



Transaction Report - Sector: Retailers (General) DARTY PLC (100%)

Contents

Summary	Advisors	Target Financials	Deal Value
Share Data	Industry Specific Multiples	Comments	Payment Details
Target Details	Further Information		

Summary

Target	DARTY PLC		
Industrial Sector	Retailers (General)	SIC Codes	5722 5731 5734
Activities	RETAIL OF ELECTRICAL GOODS	Country	United Kingdom
Stock Exchange Index	FTSE Small Cap		
Bidder	GROUPE FNAC SA		
Country	France	SIC Codes	5722 5730 7319 7822
Activities	RETAIL OF ELECTRICAL GOODS, MUSIC, TICKET DISTRIBUTION		
Date Announced	20/11/2015	Date Completed	12/07/2016
Deal Status	Completed	Deal Type	Public
Deal Attitude	Friendly	Cross Border	Yes
% Capital Owned	0	% Capital Bid For	100
Competitive Status	Original Bidder Won	French Public Type	
Regulatory Referral	Conditions Imposed		
Consideration Type	Cash OR Partial Share Alternative		

Deal Value(m)		Exchange Rate to Sterling ("STG") = 1.000
		UK Sterling
Ordinary Offer Value	900.24	
Other Equity Value	13.006	
Total Equity Value	913.246	
Net Debt	133.776	
Lease Liabilities	0	
Minorities	0	
Enterprise Value	1047.022	

Target Financials (m)		Exchange Rate to Sterling ("STG") = 1.430
		UK Sterling
Sales	3532.2	
EBITDA	117.7	
EBITA	0	
Operating Profit	67.3	
Net Profit Before Tax	35.1	
Net Profit After Tax	16.2	
Net Income (Earnings)	16.2	
Shareholders Funds	-289.1	

Equity Value Ratios	
Price / Sales	0.37
Price / Net Profit before Tax	37.21
Price / Earnings	80.61
Price / Book	0

Enterprise Value Ratios	
Enterprise Value / Sales	0.42
Enterprise Value / EBITDA	12.72
Enterprise Value / EBITA	0
Enterprise Value / EBIT	22.25

Accounts Source	DARTY INTERIM REPORT (10/15)	Reliability	Audited
Deal Value Source	FNAC PRESS RELEASE (25/4/15)	Reliability	Accurate

Advisors

Advisors	To bidder	To Target/Divestor
Financial	Rothschild and Ondra Partners and Crédit Agricole CIB	Morgan Stanley and UBS Investment Bank and Lazard
Legal		

Target Financials

Income Statement	31/10/2015	Balance Sheet	31/10/2015
In Millions		In Millions	
TURNOVER	3532.2	Tangible Assets	314.2
Cost of Sales	0	Fixed Investments / Assoc.Comp	26.5
Gross Profit	0	Intangible Assets	66.9
Other Income	0	TOTAL FIXED ASSETS	407.6
Associated Income	1.7		
EBITDA	117.7	Cash & Marketable Securities	106.2
Depreciation	0	Debtors	221.6
EBITA	0	Stock	539.8
Amortisation	0	Other Current Assets	0.9
Depreciation and Amortisation	50.4	TOTAL CURRENT ASSETS	868.5
OPERATING PROFIT	67.3		
Interest Income	0	Creditors	959
Interest Expense	0	Short Term Financial Debt	23.7
Exceptionals	-22.2	Long Term Financial Debt	273.8
Impairment of goodwill	0.4	Other Liabilities / Provisions	309.6
Non-Recurring Items	17.3	TOTAL LIABILITIES (Excl. SHF)	1566.1
Other items, net	0		
NET PROFIT BEFORE TAX	35.1		
Tax	18.9	SHAREHOLDER FUNDS	-289.1
NET PROFIT AFTER TAX	16.2	Minority Interests	-0.9
Minority Items	0	TOTAL ASSETS	1276.1
Extraordinary Items	0		
NET INCOME	16.2	Exchange Rate to £ STG	1.43
Financial Currency	EUR		

Accounts Source	DARTY INTERIM REPORT (10/15)	Reliability	Audited
Deal Value Source	FNAC PRESS RELEASE (25/4/15)	Reliability	Accurate

Deal Value

Deal Value Source	FNAC PRESS RELEASE (25/4/15)
Deal Value Reliability	Accurate
Deal Value Currency	STG

	Deal Value Breakdown	
	Value of Cash Offer (m)	Value of Share Offer (m)
Ordinary Shares	900.24	0
Ordinary Shares Agreement	0	0
Options	13.006	0
Preference Shares	0	0
Convertible Shares	0	0
Redeemable Shares	0	0
Other Equity Shares	0	0
Total Equity Value	913.246	0
Net Debt	0.000	0.000
Lease Liabilities	0.000	0.000
Minorities	0.000	0.000
Enterprise Value	1047.022	0

