



Paris, November 13, 2018

THIRD-QUARTER 2018 REVENUES

Consolidated third-quarter revenues up 1.7% year on year

- **FTTH:** Leading alternative operator and a record quarter for net adds, with over 100,000 new subscribers
- **Mobile:** Nearly 200,000 new subscribers added to the Free Mobile Unlimited 4G Plan¹ in third-quarter 2018, but a contraction in the total subscriber base due to fiercely competitive promotions for entry-level offerings
- **Mobile – France:** Revenues invoiced to subscribers up 5% over the first nine months of the year
- **Italy:** The Group's outstanding success stays firm, with over 2.23 million subscribers² at end-September
- **Quarterly consolidated revenues return to growth:** up 1.7% to €1,236 million thanks to Italy's contribution
- **Revenues for France (excluding handsets)** virtually stable over the first nine months of the year, edging down 0.4% to come out at over €3.4 billion

¹ 50/100 GB for non-Freebox subscribers

² As defined by the AGCOM

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

UPDATE ON THE NEW SALES AND MARKETING APPROACH

The third quarter of 2018 saw the initial positive effects of the new sales and marketing approach launched by the Group in June:

- ✓ Landline:
 - An improvement in gross subscriber additions following the Group's price repositioning: new offers at prices ranging from €9.99 to €19.99/month for the first 12 months (then €24.99 to €44.99/month, respectively).
- ✓ Mobile:
 - Successful promotional offer of €8.99/month for first 12 months then automatic switch to the Free Mobile Unlimited 4G Plan (100 GB for non-Freebox subscribers).
 - Ongoing good pace of migrations.
 - Churn rate negatively affected by a fiercely competitive environment and the fact that a portion of the subscriber base is no longer included in flash sales.
- ✓ Iliad's status as France's leading alternative FTTH operator confirmed:
 - A record quarter for connections with over 100,000 new FTTH subscribers.
 - Performance in line with the Group's ambitious objectives of reaching 1 million FTTH subscribers by early 2019 and connecting up some 500,000 subscribers per year as from 2019.
- ✓ Italy: outstanding operational performance, with over 2.23 million subscribers³ signed up in four months and a €46 million contribution to consolidated revenues in third-quarter 2018.

On the back of these initial positive impacts, in the coming quarters the Group intends to continue the subscriber retention and loyalty measures it launched in June, which should enable it to enter a new growth cycle.

³ As defined by the AGCOM

KEY OPERATING PERFORMANCE INDICATORS AT SEPTEMBER 30, 2018

Operating performance indicators

<i>France</i>	Sept. 30, 2018	Sept. 30, 2017
Total mobile subscribers	13,535k	13,390k
- Of which on the Free Mobile Unlimited 4G Plan*	7,744k	6,660k
Total mobile subscribers with 4G access	8,500k	7,400k
Average 4G data usage (in GB per month per subscriber)	9.9 GB	6.9 GB
Total Broadband and Ultra-Fast Broadband subscribers	6,459k	6,495k
- Of which FTTH	835k	483k
Total number of subscribers – France	19,994k	19,885k
Broadband and Ultra-Fast Broadband ARPU** (in €)	32.1	33.9
Freebox Revolution ARPU*** (in €)	>38.0	>38.0
Number of connectible FTTH sockets	8.4m	5.6m
<i>Italy</i>	Sept. 30, 2018	Sept. 30, 2017
Total mobile subscribers****	2,230k	-

* 50/100 GB for non-Freebox subscribers

** €31.6 including the restatements related to IFRS 15

*** Excluding promotions

**** As defined by the AGCOM

CONSOLIDATED THIRD-QUARTER 2018 REVENUES

The Iliad Group is one of the leading electronic communications operators in France and Italy, with more than 22 million subscribers altogether. In a fiercely competitive market, the Group generated over €1.2 billion in revenues in the third quarter of 2018, up 1.7% on the same period of 2017.

