

LDCOM Overview

9 December 2003

LDCOM

The logo for LDCOM, featuring the word "LDCOM" in a bold, dark blue, sans-serif font. A light gray, curved swoosh underline is positioned beneath the letters "COM".

LDCOM Mission and Strategy

■ Mission

- ▶ **To be the leading alternative fixed-line telecommunications operator in France, and an enduring alternative to France Telecom**

■ Strategy

- ▶ **Serve the client with innovative, high-quality offers at the best prices**
- ▶ **Continue to push network closer to the end user to ensure increasing margins**
- ▶ **Maintain a solid financial position through controlled, profitable growth**

LDCOM History

From infrastructure builder to full-service wholesaler to integrated telco

Apr. 1998

to

2000

2000

to

Early 2001






























































Early 2001

to






Present

- **Creation of LDCOM by the Louis Dreyfus Group**
- **Launch of the infrastructure activity**
 - **National and metro fiber networks**
 - **Colocation and hosting centers**
- **Launch of the network service activities**
 - **Bandwidth**
 - **IP connectivity and networks**
 - **Switched voice services**
 - **...**
- **Consolidation of the alternative telecommunications retail sector**
 - **Kertel (January 2001)**
 - **Fortel (Squadran) (May 2001)**
 - **Kaptech (December 2001)**
 - **Belgacom France (March 2002)**
 - **FirstMark France (May 2002)**
 - **9 Telecom (August 2002)**
 - **Ventelo France (October 2002)**
 - **Siris (May 2003)**

LDCOM is now active in all segments...

	Network Operators	Large accounts	Enterprise	Residential	Hosting
					
# of custs.	200	500	70 000	1 200 000	2 000
Exam ples	              	             	              	<p>Channel partners include:</p>    	        

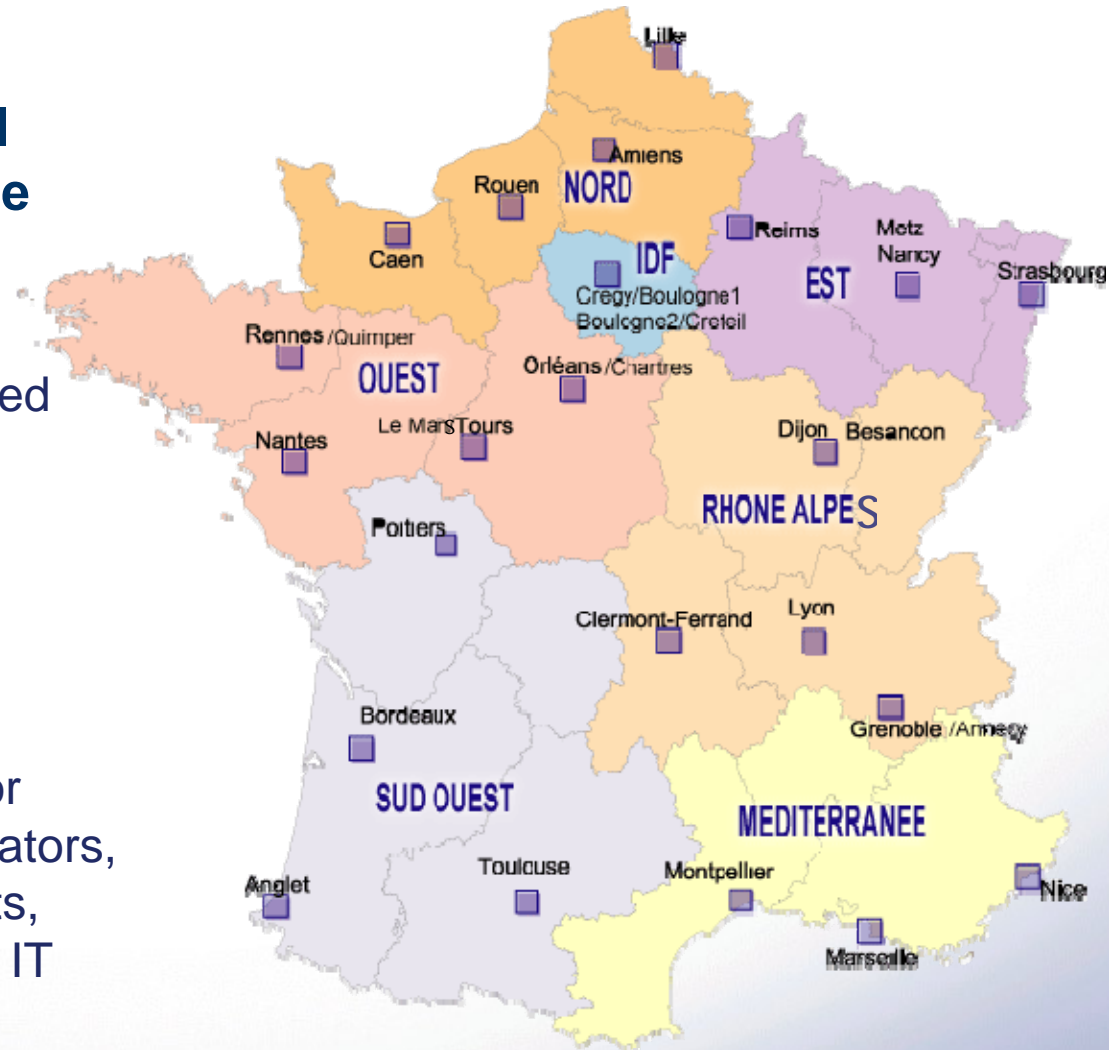
...providing a full array of services

 Operators	 Large accounts	 Enterprises	 Residential	 Hosting
Transport ducts, fiber and bandwidth	Telephony	Telephony		Value-added hosting
Voice Collect, termination, fixed-to-mobile	Data & Internet		Telephony	Internet Audiotel Mobile (SMS/WAP/I-mode) Minitel
Access xDSL and WLL	Hosting	Internet access		
Colocation	International Services			
IP / Ethernet IP transit, VPN Ethernet	Network architecture	Special numbers	Internet access	Multimedia hosting of on-line interactive services
Regional networks LDCable-Irisé	ITC convergence solutions	Data networks		

