

## Confirmation of sales momentum with same-store sales up +2.0% in France

- Consolidated revenues increased by 0.5% in the 1<sup>st</sup> quarter of 2015 (+0.1% at constant exchange rates)
- Sales momentum maintained in France (+2.0% on a same-store basis)
- Good resistance of international operations
- Gross margin rate under control
- Growing contribution of transformation levers: increased weight of new product families (13% of revenues), sustained growth in the internet channel, sharp rise in omnichannel sales, continued expansion into new formats.

### First-quarter revenues

	Q1 2015 in €m	Change vs. Q1 2014		
		reported	at constant exchange rates	on a same-store basis*
France	592	1.3%	1.3%	2.0%
Iberian Peninsula	151	-1.2%	-1.2%	-3.5%
Brazil	35	-9.6%	-10.1%	-10.9%
Other Countries	67	4.3%	-0.6%	-0.6%
<b>Group</b>	<b>844</b>	<b>0.5%</b>	<b>0.1%</b>	<b>0.2%</b>

\* At constant exchange rates and on a comparable basis

## FIRST QUARTER HIGHLIGHTS

The Group's consolidated revenues increased by 0.5% in the first quarter to €844 million. The impact from exchange rates was a positive 0.4% mainly due to the appreciation of the Swiss franc against the euro.

At constant exchange rates, revenues grew by 0.1%.

### Sales momentum maintained in France

With sales on a same-store basis up 2.0%, France confirmed the good sales momentum of the second half of 2014 in a consumer environment that remained sluggish.

### Good resistance of international operations

Iberian Peninsula sales were down -1.2% in sluggish and competitive markets. Activities in Brazil were affected by the deteriorating economic situation in the country; sales were down -9.6% (-10.1% at constant exchange rates).

Sales in the Other Countries region, which includes Switzerland and Belgium, were almost stable at constant exchange rates (-0.6%) and increased +4.3% as reported.

### Sustained online growth

Online experienced a double-digit increase in sales.

Growth in revenues from marketplaces was maintained at a very high rate, close to 25%, and was supported by the ongoing ramping up of the marketplace in Portugal and the strong growth of marketplaces in France and Spain. Marketplaces accounted for over 17% of online business volume in the first quarter. Omnichannel sales continued to increase significantly thanks to the emphasis on new features in recent months in France and abroad. In France, they accounted for 44% of orders on Fnac.com in the first quarter of 2015 (versus 30% in the first quarter of 2014).

### Increasing contribution from new product families

New product families have once again contributed greatly to the sales momentum. They represented 13% of revenues (versus 8% in the first quarter of 2014 and 11% for all of 2014).

In the first quarter, the Group launched a new space concept in France dedicated entirely to connected objects and telephony called *Fnac Connect*, which will be developed in the form of dedicated boutiques (80 to 100m<sup>2</sup>) or corners in Fnac stores (shop in shop). The first *Fnac Connect* boutique opened on March 19 in Angoulême and is operated as a franchise. The *Fnac Connect* corners will be deployed throughout the France stores network by the end of 2015. This new concept is fully consistent with the Group's strategy of being a benchmark in growing categories with strong potential.

### Continued expansion into new formats

After Belleville-sur-Saône and Crest, a third "Culture et Loisirs" store, located in Aubenas, was transformed into Fnac Proximity as part of ongoing discussions with the Intermarché Group. The performance of the converted stores has been very satisfactory. New openings are planned in the coming months in the Intermarché network, notably including one new creation (in Dole).

At end-March 2015, there were a total of 36 new format stores (28 in France and 8 international). The expansion momentum will continue in the coming months, both in France and internationally, with a target of about ten openings throughout the year.

### Gross margin rate under control

The Group has pursued an aggressive commercial policy in markets that are characterized by an intense level of promotion. The good management of commercial operations and strengthening of collaboration with key suppliers enabled the gross margin to withstand these pressures, with some erosion which was lower than the erosion experienced in the second half of 2014.

## Continued momentum to lower costs

The Group continued its policy to improve operational efficiency and cost reduction, in line with its objective to generate €30 million to €40 million in cost savings in 2015.

## ANALYSIS BY REPORTING SEGMENT

### France

With revenues up +2.0% on a same-store basis, France experienced its fourth consecutive quarter of sales growth. Total sales rose 1.3%, after taking into account the mid-2014 closing of the Villiers-en-Bière and Portet-sur-Garonne stores.

Fnac continued to gain market share by taking advantage of its business and strategic initiatives.

Store sales increased slightly on a same-store basis.

