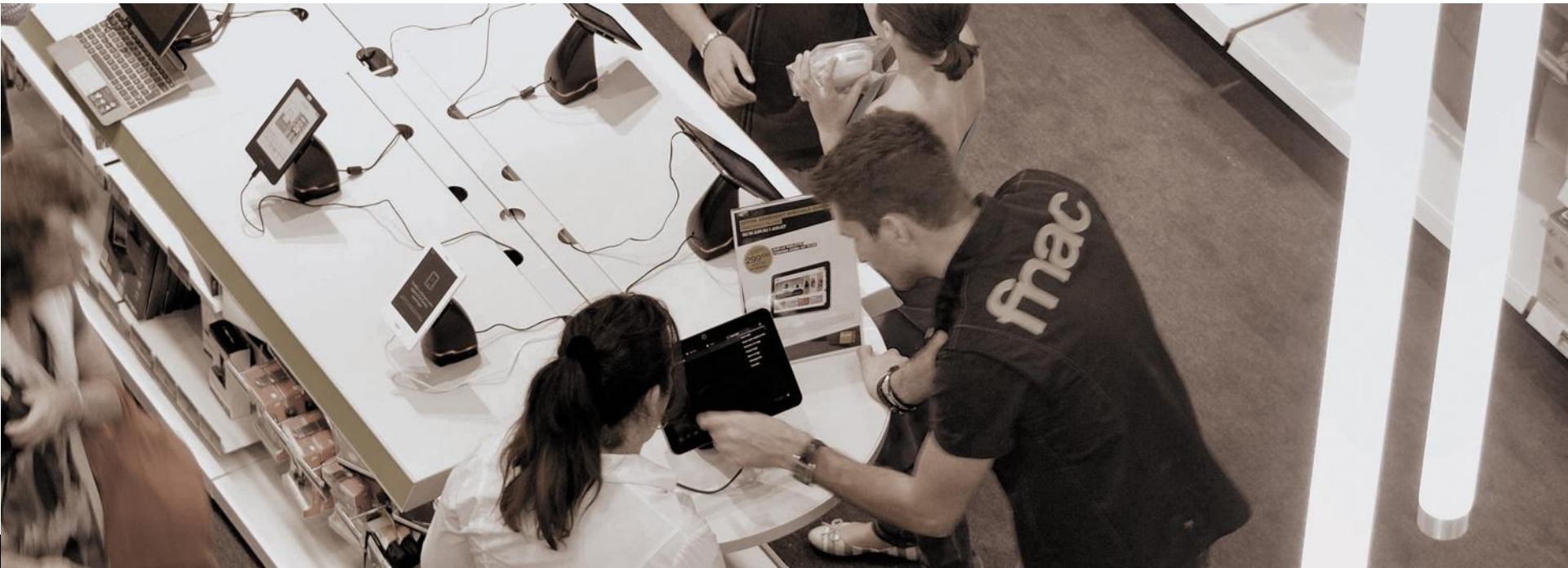




# 2013 FIRST HALF RESULTS

JULY 30<sup>th</sup>, 2013



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# KEY HIGHLIGHTS

- ▶ **Group sales down – 5.8% reported**
  - ▶ -5.2% at constant forex
  - ▶ Difficult consumer environments in most of our geographies
- ▶ **Continued market share gains reflecting the benefits of the transformation plan**
- ▶ **Improved ROC\* thanks to operational efficiency gains and cost savings**
- ▶ **Strong increase in net current income**
- ▶ **Improved free cash flow generation thanks to a tight control of capex and a reduction in inventories**

