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2006 Results Presentation

March, 2007

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Key Objectives & Results



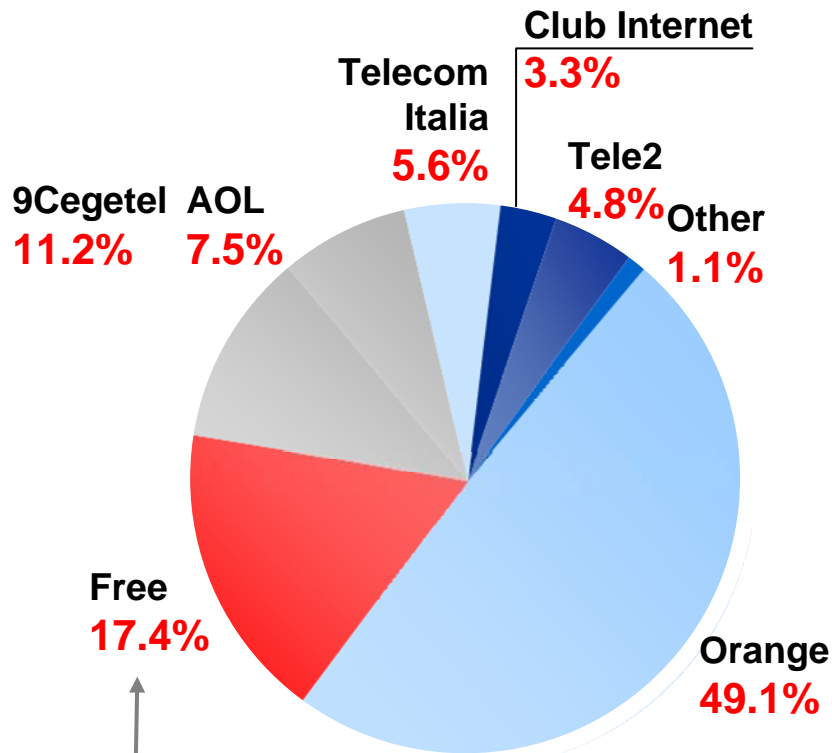
	2006 Objectives	2006 Achievements	2007 Objectives
ADSL Subscribers	2,000,000	2,278,000	2,800,000
Unbundling ratio	75.0%	75.9%	80.0%
Gross Margin per ULL Subscriber	€20	> €20	€20

