

## Revenues<sup>1</sup> up 6% in Q3 2017 Synergy objective for 2017 raised Objective of €130m of synergies at the end of 2018 confirmed

- **Strong growth (+6.0%)<sup>1</sup> in Group revenues in the third quarter of 2017**
  - Favorable comparison basis and positive calendar effect (+1.1 pt)
  - Strong effect of product launches on Telephony and Gaming segments
  
- **Fnac Darty integration ahead of schedule: objective of deployed synergies at year end 2017 raised to at least 60% of the €130m targeted at the end of 2018 (compared to at least 50% previously announced)**

**Enrique Martinez, Chief Executive Officer of Fnac Darty, commented:** *“The strong performance for the quarter demonstrates the Group’s ability to meet customers’ needs as well as the value of the partnerships with our suppliers, in a context of buoyant innovation cycle and numerous product launches. The Fnac Darty integration is continuing and the deployment of synergies is ahead of schedule, which allows us to raise our objective to at least 60% of planned synergies to be deployed this year. A new executive committee has just been appointed and we will present our strategic plan on December 5.”*

### 2017 THIRD QUARTER REVENUES - PRO FORMA

	Q3 2017 in €m	Change vs. Q3 2016	
		Reported	Like-for-like data <sup>2</sup>
France and Switzerland	<b>1,400</b>	+6.4%	+6.4%
Iberian Peninsula	<b>160</b>	+6.4%	+5.2%
Benelux	<b>232</b>	+3.2%	+2.5%
<b>Group</b>	<b>1,792</b>	<b>+6.0%</b>	<b>+5.8%</b>

1 Pro Forma, including Darty as of January 1, 2016

2 Like-for-like data: excluding the impact of changes in foreign exchange rates, the scope of consolidation, and store openings and closings

## THIRD QUARTER 2017 HIGHLIGHTS

### **Strong sales growth in the third quarter**

Group revenues totaled €1,792 million in the third quarter of 2017, up 30.4% in reported figures. On a pro-forma basis, sales increased by +6.0% based on reported figures and +5.8% on a like-for-like basis.

Third-quarter revenue growth is marked by a favorable base effect and a significant calendar effect (+1.1pt). The longer summer sales period compared to 2016 and the high number of product launches are driving sales, in this quarter specifically. Activity was up in the Group's three main markets. In technical products, the Group tapped the growth of the telephony market. Sales of editorial products are growing considerably, driven by the dynamism of video games. Small household appliance sales are also very dynamic due to a buoyant innovation cycle.

Revenues in the France-Switzerland segment increased by 6.4%<sup>2</sup>, with solid performances for both of the Group's banners. Internationally, sales were also up in the Iberian Peninsula (+5.2%<sup>2</sup>) and in Benelux (+2.5%<sup>2</sup>).

Over a nine-month period, Group revenues totaled €5,007 million, up +0.3% based on reported figures and +3% excluding the television segment, which in the first half of 2017 suffered from a high comparison basis related to the change in digital television standard in France in 2016.

### **Rapid deployment of Fnac Darty integration**

The Fnac Darty integration continued to progress during the quarter. The deployment of commercial synergies between the two banners is progressing according to plan, with about twenty shop-in-shops that should be opened by the end of the year. Exchanges of best practices between the two banners have enabled Services activities to accelerate their development significantly. In addition, the Group announced the launch of Darty+ in early October. This program capitalizes on the experience of Fnac+ and offers a 2-hours delivery service to 20 cities, unlimited remote assistance, and privileged access to the Darty after-sales service for products purchased from other banners. In addition, Fnac+ and Darty+ cardholders will enjoy unlimited delivery in both banners. This program launch constitutes a decisive step in the development of a common customer base. In addition, new organizations for Head Offices are being implemented, and the effects of direct and indirect purchasing synergies are ongoing.

## **Continued expansion and strengthening of the omnichannel footprint**

Sales for the Internet channel continued to grow in the third quarter, for both directly owned sites and marketplaces, for which business volume is up by more than 60%.

The pace of expansion continued, with 16 store openings during the quarter, 14 of which were franchises. This makes a total number of 48 stores opened since the beginning of the year. The network now numbers 703 stores, 189 of which are franchises. As of the end of September, the Group has thus almost met its goal of 50 store openings this year.

Thanks to the performance of the web platforms combined with the continuous development of the territorial network, omnichannel sales have reached 48% of the Group's Internet sales for the quarter.

## **ANALYSIS OF PRO-FORMA REVENUES BY REPORTING SEGMENT**

### **France-Switzerland**

In the third quarter, sales in the France-Switzerland segment totaled €1,400 million, up 6.4% both based on reported and like-for-like figures. The quarter was marked by a strong calendar effect and a favorable comparison basis, given the 1.8% fall in sales in the third quarter of 2016. Over 9 months, revenues increased by 0.5% on a like-for-like basis.