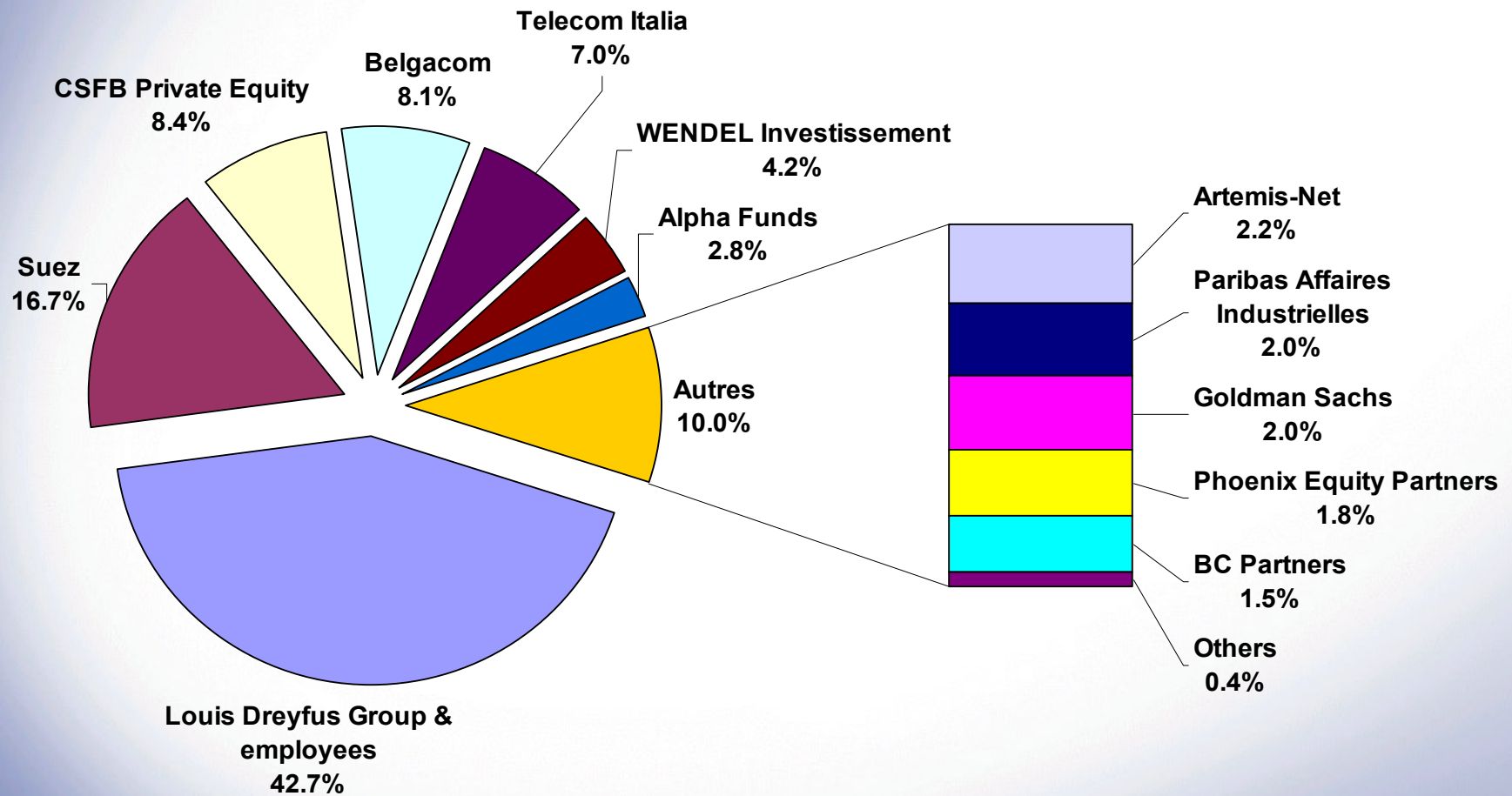
LDCOM has an extensive local sales presence

Largest commercial network after France Telecom

- 30 agencies organised in 7 regions
- more than 250 salespersons
- extensive network for indirect sales (integrators, installers, consultants, telecom distributors, IT resellers)



LDCOM shareholder structure



LDCOM financial strength

Growing revenue and profitability, decreasing investment, asset-rich, strong net cash position