French ADSL Market Consolidation Benefits Free



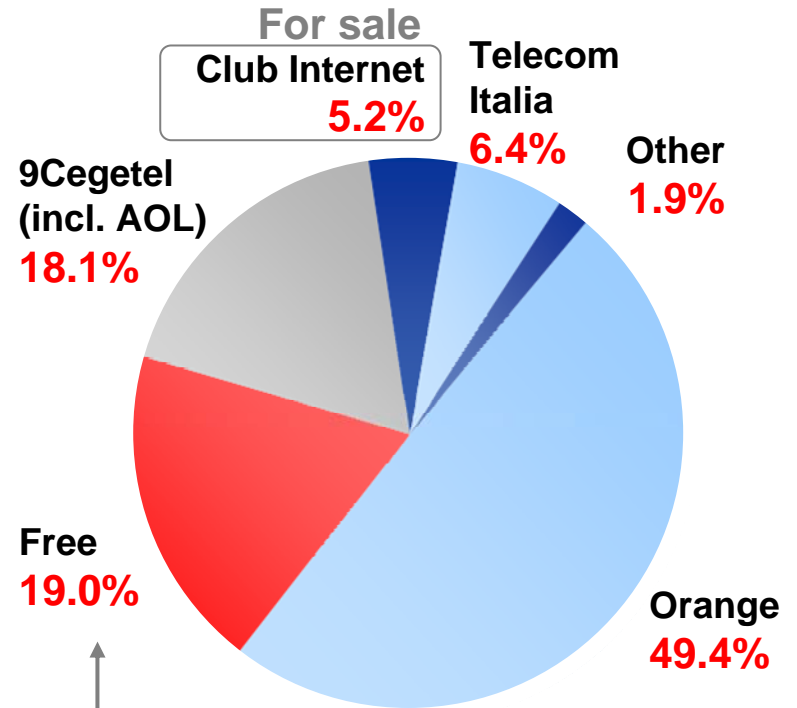
Dec. 2004

6.1 M. Subscribers



Dec. 2006

12.0 M. Subscribers



+ 1.6 pp

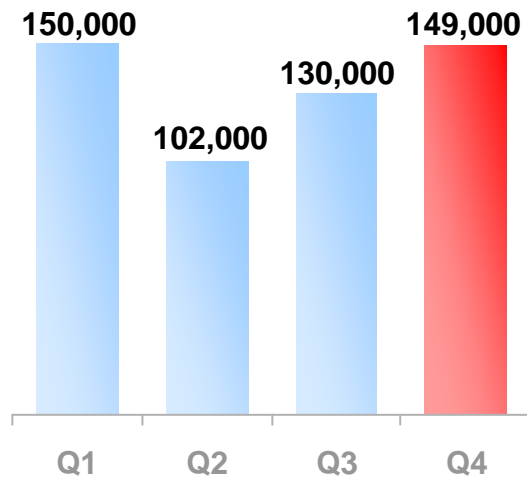
Record ADSL Net Adds in 2006



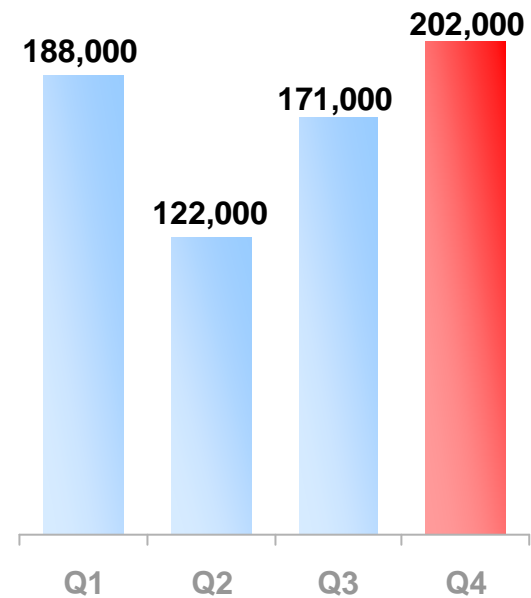
● Growth accelerating in 2006

- 2006 Net Adds: 683,000
- 2005 Net Adds: 531,000
- 2004 Net Adds: 579,000

2005 Net Adds



2006 Net Adds



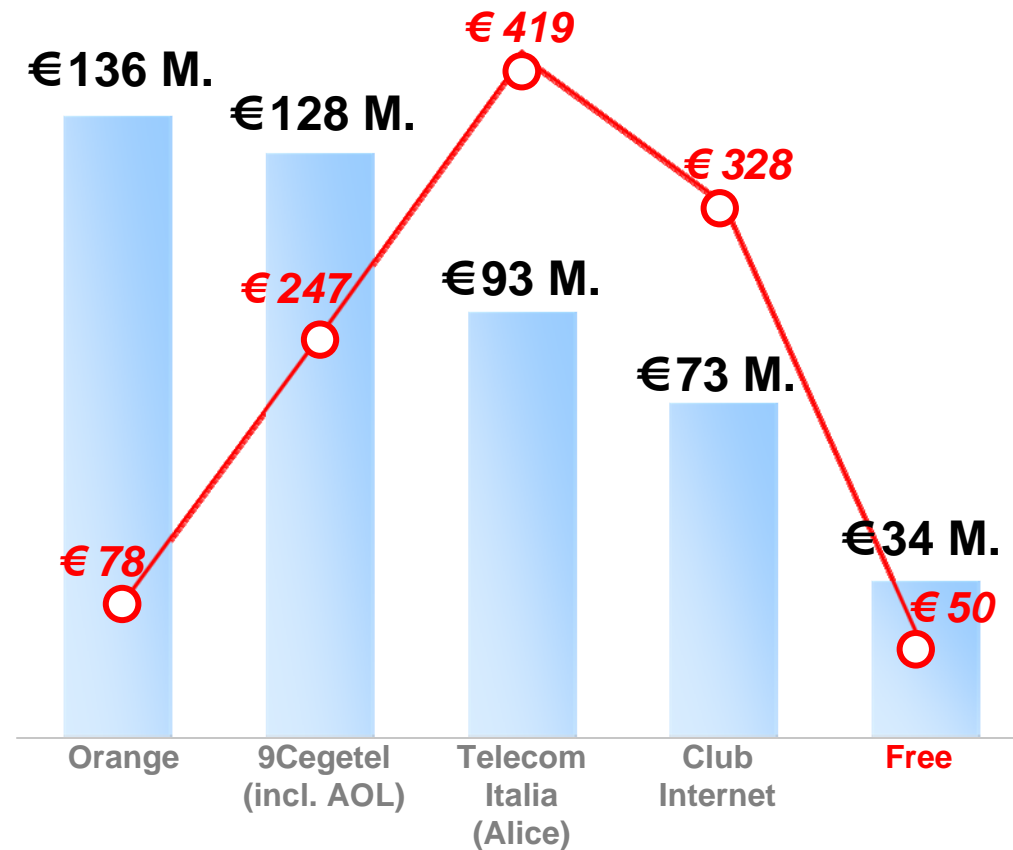
Most Efficient Marketing Strategy for Last 4 Years



Breakdown of 2006 Net Adds

Orange	1,463,000	47.1%
Free	684,000	22.0%
9 Cegetel (incl. AOL)	491,000	15.8%
Alice	236,000	7.6%
Club Internet	210,000	6.8%

