PRESS RELEASE

Paris, September 1, 2017

FIRST-HALF 2017 RESULTS

- **Mobile business: a solid performance with 440,000 new subscribers added during the period, or 45,000 more than in first-half 2016, making Free Mobile the leading recruiter of mobile subscribers for the 22nd consecutive quarter[1]**

- **FTTH: Free is the leading alternative FTTH operator with 5.3 million connectible sockets (up 900,000 over the period) and almost 420,000 FTTH subscribers (up by around 110,000 over the period)**

- **Landline business: the Group confirms its position as France's leading alternative landline Broadband and Ultra-Fast Broadband operator, with some 6.5 million subscribers at June 30, 2017**

- **4G: over 50% of subscribers using 4G, with record average monthly data usage of 6.6 GB**

- **First-half revenues up by over 7% to €2,464 million**

- **8.2% increase in EBITDA to €875 million, driven by a sharp increase in profitability for the Mobile business**

- **Ongoing sustained investment in ultra-fast networks with around 1,800 mobile sites rolled out during the period, with 3G coverage close to 91% of the population**

[1] *Metropolitan France excluding M2M.*

SIGNIFICANT EVENTS IN FIRST-HALF 2017

Just five years after it entered the mobile market, the Group has become one of the leading telecommunications operators in France, with 19.6 million subscribers, of which over 13 million mobile subscribers and some 6.5 million Broadband and Ultra-Fast Broadband subscribers. At June 30, 2017, it had market shares of 24% for Broadband and Ultra-Fast Broadband and 18.5%[2] for mobile. During the first half of 2017, the Group continued its profitable growth trajectory, generating close to €2.5 billion in revenues – up 7.3% on first-half 2016.

The most significant events of first-half 2017 were as follows:

Operational information

- **Landline business: the Group confirmed its position as France's leading alternative landline Broadband and Ultra-Fast Broadband operator, with some 6.5 million subscribers at June 30, 2017. The number of new subscribers during the period (net of cancellations) came to 83,000**, representing a net add market share of 27%. The contraction in the Group’s net adds compared with the first half of 2016 was due to fierce competition during the period, with numerous promotions launched by competitors, as well as the maturity of the market.

- **Continued FTTH rollouts and connections.** The Group continued the FTTH rollout drive during the first six months of 2017, with (i) 900,000 new connectible sockets installed, bringing the total to 5.3 million at June 30, 2017, and (ii) some 110,000 additional subscribers connected to fiber during the period, i.e., as many as for the whole of 2016. This means that the Group’s FTTH subscriber base increased by 35% in the space of six months and at June 30, 2017 it stood at almost 420,000.

- **Mobile business: the Group was France's leading recruiter of mobile subscribers for the 22nd quarter in a row, notching up 200,000 net adds in the second quarter of 2017.** Thanks to its strategy of continually enriching its offers for the same price, the Group has been France's net add market leader ever since it launched its Mobile business. At June 30, 2017, the Group had over 13 million mobile subscribers, giving it a market share of 18.5%[2].

- **A further improvement in the Mobile business’s subscriber mix, with new subscribers signing up for the €19.99 per month offer (€15.99 per month for Freebox subscribers).** Following on from 2016, when a large proportion of the Group’s net adds took up this offer, in the first half of 2017, all of its new subscribers signed up for it.

- **Ongoing success of 4G.** At June 30, 2017, the Group had 6.8 million 4G subscribers (more than half of its mobile subscriber base). This figure reflects the quality of the Group's 4G network, which, in the second quarter of 2017, obtained the best score for 4G connections in France in the nPerf mobile connections performance survey for the ninth consecutive quarter. In addition, average monthly data usage per 4G subscriber rose sharply once again, reaching 6.6 GB.

- **Italy's fourth mobile network operator: the Group made significant progress in preparing for the launch of its mobile offerings.** Since late 2016 and during the first

[2] *Metropolitan France excluding M2M.*

half of 2017, the Group has (i) secured a backhaul network of some 10,000 kilometers of fibre and deployed its core network, (ii) set up roaming solutions, (iii) negotiated interconnection contracts, and (iv) recruited an Italy-based team to manage the new subsidiary's operations.

