



PRESS RELEASE

Paris, September 21, 2020 – 7:00 a.m.

**ILIAD ANNOUNCES ITS INTENTION TO ACQUIRE THE POLISH
TELECOM OPERATOR, PLAY**



- **Launch of a public tender offer for Play – the leader in the Polish mobile market, with 15 million subscribers – and purchase secured of a 40% controlling interest from Play’s two reference shareholders.**
- **iliad and Play share a similar success story as the most recent entrants in the mobile market in three major European countries. Together, they have 41 million subscribers in France, Poland and Italy. Iliad will be the best industrial partner to accompany Play’s growth in the mobile market and optimize its entry into the fixed market.**
- **A business combination that is in the best interests of Iliad’s shareholders: a unique opportunity to enter a major market that is still growing while generating an accretive effect on the Group’s EPS and FCF per share as from the very first year.**
- **The acquisition will be financed by debt and cash. The transaction is underpinned by Iliad’s financial strength and will reinforce its growth profile and cash-flow generation.**

1. Launch of a public tender offer for Play and purchase secured of a 40% controlling interest from Play's two reference shareholders

The Strategy Committee of HoldCo and the Board of Directors of Iliad have approved the launch of a public tender offer for all of the shares making up the capital of the Polish telecom operator, Play, for a cash amount of PLN 39 per share (representing a total of c. €2.2 billion for 100% of the share capital and an enterprise value of c. €3.5 billion). Iliad has signed a binding agreement to purchase a 40% controlling interest from Play's two reference shareholders for the same unit price (i.e. PLN 39 per share), which will give Iliad the majority of seats on Play's Board of Directors.

At PLN 39 per share, the offer represents:

- A premium of 38.8% over the most recent closing share price
- A premium of 44.7% over the volume-weighted average share price for the last 7 days
- A premium of 32.9% over the volume-weighted average share price for the last 30 days

The deal remains subject to obtaining clearance from the relevant regulatory authorities and notification of the planned acquisition will be submitted to the European Commission.

Draft timeline for the public tender offer

Filing of the offer: September 21, 2020

Start of subscription period: October 19, 2020

End of subscription period: November 17, 2020

Settlement – delivery date: November 25, 2020

2. Play – a growing, innovative and profitable telco that is a perfect strategic fit with Iliad

- **Like Iliad, Play has seen exceptional growth over the past 15 years.** It is the most recent entrant in the Polish mobile telephony market, having entered in 2007, and today it has 15 million subscribers and a 29% market share, making it the leading mobile telephony operator in Poland. Play currently employs some 2,800 people.
- **Our two groups have a lot in common:** we have both been game-changers in our markets and have opened up mobile usages by proposing offerings accessible to everyone. Over the years, Iliad and Play have developed the same culture of growth and agility. Both groups now have powerful brands that are highly respected in their countries and convey the values of innovation, simplicity and value for money.
- **Play, a profitable player on a growth trajectory.** Over the last 12 months, Play generated €1.6 billion in revenues¹ (up 2.0% year on year at constant exchange rates), €523 million in EBITDAaL² (32.1% margin), €359 million in OpFCF (22.0% margin) and €269 million in FCF (before its dividend payment).
- **Iliad – an industrial partner to help drive Play's growth.** Iliad's expertise and experience will help Play grow in the mobile market and facilitate its entry into the fixed market. Iliad will also help accelerate the digital distribution of Play's offerings. All of these developments will be carried out drawing on the skills of Play's management teams.

¹ Converted to € using an average EUR/PLN rate of 4.3575

² Play calculates EBITDAaL in the same way as Iliad.

3. A business combination that is in the best interests of both iliad's and Play's shareholders

For iliad's shareholders

- For iliad, the acquisition represents a unique opportunity for growth and for entering the Polish telecom market. With 38 million inhabitants, Poland is central Europe's largest market. It is the sixth-largest economy in the European Union and has seen steady growth for 28 years; per capita GDP has risen 6% on average per year over the last twenty years.
- Through this acquisition, iliad will cement its position as a pan-European telecom player, operating in three of Europe's largest telecom markets: France, Italy, and now Poland. All three of these countries are in distinct stages of expansion and have clear growth prospects.
- The acquisition will be accretive for iliad's shareholders in terms of both EPS and FCF per share as from the very first year.

For Play's shareholders

- The tender offer will give Play's shareholders the opportunity of receiving PLN 39 per share, representing a 38.8% premium over Play's most recent closing share price and a 32.9% premium over the volume-weighted average share price for the last thirty days. This premium is notably justified by Play's intrinsic quality and the value of its mobile passive infrastructure.
- The offer gives Play enterprise value multiples (on a last-twelve-months basis) of 6.8x EBITDAaL and 9.9x OpFCF³ before taking into account the synergies generated by integrating Play into the iliad Group.

4. iliad and Play – two groups with solid financials

This growth transaction is underpinned by the iliad Group's financial strength. iliad's leverage ratio would increase from 2.2x at end-June 2020 to 3.2.x on a pro forma basis, but the Group intends to gradually deleverage following the acquisition. In addition, iliad will continue the process launched by Play's existing management and shareholders of spinning off and selling its passive infrastructure.

iliad's projected acquisition of Play will be financed by debt and available cash, with acquisition financing already secured with a pool of international banks.

In view of Play's profitability and the financing conditions underlying the acquisition, the deal will be accretive for iliad's EPS and FCF per share as from the first year. It will therefore enable iliad to maintain its financial and strategic flexibility, a reasonable leverage ratio and its dividend policy.

³ EBITDAaL less capex excluding frequency purchases

Thomas Reynaud, Iliad's Chief Executive Officer, said: *"This excellent alliance constitutes a new growth driver for the Iliad Group and gives it access to one of Europe's high-potential telecom markets. Pooling the expertise of Play's and Iliad's teams will reinforce the Iliad Group's fundamentals through a combination of growth and innovation. The transaction will make Iliad the sixth-largest telecom operator in Europe⁴. Fully committed to implementing its Odyssey 2024 Plan, Iliad is a solid group that is pursuing its expansion with confidence."*

Jean-Marc Harion, the Chairman of Play's Management Board, said: *"This alliance with the Iliad Group marks an important chapter in Play's history, as it will accelerate its business development in fixed services. Play and Iliad share the same values and overall corporate vision. Our Board of Directors has unanimously approved the deal, firmly convinced of its strategic fit and value creation potential for Play's shareholders."*

In application of Commission Implementing Regulation (EU) 2016/1055 of 29 June 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 was communicated to Iliad's professional information provider on September 21, 2020 at 7:00 am. (Paris time).

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 June 30, 2020, Free had nearly 20 million subscribers in France (6.6 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 nearly 6.3 million subscribers at June 30, 2020.

To find out more: <https://www.iliad.fr/en/>

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

Ticker symbol: **ILD**

ISIN: **FR0004035913**

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

⁴ In terms of number of mobile subscribers in Europe, excluding M2M