# First Half 2013 Results

Madrid, July 31st, 2013

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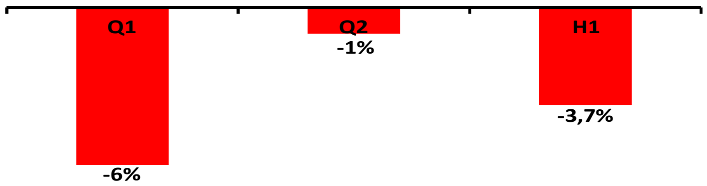
# 1. Q2 Profit & Loss Account and key highlights

| CONSOLIDATED P&L ACCOUNT | | | | |
|---|---|---|---|---|
| *thousand €* | Q2 2013 | Q2 2012 | Var% | Var. th € |
| Net turnover | 278,127 | 284,263 | -2,2% | |
| Other revenue | 4,921 | 2,174 | 126,4% | |
| Total Revenue | 283,048 | 286,437 | -1,2% | -3,389 |
| Purchases | -236,604 | -239,139 | -1,1% | |
| Gross Margin | 46,444 | 47,298 | -1,8% | -0,854 |
| Personnel expenses | -18,668 | -19,613 | -4,8% | |
| Other operating expenses | -17,181 | -15,931 | 7,8% | |
| Provisions | 0,000 | -0,200 | -100,0% | |
| EBITDA | 10,595 | 11,554 | -8,3% | -0,959 |
| Depreciation (tangible assets) | -2,067 | -1,877 | 10,1% | |
| EBITA | 8,528 | 9,677 | -11,9% | -1,149 |
| Amortisation (PPA) | -1,022 | -1,022 | 0,0% | |
| EBIT | 7,506 | 8,655 | -13,3% | -1,149 |
| Financial result | -3,972 | -4,143 | -4,1% | |
| Associates | 0,000 | 0,000 | - | |
| Other profit/losses | 0,097 | -0,451 | -121,5% | |
| Profit before taxes | 3,631 | 4,061 | -10,6% | -0,430 |
| Taxes | -1,425 | -1,823 | -21,9% | |
| Net Profit | 2,207 | 2,238 | -1,4% | -0,031 |
| *Gross Margin / Total Revenue* | *16,4%* | *16,5%* | | |
| *EBITDA / Total Revenue* | *3,7%* | *4,0%* | | |
| *Effective Tax Rate* | *-39,2%* | *-44,9%* | | |
| *Net Profit / Total Revenue* | *0,8%* | *0,8%* | | |

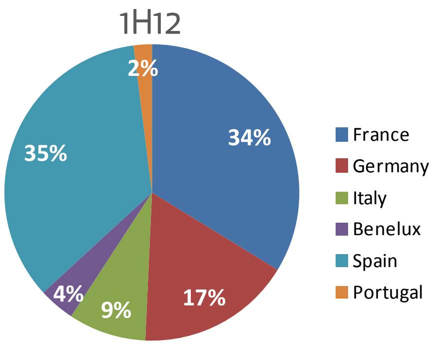
- Moderate revenue decline of -1% vs. Q2 LY, showing a clear improvement from Q1 which stood at -6% vs. previous year.
- EBITDA -8% vs. LY linked to drop in sales .
- Strong reduction of working capital of -19m€ vs. Q1 has helped to reduce debt by -16m€, bringing financial result down by -4%.
- Improved tax rate from LY.
- Net profit flat vs. last year, showing a major improvement from Q1 at -29% .
- Overall, despite the current weak economical and market environment, Q2 shows a positive trend vs. Q1.

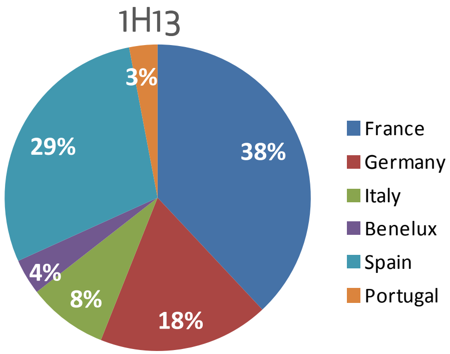
# 2. Product Sales by Country and Customer Segment

