

O la la en de koers van Versatel dan??

31 januari 2004 Jo Swaen

Gisteren is op de *Premier Marché* of Euronext Paris een IPO geweest van de Iliad Group

Dat werd een daverend succes.

Op de eerste handelsdag steeg het aandeel, dat geëmitteerd werd op € 16,30 naar € 21,25 een stijging op de eerste handelsdag van niet minder dan 30,37%.

Wat me vooral trof is dat er een vergelijking gemaakt kan worden met Versatel.

Ik wil in deze column enige gegevens van de Iliad Group voor iedereen plaatsen en men kan dan zelf de resultaten van Versatel er naast leggen.

Over perspectieven gesproken voor Versatel.

Achtereenvolgens komt aan de orde:

- 1) Historie van de Iliad group
- 2) Overzicht van de Iliad Group
- 3) De beursgang van de Iliad Group
- 4) De resultaten van de Iliad Group
- 5) Netwerk map Iliad group
- 6) Overzicht per sector tot 30 sept 2003
- 7) Free en Online net
- 8) Afsluiting

1996

- Launch of the reverse look-up directory 3617 ANNU

1999

- Creation of the Internet service provider Free.
- The Group was granted category L. 33-1 and L. 34-1 telecommunications licences, authorizing it to roll out a telecommunications network and to provide telecommunications services to the public.

♦2000

- Start of the rollout of the Group's telecommunications network and interconnection with France Télécom's network.
- Sale of the Group's Minitel business (excluding ANNU).
- Goldman Sachs invests 15 million euros in the Group

2001

- Completion in April 2001 of the interconnection between the Free Telecom network and the France - - • Télécom network at the regional level and in the Paris region.
- Acquisition of the French subsidiary of the Australian telco One.Tel in December 2001.
- Launch of the Freebox (modem and DSLAM) research and development project.

2002

- Start of unbundling operations in Paris.
- Restructuring of One.Tel and migration of its traffic to the Group's network.
- Launch of Free's broadband service.

2003

- Rollout of LLU to majority of residents in France.
 - Acquisition of Kertel, which specializes in prepaid phone cards.
 - Launch of the ADSL fixed telephony service using the Freebox modem in August 2003.
 - Launch of an ADSL-based audiovisual content service offering in December 2003.
- ✦ In March 2003, the Group became the second largest ADSL broadband Internet service provider in France.

2) Overzicht van de Iliad Group

By controlling its network, Iliad is a leading narrowband and broadband ISP in France. It is also one of the leading French Fixed Telephony operator.

Iliad activities are focused on residential offers at very attractive prices:

- ✦ In the Internet sector via Free and Online.net.
- ✦ In the telephony business via One.tel, Kertel (prepaid cards), Iliad Telecom and Kedra
- ✦ And via ANNU, Assunet.com, and Societe.com for professional services



Key Figures

Second largest Internet service provider in France

- 18% narrowband marketshare
- 15% of ADSL subscribers as of november 30, 2003
- 20% of all new ADSL subscribers in France in 2003

♦ Leader in the unbundling of the local loop in France

More than 60% of the total number of unbundled access lines :140,000 lines out of a total of 226,000 partially unbundled lines as of November 30, 2003 (sources: Iliad, ART)

♦ First operator to offer audiovisual services through the Freebox

Nearly 100 TV channels available in more than 175 towns

♦ One of the leading fixed telephony operator

- More than 7000 km of optical fiber network
- Interconnection with France Télécom at the 18 MSUs and at 208 LXs
- More than 160 colocation spaces
- More than 550 DSLAM's in service
- More than 20 switches
- More than 220 ADM
- More than 20 high bandwidth routers
- More than 70 DWDM

3) De beursgang van de Iliad Group

The shares to be made available to the public will come from:

- a share capital increase of 5,000,000 new shares, representing approximately 9.5% of the company's total share capital and voting rights following the completion of the share capital increase and prior to taking into account any exercise of an over-allotment option.

The number of newly issued shares may be increased by a maximum of 828 000 new shares in the event of the full exercise of the over-allotment option granted by the company to the underwriters.

