



Paris, March 19, 2019, 7:30 a.m.

**2018 – A YEAR OF TRANSFORMATION
2019 – A NEW CYCLE OF GROWTH AND INNOVATION**



**PROFIT UP 13 %
IN FRANCE⁽¹⁾**



**1 MILLION
FIBER SUBSCRIBERS**



**OVER 700,000
4G SUBSCRIBERS RECRUITED IN 2018**



**2.8 MILLION
SUBSCRIBERS IN ITALY
AT END-2018**



**OVER 10,000
EMPLOYEES**



**2,400 NEW SITES
No. 1 OPERATOR IN TERMS OF
NUMBER OF MOBILE SITES ROLLED OUT**

2018 saw the Group lay the foundations for a new growth cycle, through:

- **Transformation:** Iliad implemented deep-seated changes in 2018 by appointing a new executive team with more members and more complementary skills, as well as by reworking its sales and marketing strategy. This new strategy is aimed at meeting subscribers' changing needs through more differentiated offerings and gradual upscaling in a mature market. The Group has also launched a new commercial policy focused on (i) less aggressive and more targeted promotions, (ii) wider distribution, and (iii) the implementation of a customer loyalty policy.
- **Innovation.** Iliad launched the Freebox Delta during the year, which is unique in terms of both its connection capabilities (ultra-powerful WiFi, 10G fiber technology and xDSL/4G bonding) and the new services it offers (Netflix, smart home services, outstanding Devialet sound, voice assistants, a new TV interface and more) and will enable the Group to gradually upscale its subscriber base. More than 100,000 subscribers opted for the Freebox Delta in the space of less than two months.
- **Investment.** The Group continued to invest massively in its networks in 2018 to further increase its coverage and enhance its performance. It widened its fiber footprint in France by over 50%,

¹ Profit for the period, based on a constant Group structure, excluding the share of profit/(loss) of eir

reaching a total of 10 million connectible sockets and making its fiber deals accessible in over 90 *départements*. The FTTH subscriber base has doubled since January 1, 2018, and the Group topped the one million subscriber mark in January 2019, reflecting a surge in net adds in 2018 and confirming its position as France's leading alternative fiber operator. In the Mobile business, Free kept up its unprecedented pace of rollouts, opening almost 2,400 new macro sites, making it the operator that deployed the largest number of sites in 2018. In February 2019, Free had some 15,000 base stations, giving it a coverage rate of over 96% of the French population. Free offers 4G download speeds that are more than 30% faster than the market's two other alternative operators¹, thanks to a network that is optimized and ready for 5G, with almost systematic use of fiber backhauling for its sites.

- **Going international.** In 2018, Free became Italy's fourth mobile network operator and enjoyed resounding commercial success, with over 2.8 million subscribers recruited in just seven months. This made its Italian launch the most successful in Europe for a new entrant since that of Free Mobile in 2012. During the course of 2018, Iliad Italia demonstrated its ability to put in place a straightforward, transparent and innovative sales model for Italy. On the back of this success, the Group is continuing to roll out its mobile network in order to switch to a fixed-cost model as quickly as possible.
- **Addressing new markets.** In early 2019, Iliad acquired a 75% stake in Jaguar Network, an innovation leader in the French B2B market. By combining the infrastructures of Iliad and its Scaleway offerings (national FTTH network, datacenters, 4G/4G+ network, etc.) with the know-how of Jaguar Network's teams, the Group will be able to create a leading nationwide sovereign player in B2B telecom services.
- **Recruitment.** The Group created more than 350 net jobs in 2018 to support its development in FTTH and new business areas. At end-December, Iliad had over 10,000 employees, with some 3,000 working purely on fiber. In parallel, the Group recruited around a hundred engineers dedicated to the cloud and artificial intelligence. In 2019, it intends to pursue its pro-active hiring policy and also plans to set up an employee stock ownership plan during the first half of the year.

2019 therefore marks the start of a new growth and innovation cycle for the Group, during which it will (i) once again step up the pace of its fiber rollouts, (ii) continue its 4G ramp-up, with an increase in the number of 4G subscribers, (iii) pursue development opportunities in the B2B market in France, and (iv) significantly grow its business in Italy.

