

July 30<sup>th</sup>, 2015

# fnac

## 2015 HALF-YEAR RESULTS





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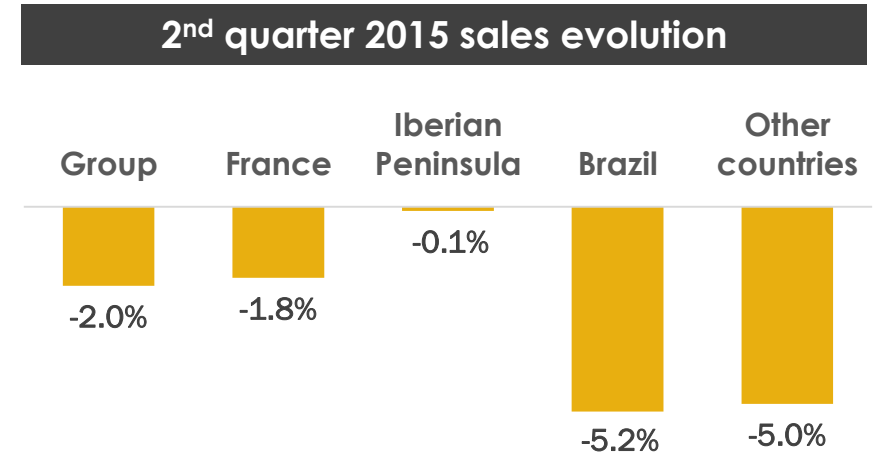
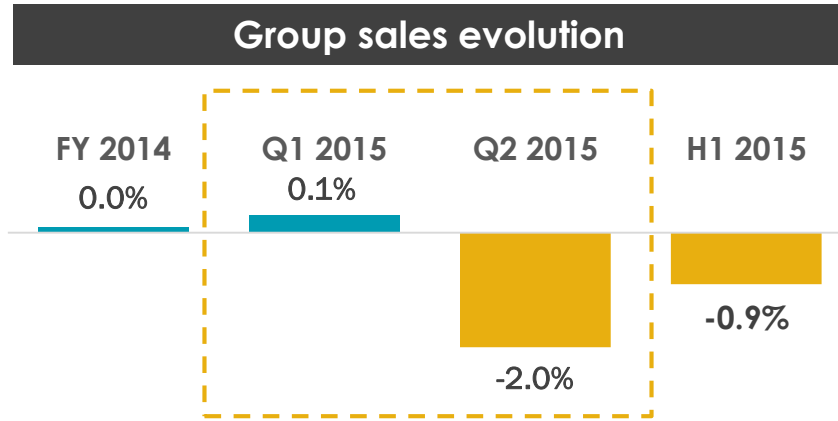
# Key highlights

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- Sales up 0.4% in France in the 1<sup>st</sup> half <sup>(1)</sup> despite less favorable markets in the 2<sup>nd</sup> quarter
- Group sales down -0.7% in the 1<sup>st</sup> half
- Good control of gross margin rate (-10 bp)
- Slight decrease in current operating income (-€4 m)
- Stable net income
- Net cash position up €60 m at end of June 2015 compared to end of June 2014

(1) On a like-for-like basis

# Resilient sales performance in H1 despite less favourable markets in Q2

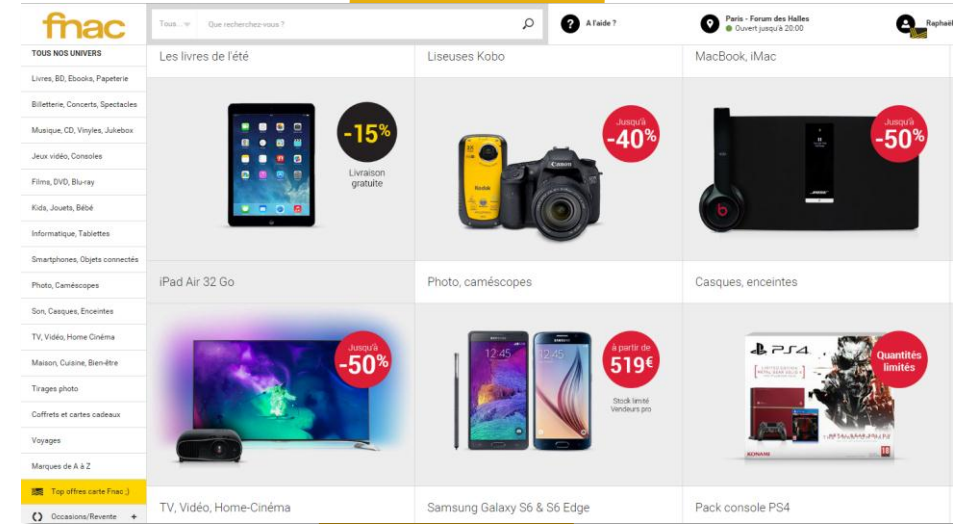


X%: vs N-1 at cst FX and comparable scope of consolidation

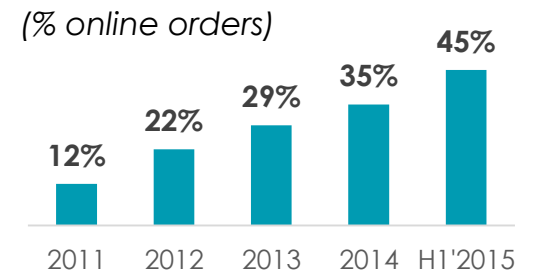
- Difficult markets in Q2 impacting sales in France
  - ▣ Sluggish consumer environment
  - ▣ High comparison basis in some categories in 2nd quarter: TV, gaming, books
  - ▣ Negative impact of calendar effect and weather conditions on traffic
- Stable sales in Iberia, improving vs 1<sup>st</sup> quarter
- Good resistance of Brazil in a deteriorated economic backdrop
- Revaluation of CHF/€ putting pressure on traffic and sales in Switzerland

