



FNAC DARTY

2017

**HALF-YEAR
RESULTS**

CECONOMY WILL HAVE A MINORITY SHAREHOLDING IN FNAC DARTY

- Artemis signed an agreement regarding the sale of its 24.3% stake in Fnac Darty's share capital to Ceconomy
- Ceconomy will support Fnac Darty strategy and the management team
- Ceconomy will have the possibility to propose to the Board of Directors of Fnac Darty the appointment of three directors
- The closing of the transaction, which is, in particular, subject to regulatory conditions, is currently expected to occur by the end of August 2017

H1 2017 RESULTS HIGHLIGHTS

■ Solid operational performance

- H1 2017 Group sales down -2.7% YoY (-2.4% LFL) and +2.1% over 2 years
- Q2 2017 Group sales down -2.6% YoY (-2.3% LFL) and +3.5% over 2 years

■ Rapid progress of Fnac Darty integration

- €34m synergies generated during the first half
- €43m total synergies generated at the end of June 2017 out of the €130m target

■ Strong increase (+€30m) in current operating income at 34m€ : operational efficiency enabling the Group to retain synergies despite sales decline

■ Satisfactory Free Cash Flow despite seasonality and high comps

SOLID SALES PERFORMANCE IN Q2 AND H1

€m	Q2 2017	Change vs Q2 2016		H1 2017	Change vs H1 2016	
		Pro forma	Like for like		Pro forma	Like for like
France and Switzerland	1,211	-3.5%	-2.9%	2,517	-3.3%	-2.8%
Iberian Peninsula	134	0.1%	1.5%	281	-0.4%	1.1%
Benelux	197	1.4%	-0.7%	418	-0.4%	-1.9%
Group	1,541	-2.6%	-2.3%	3,216	-2.7%	-2.4%
	Excl. TV	+2.3%		Excl. TV	+1.2%	
	Vs 2015	+3.5%		Vs 2015	+2.1%	

- France
 - Strong underlying business, sales up excluding TV segment
- International
 - Competitive environment in Spain. Good dynamic in Portugal
 - Improved trends in Netherlands. Growth in Belgium
- Digital and omnichannel very dynamic
- Network expansion : +32 stores in H1 2017

CURRENT OPERATING INCOME : STRONG GROWTH

€m	H1 2016 Pro Forma	H1 2017 Pro Forma	Change
REVENUES	3,304	3,216	-2.7%
Gross Margin <i>% Revenues</i>	987 29.9%	995 30.9%	+107bp
Total costs <i>% Revenues</i>	-983 29.8%	-961 29.9%	-€22m
Current operating income	3.6	33.9	+€30m
<i>% Revenues</i>	0.1%	1.1%	+95bp

- Gross Margin improved by 107 bp
 - Synergies
 - Good control of commercial policy
 - Product and services mix
- Synergies : **€43m** at the end of H1 2017
- Standalone performance plans delivering well on cost savings
- Current operating margin increased by 95 bp

FRANCE AND SWITZERLAND

€m	H1 2016	H1 2017	% Change
Revenues	2,602	2,517	-3.3%
<i>Life-for-like</i>			-2.8%
Current operating income	4.9	32.4	n/a
<i>Operating margin</i>	0.2%	1.3%	



(1) At comparable scope of consolidation and at constant forex

- Sales remain resistant despite a strong comparison basis due to TV digital switch in April 2016
- Excluding the TV segment, sales are up +1.4% in H1 2017
- Sales are up +2.8% vs. H1 2015
- Strong performance of digital
 - Fnac.com very strong growth in H1
 - Darty marketplace : sharp increase of GMV
 - Omnichannel represents over 45% of online sales
- Network expansion : 24 new stores in H1

IBERIAN PENINSULA

€m	H1 2016	H1 2017	Change
Revenues	282	281	-0.4%
<i>Life-for-like</i>			1.1%
Current operating income	1.2	2.4	x2
<i>Operating margin</i>	0.4%	0.9%	

