Ivry, February 27, 2015

Fnac accelerates its transformation
Strong 2014 results

- Accelerated sales momentum in 2014
- Consolidated revenues grew by +0.9% in the 2nd half of the year and were stable throughout 2014, compared to a -3.1% drop in 2013 (at comparable scope of consolidation and constant exchange rates)
- Sales up in France and the Iberian Peninsula
- Continued gains in market share
- Increase in current operating income to €77 million (+7.4% compared to 2013)
- Net income up to €41 million (compared to €15 million in 2013)
- Free cash flow rose sharply: €72 million in 2014, compared to €48 million in 2013

Alexandre Bompard, Chairman and Chief Executive of Groupe Fnac, made the following comments: *"2013 marked the recovery of Fnac. In 2014, our model was consolidated and the transformation accelerated. With significant progress in all areas and indicators, 2014 results validate the company's strategy and celebrate a year of innovation. Our company is on the move, ready to seize opportunities and meet the expectations and needs of our customers."*

KEY FIGURES

(in € million)	2013	2014	Change
Revenues	**3,905**	**3,895**	**-0.3%**
Chg. at comparable scope of consolidation and constant exchange rates			*0.0%*
Chg. on a same-store basis			*+0.4%*
Current operating income (COI)	**72**	**77**	**7.4%**
Net income	**15**	**41**	**+180%**
Net current income [1]	44	50	14.3%
Free cash flow from operations	**48**	**72**	**51%**
Net cash	**461**	**535**	**16%**

[1] from continuing operations, Group share, excluding non-current items

HIGHLIGHTS OF THE FINANCIAL YEAR

Fnac accelerated its transformation in 2014, with positive results on all key indicators.
Revenues rose by 0.9% in the 2nd half of the year (at comparable scope of consolidation and constant exchange rates). They remained stable throughout the year, compared to a -3.1% drop in 2013 (at comparable scope of consolidation and constant exchange rates).
The improvement in profitability and cash generation was confirmed over 2014 with a current operating profit of €77 million, for an increase of 7.4%, and free cash flow of €72 million euros, up +51%.
The Group continued to gain market share and strengthened its leadership in its markets.
This performance, which was achieved in a sluggish consumer environment, validates the strategic choices implemented under the "Fnac 2015" plan.

Strong omnichannel growth

The growth of the internet channel continued in 2014. It was largely driven by strong growth in omnichannel sales, which accounted for over 35% of Internet sales in France (versus 29% in 2013). In order to strengthen the complementarity between the store network and the website, new features were emphasized that allowed customers in stores to have access to the entire range of products available online ("click & mag"), or to pick up the product in the store of their choice in one hour ("click & collect 1h").
The Group has also strengthened its range of delivery services with the introduction of Fnac Express+[1], Fnac 3h Chrono[2] (the fastest offer on the market), and Retrait Colis gratuit (free delivery in a collection point for all customers living more than 30 km from a Fnac store).
Growth in sales on the marketplaces was over 25%. This was due to the rapid development of marketplaces in Spain and Portugal and the strong growth of the marketplace in France. Marketplaces now account for 15% of online gross merchandise volumes.
Mobile traffic increased by more than +50% and contributed to 25% of Fnac.com traffic.

Enhanced commercial attractiveness

The Group continued to pursue an offensive commercial policy in markets characterized by a high promotional pressure. Good management of commercial operations, supported by targeted and visible communication campaigns, enabled it to continue to strengthen its price competitiveness.
New initiatives such as further development of sales force cashing, introduction of the single waiting line and the placement of ticketing terminals in stores were implemented to improve customer service quality.
The customer satisfaction indicator in stores (Net Promoter Score) continued to rise.
The number of members increased by nearly 5% over the year to 5.6 million (an increase of over 35% in 4 years).