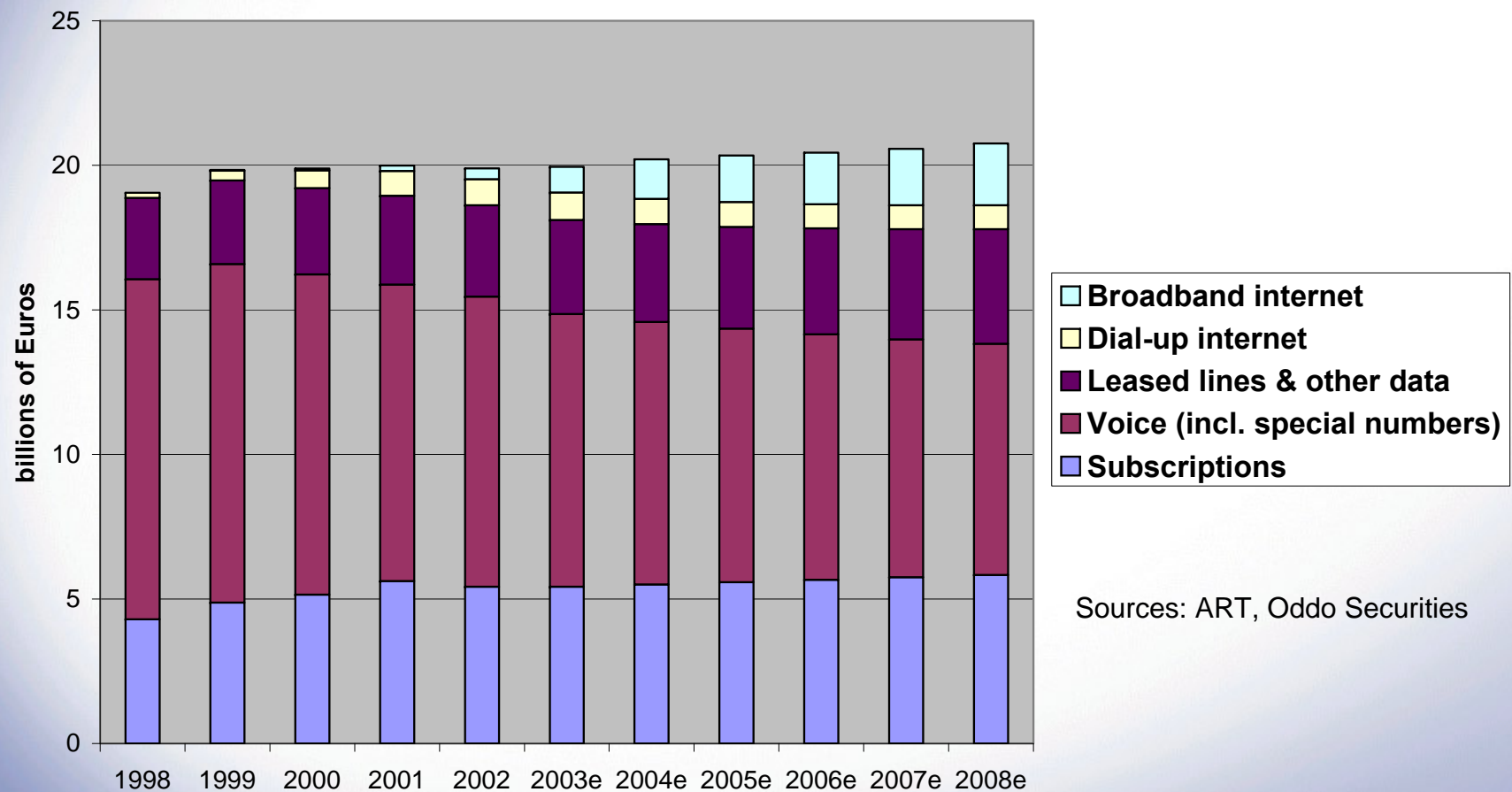
(all amounts in millions of Euros)

	1998	1999	2000	2001	2002	2003E
Selected elements of P&L and cash flows						
Revenue	3	38	111	182	551	1,000
EBITDA	-	9	11	42	18	90
Capital expenditures	18	118	548	415	105	120
Selected elements of balance sheet (EoY)						
Net Cash	-	-	149	183	539	400
Net PP&E (fixed assets)	18	145	698	1,100	1,232	1,230
Asset-backed financing	-	-	21	62	66	45
Deferred revenue	12	62	288	641	630	600
Employees	25	150	500	500	2,200	2,200

French fixed-line market is flat overall

Data and internet growth make up for declining voice market

French fixed telco market



Sources: ART, Oddo Securities

- Growth strategy: take share (from FT and by acquisition), focus on data & internet
- Profitability strategy: minimize interco and other FT cost, relentless focus on efficiency

FT holds ~75% of the fixed market and ~90% of value

2002 French fixed telco market: 20 B€	New entrants				France Telecom			
	Mkt. share	Revenue	Margin	Value	Mkt. share	Revenue	Margin	Value
Data & Internet 3.5 B€	20%	0.7	60%	0.4				0.3
					80%	2.8	100%	2.8
Voice (incl. dial-up @ mins.) 11.1 B€	35%	3.9	50%	1.9				2.0
					65%	7.2	100%	7.2
Access & Subscriptions 5.4 B€	3%	0.2	70%	0.1				0.1
					95%	5.2	100%	5.2
		4.8 (24%)		2.4 (12%)		15.2 (76%)		17.6 (88%)