Financial information

- **Consolidated revenues up by more than 7% compared with first-half 2016.** In spite of a competitive environment, the Group reported robust growth in the first half of 2017, with revenues climbing by more than 7% year on year to just under €2.5 billion.

- **Another period of solid growth for the Mobile business, with revenues reaching nearly €1.1 billion.** Both overall revenues for the Mobile business and Mobile services revenues rose by more than 10% in the first half of 2017 despite slower growth for incoming revenues during the period. The robust growth reported for Mobile services revenues was due to a further significant improvement in the subscriber mix, with more subscribers choosing the €19.99 per month offer (€15.99 per month for Freebox subscribers).

- **Revenues for the Landline business up 4.8%** to €1.4 billion, mainly thanks to the TV by CANAL Panorama package for Freebox Revolution subscribers.

- **A record half year for the mobile network rollout, in line with 2016.** The Group pursued its rollout drive in the first six months of 2017 by (i) opening nearly 1,800 new 3G sites, (ii) equipping over 2,200 4G sites for 1,800 MHz frequencies, and (iii) opening more than 500 sites using 700 MHz frequencies. The Group's objective is to rapidly develop its mobile network with a view to extending and enhancing its quality, notably by broadening its 3G and 4G coverage. At end-June 2017, the Group’s full coverage rate (i.e., both indoor and outdoor) was almost 91% of the French population for 3G and 82% for 4G.

- **A more-than 8% increase in consolidated EBITDA, thanks to a sharp increase in profitability for the Mobile business and despite a number of negative impacts on Landline EBITDA.** Consolidated EBITDA came to €875 million in first-half 2017, up 8.2% year on year. This rise was wholly attributable to the sharp increase in profitability for the Mobile business, thanks to a higher proportion of traffic carried directly on the Group's own network and an improved mobile subscriber mix. Conversely, EBITDA for the Landline business was negatively affected during the period by (i) regulatory decisions, notably a €0.35 rise in unbundling fees to €9.45 per month, (ii) higher payroll costs due to the acceleration of the FTTH network rollout, and (iii) the measures taken to enrich the Group's offerings, notably the TV by CANAL Panorama package.

- **Capital expenditure focused on the mobile and FTTH network rollouts, with significant financial flexibility maintained.** The Group invested €723 million in its landline and mobile infrastructure in France in the first six months of 2017, enabling it to become more autonomous and augment its profitability while at the same time enhancing its subscriber service. It also invested €58 million in Italy during the period (including €50 million for the frequencies purchased from Wind/Tre). Despite this outlay, the Group's financial structure remained strong, and with a leverage ratio of 1.0x EBITDA at June 30, 2017, it was once again one of the European telecom operators with the least amount of debt.

KEY INDICATORS

Operating performance indicators

Subscriber numbers	**June 30, 2017**	**June 30, 2016**	**June 30, 2015**
Total mobile subscribers	**13,140,000**	12,080,000	10,925,000
- *Of which 4G*	***6,800,000***	*4,700,000*	*2,400,000*
Total Broadband and Ultra-Fast Broadband subscribers	**6,468,000**	6,261,000	5,991,000
- *Of which FTTH*	***419,000***	*250,000*	-
Total number of subscribers	**19,608,000**	**18,341,000**	**16,916,000**

Other indicators	**Six months to June 30, 2017**	**Six months to June 30, 2016**	**June 30, 2015**
Broadband and Ultra-Fast Broadband ARPU (in €)	**34.00**	**33.90**	**34.50**
Freebox Revolution ARPU (in €)*	*>38.00*	*>38.00*	*>38.00*
Number of connectible FTTH sockets	**5.3m**	**3.1m**	**-**
Average 4G data usage (in GB per month per subscriber)	**6.6 GB**	**3.9 GB**	**2.2 GB**

