

Revenues resisted well in First Quarter 2017 Rapid progress in Fnac Darty integration

- First quarter 2017 saw a strong comparison basis¹ related to the change in the digital television standard in France in April 2016.
- Revenues were resilient in the first quarter of 2017:
 - Group revenues down -3.2% at constant exchange rates compared to first quarter of 2016²,
 - Over a two-year period³, France-Switzerland recorded growth of +1.3%.
- Gross profit margin is growing²
- Rapid progress in the Fnac Darty integration process and implementation of synergies

2017 FIRST QUARTER REVENUES - PRO FORMA

	Q1 2017 in €m	Variation vs Q1 2016		
		Actual	at constant exchange rate	on a same- store basis
France-Switzerland	1,300	-3.6%	-3.6%	-3.2%
Iberian Peninsula	147	-0.9%	-0.9%	0.6%
Benelux	211	-2.2%	-2.2%	-3.2%
Group	1,668	-3.2%	-3.2%	-2.9%

¹ Q1 2016 Group revenues up +3.8% at constant exchange rates compared to Q1 2015

² Pro Forma, including Darty as of January 1, 2016

³ Compared to the first quarter of 2015

FIRST QUARTER 2017 HIGHLIGHTS

Group revenues totaled €1,668 million in the first quarter of 2017, up 104.8% in reported figures. Pro Forma revenues decreased by -3.2%⁴ actual and at constant exchange rates.

The first quarter saw a high comparison basis, mainly related to the change in the digital television standard in April 2016 in France. Growth had been +5.1% in the France-Switzerland region and +3.8% at Group level, in the first quarter of 2016. 2017 first quarter revenues have increased over the last two years⁵, both in France (+1.3%) and at Group level (+0.4%).

Internationally, the Group is returning to growth on a same-store basis in the Iberian Peninsula, in both Spain and Portugal. In the Benelux region, Belgium is showing steady growth thanks to a solid expansion. In the Netherlands, revenues were down in a very competitive market, and priority was given to monitoring the commercial business model and the operational recovery plan.

Accelerating transformation: Digital, Omnichannel, Expansion and Diversification.

Online sales were very dynamic in the first quarter. The efforts to improve the flow of the customer experience and personalization are bearing fruit. In addition, marketplaces continued to expand, with an increase in gross merchandise volumes of over 40%.

Thanks to the improvement in digital platforms in all countries and continuous expansion of the territorial network, omnichannel sales grew by almost 3 points⁴ compared to the first quarter of 2016, and reached more than 44% of Internet orders.

The pace of expansion continued, with 11 store openings in the first quarter.

The Group continues to pursue its goal of around 50 store openings in 2017, mainly in franchise.

New product families recorded high growth and were driven by the Kitchen, Toys and Games and Home & Design categories.

At the end of March, Fnac Darty announced an industrial and financial partnership with Deezer that will allow its customers to enjoy advantageous access offers for music streaming services.

The number of members grew over the quarter. The Fnac+ card confirms its attractiveness and enjoys a growing membership base.

A growing gross margin

In highly competitive markets, the gross margin is increasing. This performance is the result of good management of commercial operations, stronger partnerships with key suppliers and the initial benefits of synergies.

⁴ Pro Forma, including Darty as of January 1, 2016

⁵ Compared to the first quarter of 2015

Synergies and stand-alone cost-savings plans

The Fnac Darty integration made rapid progress in the first quarter.

In commercial terms, initiatives launched at the end of 2016 were expanded. For example, it is now possible to pick up fnac.com purchases at around 150 Darty stores. New initiatives were launched, such as the first shop-in-shops (a space for one brand in a store of the other brand), which will be opened in May 2017.

As regards cost synergies, yearly commercial negotiations were concluded satisfactorily. The renegotiation of indirect purchases continued. IT and logistics platforms' conversion were launched. In addition, the Group announced its intention to unify its head offices in Belgium.

At the same time as these synergy actions, stand-alone cost-savings plans continued in all Group entities.

ANALYSIS OF PRO-FORMA REVENUES BY REPORTING SEGMENT

France-Switzerland

Markets declined during the first quarter in France in an environment of sluggish consumption. The historical comparison effect was very significant as the first quarter of 2016 benefited from the calendar effect linked to the leap year and the strong growth in the television segment.

Group revenues grew by +5.1% in France-Switzerland in the first quarter of 2016.

In this context, France-Switzerland revenues totaled €1,300 million, down -3.6%⁶ at constant exchange rates. In 2016, the strong growth in the television market mainly benefited Darty, which recorded a decline over the quarter. Fnac, did not benefit as much from the television market growth last year, revenues are growing in 2017 first quarter.

Over a two-year period⁷, revenues for the France-Switzerland region grew.

Online growth was very strong, and was primarily boosted by high levels of activity on Fnac.com. Omni-channel sales continued to increase. Fnac and Darty marketplace sales momentum remained strong, growing by over 40%.

The expansion of the network continued during the period with the opening of 6 Darty franchise stores. In addition, 8 Fnac stores have opened on Sundays since the end of March.

Iberian Peninsula

Revenues totaled €147 million, up +0.6%⁶ on a same-store basis.