# Strong omnichannel growth

- Double-digit growth in online volume in the 1<sup>st</sup> half
  - ▣ Accelerated sales momentum at Fnac.com
  - ▣ Sustained growth of Marketplaces in France and Iberia
  - ▣ Success of Fnac.be reshaping
  
- Increased contribution of omnichannel sales
  - ▣ Reaching 45% of orders on Fnac.com in the 1<sup>st</sup> half
  - ▣ Introduction of new features in Spain and Portugal ("click & mag" <sup>(1)</sup>) and Belgium ("click & collect 1h" <sup>(2)</sup>)
  
- New Fnac.com launched on July 7<sup>th</sup>
  - ▣ New design, more user-friendly
  - ▣ Optimized navigation and order pipe
  - ▣ Improved integration of omnichannel features



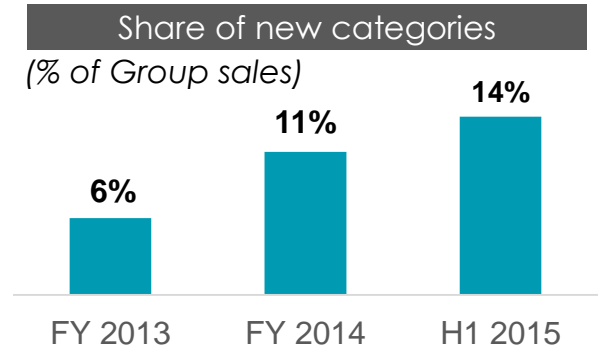
Omnichannel sales in France



(1) Order online from a store  
 (2) Pick up web order in store in one hour

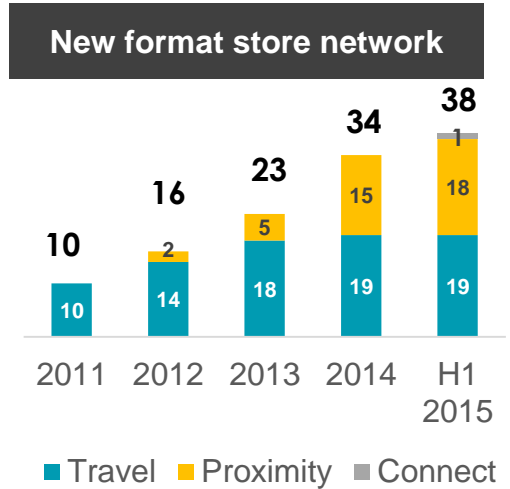
# Success of the offer renewal strategy

- Continued ramp-up of new product categories
  - ▣ Accounting for 14% of Group sales in the 1<sup>st</sup> half
  - ▣ Further gain in market share on mobile phone and connected objects in France
  - ▣ Mobile phone still experiencing high growth in Q2 despite higher comps
  
- Launch of *Fnac Connect*, a new concept dedicated to mobile phone and connected objets
  - ▣ Over 30 corners rolled-out in the store network in France at end of June
  - ▣ 1<sup>st</sup> stand-alone shop opened in Angoulême in March '15
  - ▣ New openings scheduled in the 2<sup>nd</sup> half
  
- Ongoing deployment of stationary sections in France
  - ▣ c.15 additional corners in H1
  - ▣ Introduction of a stationary offer on Fnac.com



# Accelerating expansion

- Ongoing discussions with Intermarché in France
  - ▣ 1 “culture & loisirs” converted in the 1<sup>st</sup> half (Aubenas)
  - ▣ 1 creation (Dole)
  
- Total openings in the 1<sup>st</sup> half:
  - ▣ 3 proximity stores in France
  - ▣ Doha (Qatar)
  - ▣ New format stores accounting for 3.4% of banner sales in France, resp. 4.6% in Iberia
  
- Openings scheduled in the 2<sup>nd</sup> half
  - ▣ 4 proximity stores in France
  - ▣ 2 travel retail in France
  - ▣ 1 store in Switzerland (Conthey) and 1 store in Spain (Pampeluna)
  - ▣ Over 5 Fnac Connect in France



