

## **First half 2014-2015 results**

**27 November 2014**

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- Set up in 1989
- Established in 40 countries
- Listed on the NYSE EURONEXT since 1998
- 1,982 employees
- 2014 revenue: €283 M
- Outsourced management of shelf space for 2,000 sales outlets in Europe
- 6 subsidiaries in Europe: France, United Kingdom, Spain , Portugal, Romania, Bulgaria

- **Building up the portfolio of YEZZ alternative mobile products** exclusively in Europe, the Middle East and Africa
  - Promising start in Africa and the Middle East
  - Launch and good reception of the first alternative Windows Phone
- **Building up the Beewi positioning** on the developing and innovative market for connected devices
  - Product positioning on connected devices favouring sell out
  - Smarthome range available for sale on the European and North American markets
  - Establishment in France and Canada in DIY shops, and opening up to the Russian market through specialised distribution channels
- **Continuous growth of the Energizer business**, with a wide choice of products and better distribution
  - Substantial success of products for the Iphone: cables + chargers
  - New prestigious customers acquired
- **Development of the Oxo Fashion brand** with new collections of accessories for mobiles and tablets
  - Penetration of the various products in Latin America, South Africa, Russia and Europe
  - A wider choice developed on two annual collections
  - A range focused on "OEM" solutions

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- **Half-year revenues** on new business **increased by 5.7%**
- **Refocusing of the business** and gradual discontinuation in the sale of subscriptions on behalf of the operators in the indirect business with a significant impact on the Revenue and the Gross Margin
- **Continued tight management of costs** and the savings plan (**gain of €5 M**)
- **Operating loss** in operations carried on limited to €0.6 M mainly concentrated on direct distribution
- **Operating cash flow of €3.4 M** of which €4.8 M comes from the sale of non-strategic operations
- **Net debt of €18.6 M**
- **Available cash of €11.7 M**

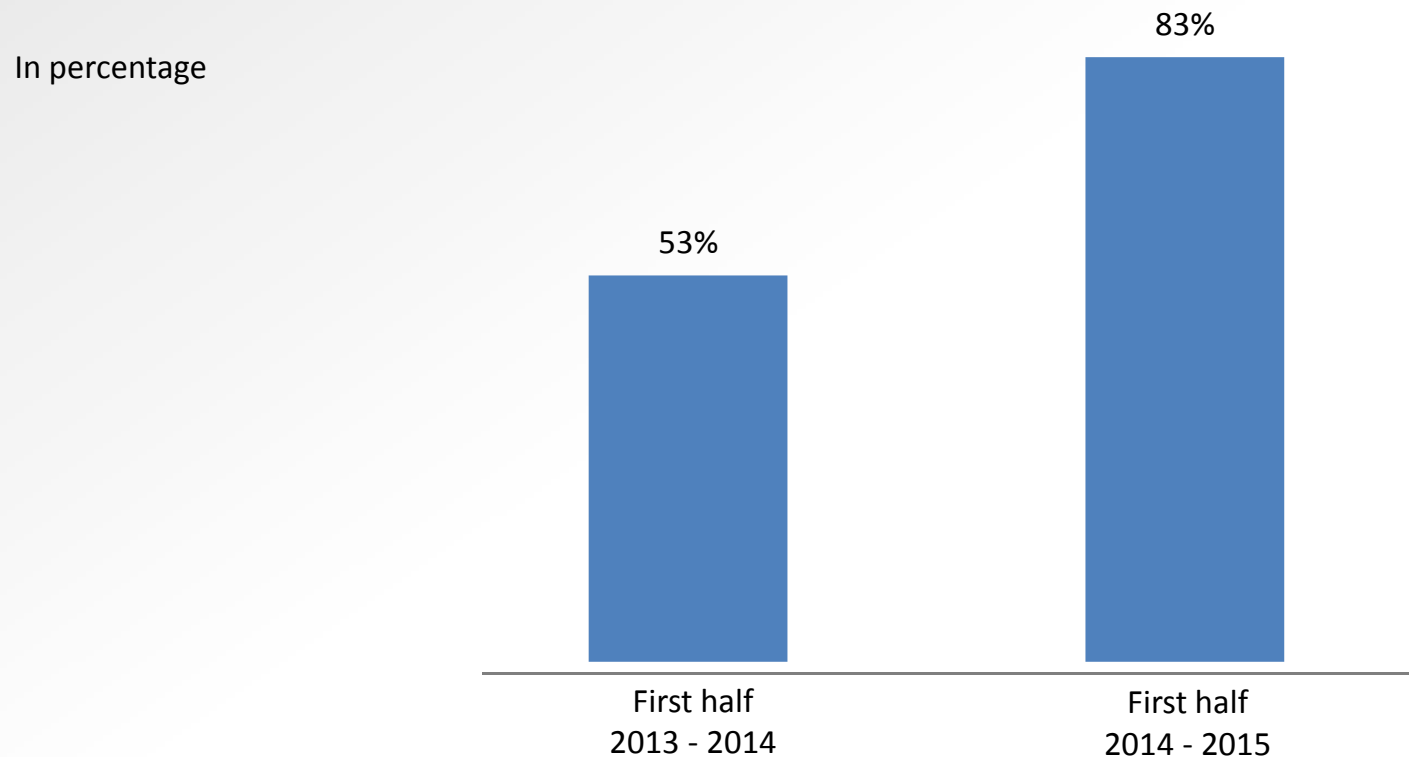
Consolidated revenue - € million	First half 2014– 2015 <sup>1</sup>	First half 2013 – 2014 <sup>1</sup>	Var. %
Direct distribution	65.4	81.1	-19.4%
Indirect distribution	27.7	50.3	-44.9%
<b>Total revenue</b>	<b>93.1</b>	<b>131.4</b>	<b>-29.1%</b>

