

## Sales resisted well in the third quarter

- Consolidated revenues up +63.1% following Darty consolidation
- Pro forma sales resisted well (-1.0%) despite a more challenging consumer environment in France \*
- Stable gross margin rate
- Darty acquisition finalized and successfully refinanced in the bond market
- Progress in Fnac Darty integration process, on target with roadmap

Alexandre Bompard, Chairman and Chief Executive Officer of Fnac Darty made the following comments: *“During the third quarter of 2016, Fnac finalized the acquisition of Darty and its refinancing. Integration is underway and proceeding according to the timetable we established. Promising joint initiatives have already been put in place.*

*Despite the tougher consumer environment in France over the third quarter, Fnac Darty business showed a good resilience. It benefited from the continued transformative dynamic undertaken, namely faster expansion, broadening of the loyalty program, and the launch of new express delivery services.*

*The two companies confirm their attractiveness and their potential for creating a European leader”*

### THIRD QUARTER REVENUES 2016

	Q3 2016 in €M	Change vs. Q3 2015		
		Total	at comparable scope of consolidation and at constant exchange rates	On a same-store basis*
Group published	1,402	63.1%	-2.6%	-2.9%
Group pro forma <sup>1</sup>	1,719	-0.9%	-1.0%	-0.7%
Fnac	840	-2.3%	-2.6%	-2.9%
Darty	879	0.6%	0.6%	1.6%

\* at comparable scope of consolidation and at constant exchange rates

<sup>1</sup> Assuming Darty in the scope of consolidation by January 1, 2015

# FNAC DARTY

---

## THIRD QUARTER HIGHLIGHTS

Consolidated revenues totaled €1,402 million in the third quarter of 2016, up 63.1% compared to the third quarter of 2015.

This sharp increase is the result of the Darty consolidation beginning on August 1, 2016. The change in exchange rates was slightly positive (+0.3pt) due to the appreciation of the Brazilian real against the euro.

Group sales fell on a pro forma basis by -1.0% in the third quarter of 2016 compared to the previous fiscal year (at comparable scope of consolidation and constant exchange rates).

During the first nine months of the year, pro forma sales were up +2.7% (at comparable scope of consolidation and constant exchange rates).

### Darty acquisition finalized

On August 1<sup>st</sup>, the first closing date, Fnac held 98.5% of Darty's capital. On August 17<sup>th</sup>, Darty shares were delisted from the London and Euronext Paris exchanges. At the end of squeeze-out procedure on September 12<sup>th</sup>, Fnac held 100% of Darty's capital, 30.64% of which was paid in newly issued Fnac shares. On September 22<sup>nd</sup>, Fnac successfully issued a seven-year senior bond of €650 million bearing an annual interest of 3.25%. Funds raised from this bond issue allowed Fnac to repay the €750 million bridge loan put in place in April 2016. Prior to this issue, the new "Fnac Darty" Group had been rated BB by Standard & Poor's and Ba2 by Moody's. This bond issue drew a lot of interest from more than 300 European investors and was heavily oversubscribed.

### Darty integration

Fnac took control of Darty's operations in late July. Fifteen working groups addressing the main commercial and organizational areas of a retail group and gathering managers of the two companies have been working together since August. The Executive Committee of the new Fnac Darty Group was appointed in September. The first initiatives have begun to be implemented. Since October 12, the Fnac.com marketplace is hosting a Darty space offering a selection of 1,200 White Good products (both major and small domestic appliances). In addition, initial tests of pick-up in Darty stores of products ordered on Fnac.com were successful.

### Continued expansion

The pace of expansion at both companies was sustained throughout the third quarter.

Fnac opened 9 stores in its new formats during the quarter, 7 of which were in France and 2 in the Iberian Peninsula, increasing the number of store openings since the start of the year to 16.

In early September, the company announced the signing of a new partnership with the holding company SEDADI, a telephony specialist in central France. This partnership will accelerate the franchise growth of the *Fnac Connect* format with a goal of 10 store openings by end 2017, and will strengthen Fnac's leadership in telephony and connected objects.

In light of the number of scheduled openings in the fourth quarter, the target of 20 store openings in 2016 will likely be exceeded.

