

Marseilles
14th November 2005

Strong growth at operational level: +25%

On 14th November 2005, Avenir Telecom's Board of Directors examined the group's accounts for the 1st quarter of financial year 2005-2006. This is the first time that the accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS).

in M€	09/2005 IFRS	09/2004 IFRS	Change (%)
Consolidated turnover	180.7	150.8	+ 20%
Gross margin	28.3	25.0	+ 13%
<i>Gross margin rate (%)</i>	<i>15.7%</i>	<i>16.6%</i>	
Operational profit (EBIT)	6.6	5.3	+ 25%
<i>Operational margin rate (%)</i>	<i>3.6%</i>	<i>3.5%</i>	
Income tax	-2.8	-1.0	+196%
Net profit from continuing operations after tax	3.6	4.0	- 9%
Net profit from discontinued operations after tax	0.1	0.1	n/a
Net profit	3.7	4.1	- 9%

Sustained increase in turnover

The Group's consolidated turnover is up 20 % on the same quarter last year. This represents a like-for-like increase of 17 %, taken as for a constant exchange rate.

Over this period, *Retail* operations (networks of self-owned and operated stores) have grown by 39 %. Avenir Telecom operates 313 outlets as at 30th September 2005, as compared with 217 as at 30th September 2004. Particularly strong growth has been seen in Spain (+93 %), where the 100th Internity store was opened last week, in Romania (+93 %), particularly with the takeover purchase made in November 2004, and in Belgium (+155 %), where the network of self-owned stores is only a year old. In France, with a stable network of Internity stores, growth of 9 % was seen.

Growth in *Distribution* operations (wholesale to distributors) has increased by 13 % with respect to September 2004. Romania growth of 206 % in a year has been impressive, France has performed excellently (+37 %) and Great Britain's progress continues to be strong (+16 %). In each of these three countries, Avenir Telecom is the market leader in indirect distribution by a significant margin. Sales have gone down in two countries, Belgium (-42 %), where *Distribution* is being reduced, in order to increase *Retail* business, and Poland (-84 %), where the distribution contract with Polkomtel came to an end in July 2005.

Export sales of mobile phones have been fairly stable over the period (-1 %), accounting for 9 % of consolidated sales.

Strong growth at operational level: +25%

Gross margin has improved by 13 % on the same period last year, using the same accounting methods. Under IFRS accounting, gross margin now includes costs of products and services sold and net variation in provisions on current assets (inventories and customers).

The operational profit is up 25 % to 6.6 million euros, giving an operational margin of 3.6 %. Operating expenditure has increased by 10 %. Capitalisation of tax loss accounted for in the previous financial year has caused tax expenditure to almost triple with respect to the same quarter last year. Despite this additional expense, the net profit on continuing operations (after tax) is only down 9 % at 3.6 million euros. Given the very minor impact of discontinued operations, the net profit comes to 3.7 million euros, a net profit margin rate of 2.0 %.

Jean-Daniel BEURNIER, Chairman and CEO of the Avenir Telecom Group, says:

"First quarter results are very positive. The market in Western Europe is fierce, with operators aggressively targeting the Christmas campaign with their 3G offers. Our position as market leader and our partnerships with operators and manufacturers will allow us to have an excellent December."

About Avenir Telecom

Avenir Telecom is one of the main European mobile phone products and services distributors. The Group distributes handsets, subscription deals and accessories directly via its network of 313 self-owned "Internity" stores (Retail) and to hypermarkets and independent dealers (Distribution).

AVENIR TELECOM employs 1,700 staff in 7 countries: France, Belgium, United-Kingdom, Spain, Poland, Romania and Morocco.

Avenir Telecom is quoted Euronext List – compartment B (Euronext Paris). Avenir Telecom's is included in the following indices: CAC All shares, CAC Mid & Small 190, CAC Small 90, IT CAC, Next 150, Next Economy et SBF 250.

Codes: ISIN: FR0000066052 - Reuters: AVOM.LN - Bloomberg: AVT: FP

▶ **Forthcoming publications**

- Consolidated quarterly turnover 7 February 2006
- Consolidated half-yearly income statement 6 March 2006

▶ **Forthcoming events**

Avenir Telecom will be at the Salon Actionaria exhibition at the Palais des Congrès in Paris on 18th and 19th November to meet its private shareholders and investors. Come to meet us on Stand A15.

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