CFAO

distributor of brands

PRESS RELEASE

Sèvres, July 25, 2013

2013 Second-quarter Revenue
2013 Interim Results

- **Revenue up 4.8% in the first-half and 2.3% in the second quarter**
- **Recurring operating income of €136.1 million, representing 7.5% of sales**
- **Attributable net income of €54.6 million**

In a statement, Alain Viry, Chairman of CFAO's Management Board said:

"CFAO posted 4.8% growth in the first half of 2013, and an EBIT margin of 7.5%, with strong performances by Eurapharma and the Industries, Equipment & Services division.
The environment was more challenging for Automotive, particularly in Algeria where, after two years of exceptional sales, the division's sales volumes in the country are decreasing, with a significant impact on growth for the Group as a whole.
As regards to our relationship with OEMs, I am confident about our ability to convince new or alternative partners of our unique know-how and to continue developing our multi-brand strategy in Africa, some positive negotiation being currently ongoing
Our growth strategy in the retail sector has now been launched, marked in particular by our partnership with Carrefour. I am convinced that it will ultimately offer very attractive prospects for the Group."

1. 2013 first-half and second-quarter revenue

Throughout this press release, "like-for-like" changes correspond to changes observed on a constant Group structure and exchange rate basis.

Changes in Group structure in the first half of 2013 resulted mainly from recent acquisitions by Eurapharma, including Missionpharma (Denmark) and Assene Laborex (Nigeria). These changes had a positive impact on revenue in both the second quarter and first half of the year, of €39.2 million and €60.8 million, respectively.

Exchange rate fluctuations had a negative €9.2 million impact on the translation of revenue into euros in the second quarter and a negative €15.5 million impact in the first half.

	Second-quarter				First-half			
	2012 (in €m)	2013 (in €m)	Change (reported)	Change (like-for-like)	2012 (in €m)	2013 (in €m)	Change (reported)	Change (like-for-like)
CFAO Automotive	569.9	524.2	-8.0%	-7.0%	1,079.3	1,052.2	-2.5%	-1.6%
Eurapharma	231.8	288.0	+24.2%	+7.7%	460.2	549.3	+19.4%	+6.6%
CFAO Industries, Equipment & Services	106.9	117.4	+9.8%	+9.0%	203.6	225.1	+10.6%	+10.3%
Group total	**908.7**	**929.5**	**+2.3%**	**-1.0%**	**1,743.1**	**1,826.7**	**+4.8%**	**+2.1%**

CFAO's second-quarter revenue was up 2.3% compared to the same period in 2012, but down 1.0% on a like-for-like basis, impacted by the downbeat performance of the Automotive division in Algeria. For the first half as a whole, CFAO sales increased by 4.8%.

In the first half of 2013, **CFAO Automotive's** revenue fell 2.5% to €1,052.2 million. Business was particularly sluggish in Algeria, with strong competition from French automakers. After two years of exceptionally strong growth, volumes were down 27% in the country. The impact of price increases and a favorable product mix limited the fall in sales in the country to 11.5%. Nevertheless, the impact on the performance of the division as a whole is significant. In French-speaking Sub-Saharan Africa, the division's sales growth reached 6.6%. While sales remained vigorous in Senegal, Cameroon and the Democratic Republic of the Congo, business was slow in Côte d'Ivoire. English-speaking Sub-Saharan Africa reported a 1.5% decrease in sales, with Nigeria delivering another downbeat performance and Zambia and Tanzania reporting disappointing revenue figures. On the other hand, subsidiaries in Kenya and Ghana delivered a strong first-half performance. Lastly, in the French overseas territories, sales edged up 2.2% in stable markets.

Eurapharma's pharmaceutical products distribution business reported sustained revenue growth in first-half 2013, strongly impacted by the contribution of Missionpharma and Assene Laborex. On a like-for-like basis, growth reached 6.6%. Sales in French-speaking Africa were up 7.3% driven by strong performances in the Congo, Gabon and Mali. The French overseas territories enjoyed growth of 6.3% in the first half of the year after a stronger second quarter. Lastly, the pre-wholesale business in Algeria was particularly brisk during the period.

Revenue for the **CFAO Industries, Equipment & Services** division came in at €225.1 million in first-half 2013, up 10.6% on the same prior-year period and 10.3% like-for-like. CFAO Industries sales (beverages and plastic products) climbed 5.8% driven, in particular, by plastic product sales. CFAO Equipment and Rental services posted growth of 24.4% and 11.9%, respectively. After a poor performance in the first quarter, **CFAO Technologies** sales recovered and the division recorded a 6.4% increase in revenue for the first six months of the year.