Darty opened 6 franchised stores in France in the third quarter. In total, 27 new Darty stores were opened in the first 9 months of the year, 26 of which were franchises in France.

## Gross margin under control

In markets still characterized by high promotional intensity, the gross margin rate was under control, both at Fnac and Darty. It remained stable compared to the previous fiscal year at the new Group's level. This good resistance of gross margin was achieved thanks to well managed commercial operations and the strengthening of collaboration with key suppliers.

## Continued momentum from cost savings

The two companies continued their policy to improve operational efficiency and cut costs. The Group confirms its target of €30 to €40 million cost savings for 2016 in the Fnac perimeter.

## ANALYSIS BY REPORTING SEGMENT

*The segments presented below correspond to existing segments, which are subject to change in subsequent Group publications.*

### **Fnac France**

Fnac France sales fell -2.5% in the third quarter. Market trends deteriorated in most of the Group's categories in a tougher consumption environment.

Over the first nine months of the year, revenues rose +0.2%.

The diversification strategy of the product range continued to pay off. The sales growth in telephony continued at a high pace, driven by gains in market share and a sustained pace of innovation for the category. The sales performance of other diversification categories (Games & Toys, Home & Design, and Stationery) was also very satisfactory thanks primarily to good commercial execution.

Internet continued to report strong momentum with double-digit sales growth.

The share of omni-channel sales totaled 60% of online orders in the third quarter, up sharply from the previous year (47% in the third quarter of 2015).

The marketplace continued to show sustained growth, driven by the increasing attractiveness of Fnac.com and offer diversification. The marketplace accounted for 19.8% of online gross merchandise volume in the third quarter, up 1.5 points compared to the previous year.

Fnac continued its initiatives to enhance its delivery service. At the end of September, "Fnac 2H Chrono", the home delivery service within 2 hours of online orders, was available in Paris and 6 regional cities<sup>2</sup>, and will be expanded to 3 other major French cities by the end of the year, making it accessible to 30% of Fnac.com unique visitors.

At the beginning of October, Fnac also launched a new loyalty card called "Fnac+", which includes all benefits of the membership program plus unlimited access to all express delivery services. The membership program is a highly differentiating asset for Fnac. As of late September, it boasted over 4.5 million loyal customers in France, a figure that keeps on growing.

In-store sales suffered from the decline in footfall.

The network continued to expand with the opening of 7 stores, 6 proximity format stores most of which are franchises, and a *Fnac Connect* store under the partnership announced in early September with the SEDADI group.

---

<sup>2</sup> Lille, Nice, Lyon, Toulouse, Marseille and Rennes

# FNAC DARTY

---

## **Fnac Iberian Peninsula**

Fnac revenues from the Iberian Peninsula were down -0.5%. The overall consumer environment remained unchanged compared to the first half year, with still highly promotional markets.

Internet delivered sustained growth, driven primarily by the sharp increase in omni-channel sales (nearly 50% of online sales) and the growth of marketplaces (nearly a 16% share of online gross merchandise volume).

The region also benefited from faster expansion in the store network.

The Andorra store, opened as a franchise on July 25<sup>th</sup>, witnessed positive initial results.

Fnac Portugal opened its first store on September 20 in the *Fnac Connect* format in the Atrium Saldanha shopping center in Lisbon.

## **Fnac Brazil**

Sales for Fnac Brazil were down -14.4% at constant exchange rates in a macroeconomic environment that remained highly deteriorated and markets characterized by increased competitive intensity.

## **Fnac Other Countries**

Revenues for the region, which includes Fnac Belgium and Fnac Switzerland, are down -2.6% at constant exchange rates.

In Belgium, in-store sales continued to suffer from a lower traffic, a trend that was especially severe in Brussels. Declining in-store sales were partially offset by the sharp increase in online sales and the resumed expansion with the opening of a store in Alost at the end of June.

The consumer environment remained lackluster in Switzerland. Fnac Switzerland successfully launched its commercial web site in late July. The ramp up has been gradual with access to Fnac.com's entire product offering beginning in late October along with the introduction of in-store pickup. The website's development and the resumed expansion with the mid-November opening of the Neuchatel store (following the Conthey store in August 2015) will enable Fnac to deploy an omni-channel strategy in Switzerland and accelerate its growth in the country.

