thus covering the 2029 maturity in size and the 2032 maturity in terms of maturity. Fnac Darty is rated by S&P Global, Fitch Ratings and Scope Ratings. In March 2025, Standard & Poor's raised Fnac Darty's outlook to "stable" from "negative" and confirmed the Group's BB+ rating.

This revision is based on the Group's solid operating performance, the strengthening of its competitive position thanks in particular to the acquisition of Unieuro, and a prudent and controlled financial policy. Fitch Ratings and Scope Ratings have both confirmed their ratings at BB+ and BBB respectively, with a "stable" outlook.

In conclusion, we benefit from an extended maturity and have secured our long-term liquidity.

OUTLOOK

To conclude, slide nine, we are, as you've understood, satisfied with our performance in Q1.

We are reaffirming the objectives communicated last February, namely the expectation of a "mid single-digit" growth in its Current Operating Income (COI) excluding Unieuro, compared to 2024 COI excluding ticketing activities.

Finally, we look forward to seeing you at our Investor Day, to be held by invitation only, on June 11 at Vivatech, the trade show dedicated to new technologies.

Thank you for your attention. I'm now ready to answer your questions.

QUESTIONS AND ANSWERS

Operator
First question from Clement Genelot from Bryan Garnier. Over to you.

Clement Genelot
Good evening, Jean-Brieuc. Two questions, if I may. First of all, on revenues, in the Bank of France figures we see a decrease in February and March. Was this also the case for Fnac France and is this continuing into April?

My second question is on purchase prices. Have you been approached by Asian suppliers who would be prepared to increase your monthly volume in exchange for a slightly lower price given the tariffs development, and would this be good for you, because, perhaps, it would enable you to offer slightly slower prices with high volume, or on the contrary, would this imply short-term increases?

Jean-Brieuc Le Tinier
Right. Thank you, Clement. Now, for your first question, the figures from Bank of France are very negative in February, but there's a strong calendar effect for February since we lost a day. So this had a significant impact on sales.

I'm not going to give a comment on sales month by month, but we've outperformed, basically, the market throughout the quarter. And I'm not going to make any comments on April. We'll go back to that in July.

The second question I would recall that our business is not to buy, it's to sell, and therefore, we may, indeed, be approached by suppliers who will boost volume in return for lower prices. We're extremely cautious about that -- about accumulating stock. We're very cautious about our cash flow. We'll see if that happen.

But we will stay within the limits of what we think the market can absorb. We're not there to absorb a surplus stock from our suppliers. And we will look at it, if it happens. We're very cautious, indeed, in relation to our cash flow and in relation to the market capacity to absorb this.

Clement Genelot
Thank you so much. Thank you.

Operator
Mr. Le Tinier, the questions are over. No further questions.

Jean-Brieuc Le Tinier
Thank you for your questions. Our next dates are our Annual General Meeting on May 28, at which we encourage you all to vote.
The presentation of our medium-term strategic plan on June 11. If you haven't already attended, I urge you to do so without delay, as places are limited.
Finally, we look forward to seeing you on July 23 for our half-year results.
Thank you again for your attention, and I wish you an excellent evening.