Share Data

No. of Ordinary Shares	529553216	Currency of Cash/Share Offer	STG
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	Initial	Final
Cash Offer Value	0	1.7
Share Offer Value	1.05	0
	Target Shares	Bidder Shares
Initial Offer Ratio	37	1
Final Offer Ratio	0	0
	Initial	Final
Extra Payment Value	0	0
Ratio For Ords	0	0
Ratio For Prefs	0	0
Ratio For Others	0	0
	Number of Options	Exercise Price of Options
1)	7,650,326	0
2)	0	0
3)	0	0

Type	Number of	Cash Offer Per Share	Share Ratio	
			Target	Bidder
Preference Shares	0	0	0	0
Convertible Shares	0	0	0	0
Redeemable Shares	0	0	0	0
Other Equity Shares	0	0	0	0

Share Prices

Time	BEFORE			AFTER		
	Target	Bidder	Bid Premia %	Target	Bidder	Bid Premia %
1 Day	0.993	55.55	71.28	0.983	54.25	73.03
1 Week	1.04	58.66	63.46	0.978	52.58	73.91
2 Weeks	1.08	60.56	57.41	0.988	54.07	72.15
3 Weeks	0.985	58.99	72.59	0.958	51.5	77.55
4 Weeks	1	59.5	70.00	0.99	53.6	71.72
30 Day Average	0.998	57.795	70.34	-	-	-
2 Months	0.818	-	107.95	-	-	-
3 Months	0.7	-	142.86	-	-	-
Day Before Final Increased Offer	-	54.6	-	-	-	-
1 Day Before Completion	-	-	-	1.698	51.01	0.12
Target's Share Prices Currency	STG					
Bidder's Share Prices Currency	EUR					

Pre-Bid Speculation Data

Pre-Bid Speculation Date	Target Share Price	Bid Premia %
29/09/2015	0.81	109.88

Offer History

	Date	Cash Value	Share Value
First Offer	20/11/2015	0	1.05
Second Offer	21/04/2016	1.45	0
Third Offer	21/04/2016	1.53	0
Fourth Offer	25/04/2016	1.7	0
Fifth Offer		0	0

Disclosure Table (or Equivalent) /Indicative Offer Data

Date Added	30/09/2015	Date Removed	18/07/2016
Offeror Named	30/09/2015		

	Date	Cash Value	Share Value	Published?
Indicative Offer 1	30/09/2015	0	1.01	YES
Indicative Offer 2	06/11/2015		1.16	YES
Indicative Offer 3				NO
Indicative Offer 4				NO
Indicative Offer 5				NO

PUSU Details

PUSU ?	Y	PUSU Deadline Extended ?	Y	Offer Made ?	Y
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Synergy Data & Industry Specific Multiples

Synergy Data (m)		Industry Specific Multiples (ISM)	
	Exchange Rate to Sterling ("STG") = 1.430	ISM Term	
	UK Sterling		
Reported Revenue Synergies	0	ISM in Native Currency (Enterprise Value Basis)	0.00
One Off Charge	107.5	ISM in Native Currency (Equity Value Basis)	0.00
Reported Cost Synergies	130	ISM in Sterling (Enterprise Value Basis)	0.00
Total Synergies	130	ISM in Sterling (Equity Value Basis)	0.00
Date Synergies Achieved by	31/12/2019	ISM Native Currency	
		ISM Native Currency X Rate / STG	0

Comments

OVERVIEW

On 20 November 2015, the quoted French retailer Groupe Fnac SA ("Fnac") announced a recommended share for share offer (with a partial cash alternative), by means of a scheme of arrangement, for the UK quoted, Europe focused, electrical products retailer, Darty Plc ("Darty"). The offer valued each Darty share at 105 pence and the entire issued and to be issued share capital of Darty at approximately £565 million. The offer was pre-conditional on the satisfaction (or waiver) of anti-trust clearance in both France and Belgium or, alternatively, by the European Commission. The scheme document would only be published once this condition had been met, which Fnac expected would take at least three months. Fnac had received some degree of support for the scheme from Darty shareholders holding 23.63% of its share capital (see "Payment Details").

The events that followed are summarised below:

On 2 March 2016, Darty confirmed recent press speculation that it had received a non-binding conditional proposal from Conforama Group, a member of the Steinhoff International Holdings NV Group ("Steinhoff") to acquire Darty at 125 pence per share in cash. Details of that transaction can be found elsewhere on this database.

On 18 March 2016, Conforama announced that it was to make a 125 pence per share recommended cash offer for Darty. Responding to Conforama's announcement, Fnac advised Darty shareholders to take no action.

