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 **1st Half 2005 Results Presentation**

September, 2005

- **Financial performance**

- Revenues up 52.2% at € 337.8 million
- Group EBITDA up 104.5% at € 94.9 million
 - Internet EBITDA margin at 32%
- Net Income up 56.5% at € 24.1 million

- **Operating performance**

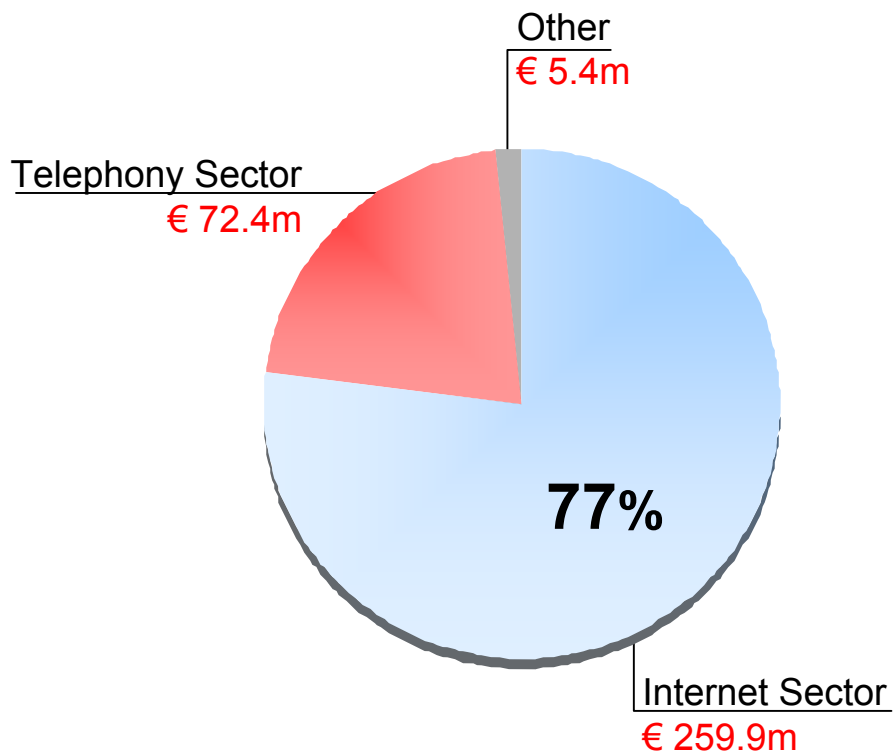
- Leading alternative ADSL operator with over 1.3 million subscribers
- #1 TV over ADSL operator in Europe
- #1 Telephone over ADSL provider in Europe

Broadband Fuelling Iliad's Performance

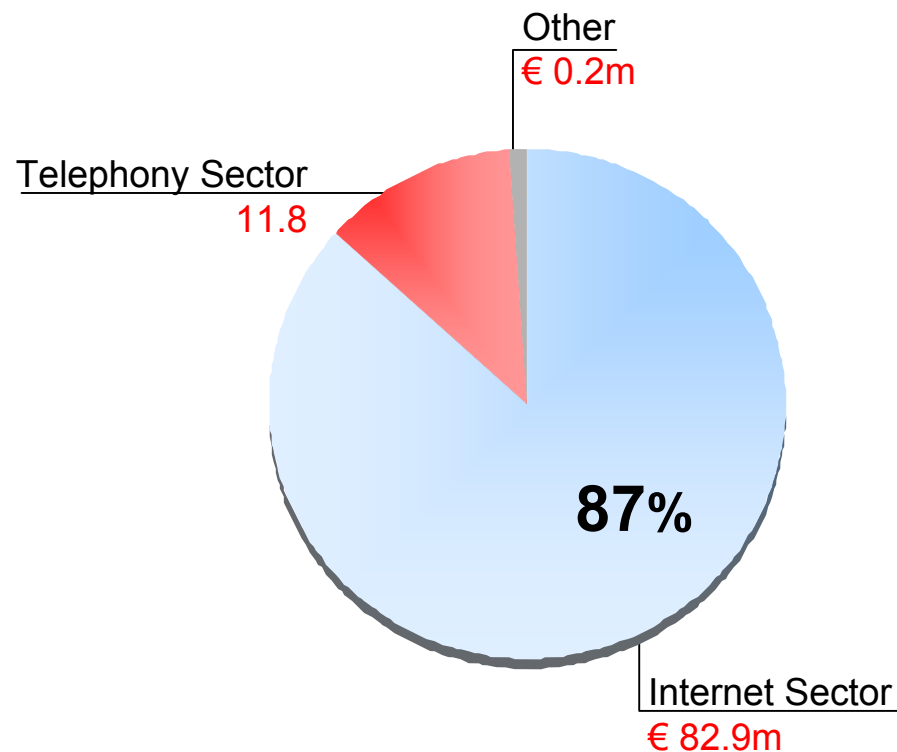


In € million

Revenues



EBITDA



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 **Internet Sector**

- **Free's growth strategy consists in**
 - Increasing ADSL subscriber base
 - Increasing usage of triple play services and in particular TV
 - Increasing Freebox users' ARPU
 - Growing the % of unbundled subscribers

