



Full-year results
2013 – 2014
19 June 2014

Contents

Highlights

Full-year 2013-2014 consolidated results

Strategy of the Group

Appendices

Presentation of the Avenir Telecom Group

Products

A key player in the design and distribution of accessories, connected devices and mobile phones

- Mobile handsets
- Multimedia and mobile accessories
- Connected devices
- Smartphones

Services

One of the leading European distributors of mobile telephony services.

- Prepaid and postpaid subscriptions
- Insurance and related services
- Outsourced management of shelf space and shops



A worldwide sales network: locations in 40 pays

2013 – 2014: a transition year marked by the acceleration of the Group's transformation

- Rapid fall in **sales of low-margin mobile handsets**:
 - 72 million euros less in revenue in 2013 – 2014
- Deployment in **alternative smartphones**:
 - Signature of an exclusive distribution contract with the US smartphone manufacturer YEZZ
- Development of the Energizer range in accessories and renewal of the **Beewi range** in connected devices:
 - 22% of the revenue for products in 2013 – 2014
- Refocusing of the **Internity shops** in **France** and in **Spain**
- Disposals of activity in the **United Kingdom** (indirect multi-operator activity) and in **Portugal** (retail activity)
- Successful renegotiation of the **bank loans** providing the Group with the means for its ambitions

Accounts affected by the setting up of the Group's new development strategy

- Consolidated revenue sharply decreased by the **voluntary decline in the sale of low-profit mobile handsets**
- **Adjustment of the cost structure** making it possible to contain the degradation in operating income
- Current operating loss affected by **non-recurring items** (provisions linked to restructuring the store base in France and in Spain)
- Net income affected by the derecognition of the deferred tax asset and other accounting provisions **without affecting the Group's cash flow**

Contents

Highlights

Full-year 2013-2014 consolidated results

Strategy of the Group

Appendices

A transition year marked by a cleaning up of the accounts with limited impact on cash flow

- Consolidated revenue of **282.8** million euros sharply decreased by the voluntary decline in the sale of low-profit mobile handsets
- Gross margin of **84.5** million euros (margin rate of 29.9%, +3 points) linked to the depreciation of current assets for 10.1 million euros
- Operating loss of **9.7** million euros before:
 - Restructuring of the store base in France and in Spain: 8.2 million euros
 - Goodwill impairment: 6.3 million euros
- Net income impacted by the Group's refocusing operations
- Negative cash flow of only **3.4** million euros thanks to cost adjustment measures
- Available cash of **8.5** million euros as at 31 March 2014

Financial year 2013 – 2014 market by a cleaning up of accounts

Exceptional expenses without impact on the cash flow	Millions of €
Impact on the gross margin	
Provisions for depreciation on inventories and trade receivables	(10.1)
Impact on operating income	
Restructuring of the store base in France and in Spain	(8.2)
Depreciation of assets following the disposal of the indirect multi-operator activity in the United Kingdom	(6.3)
Impact on net income	
Derecognition of the deferred tax assets	(22.9)

Accounts affected by exceptional expenses

€ millions	2013-2014	2012-2013
Revenues	282.8	412.6
Gross margin ¹	84.5	109.8
% gross margin	29.9%	26.6%
Operating expenses	(94.2)	(103.0)
Operating income before accelerated depreciation, provisions for closing stores in France and goodwill impairment	(9.7)	6.8
Accelerated depreciation and provisions for closing stores in France and in Spain	(8.2)	-
Operating income before goodwill impairment	(17.9)	6.8
Goodwill impairment ²	(6.3)	(5.7)
Operating income	(24.2)	1.1
Financial income	(1.4)	(1.5)
Profit before tax	(25.6)	(0.4)
Corporate income tax ³	(24.2)	(2.9)
Result of discontinued operations	-	0.3
Net income	(49.8)	(2.9)

1. Taking into account the net change in impairments of current assets and other non-recurrent items (-€2.2 million in 2013-2014 and -€1.2 million in 2012-2013)

