



## 2004 Consolidated Revenues at € 491.4 million, up 68% ADSL Subscribers at 1,064,000 up 156,000 in Q4 04

Iliad reinforced its leading alternative position in the French ISP market during the 4<sup>th</sup> quarter 2004. Free managed to increase its number of ADSL subscribers from 908,000 as of September 30, 2004 to 1,064,000 as of December 31, 2004. Free increased its ADSL subscriber base by 156,000 in the 4<sup>th</sup> quarter vs. 140,000 during the 3<sup>rd</sup> quarter 2004. Net adds during the 4<sup>th</sup> quarter 2003 totalled 130,000.

Despite intense competitive pressure, Free consolidates its position as the number 2 broadband ISP in France and as the leading alternative to Wanadoo. These statistics confirm the power of Free ADSL offering and in particular of the Freebox services. At this date, Free remains the only provider with a national triple-play offer based on ADSL 2+ technology, integrated in one single CPE, for a flat all-inclusive monthly fee of € 29.99.

In addition, Free maintained its focus on unbundling of the local loop. On December 31, 2004, Free had over 566,000 unbundled customers connected to its network, or 53.2% of its subscribers base vs. 46.2% as of June 30, 2004. At the IPO, the unbundled ratio objective was 50% by end 2004. However, it is worth noting that the proportion of unbundled subscribers increased essentially over the last two months of the semester. As of December 31, 2004, 747,000 users were equipped with a Freebox modem.

As far as the Telephony sector is concerned, OneTel marketing expenses were reduced during the second half of the year. The total number of subscribers was stable over the period at 335,000 customers billed vs. 328,000 at June 30, 2004. Kertel posted a good 4<sup>th</sup> quarter with 1.8 million cards sold over the period.

### 4Q04 & Full Year 2004 Revenues

(in € '000)	2004	2003	Change	Q4 04	Q4 03	Change
<b>Consolidated Revenues</b>	<b>491,446</b>	<b>293,051</b>	<b>68%</b>	<b>143,752</b>	<b>90,387</b>	<b>59%</b>
Internet Revenues	394,052	215,042		120,609	68,978	
- Intersegment	(63,285)	(32,709)		(16,659)	(12,305)	
<b>Cons. Internet Revenues</b>	<b>330,767</b>	<b>182,333</b>	<b>81%</b>	<b>103,950</b>	<b>56,673</b>	<b>83%</b>
Telephony Revenues	162,976	96,366		41,847	31,806	
- Intersegment	(15,672)	(3,378)		(5,071)	(2,177)	
<b>Cons. Telephony Revenues</b>	<b>147,304</b>	<b>92,988</b>	<b>58%</b>	<b>36,776</b>	<b>29,630</b>	<b>24%</b>
Other Services Revenues	24,152	25,026		6,040	6,828	
- Intersegment	(10,778)	(7,296)		(3,015)	(2,745)	
<b>Cons. Other Services Revenues</b>	<b>13,375</b>	<b>17,730</b>	<b>(25%)</b>	<b>3,026</b>	<b>4,084</b>	<b>(26%)</b>

## **ADSL Customer Base in 2002, 2003 and 2004**

	<b>Dec. 31, 2002</b>	<b>Dec. 31, 2003</b>	<b>June 30, 2004</b>	<b>Dec. 31, 2004</b>
ADSL Subscribers	99,100	485,000	768,000	1,064,000
Unbundled Subscribers	3,300	163,000	355,000	566,000
Unbundled Subscribers as % of Total	3.3%	33.6%	46.2%	53.2%
Residential ADSL Market Share <sup>1</sup>	7.2%	15.0%	16.8%	17.4%

## **Key Developments in 2004**

By delivering constant innovations, Iliad demonstrated its commitment to remain the most aggressive player in the French broadband market. This continuous commitment is best illustrated by the following key actions :

- **Freebox for every new ADSL subscribers<sup>2</sup>**. On March 18, Free announced that every new ADSL subscriber would receive a Freebox modem, whether the service is provisioned on Option 1 or Option 5. With this modem, every customer has access to broadband Internet access as well as free local and national fixed line phone calls and attractively priced calls to mobile and international destinations. In addition, the Freebox modems are also programmed to act as a router and are pre-equipped with a wi-fi port.
- **Introduction of total unbundling**. Since mid-June, Free has offered to its new subscribers the option to choose full unbundling. By doing so, customers forego the payment of the FT monthly subscription.
- **Key agreement signed with Canal+**. On October 25, 2004, the Canal+ group, France's leading TV operator, and Free (Iliad Group) announced the signature of an agreement to include Canal+ premium channels, its digital versions and the full range of CanalsatDSL channels in Free's television offering. The service opened on November 24<sup>th</sup>.
- **Successful launch of ADSL 2+ technology**. During the 4<sup>th</sup> quarter, Free announced the launch of the new ADSL2+ Freebox technology. Download speed was consequently increased to 20 Mbps, subject to technical characteristics of the copper line. On December 14<sup>th</sup>, Free, in partnership with France Télévisions, was the first European ISP to broadcast two high definition TV channels over ADSL.

## **Information on Shareholder Structure**

Pursuant to the information released today on the AMF website, Iliad's float has been increased to 19.6% or € 313 million as of February 9<sup>th</sup> close. Based on declarations made to the Company, the shareholder structure as of December 31, 2004, is detailed below.

	<b>Number of Shares</b>	<b>% of Capital and Voting Rights</b>
Xavier Niel	37,123,410	69.4%
Other Management and Directors	4,927,603	9.2%
Goldman Sachs Funds	936,670	1.8%
Free Float	10,464,547	19.6%
<b>Total</b>	<b>53,452,230</b>	<b>100.0%</b>

<sup>1</sup> Based on France Telecom market data released today

<sup>2</sup> Subject to technical characteristics of copper line



On Tuesday March 15, 2005, Iliad will present its Full Year 2004 results.

*Iliad is a leading player in the French telecommunications and Internet access industry via its subsidiaries Free (the second largest ISP and a licensed network operator), One.Tel (a fixed telephony provider) and Kertel (the leading alternative prepaid cards provider). Founded in 1991, the Group employs over 770 people. Iliad is listed on Euronext Paris under the ticker ILD.*

Exchange : **Euronext Paris**

Market place : **1er Marché (SRD)**

Ticker : **ILD**

ISIN Code : **FR0004035913**

FTSE Ranking: **974 Internet**

Member of SBF 250 Index and Next 150

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