



## Announcement of Interim Management Statement and Trading Update

14 January 2010

HMV Group plc today announces its Interim Management Statement for the 10 weeks ended 2 January 2010, and provides an update to the market on its trading performance for the five-week Christmas period.

### TRADING UPDATE

%	Five weeks ended 2 January 2010		10 weeks ended 2 January 2010	
	Like for like sales (decline) growth <sup>2</sup>	Total sales (decline) growth <sup>2</sup>	Like for like sales (decline) growth <sup>2</sup>	Total sales (decline) growth <sup>2</sup>
HMV				
UK & Ireland	2.2	14.6	1.4	13.4
International <sup>3</sup>	(3.7)	(2.5)	(6.1)	(5.0)
Total HMV	1.2	11.7	0.2	10.3
Waterstone's	(8.5)	(8.6)	(8.9)	(9.0)
<b>HMV Group</b>	<b>(1.2)</b>	<b>6.7</b>	<b>(2.1)</b>	<b>5.5</b>

### Christmas trading and operational update (five weeks ended 2 January 2010)

- Total Group sales up 6.7%, with like for like sales down 1.2%
- Record trading for third successive year at HMV UK, with total sales growth of 14.6% driven by excellent performance of ex-Zavvi and temporary Christmas stores
- HMV UK & Ireland like for like sales up 2.2%, building on strong comparatives from previous Christmas, giving two-year like for like growth of 5.3%
- Continuing to drive strong sales and market share growth across all categories in HMV UK, particularly technology and related products where sales increased 50% year on year
- Over 27m CDs, DVDs and games sold in HMV UK at Christmas
- Improving trend in HMV International, with total sales down 2.5%, including like for like sales decline of 3.7%
- Good e-commerce performance at hmv.com, with double-digit sales growth and, over Christmas, 80,000 e-books downloaded from waterstones.com
- Waterstone's total sales down 8.6%, reflecting like for like sales decline of 8.5%
- Good margin management at Christmas, with full year margin in both UK businesses anticipated to be up 20bps on prior year, ahead of previous guidance

### Strategic update

- Appointment of Dominic Myers as Managing Director of Waterstone's, with immediate effect
- 26 March investor day to update on Group strategy

### Offer for MAMA Group plc

- Approximately £46m recommended offer for MAMA Group to strengthen position in live music and ticketing
- Acquisition expected to modestly enhance eps\* and exceed cost of capital in first full year of acquisition
- Formal offer document expected to be issued tomorrow to MAMA Group shareholders, with first closing date of 5 February 2010

### **Commenting, Chief Executive Simon Fox said:**

“As we approach the final part of our three-year plan to transform the Group, it is pleasing to report that HMV UK has enjoyed record trading for a third successive Christmas. Consequently, we remain confident in the outlook for the Group for the current financial year.

“Whilst the recent performance of Waterstone’s has been unsatisfactory, it remains an excellent business and brand, with a great opportunity as the only remaining specialist bookseller on the high street. I am therefore confident that the changes we are making to this business will enable us to transform its performance.

"On behalf of the Board, I wish to thank all of the Group's employees for their exceptionally hard work over the Christmas period, particularly in such difficult weather conditions".

### **Enquiries**

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Brunswick	Susan Gilchrist		020 7404 5959
	Laura Cummings		
	Saadia Saeed		

\* For the avoidance of doubt, HMV Group confirms that this statement should not be interpreted to mean that earnings per share will necessarily be greater than those for the preceding financial period

\*\* All enquiries on 14 January 2010 should be directed via Brunswick

### **Notes**

Notes to table:

1. The five-week period ended 2 January 2010 reflects trading over the key Christmas period, while the 10 weeks ended 2 January 2010 covers trading since the half year. The corresponding periods last year are the five weeks and the 10 weeks ended 3 January 2009
2. Like for like sales (decline) growth and total sales (decline) growth are stated at constant exchange rates
3. HMV International comprises the results of HMV Canada, Hong Kong and Singapore.

As required by the Interim Management Statement provisions, we confirm that there has been no significant change in the financial position of the Group in the period since the Interim results to the date of the Christmas trading update, save for the information provided in today’s IMS.