Press Release

Ivry, 30 July 2013

Current operating income improved in the 1st half of 2013

- Improved current operating income (+7.5%)
- Continuing gains in market share despite a 5.8% decline in revenues (-5.2% at constant exchange rates), against the backdrop of a deteriorating consumer environment in the Group's main markets
- Strong decrease in operating costs as a consequence of cost cutting initiatives
- Increase in net current income (+53.5%)
- Improved free cash flow thanks to tight controls on investments and lower inventories.

Alexandre Bompard, Chairman and Chief Executive of the Fnac Group, made the following comments:
"Implementation of our 2015 Fnac strategy plan continued in the first half of 2013. The rapid change in our model confirms Fnac's resilience in an environment marked by decreasing consumption of our product categories, especially in the Iberian Peninsula. Fnac continued to register market share gains thanks to its marketing strategy. Moreover, ongoing measures aimed at strengthening our operational efficiency enabled us to improve our current operating income and free cash flow generation."

(€ millions)	H1 2012	H1 2013	Change
Revenues	**1,773**	**1,670**	**-5.8%**
Chg. at constant exchange rates	-	-	*-5.2%*
Current operating income (ROC)	**-13.4**	**-12.4**	**7.5%**
Consolidated net income	-77.7	-31.0	60.1%
Net current income (*)	**-49.2**	**-22.9**	**53.5%**
Free cash flow from operations	**-303**	**-292**	**3.7%**
Net cash	**-479**	**127**	NA

(*) Net current income from continuing operations, Group share, excluding non-current items

Note: Performance in the first half of the year was affected by the seasonal nature of the Group's business. The first half usually makes only a small contribution to the full-year results. The change in free cash flow reflects the traditional steep increase in the working capital requirement at the beginning of the year.

2013 1st HALF RESULTS

The Group's consolidated revenues amounted to €1,670 million in the 1st half of 2013, a decrease of 5.8% compared with the 1st half of 2012.
There was a negative exchange rate impact of 0.6%, primarily due to the fall in the Brazilian real against the euro. At constant exchange rates, the decline in the Group's consolidated revenues was 5.2% in the first half.
The Group reported a 5.1% decline in revenues at constant exchange rates in the 2nd quarter of 2013, compared with a 5.3% decrease in the 1st quarter (at constant exchange rates).

Economic activity deteriorated in the first half in the main countries where the Group operates, especially in the Iberian Peninsula, which resulted in a marked downturn in some of the Group's markets.
The Group continued to gain market share against this relatively unfavorable backdrop, especially in France and in the Iberian Peninsula, and so continued to benefit from the ongoing redesign of its business model.

The gross margin remained stable at 30.4% in the 1st half of 2013, compared with 30.5% in the 1st half of 2012, despite increasing commercial pressure.
The strong resilience of the **gross margin** reflects focused management and the impact of the Fnac 2015 Plan (including the favorable impact of the new product categories and the pooling of goods purchases between France, Switzerland and Belgium), which offset the investments made in pricing and promotion.

Fnac Group reported a €1 million (7.5%) improvement in its **current operating loss** at June 30, 2013, compared with the 1st half of 2012; the 2013 operating loss amounted to €12.4 million.
The ongoing improvement in operating efficiency and the reduction in overheads enabled the Group to limit the impact of the fall in sales on current operating income.

Other non-current operating income and expense includes unusual items, which are likely to affect the appropriate monitoring of the Group's economic performance. These items amounted to a net expense of €7.8 million in the 1st half of 2013, which was lower than the expense reported in the 1st half of 2012, and included the cost of organizational changes, provisions for contingencies and litigation, and a capital gain on the disposal of the Group's interest in Cyrillus Deutschland.

The improvement in **net financial income** reflects the strengthening in the Group's financial position and the decrease in the cost of net financial debt.

The net loss from continuing operations amounted to €30.6 million in the 1st half, a significant improvement compared with the 1st half of 2012, where the reported loss was €71.5 million.
The **net current loss from continuing operations**, restated for non-current items, amounted to €22.9 million, an improvement of 53.5% compared with the 1st half of 2012.