\* Current operating income




# IMPROVEMENT IN ROC

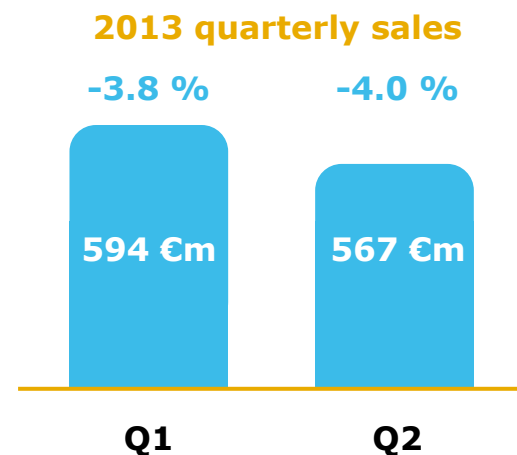
| €m                  | H1 2012      | H1 2013      | % Change     |
|---------------------|--------------|--------------|--------------|
| <b>Revenues</b>     | <b>1,773</b> | <b>1,670</b> | <b>-5.8%</b> |
| <b>Gross margin</b> | <b>541</b>   | <b>508</b>   | <b>-6.1%</b> |
| <i>% Revenues</i>   | 30.5%        | 30.4%        |              |
| Personnel costs     | -287         | -270         | 5.7%         |
| <i>% Revenues</i>   | -16.2%       | -16.2%       |              |
| Other expenses      | -233         | -217         | 7.0%         |
| <i>% Revenues</i>   | -13.2%       | -13.0%       |              |
| <b>EBITDA</b>       | <b>20.7</b>  | <b>20.6</b>  | <b>-0.5%</b> |
| <i>% Revenues</i>   | 1.2%         | 1.2%         |              |
| Depreciation        | -34          | -33          | 3.3%         |
| <b>ROC</b>          | <b>-13.4</b> | <b>-12.4</b> | <b>7.5%</b>  |
| <i>% Revenues</i>   | -0.8%        | -0.7%        |              |

+6.3%

- ▶ **Sales down** against challenging market conditions
- ▶ **Good resistance of gross margin** in a context of stronger commercial pressure
  - ▶ Targeted price investments
  - ▶ Offset by improved purchasing terms and the benefits of Fnac 2015 actions
- ▶ **Costs down** -6.3% or -€33m
  - ▶ reflecting the ongoing efforts to streamline the organizations and reduce costs
- ▶ **ROC up €1.0m (+7,5%)**

# FOCUS FRANCE

| €m                      |  | H1 2012      | H1 2013      | % Change      |
|-------------------------|---|--------------|--------------|---------------|
| <b>Revenues</b>         |   | <b>1,208</b> | <b>1,161</b> | <b>-3.9%</b>  |
| <b>ROC</b>              |   | <b>-12.4</b> | <b>-16.1</b> | <b>-29.5%</b> |
| <i>Operating margin</i> |   | <i>-1.0%</i> | <i>-1.4%</i> |               |





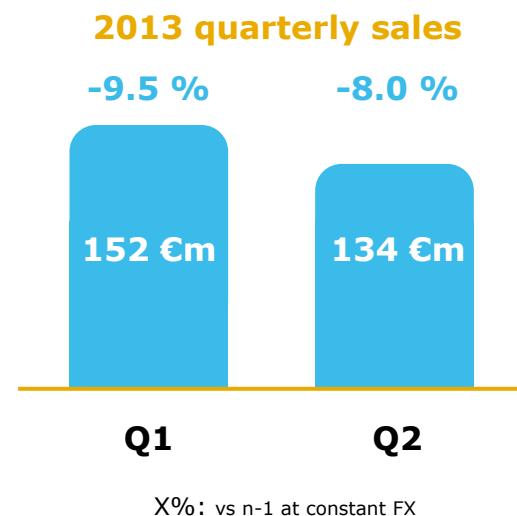
X%: vs n-1 at constant FX

- ▶ Continued market **share gains** in decreasing markets
- ▶ Good progress and results on the **deployment of the commercial model transformation** (new product categories, strengthening of omni-channel strategy, loyalty program, franchises)
- ▶ Store like-for-like **sales performance** broadly in line with 2012
- ▶ Slowdown in **Internet sales growth** comparable to industry trends <sup>(1)</sup>
- ▶ Significant investments in **commercial competitiveness**
- ▶ **Limited decrease in ROC** thanks to ongoing implementation of costs reduction initiatives

(1) index ICE 40 – source Fevad

# FOCUS IBERIAN PENINSULA

| €m                      |   | H1 2012     | H1 2013     | % Change     |
|-------------------------|---|-------------|-------------|--------------|
| <b>Revenues</b>         |   | <b>313</b>  | <b>286</b>  | <b>-8.8%</b> |
| <b>ROC</b>              |   | <b>5.5</b>  | <b>7.1</b>  | <b>29.1%</b> |
| <i>Operating margin</i> |   | <i>1.8%</i> | <i>2.5%</i> |              |



