

Marseilles, 21 February 2007

## Interim Results for the six months ended 31 December 2006

**Retail distribution sales continue to show strong progress :**

**+24% in the first half**

**First half consolidated net profit increased by 16%**

€m	H1 2006/07	H1 2005/06	Change
<b>Consolidated sales</b>	<b>363.5</b>	<b>395.3</b>	<b>- 8.1%</b>
Gross profit	69.8	63.1	+ 10.6%
<i>% gross margin</i>	<i>19.2%</i>	<i>16.0%</i>	
<b>Operating profit</b>	<b>14.8</b>	<b>14.3</b>	<b>+3.2%</b>
<i>% operating margin</i>	<i>4.1%</i>	<i>3.6%</i>	
Net interest	- 0.2	- 0.4	+40.0%
<b>Pre-tax profits of ongoing activities</b>	<b>14.6</b>	<b>13.9</b>	<b>+4.4%</b>
Taxation	-5.7	-6.1	
Net profits of ongoing activities	8.8	7.8	+13.5%
Net profits of discontinued activities	0.4	0.2	Nc
<b>Net profit</b>	<b>9.3</b>	<b>7.9</b>	<b>+16.3</b>

### **Growth strategy confirmed**

#### **Retail distribution sales +24%**

Avenir Telecom group sales for the first half of the 2006-2007 financial year stood at €363.5m, down 8% on the comparable period in the previous financial year.

Sales fell mainly as a result of a 48% decline in the non-strategic activity of export sales of mobile handsets, as well as a 19% fall in sales to €190.8m in the **wholesale distribution business**, impacted by the effect of lower average prices of mobile handsets and unitary subsidies attached to the handsets by operators.

Nonetheless, in the first half of the 2006-2007 financial year this activity showed quarter-on-quarter growth of 23%, compared to 10% in the previous year.

**Retail distribution**, the group's growth driver, confirmed the strength of its European network of 498 wholly-managed stores (excluding 54 Maxi Livres stores), with an increase in sales of 24% to €154.1m.

Spain, France and Portugal recorded very good performances; in Romania, the partnership with the operator Cosmote became productive in the second quarter.

Despite sales being lower, consolidated gross profit improved by 11% to 19.2% of sales, compared to 16.0% in the first half of the previous year, as a result of the rising contribution from retail distribution and lower mobile subsidies within group turnover.

### **Operating margin rose to 4.1% of group sales**

Operating profit increased by 3.2% to €14.8m, equivalent to an operating margin of 4.1%, reflecting firm control of operating costs in each of the distribution channels.

- With an operating profit of €9.4m, up by 3% on the previous year, wholesale distribution contributed 63% of the group total and produced an operating margin of 4.5% despite the decline in sales.
- Retail distribution recorded an operating profit 4% higher than the previous year and an operating margin of 3.5% of sales, held back by the increased cost of the retail distribution network following strong growth in the store portfolio as a result of organic expansion and acquisitions.

### **Net profit 16.3% higher**

After taxation of €5.7m, payable at a normalised rate of 39%, first half net profit rose to €9.3m up by 16.3% on the first half of the previous year.

This excellent result led to a 12% increase in consolidated shareholders funds to €78.5m, after a €5.9m repayment of the share premium account recorded in the balance sheet under "other current liabilities" due for payment in January 2007. The balance sheet total rose to €378.5m.

### **The business is highly cash generative**

The business generated €23.3m of net cash in the first half, of which €16.8m of cashflow from ongoing businesses, up by 11% on the previous year, and €7.1m from improved working capital requirements.

Investments made over the first half totalled €4.7m and were concentrated on store refurbishment and information technology.

Free cash flow, excluding the Bulgarian acquisition and the sale of the professional arm, was highly positive, reaching €18.6m and leading to a positive contribution to the group of €18.2m.

The ratio of net debt to shareholders funds fell to 24%, confirming the group's capacity to raise new debt and react to further acquisition opportunities.

"Against a highly competitive background we have produced very good first half results which underscore our financial strength and our ability to generate cash. The continuing growth of our store portfolio equally affords us remarkable potential to grow our business and profitability" commented Jean-Daniel Beurnier, President of the Avenir Telecom group. "Our strategy of complementary retail and wholesale channels, geographic exposure to mature and growth markets, and our culture of building strong partnerships with operators and handset manufacturers, are strengths which confirm our position as a major player in telecoms distribution."

► **Forthcoming announcements**

- Sales and 2006/07 full year results (9 months) 29 May 2007
- AGM (9 months) 27 September 2007

**About Avenir Telecom**

*Avenir Telecom is one of the leading European distributors of telecoms products and services. The Group distributes telephones, subscriptions and accessories directly through its network of over 500 own-branded Internity stores (direct distribution) and to a client base of hypermarkets and independent resellers (indirect distribution).*

*Avenir Telecom employs 2,689 individuals in eight countries: France, Belgium, UK, Spain, Portugal, Poland, Romania and Bulgaria.*

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

*The Avenir Telecom share is a constituent of the CAC All shares, CAC Mid & Small 190, CAC Small 90, IT CAC, Next 150, Next Economy et SBF 250 indices.*

*ISIN: FR0000066052*

*Reuters: AVOM.LN*

*Bloomberg: AVT:FP*

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