2. First-half 2013 financial and operating performance

(in € millions)	First-half 2012	First-half 2013	Change
Revenue	**1,743.1**	**1,826.7**	**+4.8%**
Cost of sales	(1,354.3)	(1,423.2))	+5.1%
Gross profit	**388.8**	**403.6**	**+3.8%**
as a % of revenue	*22.3%*	*22.1%*	-0.2pt
Payroll expenses	(122.5)	(134.7)	+10.0%
Other recurring operating income and expenses	(121.4)	(132.7)	+9.3%
Recurring operating income	**144.9**	**136.1**	**-6.1%**
as a % of revenue	*8.3%*	*7.5%*	*-0.8pt*
Other non-recurring operating income and expenses	1.4	(0.2)	**-**
Operating income	**146.4**	**135.9**	**-7.1%**
as a % of revenue	*8.4%*	*7.4%*	*-1.0pt*
EBITDA	**171.8**	**166.0**	**-3.4%**
as a % of revenue	*9.9%*	*9.1%*	*-0.8pt*
Finance costs, net	(18.8)	(18.2)	-2.8%
Income before tax	**127.6**	**117.7**	**-7.8%**
Income tax	(37.5)	(40.7)	+8.7%
Overall effective tax rate	*29.4%*	*34.6%*	*+5.2pts*
Share in earnings of associates	0.6	0.5	-16.0%
Net income of consolidated companies	**90.8**	**77.5**	**-14.6%**
Net income attributable to non-controlling interests	27.3	22.9	-16.1%
Net income attributable to owners of the parent	**63.5**	**54.6**	**-14.0%**
Earnings per share (in €)	1.03	0.89	-14.0%

The Group's **revenue** for the first half of 2013 came in 4.8% higher than in first-half 2012 at €1,826.7 million versus €1,743.1 million.
As stated above, changes in Group structure had a positive impact of €60.8 million and fluctuations in exchange rates had a negative impact of €15.5 million on first-half revenue.

On a like-for-like basis, revenue advanced 2.1%.

Gross profit came in at €403.6 million in the six months to June 30, 2013, up 3.8% year on year. Gross profit margin stood at 22.1%, representing a slight decrease on the previous year (22.3% in first-half 2012). Gross profit margin rose for Eurapharma and edged down slightly for the Automotive division due to lower profitability in the Maghreb.

Payroll expenses climbed 10.0% to €134.7 million for the first half of the year compared with €122.5 million in first-half 2012. This increase mainly reflects the strong growth of Eurapharma and the ramp-up of the CFAO Equipment and Rental services businesses. These expenses represent 7.3% of revenue for the first half of 2013, compared with 7.0% in first-half 2012.

Other recurring operating income and expenses moved up 9.3% to a net expense of €132.7 million in first-half 2013, versus €121.4 million for the same period in 2012. As a percentage of revenue, these expenses increased slightly year on year from 7.0% to 7.3%.

As a result of the above factors, **recurring operating income** was down 6.1% at €136.1 million, representing a recurring operating profit margin of 7.5%, down 0.8 points on the previous year.

The table below provides a breakdown of **recurring operating income by division**:

	First-half 2012		**First-half 2013**	
	(in € millions)	**as a % of revenue**	**(in € millions)**	**as a % of revenue**
CFAO Automotive	86.0	8.0%	70.3	6.7%
Eurapharma	39.8	8.7%	45.7	8.3%
CFAO Industries, Equipment & Services	35.1	17.2%	38.0	16.9%
CFAO Holding	(16.0)	-	(17.8)	-
Total	**144.9**	**8.3%**	**136.1**	**7.5%**

The recurring operating profit margin for the Automotive division fell 1.3 points to 6.7%. This can be attributed to lower volumes, an unfavorable EUR/JPY exchange rate, and poor profitability in the Maghreb countries during the first half of 2013.

Eurapharma's recurring operating profit margin remained high at 8.3%.

Lastly, recurring operating income for the Industries, Equipment & Services division was down slightly due to the combined effect of strong growth of Equipment and Rental services and a lower margin.

