

Marseille, 11 September 2006

Performances ahead of targets

Sales: + 16%

Operating income: + 48%

€ million	Financial year 2005/06	Financial year 2004/05	Change
Consolidated sales	746.1	640.7	+16%
Gross margin	123.5	103.5	19%
% gross margin	16.6%	16.1%	
Operating income	19.0	12.8	+48%
% operating margin	2.5%	2.0%	
Net financial income	-1.2	-1.2	1%
Pre-tax income from continued activities	17.8	11.6	+53%
Income tax	-6.5	4.6	nc
Net income from continued activities	11.2	16.2	-31%
Net income from abandoned activities	0.8	2.8	-71%
Net income	12.0	19.0	-37%

Another year of sales growth

Sales for Groupe Avenir Telecom over the 2005-2006 financial year come to € 746.1 million, an increase of 21% on a like-for-like basis and at constant currency.

- Performance is particularly remarkable in the direct distribution activity whose 40% growth (€ 253.5 million, i.e. 34% of consolidated sales) is above that of all the Group's sales. Gross margin has moved forward in line with the activity and represents 28.9% of sales, thanks to the dynamic French and Spanish markets.
- Indirect distribution is up 7% to € 492.6 million, with gross margin down by 3% largely due to the change of operator in Romania.

Operating income at +48% exceeds targets (+64% on a like-for-like basis)*

Operating income shows a very sharp 48% rise to € 19.0 million, the result of good control of net operating expenses in relation to the growth of sales (up only 15% on the previous financial year).

The resulting operating margin is 2.5% of sales.

* At constant currency and excluding acquisitions in Portugal and Romania, and excluding Poland

- Direct distribution has made a very strong contribution to the consolidated operating income: € 6.7 million compared to € 0.4 million in the previous financial year (impact of the existing stores coming fully on stream).
- Indirect distribution maintains an operating income at € 12.3 million, stable compared to the previous financial year thanks to excellent control of net operating expenses which account for 7.7% of indirect sales compared to 8.6% in the previous financial year.

Very strong growth of pre-tax income from continued activities: +53%

Pre-tax income from continued activities show a sharp 53% increase to € 17.8 million vs. € 11.6 million in the previous financial year.

After allowing for a tax charge of € 6.5 million, net annual income comes to € 12.0 million. The figure for the previous financial year was € 4.6 million.

On the strength of this excellent result, consolidated shareholders' equity advances by 12% to € 74.7 million. The balance sheet total reaches € 298.6 million.

Positive operating free cash flow

The cash flow from the continued activities rises by 22% to € 19.2 million.

After financing of WCR (€ 0.6 million) and net investments made (€ 8.0 million), the operating free cash flow is positive at € 9.4 million.

The net debt ratio, excluding sale of carry-back receivables, works out at 21% of shareholders' equity, incorporating the net debt established to finance the investment in Portugal.

Continued development in 2006-2007

Avenir Telecom's objective for the year in progress is to return a 10% increase in sales, integrating the recent acquisition in Bulgaria.

- Direct distribution is expected to contribute strongly to consolidated sales, with the opening of 60 to 80 own-name stores for an investment budget of between € 12 and € 15 million.
- Growth of indirect distribution will be more linear due to the highly competitive environment in France and the UK.

Operating profitability should advance by between 20% and 25% thanks to the leverage effect on the operating expenses of the two activities.

"Our results for the year are remarkable, easily exceeding our objectives for 2005-2006. They illustrate the complementarity of our networks and our dynamic positions in Europe", states Jean-Daniel Beurnier, Chairman of Groupe Avenir Telecom. "For the coming financial year, we will continue our development strategy with a view to strengthening our leadership in Europe and to increasing our critical mass in direct distribution".

▶ Forthcoming events

- The meeting for analysts and institutional investors will take place at 8.30am on 12 September at the Hôtel Ritz, Place Vendôme, Paris.

- Avenir Telecom will participate at 'Midcap Events®' on 28 and 29 September 2006 at the Palais Brongniart, Paris.
- Avenir Telecom will be present at the "Salon Actionaria" which will take place on 17 and 18 November 2006 at the Palais des Congrès, Paris.
- The Annual General Meeting will be held on 22 December 2006 at Avenir Telecom's head office in Marseille.

▶ **Forthcoming publications**

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|------------------------------------|-------------------|
| - Sales, 1st quarter 06/07 | 16 November 2006 |
| - Sales and result, 1st half 06/07 | 19 March 2007 |
| - Sales, 3rd quarter 06/07 | 25 May 2007 |
| - Annual sales 06/07 | 23 August 2007 |
| - Annual result 06/07 | 10 September 2007 |

About Avenir Telecom

Avenir Telecom is one of the leading European distributors of telephony products and services. The Group distributes telephones, subscriptions and accessories directly through its own network of 415 outlets under the Internity name (direct distribution) and via hypermarkets and independent stockists (indirect distribution).

Avenir Telecom employs 2360 persons in 9 countries: France, Belgium, UK, Spain, Portugal, Poland, Romania, Bulgaria and Morocco.

Avenir Telecom is listed on the Euronext List – compartment B (Euronext Paris).

The Avenir Telecom share is quoted on the following indexes: 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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