Success of the offer renewal strategy

The group continued to roll out new product families. Telephony sections were successfully introduced throughout the store network in France in the 1st quarter of 2014, thus enabling the Group to seize a significant share in this market.
After opening corners dedicated to connected objects in all stores in the fall of 2013, a flagship store dedicated to telephony and connected objects was successfully opened in Paris on the Champs-Elysées in June 2014. As a result, the Group strengthened its leading position in the connected health & sports and connected home segments.
Stationery sections rolled out in France in the spring delivered results which exceeded expectations and confirmed the category's potential.

The Games & Toys and Home & Design families were driven by continued deployment and good business performance.

[1] Subscription to service for delivery in one business day of all available products in stock on Fnac.com
[2] Home delivery within 3 hours of placing the order

In total, the contribution of new families increased significantly to 11% of revenues throughout 2014 (compared to 6% in 2013). This growth confirms the success of the Group's offer renewal strategy and the ability of the banner to position itself quickly on fast-growing markets.
With the launch of Fnac Jukebox (a music streaming service) and Pass location (an exclusive technical products leasing service), the Group has also shown its commitment to providing innovative solutions to new consumer uses.

<u>Accelerating the expansion of proximity formats</u>
Expansion into new store formats accelerated both in France and internationally. Eleven stores were opened in 2014 (compared to 7 in 2013), bringing the total number of new format stores at the end of December 2014 to 34.
This momentum was driven primarily by the proximity format, with 6 openings in France and 4 openings in the Iberian Peninsula. In France, the openings include the conversion of 2 "Culture et Loisirs" stores in the context of ongoing discussions with the Intermarché Group.
In 2014, the commercial and economic effectiveness of these new formats was confirmed, thus allowing the Group to boost its presence on the ground by expanding into high traffic areas (travel retail format) or smaller catchment areas (proximity format). Benefitting of all of the omnichannel features, they contribute also to the development of the Group's websites and the strengthening of its omnichannel strategy.

OPERATIONAL PERFORMANCE

Positive sales momentum continued **in the 4th quarter** despite a higher comparison base than in previous quarters across all geographical areas.
The Group's revenues grew by 0.1% at comparable scope of consolidation and constant exchange rates and +0.3% on a same-store basis.
France posted growth of +1% in sales on a same-store basis. After factoring in the impact from store closures, sales were stable (+0.1%). Iberian Peninsula revenues increased by 1.8% and were driven in particular by expansion, with 4 proximity format stores opened over the period (3 in Portugal and 1 in Spain).
In Brazil, business activity continued to be penalized by the deterioration of macroeconomic conditions in the country. As a result, sales were down -4.1% at constant exchange rates.
Improving sales trends in the Other Countries area, which includes Switzerland and Belgium, was confirmed in the 4th quarter, with a decline in sales of -1.1% (at constant exchange rates).
Fourth-quarter performance reflects the high level of operational excellence, both commercially and logistically, at a key period of the year.
Internet channel growth continued at a high pace, driven in particular by strong growth in omnichannel sales and sustained development of marketplaces. Omnichannel sales accounted for 39% of online sales in France over the period (versus 36% in the 3rd quarter and 31% in the 1st half of the year).
The contribution of new product families reached 13% of revenues.

Over the whole of 2014, the Group's **consolidated revenues** remained stable at comparable scope of consolidation and constant exchange rates.
Exchange rates had a negative impact of -0.4% mainly due to the decline of the Brazilian real against the euro. The acquisition of Datasport, which was completed in late December 2013, had a positive impact of +0.1%.

As reported, the Group's consolidated revenue amounted to €3.895 billion, down slightly (-0.3%) compared to 2013. Sales momentum was more favorable in the 2nd half of the year, with sales growth of 0.9%, compared to a decline of -1.1% in the 1st half of the year (at comparable scope of consolidation and constant exchange rates).

The **gross margin** was 29.4% in 2014, versus 29.8% in 2013. The margin resisted better in the 2nd half of the year, showing a decrease of -30 basis points, compared to a decline of -60 basis points in the 1st half of the year.
This resilience of the margin in the 2nd half of the year was the result of the good performance of the commercial action plan implemented starting in the 2nd quarter and a less unfavorable category mix.

