



Paris, May 12, 2020

**THE ILIAD GROUP KEEPS UP ITS GOOD GROWTH MOMENTUM  
AND PREPARES TO RELAUNCH ITS OPERATIONS IMPACTED BY  
THE COVID-19 CRISIS**



**The Group's results in the first quarter of 2020 were in line with the growth momentum and very good sales and network performances seen for several quarters now. The Group was number 1 for Fiber net adds in France for the fourth consecutive quarter. However, the lockdown measures imposed in early March in Italy, and then in France, naturally resulted in a slowdown in network rollouts and sales activity. Having been fully mobilized to ensure service continuity over the past few weeks, our teams are now focusing on the post-lockdown relaunch. The crisis has shown how the Group has got its strategic choices right, particularly its decision to invest massively in rolling out its networks across all regions and to launch a B2B business to help French small businesses with their digital transformation.**

The **Group's growth momentum continued in the first quarter of 2020**, with pre-lockdown performance following the same upward sales trajectory as seen in the past few quarters:

- Revenues continued to rise, with year-on-year increases of **4.2% for France** and almost **7% for the Group as a whole**.
- In its Fixed business, iliad had its best performance in four years in terms of growth in the Fixed-line and Ultra-Fast Fixed-line subscriber base, with **47,000 new subscribers**. For Fiber, the Group recorded **215,000 net adds**, the majority of which were new subscribers. This makes the Group the operator with the largest number of fiber net adds in France for the fourth quarter in a row.
- In the Mobile business, the Group continued its sales recovery and recorded **100,000 net adds** for its 4G offerings. The overall Mobile subscriber base rose for the second consecutive quarter, with a net gain of **13,000 subscribers**.
- Italy made another significant contribution to the Group's growth, signing up **525,000 new subscribers** during the quarter despite the effect of the public health crisis.
- Lastly, the Group continued to **roll out its networks** during the period, with almost 500 new mobile sites opened and 1.5 million new FTTH sockets deployed in France. In Italy, some 900 mobile sites were switched on in the first four months of 2020.

**The Group took action from the very outset of the Covid-19 pandemic.** In record time we radically changed our organizational structure and adapted the way in which our 11,000 employees work, without furloughing anyone. New working tools were rapidly put in place to enable teams to work from home wherever possible. For our on-the-ground technicians, stringent health measures were implemented and their assignments were adapted so they would only be carrying out essential work, for both network maintenance and subscriber home call-outs.

Thanks to the drive and commitment of all of our teams, the Group was able to smoothly activate its Business Continuity Plan and to fulfill its corporate mission more than ever before – that is, **enabling its 26 million subscribers in France and Italy to continue to communicate, work and have access to entertainment**. Our on-the-ground teams also managed to substantially increase network capacity to absorb the higher voice and data traffic volumes resulting from the lockdown measures.

**The Covid-19 crisis has affected both sales activity and infrastructure rollouts.** The quarter included three weeks of lockdown in Italy and two weeks in France, with the number of new subscribers slowing during that time. However, the impact of this slowdown was offset by lower subscriber churn in France. The pace of rollouts was also less robust in first-quarter 2020, and the processing of administrative formalities (such as building permits and roadworks authorizations) has slowed considerably, which will weigh on rollouts in the second quarter of the year.

**We have set ourselves three short-term objectives:** keeping our employees safe as we come out of lockdown, relaunching our sales activities and returning to a brisk pace of rollouts. By demonstrating the vitally important role of regional digital coverage, the crisis has confirmed to us that we have got our strategic choices right – i.e. massively deploying Fiber nationwide, bridging the digital divide by investing in public initiative networks ("PINs") and the Mobile New Deal in France, and offering straightforward connectivity solutions to French small businesses at ultra-competitive prices.

**Message from Thomas Reynaud, Chief Executive Officer of the iliad Group:** "All crises are revealing. And for our Group, this one has brought out the best in us, clearly showing the agility of our organization and the strength of our fundamentals. I have been particularly impressed by the commitment and drive of our employees who are working so hard to keep people connected. The crisis has strengthened the incredible spirit of solidarity which has always characterized Free. iliad will continue to contribute fully to the collective effort by investing in its networks and deploying constantly enhanced offerings for its subscribers and, tomorrow, businesses."

### France

#### ■ For health workers and healthcare establishments

- Priority given to call-outs to ensure that healthcare establishments stay connected.
- Priority given to home call-outs for health worker subscribers.
- A €250,000 donation given to the health worker support fund, #ProtegeTonSoignant.
- Resources and secure cloud solutions set up for hospitals, laboratories and other healthcare establishments.
- Funding provided for employees' personal initiatives to produce protective face shields for health workers.