SOURCES: ART, LDCOM ESTIMATES

Among alternative French telcos, only LDCOM is present in all segments

Residential telcos

Tele2
Cegetel (Le 7)
9 Telecom

Enterprise telcos

LDCOM
(9 Telecom & Siris)
Cegetel
WorldCom
COLT
Completel

ISPs

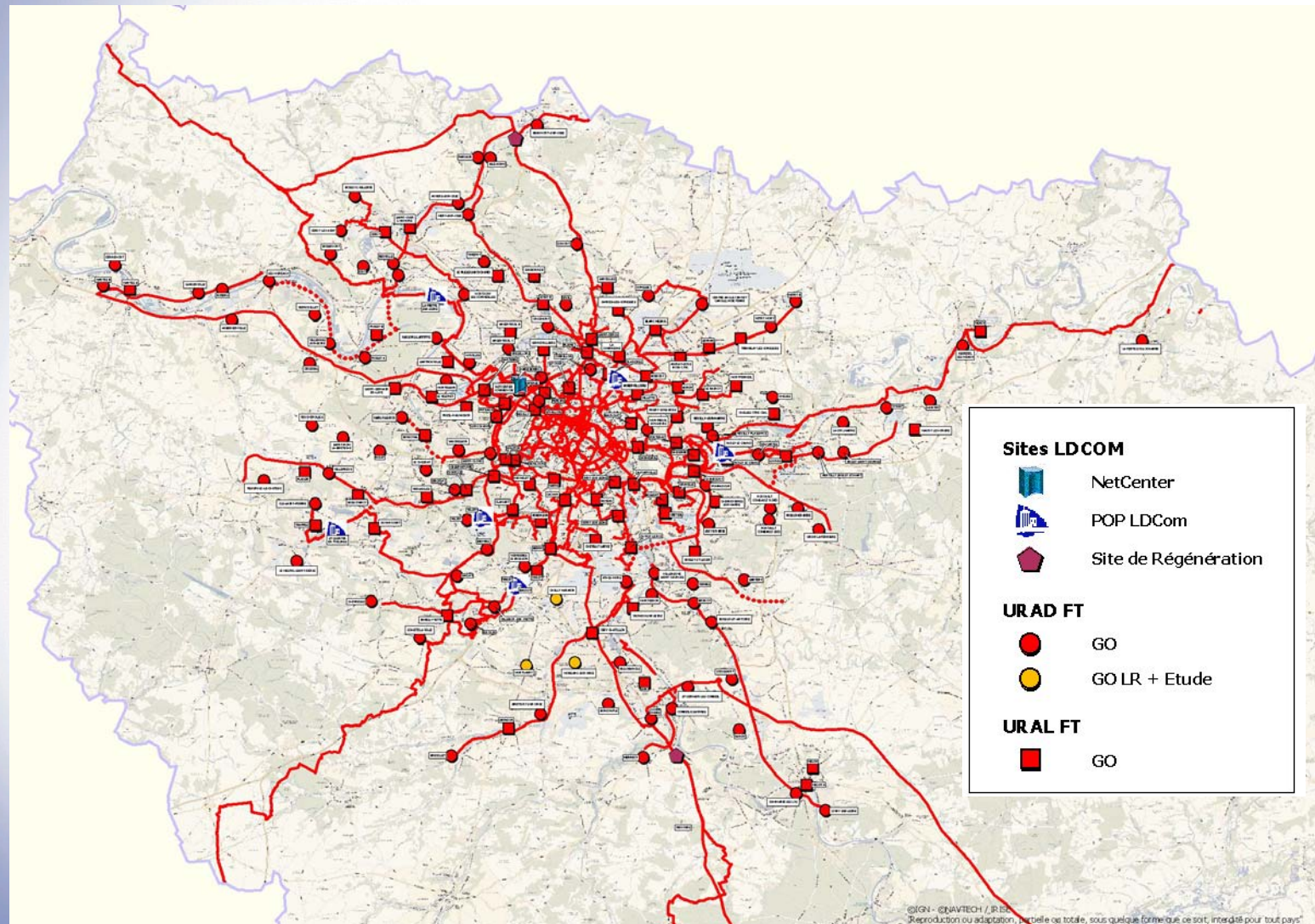
Free
Club Internet
AOL France
9Online
Tele2
Tiscali

Network wholesalers

LDCOM
Cegetel (Telecom Development)

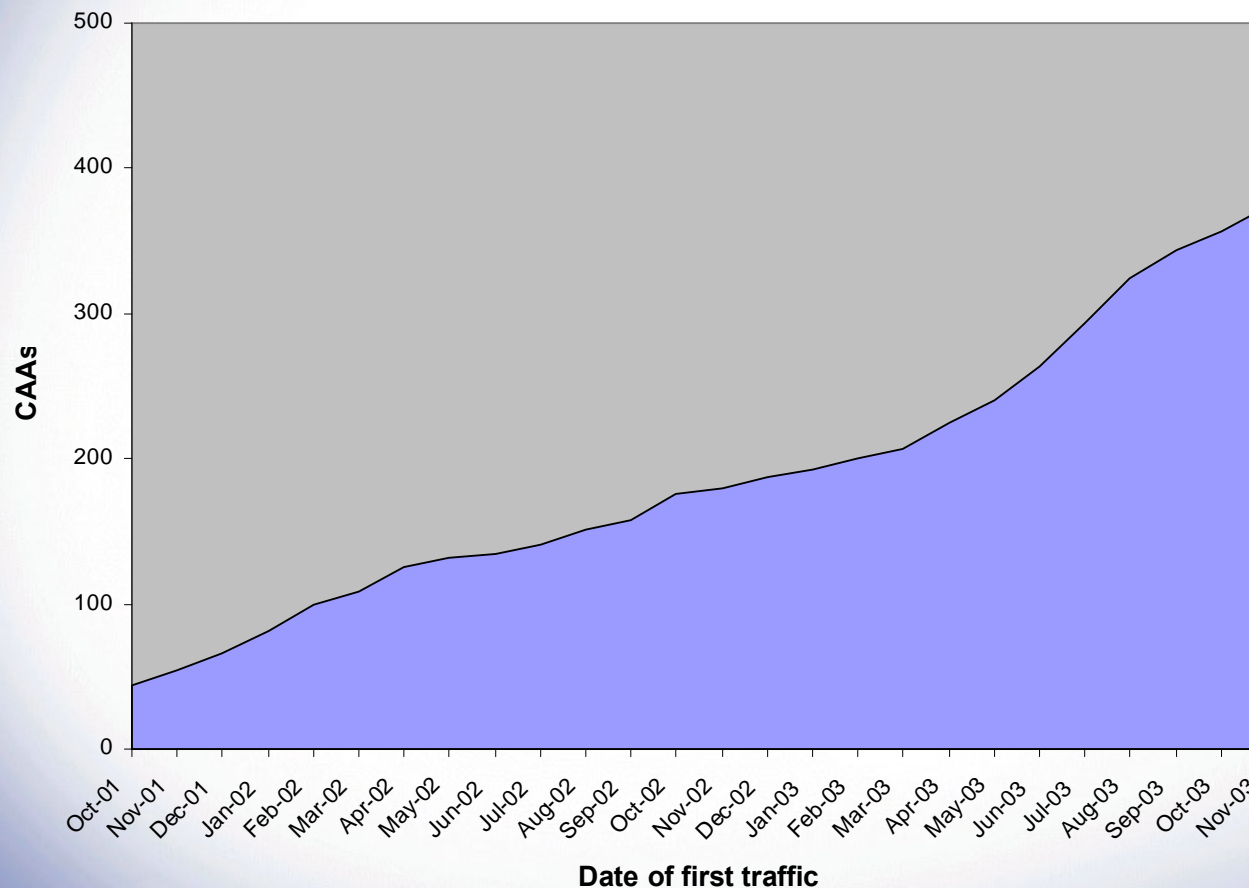
LDCOM has built an extensive French network