The Telephony segment benefited from numerous product launches and the Sound segment benefited from Group exclusives on voice-controlled speakers. Sales of editorial products also grew, driven by the dynamism of video games and deferred book sales in the third quarter, after a lackluster second quarter. A favorable innovation cycle enabled the small household appliance segment to experience strong growth this quarter.

The growth of the web channel was very strong and was supported by a good level of activity on Fnac.com and a marketplaces sales increase of more than 60%.

The expansion of the network continued during the period with the opening of 13 franchise stores (5 Darty and 8 Fnac).

Finally, loyalty programs continued to grow, notably the Fnac+ card, whose attractiveness was confirmed through significant membership growth. The Group has set a goal of more than one million members by the end of the year. The Group also launched the Darty+ program in early October, thus demonstrating the commercial synergies between the two banners.

### **Iberian Peninsula**

Revenues in the Iberian Peninsula totaled €160 million, up +6.4% based in reported figures and up +5.2% on a like-for-like basis. Over 9 months, sales were up +2.5% on a like-for-like basis.

In a consumption environment that remains favorable in Portugal, sales are growing strongly. A high number of commercial initiatives have borne fruit, and the performance of the IT Products and Telephony segments has been very good.

# FNAC DARTY



Spain also reported good levels of sales despite the negative impact of the Barcelona attacks. This growth is based on market share gains and the dynamism of online activities. Expansion continued with the opening of a new store in August, in Madrid. However, the country's political environment lower the visibility for the coming quarters.

## **Benelux**

Revenues in the Benelux segment totaled €232 million, up +3.2% based on reported figures and up +2.5% on a like-for-like basis. Over 9 months, sales were up +0.9% based on reported figures.

Sales are up in Belgium over the quarter, driven mainly by a strong performance from white goods and Telephony. E-commerce enjoyed continued growth and the kitchen specialist store network grew at a satisfactory pace. In the Netherlands, where trading conditions remain tight, the Group is focused on the rollout of its transformation plan.

## **Growing gross margin**

Despite less favorable mix effects, gross margin continued to grow in Q3 compare to Q3 2016, due to the effects of synergies and continued commercial investments control.

## **OUTLOOK**

Fnac Darty benefited from specific growth drivers during the third quarter. In the fourth quarter, the Group remains cautious about the competitive and consumer environment and will focus on the quality of commercial execution during this crucial period of the year.

The Group confirms its objective of €130 million in synergies to be deployed by the end of 2018, and raises its objective to at least 60% of planned synergies to be deployed by year end 2017 (compared to at least 50% previously announced).

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## 2017 THIRD QUARTER REVENUES

**Jean-Brieuc Le Tinier, Chief Financial Officer**, will host a conference call for investors and analysts on Thursday, October 19, 2017, at 6:00 p.m. (CET); 5:00 p.m. (UK); 12:00 p.m. (East Coast USA).

**Conference call dial-in numbers:**

France: +33 1 72 72 74 03

Germany: +49 692 22225429

UK: +44 207 194 3759

USA: +1 844 286-0643

**Access code: 01699477#**

**Replay dial-in numbers (available until Thursday, November 30, 2017)**

France: +33 1 70 71 01 60

Germany: +49 211 97190087

UK: +44 203 364 5147

USA: +1 646 722-4969

**Replay access code: 418701334#**

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## APPENDICES

### 2017 THIRD QUARTER REVENUES – Reported

	Q3 2017 in €m	Change vs. Q3 2016		
		reported	at constant exchange rates	like-for-like data
France and Switzerland	<b>1,400</b>	+31.2%	+31.3%	+31.0%
Iberian Peninsula	<b>160</b>	+6.4%	+6.4%	+5.2%
Benelux	<b>232</b>	+48.5%	+48.5%	+44.0%
<b>Group</b>	<b>1,792</b>	<b>+30.4%</b>	<b>+30.5%</b>	<b>+29.7%</b>

### 2017 THIRD QUARTER REVENUES – PRO FORMA

	Q3 2017 in €m	Change vs. Q3 2016		
		reported	at constant exchange rates	like-for-like data
France and Switzerland	<b>1,400</b>	+6.4%	+6.5%	+6.4%
Iberian Peninsula	<b>160</b>	+6.4%	+6.4%	+5.2%
Benelux	<b>232</b>	+3.2%	+3.2%	+2.5%
<b>Group</b>	<b>1,792</b>	<b>+6.0%</b>	<b>+6.0%</b>	<b>+5.8%</b>

### 9-MONTH CUMULATIVE REVENUES – PRO FORMA

	9 months 2017 in €m	Change vs. 9 months 2016		
		reported	at constant exchange rates	like-for-like data
France and Switzerland	<b>3,916</b>	+0.0%	+0.0%	+0.5%
Iberian Peninsula	<b>440</b>	+2.0%	+2.0%	+2.5%
Benelux	<b>651</b>	+0.9%	+0.9%	-0.9%
<b>Group</b>	<b>5,007</b>	<b>+0.3%</b>	<b>+0.3%</b>	<b>+0.5%</b>

