

 **1H 2010 Strategy & Results Presentation**

August 31st, 2010

This document has been prepared by ILIAD S.A. (the "Company") and is being furnished to you personally solely for your information.

This presentation includes only summary information and does not purport to be comprehensive.

The information contained in this presentation has not been subject to independent verification. No representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained herein. None of ILIAD S.A., its affiliates or its advisors, nor any representatives of such persons, shall have any liability whatsoever (in negligence or otherwise) for any loss arising from any use of this document or its contents or otherwise arising in connection with this document or any other information or material discussed.

This presentation contains forward-looking statements relating to the business, financial performance and results of ILIAD S.A. These statements are based on current beliefs, expectations or assumptions and involve unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those described in such statements. Factors that could cause such differences in actual results, performance or events include changes in demand and technology, as well as the ability of ILIAD S.A. to effectively implement its strategy. Any forward-looking statements contained in this presentation speak only as of the date of this presentation. ILIAD S.A. expressly disclaims any obligation or undertaking to update or revise any forward-looking statements contained in this presentation to reflect any change in events, conditions, assumptions or circumstances on which any such statements are based unless so required by applicable law.

■ A strong & growing core business

- Continued organic growth:
 - **125,000** net adds on Free over 1H 2010
 - Double-digit growth on historical scope **(+11%)**
- Sharp rise in results:
 - Group EBITDA up by **+27%**
 - ADSL FCF up by **+33%**

■ Alice is a done deal

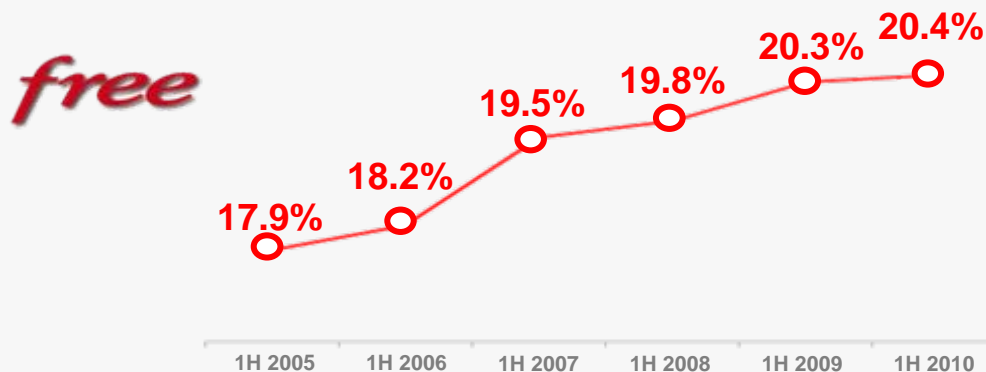
- Financial recovery achieved ahead of target
- Improved churn

■ Investing in growth

- Mobile: 3G licence acquired in January 2010
- FTTH: Launch subscribers' acquisition in dense areas
 - Extensive horizontal roll-out
 - Vertical roll-out: sharing with competitors has started
 - P2P network will make the difference
- Gaming: 2 licenses granted by ARJEL: Poker & Sports betting

	June 2009	Dec. 2009	June 2010
Broadband Subs.	4,371,000	4,456,000	4,514,000
- <i>free</i>	3,589,000	3,778,000	3,903,000
-	782,000	678,000	611,000
Unbundling ratio	81.2%	85.4%	87.5%
ARPU (end of period)	€36.3	€36.5	€36.3

Free: A continuous market share gains



■ **Unbundling: still room for growth**

➤ Improving the unbundling footprint

- 300/400 new Central Offices equipped per year in 2010 & 2011 – 200 COs opened over 1H 2010
- Midterm unbundling ratio of **~90%**

➤ Improve subscriber-experience and attract new subscribers

■ **Focus on subscriber support and loyalty**

➤ **4,000 people** dedicated to subscriber support (95% in house)

➤ A free-of-charge on-site technical support (ATP)

- Available in 150 cities / more than 500 dedicated technical staff

➤ Call centres certified NF Service by AFNOR (France's standard-setting agency)