1. *excluding direct business in Portugal and indirect business in England*

- Sale of the direct business in Portugal and the indirect business in England during the half-year
- 55.9 % of revenue is achieved internally, steadily increasing
- Increase in volume and in value of new business lines on both distribution segments

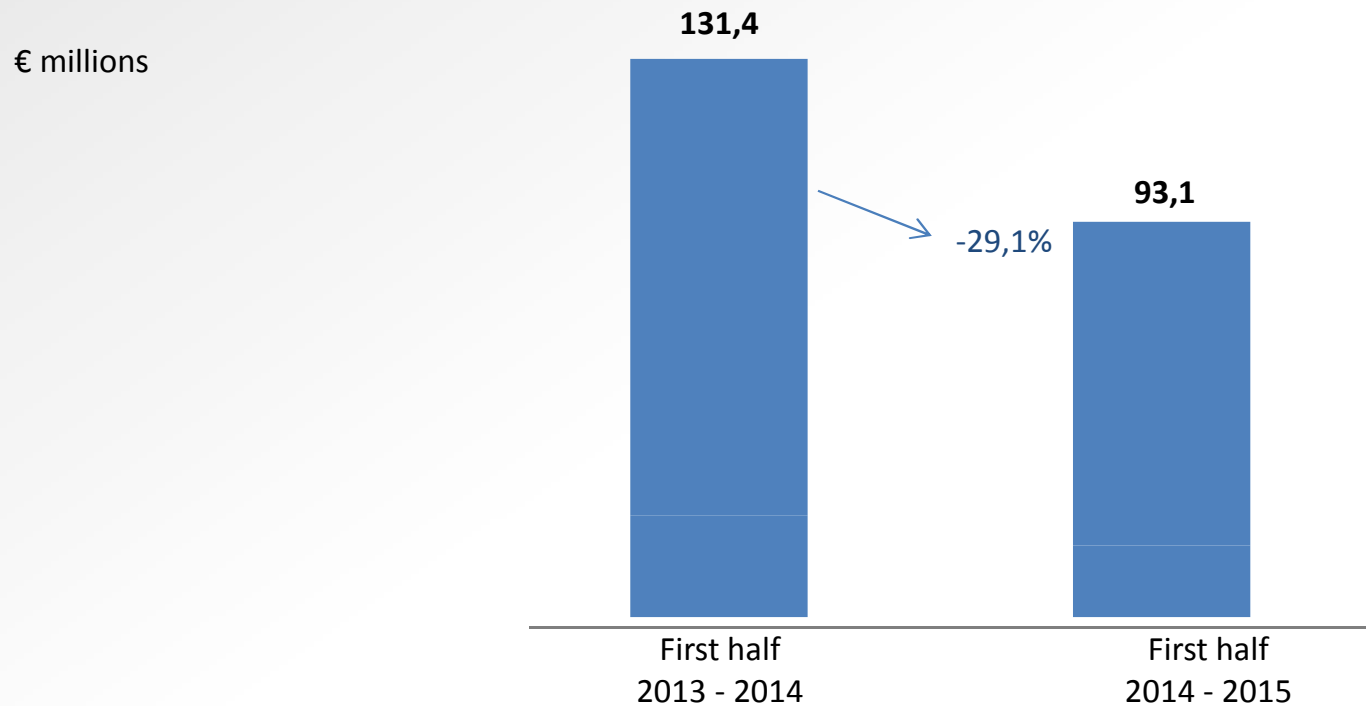


## The share of accessories, connected devices, YEZZ telephones and electronic cigarettes in the revenue from products



- ↘ Substantial decline in sales of mobile telephones generating little revenue
- ↗ Good performance by Energizer
- ↗ Sustained start-up of YEZZ sales
- ↗ New well-known customers acquired