## Sales vs. Last Year

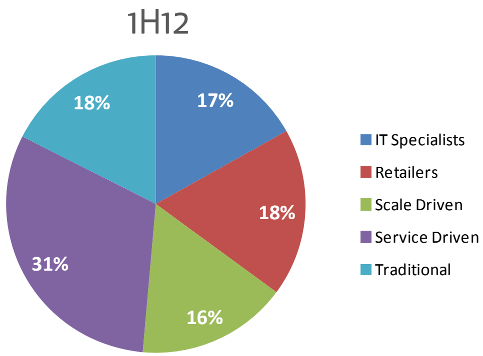


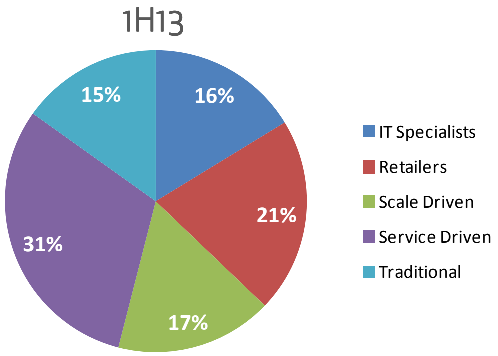

## Product Sales by country




## Product Sales by customer segment




- Q2 with a drop in sales of -1% shows a considerable improvement from Q1, where the gap vs. a very strong last year was -6%.

- Disappointing sales in Spain, still very impacted by the overall market decline in consumption. Strong growth plans in place to counter act market and competition:
  - Marketing plans
  - Promotions
  - Customer reactivation

- Very strong performance in France, showing +8% growth vs. LY, thanks to a very good performance of our integrated customer base: Calipage, Plein Ciel and Buro+.

- Traditional customers continue to struggle, while Retailers and Scale-Driven continue to grow their share, having this a direct impact in product mix and profitability.

# 3. H1 Consolidated Profit & Loss Account and key highlights

| CONSOLIDATED PROFIT AND LOSS ACCOUNT | | | | |
|---|---|---|---|---|
| *thousand €* | 1H13 | 1H12 | Var% | Var. th € |
| Net turnover | 569,384 | 594,093 | -4,2% | |
| Other revenue | 7,674 | 5,398 | 42,2% | |
| **Total Revenue** | **577,058** | **599,491** | **-3,7%** | **-22,433** |
| Purchases | -469,320 | -486,968 | 3,6% | |
| Personnel expenses | -39,486 | -42,730 | 7,6% | |
| Other operating expenses | -44,173 | -42,840 | -3,1% | |
| **EBITDA** | **24,079** | **26,953** | **-10,7%** | **-2,874** |
| Depreciation (tangible assets) | -4,146 | -3,843 | -7,9% | |
| **EBITA** | **19,933** | **23,110** | **-13,7%** | **-3,177** |
| Amortisation (PPA) | -2,043 | -2,043 | - | |
| **EBIT** | **17,890** | **21,067** | **-15,1%** | **-3,177** |
| Financial result | -8,213 | -7,753 | -5,9% | |
| - financial expenses | -8,615 | -8,213 | -4,9% | |
| - financial income | 0,402 | 0,460 | -12,6% | |
| Associates | 0,000 | -0,021 | 100,0% | |
| Other profit/losses | 0,014 | 0,127 | -89,0% | |
| **Profit before taxes** | **9,691** | **13,420** | **-27,8%** | **-3,729** |
| Taxes | -2,984 | -4,866 | 38,7% | |
| **Net Profit** | **6,707** | **8,554** | **-21,6%** | **-1,847** |
| Profit (Loss) after tax discont. Op. | 0,000 | 0,000 | - | |
| Minorities | -0,004 | -0,006 | 33,3% | |
| **Net Profit after minorities** | **6,703** | **8,548** | **-21,6%** | **-1,845** |
| Amortisation PPA | 1,430 | 1,430 | - | |
| Exceptional items | 0,000 | 0,000 | - | |
| **Net Profit adjusted *** | **8,133** | **9,978** | **-18,5%** | **-1,845** |
| *Gross Margin / Total Revenue* | *18,7%* | *18,8%* | | |
| *EBITDA / Total Revenue* | *4,2%* | *4,5%* | | |
| *Effective Tax Rate* | *30,8%* | *36,3%* | | |

* Adjusted by amortisation of PPA

- Despite stronger Q2, H1 still shows a negative trend in sales vs. last year of -4%, very much driven by Spain and some one-offs in Q1 last year.
- H2 2013 vs. H2 2012 should be easier, as sales weakened throughout last year.
- Operating expenses starting to show the impact of integration synergies at -3% vs. LY.
- EBITDA gap due to sales drop, mainly in Q1.
- Financial result still above last year by 6% due to higher debt levels in Q1. H2 should consolidate the reduction shown in Q2.
- Improved tax rate from LY at 30,8%.
- Net profit still showing Q1 gap vs. last year. as a consequence of the drop in sales.