CFAO ended the first half of 2013 with **operating income** of €135.9 million (7.4% of revenue), down 7.1% and 1.0 point on first-half 2012.

EBITDA (corresponding to recurring operating income before net charges to depreciation, amortization and provisions on non-current operating assets) totaled €166.0 million, down 3.4% compared to first-half 2012 and representing 9.1% of revenue.

Net finance costs dipped slightly to €18.2 million, compared to €18.8 million in the first-half 2012. The cost of net debt rose €1.1 million during the first half of 2013 to €17.2 million, reflecting a significant increase in average debt during the period. This increase is mainly due to the working capital requirement.

The **overall effective tax rate** was 34.6% for the period, compared with 29.4% in first-half 2012. This increase is partly attributable to the use in 2012 of a tax loss carry-forward.

The **Group's share in earnings of associates** totaled €0.5 million in the first half of 2013, versus €0.6 million in the comparable prior-year period.

Net income attributable to non-controlling interests decreased by 16.1% to €22.9 million (29.5% of consolidated net income). This mainly reflects the decrease in earnings related to third-party partnerships in the Automotive business in the Maghreb.

Consequently, **net income attributable to owners of the parent** came in at €54.6 million in first-half 2013, down 14.0% from €63.5 million in the same period of 2012.

Earnings per share amounted to €0.89, versus €1.03 in first-half 2012.

3. Cash flow and financial position

Consolidated statement of financial position (condensed)

(in € millions)	**June 30, 2012**	**Dec. 31, 2012**	**June 30, 2013**
Intangible assets	185.7	231.4	230.9
Property, plant and equipment	335.0	365.9	371.5
Working capital requirement	495.8	572.1	719.7
Other assets and liabilities	25.8	26.5	30.9
Capital employed	**1,042.3**	**1,195.9**	**1,353.0**
Total equity (*)	**752.6**	**818.9**	**812.8**
Net debt	**289.7**	**377.0**	**540.2**

(*) including equity attributable to non-controlling interests

Consolidated statement of cash flows (condensed)

(in € millions)	**First-half 2012**	**First-half 2013**
Cash flow from operating activities before tax, dividends and interest	176.0	170.4
as a % of revenue	*10.1%*	*9.3%*
Change in working capital requirement	(102.5)	(148.4)
Income tax paid	(42.2)	(55.0)
Operating capital expenditure, net	(32.3)	(35.2)
Free operating cash flow	**(1.0)**	**(68.3)**

Free operating cash flow was held back again in first-half 2013 by changes in **working capital requirement** during the period. The sharp increase observed during the first-half of the year is mainly due to the high level of inventories, as well as the combination of higher receivables and a decrease in payables.

The main **operating capital expenditure** items for the period concerned Brasseries du Congo (€12.8 million), Eurapharma subsidiaries (€4.9 million) and the renovation and construction of new showrooms for the Automotive business (€7.4 million).

As of June 30, 2013, **net debt** totaled €540.2 million, up €163.2 million on end-2012. The main items impacting net debt during the period included the change in working capital requirement and the payment of a €0.90 dividend per share to CFAO shareholders on June 24, 2013, corresponding to a total payout of €55.4 million.

The **gearing ratio** stood at 0.66 at end of June 2013 compared with 0.46 at end of December 2012.

The **net debt/EBITDA ratio (*)** came in at 1.63 versus 1.09 at end-December 2012.

As of June 30, 2013, €150 million had been drawn down on the €300 million syndicated credit facility set up in 2009. None of the financial covenants relating to this facility had been breached at that date and CFAO considers it unlikely that they will be breached at end-December 2013.

(*) calculated on the basis of two times the EBITDA of the first semester

4. Significant events during the first six months of 2013

- CFAO has launched an ambitious **growth strategy in the retail sector** in Sub-Saharan Africa (shopping centers, hypermarkets, supermarkets). This is CFAO's first major strategic decision with the active support of TTC, its new majority shareholder. An agreement between CFAO and Carrefour, signed at the end of May 2013, to grow the brand in eight West and Central African countries (Cameroon, Congo, Côte d'Ivoire, the Democratic Republic of the Congo, Gabon, Ghana, Nigeria, and Senegal) constitutes the cornerstone of CFAO's broader project to develop a network of shopping centers adapted to the needs of African consumers and centered around a food retail hub.

