Ivry, 23 October 2013

Improved revenue trends and stable gross margin in the third quarter of 2013

- Consolidated revenues down by -4.9% at constant exchange rates, a slight improvement compared with the first half of the year (-5.2%), in markets that remained depressed in Europe
- Faster online sales growth in all regions
- Continued market share gains
- Stable gross margin ratio
- Continued implementation of cost-saving plans

Third-quarter revenues

	Q3 2013 in €m	Change vs. Q3 2012		
		at current exchange rates	at constant exchange rates	at constant exchange rates and on a same-store basis
France	589.5	-4.7%	-4.7%	-4.7%
Iberian Peninsula	146.7	-6.5%	-6.5%	-7.1%
Brazil	44.9	-16.6%	-0.2%	-0.6%
Other countries	62.9	-7.0%	-6.2%	-6.2%
Group	**844.0**	**-5.9%**	**-4.9%**	**-5.0%**
First half of 2013		*-5.8%*	*-5.2%*	*-6.4%*

3rd quarter 2013 revenues

The Group's consolidated revenues amounted to €844 million in the third quarter of 2013, -4.9% lower than the third quarter of 2012 at constant exchange rates.
This trend reflects a slight improvement compared with the first half of 2013 (-5.2%) although markets in Europe remained depressed.
There was a negative -1.0% exchange rate impact, which was primarily due to the depreciation of the Brazilian real against the euro. The Group's consolidated revenues decreased by -5.9% at current exchange rates.
This more positive trend was more noticeable on a same-store basis, with a -5.0% decrease in sales in the third quarter compared with a -6.4% drop in the first half of the year.

Business conditions in France were poor in July and August, as the markets were particularly difficult. Fnac chose to limit its commercial investments during this period, which is traditionally less buoyant for the Group, and to defer them in order to maximize their impact. Sales trends improved tangibly in September due to the impact of a successful back-to-school campaign.
The decrease in sales in the Iberian Peninsula slowed down over the quarter.
In Brazil, sales were stable over the period. It is a continuation of the improvements that began in the second quarter as a result of the commercial recovery plan launched in the second quarter.

Online sales growth accelerated in the third quarter, driven by France, the Iberian Peninsula and Brazil. This performance reflects the ramp-up of the Group's omni-channel strategy.

The Group maintained its market share gain momentum and so continued to take advantage of the ongoing redesign of its commercial model.

The gross margin ratio remained stable, as in the first half, despite heavy commercial investments made in a competitive environment.
The Group continued its efforts to improve its operational efficiency and reduce costs.

France

Revenues in France fell by -4.7% in the third quarter. On a same-store basis, sales decreased by -4.7%, an improvement compared with the first half (-5.3%).

After a disappointing summer, sales trends improved significantly in September and were driven by a proactive back-to-school program.

Increased growth in online sales and the sharp rise in business volume on the Marketplace demonstrate the attractiveness of Fnac.com, the leading French website among "click & mortar" retailers *. Omni-channel sales (i.e. online orders attached to the stores) increased to 30% of online sales in the 3rd quarter, thus proving the success of the Group's omni-channel strategy.

Areas dedicated to connected objects were opened in all stores in September, and this new offer also became available on Fnac.com. The roll-out of the Kids, Stationery and Home & Design areas continued, in line with the roadmap, with the goal of having them in 75% of stores by the end of December.

Franchised store performance was satisfactory, with a good ramp-up of the stores most recently opened.

*Number of unique visitors – Source: FEVAD; 2nd quarter 2013

Today the Group opened a store with a selling area of 2,800 m^2 in the new Beaugrenelle Shopping Mall (in the 15th arrondissement of Paris).

Moreover, on September 26, the Group announced a plan to adjust its workforce in the music segment, which affects 180 positions out of a total of 800. Discussions regarding the implementation of this plan are ongoing with trade unions.

Iberian Peninsula

Sales in the region fell by -6.5% in the third quarter, compared to a drop of -8.8% in the first half of the year.

The Iberian Peninsula also posted double-digit online sales growth, an improvement compared with the first half of the year.
The Group strengthened its omni-channel strategy in Spain and Portugal. The Marketplace, which was launched in Spain in May, accounted for 20% of online business volume over the period, thereby demonstrating the attractiveness of the Fnac.es website. Fnac.pt continued to strengthen its online market leadership in the third quarter and also launched its own Marketplace in late September. The share of omni-channel sales amounted to around 30% of online sales in the Iberian Peninsula at the end of September.

The proactive policy to reassign areas and to introduce new product categories continued in the region. At the end of September, there were Kids and Stationery areas in 75% and close to 100% of the stores respectively. Home & Design areas are currently being rolled out.

Portugal opened its first travel retail store at Lisbon Airport on July 17th. Its sales performance is very satisfactory. A first proximity store will be opened in the heart of Lisbon's business district in December.

Brazil

Sales performance in Brazil improved significantly in the third quarter and was due to the commercial recovery plan launched in the second quarter. As a result, third-quarter sales were stable (-0.2%), compared with a -8.9% drop in the first half of 2013 (at constant exchange rates).
The ongoing improvement in performance was primarily driven by the website, which posted a very strong increase in sales, and by the store network.

Other countries

Third-quarter revenues decreased by -6.2% at constant exchange rates, a trend that was in line with the first half (-5.9%), in markets that contracted in numerous categories.
The roll-out of the new areas continued in the third quarter in both Belgium and Switzerland. The Kids and Home & Design areas will be rolled out across all stores in the region by the end of the year.

International development

On October 13, the Group announced that it had signed a franchise agreement with Darwish Holding, a pioneer in the specialist retailing segment in the Middle East, to establish a presence in Qatar. The first Fnac store in that country will open in the Lagoona Mall in Doha in the fall of 2014.

Outlook

Third-quarter sales performance occurred in a macroeconomic environment that remains unfavorable, with sharp declines in the markets for some product categories.

Markets are expected to remain difficult until the end of the year. The Group intends to limit the effects of this trend on its sales and results by pursuing the market share gain momentum resulting from the ongoing redesign of its commercial model and a tight management of its margins. The Group will also continue to implement its operating efficiency and cost savings plans.

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APPENDICES

End-of-September 2013 revenues

	9 months 2013 in €m	Change vs. 9M 2012		
		at current exchange rates	at constant exchange rates	at constant exchange rates and on a same-store basis
France	1,750.4	-4.2%	-4.2%	-5.1%
Iberian Peninsula	432.4	-8.0%	-8.0%	-8.7%
Brazil	136.8	-17.2%	-5.9%	-7.6%
Other countries	193.9	-6.8%	-6.0%	-6.0%
Group	**2,513.5**	**-5.8%**	**-5.1%**	**-5.9%**

Store network

	Dec. 31, 2012	June 30, 2013	Sept 30, 2013
France	**104**	**107**	**107**
Wholly-owned	88	88	88
Franchised *	16	19	19
Iberian Peninsula	**42**	**42**	**43**
Wholly-owned	42	42	43
Franchised	0	0	0
Brazil	**11**	**11**	**11**
Wholly-owned	11	11	11
Franchised	0	0	0
Other countries	**13**	**13**	**13**
Wholly-owned	13	13	13
Franchised	0	0	0
Group	**170**	**173**	**174**
Wholly-owned	154	154	155
Franchised	16	19	19

**including the store in Morocco*