Customer Acquisition Cost



Cutting Edge Technology at €29.99

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INTERNET

- Access up to 28 Mbps



PHONE

- Free phone calls to 49 international destinations
- SIP Protocol
- Free phone calls to French landlines
- Dual mode WiFi Phones

freebox HD



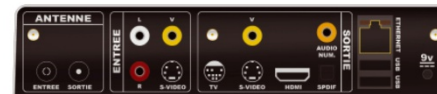
TV / VIDEO

- 250 TV channels
- PVR (40 Gbits Hard drive)
- Over 3,000 VOD features



CONNECTIVITY

- WiFi MiMo
- CPL
- HDMI connection



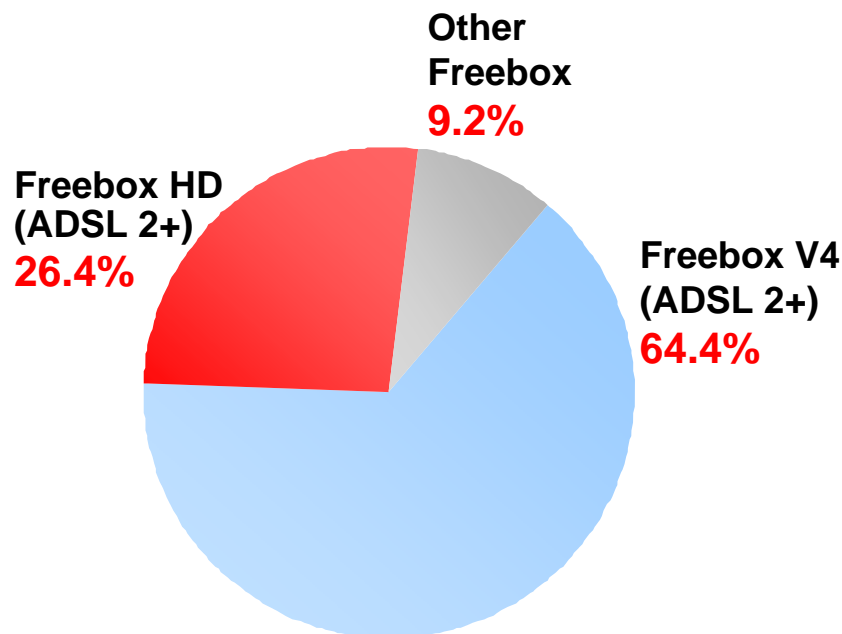
Overview of Free ADSL Subscriber Base



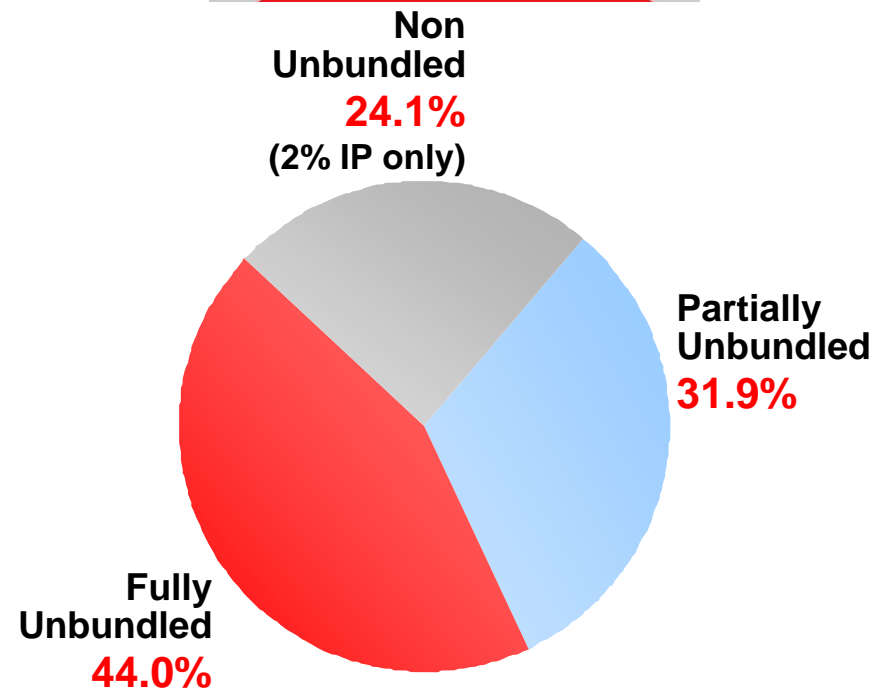
- **2,278,000 ADSL Subscribers**

- Only organically-built subscriber base amongst alternative operators
 - 100% at €29.99 per month
 - Over 90% equipped with ADSL 2+ technology
 - Over 75% Triple-Play enabled