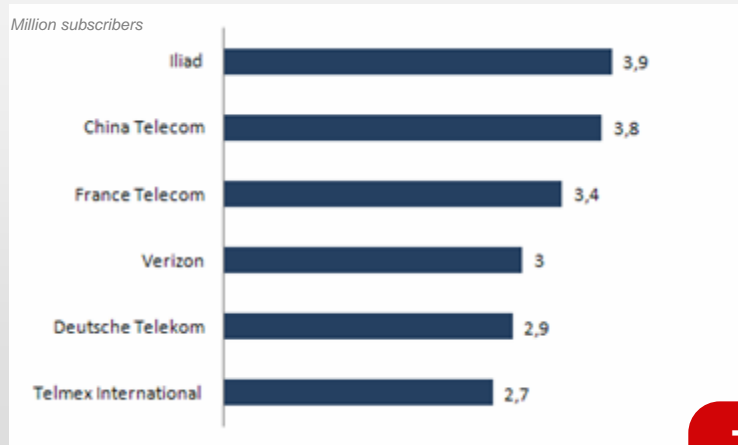
■ **Differentiating through innovation**

➤ Today: Free proposes the most advanced IPTV platform: catch-up, HD...

➤ Tomorrow: A major innovation will be launched before the end of 2010

➤ In dense areas: Upgradability to the only P2P FTTH network

The largest IPTV base in the world



Source: TeleGeography - July 7,2010

TV Replay makes TV viewers Free

Catch-up of 33 channels offered



The Most Innovative IPTV

The upmost TV offer FIFA World cup broadcasted in 3D

3D TELEVISION on *free*



Largest French HD offer

25 HD channels available

HD CHANNELS on *free*



Dense
Areas
~5m subs

■ Horizontal roll-out is going full steam

- Full horizontal coverage of Paris within a year
- **160 Central Offices** acquired and being equipped
- **70 cities** and **3.6 million plugs** deployed or in the process of being rolled out

■ Vertical roll-out picking up by end 2010

- Multiple fibre through sharing agreement started:
 - Agreements for Free to be the in-building operator for 380k homes
 - Access to FT & SFR's existing vertical infrastructure ~700k homes
- Significant subscriber migration starting in 2011

Non Dense
Areas

■ Framework being defined

- Infrastructure sharing and co-investment endorsed
- Roll-out will benefit from Government's financial support ("Grand Emprunt")

4 million homes covered by end-2012
Several tens of thousand FTTH subscribers connected by end 2010

- **Targeting a long-term market share of ~24% / 25%**

- **From gaining subscribers to increasing value**

- ARPU secured by innovation and FTTH
- Improve subscriber support & satisfaction

- **A highway to innovation & growth**

- 2010: New ADSL deal
- 2011: FTTH commercial take-up – the only P2P network in France
- 2012: Launch of wireless activities: ability to respond to 4-Play offers

■ “Work in progress” (more than 1,500 people)

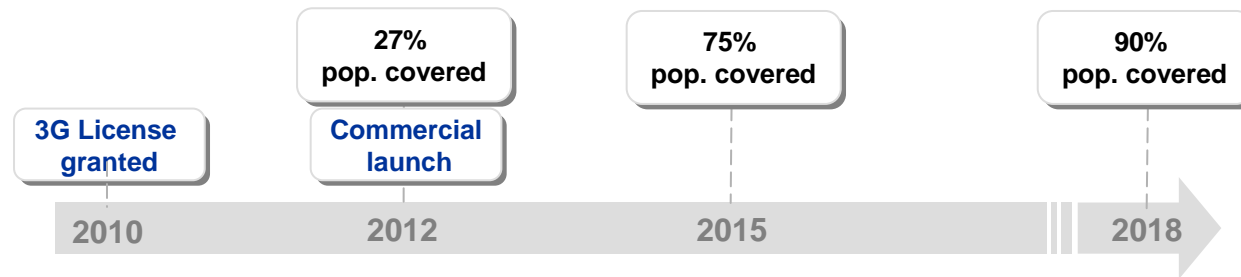
➤ An experienced and skilled team

- Focusing on network rollout
- Network & radio engineers and project managers

➤ Strong partnerships (more than 30 suppliers)

- Equipment suppliers (NSN)
- Deployment companies and sites providers (tower companies, landlords...)