On 20 April 2016 (after the close of trading in London), Steinhoff announced that it was increasing its offer to 138 pence per Darty share. This followed its acquisition (announced at the same time) of 103,205,977 Darty shares from Majedie Asset Management Limited, Schroder Investment Management Limited, Standard Life Investments (Holdings) Limited and UBS Asset Management representing approximately 19.5% of the existing issued ordinary share capital of Darty, at 138 pence per Darty share. Conforama and its associates had now acquired or received irrevocable undertakings in respect of 104,214,138 Darty Shares representing, in aggregate, approximately 19.7% of the existing issued ordinary share capital of Darty.

On 21 April 2016, Fnac increased its offer to 145 pence per share in cash whilst also providing a partial share alternative. The original share exchange offer would also remain available for acceptance. Fnac also waived the pre-condition that related to the receipt of anti-trust clearance from the French Competition Authority. This new offer would no longer be implemented via a scheme of arrangement although Fnac reserved the right to do so.

Later the same day, Conforama increased its offer for a second time, to 150 pence in cash.

In response, and still on 21 April 2016, Fnac increased its offer to 153 pence in cash. Fnac had acquired shares representing 5.59% of Darty's issued share capital from a number of shareholders.

Soon afterward on 21 April 2016, Conforama increased its offer for a third time, to 160 pence in cash.

On 25 April 2016, Fnac announced "a third and final increased offer" for Darty of 170 pence in cash. At the same time, Fnac announced that it had acquired shares representing 9.2% of Darty from a number of institutional investors for 170 pence per share. In aggregate, Fnac had now acquired approximately 16.53% of the ordinary share capital of Darty. In addition, as announced previously, Fnac had received shareholder support for the Third Increased Final Offer from Darty shareholders holding in aggregate 22.11% of the issued share capital of Darty. Hence, Fnac either held, or had received irrevocable undertakings to accept the Third Increased Final Offer in respect of shares representing approximately 38.65% of the ordinary share capital of Darty.

Later the same day, Fnac published a number of press releases detailing further purchases, taking its total purchases of Darty shares to 18.93% of Darty's issued share capital such that Fnac now held or had received irrevocable undertakings to accept the Third Increased Final Offer in respect of shares representing approximately 41.05% of the ordinary share capital of Darty.

On 26 April 2016, Fnac announced that, in aggregate, it had acquired shares equating to approximately 29.73% of the issued share capital of Darty. The highest price paid per Darty share was 170 pence.

On 27 April 2016, Conforama /Steinhoff announced that it would not be increasing its offer.

On 18 May 2016, Fnac published its offer document.

On 31 May 2016, Darty published a circular detailing its reasons for recommending the Fnac offer.

On 20 June 2016, Fnac's shareholders voted to approve the issue of 8,472,851 new Fnac shares in connection with the offer.

On 12 July 2016, Fnac declared the offer unconditional as to acceptances. As of the close of business on 11 July 2016, Fnac had received valid acceptances in respect of shares representing approximately 23.05% of the issued share capital of Darty. Of those, acceptances had been received in respect of shares representing approximately 22.11% of the issued share capital of Darty pursuant to the terms of certain irrevocable undertakings given by certain Darty shareholders in connection with the offer. In addition, Fnac held shares representing approximately 29.73% of Darty's issued share capital. Accordingly, Fnac either held or had received valid acceptances of its offer in respect of shares representing approximately 52.77% of Darty's issued share capital.

On 15 July 2016, (the first closing date) Fnac announced that it owned or had received acceptances in respect of shares representing 91.89% of Darty's shares in issue. The offer remained subject to the approval of the French Competition Authority.

On 18 July 2016, the French Competition Authority announced that it had cleared the transaction subject to Fnac selling five existing stores and one additional store that had not been opened. This was out of a combined Fnac and Darty network of over 400 stores. The stores in question were Darty Belleville, Darty Italie 2, FNAC Beaugrenelle, Darty Saint-Ouen, Darty Velizy and Darty Wagram (Store to be opened in Q4 2016).

On 19 July 2016, the transaction was declared wholly unconditional.

BIDDER PROFILE

1) Overview

Fnac was a French company focused on retailing music, video games, books, stationery and electronic goods (tvs, cameras, audio equipment and computers) in France and abroad via stores and the Internet. It operated stores in France, Spain, Portugal, Brazil, Belgium, Switzerland and Morocco. Fnac had a network of 184 multi-format stores combined with a fast-developing internet offering that attracted over 9.5 million unique visitors per month, making fnac.com the third-largest e-commerce website in France. In 2014, Fnac generated sales of €3,895 million, EBITDA of €147 million, and profit after tax of €77 million. Fnac's shares were listed on Euronext Paris.

