

iliad
GROUP

ACQUISITION OF PLAY 

SEPTEMBER 21, 2020

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TRANSACTION HIGHLIGHTS

1	Acquisition of a leading telecom operator in Poland	<ul style="list-style-type: none"> • Play is the largest operator in the Polish mobile market with a 29% market share⁽¹⁾ – 15.0m subscribers • LTM key figures⁽²⁾: Revenues of €1.6bn, Adj. EBITDAaL of €523m, LTM EFCF of €269m • CAGR service revenue growth of 6.8% (2015-LTM June 2020) • Net debt / EBITDAaL <2.5x at end-June 2020
2	Key terms of the transaction	<ul style="list-style-type: none"> • Iliad has secured a 40.2% stake via Kenbourne Invest and Tollerton Investments for PLN39.00 per share • Cash tender offer for all Play share capital at the same price • Offer price of PLN39.00 per share, representing an equity value of €2.2bn and an enterprise value of €3.5bn (for 100%) • Offer price represents a 39% premium to last closing price and 33% to the 30-day VWAP⁽³⁾, premium justified by Play's intrinsic quality and value of its passive infrastructure • Transaction with fair multiples: 6.8x LTM EV/EBITDAaL and 9.9x LTM EV/OpFCF pre-synergies • Unanimous support from iliad and Play's boards
3	Key dates and next steps	<ul style="list-style-type: none"> • Announcement of the offer on September 21, 2020 • Share subscription period expected to start on October 19, 2020 and end on November 17, 2020 • Closing expected on November 25, 2020
4	A value-creating deal for iliad	<ul style="list-style-type: none"> • Accretive impact on EPS and FCF per share from Year 1 • Best practice synergies in digitalization, internalization, procurement and Broadband know-how • Full committed transaction financing, pro forma leverage of 3.2x with solid deleveraging path
5	Strategic fit	<ul style="list-style-type: none"> • Play and iliad share the same maverick DNA - two brands with strong consumer support • A superb opportunity for iliad to accompany Play in its Fixed Convergence journey • Improved Group cash flow generation for iliad

Note: Offer price converted to euro based on FX of 4.4541 as of close of trading on September 18, 2020; net debt converted at period-end spot rate (June 30, 2020); transaction multiples calculated on local currency basis

(1) UKE 2019 Annual Report

(2) Based on 2020 LTM financials as of Q2-20; Play financials converted to € at FX rate of 4.3575, based on the average FX rate for LTM period

(3) Volume-weighted Average Share Price



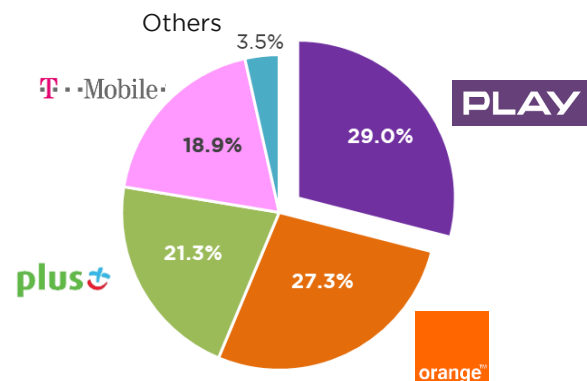
**VALUE-CREATING DEAL
WITH GOOD DNA MATCH**

SNAPSHOT - PLAY



- The largest player in the Polish mobile market, with a 29% market share⁽¹⁾
- Successful growth track record since its launch in 2007 with subscriber base growing from 0.8m in the first year of operations to 15m today through innovation and great execution (24h MNP process, unlimited on-net offer)
- Play provides mobile voice, data, messaging and video services on a contract and prepaid basis. Leading operator for families and small businesses
- Apart from mobile services, Play offers pay-TV services and fixed broadband which it launched in Q1 2020

MOBILE SUBSCRIBER MARKET SHARE⁽¹⁾



KEY FIGURES

15.0m
Reported Subscribers

2,800
Employees

8,225 mobile sites
across the country

€1,628m
LTM H1-20 Operating Revenue

€523m
LTM H1-20 EBITDAaL (32% margin)

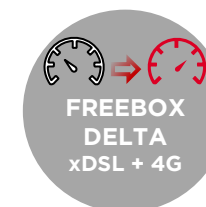
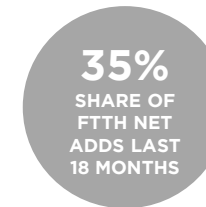
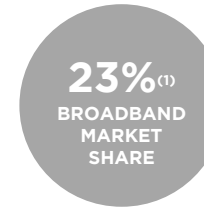
€359m
LTM H1-20 OpFCF (22% of revenues)