Example: Paris region



Depth of LDCOM network offers competitive advantage

LDCOM coverage of CAAs*

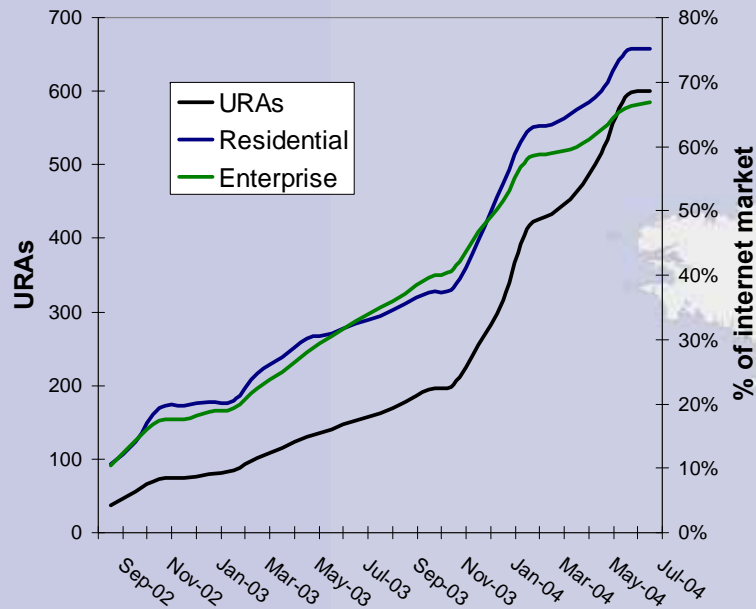


75% of
traffic at
local
switches

* CAA =
*commutateur à
autonomie
d'acheminement* =
local voice switch
of France Telecom

