



Paris, September 4, 2018

FIRST-HALF 2018 RESULTS

A new sales and marketing approach yielding the first positive results in the July/August period

A successful commercial launch in Italy

- **Landline business:** a new sales and marketing approach following disappointing new subscriber figures in a fiercely competitive market.
- **Fiber business:** Free confirms its position as France's leading alternative FTTH operator. A record six months, with 1.7 million new connectible sockets and 178,000 new subscribers.
- **Mobile business:** 500,000 new subscribers on the Free Mobile Unlimited 4G Plan¹. A 70,000 decrease in the total subscriber base (€0 and €2 subscribers only) due to heightened competition for entry-level offerings.
- **Landline and Mobile businesses** once again began making new adds in the July/August period.
- **Italy:** further outstanding commercial success, with the 1.5 million subscriber mark reached in early August.
- **Consolidated revenues** stable at €2.4 billion, and profitability up in the French businesses.
- **A solid balance sheet** and a strong liquidity position to help drive the Group's expansion in France and Italy.

¹ 50/100 GB for non-Freebox subscribers

IFRS 15, Revenue from Contracts with Customers, has been applicable since January 1, 2018. Iliad has therefore prepared its consolidated financial statements for the first half of 2018 in accordance with this new standard.

DEPLOYMENT OF A NEW SALES AND MARKETING APPROACH

In a fiercely competitive environment, Iliad recorded a disappointing sales performance in the first half of 2018. In June 2018, the Group launched a new sales and marketing approach in order to re-boost growth, based on:

- ✓ A series of sales and marketing measures in the Landline business:
 - A better-suited promotional policy: new offers in June 2018, at prices ranging from €9.99 to €19.99/month for the first 12 months (then €24.99 to €44.99/month).
 - A retention and loyalty policy.
 - Launch of new boxes in the near future.
- ✓ A Mobile strategy focused on improving the subscriber mix:
 - A policy to encourage subscribers to move to higher-end plans.
 - Launch of a plan change offer at €8.99/month for the first 12 months, then automatic migration to the Free Mobile Unlimited 4G Plan (100 GB for non-Freebox subscribers).
- ✓ A clear goal of consolidating the Group's position as France's leading alternative FTTH operator:
 - Record level of FTTH rollouts, with 1.7 million new connectible sockets.
 - Record level of connections, with 178,000 new FTTH subscribers.
 - Signature of numerous co-financing agreements in Public Initiative Network (PIN) areas.
 - Figures in line with the Group's objectives of connecting up between 300,000 and 500,000 subscribers this year and around 500,000 subscribers per year as from 2019. The one million mark for FTTH subscribers should be reached by early 2019.
- ✓ A successful launch in Italy:
 - 1.5 million subscribers achieved by early August.

All of the above actions will enable the Group to re-boost its sales and begin a new growth cycle.

SIGNIFICANT EVENTS IN FIRST-HALF 2018

The Iliad Group is one of the leading electronic communications operators in France and Italy, with more than 20 million subscribers. In a fiercely competitive market, the Group generated €2.4 billion in revenues, stable compared with the same period of 2017.

The key figures and significant events of first-half 2018 were as follows:

France

Operations review

- **Landline business: a new sales and marketing approach deployed since June 2018.** As the landline market in France is now mature and competitive with many promotional offers, the Group has decided to focus on gradually building up the value of its subscriber base by (i) marketing new offerings through its website, (ii) introducing a subscriber loyalty policy and (iii) stepping up the pace of its FTTH migrations. Thanks to its new sales and marketing policy, the Group once again began to make net adds in the July/August period.
- **FTTH: the Group has clearly positioned itself as France's leading alternative FTTH operator, achieving a record half-year period in terms of subscriber connections with 178,000 new subscribers in the first six months of 2018.** The Group continued its FTTH rollout drive during the period, with (i) 1.7 million new connectible sockets installed, bringing the total to 7.9 million at June 30, 2018, and (ii) 178,000 additional subscribers connected to fiber. This means that the Group's FTTH subscriber base increased by a third in the space of six months, and at June 30, 2018 it stood at 734,000.
- **Mobile business: 500,000 new subscribers signed up to the Free Mobile Unlimited 4G Plan (50/100 GB for non-Freebox subscribers)** in the first half of 2018, despite a higher level of promotional deals launched by competitors in the second quarter. Conversely, the total subscriber base declined by 70,000 over the period, due to a decrease in the number of subscribers to the €2/month plan (€0/month for Freebox subscribers). The steady growth in the number of subscribers signing up to the Free Mobile Unlimited 4G Plan (50/100 GB for non-Freebox subscribers) demonstrates the strength of the Free brand, the fact that the Group has got its strategy right by regularly enriching its mobile offerings, and the effectiveness of the migrations policy (twofold increase in the net volume of migrations in first-half 2018 compared with the same period of 2017). At June 30, 2018, the Group had a total of 13.6 million mobile subscribers, of which 7.6 million were on the Free Mobile Unlimited 4G Plan (50/100 GB for non-Freebox subscribers). The Mobile business once again began making net adds in the July/August period.
- **A sharp increase in monthly average data usage per 4G subscriber to 9.6 GB – one of the highest levels in Europe – demonstrating the quality of the Group's network.** Thanks to the Group's large portfolio of frequencies dedicated to 4G and its gradual deployment of 700 MHz frequencies in authorized areas, the quality of its 4G network has reached its best level ever. This network once again scored well in the nPerf mobile connections performance survey for the second quarter of 2018, with an average download speed of 41.2 Mbps – 40% faster than the speeds recorded for two of the market's three other players. At June 30, 2018, the Group had 8.4 million 4G subscribers – 1.6 million more than one year previously and accounting for 62% of its

total mobile subscriber base. The average monthly data usage per 4G subscriber was 9.6 GB representing a year-on-year increase of almost 50% and one of the highest volumes of data usage in Europe.

- **Ongoing capital spending drive for rolling out the Group's mobile network.** In the first half of 2018, the Group deployed 1,151 new 3G sites bringing the total number of mobile sites to over 13,300 at end-June 2018 and giving it a 3G coverage rate of almost 96% of the French population. At the same time, it continued its drive to (i) densify its 4G network, which now covers nearly 90% of the French population and (ii) use fiber connections for almost all of its mobile sites (with over 90% of the Group's mobile sites in densely populated areas in France now fiber-connected, a prerequisite for launching 5G offerings).

Financial review

- **Revenues in France stable year on year, coming in at €2.4 billion in first-half 2018:**
 - **Mobile: revenues invoiced to subscribers up by more than 5%.** Revenues invoiced to subscribers – which is the Mobile business's main margin generator – came in at almost €740 million, up by more than 5% year on year. This increase was attributable to a better subscriber mix. However, the overall figure was adversely affected by the measures taken to enrich the Free Mobile Unlimited 4G Plan (50/100 GB for non-Freebox subscribers), notably the introduction of numerous new roaming destinations. Incoming revenues continued to decline as a result of fewer text messages being sent due to the increasing use of new communication platforms. Revenues from terminals also decreased during the period. Overall, revenues for the Mobile business rose 2.4% to €1,066 million in the first half of 2018.
 - **Landline: revenues down 2.2% year on year to €1,334 million for first-half 2018.** This decrease reflects (i) a competitive market, (ii) a higher VAT rate and (iii) the adverse effect of promotional deals introduced by the Group.
- **EBITDA – France up by almost €20 million to €894 million, representing 37.3% of revenues (up by nearly one point year on year).** This performance reflects the sharp increase in profitability for the Mobile business since it was first launched, although this positive effect was offset by a succession of negative impacts that have adversely affected the Landline business in recent quarters. The strong improvement in the Mobile business's profitability is mainly due to the higher proportion of traffic carried directly on the Group's own network and a better subscriber mix, and has been achieved despite the Group constantly enriching its offerings, with numerous new roaming destinations added during the last 12 months. During first-half 2018, the Landline business continued to be weighed down by (i) the impact of promotional deals, (ii) a higher VAT rate and (iii) the signature of new audiovisual distribution contracts.
- **Major capex programs focused on rolling out the Group's landline and mobile Ultra-Fast Broadband networks, backed by a solid financial structure.** During the period, it invested €773 million (excluding frequency payments) in its landline and mobile infrastructure in France, enabling it to become more autonomous and increase its profitability while at the same time enhancing its subscriber service.