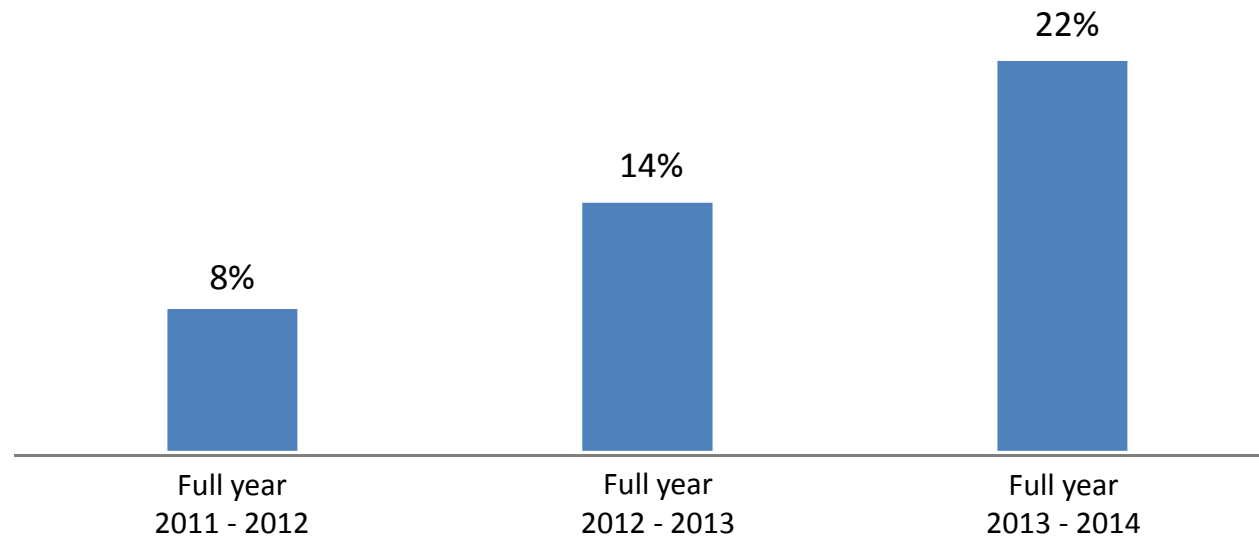
2. Following the disposals of activities planned in the United Kingdom in 2013-2014 and in Portugal in 2012-2013

3. Including derecognition of the deferred tax assets (22.9 million euros in 2013-2014)

Products: increasing share for accessories and connected devices

Share of accessories, connected devices and electronic cigarettes
in the revenue from products

As a %

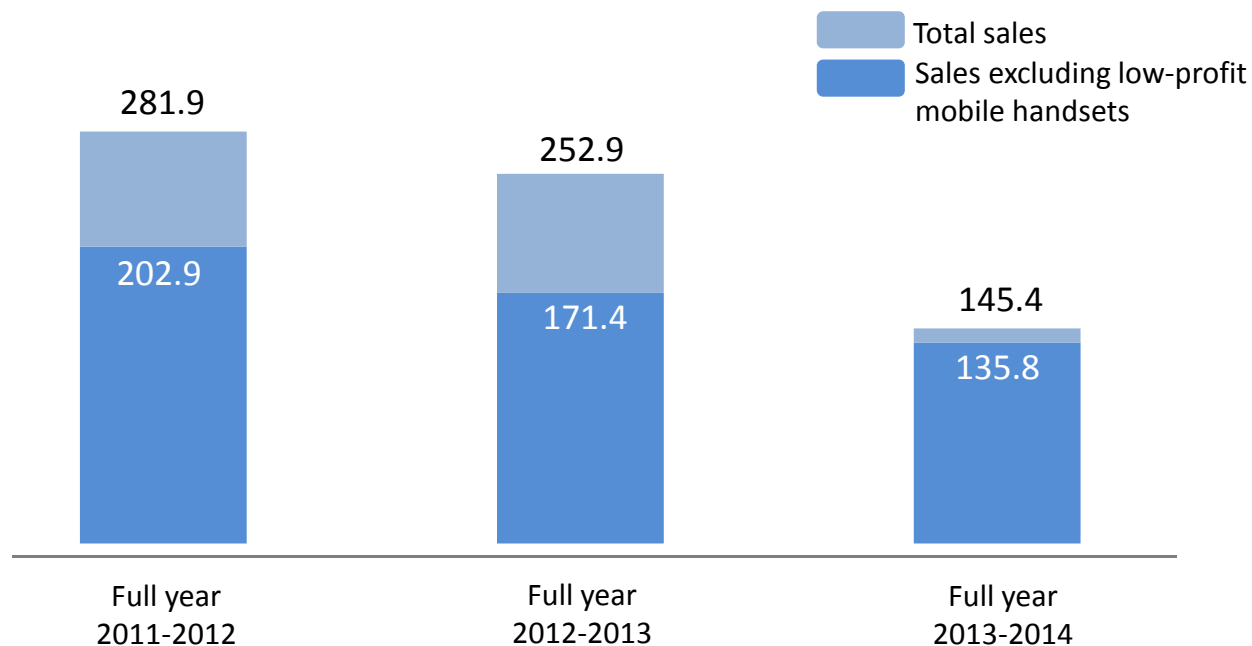


- ↘ Sharp drop in the sales of low-profit mobile handsets
- ↗ Good performance with Energizer and electronic cigarettes
- ↗ Renewal of the Beewi range of accessories and connected devices

