

Marseille, 6 March 2006

STRONG GROWTH IN 2005/2006 INTERIM OPERATING PROFIT UP 27%

(€ millions - IFRS)	2005/06 1 st HY	2004/05 1 st HY	% change
Consolidated sales	395.3	316.4	25%
Gross profit	63.0	54.2	16%
<i>Gross profit margin</i>	16.0%	17.1%	
Operating profit	14.3	11.3	27%
<i>Operating profit margin</i>	3.6%	3.6%	
Net financial expenses	(0.4)	(0.4)	(6%)
Income tax	(6.2)	(1.7)	254%
Net profit from continuing operations	7.8	9.1	(15%)
<i>Net profit margin - continuing operations</i>	2.0%	2.9%	
Net profit	8.0	10.1	(21%)

Dynamic sales growth

Avenir Telecom Group reported 2005-2006 financial year interim consolidated sales of € 395.3 million, up 25% over the € 316.4 million reported for the same period last year, rising 33% on a constant Group structure and exchange rate basis.

The Group's retail business saw its sales jump 39% to € 123 million while its wholesale distribution business saw its sales rise 20% to € 272.4 million during this time, thanks to strong demand for 3G and prepaid offers.

Strong growth in operating profit

Operating profit progressed 27% to € 14.3 million reflecting a good control of net operating expenses, which dropped 1.3 basis points to 12.3% of sales from 13.6% for the 1st half of 2004-2005, thereby enabling the Group to achieve an operating margin of 3.6%.

Retail operations realised a significant 31% increase in gross profit to € 34.9 million, reflecting strengthening performances of stores opened in 2004, with operating profit rising by an outstanding 57% to € 5.1 million.

Wholesale distribution operations posted a 2% increase in gross profit to € 28.2 million and a 15% increase in operating profit to € 9.2 million.

A solid Balance Sheet

Avenir Telecom Group had equity of € 70.0 million at 31 December 2005, incorporating 2005-2006 interim net profit of € 8.0 million, net of a tax charge in France. The Group had total assets of € 356.7 million on that date.

The Group's gearing ratio (net debt to equity) at 31 December 2005 amounted to 60%, compared to 30% at 30 June 2005.

2005-2006 interim cash flow from operations, which reflect the Group's self-financing capability, progressed 26% to € 15.0 million.

2005-2006 interim free cash flow decreased to negative € 22.6 million from negative € 6.5 million for the same period last year, reflecting € 22.6 million in working capital requirements and net capital expenditure financing as well as the € 19.7 million acquisition in Portugal.

In the words of Jean-Daniel BEURNIER, Chairman of Avenir Telecom Group: *"The Group's consolidated results demonstrate our capacity to grow at a faster rate than the market. The 3GSM 2006 in Barcelona showcased high speed mobile and the convergence between mobile telephony and local access network technologies. Consumers have voted for multi-functional terminals and all of their associated multimedia services. In the future, they will make a success of multi-mode quad'play GSM/Wifi/Internet/TV terminals".*

▶ Coming events

- Analyst and institutional information meeting will be held on 7 March at 8:30 am at Hotel Ritz, Place Vendôme, Paris, France.
- A press conference will be organized for industry and financial press on 7 March at 11:45 am at Hotel Ritz, Place Vendôme, Paris, France.

▶ Shareholders' 2005-2006 agenda

- Publication of 2005-2006 3rd Quarter sales 15 May 2006
- Publication of 2005-2006 financial year sales 24 August 2006
- Publication of 2005-2006 financial year results 19 September 2006

About Avenir Telecom

Avenir Telecom is one of Europe's leading distributors of telephony products and services. The Group distributes telephones, subscriptions and accessories directly through its own Internity 400 stores network (Retail) and through supermarket chains and independent retailers (B-to-B Distribution).

Avenir Telecom employs a workforce of 2,000 based in 8 countries: France, Belgium, United Kingdom, Spain, Portugal, Poland, Romania and Morocco.

Shares of the Group's parent company, Avenir Telecom SA, are listed on Euronext List Compartment B of the Euronext Paris Stock Exchange, and are a component of the following indices: CAC All shares, CAC Mid & Small 190, CAC Small 90, IT CAC, Next 150, Next Economy and SBF 250.

ISIN: FR0000066052

Reuters: AVOM.LN

Bloomberg: AVT:FP

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Press release