

Fnac announces a cost-reduction plan to secure its guarantee commercial success

Today, Fnac presented to social partners its strategy for the next three years.

Given the brutal downturn in the economic climate, more specifically concerning technical products, Fnac has decided to implement a plan to reduce costs and boost its commercial success both in France and on an international level.

The cost-reduction initiatives, which will generate annual savings of 35 million Euro, will impact all sectors (general and administrative costs, rent, capex, etc.).

This plan will be launched in the first half of 2009. This programme features the launch of new activities (e.g. CD and video-related merchandising, used video games), the development of centres of excellence for strategic departments (Classical Music, Hi-fi, Photography, Comics books and Graphic Novels, etc.), especially in its Paris stores, better-targeted marketing campaigns, an enhanced products and services offer and improved sales team responsiveness.

This plan could affect 400 jobs in France, 3.4% of the total number of staff. This figure represents less than a quarter of the company's natural attrition (14% in 2008).

Fnac's objective is to avoid redundancies and the company has set itself a period of 18 months to offer a job to all concerned, thanks to internal mobility (around 100 jobs are already available), turnover, the development of centres of excellence and new activities.

Fnac will encourage professional mobility and implement the measures needed to achieve this objective.

Discussions will be launched with social partners to determine the best measures to take.

Christophe Cuvillier, Chairman & Chief Executive of Fnac said *"In this difficult climate, everyone at Fnac is determined to maintain our "preferred-store" status for our customers, to strengthen our leadership and develop our market shares"*.

About Fnac ... A subsidiary of the PPR group and a leading retailer of cultural and technical products in France, Fnac has 145 stores: 81 in France and 64 abroad (Belgium, Brazil, Spain, Italy, Portugal, Switzerland and Greece). Its website, www.fnac.com is one of the leading BtoC e-commerce sites in France in terms of audience, with an average of 750,000 single visitors per day. Its Fnac éveil&jeux subsidiary offers a selection of children's products through a network of over 40 stores and by distance selling through catalogues and over the Internet. Fnac has nearly 20,000 employees and achieved turnover of 4,584 million Euro in 2007.

About PPR

PPR develops a portfolio of high-growth global brands. Through its Consumer and its Luxury brands, PPR generated sales of EUR 19.1 billion in 2007. The Group is present in 90 countries with approximately 90,000 employees. PPR shares are listed on Euronext Paris (# 121485, PRTP.PA, PPF.P).

To explore the universe of PPR brands go to www.ppr.com: Fnac, Redcats Group (La Redoute, Vertbaudet, Somewhere, Cyrillus, Daxon, Ellos, The Sportsman's Guide, The Golf Warehouse and brands of the plus-size division), Conforama, CFAO, Puma and the Luxury brands of Gucci Group (Gucci, Bottega Veneta, Yves Saint Laurent, Balenciaga, Boucheron, Sergio Rossi, Alexander McQueen and Stella McCartney).