Products: acceleration in the change in the product mix

Change in revenue from products

€ millions

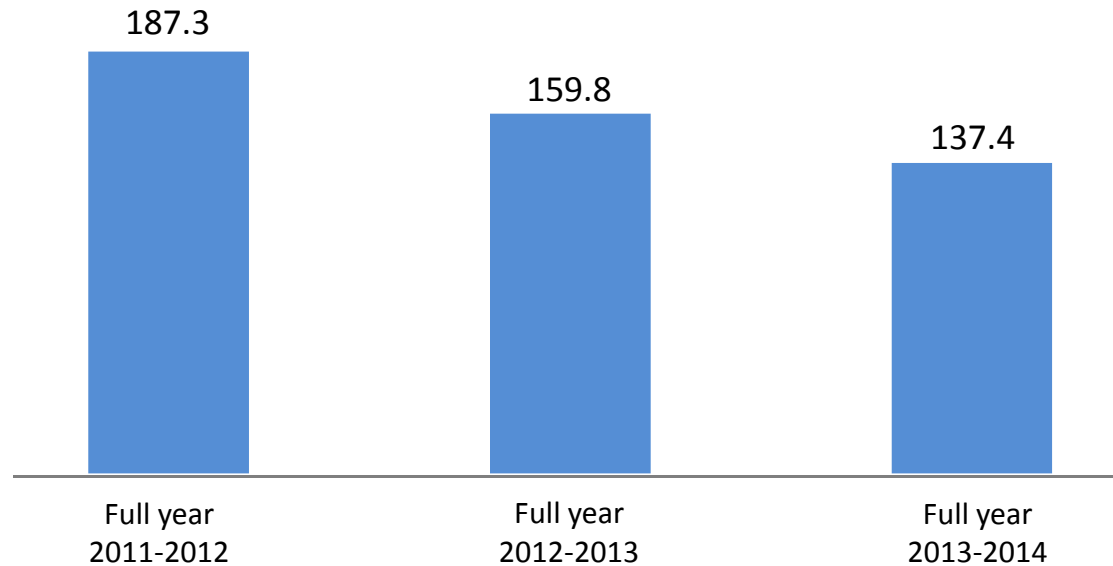


- Development of the product mix with accessories, connected devices and electronic cigarettes
- Encouraging start with the new ranges of YEZZ telephones in the buoyant market segment of smartphones
- 54% of turnover outside of France (presence of the Group in 40 countries)