**Reduction of 29% in services on behalf of the operators in line with the decline in half-yearly revenue**



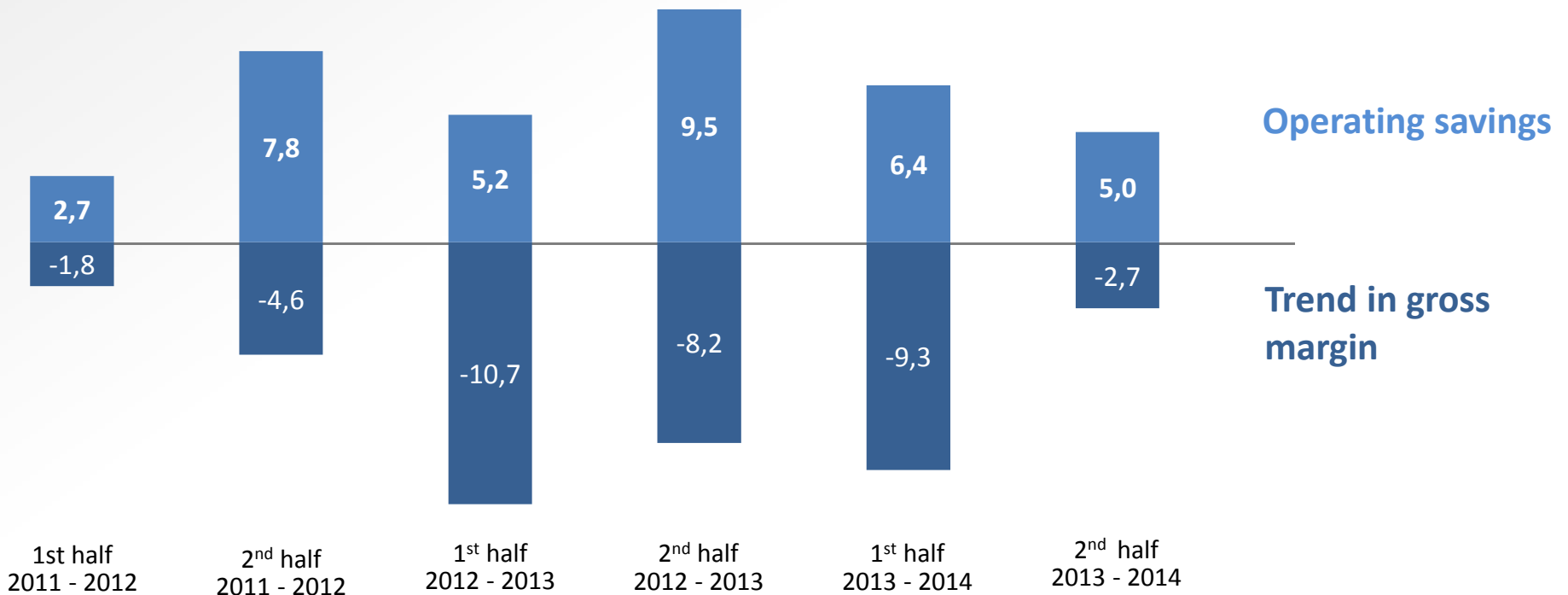
- Sale of direct business in Portugal on behalf of TMN and the indirect business in England on behalf of the operator O2
- Refocusing the network of shops in France and in Spain
- Termination of contracts with operators in the indirect business

# Operational result close to break even point

€ millions	First half 2014 – 2015	First half 2013 – 2014	%
<b>Revenues</b>	<b>93.1</b>	<b>131.4</b>	<b>-29.1%</b>
Cost of products and services sold	- 56.0	- 91.7	-38.9%
<b>Gross margin</b>	<b>37.1</b>	<b>39.7</b>	<b>-6.5%</b>
% gross margin	39.8%	26.6%	+ 13,2 points
Transport and logistics costs	- 2.8	- 2.9	-3.5%
Costs of direct distribution networks	- 22.9	- 26.8	-14.6%
Commercial expenses	- 3.1	- 4.1	-24.4%
Administrative expenses	- 8.1	- 8.8	-7.9%
Others	- 0.8	- 0.1	Ns
<b>Operating income from the businesses carried on</b>	<b>- 0.6</b>	<b>- 3.0</b>	<b>Ns</b>
Financial income	- 1.1	- 0.7	+ 57.1%
Corporation tax	- 0.8	- 0.7	+ 14.3%
<b>Net income from the businesses carried on</b>	<b>- 2.5</b>	<b>- 4.4</b>	<b>Ns</b>
Net income from the businesses abandoned	0.6	1.5	- 66.7%
<b>Net income</b>	<b>- 1.9</b>	<b>- 2.9</b>	<b>- 34.5%</b>