Freebox Type

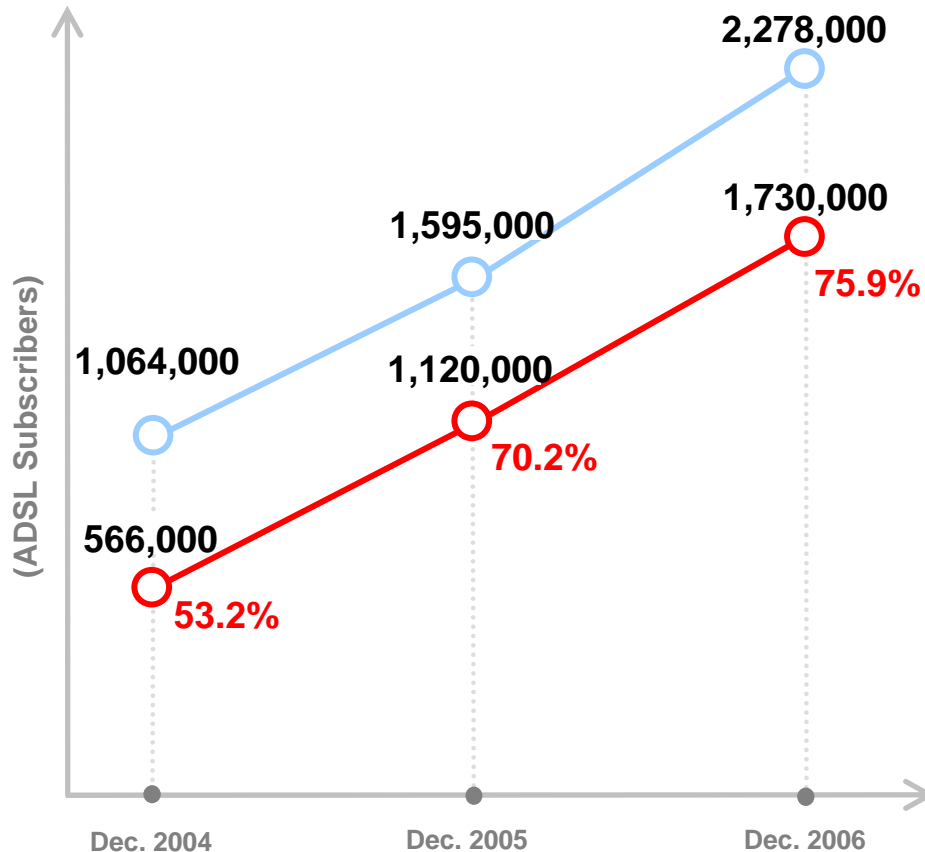


Access Type



Network: Increasing the Unbundling Ratio

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- ADSL Subscribers
- Unbundled Subscribers (Partial and Full ULL)

- 908 Central Offices equipped with DSLAMs
 - 100% with ADSL2+ DSLAMs
- Final objective to reach 2,200 COs at end 2008
 - FT fiber rental offer launched in 2006
 - Around €1,500 per Central Office fiber link per month

- **TF1 & M6 available on the Freebox**

- Launched in December 2006

- Better position to target cable's 3 million subscribers



- **Other Group TF1 channels also available**

- JET (games)

- Tfou (cartoons)

- Odyssée (documentaries)



- **TF1 Vision and M6 Video**

Driving the VOD Concept in France



- First full year of operation
- Content from :
 - Warner, Dreamworks, Sony Columbia, Fox, etc.
 - Studio Canal, Pathé, Europa Corp., etc.



- **Existing universes totaling over 3,100 features**
 - Canalplay: 1,800 features
 - Movies, Cartoons, Mangas, TV series
 - i-Concerts: 450 features
 - Adult content: 900 features

- **TF1 Vision**
 - Hundreds of features available
 - Exclusive content

- **M6 Video**
 - TV series
 - Proprietary programming
 - Advertising based model

- **New Internet tax ("Cosip")**
 - Subscribers should contribute on pay TV and VOD purchases
- **Lowest priced VOD package cancelled**
- **Pay TV negotiations under way**

Footprint

- Cover 4 million households by 2012
- Paris + Suburbs + Boroughs of selected cities
- Minimum 15% market share of landlines

Technology

- Ethernet point-to-point
 - Longest reach + technological resilience
 - Local loop unbundling
- Cisco equipment + Freebox

Retail Offer

- €29.99 / month for triple-play
- 50 Mbps download
- Existing and new paying options available

Economics

- ~ €1,500 capex per existing subscriber
- €300 to €400 capex per additional subscriber
- ARPU and market share upside potential

Paris

- **Optical nodes**
 - 15 purchased/equipped
 - Focused on south and east of city
- **Horizontal roll-out**
 - 1,000 kms deployment
 - Covering 350,000 households
- **Vertical roll-out**
 - Test with social housing
 - Outsourcing mandates signed
 - Citéfibre team integrated

Rest of France

- **Deployment targeted in :**
 - Montpellier
 - Lyon and suburbs
 - Valenciennes
 - Paris suburbs
- **Civil works to begin in 3Q 2007**
- **Covering 150,000 households**

2007 Capex at €150 M.

- French consumers eager for more mobile competition

UMTS

- 4th license contest launched
- Bids probably due by July 26, 2007
- Key facts about Iliad position on licence:
 - No bid without significant price reduction
 - or
 - Delayed payment schedule
 - or
 - Credible equity partner

Wimax

- Iliad owns the only national licence
- Focus at 3GSM
- 802.16e Wimax base stations proposed by Samsung, Nokia, Motorola
- Better spectrum use efficiency
- Urban field test conducted by end 2007

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Financials

Group EBITDA and EBIT Margin Improving



In € million

	FY 2006	FY 2005	VAR.
Revenues	950.3	724.2	31.2%
EBITDA	331.6	224.3	47.8%
EBITDA Margin	34.9%	31.0%	
EBIT	185.2	107.7	72.0%
EBIT Margin	19.5%	14.9%	
Net Income	123.9	68.9	79.9%
Proposed Dividend	€0.27	€0.20	35.0%

