

# INDIGO BOOKS & MUSIC INC.

## Investor Fact Sheet

Fiscal 2010  
(For the 13-week period ended December 26, 2009)

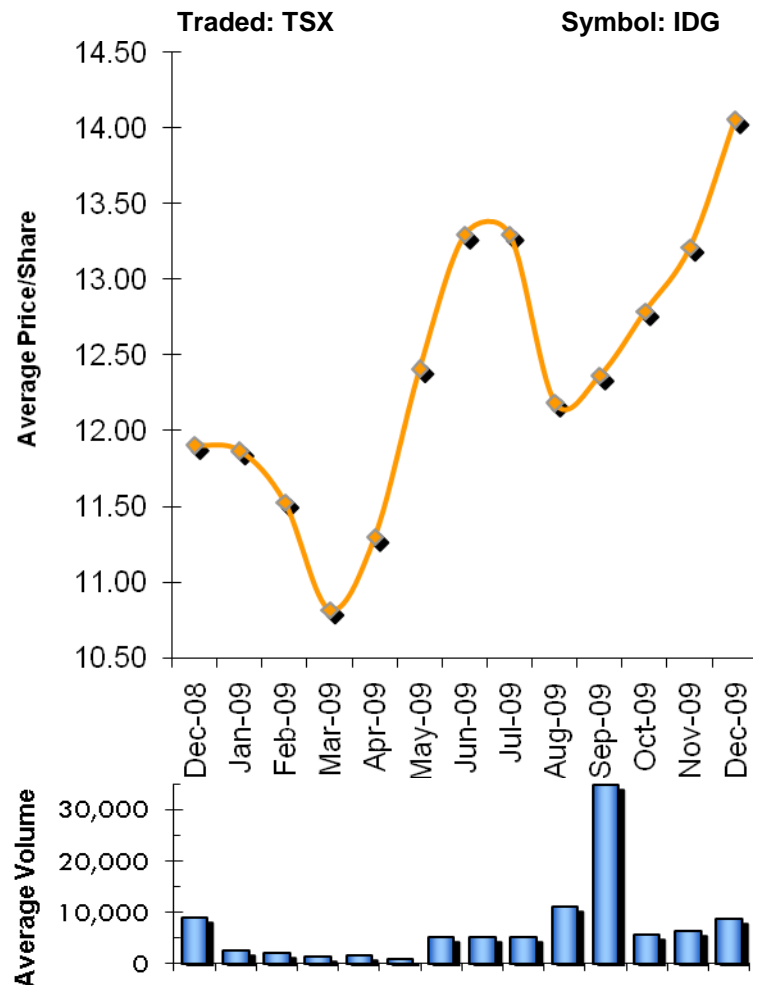
### CORPORATE PROFILE

Indigo Books & Music Inc., (TSX: IDG) is Canada's largest book retailer and the third largest in North America. Created in August 2001 following the merger with Chapters Inc., Indigo Books & Music Inc. ("Indigo") has bookstore locations in all ten provinces and one territory in Canada. As at December 26, 2009, Indigo operated 249 stores including 96 superstores under the banners *Indigo*, *Chapters* and the *World's Biggest Bookstore*, and 151 small format stores under the banners *Coles*, *Indigo*, *Indigospirit*, *SmithBooks* and *The Book Company* and two new concept stores under the banner *Pistachio*. Along with the online business of [chapters.indigo.ca](http://chapters.indigo.ca), Indigo has become Canada's ultimate booklover's destination. In 2009, Indigo launched Kobo – a leading destination for eReading. Headquartered in Toronto, Ontario, the Company employs over 6,500 people across Canada.

**SUPERSTORES** - Indigo superstores, which are on average 24,000 sq. feet, are designed to be a destination for culture-seekers, offering an inspiring and indulging environment conducive to browsing and community-building. In the 13 weeks ended December 26, 2009, these stores accounted for sales of \$230.0 million, representing 67.6% of total revenues.

