

Paris, March 10, 2016

- **Nearly 2 million new subscribers in 2015**
- **Mobile business: 17%¹ market share just four years after launch**
- **A 7.4% increase in revenues from services**
- **A step-up in the pace of ultra-fast network rollouts: nearly 2.5 million connectible FTTH sockets and more than 5,600 4G sites**
- **A reinforced frequency portfolio, with an additional 10MHz in the 700MHz band and 15MHz in the 1,800MHz band**
- **A profitable growth model: EBITDA up 16% to €1.5 billion and profit for the period up 20% to €335 million**

¹ *Mobile market in Metropolitan France excluding M2M.*

SIGNIFICANT EVENTS OF THE YEAR

2015 was another year of growth for the Group, with revenues coming in at a record high of more than €4.4 billion, well ahead of its initial target. Revenues from services rose by 7.4% during the year (6% including handsets), driven by an excellent showing from the Mobile business which reported a near-20% increase in its service revenues. At the same time, EBITDA advanced 16% compared with 2014. The number of new subscribers was also very high once again, with nearly 2 million additional subscribers signing up for the Group's landline and mobile offerings.

The most significant events of 2015 were as follows:

- **Landline business: 270,000 net adds** for landline Broadband and Ultra-Fast Broadband offerings, representing a net add market share of 29%². Despite a persistently fierce competitive environment, with aggressive marketing and pricing strategies from competitors, the Group managed to keep its ARPU stable at €34.50. This helped drive a more than 1% rise in revenues for the Landline business to €2.6 billion.
- **Mobile business: 1.6 million net adds in 2015.** Free was once again the leading recruiter of mobile subscribers during the year — a position it has held since it launched its mobile business in 2012. The Group continued to enrich its commercial offering during 2015, with (i) the Free Mobile Plan now including roaming communications from all European Union Countries and the United States in addition to the many other roaming destinations already covered, (ii) an increase in mobile data volumes to 20 GB for 3G and 50 GB for 4G, (iii) up to four Free mobile plans now eligible for a price reduction for Freebox subscribers compared with one previously (€15.99 per month for the €19.99/month plan and €0 per month for the €2/month plan). By the year-end the total number of mobile subscribers had reached nearly 12 million and the Group had a market share of almost 17%³, outstripping its initial long-term target for the Mobile business just four years after its first offerings were launched. Revenues generated by the Mobile business advanced by nearly 20% year-on-year (excluding handsets) to more than €1.8 billion.
- **A step up in the pace of ultra-fast landline and mobile network rollouts.** In 2015 the Group pursued the rapid rollout of its mobile network, particularly 4G equipment, and by the year-end it had increased its 4G coverage rate from around 40% of the French population to 63%. The number of 4G subscribers rose by a sharp 2 million, reaching 3.7 million at end-2015, and average monthly data usage per 4G subscriber totaled 3.2 GB, up by nearly 80% year on year. During the year, the Group also stepped up its fiber rollout and accelerated its subscriber migrations to ultra-fast networks (VDSL2 and FTTH) in line with its pro-active strategy of investing in new generation networks.
- **A rise in the Group's profitability.** Consolidated EBITDA totaled €1,490 million in 2015 and the EBITDA margin widened by 3 percentage points to 33.8%, reflecting an increase in the volume of traffic carried directly on the Group's own network. Consolidated profit for the period came to €335 million, up by more than 20% on 2014 despite an increase in depreciation charges (notably due to the faster pace of network rollouts).

² Company estimate.

³ Mobile market in Metropolitan France excluding M2M.

- **A rigorous financial strategy and a solid structure, enabling the Group to step up its investments in ultra-fast networks.** The Group's pro-active capital expenditure strategy for both its landline and mobile infrastructure will enable it to become more independent and to further increase its profitability for the coming years, while at the same time enhancing its subscriber service. Capital spending in 2015 totaled €1,220 million versus €968 million in 2014. The year-on-year rise was notably due to (i) the launch of the Freebox mini 4K and building up the requisite inventories, (ii) the pace of the rollout for Ultra-Fast Broadband in the Group's Landline business, and (iii) the opening of more than 1,600 3G sites and over 3,500 4G sites during the year. In the coming years the Group will have a cash outflow for the purchase price of its frequencies in the 700MHz band, which will be paid for in four equal installments between 2016 and 2018, with two installments due in the first year. Despite this outlay, the Group's financial structure remained strong in 2015, with a leverage ratio of 0.80x at the year-end.

