FNAC DARTY

Ivry, April 19, 2018

Revenue growth in the first quarter of 2018
Accelerated deployment of the Confiance+ plan
Rapid progress in the implementation of synergies

- **The Group's revenue growth in the 1st quarter of 2018 reached +0.6% despite a lackluster consumption environment and unfavorable weather conditions**
  - c.-0.4pt impact from weather conditions during the quarter[1]
  - Growth in all geographies[2]

- **Acceleration of Confiance+ deployment, with the conclusion of a strategic partnership with Google, and the setup of purchasing structures with Carrefour, yielding encouraging results**

- **Successful renegotiation of the terms of the Group's credit facilities, reflecting a reinforced Fnac Darty business model**

Enrique Martinez, Chief Executive Officer of Fnac Darty, declared: *"Despite a lackluster consumption environment, Fnac Darty posted sales growth and again proved the solidity of its business model. The Group's partnership ecosystem, within the framework of Confiance+, also continued to expand through the agreement with Google and the setup of the purchasing structures with Carrefour, yielding encouraging results. Fnac Darty is firmly positioning itself as a benchmark omnichannel player and a trusted partner in its markets."*

2018 FIRST QUARTER REVENUES

	Q1 2018 in €m	Variation vs Q1 2017	
		Reported	On a like-for-like basis[2]
France-Switzerland	**1,303**	-0.3%	+0.3%
Iberian Peninsula	**152**	+3.4%	+0.4%
Benelux	**231**	+4.2%	+2.2%
Group	**1,686**	**+0.6%**	**+0.6%**

[1] Impact from stores closed because of bad weather, or having suffered significant sales decline directly linked to climate conditions
[2] Like-for-like basis: excludes effect of changes in foreign exchange rates, variations in scope, store openings and closings

FIRST QUARTER 2018 HIGHLIGHTS

Sales growth in the first quarter

Group revenues totaled €1,686 million in the first quarter of 2018, up +0.6% both in reported figures and like-for-like.

The market as a whole was affected by a lackluster consumption environment in February, notably caused by exceptionally unfavorable weather conditions that strongly impacted traffic. In this context, the Group was able to take advantage of its good positioning in key sectors such as books and telephony. White goods sales continued to grow, driven mainly by small household appliances. The IT market was impacted by an unfavorable innovation cycle. Moreover, the Group's strategy to put forward the best service offering is bearing fruit, leading this segment to post double-digit growth during the quarter.

During the first quarter, the Group's revenues showed growth on a like-for-like basis in all of its geographies, with +0.3% in France-Switzerland, +0.4% in the Iberian Peninsula and +2.2% in Benelux. The impact of bad weather conditions is estimated at roughly -0.4 point over the quarter.

Deployment of Confiance+ and finalization of the Fnac Darty integration

The Confiance+ strategic plan is rapidly being deployed, accompanying the completion of the Fnac Darty integration.

The Group enriched its partnership ecosystem during the quarter by concluding a strategic agreement with **Google**, to open dedicated corners in all of its stores. In this way, Fnac Darty reinforces its position as a key partner for new technology launches and will be able to take full advantage of the growth of connected voice assistant and artificial intelligence markets.

The deployment of the purchasing agreements with **Carrefour** is advancing rapidly, with some encouraging common negotiations and a sustainable governance system already in place. While the impact of this partnership is expected to be limited during the 2018 financial year, its full effect should be felt in 2019.

Finally, the Group also reinforced its partnership with **Orange** to encourage the spread of new modes of digital reading thanks to a new offering of audio books. Fnac Darty consolidated its leadership position in editorial products retailing.

The initiatives relating to the **Fnac Darty integration** continued this quarter. The specialization of inventory and logistics centers is underway, and the convergence of computer systems is progressing according to plan. The new organization for headquarters is in place and teams are finalizing the move between locations.

Exchanges of best practices between the two banners has allowed the Services activity to speed up its development. The initiatives continued between the banners, with “Photo Works” corners now deployed in some twenty Darty stores. **These initiatives allow for the continued deployment of synergies,** with those pertaining to direct and indirect purchases showing their full effect in this quarter.

Operational progress of the omnichannel model

During the quarter, e-commerce activities were marked by solid performance internationally, with double-digit sales growth, and a continuing fast development of marketplaces. In France, performances of technical products was contrasted, with a lackluster IT segment while telephony was dynamic. An unfavorable base effect also impacted the Gaming segment, due to the launch of consoles during the first quarter of 2017.
The Group pursued a controlled commercial policy despite a still demanding competitive environment, especially in the digital segment.
Expansion continued at a sustained pace with the opening of 11 new franchises during the quarter. The network now boasts 737 stores, 219 of which are franchises.
Omnichannel sales are up by more than 3 points compared to the first quarter of 2017, reaching 47% of web orders.

Renegotiation of the credit facilities terms

On April 18, 2018, Fnac Darty finalized the renegotiation of the financial terms and the extension of the maturity date of the credit facilities signed on April 20, 2016 with its banking partners.
The final maturity date of the term loan of a notional amount of 200 million euros will be extended by two years, to April 2023, with a repayment schedule structured accordingly.
The maturity date of the revolving credit facility of a notional amount of 400 million euros will also be extended to April 2023.
Beyond the extended maturity dates, this transaction, by improving financing costs, reflects the strength of the business model and the new dimension of Fnac Darty.
The success of this "Amend and Extend" transaction also shows the confidence that our banking partners have in the Group's strategy.