Italy

Operations review

- **Robust commercial success, with 635,000 subscribers signing up in the space of just one month and a total of 1.5 million subscribers achieved by early August.** Iliad's business model in Italy is based on a straightforward, transparent offering with no hidden costs. During the first half of 2018, the Group also (i) pursued its network capital expenditure, (ii) continued to hire new people for its local team, (iii) incurred advertising expenditure in order to anchor the brand in its new market, (iv) set up a physical distribution network of stores and kiosks with automatic SIM card dispensers, as well as the possibility for subscribers to sign up directly online via their mobile phone, tablet or computer, and (v) entered into partnerships with nationwide reseller networks (Sisal, Lottomatica) in order to create customer proximity and enable subscribers to easily top up their SIM cards.

Financial review

- **First-half 2018 revenues amounted to €9 million, generated in just one month** and mainly comprising (i) SIM card activations during the period (€9.99 per SIM card), and (ii) the subscription price (€5.99/month).
- **EBITDA came to a negative €28 million**, primarily reflecting (i) roaming costs paid to Wind/Tre, (ii) marketing and advertising expenses related to the commercial launch and developing the brand's image in Italy, and (iii) overhead expenses, particularly payroll costs.
- **The Group incurred €164 million in capital expenditure in first-half 2018 in order to develop its Italian operations** (including €73 million for frequencies purchased from Wind/Tre).

KEY INDICATORS

Operating performance indicators

<i>France</i>	June 30, 2018	Dec. 31, 2017	June 30, 2017
Total mobile subscribers	13,625,000	13,695,000	13,140,000
- Of which on the Free Mobile Unlimited 4G Plan*	7,550,000	7,060,000	-
Total mobile subscribers with 4G access	8,400,000	8,200,000	6,800,000
Average 4G data usage (in GB per month per subscriber)	9.6 GB	8.4 GB	6.6 GB
Total Broadband and Ultra-Fast Broadband subscribers	6,473,000	6,520,000	6,468,000
- Of which FTTH	734,000	556,000	419,000
Total number of subscribers – France	20,098,000	20,215,000	19,608,000
Broadband and Ultra-Fast Broadband ARPU** (in €)	32.8	33.9	34.0
Freebox Révolution ARPU*** (in €)	>38.0	>38.0	>38.0
Number of connectible FTTH sockets	7.9m	6.2m	5.3m
<i>Italy</i>	June 30, 2018	Dec. 31, 2017	June 30, 2017
Total mobile subscribers	635,000	-	-

* 50/100 GB for non-Freebox subscribers

** €32.20 including the restatements related to IFRS 15

*** Excluding promotions

Financial performance indicators

<i>In € millions</i>	After IFRS 15			Before IFRS 15		
	Six months to June 30, 2018	Six months to June 30, 2017	% change	Six months to June 30, 2018	Six months to June 30, 2017	% change
Revenues - France	2,395	2,401	-0.2%	2,450	2,464	-0.6%
- Landline	1,334	1,364	-2.2%	1,356	1,394	-2.7%
- Mobile	1,066	1,041	+2.4%	1,098	1,075	+2.1%
- Intra-group sales	(5)	(5)	-	(5)	(5)	-
Revenues - Italy	9	0	-	9	0	-
Consolidated revenues	2,404	2,401	+0.1%	2,459	2,464	-0.2%
EBITDA - France	894	875	+2.2%	894	875	+2.2%
EBITDA - Italy	(28)	-	-	(28)	-	-
Consolidated EBITDA	866	875	-1.0%	866	875	-1.0%
Profit from ordinary activities	406	430	-5.6%	406	430	-5.6%
Profit for the period from recurring operations	232	233	-0.4%	232	233	-0.4%
Leverage ratio	1.8x	1.0x	+0.8x	1.8x	1.0x	+0.8x

GROUP 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 between 300,000 and 500,000 subscribers in 2018 and then by some 500,000 subscribers per year as from 2019.
 - Reach a total of 1 million FTTH subscribers by the beginning of 2019.
 - Have 9 million connectible FTTH sockets by end-2018 and 20 million by end-2022.

- Mobile business:
 - Open some 2,000 new sites in 2018.
 - Achieve a 25% share of the mobile market in the long term.
 - Finalize the migration of 4G sites to 1,800 MHz in 2018.

- Financial targets:
 - Achieve EBITDA margin growth in France in 2018.
 - Generate consolidated EBITDA margin in France of over 40% by 2020.
 - Have capital expenditure in France (excluding purchases of frequencies but including the launch of new boxes) of around €1.55 billion in 2018.
 - Due to fierce competition and the lower profitability levels for its Landline business, the Group has decided to revise to around €1 billion its target for EBITDA less CAPEX in France as from 2020.