Freebox: #1 Home Multi-Media Gateway

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1,316,000

Free ADSL Subscribers

1,135,000

Phone Users

130,000

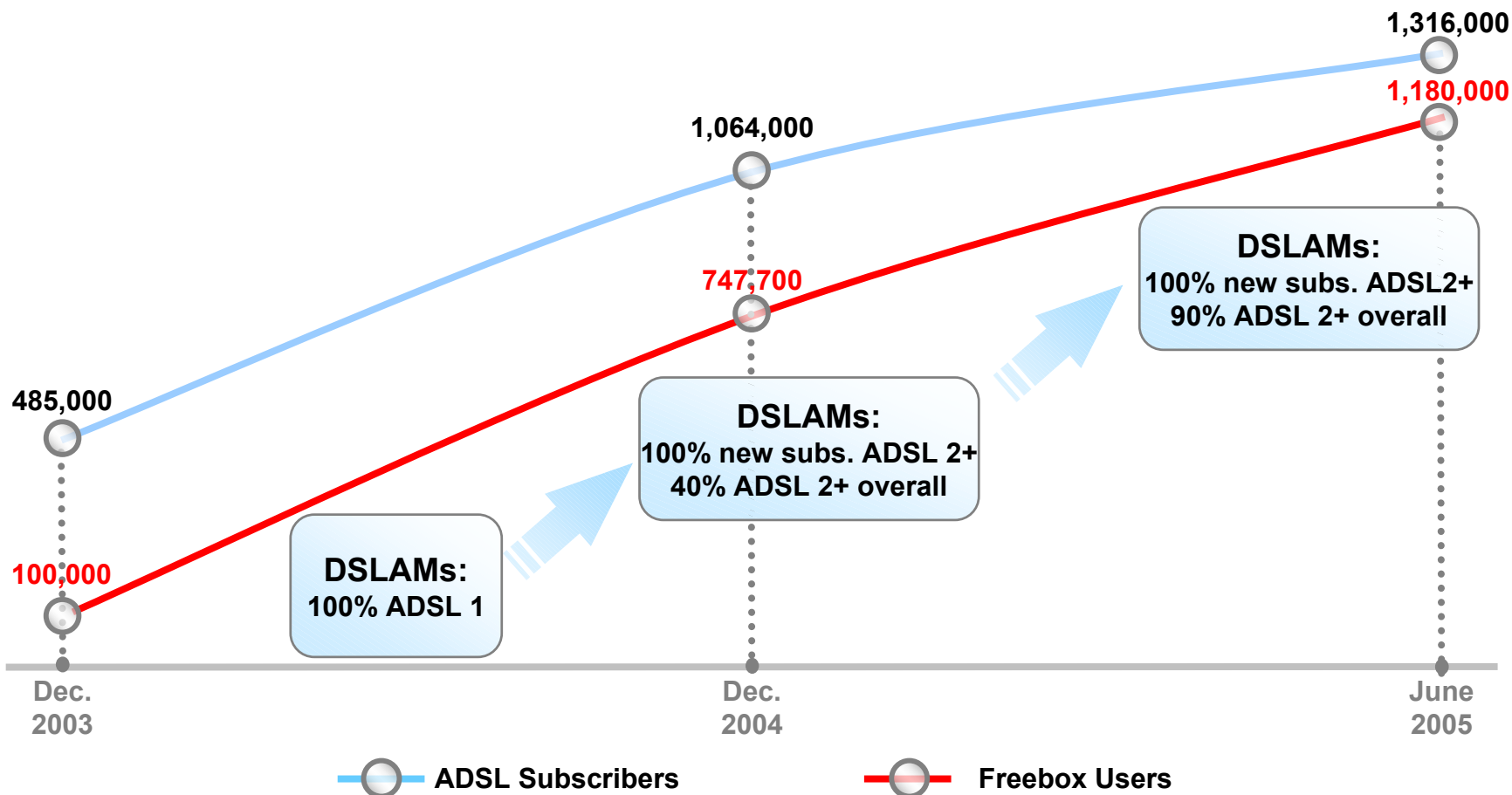
Pay TV Subscribers



€ 29.⁹⁹/ month

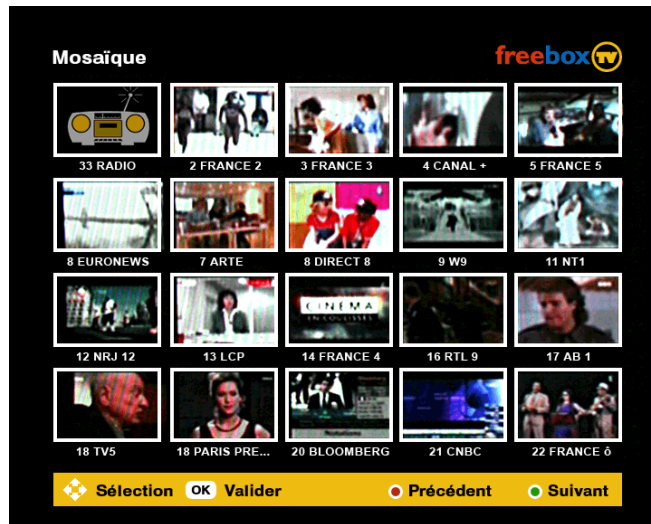
Free: The Most Powerfully Equipped Subscriber Base in France

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Freebox: Driving TV Penetration With Innovative Features

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● Channel mosaic

- Developed in house
- Ease of use
- Fast channel changes

● 260 broadcasted channels

- 80 free channels (Basic package)
- Launch of DTTV channels



- Interactive subscription to Pay TV channels and to Canal+

CANALSAT

ESPACE DE SOUSCRIPTION

BIENVENUE DANS L'ESPACE DE SOUSCRIPTION
A CANAL+ LE BOUQUET/CANALSATDSL

Pour profiter immédiatement des programmes de CANALSAT et / ou CANAL+ LE BOUQUET et bénéficier d'une offre exceptionnelle, renseignez votre profil et choisissez votre abonnement en cliquant sur CONTINUER.

Vous devrez ensuite faire enregistrer votre demande 5 jours auprès de notre service client au 0891 39 50 00 (0,23 euro TTC/mn)

Rendez vous sur www.free.fr pour connaître les modalités détaillées de nos offres.

CONTINUER SORTIE

Freebox: Driving TV Penetration With Innovative Features

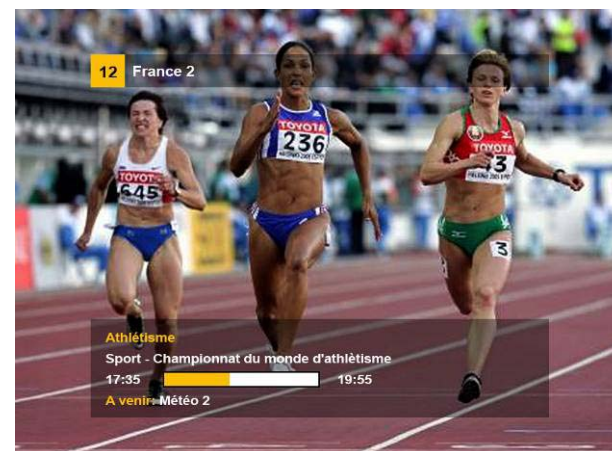
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- # 1 ADSL radio offer



- TV Electronic Program Guide

→ Developed in house in partnership with Télérama (France's leading TV weekly)



Freebox: Driving TV Penetration With Innovative Features

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- **Freeplayer mediacenter**
 - Successful media and telecom convergence
 - Innovation by Freebox R&D team
 - Over 100,000 downloads as of June 30, 2005
- **Preselection**
 - Traditional voice offer to non fully unbundled subscribers
 - 100% on Iliad's network