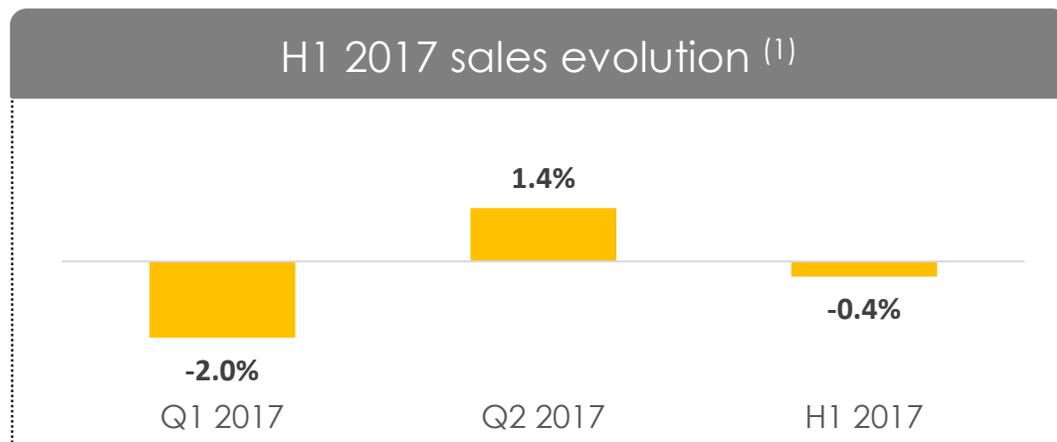


(1) At comparable scope of consolidation and at constant forex

- Strong performance in Portugal
- Good resistance of sales in Spain in a challenging environment
- Small domestic appliances launch under Fnac Home concept
- Improvement of profitability

BENELUX

€m	H1 2016	H1 2017	% Change
Revenues	420	418	-0.4%
<i>Life-for-like</i>			-1.9%
Current operating income	-2.5	-0.9	n/a
<i>Operating margin</i>	-0.6%	-0.2%	



(1) At comparable scope of consolidation and at constant forex

- Stable sales over the period
- Good resistance of Fnac Belgium sales and strong growth of e-commerce
- Vanden Borre sales up in H1 benefiting from the integration of Kitchen Market stores
- Significant improvement of sales trend at BCC in Q2

€43M SYNERGIES ALREADY DELIVERED AT THE END OF H1 2017

OPERATIONAL SYNERGIES

- **Purchasing** negotiations: positive effect on gross margin
- **Logistics** optimisation started
- IT platforms convergence launched
- New organisation for the **head offices**

COMMERCIAL SYNERGIES

- Introduction of a **Darty space** in the Fnac.com marketplace
- A **ticketing** space available on Darty.com
- **Pick-up** of Fnac.com purchases in the Darty network
- **Shop-in-shop** initiatives started
- Opening of the first **store** branded Fnac & Darty
- **New services** initiatives

€43m of synergies delivered

Objectives confirmed : €130m of synergies delivered at the end of 2018, of which at least half at the end of 2017

P&L H1 2017 : REPORTED FIGURES

€m	H1 2016 ⁽¹⁾ reported	H1 2017
Revenues	1,572	3,216
Current operating income	-18	34
Non-current operating income and expenses	-23	-22
Operating income	-40	12
Financial charges	-23	-22
Tax	-4	-5
Net income from continuing operations	-68	-15
Net income discontinued operations	-7	-88
Consolidated Net income	-76	-103

- Sales growth driven by the consolidation of Darty
- Current operating income growth benefiting from synergies and performance plan
- Non-current operating expenses in line with the plan
- Financial charges reduced (H1 2016 included €18m of costs related to Darty Acquisition)
- -€88m Net income from discontinued operations related to historical operational losses and recapitalization linked to Fnac Brazil disposal in July

(1) Excluding Brazil, reclassified as discontinued operations

FREE CASH FLOW GENERATION

€m	H1 2016 Pro Forma	H1 2017	Last twelve months Pro Forma
Cash flow from operations before tax, dividends and interest	14	74	268
Change in working capital	-185	-272	46
CAPEX	-48	-47	-116
Property disposals	13	1	3
Tax	-16	-21	-51
Operating Free Cash flow	-222	-265	150

- Cash flow from operations increase driven by strong operational performance
- Change in WC impacted by :
 - Working capital optimization projects at Darty in 2016
 - Negative sales trend strongly impacting working capital in H1
 - Reduced payment terms in the Netherlands
- Good CAPEX control in H1 2017
- No property disposals in H1 2017 (vs €13m in H1 2016)
- Strong cash flow generation of €150m over the last twelve months