Iliad will provide details on the main focuses of its growth and innovation strategy for the coming years in mid-April.

¹ *nperf survey of mobile connections – Q4 2018*

Group

- **Consolidated revenues were up by 0.6% to €4.9 billion. Excluding sales of terminals, growth came in 1.6%.**
- **Successful launch of Iliad Italia and firm economic resistance in France thanks to the performance of the Mobile business.**
- **Continued solid financial structure**, with a leverage ratio of 2.3x EBITDA and a significant level of liquidity.

France

2018 operational information

- **Success for the differentiation strategy put in place by the Group in both the Landline and Mobile businesses:**
 - **Nearly two-fold increase in the total FTTH subscriber base** to 983,000 at end-2018.
 - **722,000 net adds for the Free Mobile Unlimited 4G Plan** (50/100 GB for non-Freebox subscribers), i.e., 7.8 million subscribers.
- **Sales performance nevertheless impacted by a fiercer competitive environment in 2018:**
 - Contraction in the subscriber base for the €2/month mobile plan (€0/month for Freebox subscribers) and for the Landline business due to the expiry of promotions.
- **A major player in digital transformation, the Group has stepped up the rollout of its Landline and Mobile businesses, making it the leading alternative operator** of latest-generation networks:
 - **More than 50% increase in FTTH coverage** over the year, to nearly 10 million connectible sockets; the Group's Fiber offerings are now available in over 90 *départements*.
 - **Best average speed on fiber** for the year², with an average download speed of 453 Mbps.
 - **The Group is maintaining the unprecedented pace of its Mobile network rollout**, with nearly 2,400 new sites brought into service in 2018. In February 2019, Free passed the milestone of 15,000 base stations, giving it a coverage rate of over 96% of the French population.

² nperf survey of landline Internet connections for 2018

- **Best alternative operator in terms of average download speed for 4G³** – 45 Mbps – more than 30% faster than France’s two other alternative operators. The strong performance of the Group’s 4G network is reflected in the average monthly data usage per 4G subscriber, which was 10.9 GB in 2018, one of the highest usage levels in Europe.

2018 financial information

- **Overall financial performance holds firm despite a fiercely competitive environment** that led to a contraction in the subscriber base and trimmed 1.1% off revenues excluding sales of terminals.
 - **Landline revenues down 3% against a backdrop of heavy promotions**, due to fierce competition as well as a higher VAT rate.
 - **Mobile revenues invoiced to subscribers up 4% year on year** despite a decrease in the total subscriber base, reflecting the improved subscriber mix.
- **A low-point reached in France in fourth-quarter 2018**, but the sales and marketing initiatives launched during the year should drive a return to revenue growth for the Landline business in 2019 and re-boost growth in revenues invoiced to subscribers in the Mobile business.
- **EBITDA up to more than €1.8 billion, representing 37.9% of revenues, demonstrating the success of the Group’s strategy of investing in its networks**, and despite a contraction in EBITDA for the Landline business.
- **Profit up 13% in France to €476 million**, based on a constant Group structure, excluding the share of the profit/(loss) of eir.
- **Ambitious capital expenditure, at €1.55 billion**, supporting the rapid extension of the FTTH network, the opening of new mobile sites and the launch of the new Freeboxes.

Italy

- **Outstanding commercial success, with 2.8 million subscribers recruited in the space of 7 months** and the creation of a go-to brand.
- **€125 million in revenues.**
- **Operating losses** of €52 million.
- **€261 million invested** in the Italian network and the rollout of the MOCN agreement, and €342 million paid for purchases of frequencies.

³ *nperf survey of mobile connections – Q4 2018*

GROUP OBJECTIVES

With a view to continuing to implement its strategy of achieving profitable growth, the Group has set itself the following objectives:

France

- Landline business:
 - Achieve a 25% share of the Broadband and Ultra-Fast Broadband market in the long term.
 - Increase the FTTH subscriber base by over 500,000 subscribers per year.
 - Have 20 million connectible FTTH sockets by end-2022.