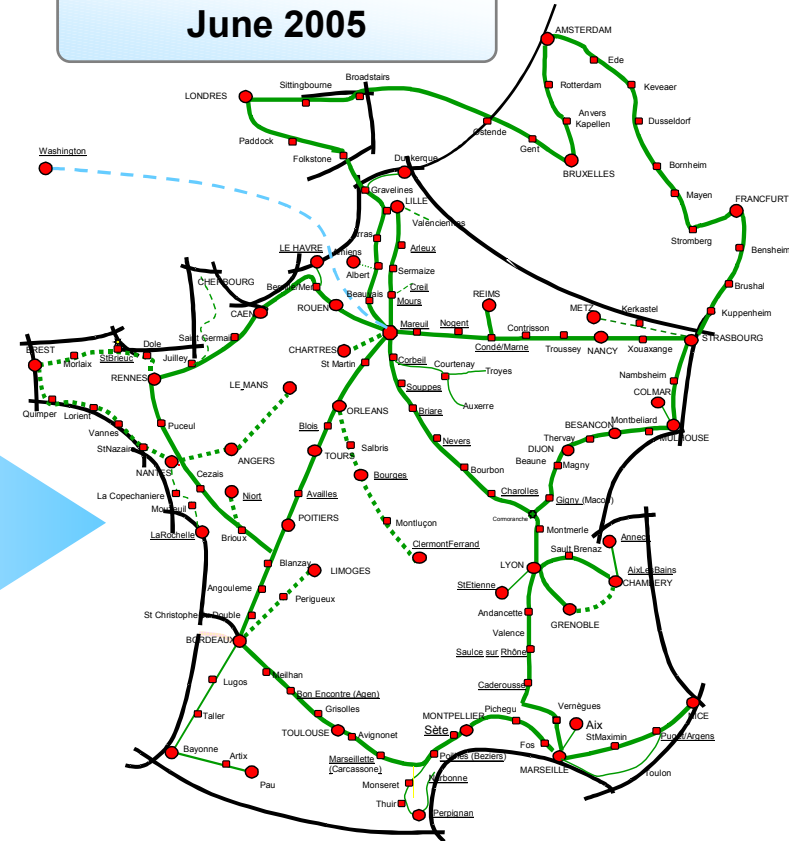
Network: Expanding Footprint

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January 2004



June 2005



IPO

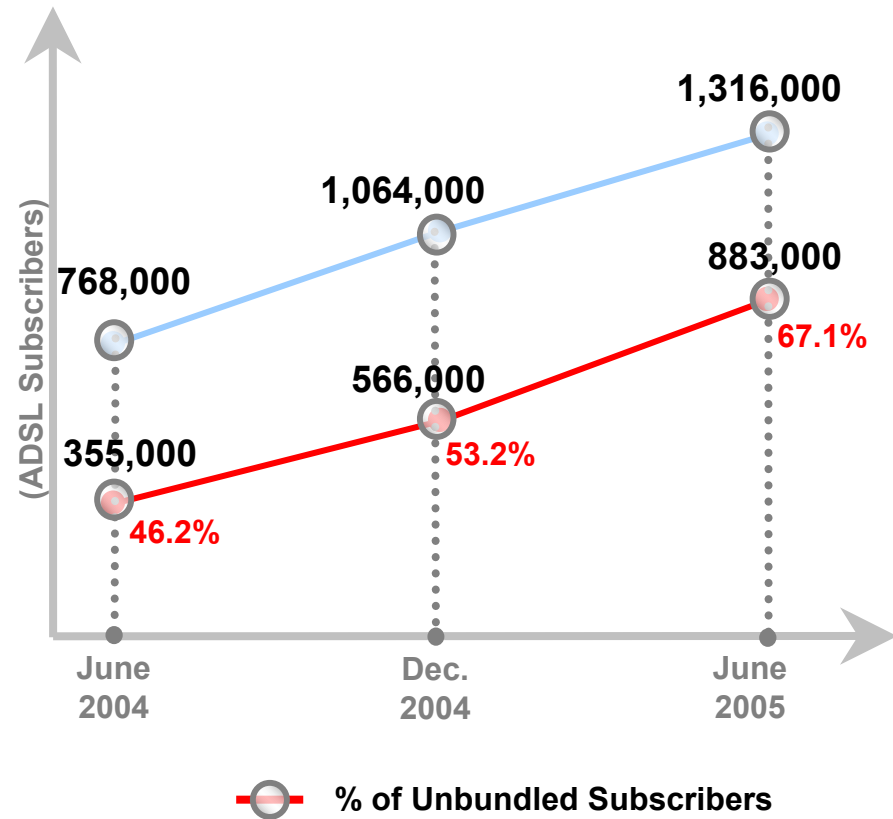
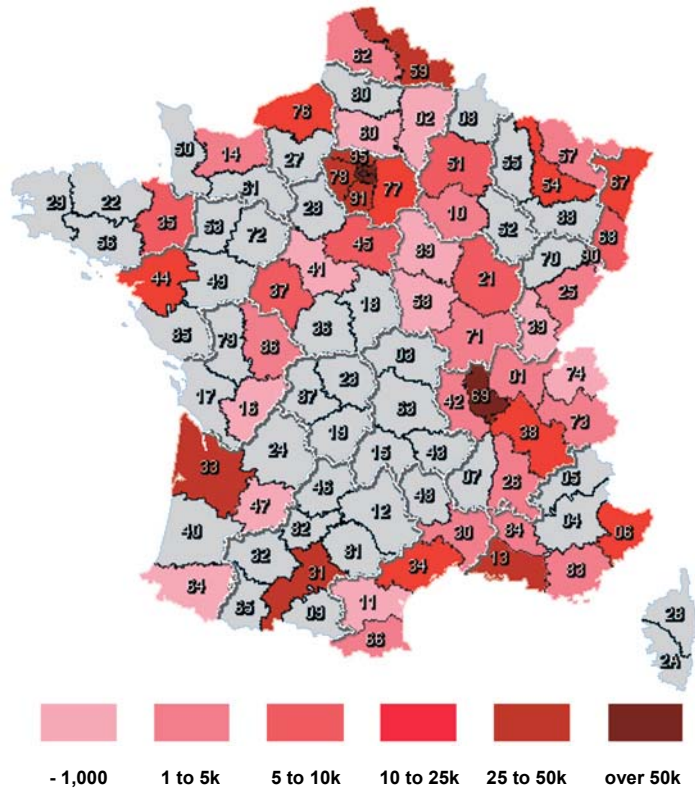
- 7,000 km of dark fiber
- 160 NRA opened and equipped with ADSL 1
- 33.6% Unbundling ratio

- 17,000 km of dark fiber
- 580 NRA opened and equipped with **ADSL 2+**
- 67.1% Unbundling ratio