- **Reinforcing the Group's frequency portfolio.** During 2015 the Group strengthened its frequency portfolio with an additional 15MHz in the 1,800MHz band and 10MHz in the 700MHz band.

KEY INDICATORS

Operating performance indicators

	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Total mobile subscribers	11,685,000	10,105,000	8,040,000
Total Broadband and Ultra-Fast Broadband subscribers	6,138,000	5,868,000	5,640,000
Total number of subscribers	17,823,000	15,973,000	13,680,000

ARPU at end-December (in €)	2015	2014	2013
Broadband and Ultra-Fast Broadband ARPU	34.50	35.10	36.00
<i>Freebox Revolution ARPU*</i>	<i>>38.00</i>	<i>>38.00</i>	<i>>38.00</i>

* Excluding promotions

Financial performance indicators

In € millions	2015	2014	% change
Consolidated revenues	4,414.4	4,167.6	+5.9%
- Landline	2,597.1	2,564.2	+1.3%
- Mobile	1,828.7	1,614.3	+13.3%
<i>O/w mobile services</i>			<i>+19.1%</i>
- Intra-group sales	(11.4)	(10.9)	-4.6%
Service revenues			+7.4%
Consolidated EBITDA	1,489.9	1,283.6	+16.1%
Profit from ordinary activities	666.2	569.5	+17.0%
Profit for the period	335.0	278.4	+20.3%
Free Cash Flow from ADSL operations	665.8	736.7	-9.6%
Leverage ratio	0.80x	0.84x	-4.8%

GROUP OBJECTIVES

- Landline business:
 - Achieve a 25% share of the Broadband and Ultra-Fast Broadband market in the long term.
 - 9 million connectible FTTH sockets by end-2018.
 - 20 million connectible FTTH sockets by end-2022.

- Mobile business:
 - Deploy more than 1,500 sites in 2016.
 - 4G coverage rate of nearly 75% of the French population by end-2016.
 - Achieve a 25% mobile market share in the long term.

- Group:
 - Slight increase in the level of capital expenditure (excluding frequency purchases) in 2016.
 - Achieve consolidated EBITDA margin of over 40% by the end of the decade.

CONSOLIDATED INCOME STATEMENT

Revenues

In 2015 the Group once again reported year-on-year growth, with revenues up by almost €250 million to over €4.4 billion, driven by a 7.4% year-on-year rise in service revenues (6% including handsets). During the year the Group kept up its excellent performance in a persistently tough competitive environment, with revenues for the Landline business edging up 1.3% fueled by a 2.1% increase in the second half of the year, and the Mobile business posting a near-20% jump in revenues (excluding handsets).

The table below shows the breakdown of revenues by category for 2015 and 2014 as well as the percentage change between the two years.

<i>In € millions</i>	2015	2014	% change
Landline	2,597.1	2,564.2	+1.3%
Mobile	1,828.7	1,614.3	+13.3%
<i>o/w mobile services</i>			<i>+19.1%</i>
Intra-group sales	(11.4)	(10.9)	-4.6%
Total consolidated revenues	4,414.4	4,167.6	+5.9%
<i>Service revenues</i>			<i>+7.4%</i>

Landline revenues

Against a fiercely competitive backdrop, revenues for the Landline business edged up 1.3% for the year as a whole to €2,597 million, with growth picking up pace again in the second half. The significant events of 2015 for the Landline business were as follows:

- **270,000 new Broadband and Ultra-Fast Broadband subscribers**, representing a net add market share of 29%⁴. In a highly competitive environment and despite numerous promotional offers by other operators, the Group managed to grow its market share during the year, thanks to (i) the launch of the Freebox mini 4K, (ii) the strong reputation of the Free brand, (iii) the major efforts undertaken in recent years to improve the quality of subscriber service, (iv) the Group's strong innovation capacity, and (v) one-off promotional offers. At December 31, 2015, the Group had a total of 6.1 million Broadband and Ultra-Fast Broadband subscribers.
- **Broadband and Ultra-Fast Broadband ARPU stabilized at €34.50** despite one-off promotional offers carried out during the year, which had an automatic adverse impact on

⁴ Company estimate.

ARPU. However, the Freebox Revolution offering continued to prove very popular and its ARPU once again came in at over €38⁵.