The Group continued its policy of improving **operational efficiency** in 2014, thus generating €63 million in cost savings for that year.

Current operating income increased for the second consecutive year. It totaled €77 million, up +7.4%.

By reporting segment

Revenues in **France** increased by +0.5% and +1.3% on a same-store basis. Revenue momentum improved during the year, with sales on a same-store basis increasing by 2.3% in the 2nd half of the year (after a decline of -0.1% in the 1st half). This favorable development, which took place in a sluggish consumer environment and declining markets, enabled the brand to continue to gain market share. Current operating profit rose 10.8%. The operating margin was 1.7% (versus 1.5% in 2013).

Sales on the **Iberian Peninsula** were up 0.7% in a context of competitive markets. Portugal posted growing sales. Spain has suffered from highly promotional markets.
Internet channel growth continued at a double-digit pace, showing a marked acceleration in the 2nd half of the year. Current operating income increased 10.8%. The operating margin was 3.6% (versus 3.3% in 2013).

Revenues from **Brazil** declined -3.4% at constant exchange rates (-11.3% at current exchange rates). Activity was impacted by the significant decline in store traffic during the World Cup and the economic downturn. Internet sales are growing. Current operating income was negative at -€0.9 million. Strict cost management helped limit the impact of lower activity on operating income.

Sales from the **"Other Countries"** area, which includes Switzerland and Belgium, were down -3.1% at constant exchange rates (-2.6% at current exchange rates). Sales trends improved in the 2nd half of the year with almost stable sales (-0.1% at current exchange rates and -0.7% at constant exchange rates). This turnaround reflects successful implementation of sales promotions, the increased contribution of new product families and the ramp-up of the website in Belgium. Current operating income is stable. The operating margin was 2.5% (versus 2.4% in 2013).

FINANCIAL PERFORMANCE

Other non-current operating income and expenses represented a net expense of €9 million in 2014, compared to a net expense of -€29 million in 2013. This decrease resulted primarily from the significant reduction in the cost of organizational changes.

Consolidated net income amounted to €41 million, a sharp increase (+180%) compared to 2013 (profit of €15 million).

Adjusted for non-recurring items, **net current income from continuing operations, Group share**, amounted to €50 million in 2014, compared to €44 million in 2013, an increase of +14%.

Diluted earnings per share (excluding non-current items and on the basis of continuing operations) amounted to €2.97 in 2014, an increase of 13.4% compared to 2013.

FINANCIAL STRUCTURE

The Group continued to improve its cash generation in 2014. **Free cash flow from operations** totaled €72 million, compared to €48 million in 2013.
This positive trend is the result of improved operating performance combined with lower restructuring charges. Investments are under control and totaled €54 million, in line with their 2013 level. The Group continued to optimize its working capital requirements, in particular by reducing inventories.

The Group's **financial position** was strengthened.
Net cash amounted to €535 million at December 31, 2014 (versus €461 million in 2013).
Equity capital amounted to €595 million at December 31, 2014 (versus €550 million in 2013).
At December 31, 2014, the covenants of the credit facility were complied with.

CONCLUSION AND OUTLOOK

The 2014 results reflect the acceleration of the Group's transformation and its ability to innovate to adjust its business model to changing consumer uses.

In a consumer environment that is expected to remain sluggish in 2015, the Group is well positioned to continue to strengthen its leadership through the continued deployment of its omnichannel model, the pursuit of a proactive policy of enriching the product and services offer, and accelerated expansion of the proximity formats in France and abroad.

Cost savings for 2013 and 2014 amounted to a total of nearly €120 million, exceeding the goal of €80 million.
The Group will pursue its operational efficiency improvement policy and has set a cost savings target of €30 million to €40 million for 2015.
It will also continue its efforts to maximize cash generation.