Network: Increasing the Unbundling Ratio



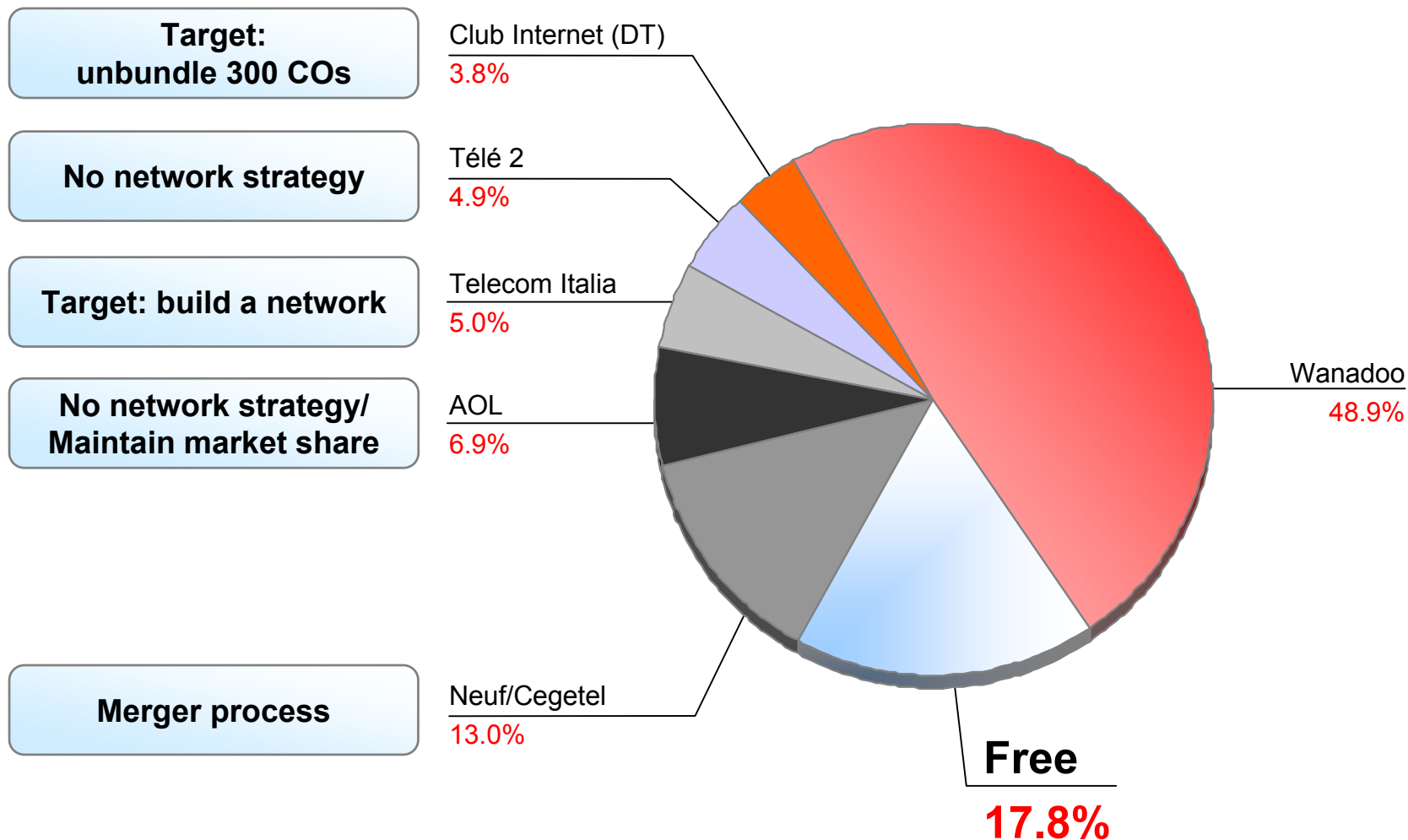
Free's Unbundled Subscribers Map



- **€ 5 million additional Capex committed for 2005**
 - Increased coverage in 24 towns
 - 10,500 subscribers up for migration
 - 24 months payback period

- **€ 10 million additional Capex committed for 2005/2006**
 - Increased coverage of Limousin, Loire, Alsace etc...
 - 23,500 subscribers up for migration
 - 21 months payback period

Free: The Leading Alternative ADSL Operator in a Changing Market



Free: Winning Subscribers with Transparent Offer



- **UFC Que Choisir (France's leading consumer group) praises Free « clean » ADSL offer**

Internet Access Offer Only

		Advertised Retail Price	Actual monthly charge	Diff.
1	Free	€ 29.99	€ 32.49	8%
2	Wanadoo	€ 29.90	€ 41.90	40%
3	Télé 2	€ 19.85	€ 29.95	51%
4	Telecom Italia	€ 15.00	€ 23.00	53%
5	AOL	€ 19.90	€ 30.94	55%
6	Neuf Telecom	€ 14.90	€ 27.78	86%
7	Cegetel	€ 14.90	€ 30.56	105%
8	Club Internet	€ 9.90	€ 21.28	114%

Free: Winning Subscribers with Quality of Service



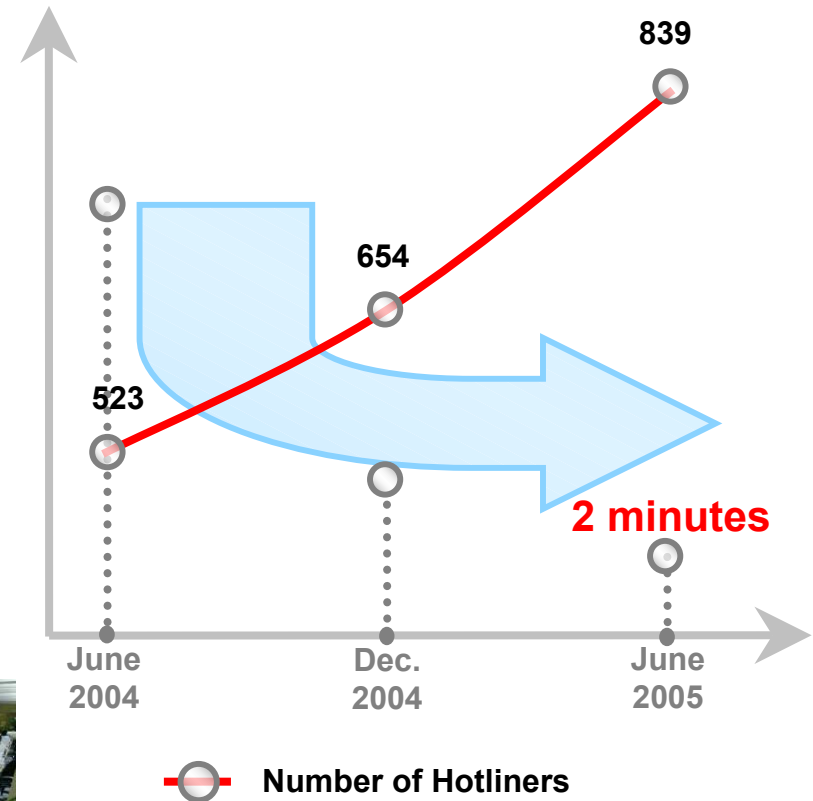
- Free is regularly # 1 for Internet access speed and reliability
- High quality marks now earned for Voice over IP as well

	VoIP Services	Average Quality Ranking May - July 2005
1	Free	94.0
2	Cegetel	92.2
3	Tiscali	91.5
4	Neuf Telecom	91.0
5	Club Internet	90.6
6	Wanadoo	85.4

Free: Winning Subscribers with Better Customer Care

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- June 2005 average answer time
 - 2 minutes
- House calls now possible (at a cost)
- New information system for hotliners
- One month minimum training for all new recruits