Mobile revenues

The success of the Group's mobile offerings is clearly reflected in its financial performance and 2015 was another year of strong growth for the Mobile business, with revenues totaling over €1.8 billion. This rise stemmed primarily from an excellent showing from services, whose revenues advanced by nearly 20%. Just four years after it was first launched the Mobile business now accounts for over 40% of the Group's total revenues. The number of net adds came to 1.6 million in 2015, bringing the total number of mobile subscribers to just under 12 million. The significant events of the year for the Mobile business were as follows:

- **A commercial strategy focused on innovation and constantly-enriched offers.** During 2015 the Group continued to enrich its offers by (i) increasing the number of roaming destinations included in the Free Mobile Plan, which now covers all European Union countries as well as the United States and Canada, and (ii) becoming the only operator to offer 50 GB of 4G mobile internet and 20 GB of 3G in a plan costing less than €20 per month. It also pursued the deployment of its mobile phone installment payment and rental offers launched in December 2013. Although these new offers may weigh on short- and medium-term profitability they enable the Group to keep up its excellent sales momentum by making the Free Mobile offering unique in the market.
- **17%⁶ market share.** With some 1.6 million net adds, in 2015 the Group was once again France's leading recruiter of mobile subscribers – a position it has held since it launched its Mobile business. By the year-end the total number of mobile subscribers had reached nearly 12 million, and in the space of just four years after its mobile launch the Group had outperformed its initial target of achieving 15% market share.
- **Commercial success of 4G offerings.** In 2015 the Group intensified its rollout of 4G sites which brought its 4G coverage rate to 63% of the French population by the end of the year. This 4G rollout drive translated into commercial success as the 4G mobile subscriber base doubled during the year, reaching nearly 3.7 million. In addition, the average data usage rate of 4G subscribers surged by almost 80% during 2015 to 3.2 GB per month and per subscriber.
- **An improved subscriber mix within net adds and further migration of subscribers** from the €2/month plan (or €0 for Freebox subscribers) to the €19.99/€15.99 plan. In 2015, the Group recorded more new subscribers for its €19.99/month offering (€15.99/month for Freebox subscribers) than for its €2/month offering (€0/month for Freebox subscribers).
- **A near-20% rise in mobile services revenues and a decrease in handset revenues,** notably due to the successful sales of entry-level handsets. This negative impact weighed on overall revenue growth for the Mobile business which came to 13.3%.

⁵ Excluding promotions.

⁶ Mobile market in Metropolitan France excluding M2M.

Intra-group sales

Intra-group sales correspond to sales between companies from the Group's two different businesses and mainly consist of billings of interconnection operations. They are eliminated in consolidation.

Gross profit

At €2,176 million, consolidated gross profit was €331 million higher than in 2014, representing a year-on-year increase of 18%.

As a percentage of revenues it was also up, climbing 5 percentage points to 49.3%, due to higher profitability levels for the Mobile business (although gross margin is still lower for the Mobile business than for the Landline business), reflecting an improved subscriber mix and an increase in direct traffic volumes on the Group's own network.

EBITDA

Consolidated EBITDA rose by over 16% in 2015 to €1,490 million. EBITDA margin also increased considerably, coming in 3 percentage points higher at 33.8%, mainly due to the performance of the Mobile business.

The main factors affecting EBITDA during the year were as follows:

- **Better mobile network coverage.** Thanks to the Group's extension of its mobile network coverage in 2015, it was able to increase the volume of traffic carried directly on its own network.
- **Higher EBITDA margin for the Mobile business** despite the extension of roaming services to cover the whole of Europe and the termination of airtime revenue from premium numbers as from October 1, 2015, as well as the increase in bad debts in connection with the Group's phone rental offerings.
- **Ongoing measures to optimize the Group's landline networks (unbundling, migration to VDSL2 technology and rollout of the FTTH network).** During 2015, the Group pursued its measures to (i) extend its ADSL network and increase its unbundling rate to 97.2%, by opening some 1,500 subscriber connection nodes, (ii) complete the migration of its network equipment to VDSL2 technology, and (iii) continue the rollout of its directly-owned FTTH network and the FTTH networks deployed in accordance with co-financing arrangements with the incumbent operator.
- **Critical mass reached, with 17%⁷ market share for the Mobile business,** enabling the Group to optimize fixed costs due to its status as an integrated operator (landline/mobile) and to achieve economies of scale for other costs. The increase in the total number of subscribers during the period also resulted in further economies of scale in terms of the Group's fixed cost base (advertising costs, administrative costs, etc.).

⁷ Mobile market in Metropolitan France excluding M2M.

Profit from ordinary activities

Profit from ordinary activities amounted to €666 million, up 17% on the 2014 figure due to the above-described rise in EBITDA.

Depreciation/amortization expense increased to €820 million as a result of (i) the beginning of depreciation/amortization for landline and mobile network components brought into service during the year, particularly due to the migration of sites to 4G technology and (ii) the launch of the Freebox mini 4K.