Italy

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

INCOME STATEMENT – FRANCE

Revenues

Revenues generated in France in first-half 2018 were more or less stable compared with the same period of 2017 at €2.4 billion (down 0.2%). In a fiercely competitive market, the Group recorded a 2.2% decrease in Landline revenues (to €1,334 million) and a 2.4% rise in Mobile revenues (to €1,066 million).

The table below shows the breakdown of revenues for France by category for first-half 2018 and first-half 2017 as well as the percentage change between the two periods.

In € millions	After IFRS 15			Before IFRS 15		
	Six months to June 30, 2018	Six months to June 30, 2017	% change	Six months to June 30, 2018	Six months to June 30, 2017	% change
Landline	1,334	1,364	-2.2%	1,356	1,394	-2.7%
Mobile	1,066	1,041	+2.4%	1,098	1,075	+2.1%
- Revenues invoiced to subscribers	738	700	+5.4%	770	734	+4.9%
- Terminals	105	112	-6.3%	105	112	-6.3%
- Other	224	229	-2.2%	224	229	-2.2%
Intra-group sales	(5)	(5)	-	(5)	(5)	-
Total revenues – France	2,395	2,401	-0.2%	2,450	2,464	-0.6%

Landline revenues

Against a backdrop of heightening competition, revenues for the Landline business retreated 2.2% to €1,334 million. The main factors underlying this business's performance in first-half 2018 were:

- **Landline business: a new sales and marketing approach deployed since June 2018.** As the landline market in France is now mature and competitive with many promotional offers, the Group has decided to focus on gradually building up the value of its subscriber base by (i) marketing new offerings through its website, (ii) introducing a subscriber loyalty policy and (iii) stepping up the pace of its FTTH migrations. Thanks to its new sales and marketing policy, the Group once again began to make net adds in the July/August period.
- **FTTH: the Group has clearly positioned itself as France's leading alternative FTTH operator, achieving a record half-year period in terms of subscriber connections with 178,000 new subscribers in the first six months of 2018.** The Group continued its FTTH rollout drive during the period, with (i) 1.7 million new connectible sockets installed, bringing the total to 7.9 million at June 30, 2018, and (ii) 178,000 additional subscribers connected to fiber. This means that the Group's FTTH subscriber base increased by a third in the space of six months, and at June 30, 2018 it stood at 734,000.

- **Revenues down 2.2% year on year to €1,334 million for first-half 2018.** This decrease reflects (i) a competitive market, (ii) a higher VAT rate and (iii) the adverse effect of promotional deals introduced by the Group.
- **Broadband and Ultra-Fast Broadband ARPU at €32.8 for the first half of 2018.** The decrease in overall ARPU slowed in the second quarter with the figure coming in just €0.10 lower than for the three months ended March 31, 2018 thanks to the initial effects of the Group's new sales and marketing policy. ARPU for the Freebox Révolution offer once again exceeded €38².

Mobile revenues

Revenues generated by the Mobile business rose 2.4% to €1,066 million in first-half 2018 (with revenues invoiced to subscribers up 5.4%). The main factors that drove the Mobile business's performance during the period were as follows:

- **500,000 new subscribers signed up to the Free Mobile Unlimited 4G Plan (50/100 GB for non-Freebox subscribers)** in the first half of 2018, despite a higher level of promotional deals launched by competitors in the second quarter. Conversely, the total subscriber base declined by 70,000 over the period, due to a decrease in the number of subscribers to the €2/month plan (€0/month for Freebox subscribers). The steady growth in the number of subscribers signing up to the Free Mobile Unlimited 4G Plan (50/100 GB for non-Freebox subscribers) demonstrates the strength of the Free brand, the fact that the Group has got its strategy right by regularly enriching its mobile offerings, and the effectiveness of the migrations policy (twofold increase in the net volume of migrations in first-half 2018 compared with the same period of 2017). At June 30, 2018, the Group had a total of 13.6 million mobile subscribers, of which 7.6 million were on the Free Mobile Unlimited 4G Plan (50/100 GB for non-Freebox subscribers). The Mobile business once again began making net adds in the July/August period.
- **A sharp increase in monthly average data usage per 4G subscriber to 9.6 GB – one of the highest levels in Europe – demonstrating the quality of the Group's network.** Thanks to the Group's large portfolio of frequencies dedicated to 4G and its gradual deployment of 700 MHz frequencies in authorized areas, the quality of its 4G network has reached its best level ever. This network once again scored well in the nPerf mobile connections performance survey for the second quarter of 2018, with an average download speed of 41.2 Mbps – 40% faster than the speeds recorded for two of the market's three other players. At June 30, 2018, the Group had 8.4 million 4G subscribers – 1.6 million more than one year previously and accounting for 62% of its total mobile subscriber base. The average monthly data usage per 4G subscriber was 9.6 GB representing a year-on-year increase of almost 50% and one of the highest volumes of data usage in Europe.
- **Revenues invoiced to subscribers up by more than 5%.** Revenues invoiced to subscribers – which is the Mobile business's main margin generator – came in at almost €740 million, up by more than 5% year on year. This increase was attributable to a better subscriber mix. However, the overall figure was adversely affected by the measures taken to enrich the Free Mobile Unlimited 4G Plan (100 GB for non-Freebox subscribers), notably the introduction of new roaming destinations. Incoming revenues continued to decline as a result of fewer text messages being sent due to the increasing use of new communication platforms. Revenues from terminals also decreased during the period. Overall, revenues for the Mobile business rose 2.4% to €1,066 million in the first half of 2018.

² Excluding promotions

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

Gross profit for France amounted to €1,372 million in first-half 2018, up 5% year on year.

As a percentage of revenues, gross profit climbed almost three points to 57.3%, driven by the sharp increase in profitability for the Mobile business which was achieved thanks to the improved subscriber mix and an increase in traffic volumes carried directly on the Group's own network.

EBITDA

EBITDA generated in France advanced some €20 million year on year to €894 million and the EBITDA margin widened by almost one point to 37.3%. The EBITDA figure for the first half of each year is negatively affected by IFRIC 21, which requires certain tax charges for the whole twelve-month period to be recognized in full at January 1.

The main factors affecting EBITDA generated in France in first-half 2018 were as follows:

- **Further economies of scale achieved for the Mobile business's fixed costs.** The continued significant growth in the Mobile business's margin-generating revenues 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 numerous new countries and the end of roaming charges in Europe since June 2017.
- **Better mobile network coverage for the population.** Thanks to the intense rollout of new mobile sites, the Group has considerably improved its mobile network coverage over the past 12 months (with the coverage rate up by 5 percentage points to almost 96% for the 3G network and by 8 points to almost 90% for 4G). This has enabled it to increase the volume of traffic carried directly on its own network.
- **7.6 million subscribers are now signed up to the Free Mobile Unlimited 4G Plan (50/100 GB for non-Freebox subscribers), representing over 55% of Free Mobile's total subscribers.** At June 30, 2018 the number of subscribers on the €2/month plan (€0/month for Freebox subscribers) was 6.1 million.
- **A further decrease in profitability for the Landline business,** due to (i) the impact of promotions, (ii) the higher VAT rate and (iii) the signature of new audiovisual distribution contracts.

Profit from ordinary activities

Profit from ordinary activities rose by €7 million to €437 million. This rise was fueled by the higher EBITDA figure although this positive effect was partly offset by a 1.6% increase in depreciation/amortization expense resulting from the continued rollout of the Group's FTTH and mobile networks.

INCOME STATEMENT – ITALY

Iliad's Italian operations made only a small contribution to the Group's consolidated financial results for the first half of 2018. The following table presents a simplified income statement for the Italy segment for the six-month periods ended June 30, 2018 and June 30, 2017.

<i>In € millions</i>	Six months to June 30, 2018	Six months to June 30, 2017	% change
Revenues - Italy	9	-	-
Gross profit	1	-	-
EBITDA	(28)	-	-
<i>as a % of revenues</i>	-	-	-
Profit/(loss) from ordinary activities	(31)	-	-
Operating profit	(31)	-	-

Revenues

As the commercial launch of the Group's Italian mobile business took place on May 29, 2018, it only contributed one month of operations in the first half of 2018. Its main results are described below.

Iliad's operations in Italy reported robust commercial success, with 635,000 subscribers signing up in the space of just one month and a total of 1.5 million subscribers achieved by early August. Iliad's business model in Italy is based on a straightforward, transparent offering with no hidden costs. During the first half of 2018, the Group also (i) pursued its network capital expenditure, (ii) continued to hire new people for its local team, (iii) incurred advertising expenditure in order to anchor the brand in its new market, (iv) set up a physical distribution network of stores and kiosks with automatic SIM card dispensers, as well as the possibility for subscribers to sign up directly online via their mobile phone, tablet or computer, and (v) entered into partnerships with nationwide reseller networks (Sisal, Lottomatica) in order to create customer proximity and enable subscribers to easily top up their SIM cards.

