

Paris, September 3, 2019

BACK ON THE GROWTH TRACK



Growth back on track thanks to the initial effects of the transformation plan launched in summer 2018: consolidated revenues up 8.4% and revenues in France up 1.5% over the first half.



Fiber: Free is the 1st operator in terms of FTTH net adds in the second quarter, with 172,000 new subscribers.

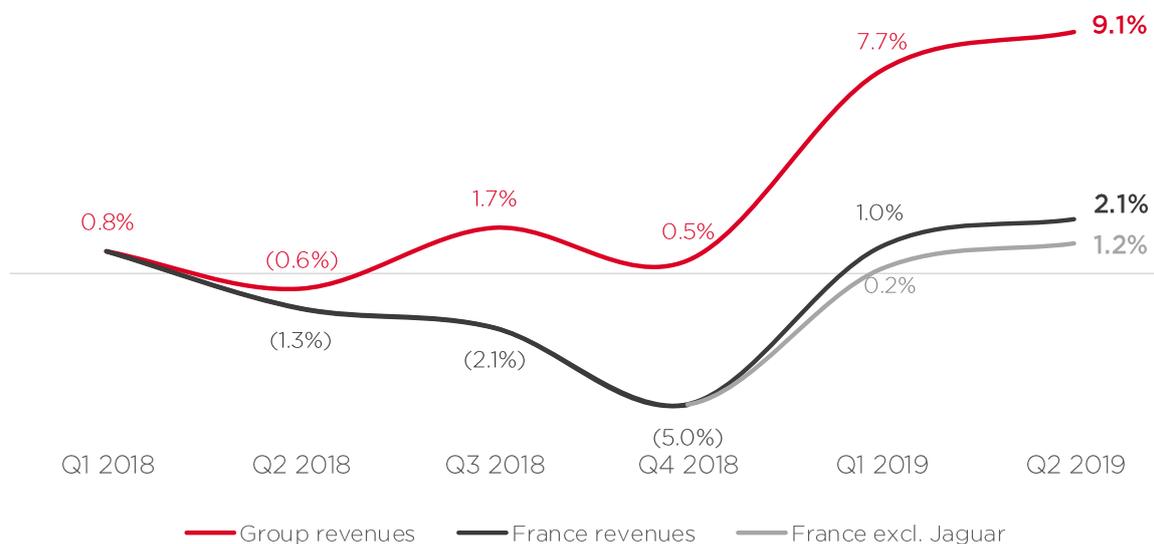


Mobile: sharp performance improvement, with revenues invoiced to subscribers up 7% over the period.



Italy: the Group topped the 4-million subscriber mark in just 14 months and has stepped up the pace of subscriber recruitment.

Quarterly revenue growth



THE TRANSFORMATION PLAN LAUNCHED BY THE GROUP IN THE SECOND HALF OF 2018 IS BEARING FRUIT AND HELPING TO CREATE A NEW GROWTH CYCLE FOR ILIAD:

■ Sales upswing and a much better subscriber mix

H1 2019 results

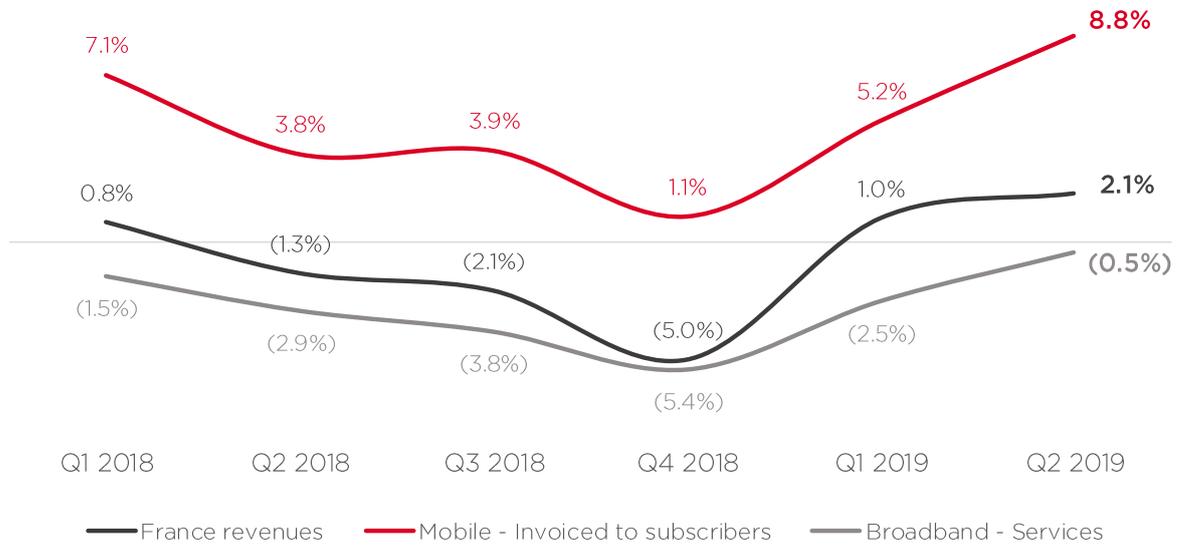
- ✓ **Increase in gross subscriber adds, excluding price-slashed deals, for Landline and Mobile**
- ✓ **Group no longer dependent on price-slashed deals**
- ✓ **A better subscriber mix, with more subscribers now on Fiber and the Free Mobile Unlimited 4G Plan (50/100 GB for non-Freebox subscribers)**
- ✓ **Turning point reached for churn and ARPU**

These results reflect the success of the Group's new sales and marketing approach, which is based on:

- bringing out cutting-edge devices, with the launch of the Freebox Delta and the Freebox One;
- developing innovative technologies such as 10G Fiber;
- strengthening its distribution channels;
- putting in place a new loyalty program;
- marketing new offers and implementing a more suitable promotional policy.

The majority of subscriber losses in first-half 2019 were for plans with low ARPU (the €2 voice plan and Landline plans sold through aggressive promotional deals).