Profit for the period

Profit for the period climbed more than 20% to €335 million from €278 million in 2014.

Cash flows and capital expenditure

<i>In € millions</i>	2015	2014	% change
Consolidated cash flows from operations	1,472.7	1,236.5	+19.1%
Change in working capital requirement	(23.4)	(72.1)	-67.5%
Operating Free Cash Flow	1,449.3	1,164.4	+24.5%
Net cash used in investing activities	(1,219.9)	(968.3)	+26.0%
Income tax paid	(229.7)	(203.4)	+12.9%
Other ⁸	(76.0)	(29.9)	-
Consolidated Free Cash Flow (excluding financing activities and dividends)	(76.1)	(37.2)	-
Free Cash Flow from ADSL operations	665.8	736.7	-9.6%
Dividends	(23.0)	(21.7)	-6.0%
Cash and cash equivalents at year-end	718.5	132.3	-

⁸ Including interest paid.

Consolidated Free Cash Flow

The Group stepped up the pace of its rollout of landline and mobile networks during 2015, which pushed up its capital expenditure by 26% to €1.2 billion. The year-on-year change in consolidated Free Cash Flow mainly reflects the following:

- A 19% increase in consolidated cash flows from operations to €1,473 million.
- An improved change in working capital requirement compared to 2014 – although the figure was still negative at €23 million – due to the fact that the unfavorable working capital impact of the Group's new offers for mobile phones (rental and payment installments) has diminished significantly.
- An acceleration of the Group's capital expenditure drive, with net cash used in investing activities reaching €1,220 million. The year-on-year increase in this figure was attributable to both the Mobile and Landline businesses and reflected (i) the continued high pace of the mobile network rollout and the acceleration of the fiber network deployment, (ii) the launch of the Freebox mini 4K and building up the requisite inventories, and (iii) the negative impact of the euro/dollar exchange rate.
- A year-on-year decrease in Free Cash Flow from ADSL operations to €666 million, as a logical result of the above-described factors, and particularly the Freebox mini 4K launch.
- €230 million in income tax paid.
- The acquisition of a 50% stake in TRM via the purchase of OMT's assets in La Réunion and Mayotte for €24 million.
- A negative €76 million in consolidated Free Cash Flow.

BALANCE SHEET

The Group is not subject to any liquidity risk, as a result of acceleration clauses contained in loan agreements entered into by Group companies, or as a result of any breaches of financial covenants (ratios, targets, etc.).

At December 31, 2015, the Group had gross debt of €1,911 million and net debt of €1,191 million. The Group maintained its solid financial structure during the year and its leverage ratio at December 31, 2015 was once again well below the 1x mark at 0.80x. At the same time, it also had a very strong liquidity position.

The Group ended 2015 with €719 million in available cash and cash equivalents. Cash and cash equivalents increased considerably in the fourth quarter of the year due to a successful €650 million bond placement carried out in November 2015.

GLOSSARY

Broadband and Ultra-Fast Broadband ARPU (Average Revenue Per 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.

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

Free Cash Flow from ADSL operations: Represents EBITDA plus or minus changes in working capital requirement and minus investments made in connection with property, plant and equipment and intangible assets acquired for the Group's ADSL operations.

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

Gross profit: Corresponds to revenues less purchases used in production.

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

M2M: machine to machine communications.

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

Service revenues: total revenues excluding handset-related revenues.

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 Free's or Alice's Broadband or Ultra-Fast Broadband service, excluding those recorded as having requested the termination of their subscription.

Total mobile subscribers: 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.

Unbundled subscribers: Subscribers who have signed up for the Group's ADSL, VDSL or FTTH offerings through a telephone exchange unbundled by Free.

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.). Free provides straightforward and innovative offerings at the best prices. The Freebox Revolution, the 6th generation of Freebox units, notably includes an NAS and a Blu-Ray™ drive. Free also offers the Freebox mini 4K, the first Android TV™ and 4K box on the French market. Free was the first operator to include calls from landlines to mobile phones in its offerings and also calls to French overseas departments (DOM). Since January 2012, Free has brought mobile phone usage within everyone's reach with straightforward, no-commitment offerings at very attractive prices. Since July 2015, subscribers can use their Free Mobile Plan for 35 days per year and per destination when they are traveling in all European Union countries and, since September 2015, the United States (excl. 4G). As at December 31, 2015, Free had nearly 18 million subscribers (6 million Broadband and Ultra-Fast Broadband subscribers and 12 million mobile subscribers).

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