## Trend in gross margin and savings in operating costs achieved by Avenir Telecom each half-year

€ millions



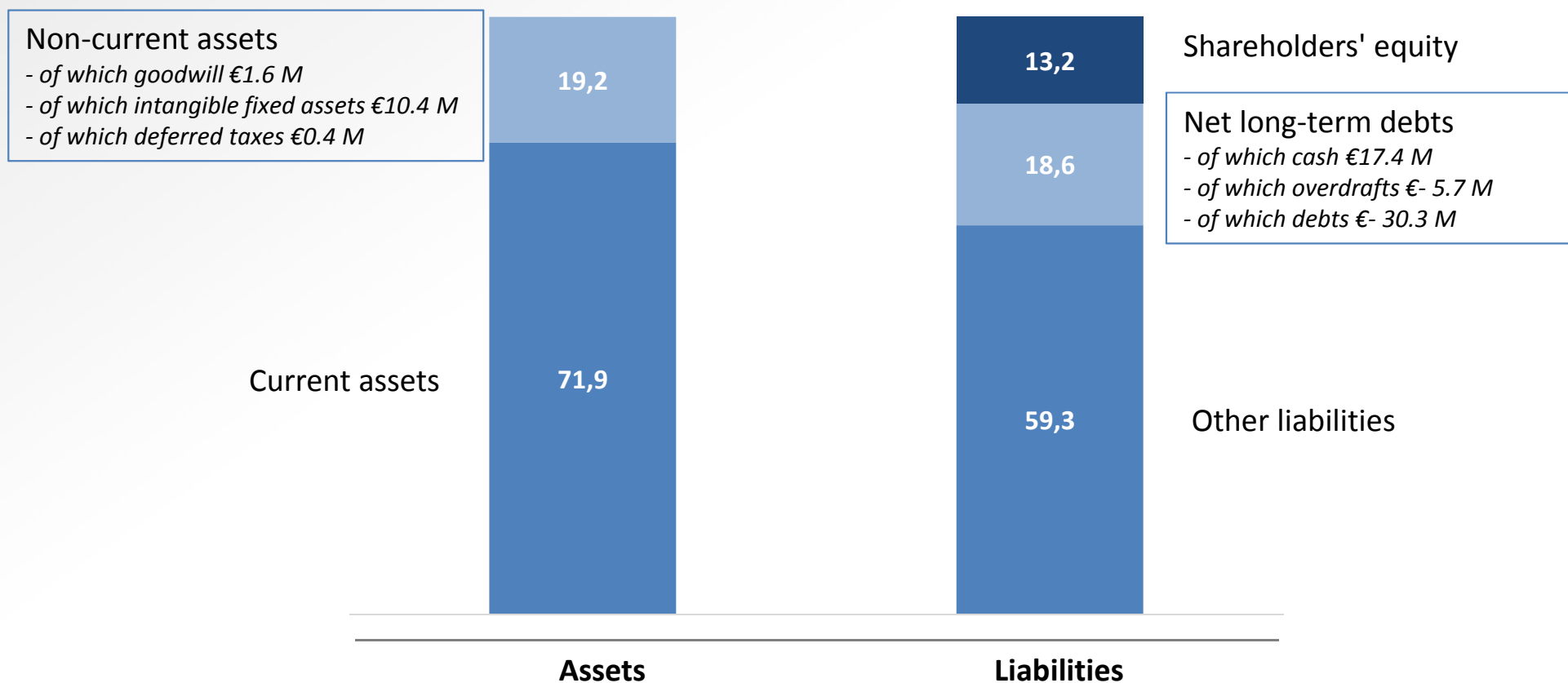
## Working capital requirement generated by new activities

€ millions	First half 2014 – 2015	First half 2013 – 2014
<b>Cash flow from operations</b>	- 2.7	- 0.3
Variation in operating net assets and liabilities before effect of acquisitions (WCR)	1.3	- 3.7
Cash flow from discontinued operations	4.8	0.0
<b>Cash flow from operating activities</b>	<b>3.4</b>	<b>- 4.0</b>

- Cash flow affected by the operating loss
- WCR strongly affected by:
  - the decrease in outstanding payables due to policy of credit insurers
  - change in activity mix in favour of products supplied from Asia
  - strict management of customer balance collections
- Cash flow relating to the discontinued operations arising from the sale of operations in Portugal and in England