Quarterly revenue growth in France

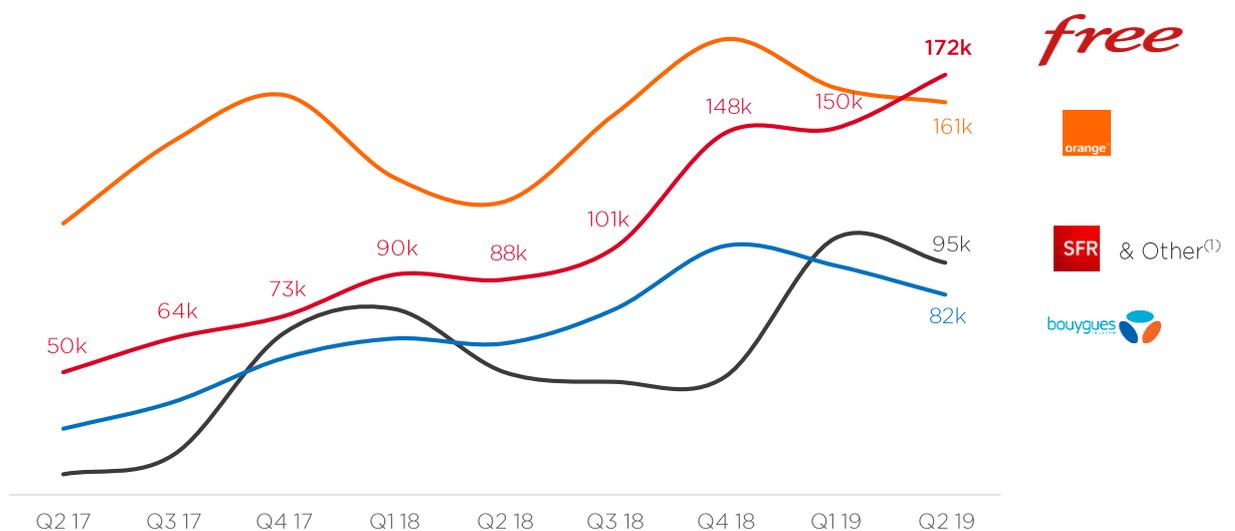


■ **Fiber: Free was France’s number one Fiber operator in the second quarter**

H1 2019 results

- ✓ Over 320,000 new subscribers in first-half 2019, with 172,000 for the second quarter alone, making Free the number one Fiber operator in terms of net adds in the second quarter. The Group will exceed its objective of signing up 500,000 new subscribers during the year as a whole.
- ✓ Two million new connectible FTTH sockets and a sales presence in all regions of Metropolitan France. The Group now has the largest FTTH network among France’s alternative operators, with 11.5 million connectible sockets.
- ✓ Fiber has become a tool for winning new subscribers and is helping to reduce churn: 50% of the Group’s Fiber net adds in first-half 2019 were new subscribers.

Quarterly FTTH net adds



¹ Since SFR does not disclose FTTH subscriber data, data for SFR & Other has been calculated by subtracting net adds recorded by Free, Orange and Bouygues Telecom from ARCEP data – Company estimates for second-quarter 2019.

During the period, the Group stepped up the pace of marketing its FTTH offers by:

- successfully overhauling the processes for its network rollouts and subscriber connections;
- accelerating its rollouts across France;
- further increasing the resources dedicated to Fiber, with some 3,000 employees and a network of several thousand subcontractors;
- regularly launching its offers through public initiative networks, and devising a more locally-targeted sales strategy.

■ **Sharp improvement in performance for the Mobile business**

H1 2019 results

- ✓ **Revenues invoiced to subscribers up 7% over the period (with growth of almost 9% in the second quarter alone)**
- ✓ **Continued upscaling of the subscriber mix, with 145,000 net adds for the Free Mobile Unlimited 4G Plan (50/100 GB for non-Freebox subscribers)**
- ✓ **Better network performance, with more than 3,000 new sites equipped for 700 MHz during the period**

The first half of 2019 saw Free continue its brisk pace of rolling out a network that offers best-in-class services. In particular, the Group pursued its drive to open up a massive number of 4G+ sites which give its subscribers a higher quality 4G service. The Group is standing by its objective of having 10,000 sites equipped for 700 MHz by end-2019.

■ **Higher investment capacity for the Group and an optimized model for deploying passive infrastructure**

During the period, Iliad entered into two strategic industrial partnerships concerning the Group's passive infrastructure. The partnerships are aimed at increasing the Group's investment capacity, speeding up the deployment of its infrastructure, and further strengthening its balance sheet.

- In the Mobile business, Iliad is carrying out exclusive negotiations with Cellnex to accelerate the deployment of 4G and 5G networks. The plan is for the Group to sell (i) 70% of the company that manages its passive mobile telecom infrastructure in France, encompassing 5,700 sites, and (ii) the entire capital of the company that manages its passive mobile telecom infrastructure in Italy, covering some 2,200 sites. The initial cash consideration payable to the Group for the overall transaction amounts to €2 billion.
- In the Fiber business, Iliad announced, on September 2, 2019, that it decided to enter into exclusive negotiations with InfraVia – a French investment company specialized in the infrastructure sector – to form a partnership aimed at accelerating the rollout of fiber in low- and medium-density population areas across France (representing approximately 26 million lines). As part of the operation, Iliad has set up a special entity to actively manage fiber lines. In particular, the entity will be tasked with acquiring and operating the Group's co-financed FTTH tranches in the areas concerned. Free will transfer its existing co-financing agreements to the entity along with around one million existing co-financed sockets. The Group will sell 51% of the entity to InfraVia based on an enterprise value of around €600 million.
- The transactions are subject to the customary terms and conditions for this type of transaction in France and are expected to close in the fourth quarter of 2019 following regulatory clearance.

