

Full-year 2013 – 2014 results: a transition year

- **Results highly affected by non-recurring items**
- **Cash flow close to break-even**

Marseilles, 19 June 2014. Avenir Telecom, a key player in the design and distribution of accessories, connected devices, and mobile phones, held a Board of Directors meeting on 19 June 2014 during which the annual consolidated financial statements were approved following the review of the Statutory Auditors.

The Avenir Telecom Group generated during financial year 2013 – 2014 (period from 1 April 2013 to 31 March 2014) an operating loss of 9.7 million euros before restructuring the store base in France and in Spain as well as depreciation following the disposal of assets in the United Kingdom.

In light of the current changes in the telecoms market in Europe, the Avenir Telecom Group wanted to accelerate its transition to the new markets of alternative smartphones, accessories and connected devices. The Board of Directors as such decided to:

- restructure the store base in Spain and in France by projecting to dispose of non-profitable points of sale and by modifying the concept of the rest of the store base in France to make it more compatible with its new activities. These decisions result in provisions for impairment and accelerated depreciation for 8.2 million euros;
- dispose of the indirect distribution activity in the United Kingdom which is no longer part of the Group's strategy in order to focus on the selective distribution of accessories for which commercial successes have been recorded. This decision entails taking into account the likely loss on these disposals for 6.3 million euros, primarily on goodwill.

These items are without any effect on the Group's cash flow.

The operating loss for the period led to the total derecognition, with no effect on cash flow, of 22.9 million euros in deferred tax assets.

The Group generated a gross margin of 84.5 million euros with a margin rate as a proportion of revenues up 3 points. This increase can be explained by the growing share of own-brand or licensed accessories and connected devices in the Group's revenue. The latter represented 22% of the revenue for products sold by the Group in 2013 – 2014 compared to 14% a year earlier.

As it was announced, Avenir Telecom Group continued with its cost adjustment plan with savings of more than 8 million euros over the whole of the financial period, excluding accelerated depreciation and provisions for closing non-profitable stores. The cost reductions were primarily with the Internity store network and with the support and administrative functions. This effort did not concern commercial and logistical investments that are accompanying the repositioning of the Group.

The Group recorded a negative cash flow of 3.4 million euros in 2013 – 2014.

(€ millions)	Full-year 2013 – 2014	Full-year 2012 – 2013
Revenues	282.8	412.6
Gross margin	84.5	109.8
<i>% of revenues</i>	<i>29.9%</i>	<i>26.6%</i>
<i>including depreciation on current assets</i>	<i>(10.1)</i>	<i>(1.2)</i>
Operating income	(24.2)	1.1
<i>including amortisation and provisions on the Internity store network in France and in Spain</i>	<i>(8.2)</i>	<i>-</i>
<i>including goodwill impairment in the United Kingdom in 2013-2014 and in Portugal in 2012-2013</i>	<i>(6.3)</i>	<i>(5.7)</i>
Net income	(49.8)	(2.9)
<i>including derecognition of deferred tax assets</i>	<i>(22.9)</i>	<i>-</i>

Financial position

Avenir Telecom Group reached an agreement in March 2014 with its financial partners in order to adapt its financing structure to its new challenges.

The successful renegotiation sets new terms for amortising the current loans, with deferred repayment for middle-term loans and a prorogation of short-term loans until January 2016. The company's bank covenants are lifted until 30 September 2015, which allows Avenir Telecom Group to continue its activity in conditions that are better suited to the change in its business model and to have the financial resources available for its operational projects of repositioning in the buoyant markets for smartphones, accessories and connected devices.

As at 31 March 2014, Avenir Telecom Group's net financial debt amounted to 22.3 million euros, and shareholders' equity was 14.6 million euros. Available cash (cash flow – bank overdrafts) amounted to 8.5 million euros on that date.

Recent events

In the strategy of recentring its portfolio of activities, Avenir Telecom Group has just disposed of its British activity of subscription distribution for telecom operators and the rest of its stores in Portugal. These two operations improve the Group's available cash flow.

Outlook

The Avenir Telecom Group will be launching the first alternative Windows phone in Europe under the YEZZ brand, which will contribute to developing its mobile telephone distribution network.

It will also continue developing its accessories and connected devices, especially thanks to the launching of a range of connected comfort solutions for the home in connected devices (connected LED bulbs, weather stations, on/off electrical outlets, etc.).

Finally, the Avenir Telecom Group will continue deploying outsourced shelf space and shop management offerings for telecom operators.

The new ranges of mobile phones as well as the accessories and connected devices, should contribute to substantial development of the Avenir Telecom Group's product mix, profitability level and growth profile in the coming years.

About Avenir Telecom

With turnover of €283 million as at 31 March 2014, the Avenir Telecom Group (ISIN: FR0000066052 / Reuters: AVOM.LN / Bloomberg: AVT:FP) is a key player in the design and distribution of accessories and connected devices and is one of the main European distributors of mobile telephony products and services. The Avenir Telecom Group designs and distributes a comprehensive range of accessories, connected devices under licensed and own brands. Avenir Telecom employs nearly 2,000 people, is present in more than 40 countries and generates more than half of its sales outside of France.

Avenir Telecom is listed on NYSE EURONEXT – compartment C (Euronext Paris). The Avenir Telecom share is included in the CAC All Shares, CAC Mid & Small, CAC Small, CAC All-Tradable, CAC T.Hard & Eq. and CAC Technology indices.

► **Annex 1 – Direct distribution**

(€ millions)	Full-year 2013 – 2014	Full-year 2012 – 2013
Revenues	170.5	196.2
Gross profit ¹	70.2	81.3
% of revenues	41.1%	41.4%
Operating income before goodwill impairment	(7.9)	4.0

1. After taking into account the net change in impairments of current assets and other non-recurrent items (+€2.3 million in 2013-2014 and -€0.3 million in 2012-2013)

► **Annex 2 – Indirect distribution**

(€ millions)	Full-year 2013 – 2014	Full-year 2012 – 2013
Revenues	112.3	216.5
Gross profit ¹	14.3	28.5
% of revenues	12.7%	13.2%
Operating income before goodwill impairment	(10.0)	2.8

1. Taking into account the net change in impairments of current assets and other non-recurrent items (-€5.3 million in 2013-2014 and -€0.9 million in 2012-2013)

► **Upcoming publications¹**

Event	Date
First quarter 2014-2015 revenues	27 August 2014
First half 2014-2015 revenues	13 November 2014
First half 2014-2015 results	27 November 2014
Third quarter 2014-2015 revenues	05 February 2015
Full-year 2014-2015 revenues	13 May 2015
Full-year 2014-2015 results	18 June 2015

► **Press and investor contacts**

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All our financial information is 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.