Significant EBIT Growth Fueled by Targeted Capex

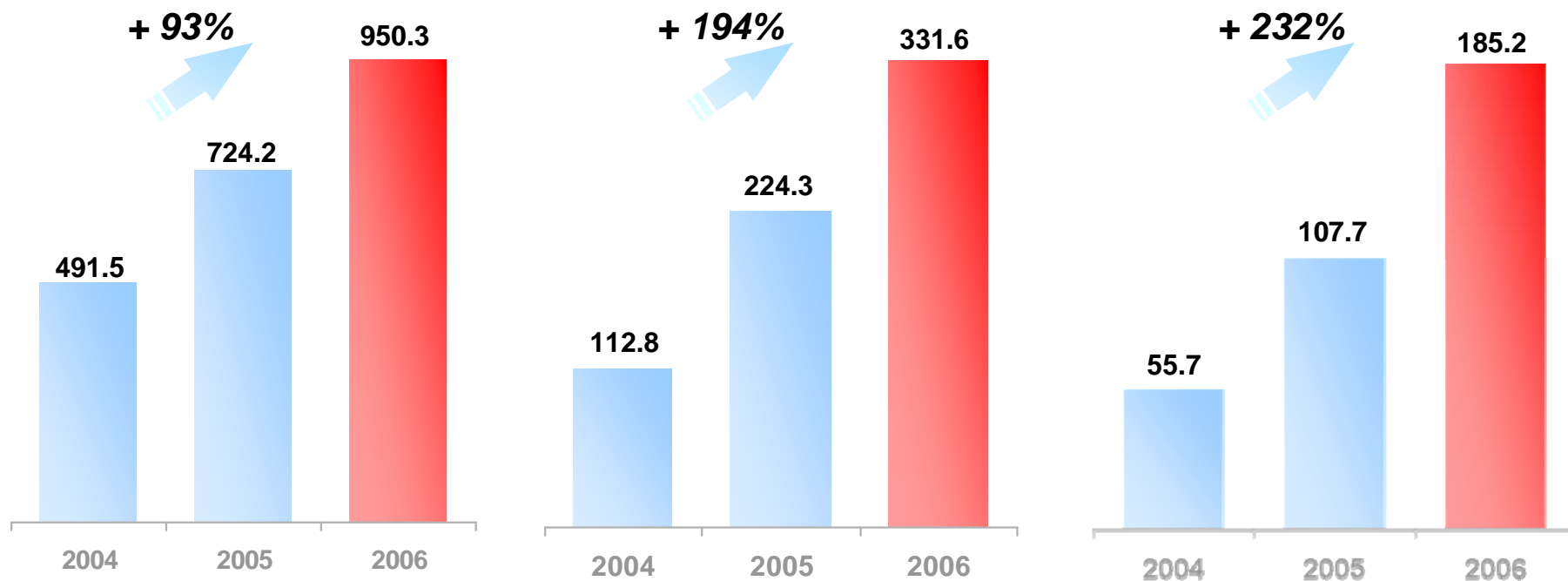
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In € million