■ Commitments will be fulfilled



➤ Maximize network coverage before commercial launch

■ Roaming agreement

- Compulsory on 2G – Requirements of a minimum coverage of 25% of the population
- Question mark on 3G – Try to strike a commercial deal (3G already granted to MVNOs)

➔ Full coverage of France at commercial launch

■ Uncompetitive market: A real opportunity for a newcomer



Three.co.uk

£25/month

33 hours (anytime, any network)
5,000 texts
1GB internet



€28.90 - €37.90/month

2 hours (anytime, any network)
10-30 texts

■ Confirmed business plan

- > Deployment costs confirmed by deals signed with suppliers
- > Capex budget:
 - Total network Capex plan of **€1bn**
 - 2010-2011 Cumulative Capex need of **c. €200m**
- > Drop of the MTR to 3c. in July 2010 and converging to less than 1c. (in line with Belgium & UK)
- > **EBITDA > 0** reached with a **market share << 10%**

■ New Frequencies: Disciplined investment strategy

- > New batch of frequencies will soon be available:
 - Digital dividend (800Mhz) and 2.6Ghz awarded in 2011 (process under consultation)
 - Refarming of the 1.8Ghz at a second stage
- > Allocation process should be based on several criteria: coverage, increase in competition and price

Strong Financial KPIs

iliad

(€ millions)

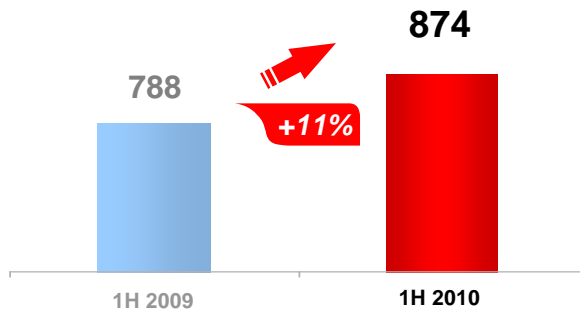
	June 2009 Incl. Alice	June 2010 Incl. Alice	% change
Revenues	969.9	1,015.0	+4.6%
EBITDA	307.8	391.6	+27.2%
<i>EBITDA Margin</i>	31.7%	38.6%	
EBIT	157.0	234.8	+49.6%
Net profit	72.0	171.4⁽¹⁾	x2.4
ADSL FCF	164.1	218.2	+33.0%

(1) Incl. exceptional

(€ millions)

Historical Scope

free

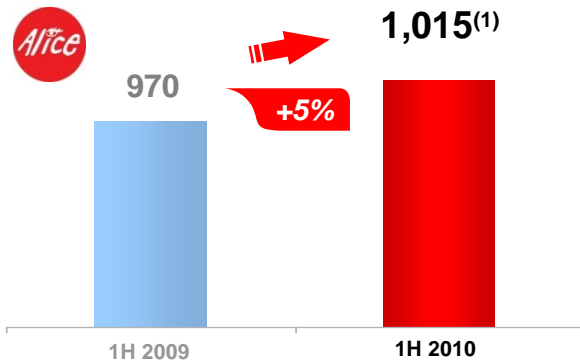


■ Revenues up by 11%:

- + Increased subscriber base
- + Increased usage of Video products
- Drop of 22% of the Fixed Termination Rate
- Opening of new free destinations (Morocco...)

Consolidated Scope

free



■ Group revenues increased by 5%:

- > +11% for Free
- > -23% for Alice
 - Termination of Wholesale operations
 - Erosion of the subscriber base

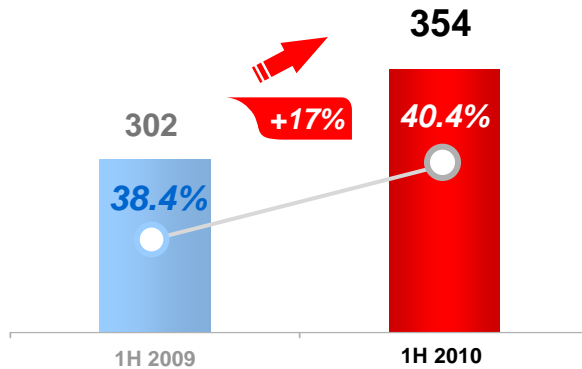
➔ **ARPU stabilized close to historic high at €36.3**