LDCOM has the most aggressive ADSL deployment in France after FT

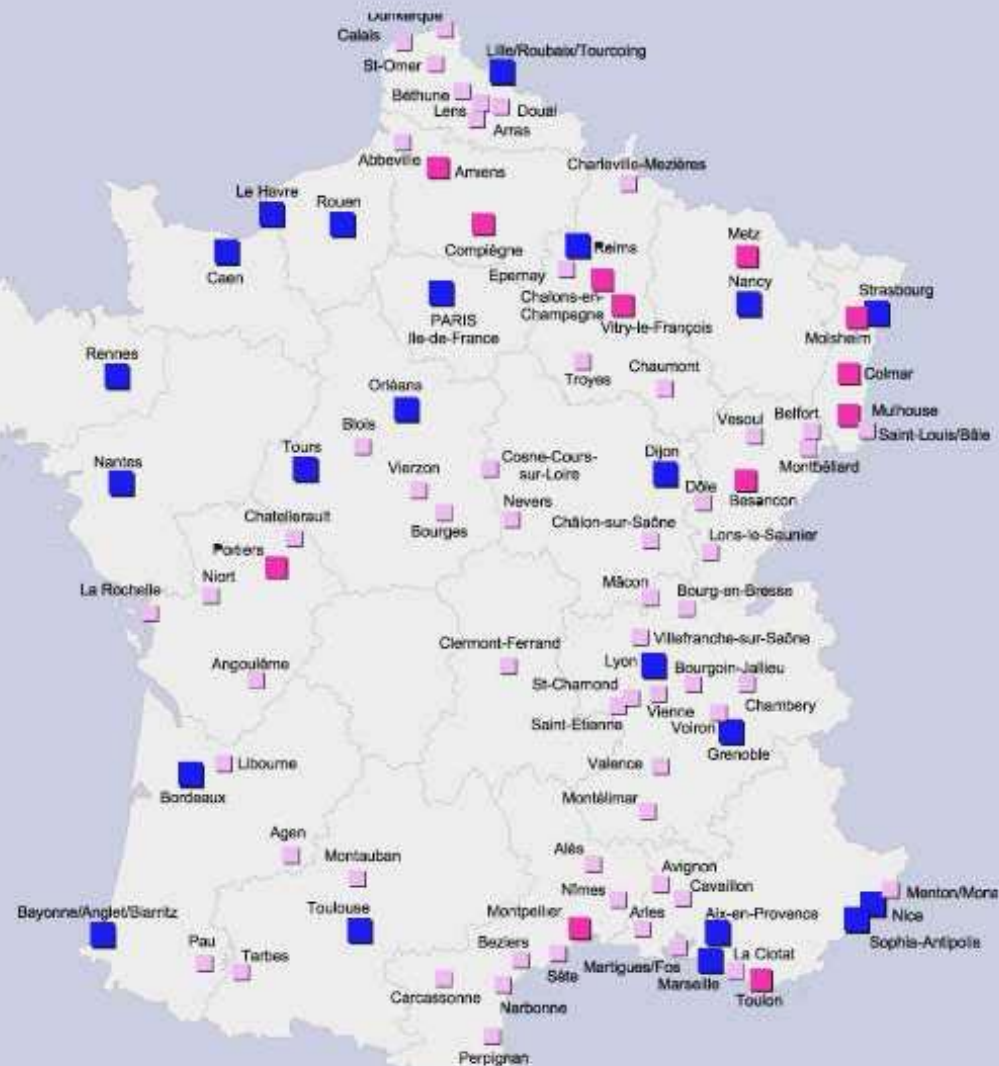
LDCOM Unbundled ADSL coverage



Dégroupage LDCOM

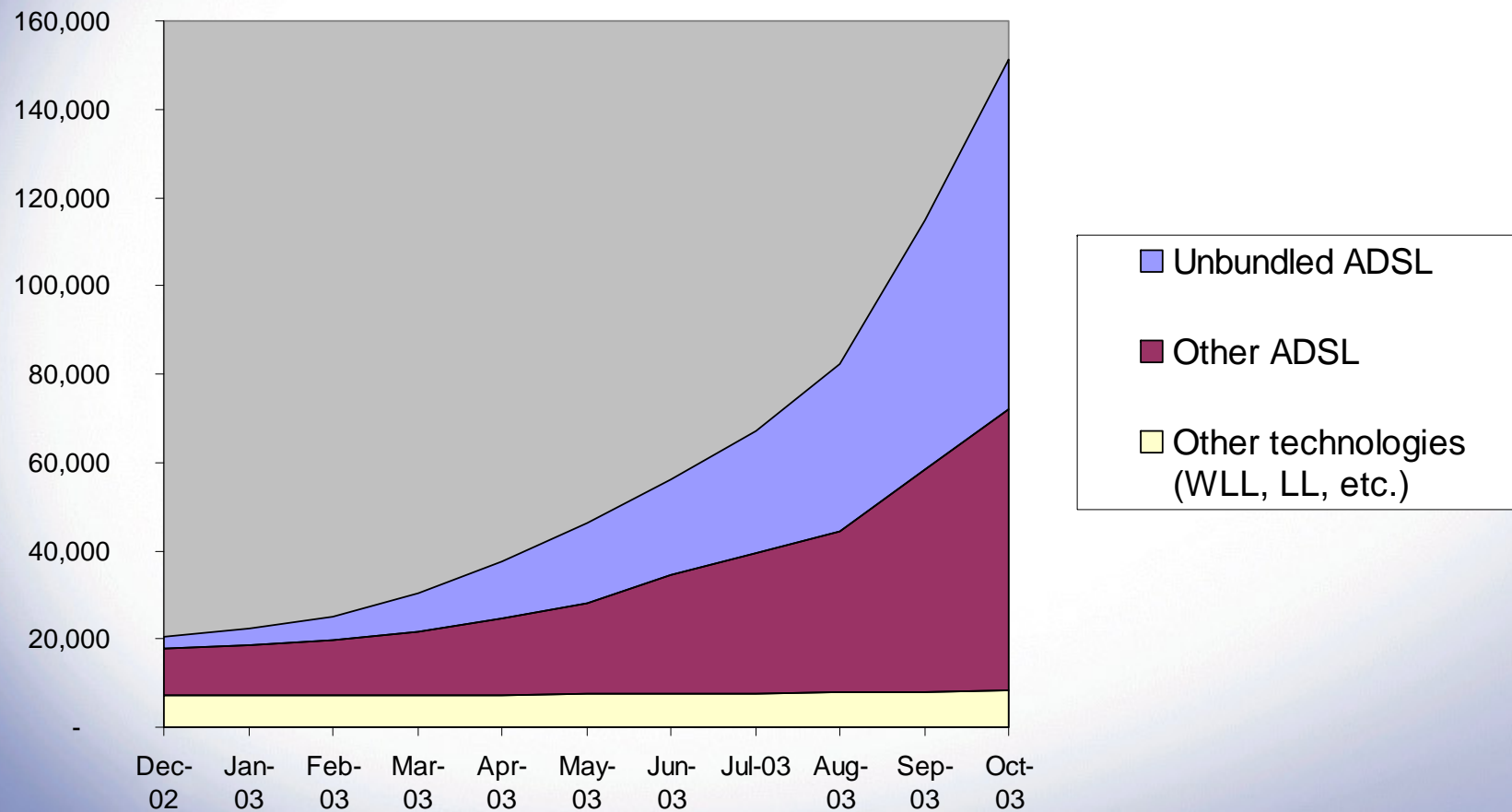
- Octobre 2003
- Dernier trimestre 2003
- Couverture mi 2004