(1) UKE 2019 Annual Report

VALUE CREATION POTENTIAL – SHARED DNA



EXPERTISE IN TRIPLE-PLAY AND CONVERGENT OFFERS



EXPERTISE IN MARKETING VALUE-PROPOSITION



EXPERTISE IN SMART-COST OPERATIONS



IN-HOUSE DEVELOPMENTS



LEVERAGING OUR EXPERTISE WITH STRONG LOCAL TEAM

(1) Q2 2020 - market calculated by adding Orange, Iliad, Altice France and Bouygues Telecom broadband customer base

A VALUE-CREATING DEAL FOR ILIAD SHAREHOLDERS

1

SIZEABLE OPPORTUNITY TO ENTER AN ATTRACTIVE MARKET AT A FAIR PRICE

- EV of €3,479m, translating into an attractive LTM EV/EBITDAaL of 6.8x and 9.9x EV/OpFCF
- Adds c30% of iliad's EBITDAaL, moving the needle toward the high growth market

2

SIGNIFICANT VALUE CREATION

- Potential to transform Play into a fully fledged operator
 - Launch in the fixed market
 - Operational optimization

3

STRONGER, MORE DIVERSIFIED, MORE VALUABLE COMBINED BUSINESS

- Poland is one of the most attractive markets in Europe (growth capacity and size)
- Polish telecom market offers significant headroom for disruption in the convergent market

4

CONSERVATIVE LEVERAGE WITH PROGRESSIVE DELEVERAGING TO KEEP FLEXIBILITY FOR INVESTMENT

- Pro forma Group leverage at 3.2x, maintaining iliad's flexibility
- Backing the current plans of Play's management on the tower process

A TRANSACTION FULLY CONSISTENT WITH ILIAD'S OWN STRATEGY ...

- Iliad will address multiple geographies across Europe with a combined **165m⁽¹⁾** inhabitants