2) Operations

Fnac classified its operations as follows:

* editorial products: books (physical or digital), CD audio, DVD/Blu-Ray, new and used video games, Games & Toys and Stationery;

* consumer electronics: photography, TV, video, sound (hi-fi and roaming products), microcomputing (computers and tablets), and small domestic appliances, telephony and connected devices;

* services: after-sales, insurance, tickets.

3) Segment Information

The following table shows Fnac's revenues broken down geographically:

Y-E 31/12 € millions	2014	2013
France	2,776.9	2,761.9
Iberian Peninsula	659.1	654.3
Brazil	174.9	197.2
Other countries	284.2	291.9
	-----	-----
Total	3,895.1	3,905.3

The following table shows Fnac's revenues broken down by activity:

Y-E 31/12 € millions	2014	2013
Consumer electronics	2,184.8	2,150.1
Editorial products	1,512.3	1,563.1
Services	198.0	192.1
	-----	-----
Total	3,895.1	3,905.3

BACKGROUND - INITIAL APPROACH

On 30 September 2015, Darty announced that it had received an all share takeover proposal from Fnac. According to Darty, the proposal valued each Darty share at 101 pence, not including the 2.625 euro cents final dividend which Darty shareholders would also receive on 13 November 2015.

Darty's board had considered the proposal and concluded that it should further explore the benefits of a potential combination with Fnac. Initially, the engagement would focus on reviewing deal execution risks in order to determine whether an offer was likely to be deliverable on a basis which could be capable of being recommended to Darty shareholders.

In accordance with the PUSU rule (Rule 2.6(a) of the Takeover Code), Fnac was to announce whether it intended to make an offer for Darty by no later than 5.00 p.m. on 28 October 2015. That deadline was subsequently extended.

On 6 November 2015, Darty and Fnac announced that they had agreed the key terms of a "possible recommended pre-conditional offer" by Fnac. Under the terms of that possible offer, which was intended to be implemented by way of a court sanctioned scheme of arrangement, Darty shareholders would be entitled to receive 1 Fnac share for every 37 Darty shares held. Fnac would also make available a partial cash alternative up to a maximum aggregate amount of €95 million. Based on the closing price of €60.4 per Fnac share on 5 November 2015, the terms of the possible offer represented a value of approximately 116 pence per Darty share.

REASONS FOR OFFER

The consumer electronics retail landscape had evolved significantly over recent years. Since the early 2000s, it had been materially reshaped by the rise of e-commerce resulting in an increased competitive environment and the disappearance of some leading retail operators, such as, RadioShack, Circuit City, Comet and Surcouf. In particular, the market had witnessed the arrival of new online competitors who displayed a high level of commercial aggressiveness. In this context, consolidation had recently been initiated by traditional retailers to achieve the necessary scale to remain competitive in the sector (e.g., Dixons/Carphone, Darty/Mistergooddeal, Carrefour/Rue du Commerce).

In addition to the key headline benefits of the proposed acquisition detailed below, the Fnac Board saw the proposed acquisition as a means by which Fnac and Darty could proactively address the impact of changing market environments on their respective businesses, positioning the Combined Group as a larger, more diversified business with a reinforced capital structure. The Fnac Board considered that the combination of Fnac and Darty would create a compelling retail offering for its customers, and that the combined group would be well-positioned to create value for shareholders.

The proposed acquisition would notably provide the following benefits to the Combined Group:

i. A leader in its key product categories

The proposed acquisition would combine French sales of approximately €2.8 billion for Fnac (for the financial year ended 31 December 2014) and €2.8 billion for Darty (for the financial year ended 30 April 2015), creating a leader in the distribution of electronic and editorial goods in France. With overall combined sales of €7.4 billion, the combined group would also be a sizeable European player, well within the top 10 players in consumer electronics retailing, alongside players such as Metro, Dixons/Carphone, Amazon and Expert.

ii. A combination of two iconic French brands benefiting customers

The combined group would bring together two highly recognised and well-respected brands which benefited from strong levels of customer awareness. Together, and through the sharing of respective know-how, the combined group would be expected to continue to deliver a high quality value proposition to its customers as well as an attractive distribution network for its suppliers. In particular, the combined group would benefit from:

- recognised positioning in terms of expertise (particularly cultural expertise);
- knowledgeable and enthusiastic sales staff;

- independence (unbiased advice);
- creativity (encouraging access to culture and innovation); and
- a value-added service and aftersales offering (for example, through Darty's "Contrat de Confiance").

iii. A more diversified and balanced product offering

The proposed acquisition would present a more balanced offering, with product categories that presented complementary growth and margin profiles. In particular, the Combined Group would combine Fnac and Darty's presence in brown and grey goods; a sector where growth was underpinned by short innovation cycles. It would also benefit from Fnac's strength in editorial goods and from Darty's leadership in the French white goods market. Margin accretive sales of services and accessories would complete the Combined Group's offering.