## **Darty France**

Darty France sales fell -1.1% in the third quarter. After adjusting for the impact of integrated store closures, revenues rose +0.4% during the period.

Growth slowed in the third quarter. The television category posted lower sales once the market normalized following the first-half peak due to the transition to TNT HD and to the Euro championship, and against an unfavorable comparison base (Rugby World Cup in September 2015). Sales of white goods were impacted by exceptionally high historical data for refrigeration products and fans/air conditioners (due to high temperatures in July 2015).

Telecommunications posted strong growth in a dynamic market, primarily driven by innovation.

The Kitchen offer topped 10% owing to the success of commercial operations during the period ("Free installation" and "Free credit") and the continued rollout of "corners" in stores. 6 new corners opened in the third quarter, bringing the number of stores featuring kitchen products in late September 2016 to 84.

The internet channel grew, driven by the increase of "Click & Collect" and the development of the marketplace.

# FNAC DARTY



The company continued to grow its store network with the opening of 6 new franchise stores in the third quarter.

Over the first nine months of the year Darty France pro forma sales were up +6.6% (+7.9% when adjusted for the impact of integrated store closures).

## **Darty Belgium and Netherlands**

Sales in Belgium and The Netherlands were up +7.2% in the third quarter. On a same-store basis, sales rose +6.6%.

The two companies, Vanden Borre and BCC, posted higher sales.

The internet channel continued to grow at a very fast pace and represented nearly 15% of revenues for the region.

On October 27, Vanden Borre will open its first *Vanden Borre Kitchen* store under its partnership with Ixina. In early October, it also announced that it was in negotiations to take over 9 Kitchen Market stores. By acquiring these stores, which will be converted to the Vanden Borre banner, the company will increase its presence in Wallonia.

BCC posted strong growth thanks notably to a favorable historical basis after the disruptions caused last year by the implementation of a new IT system.

## **CONCLUSION AND OUTLOOK**

The third quarter saw the start of the integration between Fnac and Darty. Business was resilient despite a tougher market environment in France.

The Group is cautious regarding the consumer environment in the fourth quarter. Fnac Darty intends to consolidate its leadership through flawless business execution during this crucial period of the year and the continued implementation of its strategic levers: enhanced range of products and services, faster expansion, strengthened omni-channel model, and greater operational efficiency.

The process of integrating the two companies will continue into the fourth quarter. This will allow the Group to deliver the first synergies generated by the merger.

# FNAC DARTY



## 2016 THIRD QUARTER REVENUES

**Matthieu Malige, Group Chief Financial Officer**, will host a conference call for investors and analysts on Thursday, October 20, 2016 at 6:15 p.m. (CET); 5:15 p.m. (UK); 12:15 p.m. (East Coast USA).

**Conference call dial-in numbers:**

France: + 33 1 70 77 09 40  
UK: +44 203 367 9461  
US: +1 855 40 277 64 (free)

**Replay dial-in numbers available until Wednesday, November 30, 2016**

France: +33 1 72 00 15 00  
UK: +44 203 367 9460  
US: +1 877 64 230 18 (free)

Replay access code: **304390#**

## CONTACTS

ANALYSTS/INVESTORS

Nadine Coulm

[nadine.coulm@fnac.com](mailto:nadine.coulm@fnac.com)  
+33 (0)1 55 21 18 63

PRESS

Laurent Glepin

[laurent.glepin@fnac.com](mailto:laurent.glepin@fnac.com)  
+33 (0)1 55 21 53 07

# FNAC DARTY

## APPENDICES

### 2016 THIRD QUARTER REVENUES - PUBLISHED

	Q3 2016 in €M	Change vs. Q3 2015		
		Actual	On a comparable basis and at constant exchange rates	On a same-store basis*
Fnac France	597	-2.5%	-2.5%	-2.6%
Fnac Iberian Peninsula	150	-0.5%	-0.5%	-0.7%
Fnac Brazil	29	-5.6%	-14.4%	-14.4%
Fnac Other Countries	65	-2.7%	-2.6%	-5.1%
Darty France	445	-	-	-
Darty Belgium and Netherlands	117	-	-	-
<b>Group</b>	<b>1,402</b>	<b>63.1%</b>	<b>-2.6%</b>	<b>-2.9%</b>