- ▶ Revenues negatively impacted by **unfavorable macro economic conditions** continuing in both countries
  - ▶ **Spain** strongly impacted since September 2012
  - ▶ Good resistance of **Portugal**, with sales declining slightly
- ▶ Continued market **share gains**
- ▶ Successful implementation of **cost cutting initiatives**
- ▶ **ROC** up €1.6m

# FOCUS BRAZIL

€m





|                         | H1 2012     | H1 2013     | % Change      |
|-------------------------|-------------|-------------|---------------|
| <b>Revenues</b>         | <b>111</b>  | <b>92</b>   | <b>-17.5%</b> |
| Change at constant rate |             |             | -8.9%         |
| <b>ROC</b>              | <b>-3.5</b> | <b>-2.4</b> | <b>31.4%</b>  |
| Operating margin        | -3.1%       | -2.6%       |               |



- ▶ Disappointing sales for H1 2013
- ▶ Improved **sales trend** in Q2 : Sales<sup>(1)</sup> down -8.5% on a like for like basis in Q2 vs -13.6% in Q1
- ▶ Positive effects of key initiatives implemented on **internet**, with a **return to sales growth** in Q2
- ▶ Targeted **price investments** done in a context of higher competitive pressure
- ▶ Good results of **efficiency measures**
- ▶ Slight improvement of **ROC**

(1) At constant FX rate

# FOCUS OTHER COUNTRIES

| €m                      |   | H1 2012     | H1 2013     | Change       |
|-------------------------|---|-------------|-------------|--------------|
| <b>Revenues</b>         |   | <b>140</b>  | <b>131</b>  | <b>-6.7%</b> |
| Change at constant rate |   |             |             | -5.9%        |
| <b>ROC</b>              |   | <b>-3.0</b> | <b>-1.0</b> | <b>68.1%</b> |
| Operating margin        |   | -2.1%       | -0.8%       |              |



- ▶ Disappointing **sales** performance of Belgium and Switzerland in a context of negative markets
- ▶ **New universes** (KIDS and Home & Design) deployed **on half of the store network** in H1 2013, with very encouraging results
- ▶ Positive impact of **pooling purchases and support functions** with France
- ▶ **Increase in ROC**



# NET CURRENT INCOME UP +53.5%

| €m   | H1 2012      | H1 2013      | % Change     |
|--|--------------|--------------|--------------|
| <b>ROC</b>   | <b>-13.4</b> | <b>-12.4</b> | <b>7.5%</b>  |
| Non-current operating income and expenses            | -34          | -8           | 76.8%        |
| <b>Operating income</b>                              | <b>-47</b>   | <b>-20</b>   | <b>57.0%</b> |
| Financial charges                                    | -6           | -4           | 34.1%        |
| Tax  | -18          | -6           | 65.6%        |
| <b>Net income from continuing operations</b>         | <b>-71</b>   | <b>-31</b>   | <b>57.2%</b> |
| Net income from discontinued operations              | -6           | 0            | na           |
| <b>Consolidated net income</b>                       | <b>-78</b>   | <b>-31</b>   | <b>60.1%</b> |
| <b>Net current income from continuing operations</b> | <b>-49</b>   | <b>-23</b>   | <b>53.5%</b> |

## ▶ Decrease in non current operating items

- ▶ 2013 net expenses comprise mostly restructuring costs, provisions for risks and litigations, and a capital gain related to the disposal of the Group's holding in Cyrillus Deutschland