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 **Telephony Sector**

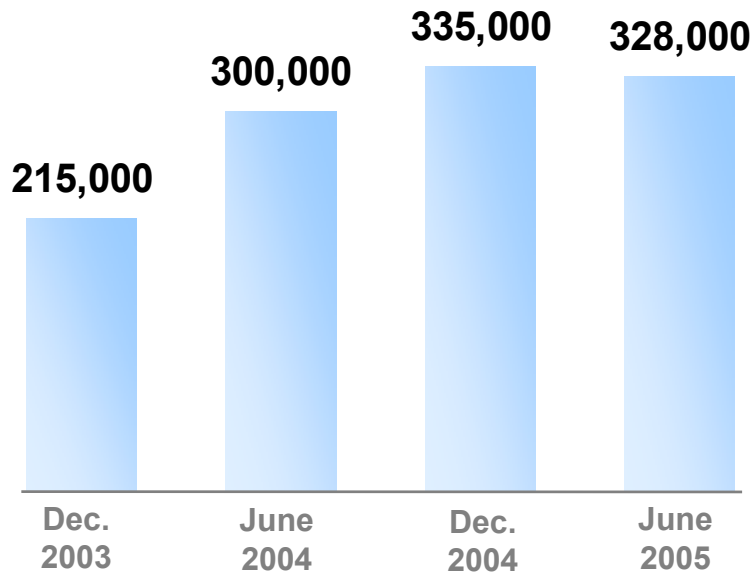
OneTel & Kertel: A Year of Consolidation

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Onetel

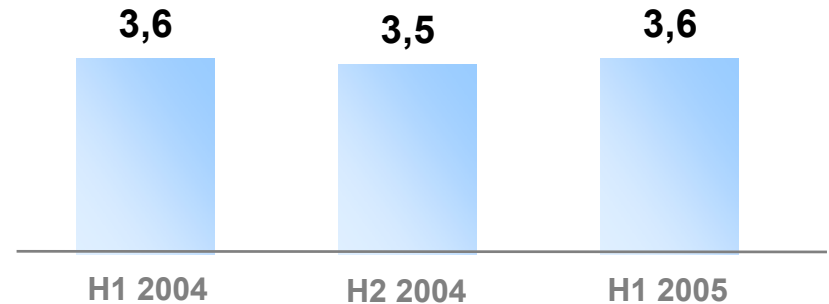
Kertel

- **Subscribers and ARPU topping up**



Subscribers

- **Launch of mobile call back offer**



First Used Cards in millions

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 **Financials**

Confirming Strong Operating Leverage

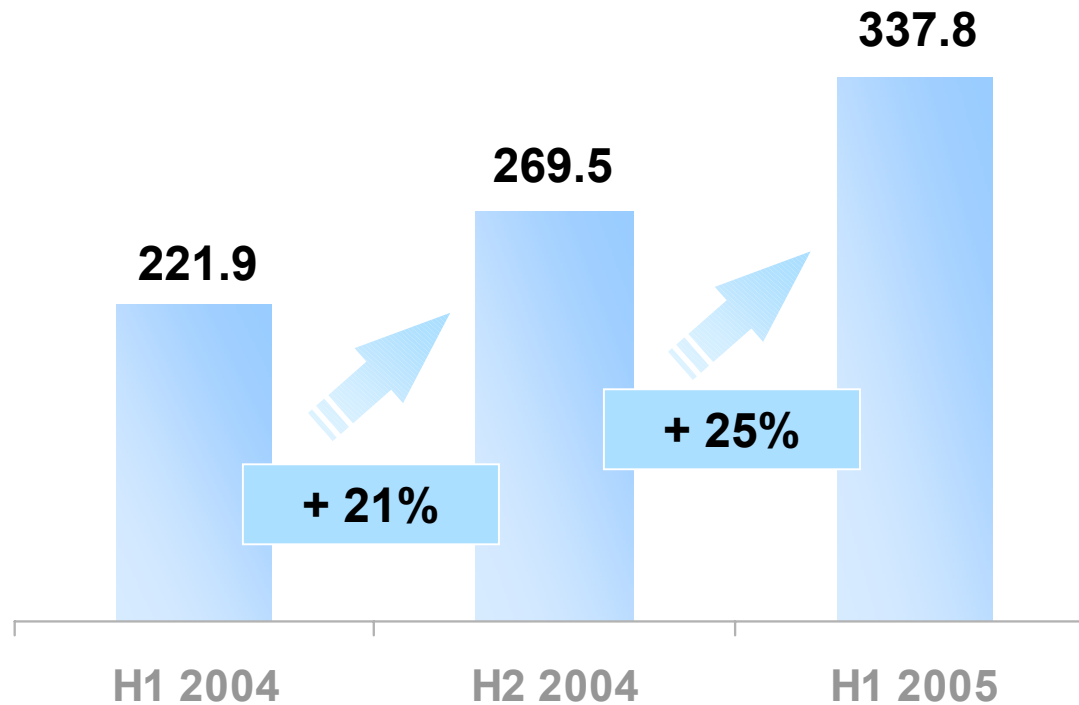
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<i>In € '000</i>	H1 2004	H1 2005	Var.
Revenues	221,949	337,832	+ 52.2%
EBITDA	46,412	94,916	+ 104.5%
EBITDA Margin	20.9%	28.1%	-
Operating Profit	24,181	39,210	+ 62.2%
Operating Margin	10.9%	11.6%	
Profit for the period	15,415	24,127	+ 56.5%