The tables below show the breakdown of consolidated revenues by category for the nine-month and three-month periods ended September 30, 2018 and 2017 as well as year-on-year percentage changes.

Revenues for the first nine months

In € millions	After IFRS 15			Before IFRS 15		
	Nine months to Sept. 30, 2018	Nine months to Sept. 30, 2017	% change	Nine months to Sept. 30, 2018	Nine months to Sept. 30, 2017	% change
Landline	1,988	2,044	-2.7%	2,020	2,087	-3.2%
Mobile	1,604	1,578	+1.6%	1,653	1,629	+1.5%
- Revenues invoiced to subscribers	1,123	1,071	+4.9%	1,172	1,122	+4.5%
- Handsets	150	167	-10.2%	150	167	-10.2%
- Other	331	340	-2.6%	331	340	-2.6%
Intra-group sales	(7)	(7)	-	(7)	(7)	-
Revenues – France	3,585	3,615	-0.8%	3,666	3,710	-1.2%
<i>Revenues – France excluding handsets</i>	<i>3,435</i>	<i>3,448</i>	-0.4%	<i>3,516</i>	<i>3,543</i>	-0.8%
Revenues – Italy	55	-	-	55	-	-
Total consolidated revenues	3,640	3,615	+0.7%	3,721	3,710	+0.3%

Revenues for the third quarter

In € millions	After IFRS 15			Before IFRS 15		
	Q3 2018	Q3 2017	% change	Q3 2018	Q3 2017	% change
Landline	654	680	-3.8%	663	694	-4.5%
Mobile	538	537	+0.2%	555	554	+0.2%
- Revenues invoiced to subscribers	385	371	+3.8%	402	388	+3.6%
- Handsets	46	55	-16.4%	46	55	-16.4%
- Other	107	111	-3.6%	107	111	-3.6%
Intra-group sales	(2)	(2)	-	(2)	(2)	-
Revenues – France	1,190	1,215	-2.1%	1,216	1,246	-2.4%
<i>Revenues – France excluding handsets</i>	<i>1,144</i>	<i>1,160</i>	-1.4%	<i>1,170</i>	<i>1,191</i>	-1.8%
Revenues – Italy	46	-	-	46	-	-
Total consolidated revenues	1,236	1,215	+1.7%	1,262	1,246	+1.3%

France

Excluding handsets, revenues generated in France in the first nine months of 2018 were on a par with the same period of 2017, edging down just 0.4%.

Landline revenues

The Group's Landline business posted a 2.7% revenue decrease for the first nine months of 2018, due primarily to a fiercely competitive market with competitors launching numerous promotional offers, and also to adverse external factors such as the higher VAT rate. Operational performance for Fiber remained excellent, however.

The main factors that drove the Landline business's performance during the period were as follows:

- **An excellent sales performance for Fiber, with more than 100,000 new subscribers – a record level for a quarterly period** – bringing the total number of FTTH subscribers to 835,000 at September 30, 2018. This has firmly cemented the Group's position as France's leading alternative FTTH operator, in line with its stated objective, and the pace of net adds should continue to accelerate over the coming quarters. In addition, during the first nine months of the year the Group increased its number of connectible sockets by 2.2 million to 8.4 million.
- **The Group reduced its subscriber losses compared with the last two quarters**, with the overall Landline subscriber base down by 14,000 subscribers to nearly 6.5 million at end-September 2018.
- **A 2.7% decline in revenues over the first nine months of the year**, chiefly due to:
 - a fiercely competitive market with numerous promotional offers;
 - the negative impact of higher VAT;
 - the decrease in the subscriber base.
- **Broadband and Ultra-Fast Broadband ARPU at €32.1** in September 2018, lower than the June figure, which was boosted by the positive impact of the FIFA World Cup. ARPU for the Freebox Revolution offer once again exceeded €38⁴.