## ▶ Financial charges down reflecting the strengthened financial position of Groupe Fnac

## ▶ Tax significantly down due to the benefit of own tax group

## ▶ Net current income up +53.5%

# IMPROVEMENT IN FREE CASH FLOW GENERATION

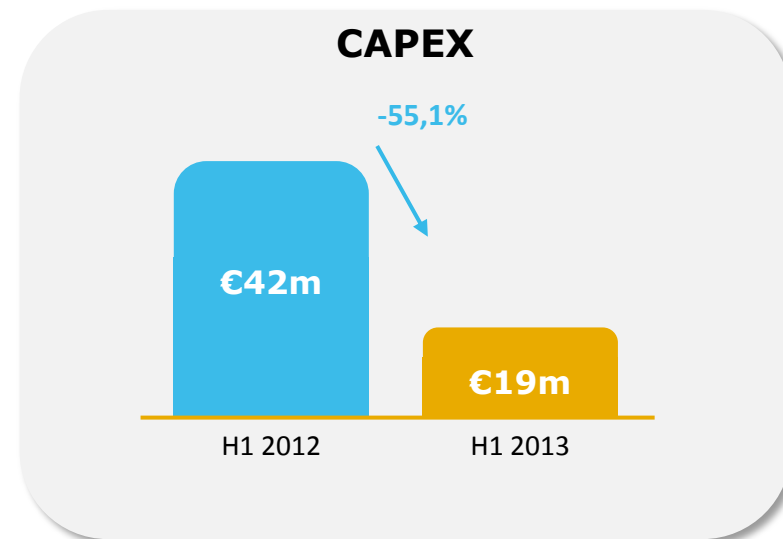
| €m   | H1 2012     | H1 2013     | Change      |
|--|-------------|-------------|-------------|
| <b>EBITDA</b>  | <b>20.7</b> | <b>20.6</b> |             |
| Other Provisions   | 1           | 5           |             |
| Other  | 2           | -3          |             |
| <b>Operating cash flow before tax (excl. non-current items)</b>                                | <b>24</b>   | <b>23</b>   | <b>-1</b>   |
| Change in working capital  | -246        | -259        |             |
| Change in liabilities relating to capex  | -18         | -3          |             |
| CAPEX  | -42         | -19         |             |
| <b>Free cash flow before tax (excl. non-current items)</b>                                     | <b>-284</b> | <b>-258</b> | <b>+26</b>  |
| Other financial income and expenses  | -4          | -3          |             |
| Tax  | -11         | -3          |             |
| <b>Free cash flow after tax, other financial income and expenses (excl. non-current items)</b> | <b>-298</b> | <b>-264</b> | <b>+ 34</b> |
| Non-current operating income and expenses (cash effect)  | -5          | -28         |             |
| <b>Free cash flow</b>  | <b>-303</b> | <b>-292</b> | <b>+ 11</b> |

- ▶ **Cash consumption** in the first half reflecting the seasonality of the business
- ▶ **Improvement in free cash flow generation** +€34m excluding non current items

# INVENTORIES AND CAPEX



Note : Inventories as of end of Dec 2012 amounted to 495€m



- ▶ **Inventories reduced thanks to**
  - ▶ Refined sourcing parameters
  - ▶ Reshaped logistics flows
  - ▶ Assortment review
  - ▶ Accelerated return of editorial products to suppliers

- ▶ Good control of **Capex**
- ▶ Focus on **franchise** in a asset-light driven expansion
- ▶ **FY objective** : €60m to €70m

# STRONG FINANCIAL STRUCTURE

| €m                         | 31/12/2012<br>reported | H1 2013<br>Equity<br>injection | 31/12/2012<br>restated | 30/06/2013 |
|----------------------------|------------------------|--------------------------------|------------------------|------------|
| <b>Shareholder's funds</b> | <b>397</b>             | <b>130</b>                     | <b>527</b>             | <b>490</b> |
| <i>o/w equity</i>          | 397                    | 70                             | 467                    | 430        |
| <i>o/w TSSDI</i>           |                        | 60                             | 60                     | 60         |
| <b>Net cash</b>            | <b>292</b>             | <b>130</b>                     | <b>422</b>             | <b>127</b> |

- ▶ High level of **shareholders' equity**
- ▶ **Strong cash position** as of 30 June 2013
- ▶ **Change in net cash** over the semester reflecting the **seasonality of the business**
- ▶ **Financial flexibility** enhanced by **€250 million revolving credit facility**
  - ▶ Non utilized as of end of June 2013
  - ▶ Financial covenants met (both minimum equity and rent adjusted leverage ratio)

# CONCLUSION AND PROSPECTS

- ▶ **Half-year performance demonstrates the rapid implementation of the strategic plan**
  - ▶ Continued market share gains / overperformance vs market
  - ▶ Good management of gross margin (sourcing gains offsetting targeted price investments)
  - ▶ Cost savings progressing well, allowing an improvement in ROC
  - ▶ Capex and inventories under control leading to improved cash generation
- ▶ **The transformation of the commercial model** will gain momentum in H2 with the acceleration of franchised stores openings and new universes roll-out
- ▶ **The Group expects macro economic conditions** to remain challenging in H2
- ▶ **The Group intends to mitigate this impact on sales and results thanks to further market share gains and its ongoing drive on operational efficiency improvement and cost reductions**