- A sale by certain Goldman Sachs funds, shareholders of the company since 2000, of 1,000,000 existing shares, representing approximately 1.9% of the company's total shares and voting rights following the completion of the share capital increase and prior to taking into account any exercise of the over-allotment option. The number of existing shares to be sold may be increased by a maximum number of 900,000 shares pursuant to an extension option.

By leveraging its telecommunications network, Iliad is, via its subsidiary Free, the second largest broadband internet service provider in France, specialized in unbundling the local loop.

Iliad is also one of the best performing French operators in the French fixed telephony market through its subsidiaries One.Tel and Kertel.

Iliad achieved revenues of more than 202 million euros and operating income of 24.9 million euros during the first 9 months of the year. Today Iliad is announcing its initial public offering on the Premier Marché of Euronext Paris.

The share capital increase will provide Iliad with the funds necessary for its capital expenditure requirements in connection with the acceleration in 2004 and 2005 of the growth in the number of ADSL subscribers using unbundled lines. Iliad intends to invest approximately 50 million euros in the following:

- producing, installing and distributing Freebox DSLAMs and Freebox modems;
- constructing co-location facilities; and
- increasing the density and reinforcing the security of its telecommunications network.

The group also intends to invest more heavily in advertising the competitiveness and simplicity of One.Tel's telephony offerings.

Finally, the share capital increase will strengthen the group's balance sheet and permit the group, as opportunities arise, to pursue an external growth strategy targeting acquisitions which are highly complimentary to the group's existing businesses or which permit the group to better exploit its network.

**Initial Public Offering on the *Premier Marché* of Euronext Paris
SUCCESS WITH INDIVIDUAL SHAREHOLDERS
AND EUROPEAN INSTITUTIONAL INVESTORS**

**Share price set at 16.30 euros
Offer oversubscribed more than 25 times
Paris, January 29, 2004**

The success of the initial public offering of Iliad, parent company of Free, will enable Iliad to continue developing its network, growing its ADSL subscriber base and accelerating its unbundling of the local loop.

After a six day offering period, as a result of strong investor interest, the share price was set at € 16.30 per share, the top of the price range.

This initial public offering, with total proceeds of € 104.32 million permits Iliad to carry out a capital increase of € 81.5 million, before exercise of the over-allotment option..

The shares accepted for trading on the *Premier Marché* of Euronext Paris represent 13.31 % of Iliad's share capital before the exercise of the over-allotment option. Trading of the shares will start on January 30, 2004 on the *Premier Marché* of Euronext Paris under the ticker ILD (ISIN Code: FR0004035913).

In the event of a complete exercise of the over-allotment option, the amount of the capital increase will be € 95 million, and 14.65 % of the company's total share capital will be accepted for trading.

The transaction received a very favorable reception from European investors. The offering was oversubscribed more than 25 times.

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Upon completion of the offering and before the exercise of the over-allotment option, Xavier Niel, Chairman of the Board of Directors, and certain managers of the group will hold 82.4 % of the Iliad's share capital, and certain Goldman Sachs and AXA funds will hold 4.2 %. The company, Xavier Niel, certain members of the management, and the Goldman Sachs funds have agreed to not issue or sell any of their shares for a period of 6 months, subject to certain usual exceptions.

Iliad would like to thank SG Corporate & Investment Banking, Global Coordinator & Sole Bookrunner, Cazenove, Joint Lead Manager, Oddo & Cie, Co-Manager, its lawyers Skadden, Arps, Slate, Meagher & Flom, Freshfields Bruckhaus Deringer, lawyers for the underwriters, its statutory auditors, Boissière Expertise Audit and PricewaterhouseCoopers Audit, and its public relations agency, Euro RSCG C&O for their active contribution to the success of the transaction.