## Simplified balance sheet as at 30 September 2014

€ millions



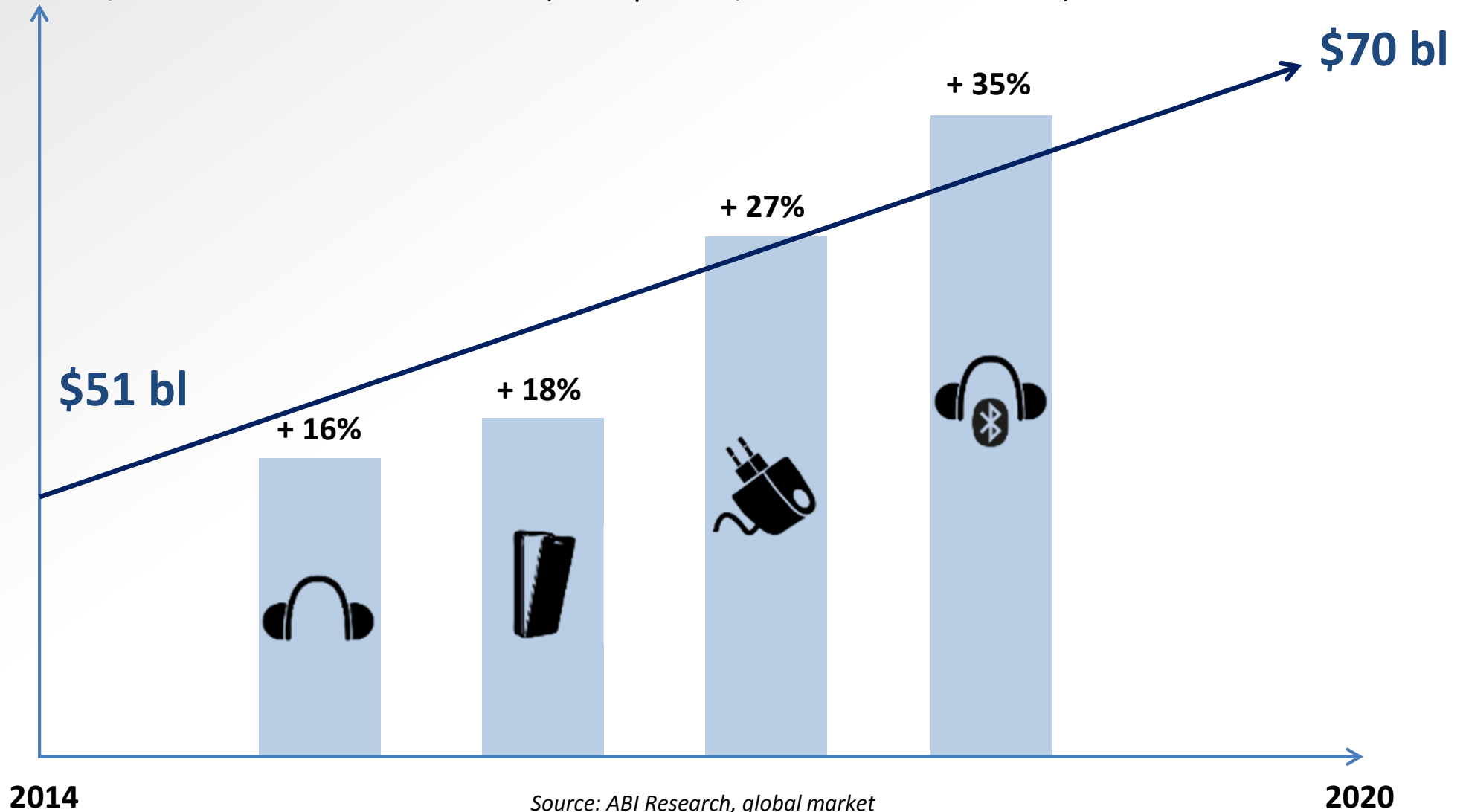
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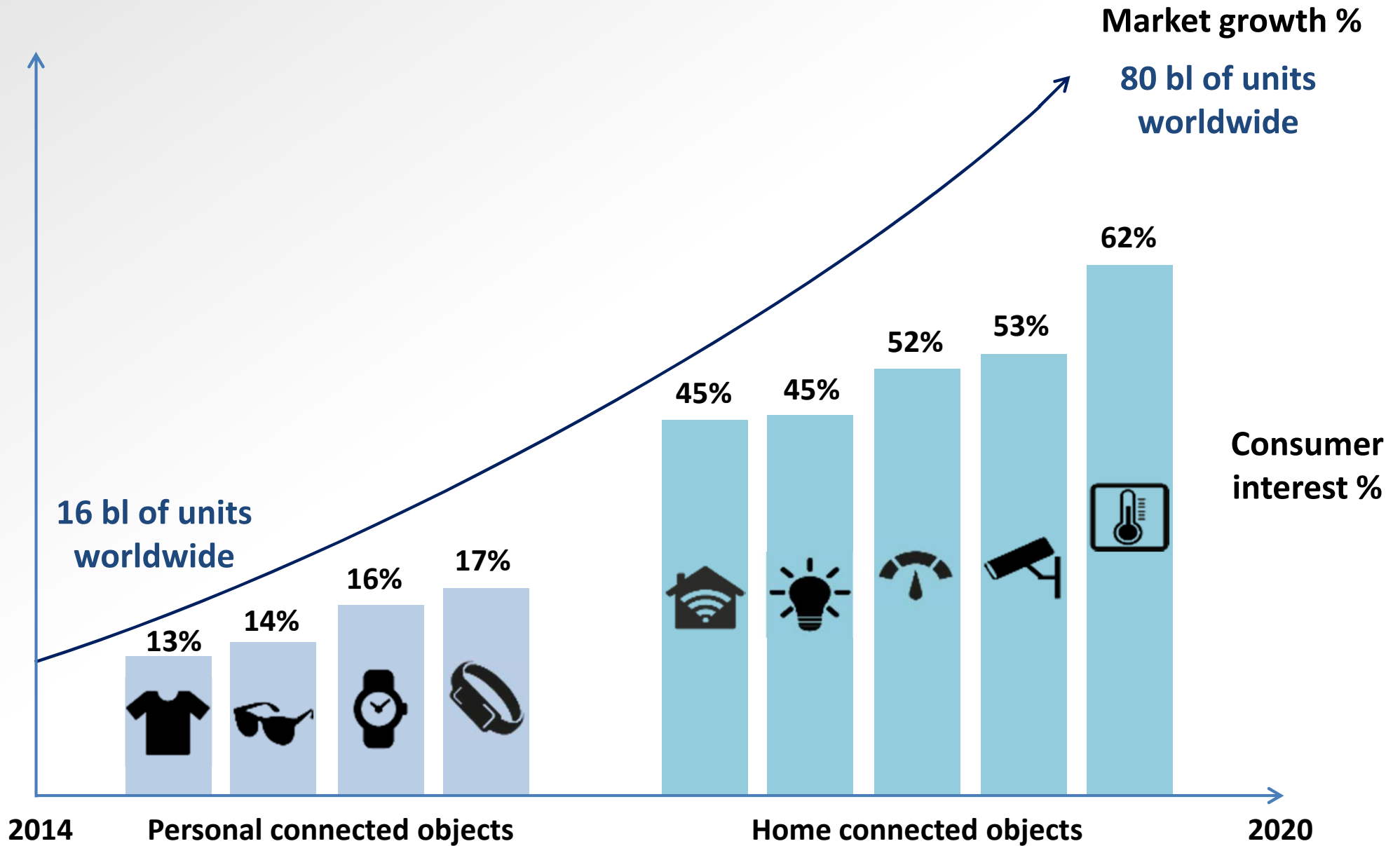
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- 60% the sales of smartphones include a cover
- 100% of the purchase of tablets include a protective element
- In 2020, 8.5 billion connected devices (smartphones, tablets and notebooks)