ANALYSIS OF REVENUE BY REPORTING SEGMENT

France-Switzerland
In the first quarter, the sales of the France-Switzerland region totaled 1,303 million euros, declining by -0.3% in reported figures, notably impacted by the disposal of Darty stores mandated by the Competition Authority in 2017 and by a negative effect linked to the depreciation of the Swiss franc. On a like-for-like basis, sales were up +0.3%. The quarter was marked by unfavorable weather conditions that strongly impacted traffic.

The performance of technical products was penalized by a slowdown in the computer and photography segments; the telephony segment remained dynamic. Sales of editorial products rose, driven notably by the positive performance of books during the quarter. White goods sales benefited from innovation in small household appliances. Finally, diversification categories, as well as services, posted continued strong growth during the quarter.

During the period, the Group opened 11 franchise stores, six of which are Darty and five Fnac.

Iberian Peninsula
Revenues for the Iberian Peninsula reached 152 million euros, showing reported growth of +3.4% and +0.4% on a like-for-like basis.

Sales in Portugal showed robust growth, driven by expansion and a good consumption dynamic. The Group continued to increase its market share, both in technical and editorial products.
Spain displayed excellent resilience, with stable sales, in a commercial environment affected by political uncertainty and by a strong calendar effect linked to the Holy Week.

Benelux

Revenues in the Benelux segment rose to 231 million euros, showing reported growth of +4.2% and +2.2% on a like-for-like basis.

In Belgium, activity rose sharply throughout the quarter, benefiting from the effects of expansion and solid performance in white goods. The e-commerce websites also posted sustained growth.

In the Netherlands, despite the ongoing competitive context, the Group reaped the first benefits of its transformation plan, with reported sales rising despite the impact of store closings. Internet sales showed very robust growth following the implementation of the banner's new marketing strategy. Network optimization continued with two new store closings. The business performance recovery plan made very satisfactory progress.

Rise in gross margin rate compared to the first quarter of 2017

Despite the dilutive effect of franchises, the gross margin continued to grow over the quarter, thanks to the effect of synergies and the positive impact of growing services activities. The commercial policy remained well controlled.

OUTLOOK

Despite a still lackluster consumption environment, Fnac Darty remains focused on operational excellence, and should benefit, in the second quarter, from a commercial activity driven by operations tied to the soccer world cup.

Fnac Darty confirms its objective of €130 million in synergies deployed by the end of 2018.

FIRST QUARTER 2018 REVENUES

Jean-Brieuc Le Tinier, Group Chief Financial Officer, will host a conference call for investors and analysts on Thursday, April 19, 2018, 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
US: +1 (646) 722 4916

Access code: 51729948#

Replay dial-in numbers (available until Wednesday, July 18, 2018)
France: +33 1 70 71 01 60
Germany: +49 211 97190087
UK: 01 +44 20 3364 5147
US: +1 646 722 4969

Replay access code: 418751868#

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APPENDICES

STORE NETWORK

	31-Dec-17	Opening	Closing	31-Mar-18
France and Switzerland	**516**	**11**	**0**	**527**
Traditional Fnac	85	2	0	87
Suburban Fnac	14	0	0	14
Travel Fnac	19	0	0	19
Proximity Fnac	42	3	0	45
Fnac Connect	5	0	0	5
Darty	350	6	0	356
Fnac Darty France:	1	0	0	1
Of which franchised stores	*204*	*11*	*0*	*215*
Iberian Peninsula	**59**	**0**	**0**	**59**
Traditional Fnac	42	0	0	42
Travel Fnac	2	0	0	2
Proximity Fnac	13	0	0	13
Fnac Connect	2	0	0	2
Of which franchised stores	*4*	*0*	*0*	*4*
Benelux	**153**	**0**	**2**	**151**
Traditional Fnac	10	0	0	10
Proximity Fnac	1	0	0	1
Darty	142	0	2	140
Groupe Fnac Darty	**728**	**11**	**2**	**737**
Traditional Fnac	137	2	0	139
Suburban Fnac	14	0	0	14
Travel Fnac	21	0	0	21
Proximity Fnac	56	3	0	59
Fnac Connect	7	0	0	7
Darty	492	6	2	496
Fnac/Darty	1	0	0	1
Of which franchised stores	*208*	*11*	*0*	*219*

The France-Switzerland area includes 9 stores abroad: 3 in Morocco, 1 in Congo, 1 in Cameroon, 2 in the Ivory Coast and 2 in Qatar and 15 stores in the French Overseas Territories.

DEFINITIONS OF ALTERNATIVE PERFORMANCE INDICATORS

CHANGE IN REVENUES AT CONSTANT EXCHANGE RATES AND COMPARABLE SCOPE OF CONSOLIDATION

The change in revenues at constant exchange rates and comparable scope of consolidation means that the impact of exchange rate fluctuations has been excluded and that the effect of changes in scope is corrected to not take modifications (acquisition, sale of subsidiary) into account. The exchange rate impact is eliminated by recalculating sales for financial year N-1, based on the exchange rates used for financial year N. The revenues of subsidiaries acquired or sold since January 1 of financial year N-1 are excluded from the calculation of the change. This indicator can be used to measure the change in revenues excluding the effects of exchange rates and scopes of consolidation.

CHANGE IN REVENUES AT CONSTANT EXCHANGE RATES, COMPARABLE SCOPE OF CONSOLIDATION AND ON A LIKE-FOR-LIKE BASIS

The change in revenues on a like-for-like basis means that the impact of exchange rate fluctuations has been excluded, that the effect of changes in scope is corrected to not take modifications (acquisition, disposal of subsidiary) into account and that the effect of directly-owned store openings and closings since January 1 of financial year N-1 has been excluded. This indicator can be used to measure revenues excluding the effects of exchange rates, scopes of consolidation and directly-owned store openings and closings.