- Mobile:
 - Roll out some 2,000 new sites in 2019.
 - Achieve a 25% share of the mobile market in the long term.

- Financial targets:
 - Return to revenue growth in France in 2019.
 - Speed up EBITDA growth in France in 2019.
 - Generate EBITDA margin in France (excluding B2B and equipment sales) of over 40% in 2020.
 - Have 2019 CAPEX in France (excluding purchases of frequencies) in line with the 2018 CAPEX figure.
 - Achieve an EBITDA less CAPEX figure in France (excluding B2B activities) of more than €800 million in 2020 and around €1 billion in 2021.

Italy

- Have 3,500 equipped sites at end-2019.

- Make a higher negative contribution to consolidated EBITDA in 2019 than that recorded in 2018, as business growth speeds up and the mobile network is rolled out.

- Achieve EBITDA break-even, with a market share of less than 10%.

KEY INDICATORS

Key operating indicators

(a) France	Dec. 31, 2018	Dec. 31, 2017
Total mobile subscribers	13,441,000	13,695,000
- Of which on the Free Mobile Unlimited 4G Plan*	7,783,000	7,060,000
- Of which on the voice-based plan	5,658,000	6,635,000
Average 4G data usage (in GB per month per subscriber)	10.9 GB	8.4 GB
Total Broadband and Ultra-Fast Broadband subscribers	6,427,000	6,520,000
- Of which FTTH	983,000	556,000
Total number of subscribers – France	19,868,000	20,215,000
Broadband and Ultra-Fast Broadband ARPU** (in €)	31.8	33.9
Number of connectible FTTH sockets	9.6m	6.2m
<i>Italy</i>	Dec. 31, 2018	Dec. 31, 2017
Total mobile subscribers	2,837,000	-

* 50/100 GB for non-Freebox subscribers

** €31.3 including the restatements related to IFRS 15

Key financial indicators

<i>In € millions</i>	2018	Dec. 31, 2017	% change
Revenues – France	4,768	4,860	-1.9%
- <i>Landline</i>	2,638	2,726	-3.2%
- <i>Mobile</i>	2,139	2,143	-0.2%
- <i>Intra-group sales</i>	(9)	(9)	-
Revenues – Italy	125	-	-
Intra-group sales	(2)	-	-
Consolidated revenues	4,891	4,860	+0.6%
Revenues – France excluding sales of terminals	4,566	4,615	-1.1%
Group revenues excluding sales of terminals	4,689	4,615	+1.6%
EBITDA - France	1,807	1,777	+1.7%
EBITDA - Italy	(52)	-	-
Consolidated EBITDA	1,755	1,777	-1.2%
Profit from ordinary activities	690	862	-20.0%
Profit for the period⁴	330	405	-18,5%
Leverage ratio	2.3x	1.4x	+0.9x

Breakdown of revenues for France

<i>In € millions</i>	2018	2017	% change
Landline	2,638	2,726	-3.2%
Mobile	2,139	2,143	-0.2%
- Revenues invoiced to subscribers	1,498	1,441	+4.0%
- Terminals	202	245	-17.6%
- Other	438	457	-4.2%
Mobile revenues excluding sales of terminals	1,937	1,898	+2.1%
Intra-group sales	(9)	(9)	-
Total revenues – France	4,768	4,860	-1.9%

⁴ Including the negative contribution of Italy for €121 million, and the Group's share of the profit/(loss) of eir for a negative €25 million

Total revenues – France excluding sales of terminals	4,566	4,615	-1.1%
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Breakdown of consolidated revenues for fourth-quarter 2018