Services: drop in activity close to that of the market

Change in revenue from services

€ millions



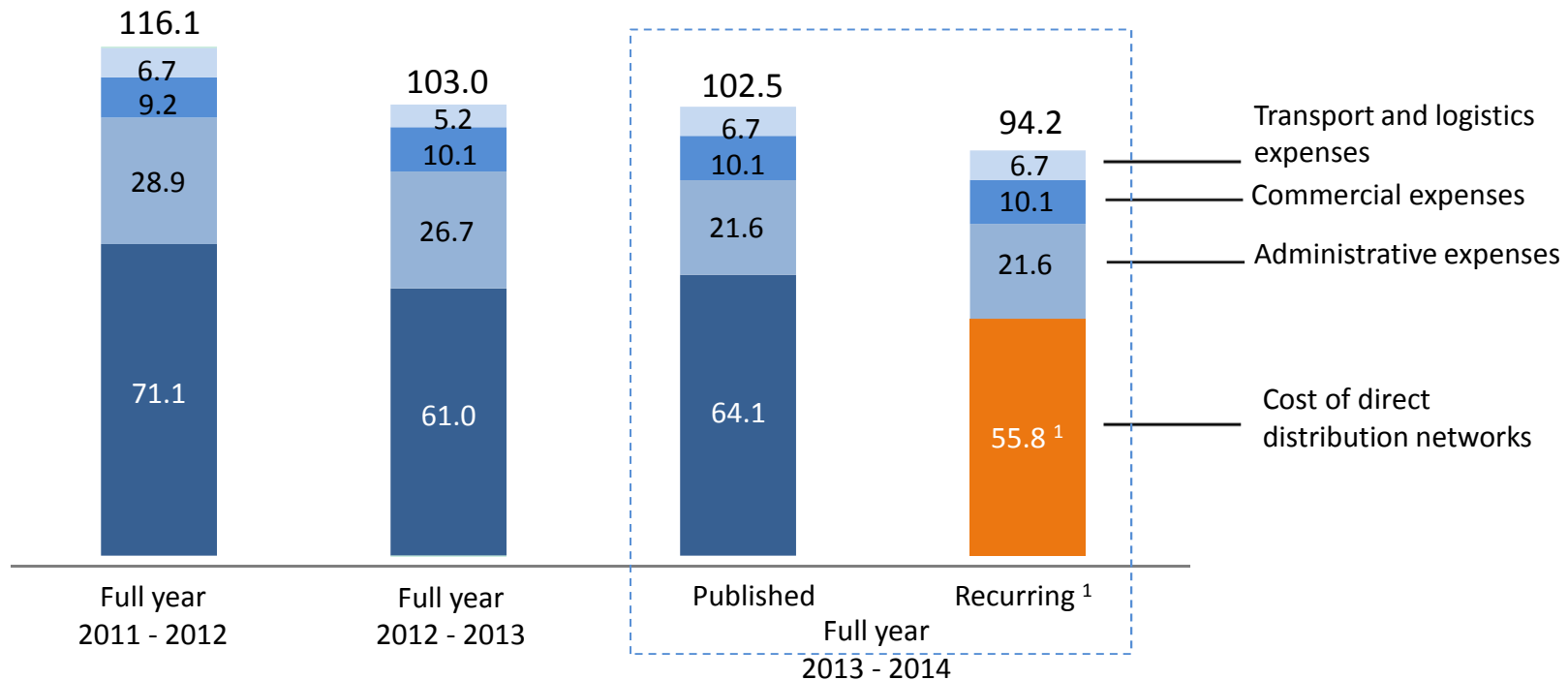
- Decline close to the trend in the market on a like-for-like basis: -8.9% compared to -9.4% ¹ for the market
- Following disposal of stores in Portugal
- Refocusing of shops in France and in Spain

1. Source: Arthur D. Little, Exane BNP Paribas, mobile services only, May 2013

Drop in recurring operating costs of 8.2 million euros in 2013 – 2014

Trend in operating expenses

€ millions



- Substantial drop in the support functions, in particular administrative expenses
- Accentuation in efforts to rationalise the Internity store base

1. Excluding accelerated amortisation of the store network in France and in Spain, provisions and depreciation for closing non-profitable stores

Limited decline in free cash flow and available cash of 8.5 million euros

€ millions	Full year 2013-2014	Full-year 2012 – 2013
Cash flow from continuing operations	(3.4)	8.9
Change in operating net assets and liabilities (WCR)	(1.9)	(8.7)
Cash used in discontinued operations	(0.0)	(0.2)
Cash flow from operating activities	(5.3)	0.1
Investment flows before acquisitions/disposals of subsidiaries	(0.4)	(0.7)
Free cash flow from operating activities	(5.7)	(0.6)

- Good control of the management of the WCR in a context marked by a drop in trade payables and the practice of pre-financing for purchases in Asia
- Available cash (cash flow – banks overdrafts) of 8.5 million euros as at 31 March 2014 before cash flow stemming from the disposal of the subscription distribution activity for operators in the United Kingdom which took place on 11 June 2014
- Disposal of the retail activity in Portugal making it possible to improve cash flow in light of the expected losses in this segment