The combined group would also be expected to serve as a platform for the further development of new product categories as already initiated by both Fnac and Darty. Fnac had expanded its offering to include Games & Toys, Home & Design, Stationery, Smartphones and Connected Devices, which represented 11% of its annual sales. Equally, Darty had rolled-out its "kitchen offer" in France, where 32 different kitchen models were offered across 71 stores. Fnac also expected the proposed acquisition to drive the combined group's sales of services and accessories.

iv. An enhanced omni-channel proposal addressing evolving customer expectations

Customers were increasingly expecting omni-channel, innovative services (e.g., click & collect and same-day delivery). The proposed acquisition would combine strong existing omni-channel capabilities at both Fnac and Darty, including their existing three-hour delivery offering and through dedicated services such as Click & Mag, Click & Collect, Connected Store and Darty's Le Bouton (which aimed to put customers in contact with after-sales services within two minutes), ensuring a seamless shopping experience between offline and online. The combined group would also benefit from Fnac's high traffic website (the #3 e-commerce site in France with 11 million monthly unique visitors), 40% of which related to mobile commerce, and the online presence of Darty's physical brands (Darty, Vanden Borre and BCC), as well as Darty's online pure-player, Mistergooddeal.

v. Improved scale and reach

The combined group would also benefit from an enhanced store presence, across multiple formats (including those based in prime locations in a variety of cities, shopping malls and retail parks outside large cities, together with sites at railway stations and airports), adapted to the density and traffic of each catchment area. The combined group would also benefit from broader international exposure, with an enhanced European footprint and a presence spanning 10 countries. In particular, the combined group would benefit from Fnac's and Darty's complementary presence in France and Belgium as well as from an attractive local presence of Fnac in Iberia and Brazil and Darty in the Netherlands.

vi. Further capital structure and liquidity benefits for Darty shareholders

Following completion of the proposed acquisition, Darty shareholders would benefit from holding shares in a group with a strengthened capital structure compared to the existing position on a standalone basis. In addition, on a pro forma basis, the Fnac Board believed that the combined group would present a group with lower leverage and with increased fiscal flexibility.

SYNERGIES

As of 21 April 2016, the Fnac Board believed that the transaction would result in compelling financial benefits to the Combined Group, including total pre-tax synergies of at least €130 million per annum. This amount was premised upon Fnac's intention to maintain separate Fnac and Darty brands and commercial concepts following the completion of the acquisition. It did not take into account the impact of any remedies that might be imposed by the French Competition Authority.

It was assumed the acquisition would complete by no later than September 2016. Under this assumption, approximately 5% of the synergies would be realised in 2016, rising to at least 50% in 2017, 90% in 2018 and 100% thereafter.

The one-off costs to deliver these savings, including additional capital expenditures, were expected to total approximately €105 million -€110 million.

The aggregate annual amount of synergies of at least €130 million referred to above was expected to be split as follows:

* approximately half of the identified synergies were expected to arise from (i) purchasing synergies in the retail categories of brown goods, grey goods and small domestic appliances in which both Fnac and Darty operated, as well as (ii) revenue synergies derived from cross-selling of editorial products and white goods (in particular through store-in-store initiatives), extending Fnac's ticketing offer within Darty stores in France and Belgium and leveraging on both group's respective omni-channel capabilities to drive sales growth; and

* approximately half of the identified synergies were expected to arise from other cost synergies, including optimisation of warehousing and transport activities, integration of IT systems, of certain headquarter and support functions within the UK, France and Belgium, and from savings in procured services.

N.B. In its initial announcement dated 20 November 2015, Fnac had identified pre-tax cost savings of at least €85 million per annum.

RESPONSE OF TARGET

Darty made the following comments in response to the transaction when it was first announced in November 2015:

* Over the last three years the Darty team, under Régis Schultz, had successfully delivered its Nouvelle Confiance plan - eliminating losses in its non-core countries and focusing Darty on France, Belgium and Holland to create value for its shareholders.

* Through a brand leadership position and an innovative approach to omni-channel retailing, a strong platform for the future had been established. The combination with Fnac provided an opportunity to take this to the next level, creating a leading European retailer, delivering attractive synergies for investors, benefits for its customers and compelling development opportunities for its people.

ADVISERS

Fnac was advised by Rothschild (Majid Ishaq and Cyril de Mont-Marin), by Ondra (Benoît d'Angelin and Robert Hingley), and by Crédit Agricole Corporate and Investment Bank (Pietro Sibille).