# Gross margin and costs well under control

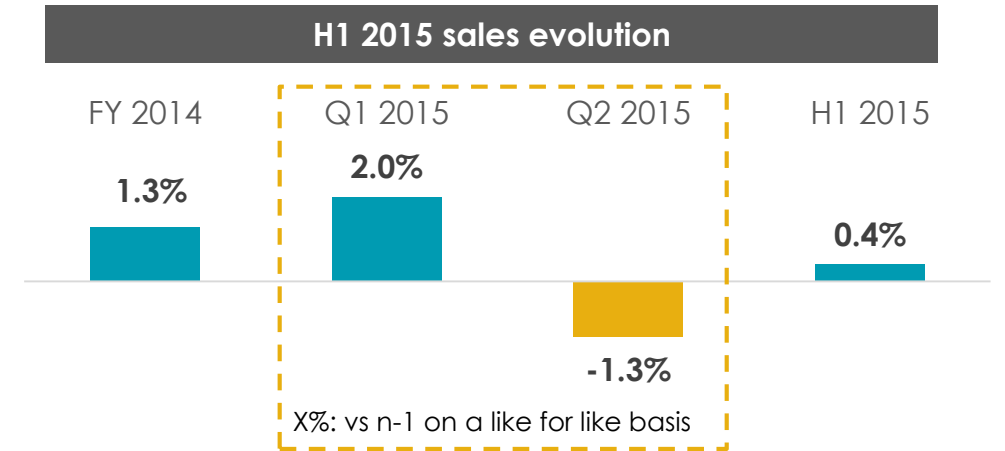
€m	H12014	H1 2015	% CHANGE
<b>REVENUES</b>	1 639	1 628	-0,7%
Gross Margin	489	484	-1,0%
% Revenues	29,8%	29,7%	
Personnel costs	-268	-276	-2,9%
% Revenues	-16,3%	-16,9%	
Other expenses	-246	-237	3,5%
% Revenues	-15,0%	-14,6%	
<b>Current operating income</b>	<b>-25</b>	<b>-29</b>	<b>-16,5%</b>
% Revenues	-1,5%	-1,8%	

- Half-year sales down -0.9% at constant forex and comparable scope of consolidation
- Slight erosion of gross margin rate (-10 bp)
  - ▣ Continuation of an offensive commercial strategy in highly promotional markets
  - ▣ Good management of commercial operations
- Good execution of cost savings initiatives
- Slight decrease in current operating income -€4m

(1) Depreciation, amortization & provisions



€m	H1 2014	H1 2015	% Change
Revenues	1 151	1 148	-0.3%
<i>Life-for-like</i>			0.4%
Current operating income	-26.3	-31.2	-18.6%
Operating margin	-2.3%	-2.7%	

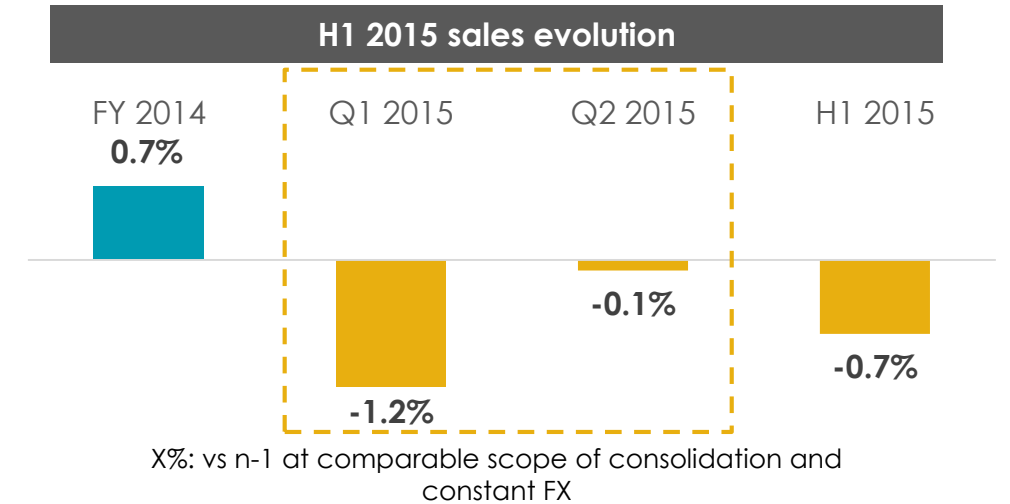


- Confirmation of positive sales momentum in France with like-for-like sales up 0.4% in the 1<sup>st</sup> half
- Steady increase in customer satisfaction\* demonstrating the success of instore initiatives to improve customer service
- Acceleration in internet growth
- Continued increase in market share
- Gross margin under control
- Good momentum in cost savings initiatives

\* as measured by the NPS (Net Promoter Score)