<i>In € millions</i>	Q4 2018	Q4 2017	% change
Consolidated revenues	1,251	1,245	0.5%
Revenues – France excluding sales of terminals	1,131	1,167	-3.1%
Group revenues excluding sales of terminals	1,199	1,167	2.7%
Total revenues – France	1,183	1,245	-5.0%
- <i>Landline</i>	650	681	-4.6%
- <i>Mobile</i>	534	566	-5.7%
<i>Revenues invoiced to subscribers</i>	375	371	1.1%
<i>Terminals</i>	52	78	-33.3%
<i>Other</i>	107	117	-8.5%
- <i>Mobile revenues excluding sales of terminals</i>	482	488	-1.2%
- <i>Intra-group sales</i>	(2)	(2)	-
Revenues – Italy	70	-	-
Intra-group sales	(1)	-	-

Further information on the Group's financial statements and business in 2018 is provided in the management report available on Iliad's website, as well as the presentations of the Group's 2018 results and the 2018 consolidated financial statements, at: <http://www.iliad.fr/en/amf/2019>

Iliad SA's Board of Directors reviewed the consolidated financial statements at its meeting on March 18, 2019. The Statutory Auditors have carried out their audit work on those financial statements, and they are in the process of issuing their reports.

At the Annual General Meeting on May 21, 2019, shareholders will be asked to approve a dividend payment of €0.90 per share. The ex-dividend date will be June 24, 2019 and the dividend will be paid as from June 26, 2019 on positions closed as of the close of business on June 25, 2019.

OTHER INFORMATION

With the aim of speeding up rollouts and maximizing value creation, the Group has begun a process to review its mobile assets and is currently exploring the possibility of forming an industrial partnership with an investment fund for its passive mobile infrastructure, concerning approximately 5,700 mobile sites.

GLOSSARY

The definitions of the main terms used by Iliad are set out below:

Alternative operator: An operator that entered the market subsequent to the incumbent State operator losing its monopoly.

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

Broadband and Ultra-Fast Broadband subscribers: Subscribers who have signed up for the Group's ADSL, VDSL or FTTH offerings.

Connectible FTTH socket: A socket for which the link between the shared access point and the optical splitter has been put in place by the building operator, which the Group can access in accordance with its co-financing commitments, and for which the connection to the Group's network has been completed or is in progress.

EBITDA: Profit from ordinary activities before share-based payment expense, depreciation, amortization and provisions for impairment of non-current assets.

FTTH (fiber-to-the-home): Data delivery technology that directly connects subscribers' homes to an optical node (ON).

Leverage ratio: Represents the ratio between net debt (short- and long-term financial liabilities less cash and cash equivalents) and EBITDA.

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

Revenues invoiced to subscribers: Revenues generated from services invoiced directly to subscribers (services included in subscribers' mobile plans as well as additional services).

Total Broadband and Ultra-Fast Broadband subscribers: Represents, at the end of a period, the total number of subscribers, identified by their telephone lines, who have signed up for a Free or Alice Broadband or Ultra-Fast Broadband offering, excluding those recorded as having requested the termination of their subscription.

Total mobile subscribers – France: Represents, at the end of a period, the total number of subscribers, identified by their telephone lines, who have subscribed to a Free mobile offering, excluding those recorded as having requested the termination of their subscription.

Total mobile subscribers – Italy: Represents, at the end of a period, the total number of subscribers, identified by their telephone lines, who have subscribed to an Iliad Italia mobile offering and who have issued or received at least one communication during the preceding three months.

About Iliad

Iliad is the parent company of Free, the inventor of the Freebox, the first multiservice box on ADSL. Free is behind numerous innovations in the Broadband and Ultra-Fast Broadband access segment (VoIP, IPTV, flat-rate calling plans to multiple destinations, etc.) and provides straightforward and innovative offerings at the best prices. Since January 2012, Free has brought mobile phone usage within everyone's reach with straightforward, no-commitment offerings at very attractive prices. As at December 31, 2018, Free had nearly 20 million subscribers in France (6.4 million Broadband and Ultra-Fast Broadband subscribers and 13.4 million mobile subscribers). On May 29, 2018, the Group launched its mobile network in Italy under the Iliad brand, becoming the country's fourth operator, and had over 2.8 million subscribers at December 31, 2018.

Exchange: **Euronext Paris**

Market place: **Eurolist A of Euronext Paris (SRD)**

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Member of **Euro Stoxx, SBF 120, CAC Mid 100**