In the longer term, the Group confirms its current operating profitability target of above 3%, after finalization of the transformation of its business model and under stabilized market and economic conditions.

PRESENTATION OF 2014 RESULTS

A live webcast of the presentation of the 2014 Annual Results and the presentation slides will be available at 10 am (Paris time) on February 27, 2015 on the home page of the site www.groupe-fnac.com.

This presentation is also directly accessible by clicking here.

A replay will also be available on our website in the late afternoon.

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The Board of Directors met on February 26, 2015 to approve the financial statements for 2014. The audit procedures for the Groupe Fnac consolidated financial statements at December 31, 2014 have been conducted. The certification report will be issued after completion of the procedures required for the purposes of approval of the registration document.

Summary income statement

(in € million)	2013	2014	Change
Revenues	**3,905**	**3,895**	**-0.3%**
Gross margin	**1,164**	**1,144**	**-1.8%**
As a % of revenues	*29.8%*	*29.4%*	
Total costs	**1,093**	**1,067**	**-2.4%**
As a % of revenues	*28.0%*	*27.4%*	
Current operating income	**72**	**77**	**7.4%**
As a % of revenues	*1.8%*	*2.0%*	
Other non-current operating income and expense	-29	-9	68%
Operating income	**43**	**68**	**57%**
Net financial expense	-12	-12	-3%
Income tax	-16	-15	7%
Net income from continuing operations	**16**	**41**	**160%**
Of which Group share	16	42	163%
Net income from discontinued operations	-1	0	n/a
Consolidated net income	**15**	**41**	**180%**
Of which Group share	15	42	182%
Net current income from continuing operations, Group share	**44**	**50**	**14.3%**
EBITDA	**140**	**147**	**5.4%**
As a % of revenues	*3.6%*	*3.8%*	

APPENDICES

Current operating Income (COI) by operating segment

(COI in € million)	2013	As a % of revenue	2014	As a % of revenue	% change
France	42.7	1.5%	47.3	1.7%	10.8%
Iberian Peninsula	21.3	3.3%	23.6	3.6%	10.8%
Brazil	0.7	0.4%	-0.9	-0.5%	n/a
Other countries	7.1	2.4%	7.1	2.5%	0.0%
Group	**71. 8**	**1.8%**	**77.1**	**2.0%**	**7.4%**

4th quarter revenues by operating segment

(Revenues in € million)	T4 2014	Change vs. Q4 2013		
		published	at comparable scope of consol. and constant exch. rates	on a same-store basis*
France	1,014	0.2%	0.1%	1.0%
Iberian Peninsula	226	1.8%	1.8%	-0.6%
Brazil	56	-7.7%	-4.1%	-4.7%
Other countries	98	-0.5%	-1.1%	-1.1%
Group	**1,393**	**0.1%**	**0.1%**	**0.3%**

* at comparable scope of consolidation and constant exchange rates and

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2014 revenues by operating segment

(CA in € million)	2014	Change vs. 2013		
		published	at comparable scope of consol. and constant exch. rates	on a same-store basis*
France	2,777	0.5%	0.4%	1.3%
Iberian Peninsula	659	0.7%	0.7%	-0.7%
Brazil	175	-11.3%	-3.4%	-3.9%
Other countries	284	-2.6%	-3.1%	-3.1%
Group	**3,895**	**-0.3%**	**0.0%**	**0.4%**

* at comparable scope of consolidation and constant exchange rates and

Store network

	Dec. 31, 2013	Dec. 31, 2014
France	**108**	**112**
Wholly owned	87	85
Franchised *	21	27
Iberian Peninsula	**44**	**47**
Wholly owned	44	47
Franchised	0	0
Brazil	**11**	**12**
Wholly owned	11	12
Franchised	0	0
Other Countries	**13**	**13**
Wholly owned	13	13
Franchised	0	0
Group	**176**	**184**
Wholly owned	155	157
Franchised	21	27

** including the store in Morocco*