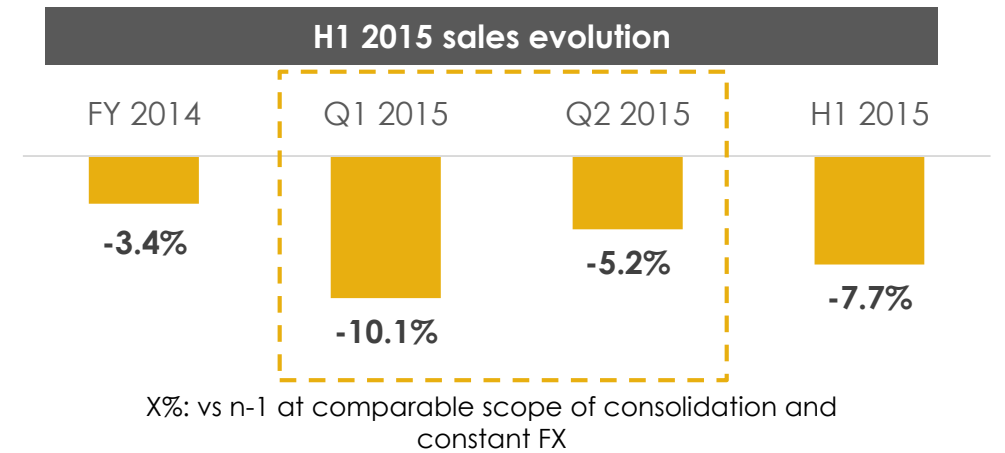
# Focus Iberian Peninsula

€m	H1 2014	H1 2015	% Change
Revenues	286	284	-0.7%
<i>Life-for-like</i>			-3.1%
Current operating income	4.7	4.2	-10.6%
Operating margin	1.6%	1.5%	



- Sales almost stable in the 1<sup>st</sup> half in a context of slow recovery in consumer spending
  - ▣ Our markets in Spain starting to benefit from the improved macro
  - ▣ Declining markets in Portugal
- Good performance of proximity stores opened end of 2014
- Well managed gross margin in very competitive markets
- Good execution of cost savings initiatives

€m	H1 2014	H1 2015	% Change
Revenues	77	68	-12.2%
<i>Change at constant rate</i>			-7.7%
Current operating income	-2.6	-1.8	30.8%
Operating margin	-3.4%	-2.6%	

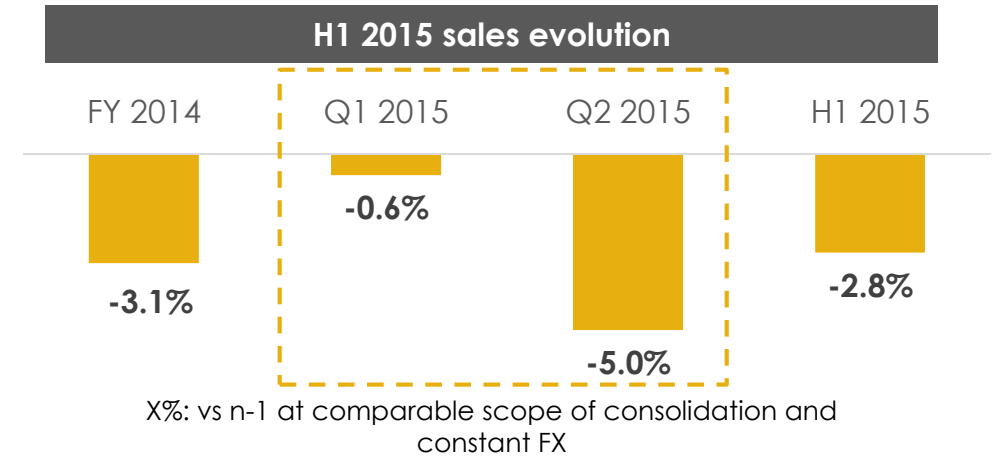


- Sharp decline in sales caused by the economic downturn
- Resilient sales performance in 2<sup>nd</sup> quarter vs competition notably thanks to upscale positioning
- Growth in internet sales
- Improvement in current operating income thanks to a good management of gross margins and a tight cost monitoring

\* At constant exchange rates and comparable scope of consolidation

# Focus Belgium and Switzerland

€m	H1 2014	H1 2015	% Change
Revenues	125	129	2.6%
<i>Change at constant rate</i>			-2.8%
Current operating income	-0.7	-0.2	71.4%
Operating margin	-0.6%	-0.2%	



- Strong pressure on sales in Switzerland after the sharp revaluation of the CHF vs EUR
  - ▣ Declining traffic of stores in border areas
  - ▣ Increased promotional activity
- Fnac Switzerland managed to gain market share thanks to targeted commercial operations
- Belgium continued to benefit from the ramp up of the website and the gradual deployment of omnichannel features
- Current operating income up thanks to the ongoing benefit of pooling purchases with France and a good execution of cost reduction initiatives

\* At constant exchange rates and comparable scope of consolidation

# Stable consolidated net income

€m	H1 2014	H1 2015	% Change
<b>Current operating income</b>	<b>-24.9</b>	<b>-29.0</b>	<b>-16.5%</b>
Non-current operating income and expenses	-7.6	-1.7	77.6%
<b>Operating income</b>	<b>-32.5</b>	<b>-30.7</b>	<b>5.5%</b>
Financial charges	-4.8	-4.5	6.3%
Tax	-4.8	-7.4	-54.2%
<b>Consolidated net income</b>	<b>-42.1</b>	<b>-42.6</b>	<b>-1.2%</b>
<b>Net current income from continuing operations</b>	<b>-34.9</b>	<b>-41.3</b>	<b>-18.3%</b>

- Lower non-current operating items
  - ▣ Resulting from lower restructuring costs
- Stable financial expenses
- Consolidated net income in line with previous year

