



2006 Results Announcement

iliad

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Consolidated Net Income at € 124 million, up 80% yoy Consolidated EBITDA at € 332 million, up 47.8% yoy

During 2006, Iliad delivered strong operational and financial growth. The Group's unbundling strategy coupled with an increasing usage of optional value-added services on the Freebox generated significant profitability improvements:

- Consolidated Revenues grew to € 950.3 million, up 31.2%. Value-added services on the Freebox generated € 163.4 million revenues in 2006 vs. € 74.8 million in 2005;
- Group EBITDA increased to € 331.6 million, up 47.8% yoy. Group EBITDA margin reached approx. 34.9% vs. 31.0% a year earlier:
 - Broadband sector EBITDA increased to € 307.9 million, up 54.3% yoy. Broadband sector EBITDA margin reached 36.6% vs. 34.5% a year earlier. The average gross margin per unbundled subscriber exceeded € 20 in the 2006 with a 58% ratio of fully unbundled subscribers on a total of 1,730,000 unbundled subscribers ;
- Profit from ordinary activities increased to € 185.2 million, with a margin of 19.5%;
- Net income grew from € 68.9 million in 2005 to € 123.9 million, with a margin of 13%;
- Cash flow from operations was € 281 million in 2006 with a negative Free cash flow of € 5.2 million. Capex (net of disposals) were a € 284 million as 2006 was a record year for ADSL net adds with 683,000 new subscribers, to reach 2,278,000 ADSL subscribers as of December 31, 2006.

Consolidated Income Statement

The summary consolidated income statement is presented below.

<i>(in € million) IFRS</i>	FY 2006	FY 2005	% Change
Revenues	950.3	724.2	31.2
EBITDA	331.6	224.3	47.8
<i>EBITDA Margin</i>	34.9%	31.0%	
Depreciation	(146.4)	(116.6)	
Profit from Ordinary Activities	185.2	107.7	72.0
Operating Profit	182.2	107.7	69.2
Financial Income & Expenses, Net	(3.9)	(2.8)	
Corporate Income Tax	(61.7)	(36.4)	
Profit from discontinued operations	7.3	0.4	
Profit for the Period	123.9	68.9	79.9
EPS	2.29	1.28	78.9

Selected Segment Information

<i>(in € million) IFRS</i>	Broadband	Traditional Telephony
Consolidated Revenues	842.2	108.0
EBITDA	307.9	23.7
Operating Profit (EBIT)	163.0	22.3

Balance Sheet

As of December 31, 2006, Consolidated Financial Liabilities totalled € 313.8 million for a Cash and Equivalent position of € 279.5 million.

Key Developments in 2006

In 2006, Iliad released the latest version of the Freebox, the HD Freebox. Equipped with the latest ADSL 2+ technology, HD broadcast capabilities and presented in dual box format, Iliad believes the HD Freebox was largely responsible of its record ADSL growth for the year.

In September 2006, Iliad announced its plan to enter the FTTH market as a logical next step to its unbundling strategy. The overall capex plan until 2012 for FTTH is estimated at € 1 billion. 2007 capex will be focused on Paris and selected other cities and will amount to € 150 million.

At the end of the year, Iliad expressed its interest for the 4th mobile licence. French mobile consumers are eager for more competition in this part of the telecommunications industry, which could be better delivered through a fourth operator. Iliad believes that the political commitment behind this project will be instrumental for its success and that a fair treatment of the new entrant does not mean an equal price for the licence.

Outlook

Iliad reiterates its goal to remain the leading alternative broadband operator in France. As far as 2007 is concerned, Iliad's targets are to exceed 2.8 million ADSL subscribers by the end of the year and to increase its unbundling ratio to 80% by December 31, 2007.

The Group remains committed to its profitable growth strategy and believes that its cash flow position enhances its ability to deliver breakthrough broadband innovations and guarantees its unique position on the French market.

The Board of Directors will propose a € 27 cents dividend to be voted at the upcoming shareholder meeting for fiscal year 2006.

The Iliad Group is a major player in the Internet and telecommunications markets in France through its subsidiaries Free (the leading alternative broadband operator with 2,278,000 ADSL subscribers as of December 31, 2006), Onetel and Iliad Telecom (fixed telephony operators) as well as IFW (Wimax). The Iliad Group is listed on the Euronext Paris Eurolist under the mnemonic code ILD.

Exchange : **Euronext Paris**

Ticker : **ILD**

FTSE Ranking: **974 Internet**

Market place : **Eurolist A (SRD)**

ISIN Code : **FR0004035913**

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Glossary of terms

In light of the discrepancies between operators' definitions as it relates to ADSL, Iliad reiterates the definitions it has been using since inception of the service.

Total ADSL Subscribers at the end of a period consists of the total number of customers identified by their individual "phone lines" who have signed up for Free ADSL service excluding those for whom an unsubscription notice has been registered.

Net adds consists of the difference between Total ADSL Subscribers at the end of two different periods.

Unbundled subscribers are ADSL subscribers who have signed up for Free ADSL service on a Central Office unbundled by Free.

Broadband ARPU (Average Revenue per User) includes revenues from the flat-rate package and the value-added services but excludes one-time revenues (e.g. migration from one offer to the other or unsubscription fee) divided by the total number of ADSL subscribers invoiced for the period.