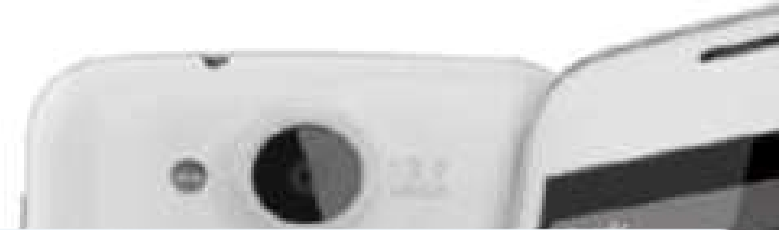




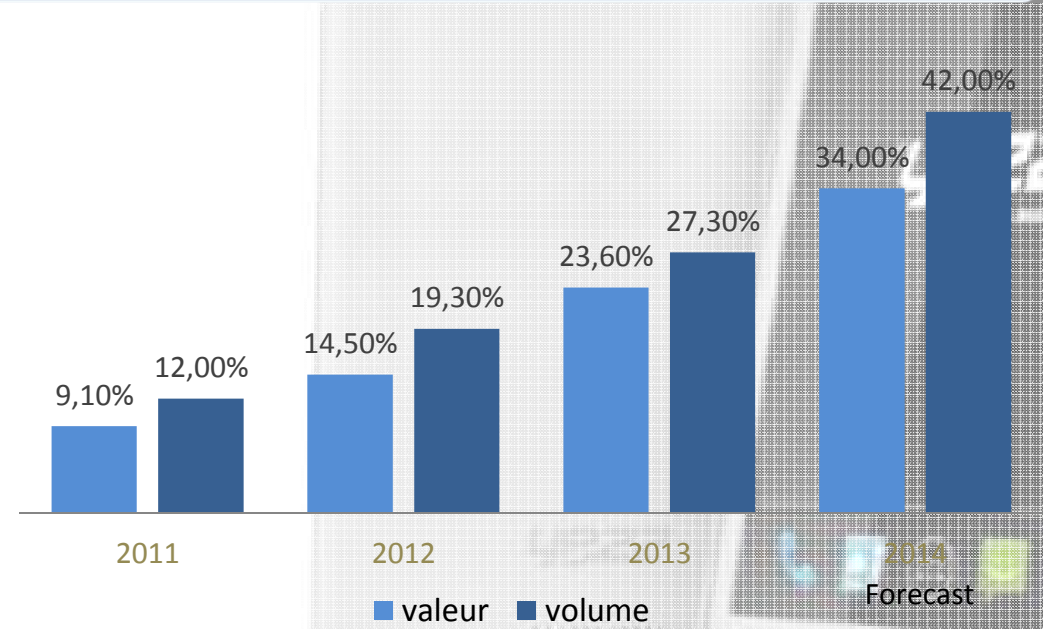
- Building up the **mobile telephony portfolio in partnership with the American manufacturer YEZZ**
- Extension of **YEZZ** the range to Windows Phones
- Worldwide launch of hard case smartphones under the **Energizer** Hard Case brand

# Building up the alternative smartphone portfolio with the YEZZ brand

- Exclusive to Europe, the Middle East, Africa and Russia
- Distributed in more than 120 countries
- First alternative Windows Phone in Europe