BALANCE SHEET

€m	31/12/2016 ⁽¹⁾	30/06/2017
Shareholders' equity	1,048	939
Net Debt	207	503

- Strong equity position
- Controlled leverage :
Covenants met at June 30, 2017
- Strong liquidity position: 400M€
RCF undrawn at the end of June
- Ownership of a significant real estate portfolio from Darty

(1) Restated for the final evaluation of identifiable assets and liabilities of Darty

FNAC DARTY

CONCLUSION AND OUTLOOK



CONCLUSION AND OUTLOOK

- In a context of weak markets in H1, the Group demonstrated the soundness of its model and the strong momentum of the Fnac Darty integration
- Base effects on sales will be less impactful in H2. The rapid execution of the synergies plan and the transformation of the operational and commercial model of Fnac Darty will continue
- The Group confirms its synergies objectives of 130m€ at the end of 2018, of which at least 50% achieved at end 2017



SERVICES
APRÈS-VENTE

FNAC DARTY

APPENDICES

DEFINITIONS

Pro-forma

The figures present the situation by taking into account Darty's inclusion in the scope of consolidation as from January 1, 2016.

The *pro-forma* financial information includes the consolidated income statements of Fnac and Darty produced on an individual basis after alignment of the accounting policies and impacts of purchase price allocation.

Definition of current operating income

The monitoring of the Group's operating performance uses the current operating income as the main operating balance. It is defined as the difference between the total operating profit and the "Other non-current operating income and expenses".

Recurring operating income is an intermediate line item intended to facilitate the understanding of the entity's operating performance that can be used as a way to estimate recurring performance.

Definition of EBITDA and EBITDAR

EBITDA = Current operating income before depreciation, amortization and provisions on fixed operational assets.

EBITDAR = EBITDA before rent costs.

Definition of free cash flow from operations

This financial indicator measures net operating cash flow and gross operating investment flow (defined as purchases and sales of tangible and intangible non-current assets, and the change in supplier accounts payable for non-current assets).

REPORTED & PRO FORMA ACCOUNTS DEFINITION

Consolidation period for each perimeter

	Reported accounts		Pro forma accounts	
	Q2 2016	Q2 2017	Q2 2016	Q2 2017
FNAC	Apr.-Jun.	Apr.-Jun.	Apr.-Jun.	Apr.-Jun.
DARTY	/	Apr.-Jun.	Apr.-Jun.	Apr.-Jun.
	H1 2016	H1 2017	H1 2016	H1 2017
FNAC	Jan.-Jun.	Jan.-Jun.	Jan.-Jun.	Jan.-Jun.
DARTY	/	Jan.-Jun.	Jan.-Jun.	Jan.-Jun.

- Pro forma adjustments recorded in relation to accounting policy differences and Purchase Price Allocation (“PPA”) provided in Appendix

Q1/Q2/H1 REVENUE RESTATED

€m	Q1 2017	Change vs Q1 2016			Q2 2017	Change vs Q2 2016			H1 2017	Change vs H1 2016		
		reported	at constant FX and comparable scope of consolidation	Like for like at constant FX		reported	at constant FX and comparable scope of consolidation	Like for like at constant FX		reported	at constant FX and comparable scope of consolidation	Like for like at constant FX
France and Switzerland	1,306	-3.1%	-3.2%	-2.8%	1,211	-3.5%	-3.5%	-2.9%	2,517	-3.3%	-3.3%	-2.8%
Iberian Peninsula	147	-0.8%	-0.8%	0.7%	134	0.1%	0.1%	1.5%	281	-0.4%	-0.4%	1.1%
Benelux	222	-2.0%	-2.0%	-2.9%	197	1.4%	1.4%	-0.7%	418	-0.4%	-0.4%	-1.9%
Group	1,675	-2.8%	-2.8%	-2.5%	1,541	-2.6%	-2.6%	-2.3%	3,216	-2.7%	-2.7%	-2.4%

Consumer credit commissions recognized as revenue (€6m in Q1 and €8m in Q2) whereas they were previously in EBIT