■ **Successful first employee share issue and ongoing measures to set up a new internal organizational structure**

In March 2019, the Group launched its first-ever employee share issue. Some 3,000 employees in France and Italy took up a total of 283,396 shares, representing 0.5% of the Company's capital.

In the first half of 2019, Iliad also continued to put in place its new internal organizational structure aimed at encouraging employees to be more closely associated with the Group's overall goals and objectives, and helping them develop their careers within the Group. To this end, a Group mobility agreement was signed during the period and work continued on the 20 HR projects that have been launched.

- **Lastly, the Group is preparing to enter the B2B market in 2020**

ITALY CONFIRMS ITS ROLE AS A GROWTH DRIVER FOR THE GROUP

- **The Group is stepping up the pace of its subscriber recruitment in Italy.** With almost one million net adds in first-half 2019, it topped the 4 million subscriber mark just 14 months after the Italian mobile business was launched.
- **The Group kept up the fast pace of its mobile network rollout in first-half 2019,** with 900 new sites equipped during the period. The Group is standing by its objective of having 3,500 equipped sites in Italy by end-2019.

A STRONG FINANCIAL PERFORMANCE AND A SOLID BALANCE SHEET STRUCTURE

The key figures and significant events of first-half 2019 were as follows:

<i>In € millions</i>	Six months to June 30, 2019	Six months to June 30, 2018	% change
Revenues – France	2,432	2,395	+1.5%
- <i>Landline</i>	1,312	1,332	-1.5%
- <i>Mobile</i>	997	962	+3.7%
<i>O/w revenues invoiced to subscribers</i>	789	738	+7.0%
- <i>Devices</i>	126	106	+19.0%
- <i>Intra-group sales – France</i>	(3)	(5)	-40.0%
Revenues – Italy	177	9	-
Intra-group sales – Italy	(2)	-	-
Consolidated revenues	2,607	2,404	+8.4%
Services revenues – France	2,309	2,294	+0.7%
Consolidated services revenues	2,486	2,303	+7.9%
EBITDAaL – France	910	894	1.8%
EBITDAaL – Italy	(108)	(28)	-
Consolidated EBITDAaL	802	866	-7.4%

Profit from ordinary activities	243	406	-40.1%
Profit from recurring operations	91	232	-60.8%
Leverage ratio	2.8x	1.8x	1.0x

Group

- Consolidated revenues up 8.4% to €2.6 billion, with 7.9% growth in consolidated services revenues.
- Return to growth for services revenues in France (up 0.7%), led by a good performance from the Mobile business (revenues invoiced to subscribers up 7%).
- €177 million in revenues in Italy during the period.
- 1.8% increase in EBITDAaL in France to €910 million, offset by operating losses in Italy, resulting in a 7.4% decrease in consolidated EBITDAaL to €802 million.

France

First-half 2019 operational information:

- tangible results for the Group's transformation plan launched in 2018:
 - a record half-year for Fiber with 322,000 new subscribers for the Group's Fiber plans. In the second quarter, the Group had the highest number of Fiber net adds in France (172,000). The total Fiber subscriber base amounted to 1.3 million at end-June 2019, up by a third in the space of six months,
 - 145,000 net adds for the Free Mobile Unlimited 4G Plan (50/100 GB for non-Freebox subscribers), bringing the total number of subscribers on the plan to 7.9 million at end-June 2019. ARPU invoiced to subscribers was up 12% year on year to €10.1, demonstrating the success of the Group's strategy to gradually upscale its subscriber base. The loss of 127,000 subscribers during the period mainly concerned lower added-value plans;
- pursuit of the marked acceleration begun a year ago in rollouts of ultra-fast landline and mobile networks, in line with the Group's aim of being the alternative operator of choice for latest-generation networks:
 - Landline:
 - largest Fiber network among France's three alternative operators, with 11.5 million connectible sockets,
 - intensified marketing of the Group's Fiber plans in less densely populated areas, with an acceleration in commercial launches on France's public initiative

networks (PINs). The Group's Fiber offerings are now available throughout the whole of Metropolitan France,