** Excluding promotions*

Financial performance indicators

In € millions	**Six months to June 30, 2017**	**Six months to June 30, 2016**	**% change**
Consolidated revenues	**2,464.0**	**2,296.9**	**7.3%**
- *Landline*	*1,393.5*	*1,329.1*	4.8%
- *Mobile*	*1,075.4*	*973.4*	10.5%
- *Intra-group sales*	*(4.9)*	*(5.6)*	12.5%
Consolidated EBITDA	**874.6**	**808.5**	**8.2%**
Profit from ordinary activities	**430.1**	**360.2**	**19.4%**
Profit for the period	**232.6**	**190.4**	**22.1%**
Leverage ratio	**1.0x**	**0.9x**	**10.1%**

- Landline business:

  - Achieve a 25% share of the Broadband and Ultra-Fast Broadband market in the long term.
  - Increase the FTTH subscriber base by more than 200,000 in 2017, then by 300,000 to 500,000 subscribers per year over the medium term.
  - 9 million connectible FTTH sockets by end-2018.
  - 20 million connectible FTTH sockets by end-2022.

- Mobile business:

  - Have a mobile network of more than 12,000 sites by end-2017.
  - Finalize the migration of 4G sites to 1,800 MHz in 2018.
  - Reach a 4G coverage rate of around 85% of the French population by end-2017.
  - Achieve a 25% share of the mobile market in the long term.

- Group:

  - Achieve consolidated EBITDA margin in France of over 40% by 2020.
  - Have capital expenditure in France (excluding purchases of frequencies) of between €1.4 billion and €1.5 billion per year for 2017 and 2018.
  - Generate more than €1 billion in EBITDA less CAPEX in France as from 2020 thanks to:
    - *Lower charges related to the roaming agreements.*
    - *An improved mobile subscriber mix.*
    - *A national mobile network in 2020.*

Revenues

Consolidated revenues for the first six months of 2017 rose by more than 7% year on year, or almost €170 million, coming in at just under €2.5 billion. Despite persistently fierce competition, the Group recorded an almost 5% increase in Landline revenues (which totaled €1,393 million) and double-digit growth for Mobile revenues (up 10.5% to €1,075 million).

The table below shows the breakdown of revenues by category for first-half 2017 and first-half 2016 as well as the percentage change between the two periods.

In € millions	**Six months to June 30, 2017**	**Six months to June 30, 2016**	**% change**
Landline	**1,393.5**	**1,329.1**	**4.8%**
Mobile	**1,075.4**	**973.4**	**10.5%**
Intra-group sales	(4.9)	(5.6)	12.5%
Total consolidated revenues	**2,464.0**	**2,296.9**	**7.3%**

Landline revenues

Against a backdrop of persistently fierce competition, revenues for the Landline business rose 4.8% (compared with 3.4% in first-half 2016) and totaled €1,393 million in the first six months of 2017. The main factors that drove this performance were as follows:

- **83,000 new Broadband and Ultra-Fast Broadband subscribers**, representing a net add market share of 27%. Despite a competitive environment and numerous promotional offers by other operators (especially in the second quarter), the Group confirmed its position as France's leading alternative operator in first-half 2017. The number of new subscribers recruited during the period reflects (i) the positive impact of one-off promotions carried out, (ii) the measures taken to enrich the Group's offerings, with the introduction of the TV by CANAL Panorama package, (iii) the strong image and reputation of the Free brand and the quality of the Freebox, and (iv) best-in-class subscriber relations services. At June 30, 2017, the Group had a total of almost 6.5 million Broadband and Ultra-Fast Broadband subscribers.

- **An acceleration of FTTH connections.** In line with its objectives, the Group significantly stepped up the pace of its FTTH connections in the first half of 2017, with around 110,000 new fiber subscribers added during the period, bringing the total to almost 420,000. In parallel, the Group continued its FTTH rollout drive, with 900,000 new connectible sockets installed during the first six months of 2017.