# APPENDICES



# Q1 AND Q2 REVENUE

| €m                | Q1 2013    | Change vs Q1 2012 |                |                              | Q2 2013    | Change vs Q2 2012 |                |                              |
|-------------------|------------|-------------------|----------------|------------------------------|------------|-------------------|----------------|------------------------------|
|                   |            | Reported          | at constant FX | Like for like at constant FX |            | Reported          | at constant FX | Like for like at constant FX |
| France            | 594        | -3.8%             | -3.8%          | -5.3%                        | 567        | -4.0%             | -4.0%          | -5.3%                        |
| Iberian Peninsula | 152        | -9.5%             | -9.5%          | -10.7%                       | 134        | -8.0%             | -8.0%          | -8.2%                        |
| Brazil            | 47         | -20.6%            | -9.8%          | -13.6%                       | 45         | -14.0%            | -8.0%          | -8.5%                        |
| Other countries   | 68         | -6.1%             | -5.5%          | -5.5%                        | 63         | -7.2%             | -6.3%          | -6.3%                        |
| <b>Group</b>      | <b>860</b> | <b>-6.1%</b>      | <b>-5.3%</b>   | <b>-6.8%</b>                 | <b>809</b> | <b>-5.6%</b>      | <b>-5.1%</b>   | <b>-6.0%</b>                 |

# H1 REVENUE

| €m                | H1 2013      | Change vs H1 2012 |                |                              |
|-------------------|--------------|-------------------|----------------|------------------------------|
|                   |              | Reported          | at constant FX | Like for like at constant FX |
| France            | 1 161        | -3.9%             | -3.9%          | -5.3%                        |
| Iberian Peninsula | 286          | -8.8%             | -8.8%          | -9.5%                        |
| Brazil            | 92           | -17.5%            | -8.9%          | -11.1%                       |
| Other countries   | 131          | -6.7%             | -5.9%          | -5.9%                        |
| <b>Group</b>      | <b>1 670</b> | <b>-5.8%</b>      | <b>-5.2%</b>   | <b>-6.4%</b>                 |



# FINANCIAL CHARGES H1 2013

| €m   | H1 2012   | H1 2013   | % Change      |
|--|-----------|-----------|---------------|
| Cost of net indebtedness                     | -3        | -1        | -70.5%        |
| Other financial charges (net) <sup>(1)</sup> | -3        | -3        | 5.6%          |
| <b>Financial charges (net)</b>               | <b>-6</b> | <b>-4</b> | <b>-34.1%</b> |

(1) Includes expense on the cost of free consumer credit and the impact of discounting assets and liabilities

# EBITDAR

|   | H1 2012      | H1 2013      | % Change     |
|---|--------------|--------------|--------------|
| <b>ROC</b>                                | <b>-13.4</b> | <b>-12.4</b> | <b>7.5%</b>  |
| Net depreciation and amortization charges | 34           | 33           | -3.3%        |
| <b>EBITDA</b>                             | <b>20.7</b>  | <b>20.6</b>  | <b>-0.5%</b> |
| Rents                                     | 69           | 70           | 0.3%         |
| <b>EBITDAR</b>                            | <b>90</b>    | <b>90</b>    | <b>0.1%</b>  |

# BALANCE SHEET

| <b>ASSETS in €m</b>            | <b>H1 2012</b> | <b>H1 2013</b> |
|--------------------------------|----------------|----------------|
| Goodwill                       | 403            | 324            |
| Intangible assets              | 71             | 71             |
| Tangible assets                | 217            | 183            |
| Non-current financials assets  | 29             | 7              |
| Deferred tax assets            | 29             | 33             |
| Other non-current assets       | 0              | 0              |
| <b>Non-current assets</b>      | <b>748</b>     | <b>618</b>     |
| Inventories                    | 498            | 470            |
| Accounts receivable            | 91             | 77             |
| Current tax receivables        | 15             | 6              |
| Other current financial assets |                |                |
| Other current assets           | 104            | 89             |
| Cash & cash equivalents        | 78             | 136            |
| <b>Current assets</b>          | <b>785</b>     | <b>777</b>     |
| Assets held for sale           | 41             |                |
| <b>Total assets</b>            | <b>1,575</b>   | <b>1,395</b>   |

