

First half 2012-2013 results

- **Volumes advance 3.2% with 3.9 million of mobile, accessories and services sold**
- **Continued rationalisation of Internity store base**

Marseilles, 19 November 2012. The Avenir Telecom Group, a leading distributor of telecommunication products and services and a preferred partner of telecom manufacturers and operators, recorded an operating income of €1.8 million in the first half of its 2012-2013 financial year (from 1 April 2012 to 30 September 2012).

The Group generated a gross margin of €53.7 million. These results were impacted by the costs associated with the rationalisation of the Internity store network and by the fall in sales of subscription plans. The latter was offset by the rise in sales of smartphones and by the continued development of accessories under licence from Energizer, the global leader in batteries, and under the OXO and BeeWi brands, which buoyed the growth in activity in indirect distribution.

(€ millions)	First half 2012-2013	First half 2011-2012	Change %
Revenues	211.2	222.9	-5.3%
Gross margin ¹	53.7	64.4	-16.6%
As % of revenues	25.4%	28.9%	-3.5 points
Operating income	1.8	7.3	-75.3%
Net income	(0.5)	4.3	na

1. After taking into account the net change in impairments of current assets and other non-recurring items (+€0.9 million in 2012-2013 and -€1.9 million in 2011-2012)

Direct distribution: gross margin up 1.5 percentage point

(€ millions)	First half 2012-2013	First half 2011-2012	Change %
Revenues	95.5	121.1	-21.2%
Gross margin ¹	39.0	47.6	-18.1%
As % of revenues	40.8%	39.3%	+1.5 point
Operating income	(0.6)	2.6	na

1. After taking into account the net change in impairments of current assets and other non-recurring items (-€0.5 million in 2012-2013 and -€0.6 million in 2011-2012)

Revenues from direct distribution were impacted by the difficult economic situation in Spain, and more generally by the reduction of the Internity store base between 30 September 2011 and 30 September 2012. The Group had 526 stores on 30 September 2012, compared to 556 on 30 September 2011.

The Avenir Télécom Group succeeded in improving its gross margin rate by over 1.5 points to 40.8% due to optimisation of in-store sales.

Indirect distribution: revenues driven by sales of smartphones and accessories

(€ millions)	First half 2012-2013	First half 2011-2012	Change %
Revenues	115.7	101.8	+13.7%
Gross margin ¹	14.7	16.8	-12.5%
As % of revenues	12.7%	16.5%	-3.8 points
Operating income	2.5	4.8	-47.9%

1. After taking into account the net change in impairments of current assets and other non-recurring items (€1.4 million in 2012-2013 and €2.5 millions in 2011-2012)

The gross margin of indirect distribution was negatively impacted by an unfavourable product mix associated with the decline in volumes on behalf of telecom operators. The Group managed to maintain the operating income of indirect distribution thanks to strict cost control.

Solid financial position

The Avenir Telecom Group managed to refinance its €40 million debt in June 2012 under market conditions.

The Avenir Telecom Group generated a positive cash flow of €3.1 million in the first half of 2012-2013, enabling it to finance its working capital requirement, which is traditionally high on 30 September due to the building of inventories of mobile handsets and accessories for the year-end holidays, and its investments.

Net financial debt amounted to €15.2 million as at 30 September 2012, including €32.1 million of available cash. Net financial debt amounted to 0.95 x the Group's EBITDA, which corresponds to 62% headroom under the bank covenant. Similarly, net financial debt amounted to 23% of shareholders equity, representing headroom of 77% under its bank covenants.

Good outlook for the second half of 2012-2013

The first half of 2012-2013 should mark a low point in the profitability of the Avenir Telecom Group. The gross margin should benefit in the second half of 2012-2013 from the significant improvement in sales of subscription plans related to Christmas offerings proposed by telecom operators partnering with Avenir Telecom in France and Spain, continued sales of smartphones and the increase in sales of mobile accessories.

Operating income, meanwhile, should benefit from the continued rationalisation of the direct distribution and from the optimisation of the Group's organisation.

Subsequent events

The Avenir Telecom Group has just announced the signing of a draft agreement to sell its 38 Ensitel stores in Portugal subject to conditions precedent. This transaction, if completed, is expected to result in a €4.7 million loss of disposal on assets in the financial statements for the 2012-2013 fiscal year with no impact on the Group's cash position.

Market driven by digital convergence around mobile telephony

In an uncertain macroeconomic context and a competitive environment in the telecommunications market, the Avenir Telecom Group is concentrating on strengthening its position among operators and manufacturers, developing its geographic presence in the emerging markets, continuing to develop licensed or own-brand accessories and refocusing the Internity stores.

Accessories should make up a steadily growing share of the business due to digital convergence around mobile multimedia products and the numerous opportunities offered by equipment upgrades and the increase in very high bit-rate uses.

"The Christmas offers launched by SFR and Vodafone in November are very successful in our Group" said Jean-Daniel Beurnier, Chairman and Chief Executive Officer of Avenir Telecom. "Avenir Telecom is now a key player in the world of accessories for mobile phones with the outsourced management of accessories shelf space in 1,300 sales outlets across Europe which will benefit from the dynamism of year-end sales."

About Avenir Telecom

With revenues of almost €470 million and a gross margin of €129 million as at 31 March 2012, the Avenir Telecom Group (ISIN: FR0000066052 / Reuters: AVOM.LN / Bloomberg: AVT:FP) is one of the leading European distributors of mobile telephony products and services. The Group partners with the leading handset manufacturers and telecom operators in Europe, distributing their mobile phones and subscription plans across all distribution channels (Group-owned stores under the Internity brand, websites, food superstores, specialist superstores, independent resellers and affiliated stores). The Avenir Telecom Group also designs and distributes a comprehensive range of accessories and multimedia products under licensed and owned brands. As at 31 March 2012, Avenir Telecom employed almost 2,300 people, mainly in France, the UK, Spain, Romania, Portugal and Bulgaria. Avenir Telecom is listed on NYSE EURONEXT-compartment C (Euronext Paris). The Avenir Telecom share forms part of the following indices: CAC All Shares, CAC Mid & Small, CAC Small, CAC All-Tradable, CAC T.Hard & Eq. and CAC Technology.

► **Forthcoming publications¹**

Event	Date
Third quarter 2012-2013 revenues	7 February 2013
Fourth quarter 2012-2013 revenues	15 May 2013
Full-year 2012-2013 results	20 June 2013

► **Press and investor contacts**

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The press release and presentation
on the first half 2012-2013 results are available at www.avenir-telecom.com

¹ These dates are provided for information purposes and are liable to change if the Company deems it necessary. Press releases will usually be distributed after the close of the market.