

## Sales up by 40% in the first three quarters of 2006

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- The Group continues to grow
- Excellent 3<sup>rd</sup> quarter for the On Demand business : + 78,7%

**Paris**, October 18, 2006 - ModeLabs Group, which creates custom mobile phones (CDM-Customized Design Manufacturer), continues to grow strongly. "On Demand" products, which are at the heart of the Group's growth strategy, achieve outstanding results.

The consolidated revenue for the first three quarters of 2006 stood at €148.6 M, up 40% compared with the same period last year (€106.1 M). On the basis of a constant scope, growth for the first three quarters of 2006 totalled 23.3%.

Sales for the first three quarters in millions of euros	30 September 2006 <sup>(1)</sup>	30 September 2005	Variation
<b>Accessories</b>	<b>36.0</b>	21.8	64.7 %
<b>Mobiles</b>	<b>110.4</b>	82.2	34.4 %
<b>Services</b>	<b>2.2</b>	2.1	2.5 %
<b>Total</b>	<b>148.6</b>	106.1	40.0 %
<b>On Demand products</b>	<b>33.6</b>	18.8	78.7 %
<b>Custom products</b>	<b>50.8</b>	33.0	53.6 %
<b>Standard products</b>	<b>64.2</b>	54.3	18.2 %
<b>Total</b>	<b>148.6</b>	106.1	40.0 %
<b>Constant scope total</b>	<b>148.6</b>	120.0	23.3%

(1) Including Modelabs, Modelabs Group, ModeLabs UK, Phonix and Innovi six months

### **Analysis of business in the first three quarters of 2006**

#### ***Accessories: +64.7%***

The strong growth of the Accessories business has been fuelled by three factors. First, in France, ModeLabs Group is well positioned on the multimedia products sector, especially the memory cards activity. Second, group subsidiary Modelabs UK has performed well on the UK market and, finally, growth has been further driven by the group's recent acquisitions.

#### ***Mobiles: +34.4%***

Growth in the mobiles business has been driven mainly by "On Demand" and "Custom" mobiles.

After strong results in Q2, with a 99% increase over Q2 2005, sales of On Demand mobiles grew even faster in Q3, with a 305% increase over Q3 2005. The extension of the range, the launch of new models (Airness Slide99, Virgin Mobile and MyWay Slim), partners, including the MVNOs, and strong sales following on from the first half-year all contributed to this strong performance. The "On Demand" mobile phones are sold thanks to the same distribution channels as the Standard and Custom products. Sales of "Custom" mobile phones continued to rise thanks to the structures that were set up in 2005 and the development of new European markets. The "Standard" mobiles business grew by about 13%, well ahead of the European market, which expanded by about 8%.

### **2006 outlook:**

The launches of the latest "On Demand" mobile phones in September and October were very well received, so we can look forward to an excellent fourth quarter.

As other market players have also observed, sales of Bluetooth accessories have slowed down towards the end of the year. Modelabs Group already has a new range of products and is expecting the market to recover in 2007.

Modelabs Group is focussing its efforts on the "Custom" and "On Demand" activities and is targeting growth in the Standard products business that is in line with market growth.

Bearing the above in mind, sales in 2006 should be between 35% and 40% up on 2005.

*"The growth of our sales reflects the implementation of our On Demand strategy", comments Stéphane Bohbot, Chairman of the Executive Board and founder of the ModeLabs Group "It proves our ability to perform our projects. We are confident that we will continue to develop our business in France and on international markets".*

### **Next appointment**

January 25, 2007

2006 annual results

### **About modelabs group**

ModeLabs Group, the originator of the « Mobile On Demand »<sup>TM</sup> offer, is a customised design manufacturer (CDM) specialised in mobiles phones using new generation technology. The company designs, develops and markets mobile phone handsets, accessories and services for mobile phones operators, distributors and mass market brands.

Thanks to the combination of its marketing expertise, cutting edge technological know how flexible "fables" organisation, the ModeLabs is meeting the growing demand for segmentation in the Telecom market by giving mass market brands, operators/MVNO or distributors the chance to create their own range of mobile phones, accessories and services.

ModeLabs Group is developing today in a sector experiencing solid growth in the "On demand" mobile phone sector, from solid foundations established since 1996 in the telecom distribution sector.

ModeLabs is listed on the Euronext Eurolist – Paris (code "MDL", ISIN code : FR0010060665).

For more information: [www.modelabs.com](http://www.modelabs.com)

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