

First half 2014–2015 Results

- Growth of 5.7% in new business lines
- Change in the business scope continued with the sale of the business in Portugal and in England
- Cash flow of EUR 3.4 million generated by positive operational activities

Marseilles, 27 November 2014. Avenir Telecom has held a Board of Directors' meeting on 27 November 2014, during which semestrial consolidated figures have been approved. The Auditors' limited review is achieved.

The Avenir Telecom Group, a key designer and distributor of mobile telephones, accessories and connected devices, reported an operational loss of EUR 0.6 million for the first half of its financial year 2014–2015 (period from 1 April 2014 to 30 September 2014).

The Group generated a gross margin of EUR 37.1 million during the first half of 2014 – 2015 on the scope of the businesses carried on. The gross margin on revenue substantially increased from 26.6% in the first half-year 2013 – 2014 to 39.8% in the first half-year 2014 – 2015 as a result of sustained growth in accessories and connected devices under its own brand and under licence, on the one hand, a change in the business scope and, on the other hand, the termination of the sale of subscriptions on behalf of operators in indirect distribution.

Following on the preceding financial years, during the first half-year 2014 – 2015, the Group continued to carry out its cost-saving plan by reducing its operating charges by more than EUR 4.5 million.

| (in millions of euros) | First half 2014–2015 | First half 2013–2014 |
|---|-------------------------|-------------------------|
| Revenues | 93.1 | 131.4 |
| Gross profit | 37.1 | 39.8 |
| <i>In % of Revenue</i> | 39.8% | 26.6% |
| Operating income from the businesses carried on | - 0.6 | - 3.0 |
| Net income from the businesses carried on | - 2.5 | - 4.4 |
| Net income from the businesses abandoned | 0.6 | 1.5 |
| Net income | - 1.9 | - 2.9 |

Direct distribution: limited decline in the operating profitability thanks to the business resisting well

| (in millions of euros) | First half 2014–2015 | First half 2013–2014 |
|------------------------|-------------------------|-------------------------|
| Revenues | 65.4 | 81.1 |
| Gross profit | 26.6 | 32.5 |
| <i>In % of Revenue</i> | 40.7% | 40.1% |
| Operating profit | - 1.9 | - 1.1 |

In a still very difficult market environment, Avenir Telecom managed to a large degree to compensate for the pressure on its gross margin by savings in operating costs and by actively managing the locations of its network of shops. The network is comprised of 380 shops compared with 450 shops on 30 September 2013 (excluding Portugal).

The rate of gross margin exceeding 40% slightly improved due to the effect of a positive product mix.

The Group continued its strategy of restructuring its network of shops in France and in Spain to devote itself to its new businesses.

Indirect distribution: retaining operational equilibrium thanks to new businesses and halting the sale of subscriptions on behalf of operators.

| (in millions of euros) | First half 2014–2015 | First half 2013–2014 |
|------------------------|-------------------------|-------------------------|
| Revenues | 27.7 | 50.3 |
| Gross profit | 10.5 | 7.3 |
| <i>In % of Revenue</i> | 37.9% | 14.5% |
| Operating profit | 1.3 | - 1.9 |

The change in its product mix marked by the sustained growth of accessories and connected devices and halting sales of subscriptions on behalf of operators made it possible to achieve a gross margin on indirect distribution of 37.9% in the first half-year 2014 – 2015.

Despite the pressure on revenue, the Group consequently managed to maintain an operational equilibrium on indirect distribution by means of strictly controlling costs.

Positive operating cash flow of EUR 3.4 million

The cash flow from the businesses carried on of EUR -2.7 million is offset by the variation in positive working capital requirements of EUR 1.3 million generated by a strict management of customer balance collections and by the income from the sale of the business in Portugal and England for EUR 4.8 million.

The net debt of the Avenir Telecom Group came to EUR 18.6 million at 30 September 2014 compare with EUR 20.9 million at 30 September 2013. The cash available (cash – bank overdrafts) is EUR 11.7 million.

Avenir Telecom is pursuing its offensive strategy in the distribution of alternative mobile telephones and accessories with high added value.

On the alternative Smartphone market, the Group is strengthening its portfolio of mobile telephones with the American manufacturer YEZZ by extending the range to Windows Phones and the worldwide launch of smartphones hardened under the brand Energizer Hard Case.

In a connected devices market, which should reach 80 billion units worldwide by 2020 compared with 16 billion today, the Group is continuing its development by:

- The commercial development of the BeeWi brand with the worldwide distribution of the Smarthome products on the market of innovative products with high technology content;
- The extension of the partnership contract with Energizer to include the marketing of memory media under the Energizer brand;
- The signing of a distribution agreement for hard case accessories under the Energizer Hard Case brand (casings, screen protections, etc.) for the second half-year of 2015.

About Avenir Telecom

With revenues of EUR 285 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 leading European distributors of mobile telephony products and services. Avenir Telecom Group in particular distributes smartphones under the licensed YEZZ brand, a comprehensive range of accessories under the licensed Energizer brand and designs and distributes connected devices under its own brand Beewi. The Avenir Telecom Group, which employs almost 2,000 people, is established in 40 countries and generates almost half its sales internationally.

Avenir Telecom is listed on the 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.

► **Upcoming publications¹**

| Event | Date |
|----------------------------------|-----------------|
| Third quarter 2014–2015 revenues | 5 February 2015 |
| Full year 2014–2015 revenues | 13 May 2015 |
| Full year 2014–2015 results | 18 June 2015 |

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.

► **Press and investor contacts**

Agnès Tixier
Financial Director

Tel.: +33 4 88 00 63 21
Fax: +33 4 88 00 60 30
E-mail: atixier@avenir-telecom.fr

All our financial information is available at <http://corporate.avenir-telecom.com>

Press release