Internet sales were buoyant and driven primarily by the significant increase in omnichannel sales and a broader offering of delivery services (Fnac Express+, Fnac 3h Chrono, and Relais Colis gratuit ie free delivery in a collection point for all customers living more than 30 km from a Fnac store).

Omnichannel sales grew strongly in the first quarter of 2015 to represent 44% of internet orders (versus 30% in the first quarter of 2014).

Business volume growth in marketplaces was over 20%.

With an increase of almost 50% compared to the same period last year, mobile traffic accounted for more than a third of Fnac.com traffic in the first quarter of 2015.

The new product families have delivered very satisfactory business performance.

Telephony sections continued to experience very strong growth despite a higher comparison basis. Fnac, which continued its market share gains in this category in the first quarter, will benefit in the coming months from the deployment of the *Fnac Connect* concept throughout the store network.

New Stationery sections will also be deployed in the second quarter ahead of the back-to-school period.

### Iberian Peninsula

Revenues for the region were down -1.2% in a sluggish consumer environment in the Group's markets. Promotional intensity remained strong in the markets over the period.

The web channel continued to experience double-digit growth and benefitted in particular from continued growth in marketplaces.

The Group also took advantage of the acceleration of its expansion strategy in the proximity formats. The four proximity stores opened in the fourth quarter of 2014 delivered satisfactory sales performance and confirmed this format's potential in the region.

## **Brazil**

Brazilian sales were down -9.6%, and -10.1% at constant exchange rates. Business activity continues to suffer due to the deteriorating economic situation in the country and the decline in household purchasing power. Store traffic is in sharp decline. The internet channel showed good resilience, with a slight increase in sales.

## **Other Countries**

Revenues for the region (Switzerland and Belgium) rose by 4.3% as reported. The improving sales trend observed in the second half of the year was confirmed, with almost stable sales over the period at constant exchange rates (-0.6%). Activity in Switzerland showed good resilience in a currency environment unfavourable to stores in border areas (after the revaluation of the Swiss franc against the euro), mainly thanks to the success of the targeted commercial operations implemented.

Fnac Belgium continued to benefit from the ramping up of the website and the gradual deployment of omnichannel features, such as "click and collect 1h", available on all products since the first quarter of 2015, and the introduction of "Relais Colis Magasin" at the end of April 2015 (free store delivery of web orders).

## **OUTLOOK**

First-quarter sales performance confirms the acceleration of the Group's transformation in an economic environment that remained sluggish.

The Group intends to continue its gains in market share in a consumer environment that remains uncertain. It considers itself well positioned to take advantage of improved market conditions thanks to the continued deployment of its omnichannel model, the pursuit of its proactive policy of enriching the product and services offer, and accelerated expansion of the proximity formats in France and abroad.

The Group will pursue its operational efficiency improvement policy and confirms its objective to generate €30 million to €40 million in cost savings in 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.

## FIRST QUARTER 2015 REVENUES

**Matthieu Malige, Groupe Fnac Chief Financial Officer**, will host a conference call for investors and analysts on Tuesday, April 21, 2015 at 6:00 p.m. (CET); 5:00 p.m. (BST), noon (EST)

### Conference call numbers:

France: +33 1 70 77 09 36  
UK: +44 203 367 9453  
US: +1 855 402 7762

### Conference call replay numbers (available until Wednesday, May 20, 2015)

France: +33 1 72 00 15 00  
UK: +44 203 367 9460  
US: +1 877 642 3018  
Replay access code: 293675#

## NEXT PUBLICATION

Groupe Fnac will publish its 2015 half-year results on July 30, 2015 after the Paris Bourse closes

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## APPENDICES

### Stores by format

	31-dec-14	31-mar-15
<b>France</b>	<b>112</b>	<b>114</b>
Traditional *	72	72
Outskirts	14	14
Travel	16	16
Proximity	10	11
Connect	0	1
<i>Of which franchises</i>	<i>27</i>	<i>29</i>
<b>Iberian peninsula</b>	<b>47</b>	<b>47</b>
Traditional	40	40
Travel	2	2
Proximity	5	5
<b>Brazil</b>	<b>12</b>	<b>12</b>
Traditional	11	11
Travel	1	1
<b>Other countries</b>	<b>13</b>	<b>13</b>
Traditionnel	13	13
<b>Group</b>	<b>184</b>	<b>186</b>
Traditional	136	136
Outskirts	14	14
Travel	19	19
Proximity	15	16
Connect	0	1
<i>Of which franchises</i>	<i>27</i>	<i>29</i>

\* including the store in Morocco