Q2 AND H1 REVENUE REPORTED

€m	Q2 2017	Change vs Q2 2016			H1 2017	Change vs H1 2016		
		reported	at constant FX and comparable scope of consolidation	Like for like at constant FX		reported	at constant FX and comparable scope of consolidation	Like for like at constant FX
France and Switzerland	1,211	105.6%	105.6%	106.0%	2,517	107.2%	107.0%	107.5%
Iberian Peninsula	134	0.1%	0.1%	1.5%	281	-0.4%	-0.4%	1.1%
Benelux	197	459.1%	459.1%	435.6%	418	458.0%	458.0%	445.8%
Group	1,541	103.4%	103.4%	103.5%	3,216	104.6%	104.5%	105.3%

SALES 2016 PRO FORMA BY QUARTER

€m	Q1 2016	Change vs Q1 2015			Q2 2016	Change vs Q2 2015			Q3 2016	Change vs Q3 2015			Q4 2016	Change vs Q4 2015		
		Pro Forma	at constant FX and comparable scope of consolidation	Like for like at constant FX		Pro forma	at constant FX and comparable scope of consolidation	Like for like at constant FX		Pro Forma	at constant FX and comparable scope of consolidation	Like for like at constant FX		Pro Forma	at constant FX and comparable scope of consolidation	Like for like at constant FX
France and Switzerland	1,348	5.1%	5.1%	5.4%	1,254	7.7%	7.8%	7.9%	1,315	-1.8%	-1.8%	-1.3%	1,937	-0.5%	-0.5%	-0.3%
Iberian Peninsula	149	-1.5%	-1.5%	-2.2%	134	0.5%	0.5%	-0.5%	150	-0.5%	-0.5%	-0.7%	224	0.6%	0.6%	-0.4%
Benelux	226	-0.5%	-0.5%	-2.9%	194	1.4%	1.4%	1.2%	225	5.3%	5.3%	4.2%	263	3.4%	3.4%	2.7%
Group	1,723	3.7%	3.8%	3.6%	1,582	6.2%	6.3%	6.3%	1,690	-0.8%	-0.8%	-0.6%	2,424	0.0%	0.0%	0.0%

P&L PRO FORMA AND REPORTED

H1 2016 in €m	H1 2016 Reported⁽¹⁾	Period adjustments	Accounting adjustments	PPA effects⁽²⁾	H1 2016 Pro forma
Revenues	1,572	1,733	-0	0	3,304
Current operating income	-18	26	-4	-1	4