Development of the portion of sales of low-cost smartphones in Europe



Source: GFK

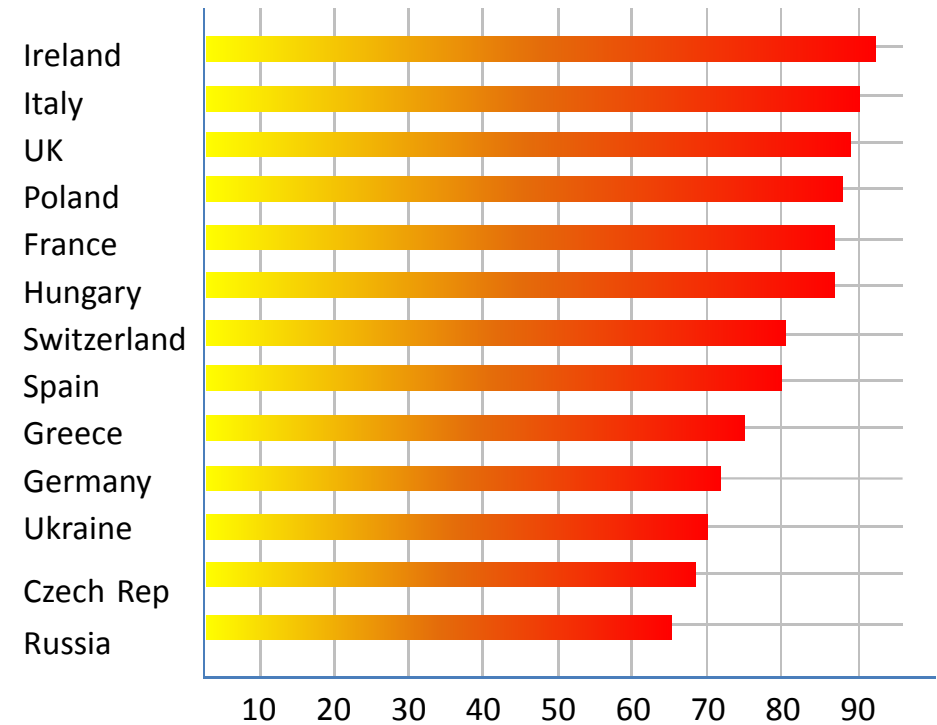


- Continuation of the development of the **ranges of accessories and connected devices**
  - Launch of the Smarthome range of connected comfort solutions for the house (connected LED bulb, weather stations, on/off electric sockets, etc.)
  - Distribution agreement for Energizer Hard Case accessories (bodies, screen protections, etc.) for Q2 2015
  - Continuation of the development of the outsourced shelf-space management offer
- New agreements on the **Energizer range** of convenience devices:
  - Agreement to market Energizer memory media in January 2015 (excluding USA and Canada)

*Energizer*



- Worldwide exclusivity (except USA and Canada)
- Extended range of consumer electronic convenience devices: cables, chargers, protective elements and connections for the telecom and multimedia world
- Iconous brand, with strong awareness (Between 70% and 90% by country)



# Development of range of connected devices with Beewi

- **3 categories:** SmartHome, Audio and toys
- **1 unique application** for each range
- Compatible with **3 OS**
- Agressive public **prices**
- **Certified Bluetooth** (Associate member Bluetooth SIG)
- **French conception** and design
- **Exclusive designs** and **patented products**



Smart Tracker



Smart Temperature & Humidity Sensor



Smart Plug



Smart LED Color Bulb

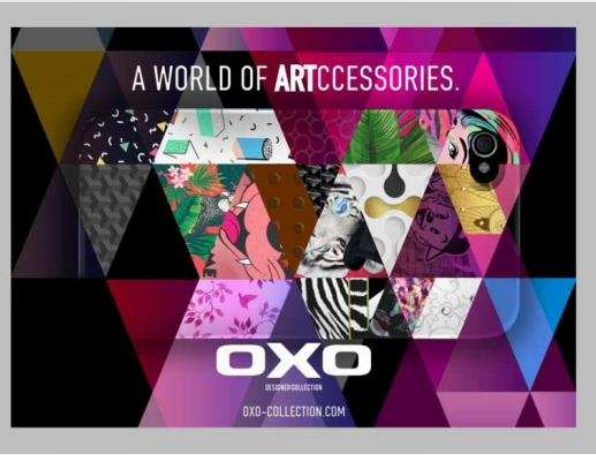


Wireless Bluetooth Headphone



Prize for Innovation and Design at the CES 2014 in Las Vegas





- **Dedicated** accessories
- **Fashion and Designed in France**
- **Quality products**
- Good quality / price ratio
- **Attractive packaging**



- **Universal** accessories
- **And specific products**  
Car holders, screen protectors, headsets...
- **Aggressive prices**
- Secure and basic packaging

# Building up our outsourced management of shelf space offer

- A recognised know-how since 2009
- 2000 spaces managed for recognised customers: Orange, Vodafone, Telenor, T-Mobile, etc.
- 2,500 of shelf space in Europe
- Established in 8 countries in Europe





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Consolidated revenue - € million	Second quarter 2014– 2015 <sup>1</sup>	Second quarter 2013– 2014 <sup>1</sup>	Var. %
Direct distribution	35.0	40.8	-14.3%
Indirect distribution	11.4	25.3	-55.0%
<b>Total</b>	<b>46.4</b>	<b>66.1</b>	<b>-29.8%</b>

<sup>1</sup> excluding direct activity in Portugal and indirect activity in England as they were sold during the period

## Operating income from direct distribution

€ millions	First half 2014 – 2015 <sup>1</sup>	First half 2013 – 2014 <sup>1</sup>
Revenue	65.4	81.1
Gross margin <sup>1</sup>	26.6	32.5
% gross margin	40.7%	40.1%
Operating income	- 1.9	- 1.1

*1, excluding operations sold in Portugal*

*The network is comprised of 380 shops compared with 450 shops at 30 September 2013 (excluding Portugal)*

## Operating income from indirect distribution

€ millions	First half 2014 – 2015 <sup>1</sup>	First half 2013 – 2014 <sup>1</sup>
Revenue	27.7	50.3
Gross margin <sup>1</sup>	10.5	7.3
% gross margin	37.9%	14.5%
Operating income	1.3	- 1.9

*1. Excluding operations sold in England*

€ millions	First half 2014 – 2015	First half 2013 – 2014
<b>Cash flow from operations</b>	- 2.7	- 0.3
Change in operating net assets and liabilities before effect of acquisitions (WCR)	1.3	- 3.7
Cash flow from discontinued operations	4.8	0.0
<b>Cash flow from operating activities</b>	<b>3.4</b>	<b>- 4.0</b>
Investment flows before acquisitions/disposals of subsidiaries	- 0.2	- 0.6
<b>Free cash flow from operating activities</b>	<b>3.2</b>	<b>- 4.6</b>
<b>Cash flows linked to the financing operations</b>	<b>- 1.6</b>	<b>- 2.8</b>
Impact of exchange rate fluctuations on cash position	0.4	0.1
<b>Cash variation</b>	<b>2.1</b>	<b>- 7.2</b>
<b>Opening cash position</b>	<b>15.3</b>	<b>22.6</b>
<b>Closing cash position</b>	<b>17.4</b>	<b>15.3</b>

