

### July 27th, 2005

### Creating Spain's N°2 Telco "A new Orange country for FT's integrated model"

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#### Amena acquisition



Why

- One of the best third mobile operators in Europe
- Strong broadband position to leverage
- Perfect alignment with NExT's integrated operator strategy

Why now

- Clear case for NExT's footprint and FT's use of cash from the start
- Should avoid later bidding war for European consolidation
- Strategic analysis completed

How

- Merger with FT Spain
- EUR 6.4bn total consideration paid for 80% of the equity
- Assets value/GOM multiple between 7.8 and 8.0x prior to synergies
- Fully consistent with NExT acquisition criteria
- After the merger(\*), FT final ownership will be between 75% and 80% in FT Spain
- → Amena fulfills FT's European strategy to boost NExT and creates the leading challenger in Spain

(\*) the merger will be preceeded by a releveraging of FT Spain and a relution of the minorities

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# Why Amena: Spain is an attractive market



Spanish market

5th European market,
Above average growth

- Above-average economic growth for Spain
- Overall mobile market growth almost 6% CAGR for 2005-2008
- Remaining penetration potential for mobile (>5 pp (e))

Telecom sector trends

150

140

130

120

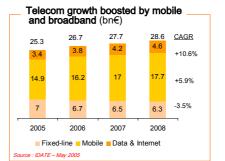
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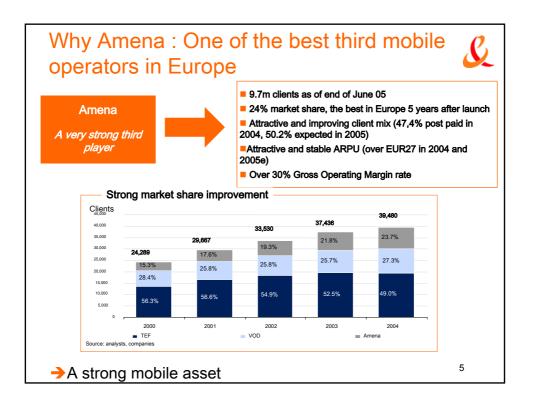
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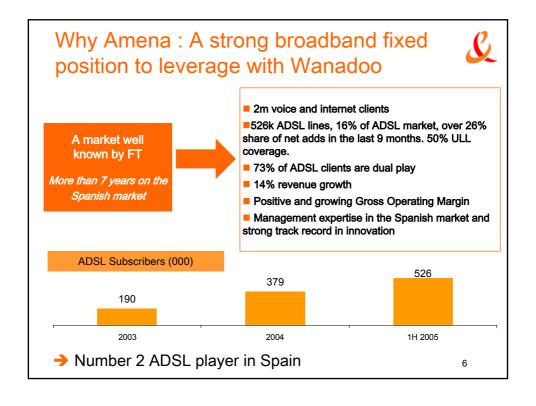
Source: IDATE - May 2005



→ Attractive fundamentals for the Spanish market

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# Why Amena: a perfect fit with NExT's integrated strategy in Europe



A win-win situation in Spain Cross selling and efficiencies

Leveraging the FT

model

A fourth major

country in Europe where FT-Orange are

integrated



- Amena to benefit from FT expertise for business clients
- Amena to benefit from FT knowhow in contents and portal
  - Amena to benefit from FT sourcing programs
- Wanadoo Spain and Amena to benefit from cross selling, distribution and network synergies
- Further economies of scale
- Positive roaming impact
- Spain to become a new launch pad for convergent offers
- FT to leverage group innovation on a wider footprint
- A stronger brand for a new integrated player in Spain
- > To build the leading challenger in Spain

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### Why now



Strategic analysis leading to NExT completed.

One of the very few real opportunities



- Other options in Spain unattractive
- Best option identified in Western Europe
- Amena stand-alone for sale now

To preempt later bidding wars



A preemptive move ahead of potential sector consolidation between 2006-2008.

A clear case from the start.

