

Paris, 28 February 2013

2012: Free revolutionises mobile telephony

Group posts record growth

- **5.2 million mobile subscribers - almost 8% of the French mobile market - signed up in less than a year**
- **A net gain of 515,000 broadband subscribers, i.e. around one out of every two new subscribers**
- **Group revenues of €3,153 million, an increase of almost 50%**
- **Growth in our landline business picked up again: +9% over the entire year, and +12% in the 4th quarter alone**

The arrival of Free Mobile in 2012 invigorated the mobile telephony market:

- **Simple services offering excellent value for money have liberated consumers.**
In 2012, the French mobile telephony market saw exceptional growth, with almost 4.5 million additional subscribers and an extremely large usages increase. The number of SMS sent and talk-time minutes have skyrocketed (+18% over the year in the case of SMS);
- **Transparent and no-commitment subscriptions are becoming the standard.** SIM-only subscriptions, which were virtually unknown before the arrival of Free Mobile, are proving enormously successful. The number of subscribers without a commitment increased by almost 7 million in 2012. In all, there are now nearly 35 million of them;
- **Handsets no longer systematically tied to subscriptions.** In 2012, the proportion of sales of non-subsidised handsets rose from 3% to 15%;
- **Competition has helped boost investment** in 4G networks in particular.

KEY OPERATING INDICATORS AS AT 31 DECEMBER 2012

	31 Dec. 2012	31 Dec. 2011	31 Dec. 2010
Total mobile subscribers	5,205,000	-	-
Total broadband subscribers	5,364,000	4,849,000	4,534,000
- Free	5,173,000	4,461,000	3,969,000
<i>Of which migrations from Alice to Free</i>	<i>140,000</i>	<i>85,000</i>	-
-Alice	191,000	388,000	565,000
Unbundled subscribers as % of the total	94.1%	92.2%	89.2%

CONSOLIDATED REVENUES IN THE 4TH QUARTER OF 2012

Record growth: +64% in the 4th quarter of 2012.

Group revenues rose by almost 50% over the course of 2012 and went over €3 billion. In the 4th quarter, **the Group notched up record growth of 64% in its revenues**. This extremely strong growth in revenues in 2012 is due partly to outstanding sales of landline services and partly to the success of the mobile services launched on 10 January 2012.

Presentation of consolidated revenues:

€ million	2012	2011	Change (%)	Q4 2012	Q4 2011	Change (%)
Telecoms services	719.5	-	-	239.9	-	-
Handset sales	124.4	-	-	46.2	-	-
Mobile	843.9	-	-	286.1	-	-
Broadband	2,312.8	2,111.4	9.5%	605.6	541.1	11.9%
Other	8.6	10.7	-19.6%	1.9	2.5	-24.0%
Landline	2,321.4	2,122.1	9.4%	607.5	543.6	11.7%
Disposal	-12.0	-	-	-3.6	-	-
Consolidated revenues	3,153.3	2,122.1	48.6%	890.0	543.6	63.7%

Mobile business:

Within a year of launching its mobile services, the Group generated revenues of almost €844 million on its mobile business. That's more than a quarter of the Group's overall revenues. This extremely strong start is due to:

- **The commercial success of Free's innovative mobile services**, which enabled the Group to add **5,205,000 subscribers - almost 8%¹ of the French mobile market** - in less than a year. In the 4th quarter, the Group continued its outstandingly dynamic addition of subscribers, with 800,000 new subscribers, net of terminations. This represents a 67%¹ share of new subscribers.
- **A balanced distribution of the overall customer base** between the two plans, between existing broadband customers and newcomers as well as between subscriptions with portability and those with assigned number, proof of the strength of the growth of the Group's mobile telephony business.

¹ French telecommunications and post regulator ARCEP, 7 February 2013

Landline business:

With revenues of €2,321 million and a growth rate of more than 9% in 2012, the Group easily met its growth objectives for the year, set at more than 5%. In the 4th quarter of 2012 alone, the Group's landline business grew by more than 10%.

The main developments of the period were as follows:

- **2012: Exceptional sales performance.** With 515,000 new subscribers (net of terminations but excluding migrations from Alice) and an almost 50%² market share of subscriber adds in the period, the Group can look back on a historic year for its landline operations. This success is testament to the exceptional appeal of the Free brand, the attractiveness of the Freebox Revolution, the quality of the services on offer and major synergies between the Group's landline and mobile businesses. On 31 December 2012, the Group had **5,364,000 broadband subscribers**.
- **The acceleration of the loyalty programme and the retention of Alice subscribers.** Launched at the start of 2011, this programme enables Alice subscribers to migrate to services offered by Free (in particular the Freebox Revolution). As a result, almost 140,000 Alice subscribers signed up for a service from Free in 2012, compared to 85,000 in the same period in 2011.
- **Solid broadband ARPU (end of period).** The broadband ARPU grew from about €0.50 at the end of 2011 to €36 on 31 December 2012. After two years of stabilisation due to pressure on telephony revenues and a drop in call termination charges, the Group managed to increase its ARPU thanks to the success of its Freebox Revolution service.

GLOSSARY

Unbundled subscribers: *Subscribers who have signed up for the Group's broadband service through a telephone exchange unbundled by Free.*

Broadband ARPU (Average Revenue Per User): *Includes revenues from the flat-rate package and value-added services, but excludes non-recurring revenues (e.g. for migration from one service to another or subscription and cancellation fees), divided by the total number of broadband subscribers invoiced for the period.*

Total broadband subscribers: *Represents the total number of subscribers identified by their telephone line who have signed up for the Free or Alice service at the end of the period, excluding those recorded as having requested the termination of their subscription.*

Total mobile subscribers: *Represents the total number of subscribers identified by their telephone line who have signed up for a Free mobile service at the end of the period, excluding those recorded as having requested the termination of their subscription.*

Net adds: *Represents the difference between the total number of subscribers at the end of two different periods.*

² Company estimates

About Iliad

The Iliad Group is the parent company of Free, the inventor of the Freebox, the first multiservice box on ADSL. Free is behind several innovations in the high-speed access segment (VoIP, IPTV, flat-rate calling plans to several destinations, etc.). Free offers straightforward and innovative services at very attractive prices. At the end of 2010, Free introduced Freebox Revolution, the 6th generation of Freebox units that included, amongst other things, a NAS and a Blu-Ray™ drive. Free was the first operator to include calls from landlines to mobile phones from the box. It was also the first operator to include calls to French overseas départements. In January 2012, Free brought the mobile phone within everyone's reach through straightforward, no-commitment services at a very attractive price. Free won the first prize in the Podium 2012 customer relationship management awards for mobile telephony. Free has more than 5.3 million broadband subscribers and 5.2 million mobile subscribers (as at 31 December 2012).*

The survey by TNS Sofres/BearingPoint for the Podium 2012 customer relationship management awards was conducted among a sample of 4,000 Free customers between 30 March and 9 April 2012.

Exchange: **Euronext Paris**

Ticker symbol: **ILD**

FTSE ranking: **974 Internet**

Marketplace: **Eurolist A of Euronext Paris (SRD)**

ISIN code: **FR0004035913**

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