Accelerating Revenue Growth



In € million

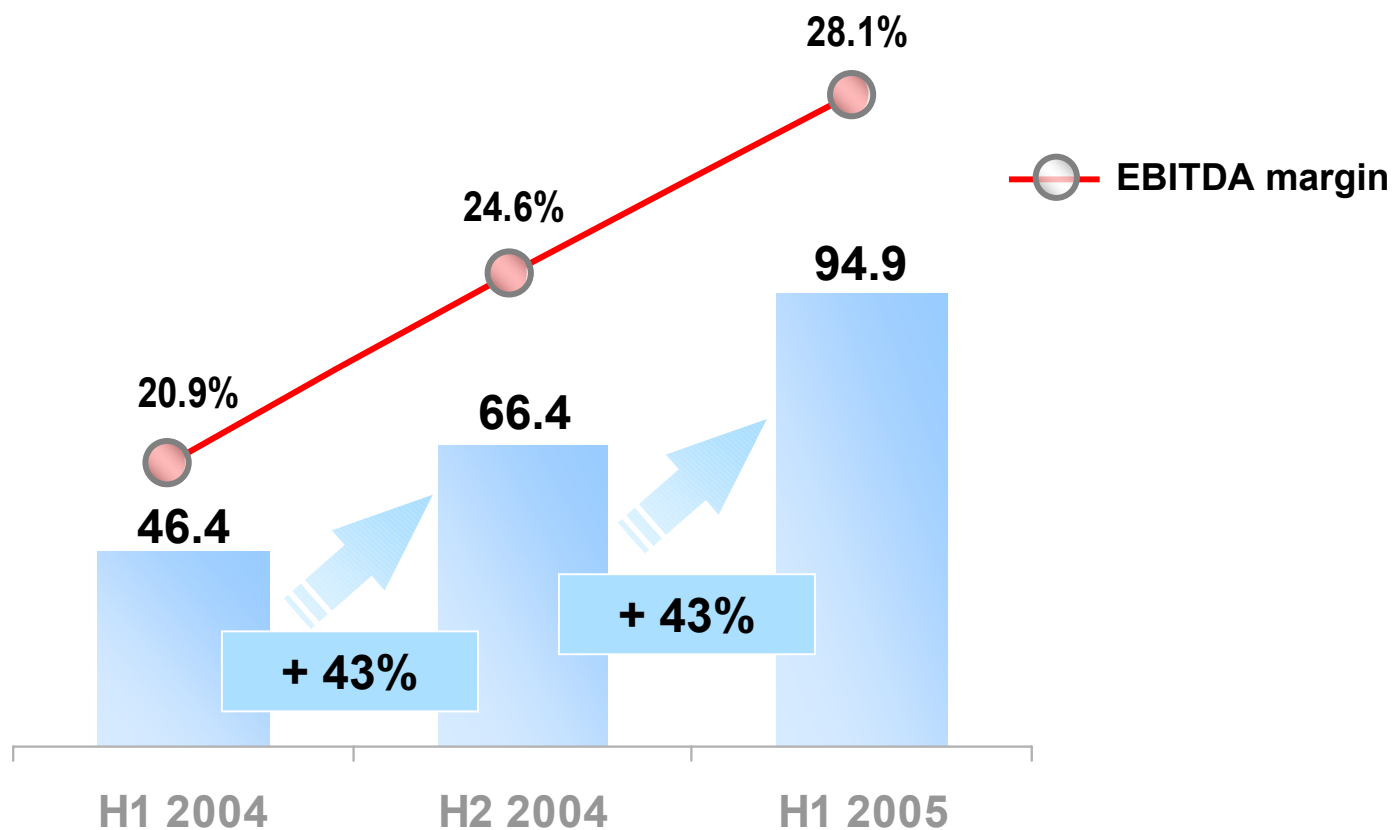


- Continued growth of ADSL subscriptions
- High take-up of value-added services by Freebox users

Sustained EBITDA Margin Growth

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In € million



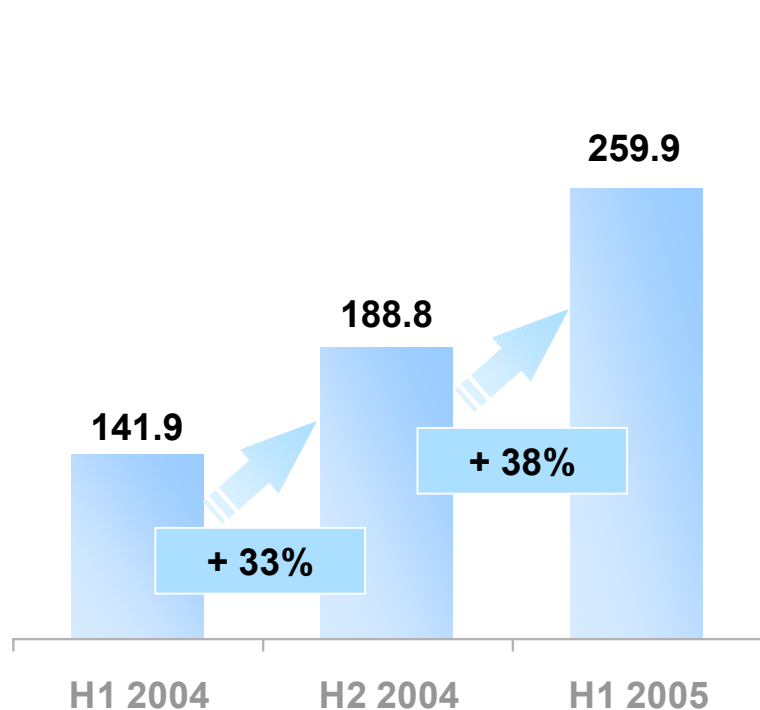
- 67% unbundled subscribers on June 30, 2005
- Telephony sector EBITDA stable