4) De resultaten van de Iliad Group

Iliad achieved revenues of more than 202 million euros and operating income of 24.9 million euros during the first 9 months of the year

proven track record of profitable growth

The Group has posted net profits each year since 2001, despite its significant investments in interconnection and LLU operations and the significant level of competition in its markets. The Group has demonstrated its capacity to finance internally substantially all of its capital expenditures and new business start-up costs, while continuing to distribute dividends

in €'000	2000	2001	2002	1H 2003	9 m 2003
Revenue	41,607	80,807	160,263	125,269	202,600
Ebitda	(16,077)	14,615	43,249	22,085	36,300
Ebitd margin		18,1%	27%	17,6%	17,9%
EBIT	(19,275)	8,861	35,097	15,973	24,900
Netprofit	(18,132)	10,946	23,828	10,607	nb

IH2003

Temporary decrease in margins due to launch adsl-service

De groep werd cash flow positief in 2001

Per 31 december 2003 ADSL gebruikers 485,000

Groeiscenario per 31 december 2005 1,000,000 ADSL gebruikers.

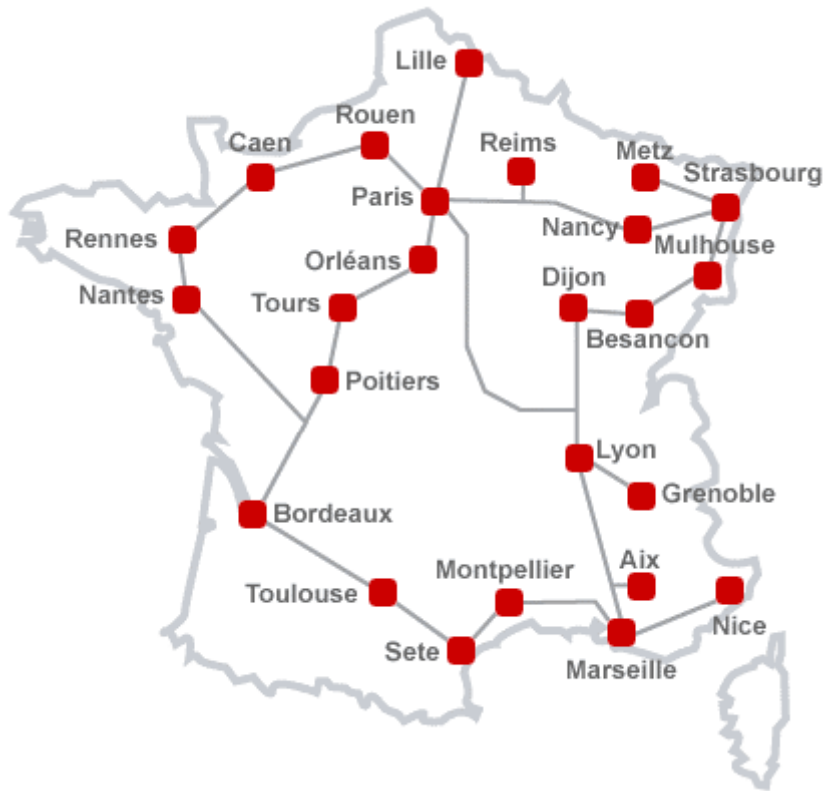
5) Netwerk map Iliad group

Free owns the licences and the network of group Iliad

♦ Free relies on an optical fiber network illuminated by DWDM equipments. This network is securely implemented in more than 25 cities.

♦ The core of the network is located in and near Paris and has been split throughout 6 secure sites to minimise breakdown risks.

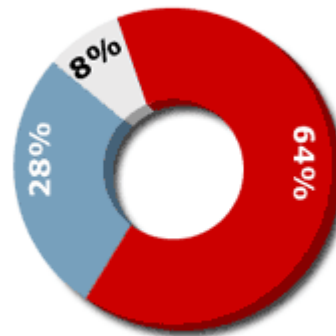
♦ Within each city, Free owns and operates a POP as well as a fiber loop, connecting all the relevant central offices from France Telecom



6)Overzicht per sector tot 30 sept 2003

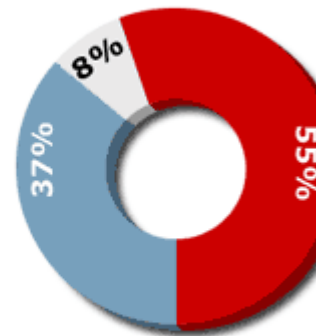
Breakdown of revenues and EBITDA as of september 30 th, 2003