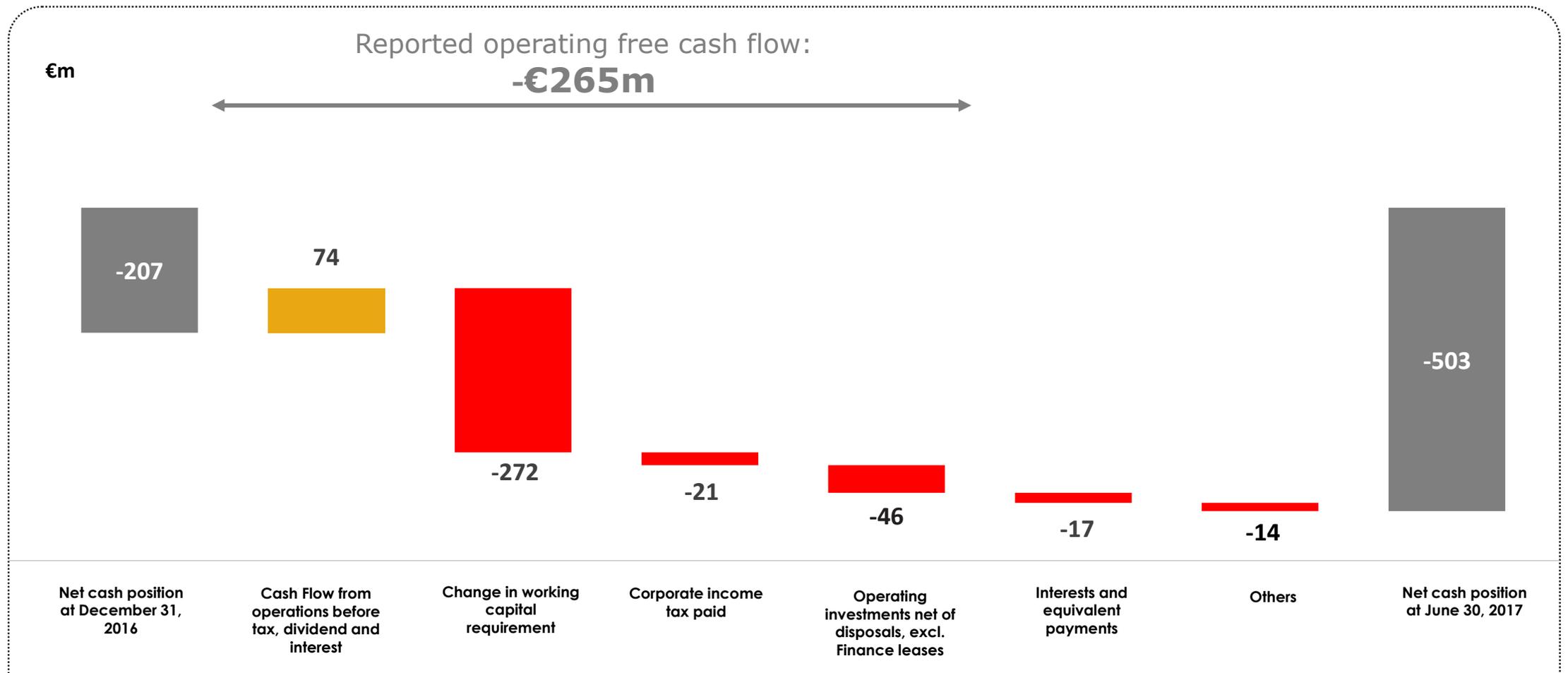
(1) Restated following the reclassification of Brazil in discontinued operations

(2) PPA: Purchase price allocation

PRO FORMA EBITDA & EBITDAR

	H1 2016	H1 2017
Current operating income	4	34
Net depreciation and amortization charges	53	50
EBITDA	57	84
Rents	101	106
EBITDAR	158	191

CHANGE IN NET DEBT



BALANCE SHEET

Assets in €m	H1 2016 ⁽¹⁾	H1 2017
Goodwill	333	1,523
Intangible assets	70	469
Tangible assets	149	617
Investments in associates	2	21
Non-current financial assets	327	15
Deferred tax assets	42	47
Other non-current assets	0	0
Non-current assets	922	2,691
Inventories	431	1,004
Accounts receivable	61	144
Current tax receivables	7	44
Other current financial assets	25	23
Other current assets	75	238
Cash & cash equivalents	119	359
Current assets	717	1,812
Assets held for sale	57	49
Total assets	1,696	4,551

Equity and Liabilities in €m	H1 2016 ⁽¹⁾	H1 2017
Share capital	20	27
Reserves related to equity	651	985
Conversion reserves	(7)	(11)
Other reserves	(38)	(69)
Equity Group Share	625	932
Equity attributable to minority interests	7	7
Equity	632	939
Long-term liabilities	0	855
Provisions for retirement and similar benefits	87	194
Deferred tax liabilities	0	202
Other non current liabilities	0	211
Non-current liabilities	87	1,461
Short-term liabilities	51	7
Other current financial liabilities	19	10
Accounts payable	549	1,177
Provisions	5	43
Tax liabilities	13	72
Other current liabilities	319	748
Current liabilities	955	2,057
Liabilities associated with assets classified as held for sale	21	95
Total liabilities and equity	1,696	4,551

(1) Restated for the reclassification of Fnac Brazil in discontinued activities

STORE NETWORK

	December 31, 2016			June 30, 2017 ⁽²⁾		
	Owned	Franchised	Total	Owned	Franchised	Total
France and Switzerland⁽¹⁾	313	152	465	312	173	485
Iberian Peninsula	50	2	52	50	2	52
Benelux	147	0	147	152	0	152
Group⁽²⁾	510	154	664	514	175	689

(1) Included 6 foreign stores: 1 in Morocco, 1 in Cameroun, 2 in Qatar and 2 in Ivory Coast;
11 overseas stores

(2) Brazil has 12 stores on June 30, 2017

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