

Marseille, 16 November 2006

## Continued sustained growth in direct distribution

€ millions	1 <sup>st</sup> quarter 2006/07	1 <sup>st</sup> quarter 2005/06
Consolidated sales	163.6	180.7
Direct Distribution	68.4	52.1
Indirect distribution excl. export sales of mobiles	85.5	111.9
Export sales of mobiles	9.7	16.7

Sales of the Avenir Telecom Group for the 1st quarter of the 2006-2007 financial year amounted to € 163.6 million, a decline of 9% compared to the same period of the previous year, due to significantly less favourable seasonality as the month of August 2006 was not as exceptional as the previous year.

### Direct distribution confirms its growth: +31%

This growth segment of the Group benefited from the dynamism of its European network of 448 wholly owned stores:

- The Spanish subsidiary achieved remarkable growth of 36% compared to the 1<sup>st</sup> quarter 2005-2006 with 141 sales outlets;
- Portugal confirmed its leadership in prepaid subscription sales across the network of 64 wholly owned stores;
- Bulgaria, where the Group made an acquisition in July 2006, achieved a promising start with sales of € 1.8 million for the quarter with 28 wholly owned stores.

### Decline in the original indirect distribution business

The indirect distribution fell by 26%, due mainly to:

- The significant decline in the non strategic business of export sales of mobiles (-42%) as a result of the euro/dollar exchange rate;
- The reduction in the average sales price of mobile handsets of around 15% related to aggressive competition from the manufacturers;
- The decline in the unit subsidy granted to mobiles by operators in France (-27%) with a fall in sales of 18%, and in the UK (-61%) with a fall in sales of 22% ;
- Moreover, the Romanian business has not yet felt the full benefit of the effects of change in operator to Cosmote in April 2006.

## Annual General Meeting of 22 December 2006

- **Partial redemption of share premium**

At the Annual General Meeting, it will be proposed to distribute € 0.065 per share to each shareholder. This corresponds to a partial redemption of the share premium of around € 6 million.

- **Change of year end**

It will be proposed to change the financial year end from 30 June to 31 March in order to align it better with the seasonal cycles of telecom distribution and to enable the Group to prepare budgets for all subsidiaries in optimal conditions. If this resolution is adopted, the financial year in progress, which started on 1 July 2006, will end on 31 March 2007, and will be an exceptional period of nine months.

## Sales outlook

Considering the volume of business in this quarter, sales for the nine months should be down by 5% compared to the same period of the previous year, and this including sales in Bulgaria. The Group has taken into account the product mix and lower export sales of mobiles due to the euro/dollar exchange rate.

*“Direct distribution continues to increase in scale with sustained growth in the quarter despite a particularly disappointing August which adversely affected indirect distribution sales”, stated Jean-Daniel Beurnier, Chairman of the Avenir Telecom Group. “The offers of exclusive digital convergence prepared by our staff for the Christmas campaign should be very well received by consumers. Against this background, we remain confident and will continue our strategy of opening stores in Europe.”*

- ▶ **Forthcoming events**

- Avenir Telecom will be present at the Salon Actionaria (Stand A23 – Hall Passy – Level 1) on 17 and 18 November 2006 at the Palais des Congrès, Paris.
- The Annual General Meeting will be held on 22 December 2006 at 10 am in Marseille at the registered office of Avenir Telecom.

- ▶ **Change to the financial diary**

If the resolution to change the year end is adopted by the shareholders at the Annual General Meeting of 22 December next, the diary will be as follows:

- |  |                   |
|--|-------------------|
| - Sales and profit for the 1 <sup>st</sup> half year 2006/07 | 19 March 2007     |
| - Annual sales and profit 2006/07 (9 months)                 | 29 May 2007       |
| - Annual General Meeting 2006/07 (9 months)                  | 27 September 2007 |

**About Avenir Telecom**

*Avenir Telecom is one of Europe's leading distributors of mobile telephony products and services. The Group distributes mobile telephones, subscriptions and accessories directly through its network of 450 fully owned stores under the Internity brand (direct distribution) and through a customer base comprising hypermarkets and independent resellers (indirect distribution).*

*Avenir Telecom employs 2,360 people in 8 countries: France, Belgium, United Kingdom, Spain, Portugal, Romania, Bulgaria and Poland.*

*Avenir Telecom is listed on Eurolist – compartment B (Euronext Paris).*

*The Avenir Telecom share forms part 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*

▶ **Investors and Shareholder contact: Agnès Tixier / Carole Alexandre**

Tel: +33 4 88 00 61 32

Fax: +33 4 88 00 61 00

e-mail: [calexandre@avenir-telecom.fr](mailto:calexandre@avenir-telecom.fr)

▶ **Press contact: Gaëlle Gille**

Tel: +33 4 88 00 61 22

Fax: +33 4 88 00 61 20

e-mail: [gaelle.gille@avenir-telecom.fr](mailto:gaelle.gille@avenir-telecom.fr)

▶ **Internet site: [www.avenir-telecom.com](http://www.avenir-telecom.com)**