Success in bank renegotiation

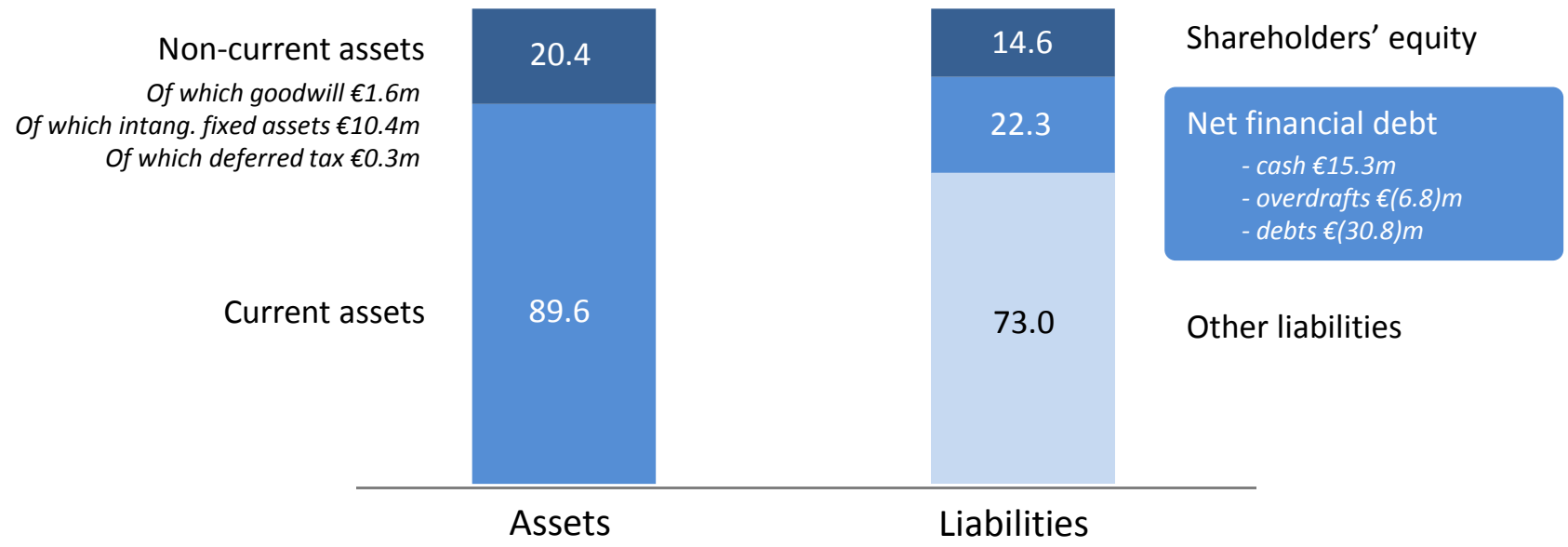
- New **amortisation methods** for the current loans
- Deferred repayment of **middle-term loans** until 25 January 2016
- Prorogation of **short-term loans** to 25 January 2016
- Lifting of the **bank covenants** until the test period ending on 30 September 2015

Timetable for the refinancing loan of 40 million euros set up in June 2012 (in € million)	Old	New
Timetable for 2013 – 2014	3.6	3.6
Timetable for 2014 – 2015	7.3	-
Timetable for 2015 – 2016	7.3	3.6
Timetable for 2016 – 2017	7.3	7.2
Timetable for 2017 – 2018	3.6	7.2
Timetable for 2018 – 2019	-	7.2
Timetable for 2019 – 2020	-	3.9

Shareholders' equity of nearly 15 million euros and available cash flow of 8.5 million euros

Simplified balance sheet as at 31 March 2014

€ millions



Contents

Highlights

Full-year 2013-2014 consolidated results

Strategy of the Group

Appendices

A reactive group in a quickly-changing sector

- A market that with every **evolution in technology** ensures:
 - the creation of a new ecosystem
 - new business model opportunities
 - new sources of revenue through new ranges of products and services
- The **arrival of 4G** will accelerate the development of connected devices and the multiplication of ecosystems

Expected change in the group's markets in the next years

	Forecast annual change
↗↗↗ Growth in connected devices ¹	+93%
↗↗ Growth in the market for accessories ²	+8%
↗↗ Growth in smartphones ³	+17%
↘ Revenue for mobile operators in Europe ⁴	-2%

1. Source: Ericsson, CAGR of the number of connected devices in the world between 2013 and 2020

2. Source: AB Research, CAGR of the market concerning chargers, headsets, covers and headphones between 2011 and 2015

3. Source: eMarketer, 2013, number of users in the world between 2012 and 2017

4. Source: Arthur D. Little, Exane BNP Paribas, CAGR of voice and data revenues for mobile operators in Europe between 2013 and 2016