Darty was advised by Lazard (William Rucker, Matthieu Pigasse, Alexandra Soto and Nicolas Constant), Morgan Stanley (Ian Hart, Yves Ayache, and Xavier Mayer), and by UBS Investment Bank (Craig Calvert and Sandip Dhillon).

Payment Details

OVERVIEW

Fnac's third increased offer for Darty consisted of a cash offer with a partial share alternative. M&A Monitor calculated that the second increased offer terms implied an equity value for Darty of £900 million.

Fnac's initial offer for Darty had consisted of a share for share offer with a partial cash alternative. M&A Monitor calculated that the initial offer terms implied an equity value for Darty of £565 million (based on Fnac's closing share price on 19 November 2015 and the then prevailing €/£ exchange rate). The increased offer then consisted of a cash offer with a partial share alternative. The cash offer element implied an equity value for Darty of £779 million. The second increased offer valued Darty's equity at £821 million.

OFFER TERMS

The terms of Fnac's offers for Darty were as follows:

- 1) Initial offer of 20 November 2015
for every 37 Darty shares held 1 Fnac share
- 2) Increased offer of 21 April 2016
for every one Darty share held 145 pence in cash
- 3) Second increased offer of 21 April 2016
for every one Darty share held 153 pence in cash
- 4) Third increased offer of 25 April 2016
for every one Darty share held 170 pence in cash

ALTERNATIVE FORMS OF CONSIDERATION

- 1) Partial cash alternative offered in conjunction with initial share offer

Fnac's offer would also include a Partial cash Alternative under which eligible Darty shareholders would have the opportunity to elect to receive cash in lieu of part or all of the new Fnac shares which they would otherwise have been entitled to receive (subject to pro rating). The maximum aggregate amount of the partial cash alternative was £66,686,321. Shareholders would receive a cash amount equal to the volume-weighted average price of one Fnac Share for the 30 days prior to and including the last practicable date before the date of the scheme document, applying the average £/€ exchange rate over the same period.

- 2) Partial share alternative offered in conjunction with increased cash offer

The increased offer was to include a partial SHARE alternative on the following basis (subject to scaling down in accordance with the terms of the Partial Share Alternative):

for every 125 Darty shares held 4 Fnac shares

According to Fnac, this alternative valued Darty's shares at 145 pence at the closing Fnac share price on 20 April 2016. Provided that Fnac's shareholders voted in favour, a maximum aggregate number of 7,625,566 New Fnac shares (representing approximately 46% of Fnac's issued share capital) would be available under the partial share alternative. If the Fnac shareholder resolutions were not passed, a maximum of 3,300,000 New Fnac shares (representing approximately 20% of Fnac's issued share capital) be available under the

According to Fnac's press release of 21 April 2016, its second increased offer represented a premium of approximately:

- 89% to the Closing Price of 81 pence per Darty Share on 29 September 2015 (being the last Business Day before the date of Fnac's Possible Offer Announcement);
- 45% to the value of the Original Offer of approximately 105 pence per Darty Share (based on the Closing Price of €55.6 per Fnac Share on 19 November 2015 (being the last Business Day before the date of the Original Offer Announcement));
- 25% to the value of the Original Offer of approximately 123 pence per Darty Share (based on the Closing Price of €57.8 per Fnac Share on 20 April 2016 (being the last Business Day before the increased offer was announced));
- 16% to the Closing Price of 132 pence per Darty share on 20 April 2016.

IRREVOCABLE UNDERTAKINGS

1) Prior to the initial offer

Prior to the initial offer, Knight Vinke, the holder of 75,974,709 Darty shares (equating to 14.34% of the issued share capital of Darty on 6 November 2015), had provided Fnac with an irrevocable undertaking to vote in favour of the scheme and to elect to receive the share consideration. This undertaking would lapse in the event of a competing offer that was an improvement of greater than 30% of the value of Fnac's offer.

Fnac had also received a letter of intent from DNCA, the holder of 35,283,000 Darty Shares (equating to 6.66% of the issued share capital of Darty), and 13,950,000 derivative instruments capable of physical settlement (equating to 2.63% of the issued share capital of Darty) to vote in favour of the scheme and to elect to receive the share consideration.

Fnac had therefore received shareholder support from Darty shareholders holding 23.63% of the issued share capital of Darty.