#### ■ For our employees

- No employees furloughed.
- All of our new hire contracts honored.

#### ■ For our subscribers

- Data allowance increased 20-fold and voice allowance doubled for the €2 mobile plan, notably to help students with financial difficulties.
- 4G speeds increased to 1 Mbps for data in excess of the allowance included in the Free 100 GB and Série Free 50 GB/60 GB plans.
- 42 pay-TV channels broadcast free-to-air on Freebox TV, particularly kids' channels.

#### ■ For our small business partners

- Immediate payment of invoices to ease cash flow (representing over €90 million altogether).
- Creation of Solid-19, an investment fund to support small businesses, with a first tranche of €10 million allocated to long-term financing (5-7 years).

#### ■ For schools and teachers

- A videoconference solution created for school heads and teachers based on Jitsi open-source videoconferencing.

#### ■ For the elderly

- Partnership set up with the French Red Cross to create support lines for the elderly.

#### ■ For society in general

- Support for charitable initiatives: participation in the "*Visièrè Solidaire*" project in the Bouches-du-Rhône region for producing face shields made with 3D printers; participation in the *Fask* project aimed at supporting the economic development of players in the Marseille region; co-founder of the "EpidemicProtect" application.
- Making videoconferencing solutions available to everyone (Jitsi).

### Italy

#### ■ For our subscribers

- Data allowance increased from 40 MB to 10 GB for the €4.99 mobile plan.

#### ■ For our employees

- All of our new hire contracts honored.

■ **For our small business partners**

- Immediate payment of invoices to ease cash flow (representing over €20 million altogether).

## KEY OPERATING PERFORMANCE INDICATORS AT MARCH 31, 2020

### Key operating indicators

<i>France</i>	<b>Mar. 31, 2020</b>	<b>Dec. 31, 2019</b>	<b>3-month change</b>	<b>Mar. 31, 2019</b>
Total mobile subscribers	13,326k	13,313k	+13k	13,391k
- Of which on the Free Mobile Unlimited 4G Plan*	8,278k	8,177k	+100k	7,858k
- Of which on the voice-based plan	5,048k	5,136k	-87k	5,533k
Average 4G data usage (in GB per month per subscriber)**	14.7	13.3	+1.4 GB	11.1
Total Fixed-line and Ultra-Fast Fixed-line subscribers	6,507k	6,460k	+47k	6,411k
- Of which Fiber	1,975k	1,760k	+215k	1,133k
<b>Total number of subscribers – France</b>	<b>19,833k</b>	<b>19,773k</b>	<b>+60k</b>	<b>19,802k</b>
Number of connectible Fiber sockets	15,400k	13,900k	+1,500k	10,500k
	<b>Q1 2020</b>	<b>Q4 2019</b>	<b>Q1 2019</b>	<b>Year-on- year change</b>
Fixed-line and Ultra-Fast Fixed-line ARPU (in €)***	32.0	32.6	32.5	-1.5%
<i>Excluding digital books</i>	32.0	31.6	31.6	+1.3%
Mobile ARPU invoiced to subscribers (in €)***	10.6	10.6	9.5	+10.7%
<i>Excluding digital books</i>	10.6	10.3	9.4	+12.8%
<i>Italy</i>	<b>Mar. 31, 2020</b>	<b>Dec. 31, 2019</b>	<b>3-month change</b>	<b>Mar. 31, 2019</b>
Total mobile subscribers	5,806k	5,281k	+525k	3,309k

\* 50/100 GB for non-Freebox subscribers.

\*\* The definition of average 4G data usage has changed and now corresponds to the average for the quarter as a whole rather than for the last month of the period.

\*\*\* See glossary for definitions.

## CONSOLIDATED FIRST-QUARTER 2020 REVENUES

iliad's consolidated revenues rose 6.9% year on year in the first three months of 2020, propelled by (i) ongoing strong sales momentum in Italy (€150 million in revenues for the quarter), and (ii) a 4.2% increase in services revenues in France. These two positive factors offset the decrease in sales of devices, which suffered from an unfavorable basis of comparison with first-quarter 2019, which saw the launch of the Freebox Delta.