€ millions	30 September 2014	31 March 2014
<b>Non-current assets</b>	<b>19.2</b>	<b>20.4</b>
Goodwill	1.6	1.6
Net intangible fixed assets	10.4	10.4
Net tangible fixed assets	2.9	4.1
Other non-current assets	3.9	3.9
Deferred taxes	0.4	0.3
<b>Current assets</b>	<b>87.9</b>	<b>104.0</b>
Net stocks	26.9	27.6
Net trade receivables	27.5	33.6
Other current assets	15.0	12.3
Assets held for sale	1.1	15.3
Cash and cash equivalents	17.4	15.3
<b>Net assets of discontinued operations</b>	<b>1.4</b>	<b>0.8</b>
<b>Total assets</b>	<b>108.5</b>	<b>125.2</b>

€ millions	30 September 2014	31 March 2014
<b>Shareholders' equity</b>	<b>13.2</b>	<b>14.6</b>
<b>Non-current liabilities</b>	<b>31.7</b>	<b>3.0</b>
Long-term debts - Non-current portion	29.5	0.8
Provisions and other liabilities - Non-current portion	0.8	0.8
Derivative financial instruments - Non-current portion	-	-
Deferred tax liabilities	1.4	1.4
<b>Current liabilities</b>	<b>60.7</b>	<b>106.0</b>
Long-term debts – Current portion	0.8	30.1
Bank overdrafts	5.7	6.8
Provisions - Current portion	6.7	9.5
Suppliers	25.8	27.1
Tax and social security contributions payable	16.3	17.9
Current tax liabilities	0.6	0.6
Other current liabilities	4.8	4.7
Liabilities held for sale	-	9.4
<b>Liabilities from discontinued operations</b>	<b>2.9</b>	<b>1.6</b>
<b>Total Liabilities</b>	<b>108.5</b>	<b>125.2</b>

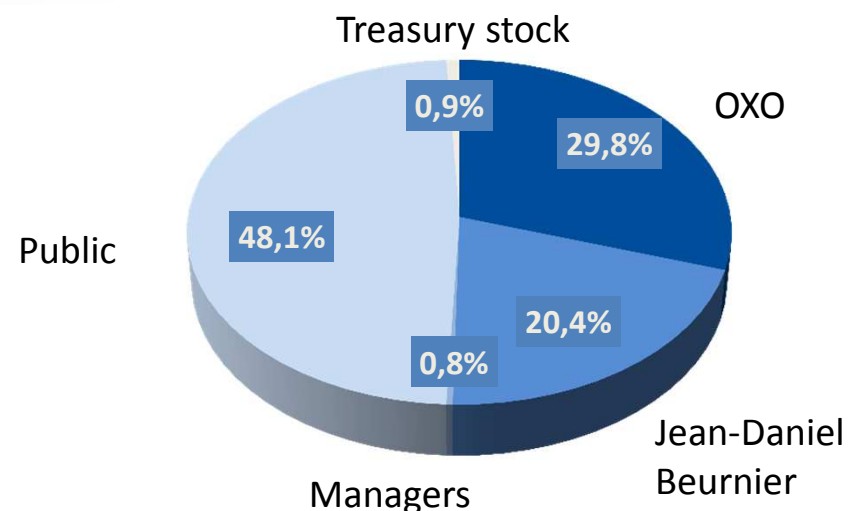
## Schedule 2014 – 2015<sup>1</sup>

Third quarter 2014-2015 revenue	5 February 2015
Full year 2014-15 revenue	13 May 2015
Full-year 2014-2015 results	18 June 2015

## Market data as at 27 November 2014

Listing market	Euronext Paris
Code	FR0000066052
Number of shares	93,525,895
Capitalisation (€m)	21

## Shareholding as at 30 Sept. 2014



## Investors' Contact

**Agnès Tixier**

+33 (0)4 88 00 63 21

atixier@avenir-telecom.fr

1. As a general rule, press releases will be circulated after the market closes

- **Products:** mobile handsets sold without a subscription, multimedia and mobile accessories, connected devices, electronic cigarettes and refills
- **Services:** prepaid and postpaid subscription sales (including the subsidised mobile handset), whether or not subsidised by the operators, insurance and related services
- **Indirect distribution:** professional distribution through customers in mass distribution (food superstores, specialist superstores), independent specialist resellers, affiliates and telecom operators
- **Direct distribution:** distribution to the general public through the Group's own store networks and through Internet sites
- **Signed contracts:** contracts signed on behalf of telecom operators which are partners of the Avenir Telecom Group
- **Multimedia equipment:** products other than mobile phones, smartphones, i.e. IT equipment, e-books, MP3 players, tablets, printers, etc...
- **CPL adaptor:** enables electrical appliances only (for instance, TV and broadband unit) to be connected using the domestic electricity network, without cabling



- 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 17 July 2014. 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.