

**2009/2010 half-year consolidated results**

**Avenir Telecom posts half-year net income of 2.3 million euros**

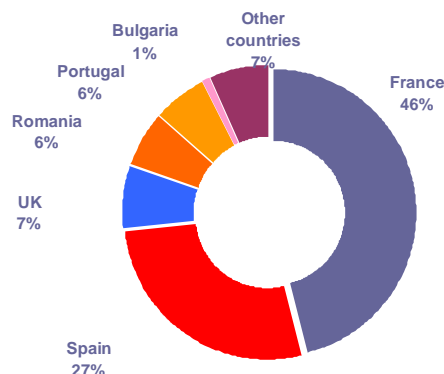
*Marseille, 26 November 2009* – The Avenir Telecom Group, a leading European distributor of telecommunication products and services, has released its consolidated results for the first half of the 2009-2010 year.

€ thousands IFRS	2009-2010 financial year 6 months	2008-2009 financial year 6 month	%
<b>Sales</b>	<b>299,604</b>	<b>356,880</b>	<b>-16%</b>
Gross profit	69,635	72,855	-4.4%
<i>gross margin %</i>	23.2%	20.4%	
<b>Operating income</b>	<b>5,787</b>	<b>6,206</b>	<b>-6.8%</b>
<i>operating margin</i>	1.9%	1.7%	
<b>Net financial income</b>	<b>(1,674)</b>	<b>(2,117)</b>	<b>-20.9%</b>
<b>Income tax</b>	<b>(2,510)</b>	<b>(2,502)</b>	<b>+0.3%</b>
<b>Net income from continuing operations after tax</b>	<b>1,603</b>	<b>1,587</b>	<b>+1%</b>
Net income from discontinued operations after tax	722	(1,404)	++
<b>Net attributable income</b>	<b>2,325</b>	<b>183</b>	<b>+++</b>

**Drop in consolidated sales on account of volumes and prices**

Consolidated sales for the first half of the 2009-2010 year amounted to 299.6 million euros, a decrease of 16% compared to the first half of the 2008-2009 year and a drop of 14.6% on a like-for-like basis and constant exchange rate:

- In the company's own-brand Internity stores, in France and Spain, the number of commercial transactions were up thanks to sales of new services (data, ADSL, 3G memory sticks...) and attractive commercial offers;
- There was an improvement in operating margin of the indirect-distribution business, due to active management of customer and product portfolios, despite the negative impact of volumes and prices on sales;
- The full range of accessories offered in all subsidiaries led to new key accounts being opened in all European countries.



**Direct distribution: continued sales initiatives offset reduced purchasing power**

The direct-distribution business, which comprises 662 own-brand Internity stores, recorded half-year sales of 148.1 million euros, 49.4% of consolidated sales, a fall of 6.5% compared to the same period of the prior year. This slight drop was due to a decrease in volumes recorded in Romania and Portugal, changes in the subscriptions mix, which was increasingly oriented towards renewal, and changes in how electronic-recharge sales were remunerated in Romania (negative impact of 4.4 million euros in sales with no effect on gross margin).

Operating expenses fell by 2%, for the period. The fall should continue, for the rest of the year, on account of initiatives taken by stores to improve productivity, effective management of different operating expenses, including rent and closure/disposal of unprofitable stores. Operating income stood at 0.5 million euros, compared to 4.1 million euros, for the same period of the prior year.

#### **Indirect distribution: strong growth in margins, despite a drop in sales**

The indirect business, which accounted for 50.6% of consolidated sales, recorded sales that were down by 23.7% compared to the same period of the prior year, at 151.5 million euros. This drop was due to a fall in sales volumes of mobile phones and commercial transactions, as well as a fall in unit prices of mobile phones and packs.

Gross profit was up 8.2%, to 17.2 million euros, due to effective management of profit margins, stock and customer accounts.

A 18% decrease in operating expenses led to an increase in operating income, which was 5.2 million euros, compared to 2.2 million euros, for the first half of the previous year.

#### **Significant increase in net attributable income**

Net attributable income totalled 2.3 million euros. It comprised net income from continuing operations of 1.6 million euros and net income from discontinued operations of 0.7 million euros.

#### **Cash flow from continuing operations of 5.5 million euros**

Net cash flow from operations amounted to 3.3 million euros, resulting from cash flow from continuing operations of 5.5 million euros and a negative working capital requirement of 2.8 million euros. Net investments totalled 0.5 million euros.

The debt to equity ratio stood at 51.2%, confirming the group's sound financial structure.

*"There will be strong sales of touch-screen and keyboard smartphones, at Christmas, for mobile internet access, which has become a mass market service on account of flexible and modifiable offers around voice-data convergence products from operators", said Jean-Daniel Beurnier, CEO of Avenir Telecom. "Faced with an ever increasing range of products, applications, pay-monthly offers, content, customers are keen to find the right offer and advice, which they can find in our Internity stores, in Europe, and our interactive online-sales sites. The stores-internet link meets the needs of customers, who can order online or in stores and take away their purchases directly from stores or have them delivered to their homes."*

**View the press release and presentation**

**with regard to the consolidated results of the first half of the 2009-2010 year 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 the NYSE EURONEXT – compartment C (Euronext Paris).*

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

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Reuters: AVOM.LN

Bloomberg: AVT:FP

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