- In May, CFAO signed an exclusive seven-year **distribution agreement for Nigeria with Pernod Ricard**, joint global leader in the Wines & Spirits sector. Boasting 160 million inhabitants, Nigeria is the most populous country in Africa, posting high growth in consumer demands. The Pernod Ricard range will initially be distributed in a certain number of key cities, before being extended to the entire territory. This agreement will drive a new stage of CFAO's development in the African consumer goods sector, and the Group is currently in active discussions with several international brands in the FMCG (*Fast Moving Consumer Goods*) sector in order to enter into new distribution partnerships.

- Two CFAO Automotive partners including **the Renault Nissan group** have officially informed CFAO of their decision not to renew certain distribution contracts, citing TTC's takeover of CFAO in late 2012. Depending on the country and the brand, this will take effect gradually from 2014 onwards. Revenue generated in 2012 from sales of vehicles under agreements that have been cancelled or not renewed as of this date represents approximately 6% of CFAO's total revenue and 4% of total gross margin. In the meantime, CFAO successfully re-initiated two new distribution agreements with an automaker which initially terminated them.

5. Outlook

For the Group as a whole, and considering business trends since the beginning of the year, CFAO doesn't wish to confirm any longer for 2013 the indications resulting from the medium-term objectives announced during the IPO at the end of 2009 and regularly followed in the 2010, 2011 and 2012 Reference Documents (Chapter 12 Trend information and objectives), i.e. a growth of 5.4% and a recurring operating margin of around 8.0%.

As regards to the back half of the year, the following indications can be provided:

In the **Automotive** division, CFAO has reasserted its commitment to a multi-brand distribution strategy and its determination to pursue the expansion of CFAO Automotive, notably in Eastern Africa. For that purpose, the Group is examining potential new partnerships in these regions, as well as new acquisitions in Africa.
More favorable exchange rates for the yen, which continues to be CFAO Automotive's main purchasing currency, might positively impact the division's gross profit in the second half of 2013.

Eurapharma's growth trend in first-half 2013 is set to continue throughout the rest of the year, with the continued integration of its recent acquisitions.

Within the **CFAO Industries, Equipment & Services** division, the Group expects all businesses to maintain a steady pace of growth in the second half of the year.

The financial statements for the six months ended June 30, 2013 were approved by CFAO's Management Board on July 17, 2013 and were examined by its Supervisory Board on July 24, 2013. They were subject to a review by the Statutory Auditors.

An interim financial report, comprising the condensed interim consolidated financial statements, has been published on the same date as this press release in accordance with applicable regulations. This report can be viewed on www.cfaogroup.com.

About CFAO

CFAO is the foremost specialized retail brand in its main business areas – vehicle and pharmaceuticals distribution – in Africa and the French overseas territories. In Africa, CFAO also distributes equipment, produces and distributes consumer goods and is a provider of a number of technology-related services. CFAO is present in 37 countries, 32 of which are in Africa and seven in the French overseas territories, and had a headcount of 11,400 at end-2012.

In 2012, CFAO generated consolidated revenue of €3,585 million and recorded recurring operating income of €290.3 million.

CFAO is listed on NYSE Euronext in Paris and is a 97.8%-owned subsidiary of TTC (Japan).
Find CFAO on Bloomberg: CFAO:FP and Reuters: CFAO.PA

To find out more, go to www.cfaogroup.com

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APPENDIX

Revenue trends by geographic area

	Second-quarter				**First-half**			
	2012 (in €m)	2013 (in €m)	Change (reported)	Change (like-for-like)	2012 (in €m)	2013 (in €m)	Change (reported)	Change (like-for-like)
French-speaking Sub-Saharan Africa	336.2	363.0	+8.0%	+8.2%	659.5	713.3	+8.2%	+8.3%
English- and Portuguese-speaking Sub-Saharan Africa	118.6	126.0	+6.2%	-2.6%	242.9	256.0	+5.4%	+2.9%
French Overseas Territories and other	185.8	187.1	+0.7%	+3.4%	355.3	370.1	+4.2%	+3.1%
Maghreb	222.9	185.9	-16.6%	-15.6%	402.1	372.5	-7.4%	-6.7%
Other Europe (*)	45.2	67.6	+49.6%	-11.5%	83.3	114.9	+37.9%	-9.4%
Group total	**908.7**	**929.5**	**+2.3%**	**-1.0%**	**1,743.1**	**1,826.7**	**+4.8%**	**+2.1%**

(*) direct export and Denmark (Missionpharma)