



- **Consolidated Net Income at €150.2 million**
- **Consolidated EBITDA at €443.6 million, up 35% yoy**
- **Significantly more than €100 million in free operating cash flow on the ADSL business over 2008 (excluding FTTH CapEx)**

During 2007, Iliad delivered strong operational and financial growth. The Group's strategy, which is based on the unbundling of the local loop and growing use of optional value-added services with the Freebox, has enabled a significant improvement in the Group's profitability:

- Consolidated revenues are up 29.7% to €1,212.4 million, with the Freebox's optional value-added services generating €263.4 million in revenues over 2007, compared with €163.4 million in 2006.
- The Group's EBITDA is up 35% to €443.6 million, with the Group's EBITDA margin coming out at around 36.6%, compared with 35.1% the previous year:

Broadband sector EBITDA increased by 40.7% over the year, climbing to €435.0 million. In 2007, Broadband sector EBITDA margin, excluding inter-segment sector, reached a record level of 36.9%, compared with 35.7% in 2006. The average gross margin per unbundled subscriber was higher than €20 in 2007, with 81.5% of unbundled subscribers on a total of 2,904,000 subscribers.

- Profit from ordinary activities rose to €213.8 million, with a 17.5% margin;
- Net income is up €29.6 million to €150.2 million over 2007, with a 12.4% margin;
- Cash flow from operations totaled €442.7 million, with the Group's free cash flow coming out negative at €53.2 million, mainly reflecting the combination of various factors:
 - An ADSL business generating €23 million in free cash flow despite
 - a one-off deterioration in working capital for €38.7 million, primarily linked to the acceleration in France Telecom payments;
 - Investments made in connection with the deployment of the FTTH network for €33.3 million.

Consolidated income statement

The condensed consolidated income statement is presented below:

(in € millions)	December 31, 2007	December 31, 2006*	% Change
Revenues	1 212.4	935.1	29.7%
Purchases used in production	(612.5)	(484.5)	26.4%
Payroll costs	(47.5)	(38.5)	23.2%
External charges	(68.4)	(55.0)	24.4%
Taxes other than on income	(12.1)	(8.5)	42.9%
Additions to provisions	(8.7)	(4.6)	86.6%
Other income and expenses from operations, net	(19.6)	(15.4)	27.4%
EBITDA	443,6	328,5	35,0%
Employee benefits	(3.2)	(1.8)	74.5%
Depreciation and amortization	(226.7)	(146.4)	54.8%
Profit from ordinary activities	213.8	180.5	20.4%
Other operating income and expense, net	(2.0)	(3.0)	-
Operating profit	211.8	177.5	19.3%
Financial income and expense, net	(3.5)	(4.2)	(17.4%)
Corporate income tax	(72.0)	(60.0)	20.1%
Profit from discontinued operations	13.9	7.3	91.5%
Consolidated net income	150.2	120.6	24.4%

Balance sheet

The Group's net debt came to €114,9 million, with €28 million under finance or operating leases.

The Group's cash position at 31 December 2007 was €223.1 million.

Major developments over 2007

In 2007, Free confirmed its position as the leading alternative operator, with a market share on net adds of over 22.4%, representing 626,000 new subscribers.

This improvement has been combined with a very satisfactory rate of growth in use of the range of optional value-added services available with the Freebox.

** The 2006 income statement items presented in this column have been adjusted to exclude Kertel SA, sold in February 2007, and Société SA, sold in August 2006.*

Lastly, the regulatory environment saw a number of favorable changes for the development of FTTH and the emergence of a new mobile operator.

Group's key objectives for 2008

- 3.25 million broadband subscribers by 31 December 2008 and 4 million subscribers by 2010,
- 84% unbundling rate for subscribers by the end of 2008,
- Over €20 average gross margin per unbundled subscriber per month,
- In connection with its FTTH deployment, the Group aims to horizontally cover 70% of Paris over the second half of 2009, and connect up significant volumes of subscribers as soon as the legislative framework is in place.

The Board of Directors will propose a €31 cents dividend to be voted at the upcoming shareholder meeting for fiscal year 2007.

Glossary

Unbundled subscribers: subscribers who have signed up for a Free ADSL offering in a telephone exchange unbundled by Free.

Broadband ARPU (Average Revenue Per User - Broadband): includes revenues generated by package and value-added services, but excludes non-recurring revenues (for example, fees for migration from one offering to another or service start up or termination fees), divided by the total number of ADSL subscribers invoiced over the period.

FTTH: "Fiber To The Home", a solution for an end to end fiber-optic service between the connection exchange (NRO) and the user.

Total number of ADSL subscribers: represents, at the end of the period mentioned, the total number of subscribers identified by their telephone lines who have subscribed to the Free ADSL offering after elimination of those for whom a termination was registered.

Recruitment: corresponds to the difference between the total number of ADSL subscribers at the end of two different periods.

Free is a subsidiary of Iliad. The Iliad Group is a major player in the Internet access and telecommunications market in France with Free (2,904,000 ADSL subscribers at 31 December 2007), Onetel and Iliad Télécom (fixed-line telephony operators), as well as IFW (Wimax). The Iliad Group is listed on the Eurolist of Euronext Paris under the symbol ILD.

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Trading market: **Euronext Paris Eurolist A**

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