Free cash flow from operations, which amounted to -€292 million recorded an improvement of €11 million compared with the 1st half of 2012.
The change in free cash flow in the 1st half reflects the seasonal nature of the business, which results in a significant increase in the working capital requirement in the first quarter.
Operating investments amounted to €19 million, which was a marked decrease compared with the 1st half of 2012 (€42 million). This fall reflects the tightly controlled investment policy implemented by the Group and the priority granted to expanding under franchise.
The Group continued its inventory reduction policy. Inventories amounted to €470 million at the end of June, a 5.6% decrease compared with their level at the end of June 2012 (€498 million).

The Group benefited from a **sound financial position** at the end of June 2013, with a net cash position of €127 million and Shareholders' Equity of €490 million.

The Statutory Auditors have reviewed the summary consolidated financial statements for the 1st half of 2013, as approved by the Board of Directors' Meeting of 30 July 2013.

Summary income statement

(€ millions)	H1 2012	H1 2013	Change
Revenues	**1,773**	**1,670**	**-5.8%**
Gross margin	**541**	**508**	**-6.1%**
As a % of revenues	*30.5%*	*30.4%*	-
Total costs	**-554**	**-520**	**6.1%**
As a % of revenues	*31.2%*	*31.1%*	-
Current operating income	**-13.4**	**-12.4**	**7.5%**
As a % of revenues	*-0.8%*	*-0.7%*	-
Other non-current operating income and expenses	-34	-8	76.8%
Operating income	**-47**	**-20**	**57.0%**
Net financial expenses	-6	-4	34.1%
Income tax	-18	-6	65.6%
Net income from continuing operations	**-72**	**-31**	**57.2%**
Net income from discontinued operations	-6	0	NA
Consolidated net income, Group share	**-78**	**-31**	**60.1%**
Net current income from continuing operations	**-49**	**-23**	**53.5%**
EBITDA	**20.7**	**20.6**	**-0.5%**
As a % of revenues	*1.2%*	*1.2%*	-

CONCLUSION AND OUTLOOK

The 1st half results reflect the rapid execution of the Fnac 2015 Strategy Plan. The Group continued to gain market share and improved its current operating income thanks to the ongoing strengthening of its operational efficiency.

Markets are likely to remain depressed in the 2nd half of the year. The Group intends to limit the impact of market conditions on its sales and results thanks to the implementation of its ongoing redesign of its business model, which will accelerate in the 2nd half, and will more specifically include the opening of new stores under franchise and the continued roll-out of new product categories. This should enable the Group to continue delivering market share gains. It will also continue its cost-saving and organizational efficiency policy.

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APPENDICES

Current operating Income (ROC) by operating segment

(COI in € millions)	H1 2012	As a % of revenues	H1 2013	As a % of revenues	Change in value
France	-12.4	-1.0%	-16.1	-1.4%	-3.7
Iberian Peninsula	5.5	1.8%	7.1	2.5%	1.6
Brazil	-3.5	-3.1%	-2.4	-2.6%	1.1
Other countries	-3.0	-2.1%	-1.0	-0.7%	2.0
Group	**-13.4**	**-0.8%**	**-12.4**	**-0.7%**	**1.0**

2nd quarter revenues

(Rev. in € millions)	Q2 2013	Change compared with Q2 2012		
		Reported change	Change at constant exchange rates	Chg. at constant exchange rates and on a same-store basis
France	567	-4.0%	-4.0%	-5.3%
Iberian Peninsula	134	-8.0%	-8.0%	-8.2%
Brazil	45	-14.0%	-8.0%	-8.5%
Other countries	63	-7.2%	-6.3%	-6.3%
Group	**809**	**-5.6%**	**-5.1%**	**-6.0%**

1st half revenues

(Rev. in € millions)	H1 2013	Change compared with H1 2012		
		Reported change	Change at constant exchange rates	Chg. at constant exchange rates and on a same-store basis
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%
Group	**1,670**	**-5.8%**	**-5.2%**	**-6.4%**

Number of stores

	At December 31, 2012			At June 30, 2013		
	Directly-owned	Under franchise	Total	Directly-owned	Under franchise	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
Group	**154**	**16**	**170**	**154**	**19**	**173**

**including Morocco*