A Group that is reinventing itself around a new strategy

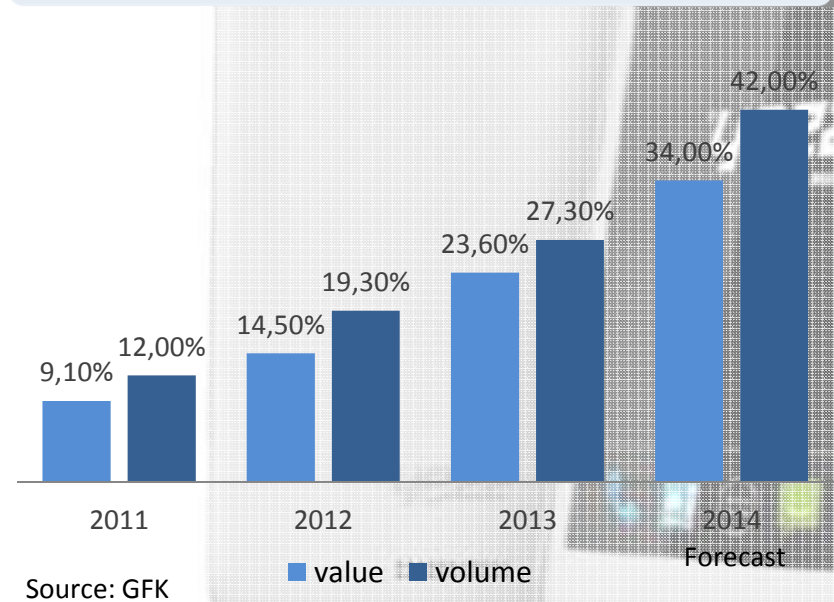
- Strengthening of the portfolio of **YEZZ mobile phones**:
 - Launching in June of the first alternative Windows Phone in Europe
- Ongoing development of **ranges of accessories and connected devices**
 - Launching of the range of connected comfort solutions for the home (connected LED bulbs, weather stations, on/off electrical outlets, etc.)
- Management of **outsourced operator services** in a dedicated network
 - Deployment of outsourced shelf space and store management offerings

Reinforcing of the alternative smartphone portfolio with the YEZZ brand

- Exclusivity for Europe, the Middle East, Africa and Russia
- Distributed in over 100 countries
- First alternative Windows Phone in Europe



Change in share of low-cost smartphone sales in Europe



Development of accessory ranges with Energizer

- Large range of general public electronic commodity products: chargers, protection and connections for the telecom and multimedia worlds
- 12.8% market share in France ¹
- Distributed in 36 countries, primarily in indirect distribution



Energizer

1. Source: GFK, January to December 2013, chargers for mobile telephones, in value terms

Development of ranges of connected devices with Beewi

- Patented objects for audio, games and home automation
- Present in 30 countries
- Genuine know-how in the development of applications for connected devices
- Recognised by the main players
Microsoft, Apple, Amazon



Smart Tracker

Smart Temperature & Humidity Sensor

Smart Plug

Smart LED Color Bulb

Wireless Bluetooth Headphone



Innovation and Design award
CES Las Vegas 2014

Outsourced shelf space and store management for **AVENIR TELECOM** operators

- 2,500 linear metres in outsourced management in Europe
- Main customers: Orange, Vodafone, Telenor, T-Mobile...
- Present in 8 European countries



Contents

Highlights

Full-year 2013-2014 consolidated results

Strategy of the Group

Appendices

Results by business segment

Direct distribution - € millions	2013-2014	2012-2013
Revenues	170.5	196.2
Gross margin ¹	70.2	81.3
% gross margin	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)

Indirect distribution - € millions	2013-2014	2012-2013
Revenues	112.3	216.5
Gross margin ¹	14.3	28.5
% gross margin	12.8%	13.2%
Operating income before goodwill impairment	(10.0)	2.8

1. After 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)

Cash flow statement

€ millions	Full year 2013-2014	Full-year 2012 – 2013
Cash flow from continuing operations	(3.4)	8.9
Change in operating net assets and liabilities (WCR)	(1.9)	(8.7)
Cash used in discontinued operations	(0.0)	(0.2)
Cash flow from operating activities	(5.3)	0.1
Investment flows before acquisitions/disposals of subsidiaries	(0.4)	(0.7)
Free cash flow from operating activities	(5.7)	(0.6)
Net cash used in financing activities	(1.6)	(13.0)
Impact of exchange rate fluctuations on cash position	0.1	0.1
Change in cash position	(7.2)	(13.6)
Closing cash position	15.4	22.6