- **Broadband and Ultra-Fast Broadband ARPU up €0.10 year on year to €34.00**, driven by the inclusion of the TV by CANAL Panorama package in the Freebox Revolution offer. ARPU for the Freebox Revolution offer once again exceeded €38[3].

Mobile revenues

First-half 2017 was another period of robust growth for the Mobile business, with revenues advancing more than 10% year on year to €1,075 million. The number of net adds during the period was 440,000, reflecting the success of Free's commercial offerings. The main factors that drove the Mobile business's performance in the first half of 2017 were as follows:

- **A higher subscriber recruitment level than in first-half 2016**, with 440,000 new subscribers added thanks to both the Group's strategy of continually enriching its offers and one-off promotional offers carried out during the period. In line with the commitment it made in 2012, Free continues to offer a greater number of services at no extra cost to subscribers. For example, it was the first operator in France to include roaming communications all year round in 35 countries (even before the E.U. regulation came into force) as well as 25 GB of mobile data per month for use in those countries. These services have been added to the Free Mobile Plan, which is still offered at the same price of €19.99 per month (or €15.99 per month for Freebox subscribers). This helped Free to notch up the highest number of net adds in France for the 22nd quarter in a row in the second quarter of 2017. At June 30, 2017, the Group had 13.1 million mobile subscribers, representing a market share of 18.5%[4].

- **Continued commercial success for 4G, with a 4G subscriber base of 6.8 million** and average monthly data usage per 4G subscriber up sharply to 6.6 GB. This performance reflects the quality of the 4G experience offered by the Group's network, which, in the second quarter of 2017, obtained the best score for 4G connections in France in the nPerf mobile connections performance survey for the 9th consecutive quarter.

- **A further improvement in the subscriber mix, with all net adds signing up to the Free Mobile Plan which includes unlimited calls, texts and MMS and unlimited 4G Internet** (100 GB of 4G Internet for non-Freebox subscribers).

- **A more-than 10% rise in Mobile services revenues**, despite slower growth for incoming revenues during the period, notably due to a decrease in the use of text messages as mobile data usage rises.

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 €1,307 million, consolidated gross profit was almost €150 million higher than in first-half 2016, representing a year-on-year increase of over 12%.

As a percentage of revenues, gross profit climbed 2.4 percentage points to 53.0%, driven by the sharp increase in profitability for the Mobile business which was achieved thanks to the improvement in the subscriber mix and an increase in traffic volumes carried directly on the Group's own network.

[3] *Excluding promotions.*
[4] *Metropolitan France excluding M2M.*

Conversely, profitability for the Landline business contracted during the period, due to higher unbundling fees and the six-month impact of the TV by CANAL Panorama package.

EBITDA

Consolidated EBITDA advanced by 8.2% year on year to €875 million in first-half 2017 and the EBITDA margin widened by 0.3 of a point to 35.5%.

The main factors (both positive and negative) affecting EBITDA in the first half of 2017 were as follows:

- **Further economies of scale achieved for the Mobile business's fixed costs.** The continued significant growth of the Mobile business enabled the Group to achieve further economies of scale in terms of its fixed cost base (network, advertising and administrative costs, etc.) and to capitalize on its status as an integrated operator (landline/mobile), despite the extension of roaming services to additional countries and the end of roaming charges in Europe since June 2017.

- **Better mobile network coverage.** Thanks to the Group's extension of its mobile network coverage in the first half of 2016, it was able to increase the volume of traffic carried directly on its own network.

- **A further improvement in the Mobile business's subscriber mix, with new subscribers signing up for the €19.99 per month offer (€15.99 per month for Freebox subscribers).** Following on from 2016, when a large proportion of the Group's net adds took up this offer, in the first half of 2017, all of its new subscribers signed up for it.

- **A decrease in profitability for the Landline business**, due to the dilutive impact of (i) the €0.35 rise in unbundling fees per month and per subscriber during first-half 2017 (from €9.10 to €9.45), (ii) the new TV by CANAL Panorama package, and (iii) the increase in certain taxes (the COPE tax and IFER tax).