In Portugal, the Group is benefiting from its main strategic initiatives and optimal market conditions. In Spain, new commercial actions and omnichannel functionalities are bearing fruit. Both countries experienced growth compared to the first quarter of 2016 on a same-store basis.

In Spain, the Diagonal del Mar store in Barcelona moved to the Gloriès site in March.

⁶ Pro Forma, including Darty as of January 1, 2016

⁷ Compared to the first quarter of 2015

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Benelux

Revenues totaled €221 million, down -3.2%⁸ on a same-store basis.

The Vanden Borre-Fnac integration process made good progress in Belgium during the quarter. At the same time, commercial activity is growing thanks to the conversion of stores acquired by Vanden Borre from Kitchen Market in 2016.

In the Netherlands, the Group has been implementing a transformation plan since the end of 2016. Revenues were down for the quarter, with priority being given to recovery of operations and control of the commercial business model in an increasingly competitive environment.

OUTLOOK

The strong comparison basis will continue to be felt in the second quarter of 2017. As a reminder, the Group's revenues grew by 6.3%⁸ in the second quarter of 2016 due to strong growth in the television segment, following the change in digital standard in April 2016 in France. The second half of 2017 will return to a more normative historical base.

Over the next few quarters, Fnac Darty will continue its integration program and the implementation of its strategic projects, which include development of new product and service offerings, opening of new proximity stores in franchised, online acceleration via omnichannel and marketplaces, establishment of common support and purchase structures.

Fnac Darty confirms its objective of €130 million of synergies in 2018, with at least half achieved by end of 2017.

⁸ Pro Forma, including Darty as of January 1, 2016

FIRST QUARTER 2017 REVENUES

Matthieu Malige, Chief Financial Officer, will host a conference call for investors and analysts on Friday, April 21, 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 70 77 09 41

UK: +44 203 367 9454

US: +1 866 907 5925

Replay dial-in numbers (available until Wednesday, May 31, 2017)

France: +33 1 72 00 15 00

UK: +44 203 367 9460

US: +1 877 642 3018

Replay access code: 307975#

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APPENDICES

FIRST QUARTER 2017 REVENUES - REPORTED

	Q1 2017 in €m	Variation vs Q1 2016		
		Actual	at constant exchange rate	on a same- store basis
France-Switzerland	1,300	107.6%	107.4%	107.9%
Iberian Peninsula	147	-0.9%	-0.9%	0.6%
Benelux	211	455.3%	455.3%	434.6%
Group	1,668	104.8%	104.7%	105.1%

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STORE NETWORK - PRO FORMA

	31-Dec-16	Opening	Closing	31-Mar-17
France and Switzerland	465	6	-1	470
<i>Traditional Fnac</i>	81	0	0	81
<i>Suburban Fnac</i>	14	0	0	14
<i>Travel Fnac</i>	20	0	0	20
<i>Proximity Fnac</i>	31	0	0	31
<i>Fnac Connect</i>	4	0	0	4
<i>Darty</i>	315	6	-1	320
<i>Of which franchised stores</i>	<i>152</i>	<i>6</i>	<i>0</i>	<i>158</i>
Iberian Peninsula	52	1	-1	52
<i>Traditional Fnac</i>	40	0	0	40
<i>Travel Fnac</i>	2	0	0	2
<i>Proximity Fnac</i>	8	1	-1	8
<i>Fnac Connect</i>	2	0	0	2
<i>Of which franchised stores</i>	<i>2</i>	<i>0</i>	<i>0</i>	<i>2</i>
Benelux	147	4	-2	149
<i>Traditional Fnac</i>	9	0	0	9
<i>Proximity Fnac</i>	1	0	0	1
<i>Darty</i>	137	4	-2	139
Groupe Fnac Darty	664	11	-4	671
<i>Traditional Fnac</i>	130	0	0	130
<i>Suburban Fnac</i>	14	0	0	14
<i>Travel Fnac</i>	22	0	0	22
<i>Proximity Fnac</i>	40	1	-1	40
<i>Fnac Connect</i>	6	0	0	6
<i>Darty</i>	452	10	-3	459
<i>Of which franchised stores</i>	<i>154</i>	<i>6</i>	<i>0</i>	<i>160</i>

The France-Switzerland zone includes 4 stores abroad (1 in Morocco, 2 in the Ivory Coast and 1 in Qatar) and 10 stores in the French Overseas Territories.

The Brazil zone has 12 stores.

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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 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 PRO-FORMA REVENUES AT CONSTANT EXCHANGE RATES, COMPARABLE SCOPE OF CONSOLIDATION AND ON A SAME-STORE BASIS

The change in revenues on a same-store 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.

DEFINITION OF PRO-FORMA INFORMATION

Fnac Darty's 2016 revenues include data from Groupe Darty plc as from August 2016. The data is therefore not directly comparable with historically reported 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 2017, which retraces the activity of the two groups as if Darty had been purchased on January 1, 2016.

Reported data

	Q1 2016	Q1 2017
Groupe Fnac	Jan - March	Jan - March
Groupe Darty	-	Jan - March

Pro-forma data

	Q1 2016	Q1 2017
Groupe Fnac	Jan - March	Jan - March
Groupe Darty	Jan - March	Jan - March