Source LDCOM



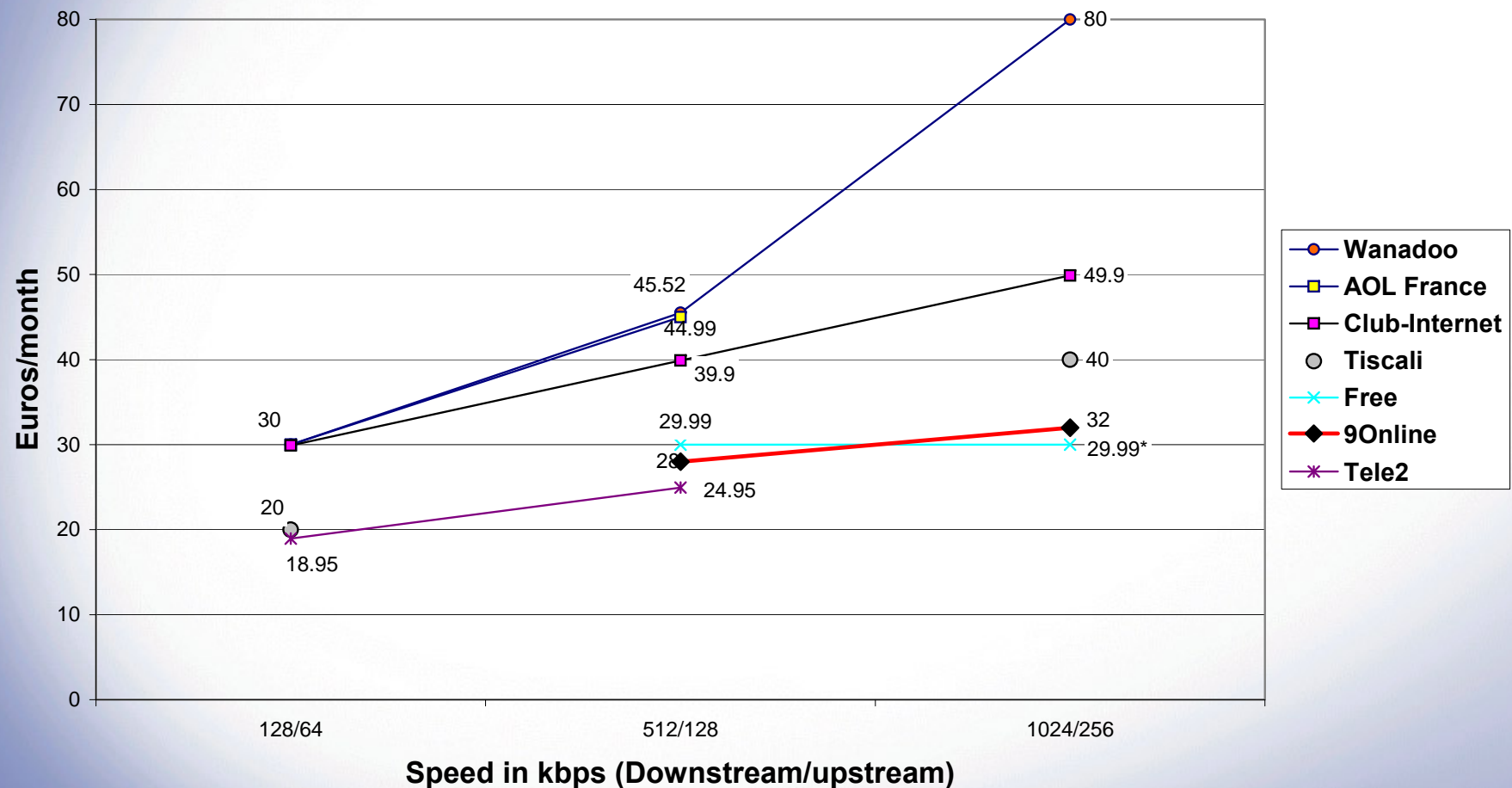
Driven by unbundled ADSL, LDCOM access business is exploding

LDCOM access lines



Large-scale unbundling and deep fiber network allow high-speed offers at very low prices

ADSL subscriptions



LDCOM cost position enables aggressive pricing and fixed-price voice/internet bundles

**9 TELECOM**

Particuliers



9 TELECOM Professionnels
9 TELECOM Entreprises
9 TELECOM Secteur public
9 TELECOM La Société

Téléphonie | Internet | **Forfaits Tout Illimité**

Classique | Haut débit | **Tout 9**

Mes choix : [Accueil](#) > [Particuliers](#) > [Forfaits Illimités](#) > Haut Débit

Tout Illimité : Internet Haut Débit

[128 k](#) | [512 k](#) | [1024 k](#)

La communication Absolue : Internet + Téléphone Illimités* Choisissez votre accès Internet. Téléphonez sans limite partout en France !

Ne vous freinez plus !



49€/mois
le 1^{er} mois à 19 €
Téléphone illimité
+
128k



⊕ En savoir plus

53€/mois
le 1^{er} mois à 23 €
Téléphone illimité
+
512k



⊕ En savoir plus

57€/mois
le 1^{er} mois à 27 €
Téléphone illimité
+
1024k



⊕ En savoir plus

Faites le bon choix

→ **LES PLUS 9 TELECOM**

- > En 2 mots
- > Comparez nos tarifs
- > Des tarifs très bas
- > Avec quels services ?

→ **CONTACT**

→ **DEJA CLIENT ADSL ?**

→ **LES CONDITIONS GENERALES D'UTILISATION**

→ **QUESTIONS / REPONSES**

**LDCOM**

Tout 9 brings Voice over DSL to France

Modem is triple-play ready



Accelerated advertising and publicity efforts



What is the ongoing value of unbundling?

- Enables a new level of competition
 - **Significant reduction in cost paid by new entrants to FT (at the cost of significant capital investment)**
 - Very high speed internet at less than 30€/month
 - **Allows new entrants greater control over quality of service, connection speed, etc.**
 - **Enables new products and services**
 - High speed internet and data networks even for very small enterprises at prices near residential levels
 - Unlimited telephony/internet bundles (via voice over DSL)
 - Bundles with innovative LAN solutions (WiFi, etc.)
 - TV over DSL (experiments underway at LDCOM for one year)
- Dependant upon a sane regulatory environment
 - **ADSL has been delayed by the tactics of the incumbent (deployment and installation delays, squeeze tactics on pricing of different ADSL offers, etc.)**
 - **Relationship must become much more contractual (SLAs, penalties, etc.)**