In Italy, Iliad has put in place:

- An effective and inexpensive distribution network.
- A brand which already has a strong image.
- A very high-quality mobile service.

First-half 2018 revenues amounted to €9 million, generated in just one month and mainly comprising (i) SIM card activations during the period (€9.99 per SIM card), and (ii) the subscription price (€5.99/month).

EBITDA

EBITDA came to a negative €28 million, primarily reflecting (i) roaming costs paid to Wind/Tre, (ii) marketing and advertising expenses related to the commercial launch and developing the brand's image in Italy, and (iii) overhead expenses, particularly payroll costs.

Profit/(loss) from ordinary activities

The Group's Italian operations generated a €31 million loss from ordinary activities in the first half of 2018, including the depreciation/amortization expense for the network's initial components and frequencies.

CASH FLOWS AND CAPITAL EXPENDITURE

<i>In € millions</i>	Six months to June 30, 2018	Six months to June 30, 2017	% change
Consolidated cash flows from operations	852	855	-0.3%
Change in working capital requirement	(81)	(47)	+72.3%
Operating Free Cash Flow	771	808	-4.6%
Capital expenditure – France (excluding payments for frequencies)	(773)	(710)	+8.9%
Capital expenditure – Italy (excluding payments for frequencies)	(91)	(7)	-
Income tax paid	(154)	(103)	+49.5%
Other	(415)	(15)	-
Consolidated Free Cash Flow (excluding payments for frequencies, financing activities and dividends)	(662)	(27)	-
Capital expenditure – payments for frequencies – France	(8)	(4)	-
Capital expenditure – payments for frequencies – Italy	(73)	(51)	+43.1%
Consolidated Free Cash Flow (excluding financing activities and dividends)	(744)	(82)	-
Dividends	(40)	(26)	+53.8%
Cash and cash equivalents at period-end	871	84	-

In the first six months of 2018, the Group pursued its major capex programs focused on rolling out its landline and mobile Ultra-Fast Broadband networks, backed by a solid financial structure. During the period, it invested €773 million (excluding frequency payments) in its landline and mobile infrastructure in France, enabling it to become more autonomous and increase its profitability while at the same time enhancing its subscriber service.

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

- €852 million in consolidated cash flows from operations.
- An €81 million negative change in working capital requirement, due to negative contributions of €20 million for Italy and €61 million for France.
- €773 million in capital expenditure for France. During the first half of 2018 the Group pursued its capital expenditure drive for its Ultra-Fast Broadband networks both for Landline (with 178,000 new subscribers connected up to FTTH) and Mobile (with some 1,151 new sites deployed). The Group invested almost €300 million in its FTTH operations during the period.
- €164 million in capital expenditure for Italy, including €73 million relating to the purchase of frequencies from Wind/Tre.
- €154 million in income tax paid.
- Other: includes the outflow for the acquisition of the Group's interest in eir, the partial buyback of minority interests in Free Mobile and interest 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, 2018, the Group had gross debt of €4,154 million and net debt of €3,257 million. The Group maintained its solid financial structure during the period and its leverage ratio at June 30, 2018 was 1.8x EBITDA. At the same time, it also had a very strong liquidity position.

The Group ended the first half of 2018 with €871 million in available cash and cash equivalents.

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.

FCF: Free Cash Flow

Freebox Révolution ARPU (Average Revenue Per Freebox Révolution 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 Révolution 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.

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

Net debt: Difference between short- and long-term financial liabilities, and available cash and cash equivalents as presented in the balance sheet.

Profit for the period from recurring operations: Profit for the period excluding the impact of non-recurring items such as the Group's share of restructuring and acquisition costs related to the eir transaction and non-recurring income tax charges.

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: 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, VDS 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.) and provides straightforward and innovative offerings at the best prices. The Freebox Révolution, the sixth 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. 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, 2018, Free had over 20 million subscribers (6.5 million Broadband and Ultra-Fast Broadband subscribers and 13.6 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 with 635,000 subscribers at June 30 2018.

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 Mid 100**