Revenues

EBITDA

EBIT

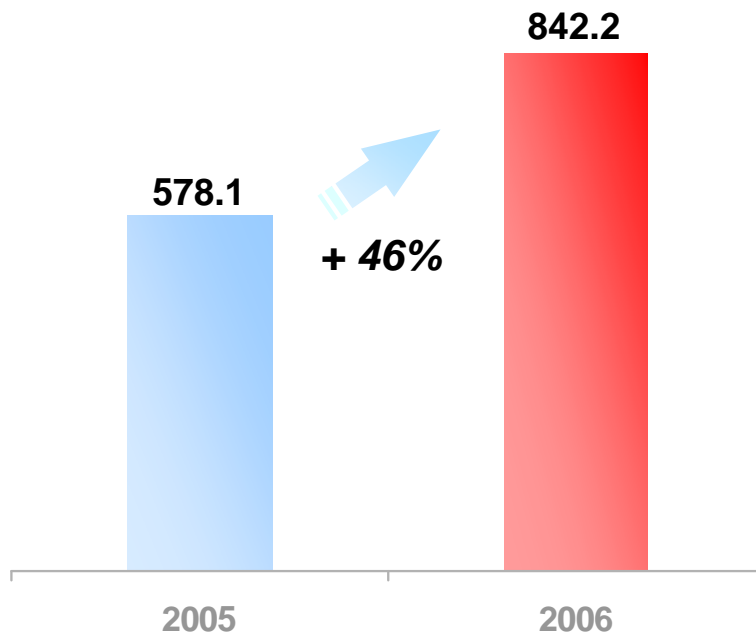


Broadband: Revenues and ARPU Growth



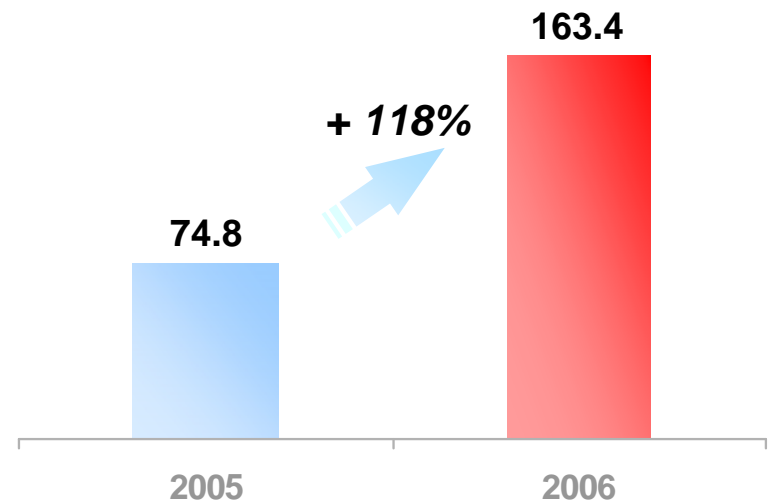
In € million

Revenues⁽¹⁾



Value Added Services Revenues

- Broadband ARPU at €34.5 in 4Q06
- VAS revenues at 19.4% of BB revenues



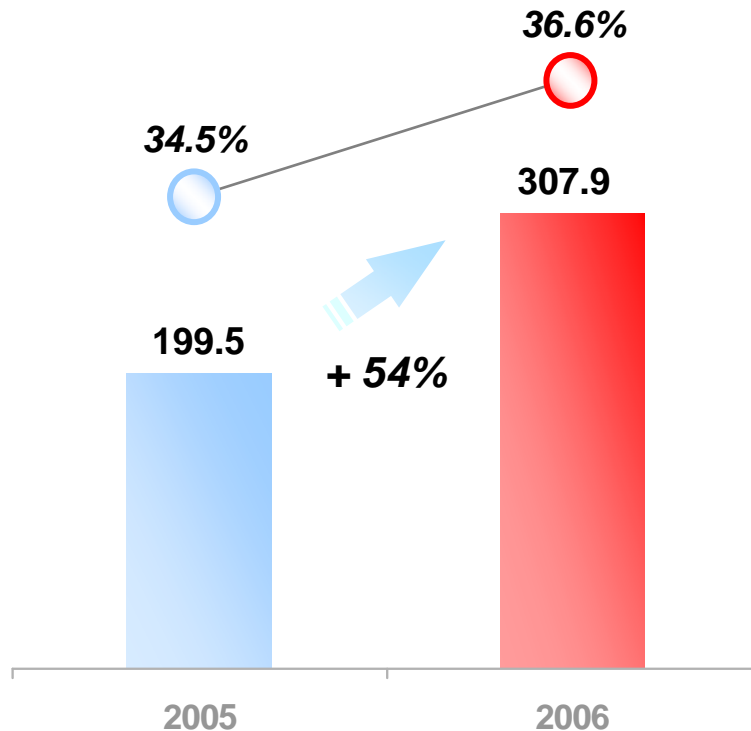
(1) Excluding intersegment

Broadband: Record EBITDA Margin

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In € million

EBITDA



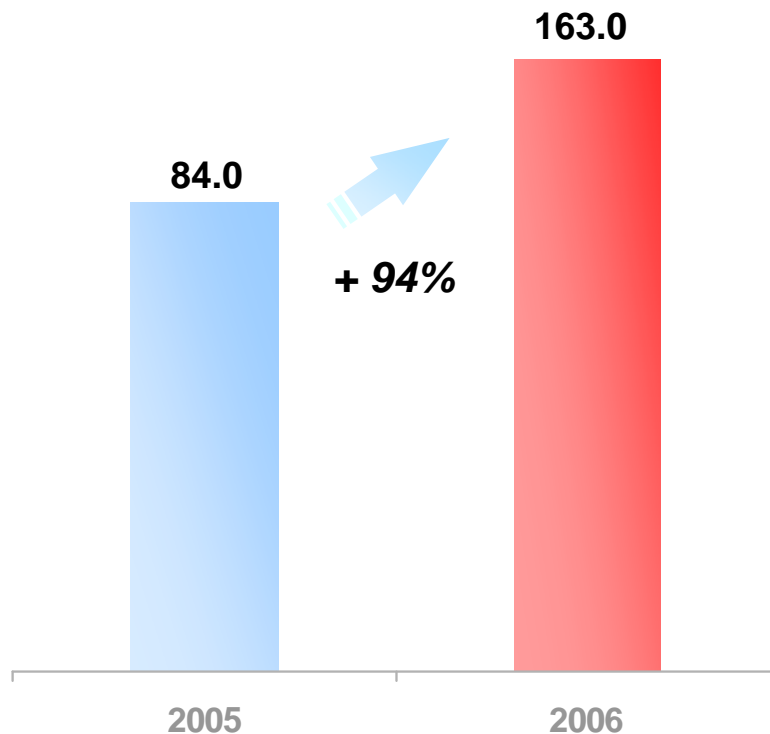
- **Gross margin per unbundled subscriber exceeded €20 throughout 2006**
 - Approx. 58% Full ULL subscribers
- **EBITDA margin at 36.6%**
 - Unbundling ratio increase at 75.9% (Dec. 06) vs. 70.2% (Dec. 05)
- **Marketing budget entirely transferred from Traditional Telephony to Broadband**
 - Under €50 customer acquisition cost in 2006
 - Total budget up 60% vs. 2005
 - 2007 budget to increase yoy