LDCOM: a real alternative in French telco

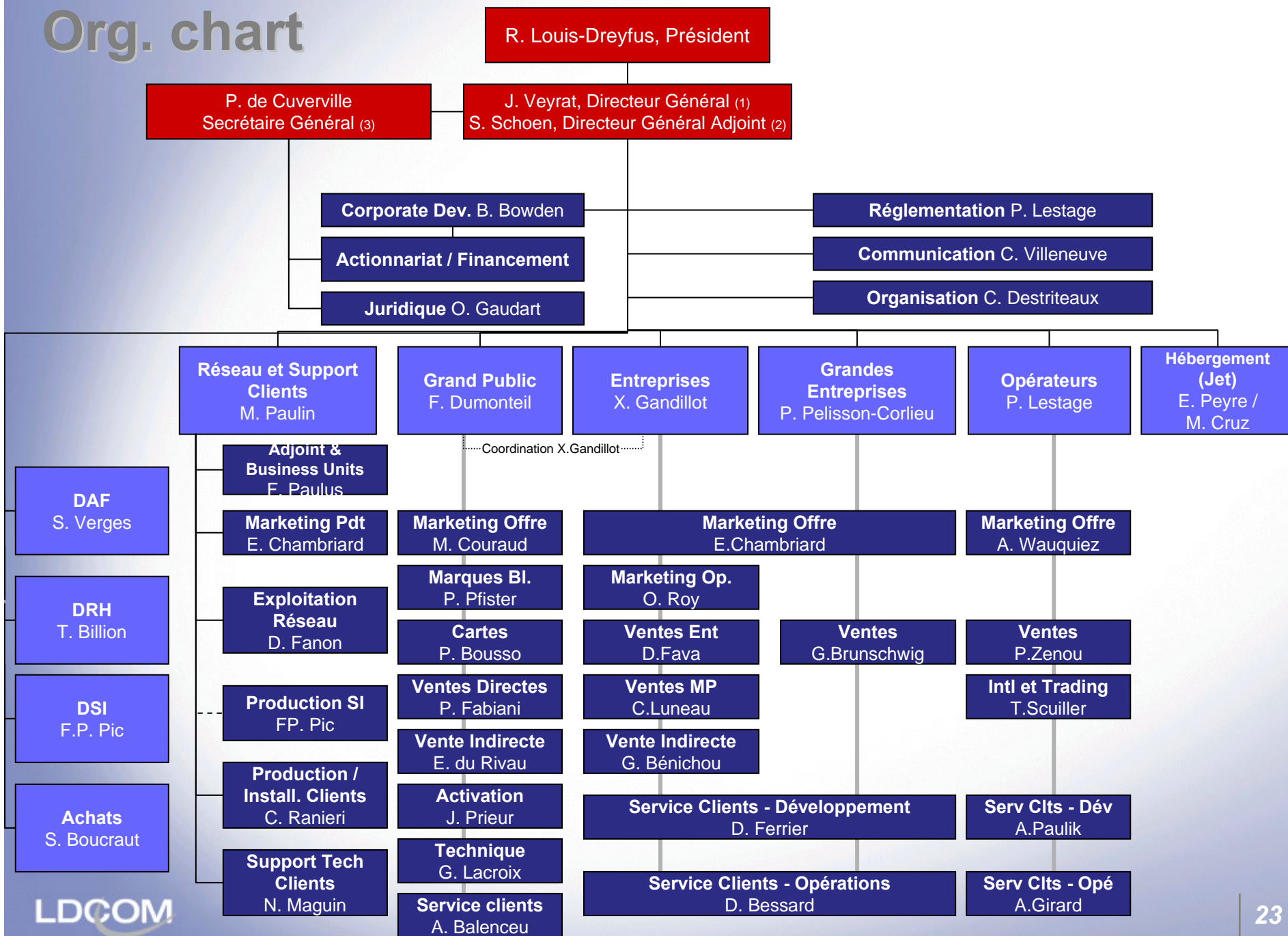
- **Unparalleled cost position via extensive, fully-owned network**
- **Comprehensive coverage of its market: France**
- **Integrated presence across all fixed-line segments**
- **Comprehensive offers and aggressive approach to innovation**
- **Proven financial performance & strongest balance sheet in its class**
- **Strong shareholder base**
- **Opportunistic but measured approach to growth**

Appendix

LDCOM

The logo for LDCOM features the word "LDCOM" in a bold, dark blue, sans-serif font. A grey, curved swoosh underline is positioned beneath the letters, starting under the 'L' and ending under the 'M'.

Org. chart



LDCOM has built an extensive French network



Brief history of unbundling

- 1998 : opening of the French telephony market to competition
 - ▶ **Impact is immediate as prices are roughly cut in half**
 - ▶ **No significant new product development**
 - ▶ **Customers still obliged to pay monthly subscription to FT**
- 2000 : ADSL trials and unbundling negotiations with FT and ART
- 2002 : extension of competition to access market
 - ▶ **Summer 2002: start of deployment with first DSLAMs installed**
 - ▶ **19 December 2002 : LDCOM has unbundled 2,000 lines for our ISP customers (Claranet, Nerim, Oreka, Maiah, ICT and 9 Online)**
 - ▶ **End 2002 : 50 million Euros invested**
- 2003
 - ▶ **16 January : 5 000 lines unbundled**
 - ▶ **27 March : 10 000 lines unbundled; contract signed with Club Internet**
 - ▶ **First quarter: total investment by LDCOM reaches 100 million Euros**
 - ▶ **June : 25 000 lines; Tele2 and la Poste/FirstStream select LDCOM as supplier of ADSL**
 - ▶ **September: 60,000 lines (out of a total of 130,000 in France); connecting 1,000 new lines per day**
 - ▶ **Investment to date stands at 150 million Euros**



LDCOM