<b>13-week trading range:</b>	
High: \$15.01	Low: \$12.50
<b>Market Capitalization</b> (as at December 26, 2009)	
	\$368.3M
(13 weeks ended December 26, 2009)	
<b>Total Assets:</b>	\$623.8 M
<b>Long-term Debt:</b>	\$3.7 M
<b>Shareholders' Equity:</b>	\$258.9 M
<b>Shares Outstanding:</b>	24,537,009

**SMALL FORMAT STORES** – Small format stores are typically located in retail shopping centres, street-front retail areas, major airports and central business districts. Indigo's small format stores generated combined sales of \$57.2 million in the 13 weeks ended December 26, 2009, representing 16.8% of total revenues.



**ONLINE** - Indigo operates [chapters.indigo.ca](http://chapters.indigo.ca), a leading Canadian destination for online shoppers. The site features a large selection of books, audio books, music CDs, DVDs and toys. For the 13 weeks ended December 26, 2009, the Company's online channel accounted for sales of \$29.3 million, representing 8.6% of total revenues.



[chapters.indigo.ca](http://chapters.indigo.ca)

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## CANADIAN BOOK MARKET

Estimated at \$2.8 billion dollars per year, the Canadian book market is highly fragmented and regionalized. The largest numbers of per capita book purchases are made by 35-54 year olds. Increased accessibility, improved selection, and the rising international recognition of Canadian authors are all contributing to the growth of the Canadian book market. As the only national multi-channel book retailer, Indigo is well positioned to take advantage of this expanding market.

Statistics	13 –week period ended December 26, 2009	13 –week period ended December 27, 2008	% Change
<small>(millions of dollars, except per share data)</small>			
<b>Revenues:</b>			
Superstores	230.0	214.7	7.1
Small format bookstores	57.2	61.6	(7.1)
Online	29.3	30.1	(2.6)
Other	23.7	23.6	0.3
<b>Total Revenue</b>	<b>340.2</b>	<b>330.0</b>	<b>3.1</b>
<b>EBITDA</b>	<b>52.5</b>	<b>46.6</b>	<b>12.7</b>
<b>Net earnings (loss)</b>	<b>34.5</b>	<b>26.8</b>	<b>28.7</b>
<b>Net earnings(loss) per common share</b>	<b>\$1.41</b>	<b>\$ 1.09</b>	<b>29.4</b>
<small>(in thousands)</small>			
<b>Superstores</b>			
Square footage	2,217	2,110	5.1
Sales/square foot*	103.4	101.8	1.9
<b>Small format Stores</b>			
Square footage	414	424	(2.3)
Sales/square foot*	138.1	145.2	(4.9)
<small>*dollars/sq.ft.</small>			

## FISCAL 2010 3<sup>rd</sup> QUARTER RESULTS

- Revenue for the quarter was up 3.1% over the same period last year. The increase was due mainly to the opening of new superstores and was partially offset by the closure of eight small format stores.
- EBITDA increased to 15.4% of revenues from 14.1% for the same quarter last year. The increase in EBITDA was the result of increased sales from the opening of new superstores and lower cost of sales.
- Net earnings for the quarter increased 29% over the same period last year. The increase is attributable to an increase in EBITDA, net gains from the Kobo transaction, and a reduction in income tax expense.

## RECENT NEWS

- On December 14, 2009, Indigo transferred the net assets of Shortcovers into a new company, Kobo Inc. ([www.kobobooks.com](http://www.kobobooks.com)) Kobo subsequently raised \$16 million in funding from strategic partners, including \$5 million from Indigo, and \$11 million from: US based Borders Group Inc.; Instant Fame, a division of Cheung Kong (Holdings) Limited of Hong Kong; and REDGroup Retail PTY Ltd of Australia. Indigo retains 57.7% ownership of Kobo.
- One new superstore opened in the quarter. Residents of Laval, Quebec now enjoy an award winning booklover's haven in their market
- The Company's first quarterly dividend payment of \$0.10 per common share (or \$0.40 per common share per year) was made on June 30<sup>th</sup>, 2009. The Company's fourth quarter dividend payment has been approved for February 26, 2010.



chapters.indigo.ca

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