



Paris, May 7, 2019

PRESS RELEASE

Iliad and Cellnex form a strategic partnership

Initial proceeds: €2 billion

**This transaction will help the Group accelerating 4G/5G mobile rollouts
in France and in Italy**

Iliad S.A. ("**Iliad**") announces today that it entered into a series of agreements with Cellnex to form a strategic partnership with respect to the Group's passive mobile telecom infrastructure in France and Italy.

In France, Iliad has entered into exclusive negotiations for the sale of 70% of the company that manages its mobile telecom infrastructure equivalent to 5,700 sites. In Italy, Iliad Italia has signed an agreement for the sale of the entire capital of the company that manages its mobile telecom infrastructure equivalent to 2,200 sites. The initial cash consideration payable to the Group for this transaction amounts to €2 billion.

Thomas Reynaud, Iliad's Chief Executive Officer, said: *"This transaction is part of a long-term industrial strategy allowing us to accelerate rollout of our 4G and 5G networks and to increase Iliad's investment leeway. This transaction supports the Group's new growth and innovation cycle. It enables more efficient infrastructure roll-outs in the future while meeting the challenges of further increasing territory coverage."*

The transaction's strategic rationale is also threefold. First, it reinforces the group's investment capacity when Iliad enters a new cycle of growth and innovation. Second, it strengthens Iliad's financial profile by reducing reported leverage by circa 1x EBITDA. Finally, this transaction unlocks an attractive valuation for the Group's tower portfolio.

As part of the contemplated transaction, Iliad will enter into long-term service contracts. These agreements will comprise the provision of hosting services over mobile telecom infrastructure as well as the construction of new sites through a build-to-suit program setting a clear industrial partnership framework between Iliad and Cellnex and securing long-term access by Iliad to such infrastructure.

Following completion of the transactions, the Group will use most of the cash proceeds to strengthen its balance sheet.

FRANCE

Iliad has entered into exclusive negotiations with Cellnex for the sale of 70% of the company that manages its French mobile passive infrastructure (“**Iliad TowerCo**”), covering 5,700 sites by end-2019. Iliad retains a 30% minority stake in Iliad TowerCo in the transaction.

In addition to this industrial partnership, through which Cellnex and Iliad will together manage and develop Iliad TowerCo in France, Iliad TowerCo and Iliad will enter into a long-term access and services agreement, providing for a *build-to-suit* program encompassing 4,500 sites (of which 2,500 committed by Iliad).

The envisaged transaction ascribes an enterprise value of EUR 2 billion to Iliad TowerCo. In addition, the built-to-suit programme set forth by the long-term service agreement is expected to generate at least EUR 400 million of cash proceeds for Iliad over the next 7 years.

The remaining 30% of Iliad TowerCo will be directly held by Iliad, giving the Group an operational stake in the company as well as an ideal positioning to benefit from the value creation in the mobile infrastructure market going forward.

Thanks to its unrivaled portfolio of sites spread across France, and by leveraging its strong and sustainable relationship with Iliad, Iliad TowerCo will continue to offer services to all French operators in the fast growing French market. Iliad TowerCo will not only continue to host new clients over its existing sites but will also build new sites to meet the strong needs of all French operators.

The transaction will be subject to customary conditions precedent for this type of transactions in France. Closing of the transaction is expected to occur in the fourth quarter 2019 after the required clearance is obtained from the relevant regulatory authorities.

ITALY

Iliad Italia has entered into an agreement with Cellnex for the sale of the entire capital of its Italian mobile telecom infrastructure management company (“**Iliad Italia TowerCo**”). Iliad Italia TowerCo is expected to comprise some 2,200 sites by end-2019 (pro forma for the contribution of sites to be delivered in the first quarter of 2020). The contemplated transaction also provides for the delivery of 1,900 new *build-to-suit* sites (of which 1,000 committed by Iliad).

The envisaged transaction ascribes an enterprise value of EUR 600 million to Iliad Italia TowerCo. In addition, the *built-to-suit* programme is expected to generate at least EUR 150 million of cash proceeds for Iliad Italia over the next 6 years.

The transaction will enable Iliad Italia to forge a solid industrial partnership with Cellnex – one of Italy’s main independent towercos. This should allow Iliad Italia to roll out its mobile sites more quickly and at better financial and industrial terms.

The transaction will be subject to customary conditions precedent for this type of transactions in Italy. Closing of the transaction is expected to occur in the fourth quarter 2019 after the required clearance is obtained from the relevant regulatory authorities.

Pursuant to the commission implementing regulation (EU) 2016/1055 of [June 29th, 2016](#) laying down implementing technical standards with regard to the technical means for appropriate public disclosure of inside information and for delaying the public disclosure of inside information in accordance with

Regulation (EU) No 596/2014 of the European Parliament and of the Council, this press release may contain inside information and has been sent to the authorized broadcaster of Iliad [on May 7, 2019 at 07:45 am CET](#)

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 March 31, 2019, 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 3.3 million subscribers at March 31, 2019.

Exchange: **Euronext Paris**

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

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FTSE classification: **974 Internet**

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