- **A slight negative impact on consolidated EBITDA caused by the losses incurred in first-half 2017 on the start-up of operations in Italy,** corresponding to initial project launch costs.

Profit from ordinary activities

Profit from ordinary activities totaled €430 million, up by nearly 20% on the first-half 2016 figure, partly due to the above-described rise in EBITDA.

Depreciation/amortization expense was stable year on year, coming in at €444 million in the first half of 2017.

Profit for the period

Profit for the period advanced 22% to €233 million from €190 million in the first half of 2016.

Cash flows and capital expenditure

In € millions	Six months to June 30, 2017	Six months to June 30, 2016	% change
Consolidated cash flows from operations	**864.5**	**792.5**	**9.1%**
Change in working capital requirement	(46.9)	23.9	-
Operating Free Cash Flow	**817.6**	**816.4**	**0.1%**
Capital expenditure – France	(722.6)	(858.9)	-15.9%
Income tax paid	(103.1)	(115.2)	-10.5%
Other[5]	(16.1)	(32.9)	-50.8%
Consolidated Free Cash Flow (excluding payments for 700 MHz frequencies, capex in Italy, financing activities and dividends)	**(24.2)**	**46.1**	**-**
Capital expenditure – Italy (including frequency purchases)	(57.8)	-	-
Consolidated Free Cash Flow (excluding financing activities and dividends)	**(82.0)**	**(190.6)**	**56.7%**
Dividends	(25.9)	(24.1)	7.5%
Cash and cash equivalents at year-end	**84.4**	**318.4**	**-73.5%**

Consolidated Free Cash Flow

The Group kept up the brisk pace of its landline and mobile network rollouts during the first half of 2017, which pushed up its capital expenditure in France (excluding purchases of frequencies) by 16%, or more than €100 million, to €723 million.

The year-on-year change in consolidated Free Cash Flow mainly reflects the following:

- A more-than 9% increase in consolidated cash flows from operations to €865 million.
- A €47 million negative change in working capital requirement.
- Capital expenditure incurred in France in line with objectives, representing €723 million and mainly reflecting the continued brisk pace of mobile and FTTH network rollouts as well as site migrations.

[5] *Including interest paid.*

- Ongoing rapid deployment of 4G frequencies, with over 2,200 sites newly equipped to use 1,800 MHz and more than 500 new sites equipped for 700 MHz. This intensive deployment has enabled the Group to increase its 4G coverage rate by six percentage points to 82% of the French population.

- €58 million in capital expenditure in Italy, including the first payment made to Wind/Tre for licenses, which amounted to €50 million.

- €103 million in income tax paid.

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 June 30, 2017, the Group had gross debt of €1,923 million and net debt of €1,769 million. It maintained its solid financial structure during the period and its leverage ratio was 1.0x at June 30, 2017. At the same time, it also had a very strong liquidity position.

The Group ended the first half of 2017 with €84 million in available cash and cash equivalents.

GLOSSARY

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.

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

Freebox Revolution ARPU (Average Revenue Per Freebox Revolution Subscriber, excluding promotions): 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 Freebox Revolution subscribers invoiced for the period.

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.

Mobile services revenues: Mobile revenues excluding handset-related revenues (sales and rental).

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

Services revenues: Total consolidated revenues excluding handset-related revenues (from handset sales and rental).

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: 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. At just €15.99 per month for Freebox subscribers, the Free Mobile Plan includes roaming communications all year round from more than 35 countries (unlimited calls, texts and MMS as well as 25GB/month of 3G mobile Internet from these destinations) as well as unlimited 4G in Metropolitan France. As at June 30, 2017, Free had 19.6 million subscribers (6.5 million Broadband and Ultra-Fast Broadband subscribers and 13.1 million mobile subscribers).

Exchange: ***Euronext Paris***	Market place: ***Eurolist A of Euronext Paris (SRD)***
Ticker symbol: ***ILD***	ISIN Code: ***FR0004035913***
FTSE classification: ***974 Internet***	Member of ***Euro Stoxx, SBF 120, CAC Next 20, CAC Mid 100***