Broadband: Strong EBIT Margin



In € million

EBIT



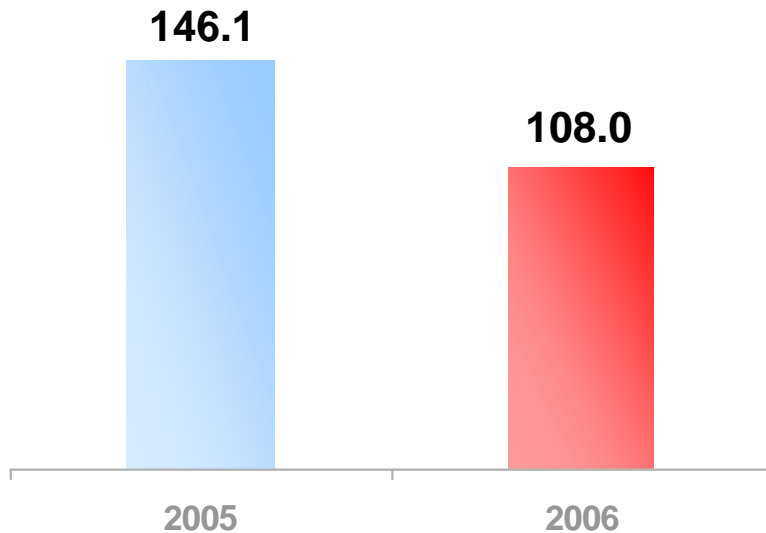
- **Delivering strong operating leverage**
 - 19.4% EBIT margin vs. 14.5% in 2005
- **Amortization charges accelerating in H2 2006**
 - Record ADSL net adds in 2006
 - Freebox HD manufacturing cost more than double previous model