\* Fully diluted – continuing operations, excluding non-current items

# Good management of inventories offsetting the impact of a lower EBITDA

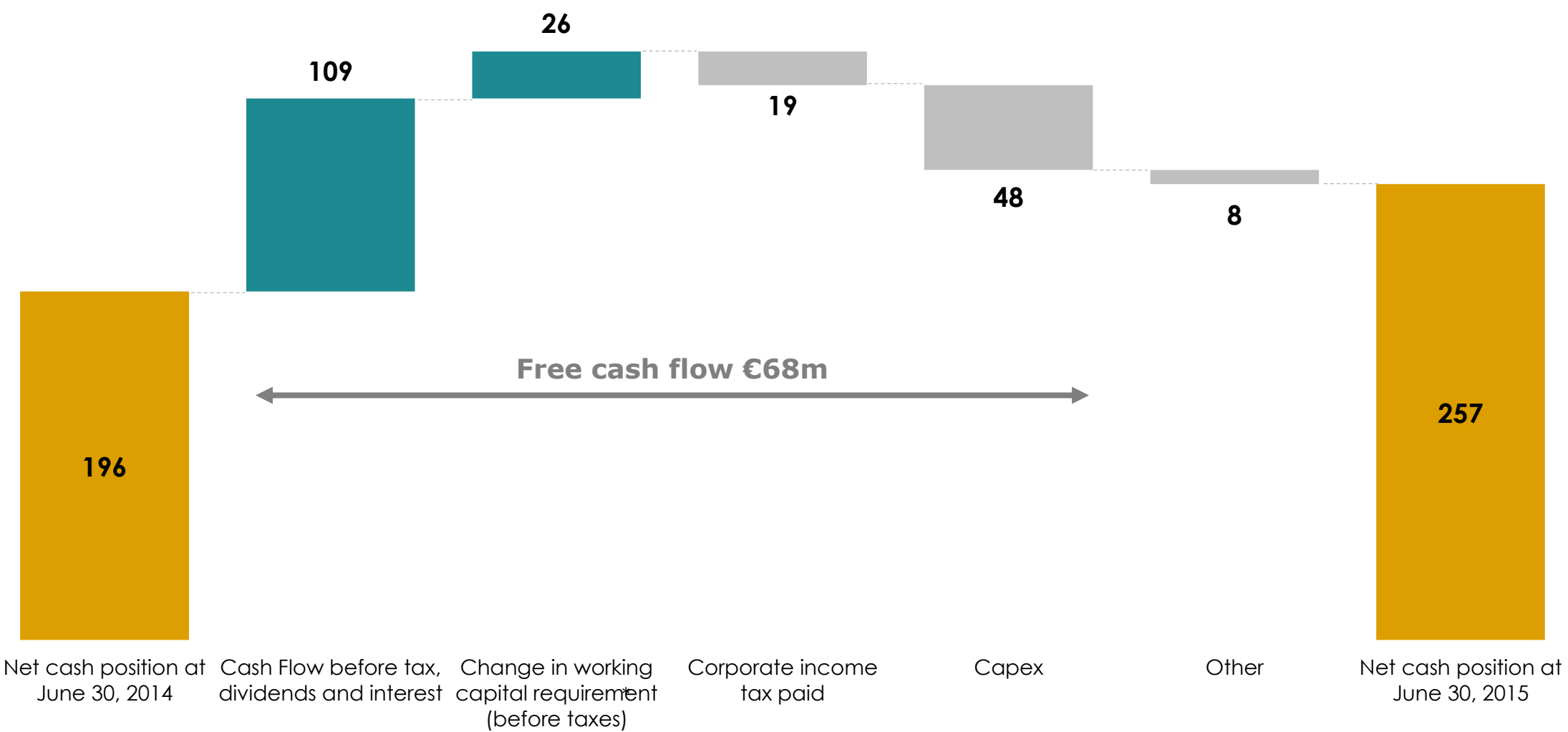
€m	H1 2014	H1 2015	Var.
<b>Cash flow from operations before tax, dividends and interest</b>	<b>4</b>	<b>-10</b>	<b>-14</b>
Change in inventories	26	33	7
Change in other working capital *	-284	-277	7
Net CAPEX	-16	-15	2
Tax	-2	-7	-5
<b>Free cash flow</b>	<b>-272</b>	<b>-277</b>	<b>-4</b>

- Decrease in cash flow resulting from a lower contribution from operations
- Positive momentum on inventories optimization maintained
  - ▣ Inventories down -2.6% end of June (vs end of June 2014)
- Good control of Capex

\* Including change in liabilities relative to capex for an amount of -€5.1m in H1 2014 et -€5.8m in H1 2015



# Net cash position improved by €60m over the last 12 months



# Enhanced financial flexibility

€m	30/06/2014	30/06/2015
Shareholders' equity	514	549
Net Cash	196	257

*Change in net cash*



- Higher level of shareholders' equity
- Net cash position improved by €60m
- Financial covenants met on the €250m revolving credit facility



July 30<sup>th</sup>, 2015

# fnac

## 2015 HALF-YEAR RESULTS



# Conclusion

The Fnac logo, consisting of the word 'fnac' in a lowercase, sans-serif font, is positioned on a bright yellow square background that is tilted slightly to the right.