(1) Excluding inter-segments

(€ millions)

Historical Scope

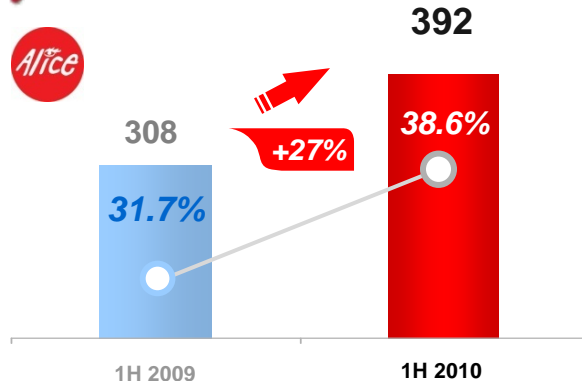
free



- **EBITDA margin hitting historic high: 40.4%**
 - + Unbundling footprint increased
 - + Scale effect on cost structure
 - + Decrease in regulated tariff
 - Decrease of fixed termination rate (-22% yoy)

Consolidated Scope

free



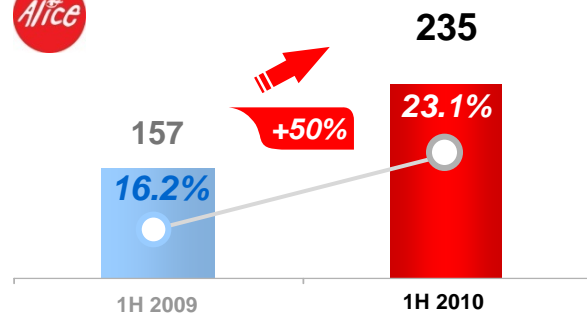
- **Group EBITDA up by 27%:**
 - + Excellent results on Historic Perimeter
 - + Alice: Positive contribution of €38m:
 - Network and cost synergies delivered
 - Eligible subscribers unbundled
- **EBITDA guidance of €90m / year reached as early as May (€7.5m)**

Very Strong Rise in EBIT & Net Profit

(€ millions)

Group EBIT

free

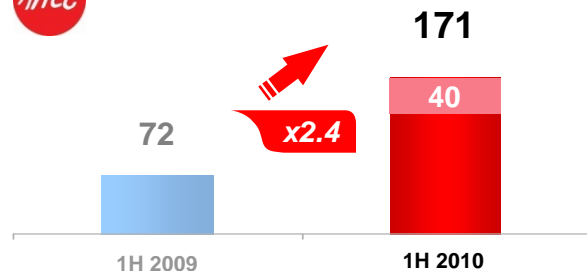


■ A spectacular increase in Group's adjusted EBIT (excl. non-recurring items)

- + Increase in EBITDA margin
- + Alice restructuring costs are over

Group Net Profit

free



■ Sharp rise in net profit

■ Non-recurring income of €40m after tax (€61m pre tax)