The table below shows the breakdown of consolidated revenues by category for the first quarters of 2020 and 2019, as well as the percentage change between the two periods:

### First-quarter revenues:

<i>In € millions</i>	<b>Q1 2020</b>	Q1 2019	% change
<b>Consolidated revenues</b>	<b>1,382</b>	<b>1,293</b>	<b>+6.9%</b>
Services	1,339	1,223	+9.6%
Devices	45	73	-38.6%
Intra-group sales	(3)	(3)	NM
<b>Revenues – France</b>	<b>1,233</b>	<b>1,213</b>	<b>+1.7%</b>
Services	1,190	1,142	+4.2%
• Fixed	663	654	+1.3%
<i>Of which Jaguar Network</i>	11	10	+10.5%
• Mobile	527	487	+8.1%
<i>Revenues invoiced to subscribers</i>	422	384	+9.8%
<i>Other</i>	105	103	+1.6%
Devices (Fixed and Mobile)	45	73	-38.6%
Intra-group sales – France	(1)	(2)	NM
<b>Revenues – Italy</b>	<b>150</b>	<b>81</b>	<b>+85.7%</b>
Intra-group sales	(1)	(1)	NM

### France

In a still fiercely competitive market, revenues generated in France were up for the fifth consecutive quarter in the first three months of 2020, rising 1.7% to €1,233 million. Services revenues saw higher year-on-year growth, with an increase of 4.2% (5.8% excluding the impact of digital books).

#### Fixed services revenues

Services revenues for the Fixed business climbed 1.3% to €663 million. The main factors underlying this first-quarter 2020 performance were as follows:

- **Robust performance for Fiber, with 215,000 net adds during the period.** At end-March the Group had nearly 2 million Fiber subscribers and 15.4 million connectible sockets. Over 30% of the Group's subscriber base now has access to Free Fiber.
- **Higher net adds for the Fixed business, with 47,000 new subscribers signing up during the quarter (the best quarterly performance in four years).** This increase in the Fixed subscriber base was due to:
  - **The excellent performance delivered by Fiber.** With a step-up in the pace of rollouts and the marketing of Free Fiber plans in medium-density population areas covered by co-financing agreements, and on PINs, Fiber continues to be a tool for winning new subscribers. Over half of those signing up to Free Fiber have been completely new subscribers (i.e. not switching from other plans), which has driven an increase in our 12-month gross sales.
  - **A better Fiber/xDSL mix, leading to a gradual reduction in the churn rate.**
- **ARPU down 50 euro cents versus first-quarter 2019, to €32.** Unlike in the first quarter of 2019, ARPU was not lifted by the inclusion of digital books offerings. Excluding the digital books impact, ARPU rose 1.3% year on year. The subscriber mix is improving, with a greater proportion of subscribers now on higher value-added plans, particularly thanks to the Group's more restricted use of flash sales, but also due to the ramp-up of Fiber.
- **B2B:** Jaguar Network's contribution to the Group's total Fixed revenues was €11 million for the first three months of 2020, up 10.5% year on year.

#### Mobile services revenues

Growth for this business continued in the first quarter of 2020, with Mobile services revenues advancing 8.1% year on year to €527 million. This increase was fueled by a near 10% rise in revenues invoiced to subscribers, to €422 million. The main factors underlying the Mobile business' performance in first-quarter 2020 were as follows:

- **100,000 net adds for 4G offerings, similar to the figure seen in the last quarter.** The Group continued to improve its subscriber mix, and its total mobile subscriber base rose slightly for the second quarter in a row (by a net 13,000 subscribers). The decision to stop using price-slashed deals, combined with the enhanced quality of the mobile network, led to lower churn. At March 31, 2020, the Group had 13.33 million mobile subscribers in France.
- **A sharp increase in revenues invoiced to subscribers, up almost 10% to €422 million (11.6% increase excluding the impact of digital books).** The number of subscribers on price-slashed deals now represents a very small proportion of the overall subscriber base. The drastic reduction in the numbers of subscribers on such deals automatically increased ARPU, which rose 10.7% in first-quarter 2020 to €10.6. This very good performance reflects (i) the Group's successful strategy of switching subscribers on the voice-based plan to the Free Mobile Unlimited 4G Plan (50/100 GB for non-Freebox subscribers), (ii) the fact that more Série Free plan subscribers are being automatically switched to the Free Mobile Unlimited 4G plan after 12 months, and (iii) the better churn rate.
- **A temporary halt in the decline in Other revenues, which rose 1.6% during the quarter to €105 million.** Primarily stemming from interconnections between operators for voice and text message services, these revenues generate low margins and have been adversely affected from a structural standpoint by a decreasing use of text messages as mobile data usage rises. However, in first-quarter 2020 they were boosted by a slight increase in voice traffic as a result of France's lockdown measures.
- **A large number of 700 MHz deployments, with over 2,100 new sites equipped during the first quarter of 2020.** With almost 14,200 sites equipped to use 700 MHz frequencies at end-March, i.e., over 90% of the Group's 4G sites, Free Mobile is the operator that has

deployed the largest number of 700 MHz sites in France. At end-March the Group's mobile network covered more than 97.9% of the French population for 3G and 96.8% for 4G.