Internet Sector: Revenues Fueled by Increasing ADSL ARPU

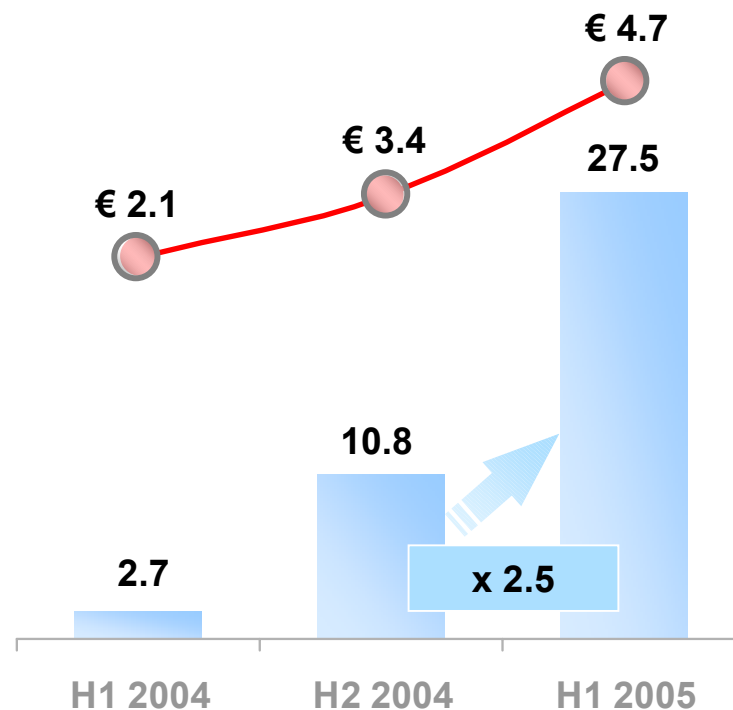


In € million

Revenues¹



Freebox Services Revenues and ARPU



● Monthly ARPU per Freebox user

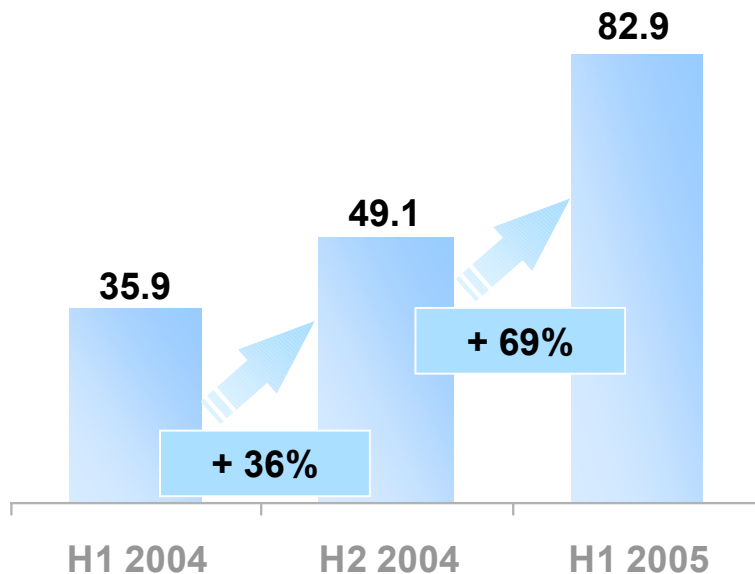
(1) excluding intersegment

Internet Sector: Significant EBITDA Margin Improvement

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In € million

EBITDA



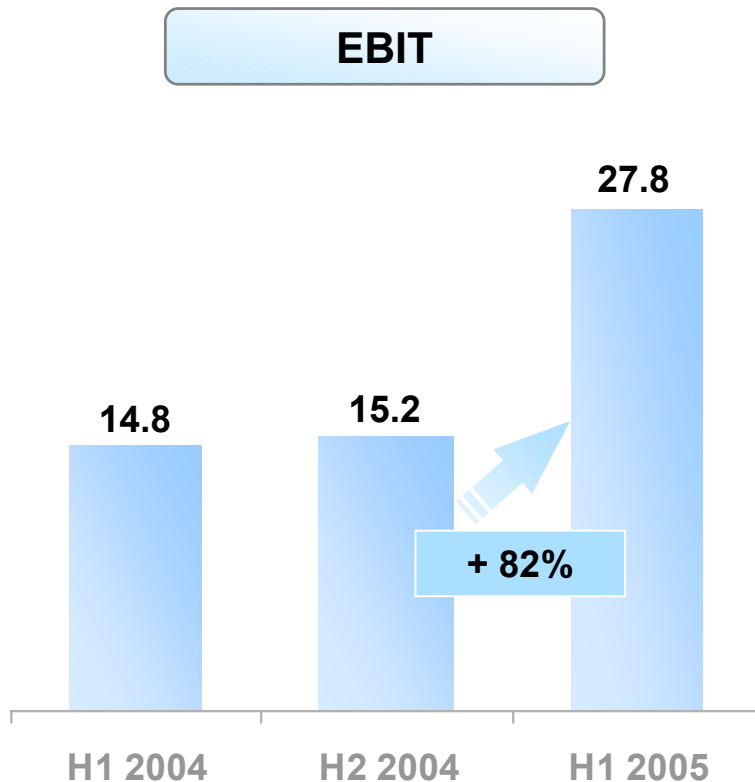
- EBITDA margin¹
 - 31.9% in H1 2005 vs.
 - 25.7% in 2004
- € 20 gross margin per unbundled subscriber commitment kept
- Option 5 direct costs decreasing
- Hotline personnel charges outweighing revenues

(1) As a % of revenues excluding intersegment

Internet Sector: EBIT Margin Improvement

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In € million



- **EBIT margin¹**
 - 10.7% in H1 2005 vs.
 - 9.0% in 2004
- **H1 2005 depreciation charges at € 55.7 million including**
 - € 5.6 million DSLAM v1
 - € 1.0 million Sagem modems

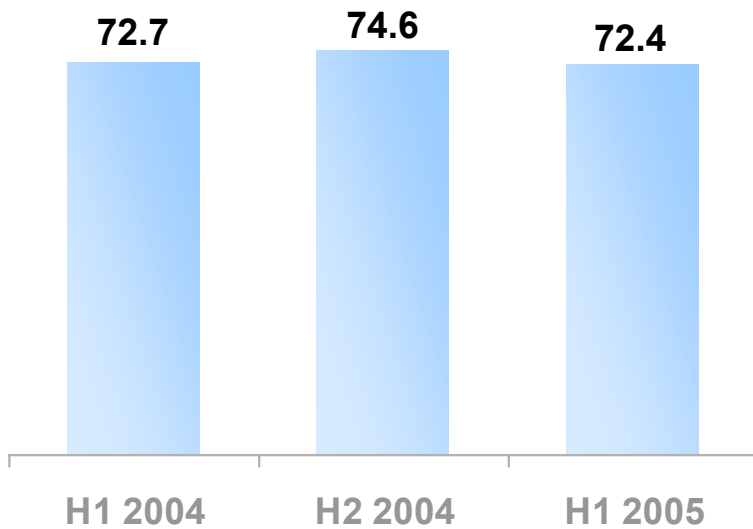
(1) As a % of revenues excluding intersegment

