

## 2008/2009 Half-Year Consolidated Results

### Strong contribution from retail distribution

Marseille, 17 November 2008 – The Avenir Telecom Group, a leading distributor of telecommunication products and services, has released its consolidated results for the first half of the 2008-2009 financial year.

€ thousands IFRS	2008-2009 financial year 6 months	2007-2008 financial year 6 months
<b>Turnover</b>	<b>356,880</b>	<b>337,066</b>
Gross profit	72,855	69,157
% gross margin	20.4%	20.5%
<b>Operating profit</b>	<b>6,230</b>	<b>12,172</b>
% operating margin	1.7%	3.6%
<b>Financial income</b>	<b>(2,117)</b>	<b>(871)</b>
<b>Corporate income tax</b>	<b>(2,490)</b>	<b>2,378</b>
<b>Net income from continuing operations after tax</b>	<b>1,623</b>	<b>13,679</b>
<b>Net income from discontinued operations after tax</b>	<b>(1,404)</b>	<b>(4,824)</b>
<b>Net attributable income</b>	<b>219</b>	<b>8,855</b>

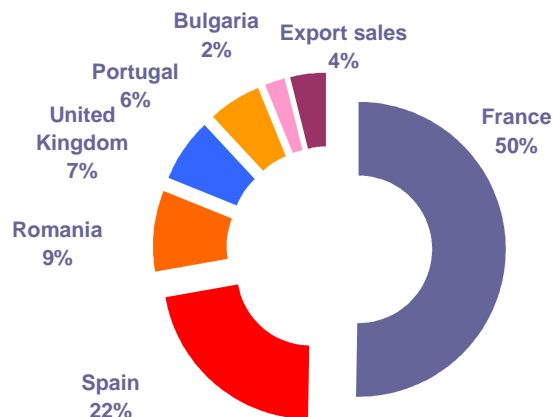
#### Strong sales growth of +5.9%

The consolidated turnover for the first half of the 2008-2009 financial year reached €356.9 million, up by 5.9% over the first half of the 2007-2008 financial year, confirming the commercial offensive in digital convergence, marketing innovation and pricing instituted in the Internity retail distribution network and with the partner networks in wholesale distribution:

- 7.3% growth in turnover at €158.3 million for the retail distribution business, accounting for 44% of consolidated turnover;
- 4.8% growth, at €198.6 million, for wholesale business, accounting for 56% of consolidated turnover.

International subsidiaries accounted for 46% of the consolidated turnover, with €162.1 million in turnover and France accounting for 50% of business.

- France benefited from the ramping up of its two distribution networks and a closely targeted product and service offer; Spain managed to capture the consumers' interest in its Internity network despite a difficult macroeconomic context;
- Romania took advantage of the growth in the number of shops in a competitive environment;
- The United Kingdom has been affected by the economic crisis affecting the country;



- Portugal, mainly focusing on prepaid subscriptions, has been suffering from the economic slowdown; Bulgaria has recorded good progress in turnover thanks to the strong growth in the number of shops.

#### **Retail distribution: Expertise in digital convergence is bearing fruit**

Retail business benefited from strong contributions from France, Spain and Romania during the six-month period.

Gross profits reached €56.9 million compared with €46.2 million in the first half of the previous financial year and grew faster than turnover at +23.2%.

The gross margin rate grew by 4.7 points to 36% of turnover thanks to the product mix oriented toward the sale of postpaid packs and the strong showing of additional products and services (insurance and accessories).

Operating profits increased by 50.2% over the first half of the previous financial year, at €4.0 million, thanks to increased business at the 135 shops opened since October 2007, including 40 opened during the six-month period, bringing the number of active shops to 653 as of 30 September 2008.

#### **Wholesale distribution: On the offence in gaining market shares**

Wholesale business, impacted by the slowdown of sales in the United Kingdom and Romania, deployed a large sales force in the field to oversee the different partner networks.

Gross profits reached €15.9 million compared with €22.9 million in the first half of the previous financial year. The gross margin rate, at 8% of turnover compared with 12.1% in the previous financial year, was strongly affected by a forceful policy of reducing stocks of mobile phones and by a strong offensive in gaining market shares.

Operating expenses were contained, leading to €2.2 million in operating profits, compared with €9.5 million in the first half of the 2007-2008 financial year.

#### **Self-financing capacities for continuing operations at €7.6 million**

Operations generated €3.1 million in positive operating cash flows, notably including €7.6 million in self-financing capacities for continuing operations and €4.2 million in negative variation of working capital requirements. Investment flows represented a need for €5.7 million, mainly related to the programme for opening new shops.

The net debt ratio was 41.9% of equity, confirming the health of our financial structure.

### Trends for the second half of the year

Despite the serious economic slowdown recorded in most European countries since March, the telecom sector has so far been partially spared the effects of the crisis, given the ecosystem of the operators' business model.

The new challenges facing the different players in the sectors concern:

- Handsets: the manufacturers plan to improve the affordability of smartphones and to expand handset product lines by the end of the year, with touch-screen models as a response to the Iphone;
- Income: the operators are planning to subsidise smartphone handsets, multiply unlimited access offers for mobiles and DSL and subsidised UMPC offers to encourage the use of mobile internet services and to generate additional income on data.

With the increasingly sophisticated offers in the market (technological and ergonomic products) and the reduction in the price ranges for handsets (between €0 and €100), consumers will be making purchases for the pleasure of it and will adopt the new mobile internet uses.

Avenir Telecom, a forerunner in digital convergence, will use its longstanding know-how to effectively respond to changes in its customers' uses and behaviours for the Christmas period:

- Through a mobility offer (mobile handsets, portable PCs, game consoles) that is highly attractive in terms of marketing innovation and prices;
- Relayed through local shops under the Internity name and wholesale distribution networks;
- Backed up by a strategy of ongoing partnerships with the different players in the sector (operators and manufacturers).

*"Christmas is decisive for distribution, and despite the recession, sales in the telecom sector should be spared,"* said Jean-Daniel Beurnier, Chairman and CEO of Avenir Telecom.

*"All of our teams throughout Europe are mobilised to welcome and provide advice to consumers to help them to access mobile internet services with mobile handsets equipped with all the latest technology at prices between €0 and €99, and subnotebook PCs at less than €100."*

**You can find the press release and the presentation of  
the 2008-2009 half-year consolidated results at [www.avenir-telecom.com](http://www.avenir-telecom.com)**

**About Avenir Telecom**

*Avenir Telecom is one of the leading European distributors of mobile telephone products and services. The Group distributes telephones, subscriptions and accessories directly through its network of over 600 own-branded Internity stores (direct distribution) and to a client base of hypermarkets and independent resellers (indirect distribution).*

*Avenir Telecom employs over 3,000 individuals in six countries: France, UK, Spain, Romania, Portugal and Bulgaria.*

*Avenir Telecom is listed on NYSE 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, and SBF 250 indices.*

*ISIN: FR0000066052*

*Reuters: AVOM.LN*

*Bloomberg: AVT:FP*

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