### Revenues from devices

Sales of devices fell 39% to €45 million, reflecting two underlying factors: (i) a decrease in mobile phone sales due to the lockdown measures which reduced churn in the mobile market, and (ii) an unfavorable basis of comparison with first-quarter 2019, when sales of devices were boosted by the launch of the Freebox Delta Player in that period.

### Italy

At €150 million, revenues generated in Italy surged 86% year on year. This strong increase was achieved despite the tough conditions in the country's mobile market due to the public health and economic crisis and the lockdown measures imposed by the Italian government in March. The significant events for the Italian business in first-quarter 2020 were as follows:

- **A robust 525,000 net adds during the quarter, despite targeted and very aggressively-priced offerings launched by competitors and the market's much lower churn rate since late February, when the government began to introduce restrictions to curb the spread of Covid-19. At end-March, the Group had over 5.8 million subscribers in Italy.** This means that it has already won over 7% market share in less than two years since it first launched its business there.
- **Continued rollout of the Group's mobile network, thanks to the efforts of our teams and partners, but obviously at a slower pace than before the Covid-19 crisis.** Around 900 new sites have been added since the start of 2020, which means that at end-April the Group had more than 2,900 active sites and 5,000 equipped sites. Our network rollout enabled us to absorb part of the increase in traffic volumes resulting from the lockdown measures.
- **Closure of the Group's physical distribution network during lockdown automatically affected our sales as from the beginning of March, but our strong online presence has enabled us to cushion some of the impact of the market slowdown.** With Italy's lockdown measures beginning to be lifted in early May, we have been able to re-open all of our stores to the public but a return to normal will be very gradual.

## GROUP OBJECTIVES

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In addition to the human impact, the coronavirus pandemic has generated an economic slowdown. The social and financial impacts for the Iliad Group are currently limited. Nevertheless, the pandemic could impact the Iliad Group and its objectives, as is the case for all companies in the telecommunications sector. Possible impacts include the shortage of certain electronic components and a slower rollout of Fixed and Mobile networks.

### France

- Fixed:
  - Achieve a 25% share of the Broadband and Ultra-Fast Broadband market in the long term.
  - Have 2 million Fiber 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:

- Have more than 80% of the subscriber base signed up to the Free Mobile Unlimited 4G Plan<sup>1</sup> 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:
  - EBITDAaL margin in France (excluding B2B and sales of devices) of over 40% in 2020.
  - EBITDAaL less CAPEX figure in France (excluding B2B activities) of more than €800 million in 2020 and around €1 billion in 2021.

## **Italy**

- Have around 5,000 active sites by end-2020.
- Based on this target number of active sites, we expect EBITDAaL losses to be lower in 2020 than in 2019.
- 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.

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*(1) 50/100 GB for non-Freebox subscribers.*



## GLOSSARY

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*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.

*Fixed-line and Ultra-Fast Fixed-line ARPU*: Includes revenues from the flat-rate package and value-added services but excludes one-time revenues (e.g., fees for switching from one offer to another or cancellation fees), divided by the total number of Fixed-line and Ultra-Fast Fixed-line subscribers invoiced for the last month of the quarter.

*Fixed-line and Ultra-Fast Fixed-line subscribers*: Subscribers who have signed up for the Group's ADSL, VDSL or Fiber offerings.

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

*Mobile ARPU invoiced to subscribers*: includes revenues invoiced to subscribers divided by the total number of Mobile subscribers during the period.

*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).

*Services revenues*: Revenues excluding sales of devices.

*Total Fixed-line and Ultra-Fast Fixed-line 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 Fixed or Ultra-Fast Fixed 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

*Founded in 1999, in the space of 20 years the Iliad Group has grown into a major telecommunications player in France and Italy, employing 11,000 people and generating €5.3 billion in revenues in 2019. As the parent company of Free – the inventor of triple play and the Freebox – Iliad is an integrated fixed and mobile ultra-fast communications operator, standing out for its straightforward and innovative offerings. At the end-March 2020, the Iliad Group had nearly 20 million subscribers in France (6.5 million fixed-line subscribers and 13.3 million mobile subscribers). In Italy – where the Group launched its business on May 29, 2018 under the Iliad brand, becoming the country's fourth mobile operator – it had over 5.8 million subscribers at end-March 2020. Iliad is listed on Euronext Paris (ILD).*

To find out more: [www.iliad.fr](http://www.iliad.fr)

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