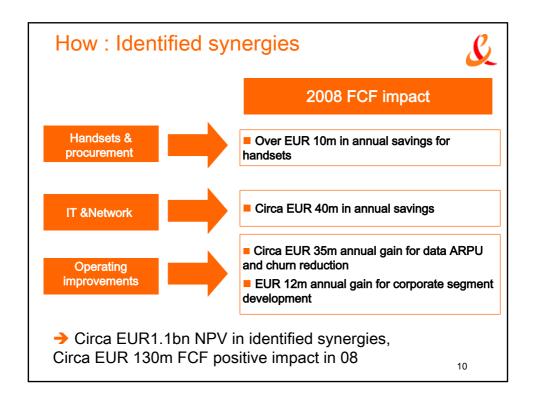
From the beginning
Next's footprint is
compelling



- Amena's acquisition allows NExT to start without any question mark for additional expansion in Western Europe
- No more fixed broadband-only country in the portfolio
- Higher visibility from the start of FT resource allocation and expansion areas
- → Starting 2006 with a strong asset portfolio

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#### How: a fair value for a key asset ■100% Amena equity valued at EUR8.0bn Around EUR2.6bn debt and minority interests in Amena pre acquisition EUR 6.4bn total consideration ■Total EV : EUR10.6bn corresponding to assets paid for valued at around EUR8.9bn plus more than 80% stake EUR1.7bn of tax assets. in Amena Amena assets value / GOM 2005 multiple between 7.8 and 8.0x before synergies Circa EUR 1.1bn NPV identified synergies ■Deal is FCF per share and EPS\* accretive after 12 months → A strategic deal creating value and executed at a fair value \* Before goodwill allocation



#### How: financing & minorities



Debt & equity financing

The right balance

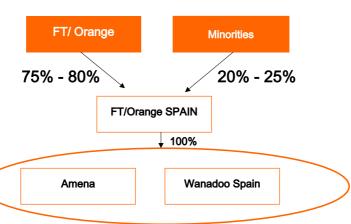
- EUR 6.4bn paid in cash of which EUR3bn refinanced through capital increase.
  - → Capital increase reserved for and subscribed to by vendors
  - → Sale restrictions until march 07 with guaranteed price during this period\*
  - → Public offering of shares to be preferably subscribed by FT shareholders also envisaged
- Spanish partners supporting our project and future value creation for the next three years
- → A strategic deal consistent with financial and operational targets
- \* FT has the option to repurchase these shares, subject to AMF approval

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#### How: a clear N°2 in Spain (1)



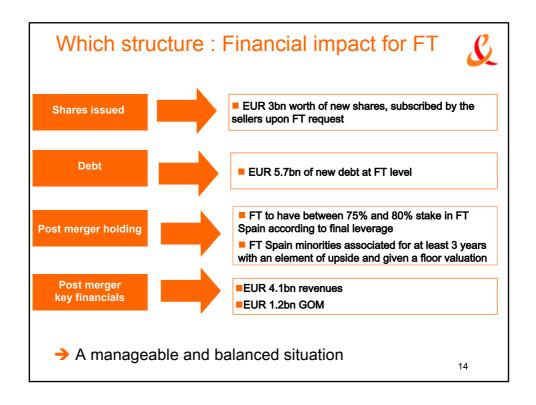
#### After merger between Amena & FT Spain



→ Merger between Wanadoo Spain and Amena to create a strong contender

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#### How: A clear N°2 in Spain FT Spain 05-08(e) FT Spain 2005 (e) **CAGR / targets** Pro forma **Subscribers** > 11.8m > 14m Revenues EUR 4.1bn +7 to +8 % Circa EUR 1.2bn +11 to +15 % **GOM** Capex Circa EUR 750m Decreasing → FT Spain represents around 17% of the Spanish telecom sector 13



# Fully consistent with FT acquisition criteria



From June 29th

External growth

Consistent with NExT's

strategy

- Enhance growth profile
- FCF per share is the main criteria
- Consistent with debt targets
- No negative impact on dividend policy

Building a strong integrated operator in western Europe



Amena's growth above FT's



Positive FCF per share impact after 12 months



End-of-2005 and 2008 targets confirmed



No change in dividend policy



→ A part of NExT's use of cash for growth

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#### Conclusion



- Opens a fourth major European country with almost 10m additional clients
- Fulfills FT's European footprint ambition for NExT
- Supports our integrated model and brand
- Boosts growth rate for FT
- Enhances FCF per share and EPS\* after 12 months
- Confirms net debt targets
- Confirms dividend policy
- → A clearer picture from the start for NExT
  - \* Before goodwill allocation



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