*Figures in € thousand.*

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# 4. Consolidated Balance Sheet

CONSOLIDATED BALANCE SHEET

| *thousand €* | June-2013 | Mar-13 | Dec-12 |
|---|---|---|---|
| **Non-current assets** | **254,466** | **254,940** | **251,873** |
| Property, plant and equipment | 69,014 | 71,503 | 71,230 |
| Other tangible assets | 3,707 | 3,736 | 3,765 |
| Intangible assets | 167,871 | 167,902 | 166,287 |
| Other non-current assets | 13,874 | 11,800 | 10,591 |
| **Current assets** | **319,627** | **388,858** | **382,072** |
| Inventory | 162,661 | 177,756 | 169,809 |
| Trade and other receivables | 84,942 | 134,636 | 110,834 |
| Short term investments | 17,984 | 27,525 | 18,492 |
| Cash and Cash equivalents | 51,660 | 47,768 | 82,023 |
| Other current assets | 2,380 | 1,173 | 0,914 |
| TOTAL ASSETS | 574,093 | 643,798 | 633,945 |

| *thousand €* | June-2013 | Mar-13 | Dec-12 |
|---|---|---|---|
| **Equity** | **174,687** | **172,175** | **169,309** |
| Share capital and reserves | 174,612 | 173,339 | 170,476 |
| Minority interest and other | 0,075 | -1,164 | -1,167 |
| **Non-current liabilities** | **115,442** | **119,730** | **129,678** |
| Bank borrowings | 87,276 | 88,068 | 102,463 |
| Provisions and other non-current liabilities | 28,166 | 31,662 | 27,215 |
| **Current liabilities** | **283,964** | **351,893** | **334,958** |
| Trade payables | 154,253 | 202,731 | 212,281 |
| Income tax payable | 4,950 | 8,282 | 5,786 |
| Bank borrowings | 98,078 | 118,937 | 103,146 |
| Other current liabilities | 26,683 | 21,943 | 13,745 |
| **Total liabilities** | **399,406** | **471,623** | **464,636** |
| TOTAL EQUITY AND LIABILITIES | 574,093 | 643,798 | 633,945 |

**Net improvement in Working Capital (€19.8mn in 2Q13 vs. 1Q13)**

- Substantial reduction of Inventory levels of –15m€ Vs. Q1 2013, although overall level still remains above plan and last year. Actions in place to continue current positive trend in H2.
- Very good performance of Accounts Receivable, specially in the reduction of the overdue.
- Payable reduction will be offset during the balance of the year.

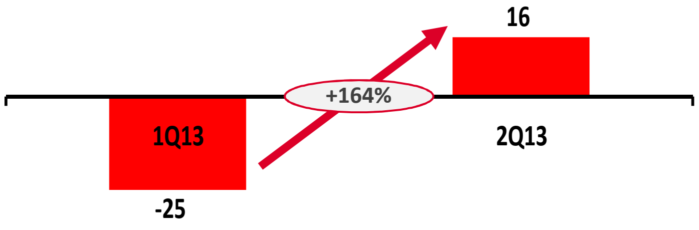
*Figures in € thousand.*

# 5. Consolidated Cash-Flow

QUARTERLY NET FINANCIAL DEBT & CASH-FLOW STATEMENT

| *In Thousand Eur* | June-13 | 2Q13 | 1Q13 |
|---|---|---|---|
| **Net Debt at Period N-1** | 105,094 | 131,712 | 105,094 |
| **EBIT** | 17,890 | 7,506 | 10,384 |
| D&A | 6,189 | 3,089 | 3,100 |
| Net interest | -7,413 | -2,772 | -4,641 |
| Taxes | -3,820 | -6,642 | 2,822 |
| Provisions and other non cash Items | -3,283 | -2,074 | -1,209 |
| Uses of provisions | | | |
| Change in WRC post factoring | -13,516 | 19,844 | -33,360 |
| **Operating cash flow** | -3,953 | 18,951 | -22,904 |
| CAPEX | -4,963 | -2,949 | -2,014 |
| **FCF pre acquisitions** | -8,916 | 16,002 | -24,918 |
| Acquisitions/Divestments | | | |
| **Free Cash Flow** | -8,916 | 16,002 | -24,918 |
| Dividends | -1,700 | 0,000 | -1,700 |
| **Net debt (balance sheet) at Period N** | 115,710 | 115,710 | 131,712 |
| **Change in NFD** | -10,616 | 16,002 | -26,618 |

## Free Cash-Flow




*Figures in € million.*

- Strong recovery of cash during 2Q13. Positive change in Working Capital has allowed us to generate cash of 16m€.
- Capex remains stable and in line with our expectations (5m€ as of 1H13).