2) Prior to the increased offer

Prior to the increased offer Fnac had received shareholder support for the Proposed Acquisition from Darty Shareholders holding in aggregate 22.11% of the issued share capital of Darty. This "support" came from the same parties that had provided undertakings and letters of intent prior to the initial offer announcement, however, DNCA now provided an undertaking to accept the offer rather than a letter of intent. Details were as follows:

Knight Vinke undertook to accept the offer, to not support or accept an offer with respect to a competing transaction and to elect to receive Fnac shares to the fullest extent possible. This was in respect of its 14.34% stake in Darty. Of these undertakings, those in respect of 13.16% remained binding in the event of a higher offer whilst those in respect of 1.19% ceased to be binding in the event of a higher offer.

DNCA had also agreed to accept the offer, to not support or accept an offer with respect to a competing transaction and to elect to receive Fnac shares to the fullest extent possible. This was in respect of its (then) 7.77% stake in Darty. These all remained binding in the event of a higher offer.

3) Prior to the second increased offer

Prior to the second increased offer Fnac had received shareholder support for the Proposed Acquisition from Darty Shareholders holding in aggregate 22.11% of the issued share capital of Darty. In essence, the support provided by Knight Vinke and DNCA prior to the first increased offer still held.

4) Prior to the third increased offer

Fnac retained the support of Darty Shareholders holding in aggregate 22.11% of the issued share capital of Darty. In essence, the support provided by Knight Vinke and DNCA prior to the first increased offer still held.

BREAK FEE /TERMINATION FEE

Prior to the announcement of the initial offer on 20 November 2015, Fnac had agreed to pay Darty a reverse break fee of €12 million "in consideration of Darty incurring substantial costs and expenses in preparing and negotiating" the deal in the event that, on or before the Long Stop Date:

- * the Fnac Board: (a) withdrew the Fnac recommendation; (b) failed to include the Fnac recommendation in the Fnac Board Report or the Fnac Prospectus; (c) announced its intention not to make the Fnac Board Report and/or Fnac Prospectus available to Fnac shareholders; or (d) announced its intention not to include the Fnac recommendation in the Fnac Board Report or the Fnac Prospectus; or
- * one or more of the Fnac Resolutions was not approved by the Fnac shareholders at the Fnac Extraordinary General Meeting convened on or prior to the Long-Stop Date; or
- * the European Commission initiated Phase II proceedings in respect of the acquisition pursuant to the terms of the Regulation and the Scheme lapsed in accordance with its terms; or
- * Fnac invoked (and was permitted by the Panel to invoke) any Pre-Condition and/or any Regulatory Condition,

or if, on the Long Stop Date:

- * any Pre-Condition and/or any Regulatory Condition had not been satisfied or waived by Fnac; or
- * one or more of the Fnac Resolutions had not been approved by Fnac shareholders at the duly convened Fnac Extraordinary General Meeting.

FINANCING

1) Arrangements in relation to partial cash alternative to initial share offer

Fnac had intended to finance the Partial Cash Alternative with third party debt. Fnac had entered into a senior facilities agreement with Crédit Agricole, Société Générale and Natixis in connection with the financing of the Partial Cash Alternative. The terms of the senior facilities agreement would also allow Fnac and Darty to refinance their respective existing indebtedness and would provide on-going working capital for the combined group following completion of the acquisition. The aggregate amount that was available to Fnac pursuant to the terms of the senior facilities agreement was €865 million and comprised:

- i. a €400 million revolving credit facility; and
- ii. a €465 million bridge term loan facility.

It was intended that the new revolving credit facility would be used for general corporate purposes, including the refinancing of the existing revolving credit facilities of each of Fnac and Darty respectively. The new revolving credit facility would not be applied towards the financing of the Partial Cash Alternative. It was intended that the bridge term loan facility would be used to finance the Partial Cash Alternative. It might also be applied towards refinancing the €250 million of 5.875% senior notes due 2021, issued by Darty Financements SAS (an affiliate of Darty) on 28 February 2014.

2) Arrangements in relation to increased cash offers

Fnac had arranged to finance the cash offers using third party debt provided by the same providers as for the partial cash alternative that was available in the initial offer.

TARGET FINANCIALS

Profit and Loss Account - Trailing 12 months data

The profit and loss account figures are for the 12 months trailing 31 October 2015 and were calculated from figures provided in Darty's 2015 interim report as shown below:

	6 months ended 31/10/15	6 months ended 31/10/14	12 months ended 30/04/15	12 months trailing 31/10/15
€ million				
Revenue	1,664.50	1,644.40	3,512.10	3,532.2
Profit on disposal of property, plant and equipment and intangible assets including write-offs	10.4	(0.1)	6.8	17.3[+]
Group operating profit	21.2	20.6	58.9	59.5
Associate Income	0.8	0.5	1.4	1.7
Operating profit	22	21.1	60.3	61.2
Retail profit	36.1	26.4	74.9	84.6
Associates' interest and tax	-0.4	-0.5	-0.9	-0.8[+]
Gain on disposal	0	0	1.4	1.4[+]
Exceptionals	-12.6	-4.1	-13.7	-22.2[+]
Amortisation and impairment of acquisition related intangible assets	-0.3	0	-0.1	-0.4[+]
Legacy UK retirement benefit scheme expenses	-0.8	-0.7	-1.3	-1.4[+]
Finance costs	-12.8	-14.1	-27.4	-26.1
Profit before tax	9.2	7	32.9	35.1
Tax	-7.3	-6.2	-17.8	-18.9
Profit from continuing operations	1.9	0.8	15.1	16.2
Profit from discontinued operations	3.3	-1	-1.3	3
Profit for the financial period	5.2	-0.2	13.8	19.2
Attributable to				
Owners of the parent	5.1	0.3	14.2	19
Non controlling interests	0.1	-0.5	-0.4	0.2

[+] M&A Monitor has shown an operating profit figure for Darty stated before these amounts.

[++] Profit from discontinued operations has been excluded from the figures shown in the Target Financials section.

EBITDA

The EBITDA figure is based on data provided in Darty's interim report:

	6 months ended 31/10/15	6 months ended 31/10/14	12 months ended 30/04/15	12 months trailing 31/10/15
€ million				
EBITDA	50.8	51.9	118.8	117.7

OVERVIEW

Darty was a multi-channel service led electrical retailer operating 400 stores in three European countries. It generated an annual turnover of over €3.5 billion in 2014/15 through Darty and Mistergooddeal.com in France, Vanden Borre in Belgium and BCC in the Netherlands. Its ordinary shares were listed with the UK Listing Authority and traded on the market for listed securities on the London Stock Exchange under the symbol DRTY.L. It was also listed on the NYSE Euronext Paris.

OPERATIONS

Darty displayed, sold, distributed and provided after-sales support for a wide range of electrical products and associated accessories and services, from major home and small domestic appliances to the latest vision and audio and telecommunication and multimedia products.

Darty was the third largest specialist electricals retailer in Europe by sales. In France, it was the market leader, with a 14.7% share. In Belgium it was the number two and had a 10% share of the electricals retail market. In the Netherlands Darty had a 5.6% share of the Dutch electricals retail market and it claimed to be the leading multi-channel retailer in the country.

SEGMENT INFORMATION

The following table shows Darty's revenues broken down geographically:

Y-E 30/04 € millions	2015	2014
France	2,813.5	2,717.7
Belgium & Netherlands	698.6	686.7
Total	3,512.1	3,404.4

FINANCIAL PERFORMANCE

Darty's income statement for the previous two years is reproduced below:

Y-E 30/04 € millions	2015	2014
Revenue	3,512.1	3,404.4
Group operating profit	58.9	51.0
Share of profit in JV and associates	1.4	2.4
Total operating profit	60.3	53.4
Finance costs	(27.4)	(16.0)
Profit before income tax	32.9	37.4
Taxation	(17.8)	(26.6)
Profit from continuing operations	15.1	10.8
Loss from discontinued operations	(1.3)	(17.4)
Profit/(loss) for the year	13.8	(6.6)
Profit/(loss) attributable to:		
- Owners of the parent	14.2	(3.4)
- Non-controlling interests	(0.4)	(3.2)

SOURCES USED

Darty press release 30/9/15
 Fnac press releases 20/11/15, 21/4/16 (2), 25/4/16 (3) 12/7/16, 15/7/16
 Fnac presentation 20/11/15
 Darty annual report 30/04/15
 Fnac annual report 31/12/14
 Darty interims (10/15)
 Offer document (18/5/16)
 Darty circular (31/5/16)

www.dartygroup.com
 www.groupe-fnac.com

KEYWORDS: switch from scheme, offer final, reverse break fee, no increase statement

M&A Monitor produces a database which analyses selected corporate mergers and acquisitions. This can be found at www.ma-monitor.co.uk. The M&A Monitor database was launched as a web-based product in the second half of 1997, since which time it has established itself as the most reliable source commercially available for analytically rigorous M&A data. The database analyses and interprets all relevant publicly available information about a transaction and presents it in a user-friendly format which combines rigorous valuation analysis with detailed textual sections, thus providing a "one-stop-shop" for deal specific information. Different sector and deal-specific templates are used to reflect the type of transaction (e.g Public or Private) and target sector (e.g. Banking or Industrial). The information used on the database for transaction analysis is sourced from original materials published by the parties to the transaction and regulatory bodies including additional information which comes into the public domain subsequent to completion of a transaction. Transactions are typically analysed by analysts with the necessary language skills or sector experience. M&A Monitor can be contacted on (+44) 20 8944 9700 and at enquiries@ma-monitor.co.uk