\* At comparable scope of consolidation and constant exchange rates

### 2016 THIRD QUARTER REVENUES - PRO FORMA

	Q3 2016 in €M	Change vs. Q3 2015		
		Actual	On a comparable basis and at constant exchange rates	On a same-store basis*
Fnac France	597	-2.5%	-2.5%	-2.6%
Fnac Iberian Peninsula	150	-0.5%	-0.5%	-0.7%
Fnac Brazil	29	-5.6%	-14.4%	-14.4%
Fnac Other Countries	65	-2.7%	-2.6%	-5.1%
Darty France	694	-1.1%	-1.1%	0.4%
Darty Belgium and Netherlands	185	7.2%	7.2%	6.6%
<b>Group</b>	<b>1,719</b>	<b>-0.9%</b>	<b>-1.0%</b>	<b>-0.7%</b>

\* At constant exchange rates and on a comparable basis

# FNAC DARTY

## END OF SEPTEMBER 2016 REVENUES - PUBLISHED

	9 months 2016 in €M	Change vs. 9 months 2015		
		Actual	On a comparable basis and at constant exchange rates	On a same-store basis*
Fnac France	1,764	0.2%	0.2%	0.1%
Fnac Iberian Peninsula	432	-0.6%	-0.6%	-0.7%
Fnac Brazil	77	-21.6%	-12.2%	-12.2%
Fnac Other Countries	188	-3.7%	-2.8%	-5.3%
Darty France	445	-	-	-
Darty Belgium and Netherlands	117	-	-	-
<b>Group</b>	<b>3,022</b>	<b>21.5%</b>	<b>-0.6%</b>	<b>-0.9%</b>

\* At constant exchange rates and on a comparable basis

## END OF SEPTEMBER 2016 REVENUES – PRO FORMA

	9 months 2016 in €M	Change vs. 9 months 2015		
		Actual	On a comparable basis and at constant exchange rates	On a same-store basis*
Fnac France	1,764	0.2%	0.2%	0.1%
Fnac Iberian Peninsula	432	-0.6%	-0.6%	-0.7%
Fnac Brazil	77	-21.6%	-12.2%	-12.2%
Fnac Other Countries	188	-3.7%	-2.8%	-5.3%
Darty France	2,082	6.6%	6.6%	7.9%
Darty Belgium and Netherlands	530	3.8%	3.8%	2.5
<b>Group</b>	<b>5,072</b>	<b>2.4%</b>	<b>2.7%</b>	<b>2.9%</b>

\* At constant exchange rates and on a comparable basis

# FNAC DARTY

## STORE NETWORK - PRO FORMA

	Dec. 31, 2015	Sep. 30, 2016
<b>Fnac France</b>	<b>124</b>	<b>136</b>
Traditional *	74	75
Periphery	14	14
Travel	18	19
Proximity	16	25
Connect	2	3
<i>Including franchise stores</i>	<i>38</i>	<i>49</i>
<b>Fnac Iberian Peninsula</b>	<b>49</b>	<b>50</b>
Traditional	40	38
Travel	2	2
Proximity	7	8
Connect	0	2
<i>Including franchise stores</i>	<i>1</i>	<i>2</i>
<b>Fnac Brazil</b>	<b>12</b>	<b>12</b>
Traditional	11	11
Travel	1	1
<b>Fnac Other Countries</b>	<b>14</b>	<b>15</b>
Traditional	14	14
Proximity	0	1
<b>Darty France</b>	<b>284</b>	<b>304</b>
<i>Including franchise stores</i>	<i>61</i>	<i>86</i>
<b>Darty Belgium and Netherlands</b>	<b>137</b>	<b>136</b>
<b>Group</b>	<b>620</b>	<b>653</b>
Traditional	139	138
Periphery	14	14
Travel	21	22
Proximity	23	34
Connect	2	5
Darty	421	440
<i>Including franchise stores</i>	<i>100</i>	<i>137</i>

\* Including one store in Morocco, two in Ivory Coast, and one in Qatar

## DEFINITIONS OF ALTERNATIVE PERFORMANCE INDICATORS

### **CHANGE IN REVENUES AT CONSTANT EXCHANGE RATES**

Measuring the change in revenues at constant exchange rates means that the impact of exchange rate movements is excluded. The impact of exchange rate movements is eliminated by recalculating sales in year N-1 on the basis of the exchange rates used for year N. This indicator thus allows us to measure the change in revenues as if exchange rates had not moved.