Telephony: Revenues and EBITDA Stable

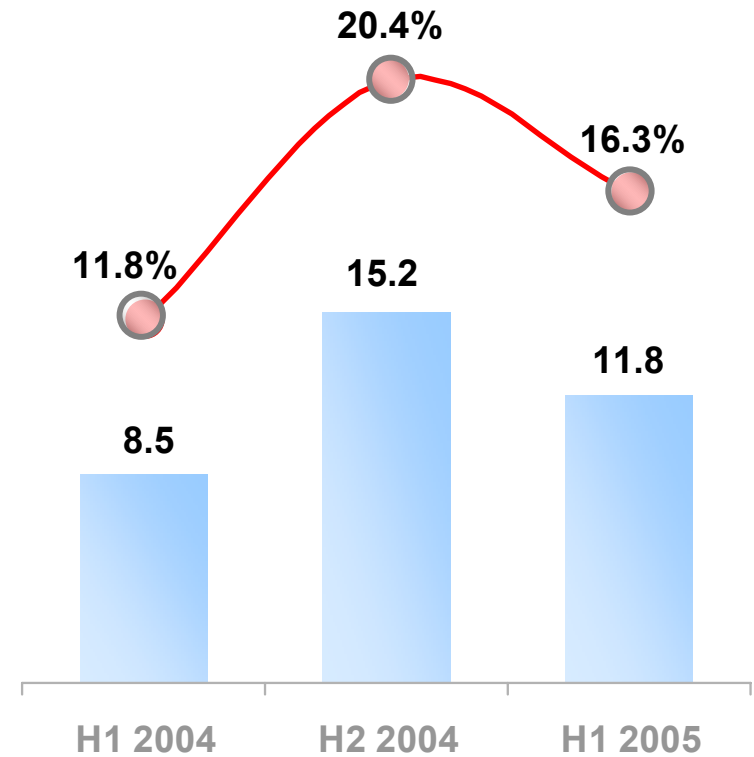


In € million

Revenues¹



EBITDA



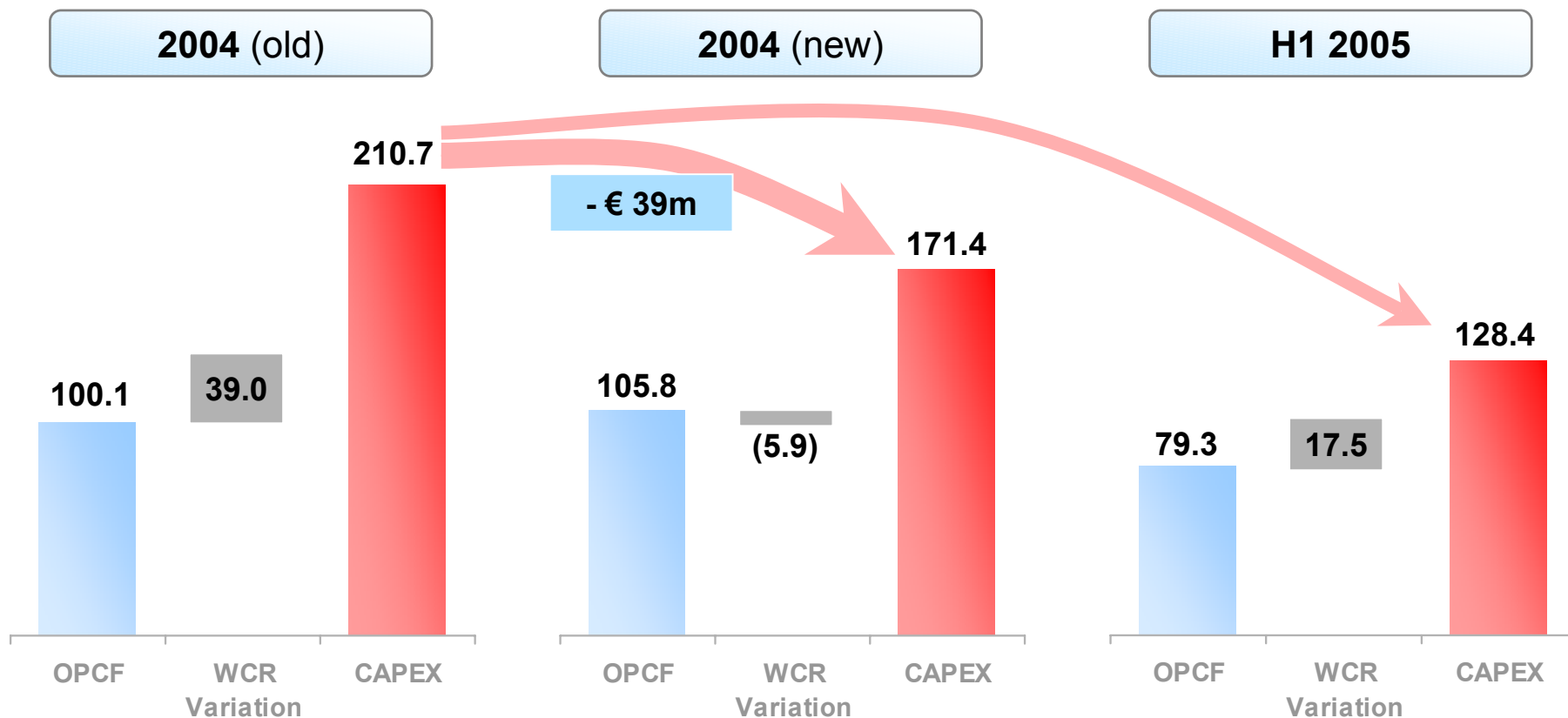
 EBITDA Margin

(1) excluding intersegment

Cash Flow: New Presentation in 2005



In € million



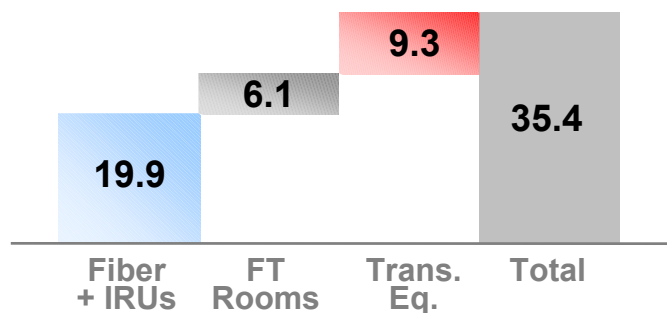
- Capex impact cash flow statement only at actual payment
- New method penalizes 2005 Capex

H1 2005 CAPEX Breakdown

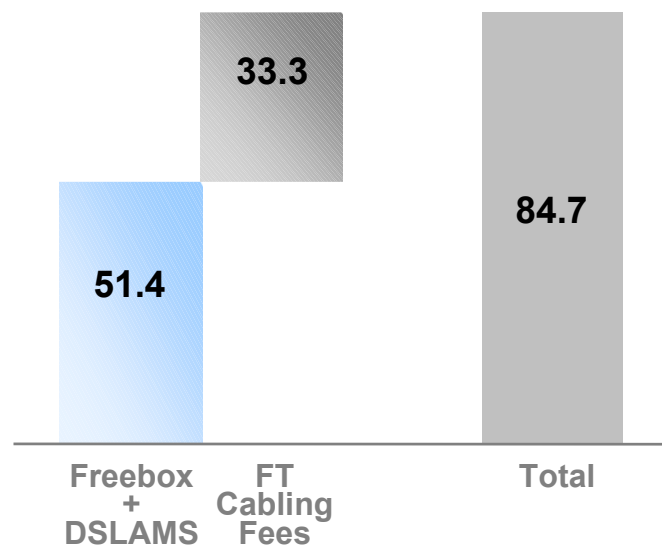


In € million

Network Acquisitions



Growth Acquisitions



- **Network Capex at € 25 to 30 million in H2 2005**
→ € 14 million new projects committed
- **ADSL 2+ DSLAMs upgrade near completion**

A Strong Balance Sheet Structure



Assets	Dec. 31, 2004	June 30, 2005
Non current assets	283.5	346.1
Current assets	143.3	137.7
- of which cash and equivalents	30.5	21.3
Liabilities		
Total shareholders' equity	178.5	203.5
Non current liabilities	10.9	10.7
Current liabilities	237.4	269.6
Total	426.8	483.8

- **June 30, 2005 net debt at € 30 million**

IFRS Transition: Moderate Impact on P&L



<i>In € '000</i>	FY 2004	FY 2004 IFRS
Revenues	491,446	491,446
EBITDA	108,672	112,818
Profit from Ordinary Activities	53,090	55,666
Other Operating Income & Expenses	-	2,556
Operating Profit	53,090	58,222
Profit for the year	40,832	40,718

- **€ 5.1 million of exceptional items reclassified under Other Income from Operations and Other Operating Income**

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 **Outlook**

ADSL Retail Price : € 29.99

Reach 1.5 million subscribers by end 2005

Over 70% unbundled subscribers by end 2005

Expand fiber optic network to reach 1,000 FT sites

Free cash-flow break-even during H2 2005