**SIZEABLE OPPORTUNITIES TO ENTER ATTRACTIVE MARKETS
AT ATTRACTIVE PRICES**

**STRONGER, MORE DIVERSIFIED, MORE VALUABLE COMBINED
BUSINESS**

**CONSERVATIVE LEVERAGE AND GOOD USE OF CASH AT
HAND TO MAINTAIN FINANCIAL FLEXIBILITY**



(1) WorldBank 2019 data

... AND COMING AT THE RIGHT TIME FOR ILIAD



ILIAD FRANCE: BACK TO PROFITABLE GROWTH AND OpFCF GENERATION

H1 2020 RESULTS
• **FRANCE OpFCF MULTIPLIED BY 2.6x IN 12 MONTHS**



ILIAD ITALIA: CRITICAL MASS REACHED AND NETWORK ROLLOUT GOING FULL STEAM

AT END-JUNE 2020
• **8%+ MARKET SHARE**
• **c4,000 ACTIVE SITES**



A RATIONAL INVESTOR WITH A POSITIVE TRACK RECORD

SINCE 32% STAKE PURCHASE
• **EBITDA +14%** 
• **OpFCF +47%**

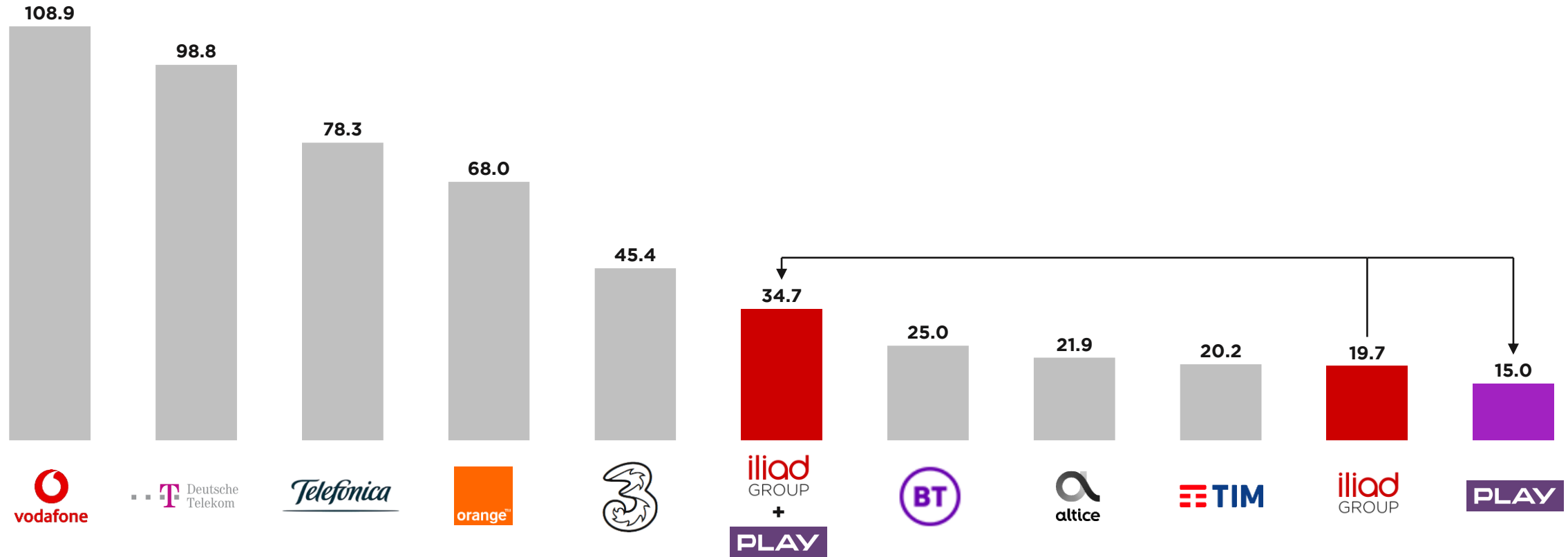


STRONG ILIAD BALANCE SHEET ALLOWING FINANCING ON ATTRACTIVE TERMS

2.2x LEVERAGE
€2.8bn LIQUIDITY
AVERAGE MATURITY > 4 YEARS

STRENGTHENING ILIAD'S TOP 10 EUROPEAN MOBILE TELCO POSITION

EUROPEAN MOBILE SUBSCRIBER BASE (M)



Note: Latest reported figures except BT (Barclays estimate) - excludes M2M when published (not disclosed for DT, Three Europe); Deutsche Telekom excludes US subscribers; Vodafone excludes Vodacom and Other Market subscribers; Telefonica excludes Hispam Sur, Hispam Norte and Brazil subscribers; Orange excludes Middle East & Africa subscribers; Three Group excludes all Hong Kong operations of CK Hutchison; TIM excludes Brazil subscribers; Altice excludes Israel and Dominican Republic subscribers

A LARGE AND DIVERSIFIED EUROPEAN TELCO

ILIAD GROUP



41m Total Subscribers



€7.1bn of Pro Forma LTM Revenue

- ✓ POSITIVE OPERATING CASH FLOW
- ✓ HEALTHY BALANCE SHEET



FRANCE

100%



20m Total Subscribers



€5.0bn of LTM Revenue

- ✓ No.1 challenger in FTTH (net adds leader for 5 consecutive quarters)
- ✓ 17m sockets eligible for Free Fiber
- ✓ Launch of **B2B offer in coming weeks**



ITALY

100%



6m Total Subscribers



€0.6bn of LTM Revenue

- ✓ Threshold of **6 million subscribers passed** (8% market share)
- ✓ Strong reduction in losses
- ✓ Launch of **fixed offer by summer 2021**