#### Reconciliation table showing the change in revenues at constant exchange rates

	Q3 2015	Q3 2016
Revenues in year N	859.8	1,402.1
Revenues in year N-1	862.6	859.8
Exchange rate impact on year N-1	-8.0	3.1
<b>Revenues in year N-1 at constant exchange rates</b>	<b>854.6</b>	<b>862.9</b>
<b>Change in revenues at constant exchange rates</b>	<b>5.2</b>	<b>539.2</b>
Change expressed as %	0.6%	62.5%

### **CHANGE IN REVENUES AT CONSTANT SCOPE**

Measuring the change in revenues at constant scope means that the impact of business-scope changes is excluded (such as the acquisition or disposal of a subsidiary). The revenues of subsidiaries bought or sold since January 1 of financial year N-1 are thus excluded when measuring the change in revenues. This indicator thus allows us to measure the change in revenues excluding the impact of changes to the scope of consolidation.

#### Reconciliation table showing the change in revenues at constant scope

	Q3 2015	Q3 2016
Revenues in year N	859.8	1,402.1
Revenues in year N-1	862.6	859.8
Change in revenues in year N vs. year N-1	0.0	562.0
<b>Impact of scope changes on year N and on year N-1</b>	<b>859.8</b>	<b>840.1</b>
<b>Change in revenues at constant scope</b>	<b>-2.8</b>	<b>-19.8</b>
Change expressed as %	-0.3%	-2.3%

*The changes in revenue at comparable scope of consolidation and at constant exchange rates correspond to the accumulation of the two previous bridge tables.*

# FNAC DARTY

## CHANGE IN REVENUES ON A SAME-STORE BASIS

Measuring the change in revenues on a same-store basis, means that the impact of opening or closing directly owned stores is excluded. The revenues of directly owned stores opened or closed since January 1 of financial year N-1 are thus excluded when measuring the change in revenues. This indicator thus allows us to measure the change in revenues excluding the impact of the opening or closing of directly owned stores.

Reconciliation table showing the change in revenues on a same-store basis

	Q3 2015	Q3 2016
Revenues in year N	859.8	1,402.1
Revenues in year N-1	862.6	859.8
<b>Impact of opening and closing directly owned stores</b>	6.6	2.4
<b>Revenues in N-1 on a same-store basis</b>	<b>869.1</b>	<b>862.2</b>
<b>Change in revenues on a same-store basis</b>	<b>-9.3</b>	<b>539.9</b>
Change expressed as %	-1.1%	62.6%

*The changes in revenue on a same-store basis, at comparable scope of consolidation and at constant exchange correspond to the accumulation of the three previous bridge tables.*

## DEFINITION OF PRO FORMA INFORMATION

Fnac Darty revenues in the third quarter of 2016 incorporate the Groupe Darty plc data starting in August 2016. The data is not directly comparable to historically published data. To gain a more accurate picture of the new entity's economic performance, the company decided to present the pro forma data for 2016 and 2015, which retraces the activity of the two groups as if Darty had been purchased on January 1, 2015.

### Published data

	Q3 2016	Q3 2015	Q3 2016 Total	Q3 2015 Total
Groupe Fnac	July - Sep	July - Sep	Jan - Sep	Jan - Sep
Groupe Darty	Aug - Sep	-	Aug - Sep	-

### Pro forma data

	Q3 2016	Q3 2015	Q3 2016 Total	Q3 2015 Total
Groupe Fnac	July - Sep	July - Sep	Jan - Sep	Jan - Sep
Groupe Darty	July - Sep	July - Sep	Jan - Sep	Jan - Sep