| <b>EQUITY AND LIABILITIES in €m</b>                            | <b>H1 2012</b> | <b>H1 2013</b> |
|--|----------------|----------------|
| Share capital  | 6              | 17             |
| Reserves related to equity                                     | 48             | 494            |
| Conversion reserves  | 3              | 1              |
| Other reserves   | -108           | -21            |
| <b>Equity</b>  | <b>-51</b>     | <b>490</b>     |
| Long-term liabilities  | 0              | 1              |
| Provisions for retirement and similar benefits                 | 53             | 64             |
| Deferred tax liabilities                                       |                |                |
| <b>Non-current liabilities</b>                                 | <b>53</b>      | <b>65</b>      |
| Short-term liabilities   | 557            | 8              |
| Other current financial liabilities                            |                |                |
| Accounts payable   | 476            | 401            |
| Provisions   | 78             | 44             |
| Tax liabilities  | 28             | 9              |
| Other current liabilities                                      | 404            | 378            |
| <b>Current liabilities</b>                                     | <b>1,543</b>   | <b>840</b>     |
| Liabilities associated with assets classified as held for sale | 30             |                |
| <b>Total liabilities and equity</b>                            | <b>1,575</b>   | <b>1,395</b>   |

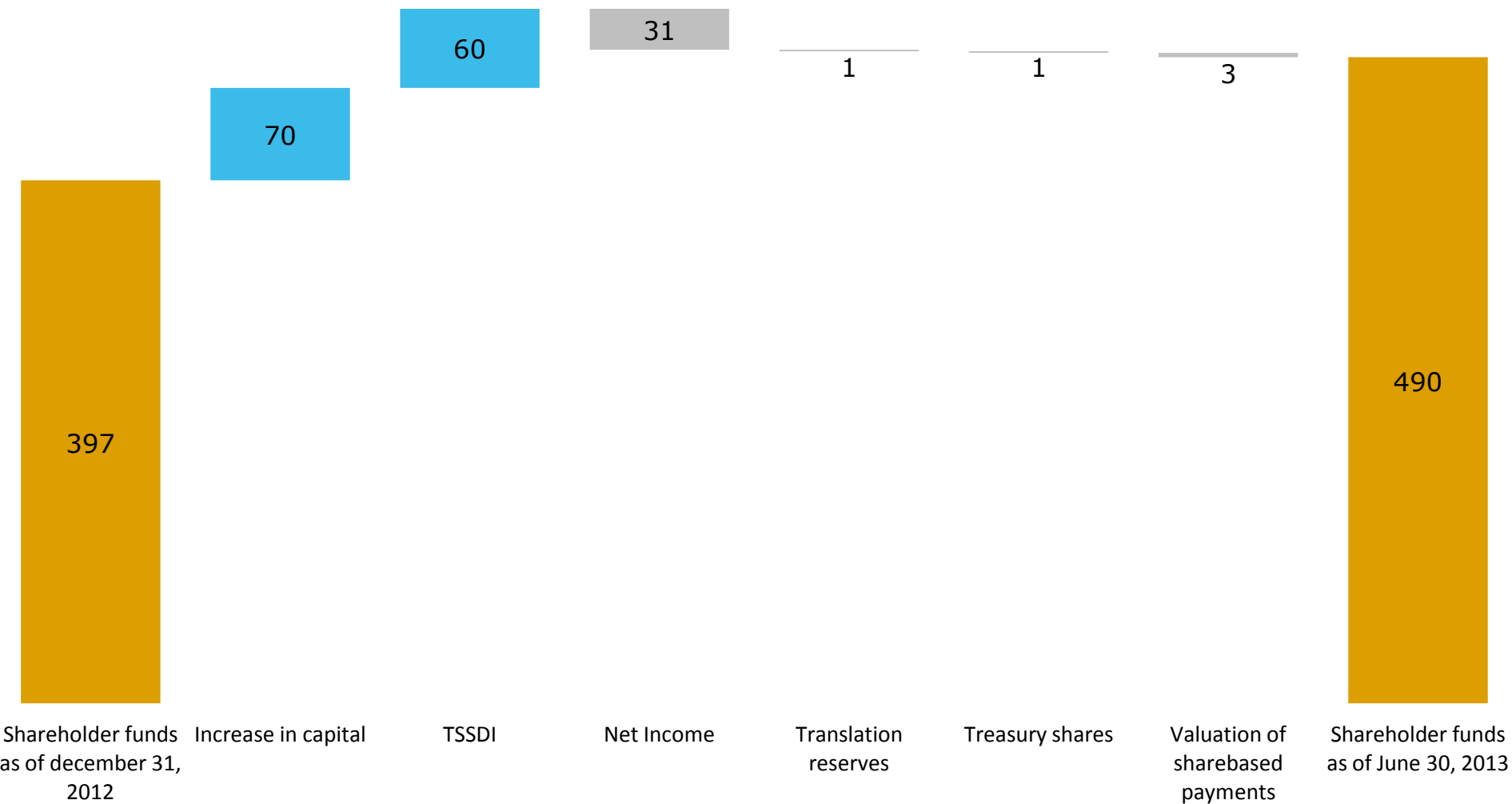
# CASH FLOW STATEMENT

| €m   | H1 2012     | H1 2013     |
|--|-------------|-------------|
| <b>Net income from continuing operations</b>                           | <b>-71</b>  | <b>-31</b>  |