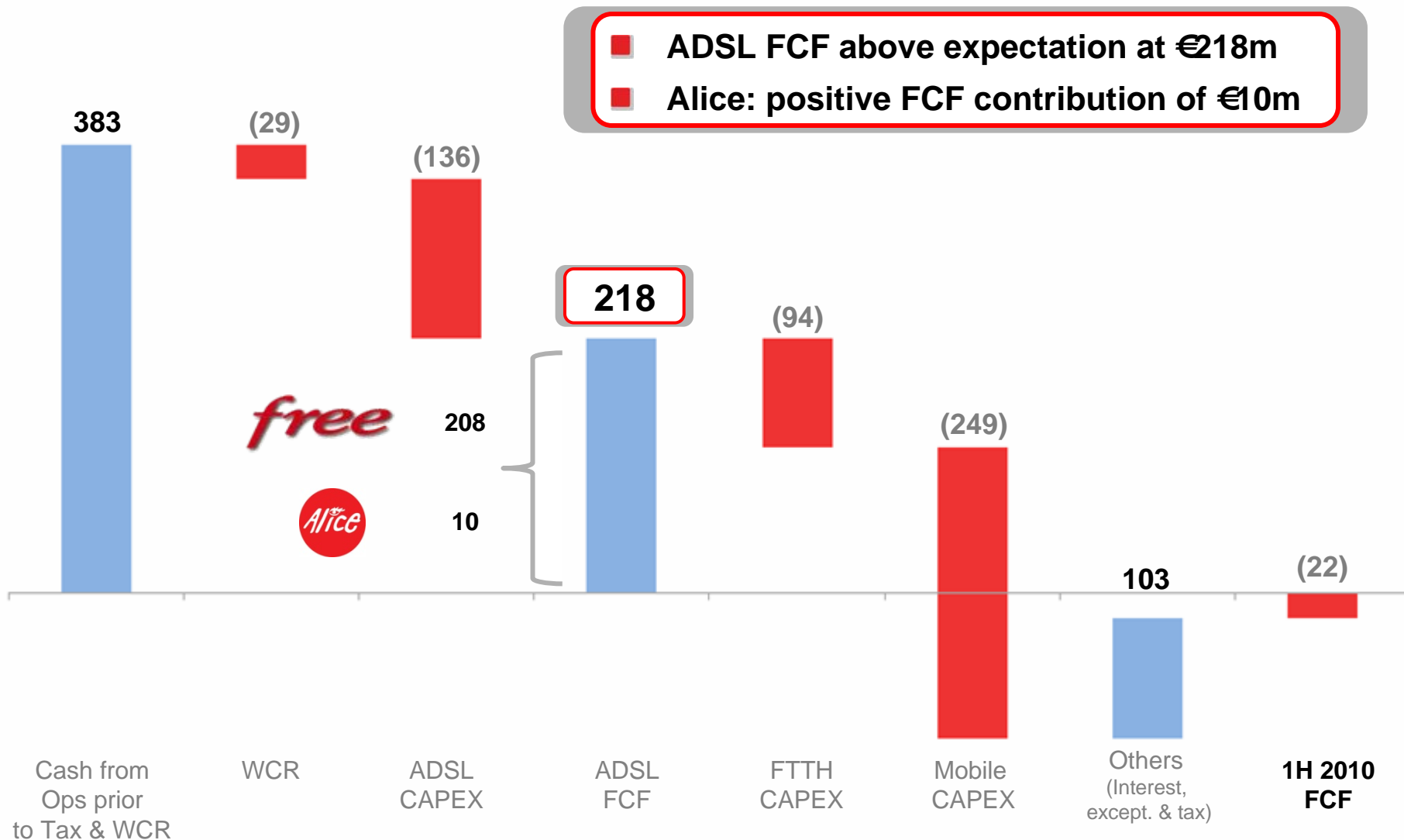
CAPEX: Investing in Future Growth

(€ millions)

	1H 2009	1H 2010	
Network	28	22	
Boxes & Cabling Fees	133	114	
ADSL	161	136	
FTTH	55	94	Increased horizontal roll-out
Wireless	-	249	3G License acquisition for €243m
Total CAPEX	216	478	Investments in future growth: FTTH & Mobile

ADSL FCF up by +33%

(€ millions)



Strengthened Financial Position in Spite of Massive Investments

iliad

(€ millions)

	Dec. 2008	June 2009	Dec. 2009	June 2010
Total Assets	2,257	2,395	2,455	2,457
Equity	598	652	764	921
Net debt	882	712	665	717
Leverage	1.68x	1.24x	1.01x	0.96x
Gearing	1.47x	1.09x	0.87x	0.78x

Reinforced
Balance
Sheet

Strong
Financial
Power

- Strong ADSL FCF generation
- €405m of cash end June 2010
- €900m of undrawn credit facilities
 - > €1.4bn bank facility
 - > €150m long term facility signed with EIB
 - > Leasing facilities

Operational

- Major innovation before end 2010
- Ramp-up of FTTH subs in 2011
- ~5 million broadband subscribers by end 2011
- Mobile: commercial launch in 2012
- Mid-term unbundling ratio of ~90%

Financial

- A double-digit EBITDA growth in 2010
- 2010: Another year of strong increase in net profit
- A cumulative ADSL FCF > €1.1bn 2010-2012

 **1H 2010 Strategy & Results Presentation**

August 31st, 2010