# Conclusion and outlook

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- The interim results confirm the acceleration of the Group's transformation and the strengthening of its financial profile
- Consumption environment to remain uncertain for the rest of the year, despite improved macro economic conditions
- In this context, the Group is well positioned to strengthen its leadership through
  - Building on its omnichannel expertise
  - Further roll-out of new product categories and services
  - Accelerated expansion of proximity formats
- The Group will pursue its initiatives to improve operational efficiency and confirms its cost savings objective of €30m to €40m for 2015
- It will also continue its efforts to maximize cash generation
- In the longer term, the Group confirms its objective to achieve a current operating income margin of more than 3%, after finalization of the transformation of its model and under stabilized market and economic conditions

July 30<sup>th</sup>, 2015

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## 2015 HALF-YEAR RESULTS



# Appendices

The fnac logo is displayed in white lowercase letters on a yellow square background, which is tilted slightly to the right.

# Q1 and Q2 revenue

€m	Q1 2015	Change vs Q1 2014			Q2 2015	Change vs Q2 2014		
		Reported	at constant FX and comparable scope of consolidation	Like for like at constant FX		Reported	at constant FX and comparable scope of consolidation	Like for like at constant FX
France	592	1.3%	1.3%	2.0%	556	-1.8%	-1.8%	-1.3%
Iberian Peninsula	151	-1.2%	-1.2%	-3.5%	133	-0.1%	-0.1%	-2.8%
Brazil	35	-9.6%	-10.1%	-10.9%	33	-14.7%	-5.2%	-5.8%
Other countries	67	4.3%	-0.6%	-0.6%	62	0.8%	-5.0%	-5.0%
<b>Group</b>	<b>844</b>	<b>0.5%</b>	<b>0.1%</b>	<b>0.2%</b>	<b>784</b>	<b>-2.0%</b>	<b>-2.0%</b>	<b>-2.0%</b>



# H1 revenue

€m	H1 2015	Change vs H1 2014		
		Reported	at constant FX and comparable scope of consolidation	Like for like at constant FX
France	1,148	-0.3%	-0.3%	0.4%
Iberian Peninsula	284	-0.7%	-0.7%	-3.1%
Brazil	68	-12.2%	-7.7%	-8.4%
Other countries	129	2.6%	-2.8%	-2.8%
<b>Group</b>	<b>1,628</b>	<b>-0.7%</b>	<b>-0.9%</b>	<b>-0.9%</b>



# Non current operating income and expenses

€m	H1 2014	H1 2015
<b>Non current operating expenses</b>	<b>-10.1</b>	<b>-1.7</b>
Restructuring costs	-10.1	-1.7
<b>Non current operating income</b>	<b>2.5</b>	<b>-</b>
Litigation and disputes	2.5	-
<b>Total</b>	<b>-7.6</b>	<b>-1.7</b>



# EBITDAR

	H1 2014	H1 2015	% Change
Current operating income	-25	-29	-16%
Net depreciation and amortization charges	-36	-30	16%
<b>EBITDA</b>	<b>11</b>	<b>1</b>	<b>-88%</b>
Rents	-65	-67	3%
<b>EBITDAR</b>	<b>76</b>	<b>68</b>	<b>-11%</b>



# Financial charges

€m	H1 2014	H1 2015	% Change
Cost of net indebtedness	-0.3	-0.3	0%
Other financial charges (net) <sup>(1)</sup>	-4.5	-4.2	7%
<b>Financial charges (net)</b>	<b>-4.8</b>	<b>-4.5</b>	<b>6%</b>

(1) Includes expense on the cost of free consumer credit, the impact of discounting assets and liabilities and fees related to the revolving credit facility



# Net current income

€m	H1 2014	H1 2015
<b>Income before tax</b>	<b>-37.3</b>	<b>-35.2</b>
Non-current operating expenses and Revenues	-7.6	-1.7
<b>Current income before tax</b>	<b>-29.7</b>	<b>-33.5</b>
Total tax charge	-4.8	-7.4
Tax on non-current items	0.4	0.3
<b>Current tax (expense) / Income</b>	<b>-5.2</b>	<b>-7.7</b>
<b>Net current income</b>	<b>-34.9</b>	<b>-41.3</b>