- **best Fiber speed**, with an average download speed of more than 457 Mbps according to nPerf. In addition, the Group is the only operator in France to offer 10G Fiber technology and was the first to provide all of its subscribers with an average upload speed of 600 Mbps,
 - The overall Landline subscriber base contracted by 31,000 in first-half 2019, negatively impacted in the second quarter by questionable mass communication regarding the brand on NextRadioTV channels;
- **Mobile:**
- **intensified deployment of 700 MHz frequencies, enhancing the 4G experience provided by the Group's network.** Over 3,000 sites were newly equipped to use 700 MHz frequencies in the first six months of 2019. At the same time, Free kept up its brisk pace of new mobile site rollouts and had a total of 15,400 at the period-end. The Group's mobile network now covers almost 97% of the French population (3G),
 - **best 4G speed out of France's three alternative operators**, with an average download speed of 45 Mbps, according to nPerf. The strong performance of the Group's 4G network is reflected in the average monthly data usage per 4G subscriber, which was 11.9 GB in first-half 2019.

First-half 2019 financial information:

- **revenue upturn in France (1.5% growth during the period)**, confirming the initial positive results of the Group's transformation plan:
 - **0.7% increase in Mobile services revenues**, driven by 1.8% growth in the second quarter,
 - **improved trends for Landline services revenues (which edged down just 1.5% year on year)**, thanks to the Group's new sales and marketing strategy, and the fact that it is no longer dependent on price-slashed deals,
 - **an excellent performance from the Mobile business, with a 7% rise in revenues invoiced to subscribers**, reflecting a better subscriber mix and the fact that the Group is no longer dependent on price-slashed deals,
 - **sales of devices up 19% to €126 million**, due to the combined impact of a sharp decrease in sales of mobile devices offset by sales of the Freebox Delta Player;
- **EBITDAaL for France up €16 million year on year.** The positive effects of the better mobile subscriber mix, higher number of Fiber subscribers and roaming cost savings were partially offset by (i) the effect of fierce competition, which led to a reduction in the Group's landline and mobile subscriber bases in France, and (ii) higher costs related to the rollout of the Group's Fiber and mobile networks;

- **capital expenditure for France (excluding payments for frequencies) amounting to €779 million**, reflecting the amounts required to support the expansion of the Group's Fiber and mobile networks and Fiber subscriber connections, as well as the increase in capital spending related to the launch of the new Freeboxes and the large-scale switch-on of 700 MHz-compatible equipment.

Italy

- **Very strong pace of net adds, with almost one million subscribers signed up during the period. Despite fierce competition, Iliad Italia accelerated its pace of subscriber recruitment in the second quarter of 2019, with over 500,000 net adds.** By creating a go-to brand, Iliad Italia achieved the most successful launch in Europe for a new entrant since that of Free Mobile in 2012.
- **Total subscriber numbers topped the 4 million mark in the summer of 2019.**
- **€177 million in revenues.**
- **EBITDAaL amounting to a negative €108 million**, primarily reflecting (i) roaming costs due to the larger subscriber base which led to an increase in mobile data volumes and (ii) network costs for the 2,400 mobile sites deployed by the Group, with the majority of these costs being borne without the offsetting benefit of the coverage those sites will provide.
- **€161 million in capital expenditure (excluding payments for frequencies), reflecting the expansion of the Group's Italian mobile network.** The Group equipped 900 new sites during the period, bringing the total number of equipped sites to 2,400 at end-June 2019, and activated more than 400 sites. It spent €61 million on the purchase of frequencies in first-half 2019.