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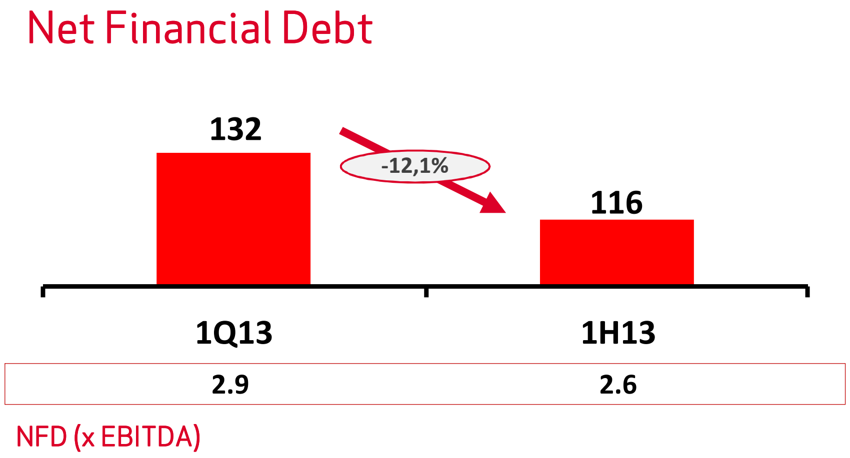
# 6. Financial Leverage




| **Financial Leverage,** *in € thousand* | **Jun-13** | **Mar-13** |
|---|---|---|
| Bank borrowings | 185,354 | 207,005 |
| Cash and Cash equivalents + s/t Fin. Investments | 69,644 | 75,293 |
| **Net Financial Debt** | **115,710** | **131,712** |

- Good performance vs. 1Q13 due to efforts made in Working Capital needs pre-factoring.
- Utilization of factoring without recourse at same levels of 1Q13.

*Figures in € million.*

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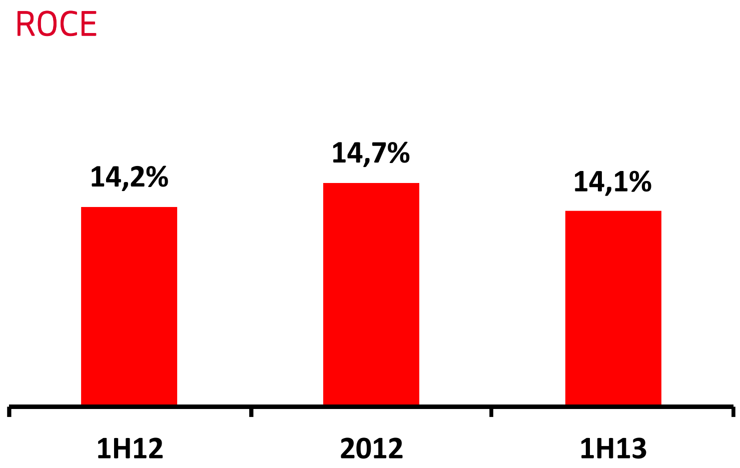
# 7. ROCE




- Stability in ROCE during 1H13 in comparison with the same period last year, considering seasonal effects. Expected improvement in 2H13.

ROCE (calculated as EBITA/ [Average Capital Employed]) stands at **14.1%** vs. 14.2% in 1H12

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# 8. Key take-aways

- Economy and market remains weak, although ADVEO sales trend is improving vs. last year. Year-on-year comparison should continue to improve in the remainder of current year.
- Spain remains our main challenge, partially offset by an excellent performance in France.
- All expenses showing a positive trend as synergies kick in and more focus is put on working capital reduction.
- Strong cash generation in Q2 that should consolidate in the second half of the year.
- Debt is down from Q1 and should continue to evolve positively in consecutive quarters.

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