Mobile revenues

Despite a fiercely competitive environment, marked by €5/month lifetime offers proposed by certain competitors, revenues invoiced to subscribers rose almost 5% for the first nine months of the year, reflecting the success of the Group's pro-active subscriber migrations policy.

The main factors that drove the Mobile business's performance during the period under review were as follows:

- **Revenues invoiced to subscribers up by almost 5% to €1,123 million**, representing higher growth than the increase in the number of subscribers. This year-on-year rise reflects the continued improvement in the subscriber mix, particularly thanks to the new offer launched in July and the pro-active migration strategy put in place by the Group. Incoming revenues – which are a low profit contributor – decreased again as a result of new mobile usages cannibalizing SMS.
- **Third-quarter revenues from handsets retreated 16% year on year**, due to the Group's stricter commercial strategy for rental offers.

⁴ Excluding promotions

- **Over €7.7 million subscribers now signed up to the Free Mobile Unlimited 4G Plan⁵**, accounting for 57% of the Group's total mobile subscriber base. The overall number of mobile subscribers decreased by 90,000. This was attributable to a lower number of subscribers on the €2/month plan (€0/month for Freebox subscribers), stemming from the negative impact of the €5/month lifetime offers proposed by certain competitors, which reappeared on the market in late August.
- **Another good score for the quality of the Group's 4G network in the nPerf mobile connections performance survey**, with an average 4G download speed of 45 Mbps – the same as for the incumbent operator's network and 50% faster than the market's other two alternative operators.
- **Excellent commercial performances for 4G, with 8.5 million 4G users** and average monthly data usage per 4G subscriber at nearly 10 GB.
- **Continuation of the mobile rollout drive:** With some 1,800 new sites deployed in the first nine months of 2018, the Group now has a total of nearly 14,000 sites. Its network covers more than 96% of the French population for 3G and close to 92% for 4G (up 2 points and 6 points respectively since the beginning of the year).

Italy

Since launching its mobile business in Italy on May 29, 2018, the Group has delivered an exceptional commercial performance in the country, signing up over 2.23 million subscribers⁶ and generating €55 million in revenues.

The main factors that drove the Group's performance in Italy during the period under review were as follows:

- **Outstanding commercial success:** The Group had over 2.23 million subscribers⁷ in Italy at end-September 2018, just four months after launching its Italian mobile business. By way of comparison, the Group signed up 2.6 million subscribers in three months when it launched Free Mobile in France.
- **A successful upscaling strategy:** The Group successfully introduced two consecutive price increases and enriched its offerings, while pursuing its strong pace of net adds. At September 30, 2018, Iliad's original offer in Italy was invoiced at €7.99/month, including unlimited calls and texts, as well as 50 GB of 4G/4G+ and 4GB roaming allowance.
- **A recognized brand**, with the Iliad brand now widely recognized in Italy: **At end-September, four out of five Italians knew the Iliad brand**, compared with one out of ten before the launch.
- **Third-quarter 2018 revenues generated by Iliad's Italian operations totaling €46 million, already representing almost 4% of the Group's total revenues:** This amount comprises (i) the subscription cost (€5.99/month, €6.99/month or €7.99/month depending on the offer) and (ii) SIM card activations carried out during the period, at a price of €9.99 per SIM card.

⁵ 50/100 GB for non-Freebox subscribers

⁶ As defined by the AGCOM

⁷ As defined by the AGCOM

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.
 - Generate approximately €1 billion in EBITDA less CAPEX in France as from 2020.

Italy

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

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 last month of 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.

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 last month of the period.

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

M2M: Machine to machine communications.

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

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.

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 Revolution, 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 September 30, 2018, Free had 20 million subscribers (6.5 million Broadband and Ultra-Fast Broadband subscribers and 13.5 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 2.23 million subscribers at September 30, 2018.

Exchange: **Euronext Paris**

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

Ticker symbol: **ILD**

ISIN: **FR0004035913**

FTSE classification: **974 Internet**

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