KEY OPERATING INDICATORS

<i>France</i>	Six months to June 30, 2019	Six months to June 30, 2018	Q2 2019 change
Total mobile subscribers	13,314,000	13,625,000	-77,000
- Of which on the Free Mobile Unlimited 4G Plan*	7,928,000	7,550,000	+70,000
- Of which on the voice-based plan	5,386,000	6,075,000	-147,000
Average 4G data usage (in GB per month per subscriber)	11.9 GB	9.6 GB	+0.3 GB
Total Broadband and Ultra-Fast Broadband subscribers	6,396,000	6,473,000	-15,000
- Of which Fiber	1,305,000	734,000	+172,000
Total number of subscribers – France	19,710,000	20,098,000	-92,000
Broadband and Ultra-Fast Broadband ARPU (in €)	32.5	32.8	-
Mobile ARPU invoiced to subscribers (in €)	10.1	9.0	+€0.6
Number of connectible Fiber sockets	11.5m	7.9m	+1m
<i>Italy</i>	Six months to June 30, 2019	Six months to June 30, 2018	Q2 2019 change
Total mobile subscribers	3,841,000	635,000	+532,000

* 50/100 GB for non-Freebox subscribers.

GROUP OBJECTIVES

France

- Landline business:
 - achieve a 25% share of the Broadband and Ultra-Fast Broadband market in the long term;
 - increase the Fiber subscriber base by more than 500,000 subscribers per year, with 2 million subscribers by 2020 and 4.5 million by 2024;
 - have 22 million connectible Fiber sockets by end-2022 and around 30 million by end-2024.
- Mobile business:
 - roll out some 2,000 new sites in 2019;
 - have more than 80% of the subscriber base signed up to the Free Mobile Unlimited 4G Plan² by 2024;
 - have over 25,000 sites by 2024;
 - achieve a 25% share of the mobile market in the long term.
- B2B:
 - obtain a B2B market share of around 4% to 5% by 2024;
 - generate B2B revenues of between €400 million and €500 million by 2024.
- Financial targets:
 - return to revenue growth in France in 2019;
 - speed up EBITDAaL growth in France in 2019, particularly in the second half of the year;
 - generate EBITDAaL margin in France (excluding B2B and sales of devices) of over 40% in 2020;
 - have 2019 CAPEX in France (excluding payments for frequencies) in line with the 2018 CAPEX figure;
 - achieve an EBITDAaL less CAPEX figure in France (excluding B2B activities) of more than €800 million in 2020 and around €1 billion in 2021.

Italy

- have 3,500 equipped sites at end-2019;
- make a higher negative contribution to consolidated EBITDAaL in 2019 than that recorded in 2018, as business growth speeds up and the mobile network is rolled out;
- have rolled out between 10,000 and 12,000 sites by end-2024;
- achieve EBITDAaL break-even, with a market share of less than 10%;
- generate €1.5 billion in revenues in Italy in the long term.

² 50/100 GB for non-Freebox subscribers.

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.

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.

EBITDAaL: profit from ordinary activities before depreciation, amortization and impairment of property, plant and equipment and intangible assets, and impact of stock option-/share-based payment expense.

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

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

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

Profit from recurring operations: Profit excluding the impact of non-recurring items, such as restructuring and acquisition costs and non-recurring income tax charges, including non-recurring items recorded in "Share of profit of equity-accounted investees".

Revenues invoiced to subscribers: Revenues generated from services invoiced directly to subscribers (services included in subscribers' mobile plans as well as additional services).

Services revenues: Revenues excluding sales of devices.

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 – France: 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.

Total mobile subscribers – Italy: Represents, at the end of a period, the total number of subscribers, identified by their telephone lines, who have subscribed to an Iliad Italia mobile offering and who have issued or received at least one communication during the preceding three months.

About Iliad

Iliad is the parent company of Free, the inventor of the Freebox, the first multiservice box on ADSL. Free is behind numerous innovations in the Broadband and Ultra-Fast Broadband access segment (VoIP, IPTV, flat-rate calling plans to multiple destinations, etc.) and provides straightforward and innovative offerings at the best prices. Since January 2012, Free has brought mobile phone usage within everyone's reach with straightforward, no-commitment offerings at very attractive prices. As at June 30, 2019, Free had nearly 20 million subscribers in France (6.4 million Broadband and Ultra-Fast Broadband subscribers and 13.3 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 3.8 million subscribers at June 30, 2019.

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