| Net additions to depreciation, amortization and provisions             | 64          | 16          |
| Other non cash items   | 0           | 0           |
| Financial interest income and expense                                  | 3           | 1           |
| Net tax charge payable   | 21          | 6           |
| <b>Cash flow from operations before tax, dividends and interest</b>    | <b>15</b>   | <b>-8</b>   |
| Change in working capital requirement                                  | -246        | -259        |
| Income tax paid  | -11         | -3          |
| <b>Net cash flows from operating activities</b>                        | <b>-242</b> | <b>-270</b> |
| Net capex  | -61         | -22         |
| Disposal subsidiaries net of cash transferred                          | 0           | 0           |
| Net other financial assets   | -3          | 7           |
| Interests and dividends received                                       | 0           | 0           |
| <b>Net cash flows from investing activities</b>                        | <b>-64</b>  | <b>-15</b>  |
| Increase / decrease in equity and other transactions with shareholders | 0           | 130         |
| Treasury share transactions  | 0           | -1          |
| Increase / decrease in other financial debt                            | 330         | -1          |
| Other interest and equivalent paid                                     | -3          | -8          |
| <b>Net cash flows from financing activities</b>                        | <b>327</b>  | <b>121</b>  |
| Cash flow from discontinued operations                                 | -22         | 0           |
| Impact of fluctuations in exchange rates                               | 4           | 0           |
| <b>Net change in cash</b>  | <b>3</b>    | <b>-165</b> |