REVENUE BREAKDOWN
 as of sept. 30 2003



€ 202 600m

EBITDA BREAKDOWN
 as of sept. 30 2003



€ 36 300m

Other
 Telephony
 Internet access

Iliad has demonstrated very high revenue growth. Its turnover was 40M€ in 2000 and the group expects a turnover higher than 290M€ in 2003. Internet and Telephony activities revenues account for the group's turnover

♦ Iliad is the only internet and fixed telephony operator to post net profit each year since 2001

♦ The net debt was -1.7M€ as of June 30, 2003

Current ownership structure

♦ The Company's share capital is mainly held by its founder, its management and its employees.

♦ Two investment funds, Goldman Sachs and Axa Private Equity, hold 7% of Iliad's capital (pre IPO)

7) free en oline net

Launched in 1999, Free is the second largest Internet service provider in France today.

Today, Free has three different Internet access offerings:

- ♦ Pay-as-you-go service
- ♦ 50-hour plan for 14,94€
- ♦ The broadband offering (1024kbits and 2048kbits)

- ✦ Web site: www.free.fr

- ✦ Free initially based its growth strategy on the provision of non-subscription access to the Internet ("Pay-as-you-go" access), backed by a telecommunication operator.

- ✦ From a commercial point of view, Free favours simple offers with strong technical innovation.

Key figures

- ✦ Second largest internet service provider in France with 18% of dial-up market shares and 14,2% of the ADSL subscribers

- ✦ Third most visited site in France (7 288 000 unique visitors)

- ✦ **The Freebox: an access to broadband service, telephony, television through ADSL**

Free has chosen to develop its DSLAMs and its modems in-house for technical and economic reasons.

An "in-house" technology constantly updated

The Freebox is an evolutive modem. It is a multi-function ADSL modem developed to enable subscribers to receive all the services available via broadband Internet access. In addition to traditional access using a personal computer connected via a USB or Ethernet port, the Freebox modem has two telephone sockets for voice over DSL services and a Peritel TV socket and is capable of decoding audiovisual content compressed in MPEG2 format (see photo below).

Since august 2003, the subscribers that own a freebox are able to make free national and local calls through the freebox.

Iliad has started offering TV channels through ADSL. The launch of a catalogue of channels on the Freebox is effective since decembre 1st, 2002 for all 100 000 Freebox holders.

- ✦ **A growing presence in France**

Free is the only residential ISP to unbundle the local loop. has been sending Freebox to subscribers whose lines allow it . Through their freebox, subscribers have access to internet broadband for 29,99 euros a month with neither access charges nor time commitment.



Online.net : Second french company in hosting services

Online is a site that provides buying and hosting of domain names on the web . Created in 1999, Online is the second largest provider of shared web hosting services in France. Its core customer base consists of professionals and small and mid-size businesses. Online.net hosts more than 50 000 domain names today.

With the purchase of BookMyName in mid 2002, Online is now also a domain name registrar.

8) Afsluiting:

- ✦ Kijkend naar de gegevens van de Iliad Group kan ik alleen maar tot de conclusie komen dat Versatel eigenlijk nog steeds ondergewaardeerd is op de huidige koers van € 2,19
- ✦ De emissie bestaat uit 5,000,000 aandelen 9,5% van het vergrote aandelenkapitaal. Totale aantal uitstaande aandelen is dan 52,631,570 miljoen, voorbijgaand aan de eventuele 900,000 aandelen die nu ook wel zullen worden geplaatst.
- ✦ Iliad Group maakt al winst sinds 2001 en Versatel zal dat in 2005 gaan doen.
- ✦ De Iliad Group heeft door de emissie een beurswaarde van € 1,131,578,700 bij een geschatte omzet van € 250 miljoen over 2003. Dat betekent dat het wordt gewaardeerd op 4 maal de omzet van 2003.

The logo for Online.net, featuring the text "Online.net" in white on a black rectangular background.