Simplified balance sheet

€ millions	31 March 2014	31 March 2013
Non-current assets	20.4	62.0
Goodwill	1.6	7.8
Net intangible fixed assets	10.4	13.2
Net tangible fixed assets	4.1	13.2
Other non-current assets	3.9	4.8
Deferred tax	0.3	23.0
Current assets	104.0	148.0
Net inventories	27.6	41.6
Net trade receivables	33.6	63.0
Other current assets	12.3	20.8
Assets held for sale	15.3	-
Cash and cash equivalents	15.3	22.6
Net assets of discontinued operations	0.8	0.8
Total Assets	125.2	210.8

Simplified balance sheet (continued)

€ millions	31 March 2014	31 March 2013
Shareholders' equity	14.6	64.2
Non-current liabilities	3.0	27.8
Financial debts – non-current portion	0.8	25.6
Provisions and other liabilities – non-current portion	0.8	0.6
Derivative financial instruments – non-current portion	0.0	0.0
Deferred tax liabilities	1.4	1.6
Current liabilities	106.0	117.2
Financial debts – current portion ¹	30.1	8.7
Bank overdrafts	6.8	4.7
Provisions – current portion	9.5	4.7
Trade creditors	27.1	67.0
Tax and social security contributions payable	17.9	18.2
Current tax liability	0.6	1.6
Other current liabilities	4.7	12.3
Liabilities held for sale	9.4	-
Liabilities from discontinued operations	1.6	1.6
Total Liabilities	125.2	210.8

1. Following the finalising of the agreement with the financial partners on 9 April 2014, the financial debt will be reclassified into non-current portions according to the renegotiated timetable

Information for investors

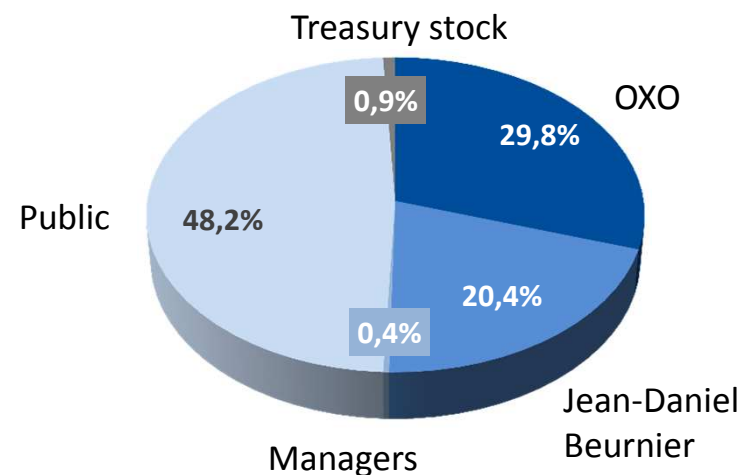
Next publications

First quarter revenues	27/08/2014
Half-year revenues	13/11/2014
Half-year results	27/11/2014
Third quarter revenues	05/02/2015
Full year revenues	13/05/2015
Full-year results	18/06/2015

Market data on 18 June 2014

Listing market	Euronext Paris
Code	FR0000066052
Shares in issue	93,440,895
Capitalisation (€m)	35

Shareholding on 31 March 2014



Investors' contact
Agnès Tixier
+33 (0)4 88 00 63 21
atixier@avenir-telecom.fr

1. Press releases will usually be distributed after the close of the market
Full-year 2013-2014 results

Glossary

Products: mobile handsets, multimedia and mobile accessories, connected devices, electronic cigarettes and refills

Services: prepaid and postpaid subscription sales, whether or not subsidised by the operators, insurance and related services

Notice

This document contains forward-looking statements. Although the Avenir Telecom Group believes its expectations are based on reasonable assumptions, these statements are subject to numerous risks and uncertainties. Important factors that could cause actual results to differ materially from the results anticipated in the forward-looking statements include, among other things: the effect of competition; technological developments; the success of the investments of the Avenir Telecom Group in France and abroad; the effects of the economic situation.

A description of the risks borne by the Avenir Telecom Group appears in the section entitled "Facteurs de risque" of the "Document de Référence" of the Avenir Telecom Group filed with the French financial markets authority (AMF) on 15 July 2013. The forward-looking statements contained in this document apply only from the date of this document, and the Avenir Telecom Group does not undertake to update any of these statements to take account of events or circumstances arising after the date of the said document or to take account of the occurrence of unexpected events.