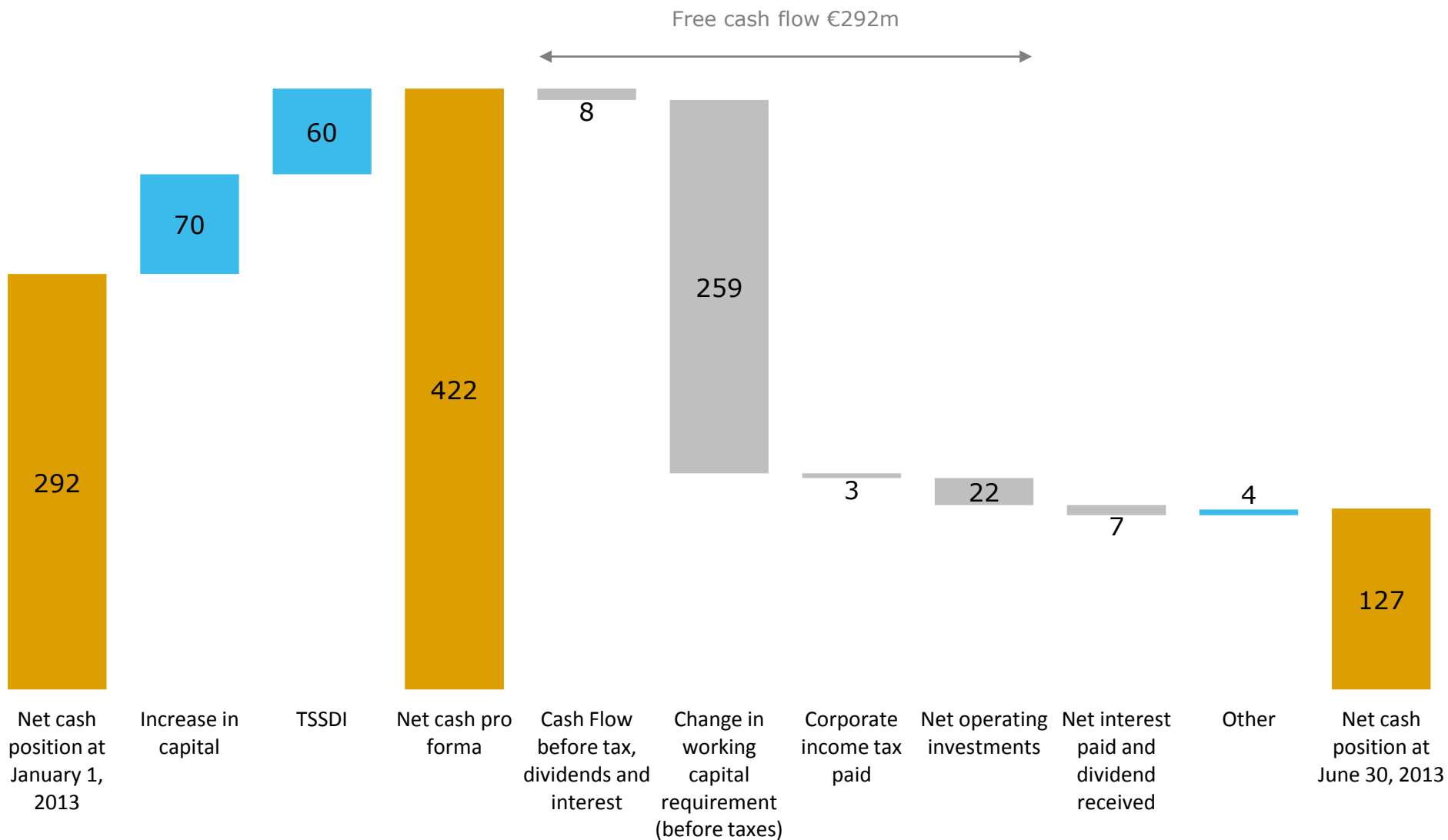
# NET CURRENT INCOME

| €m  | H1 2012    | H1 2013    |
|---|------------|------------|
| <b>Income before tax</b>                    | <b>-53</b> | <b>-24</b> |
| Non-current operating expenses and Revenues | -34        | -8         |
| <b>Current income before tax</b>            | <b>-20</b> | <b>-16</b> |
| Current tax (expense) / Income              | -18        | -6         |
| Tax on non-current items                    | 11.3       | 0.2        |
| <b>Total tax charge</b>                     | <b>-30</b> | <b>-7</b>  |
| <b>Net current income</b>                   | <b>-49</b> | <b>-23</b> |

# SHAREHOLDERS' FUNDS



# NET CASH POSITION



# STORES NETWORK

|                   | December, 31 <sup>th</sup> 2012 |            |            | June, 30 <sup>th</sup> 2013 |            |            |
|-------------------|---------------------------------|------------|------------|-----------------------------|------------|------------|
|                   | Owned                           | Franchised | Total      | Owned                       | Franchised | Total      |
| France            | 88                              | 16         | 104        | 88                          | 19         | 107        |
| Iberian Peninsula | 42                              | 0          | 42         | 42                          | 0          | 42         |
| Brazil            | 11                              | 0          | 11         | 11                          | 0          | 11         |
| Other countries   | 13                              | 0          | 13         | 13                          | 0          | 13         |
| <b>Group</b>      | <b>154</b>                      | <b>16</b>  | <b>170</b> | <b>154</b>                  | <b>19</b>  | <b>173</b> |



# FX EXCHANGE

|                          | H1 2012       | H1 2013       |
|--------------------------|---------------|---------------|
| <b>BRL (Brazil)</b>      | <b>2.4157</b> | <b>2.6686</b> |
| <b>CHF (Switzerland)</b> | <b>1.2048</b> | <b>1.2299</b> |