Traditional Telephony: Declining but Profitable



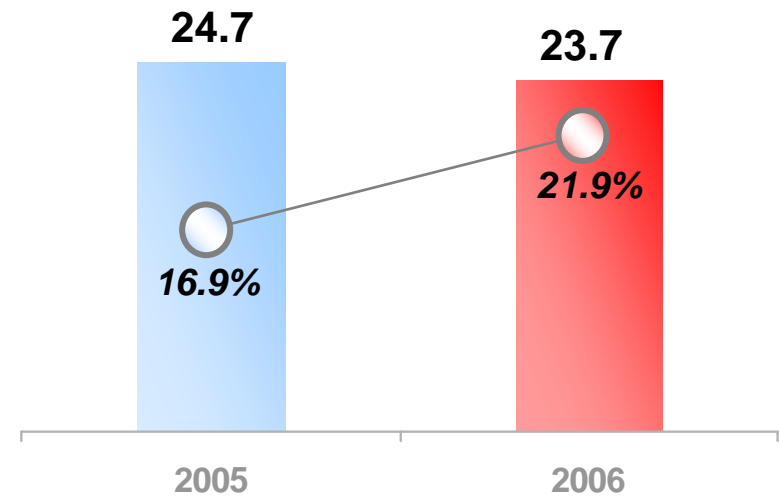
In € million

Revenues⁽¹⁾



EBITDA

- End of marketing at OneTel
- Kertel sold in February 2006



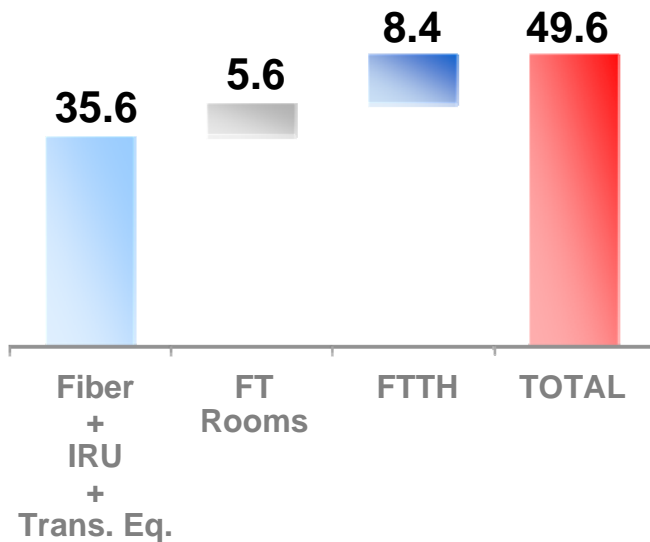
(1) Excluding intersegment

2006 CAPEX Breakdown



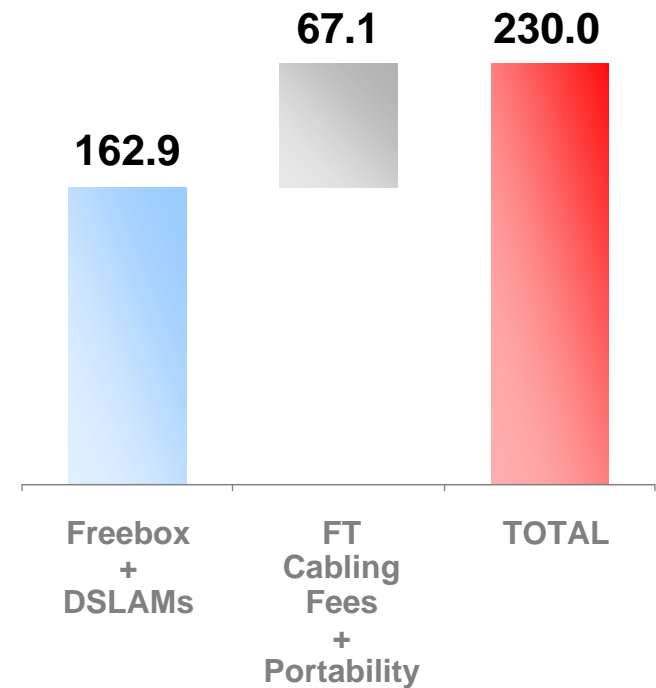
In € million

Network CAPEX



Growth CAPEX

- Record ADSL net adds in 2006
- Freebox HD + DSLAM at approx. €220 per subscriber



Strong Balance Sheet Structure



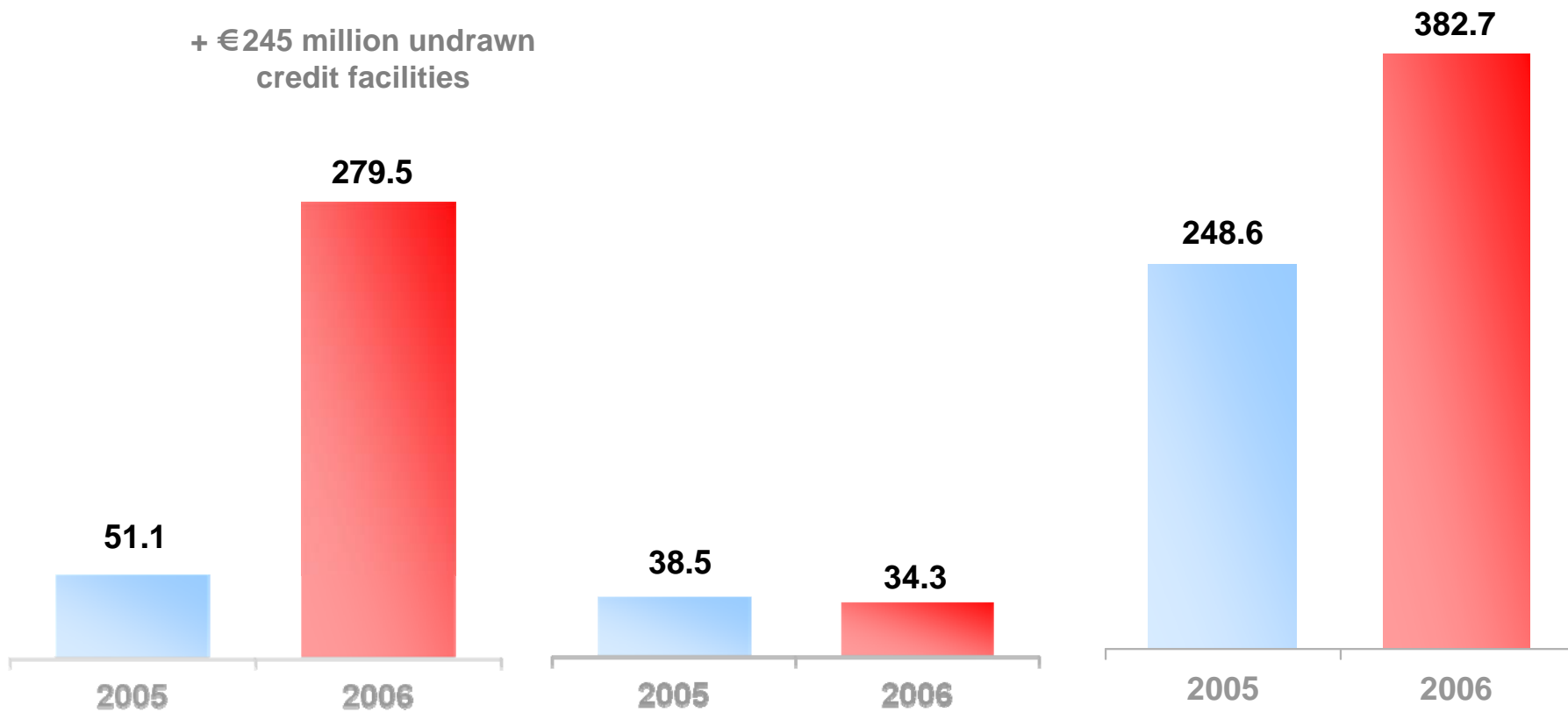
In € million

Cash & Equivalents

Net Financial Debt

Equity

+ €245 million undrawn credit facilities



2.8 million Broadband subscribers by end 2007

80% unbundled subscribers by end 2007

€20 average gross margin per ULL subscriber

30,000 FTTH subscribers by end 2007

Approx. €30 gross margin per FTTH subscriber

Strengthen Iliad's Unique Position in French Broadband