# Balance sheet

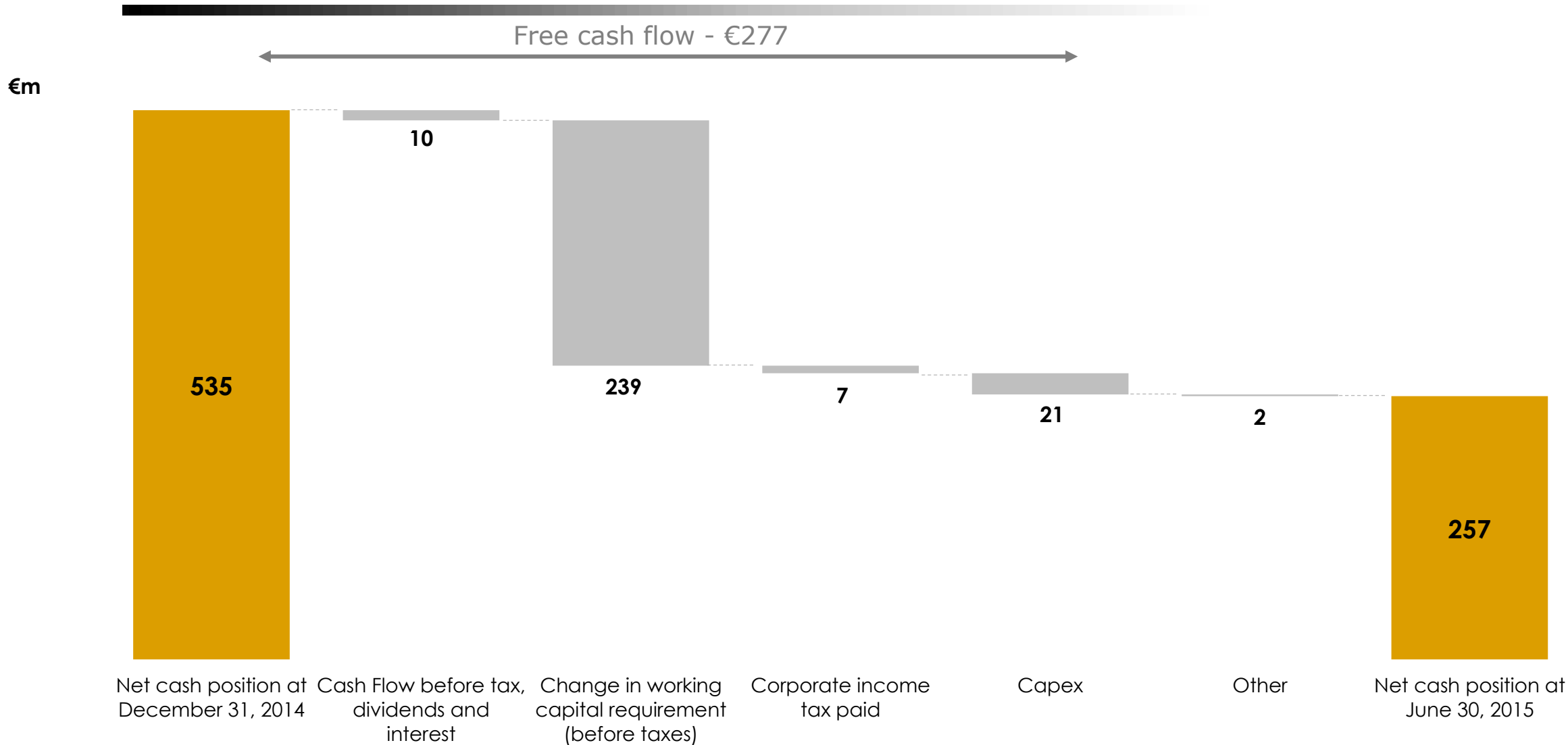
ASSETS in €m	H1 2014	H1 2015	EQUITY AND LIABILITIES in €m	H1 2014	H1 2015
Goodwill	332.0	332.4	Share capital	16.6	16.7
Intangible assets	65.5	65.4	Reserves related to equity	494.9	495.7
Tangible assets	165.8	150.7	Conversion reserves	-0.1	-4.0
Non-current financial assets	6.9	7.2	Other reserves	-4.4	33.6
Deferred tax assets	30.6	32.9	Equity attributable to non-controlling interests	7.2	6.9
Other non-current assets	0.1	0.1	<b>Equity</b>	<b>514.2</b>	<b>548.9</b>
<b>Non-current assets</b>	<b>600.9</b>	<b>588.7</b>	Long-term liabilities	0.4	0.2
Inventories	448.6	436.6	Provisions for retirement and similar benefits	68.1	76.3
Accounts receivable	77.0	76.4	Deferred tax liabilities	-	-
Current tax receivables	0.2	4.4	<b>Non-current liabilities</b>	<b>68.5</b>	<b>76.5</b>
Other current financial assets	4.4	4.1	Short-term liabilities	0.2	0.2
Other current assets	136.8	121.0	Other current financial liabilities	5.0	-
Cash & cash equivalents	197.0	257.2	Accounts payable	491.7	493.7
<b>Current assets</b>	<b>864.0</b>	<b>899.7</b>	Provisions	42.4	25.2
Assets held for sale	-	-	Tax liabilities	6.7	9.5
<b>Total assets</b>	<b>1,464.9</b>	<b>1,488.4</b>	Other current liabilities	336.2	334.4
			<b>Current liabilities</b>	<b>882.2</b>	<b>863.0</b>
			Liabilities associated with assets classified as held for sale	-	-
			<b>Total liabilities and equity</b>	<b>1,464.9</b>	<b>1,488.4</b>

