



Interim Management Statement

9 September 2010

HMV Group plc will at today's Annual General Meeting (AGM) issue the following trading update for the 19 weeks ended 4 September 2010.

Trading Update – 19 weeks ended 4 September 2010

	Total sales growth	Like for like sales growth ¹
	%	%
HMV UK & Ireland ³	(13.9)	(14.9)
HMV International ³	(9.4)	(8.1)
Waterstone's	(1.6)	(2.6)
HMV Group exc Live	(9.9)	(10.6)
HMV Group inc Live	(5.9)	-

At the AGM, Simon Fox, HMV Group plc Chief Executive, will comment:

“As was highlighted with the Group's Preliminary Results on 30 June 2010, trading during the first quarter of the new financial year has been difficult, particularly in HMV UK & Ireland, where the World Cup disrupted the pipeline for new entertainment product, and the games market continued to be weak. In line with our new strategic plan, over the summer we progressed the changes to our stores that will enable us to drive our new fashion and enhanced technology offers. These initiatives, combined with a stronger product line-up, particularly in games, are key to the delivery of a successful Christmas.”

“We continue to make good progress on all three parts of our strategy, including the turnaround of Waterstone's, where the initiatives to strengthen our specialist positioning, localise our store offer and revitalise our market leading brand have had a positive impact on trading.

“Overall our plans for the peak trading period are in good shape, and our focus is on providing our customers with the best offers across all product categories and live venues.”

Trading highlights

- HMV UK market share remains satisfactory in music and games, with some dilution in video due to competitor discounting
- Improved market share performance at Waterstone's
- Gross margins remain well managed and in line with previous guidance
- In HMV Live, venues performing in line with expectations, including like-for-like sales at wholly-owned venues up by 8%, and good progress made in ticketing. However, festivals performed below expectation due to disappointing attendance at the inaugural High Voltage event

Strategy highlights

Evolving HMV's product mix:

- Roll-out of The Studio and extended fashion and technology offers completed

Turnaround at Waterstone's:

- Improving trend in Waterstone's like-for-like sales during the period
- Book hub continues to operate successfully, including returns, reflected in improved range availability
- Top 20 Waterstone's stores successfully refitted, including roll-out of Paperchase stationery concessions and enhanced technology offer

Growing in Live and Digital:

- Plans well advanced to operate three further music festivals for summer 2011
- Successful relaunch of HMV Digital, providing user-friendly download compatibility with Apple iTunes, and ebook sales up 73% year-on-year, with approximately 1m titles downloaded via waterstones.com
- 7digital music store embedded into new Samsung Galaxy Tab, providing users across multiple territories with access to over 10m music tracks

Management update

- As separately announced today, Group Finance Director, Neil Bright, to leave the Company in December to join Holidaybreak Plc

The Group's next trading update will be the announcement of its Interim results on 10 December 2010.

Notes to table:

1. Like for like sales growth and total sales growth for the 18 week period are stated at constant exchange rates, being the weighted average exchange rates for the year ended 24 April 2010
2. HMV Group's like for like sales performance is calculated at constant exchange rates and measures stores that were open at the beginning of the previous financial year (i.e. open at the beginning of May 2009) and that have not been resized, closed or re-sited during that time. It includes sales from Internet sites and is only ever the net amount received.
3. HMV International comprises the results of HMV Canada, Hong Kong and Singapore.

Enquiries

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