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## STORE NETWORK - PRO FORMA

	Dec. 31, 2016	Opened	Closed	Sept. 30, 2017
<b>France and Switzerland</b>	<b>465</b>	<b>37</b>	<b>6</b>	<b>496</b>
<i>Traditional Fnac</i>	81	3	0	84
<i>Suburban Fnac</i>	14	0	0	14
<i>Travel Fnac</i>	20	2	0	22
<i>Proximity Fnac</i>	31	7	0	38
<i>Fnac Connect</i>	4	1	0	5
<i>Darty</i>	315	23	6	332
<i>Fnac Darty France</i>	0	1	0	1
<i>Including franchised stores</i>	<i>152</i>	<i>34</i>	<i>0</i>	<i>186</i>
<b>Iberian Peninsula</b>	<b>52</b>	<b>4</b>	<b>1</b>	<b>55</b>
<i>Traditional Fnac</i>	40	1	0	41
<i>Travel Fnac</i>	2	0	0	2
<i>Proximity Fnac</i>	8	3	1	10
<i>Fnac Connect</i>	2	0	0	2
<i>Including franchised stores</i>	<i>2</i>	<i>1</i>	<i>0</i>	<i>3</i>
<b>Benelux</b>	<b>147</b>	<b>7</b>	<b>2</b>	<b>152</b>
<i>Traditional Fnac</i>	9	0	0	9
<i>Proximity Fnac</i>	1	0	0	1
<i>Darty</i>	137	7	2	142
<b>Groupe Fnac Darty</b>	<b>664</b>	<b>48</b>	<b>9</b>	<b>703</b>
<i>Traditional Fnac</i>	130	4	0	134
<i>Suburban Fnac</i>	14	0	0	14
<i>Travel Fnac</i>	22	2	0	24
<i>Proximity Fnac</i>	40	10	1	49
<i>Fnac Connect</i>	6	1	0	7
<i>Darty</i>	452	30	8	474
<i>Fnac/Darty</i>	0	1	0	1
<i>Including franchised stores</i>	<i>154</i>	<i>35</i>	<i>0</i>	<i>189</i>

The France-Switzerland region includes 7 international stores: one in Morocco, one in Congo, one in Cameroon, two in Côte d'Ivoire and two in Qatar; along with 14 stores in the French overseas territories (DOM-TOM).

# FNAC DARTY

## **DEFINITIONS OF ALTERNATIVE PERFORMANCE INDICATORS**

### **CHANGE IN PRO-FORMA REVENUES AT CONSTANT EXCHANGE RATES AND COMPARABLE SCOPE OF CONSOLIDATION**

The change in revenues at constant exchange rates and comparable scope of consolidation factors out the impact of exchange rate fluctuations and adjusts the scope of consolidation to exclude the impact of any changes (acquisitions or disposals of subsidiaries) during the period. The exchange rate impact is eliminated by recalculating sales for financial year N-1, based on the exchange rates used for financial year N. Revenues of subsidiaries acquired or sold since January 1 of financial year N-1 are excluded from the calculation of the exchange rate impact. This indicator can be used to measure the change in revenues excluding the impact of changes in exchange rates and in the scope of consolidation.

### **CHANGE IN PRO-FORMA REVENUES ON A LIKE FOR LIKE BASIS (AT CONSTANT EXCHANGE RATES, COMPARABLE SCOPE OF CONSOLIDATION AND ON A SAME-STORE BASIS)**

The change in revenues on a like-for-like basis factors out the impact of exchange rate fluctuations, adjusts the scope of consolidation to exclude the impact of any changes (acquisitions or disposals of subsidiaries) during the period and excludes the impact of any directly-owned stores that have been opened or closed since January 1 of financial year N-1. This indicator can be used to measure revenues excluding the impact of changes in exchange rates and in the scope of consolidation, and excluding the impact of any directly-owned stores that have been opened or closed during the period.

### **DEFINITION OF PRO-FORMA INFORMATION**

Fnac Darty's 2016 revenues include data from Groupe Darty plc as from August 2016. Accordingly, the data are not directly comparable with historically reported data. To provide a more accurate picture of the new entity's economic performance, the company decided to present pro-forma data for 2016 and 2017. This treats the operations of the two groups as though the acquisition had taken place on January 1, 2016.

### **REPORTED FIGURES**

	Q3 2016	Q3 2017
Fnac	Jul. – Sept.	Jul. – Sept.
Darty	Aug. – Sept.	Jul. – Sept.

### **PRO-FORMA FIGURES**

	Q3 2016	Q3 2017
Fnac	Jul. – Sept.	Jul. – Sept.
Darty	Jul. – Sept.	Jul. – Sept.