# Cash flow statement

€m	H1 2014	H1 2015
<b>Net income from continuing operations</b>	<b>-42.1</b>	<b>-42.6</b>
Net additions to depreciation, amortization and provisions	37.9	24.9
Financial interest income and expense	2.9	2.4
Net tax charge payable	5.0	5.4
<b>Cash flow from operations before tax, dividends and interest</b>	<b>3.7</b>	<b>-9.9</b>
Change in working capital requirement	-252.5	-238.6
Income tax paid	-2.1	-7.4
<b>Net cash flows from operating activities</b>	<b>-250.9</b>	<b>-255.9</b>
Net capex	-21.5	-20.6
Disposal of subsidiaries net of cash transferred	-	-2.5
Acquisition / disposal of other financial assets	0.6	-0.4
Interests and dividends received	0.4	0.6
<b>Net cash flows from investing activities</b>	<b>-20.5</b>	<b>-22.9</b>
Increase / decrease in equity and other transactions with shareholders	8.7	1.9
Treasury share transactions	-	-1.0
Increase / decrease in other financial debt	-0.2	-0.1
Other interest and equivalent paid	-2.1	-2.1
<b>Net cash flows from financing activities</b>	<b>6.4</b>	<b>-1.3</b>
Cash flow from discontinued operations	-	-
Impact of fluctuations in exchange rates	0.4	1.7
<b>Net change in cash</b>	<b>-264.6</b>	<b>-278.4</b>



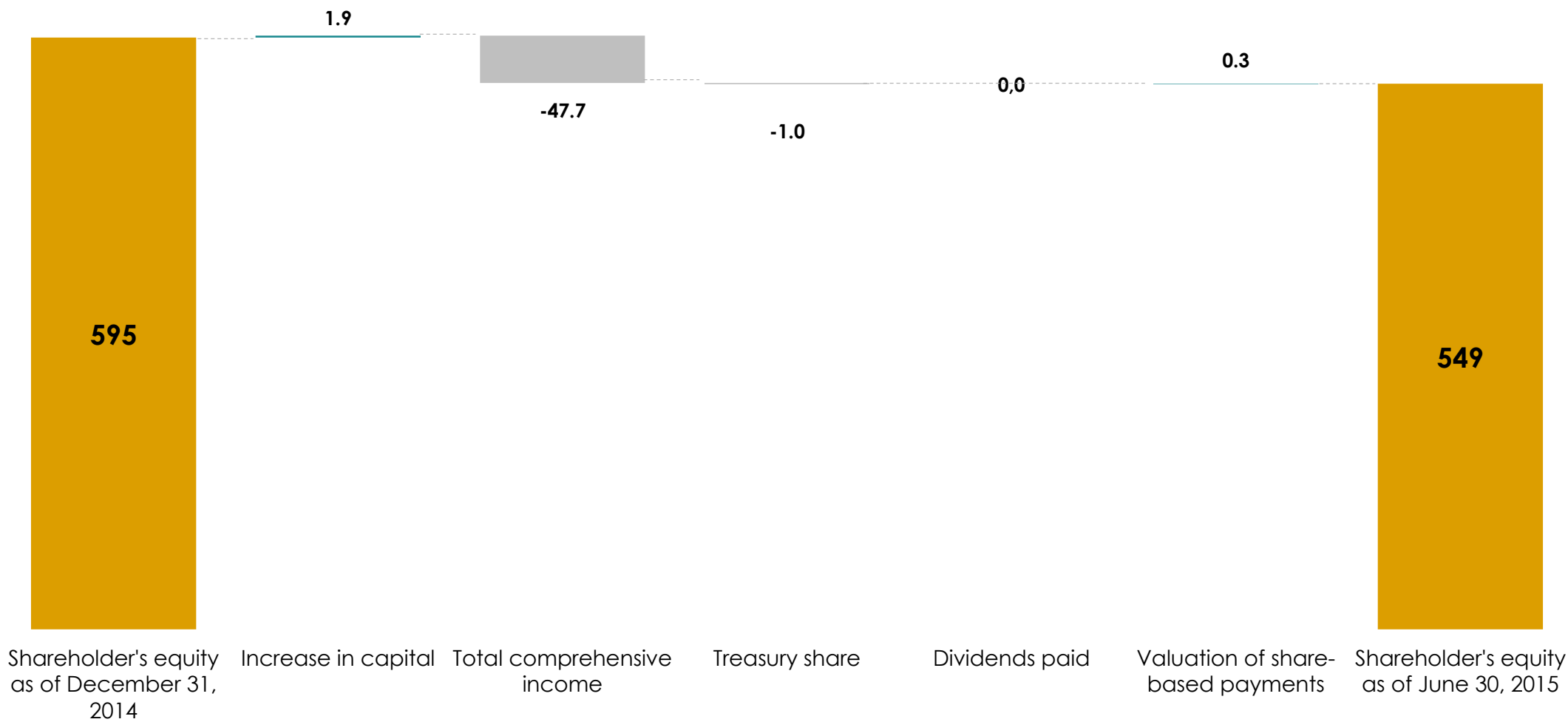
# Net cash position





# Shareholders' funds

€m





# Store network

	December 31, 2014			June 30, 2015		
	Owned	Franchised	Total	Owned	Franchised	Total
France *	85	27	112	85	32	117
Iberian Peninsula	47	0	47	47	0	47
Brazil	12	0	12	12	0	12
Other countries	13	0	13	13	0	13
<b>Group</b>	<b>157</b>	<b>27</b>	<b>184</b>	<b>157</b>	<b>32</b>	<b>189</b>

\* Included 1 store in Morocco and 1 store in Qatar



# Exchange rates

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	H1 2014	H1 2015
<b>BRL (Brazil)</b>	<b>3.15</b>	<b>3.31</b>
<b>CHF (Switzerland)</b>	<b>1.22</b>	<b>1.06</b>

NB : average rates