POLAND

40%-100%



15m Total Subscribers



€1.6bn of LTM Revenue

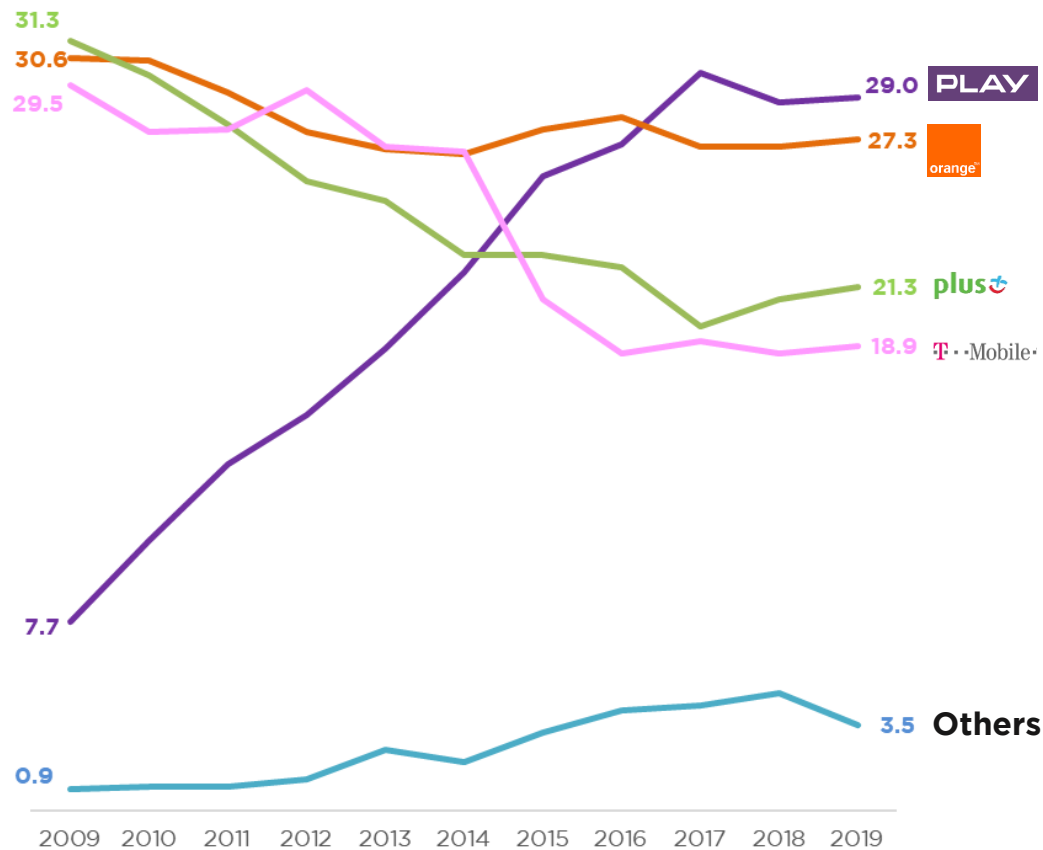
- ✓ Launch of fixed broadband in H1 20
- ✓ Leader in families and small businesses

PLAY








THE POLISH MAVERICK

STRONG GROWTH WITH SOLID FOUNDATIONS

PLAY SUCCESSFULLY DISRUPTED THE POLISH MOBILE MARKET⁽¹⁾



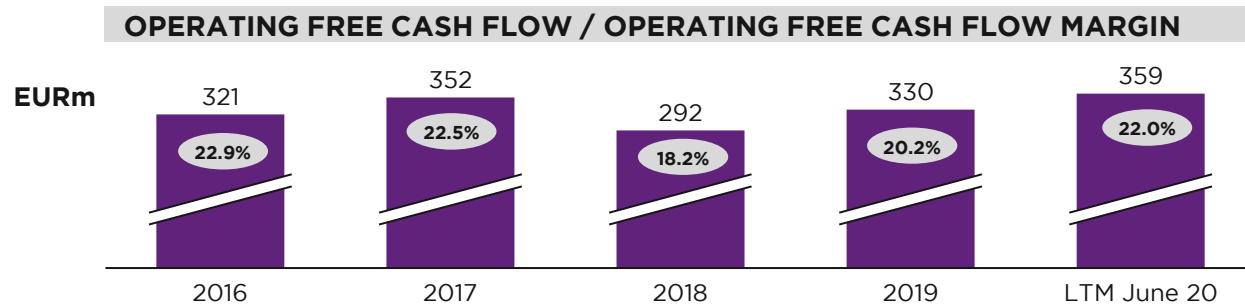
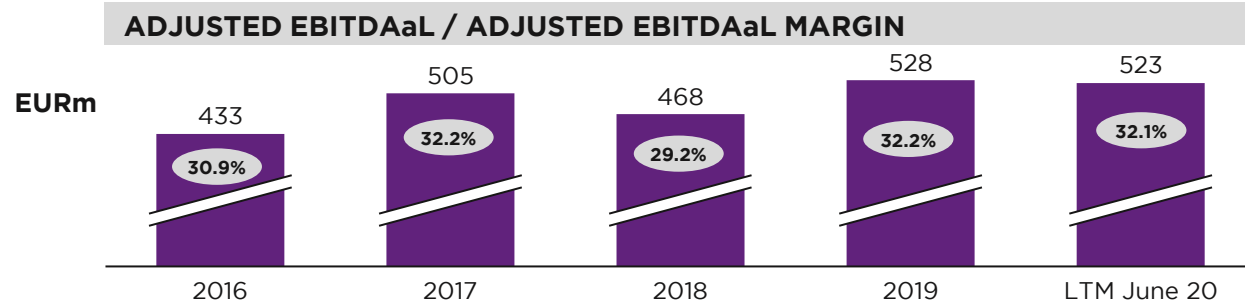
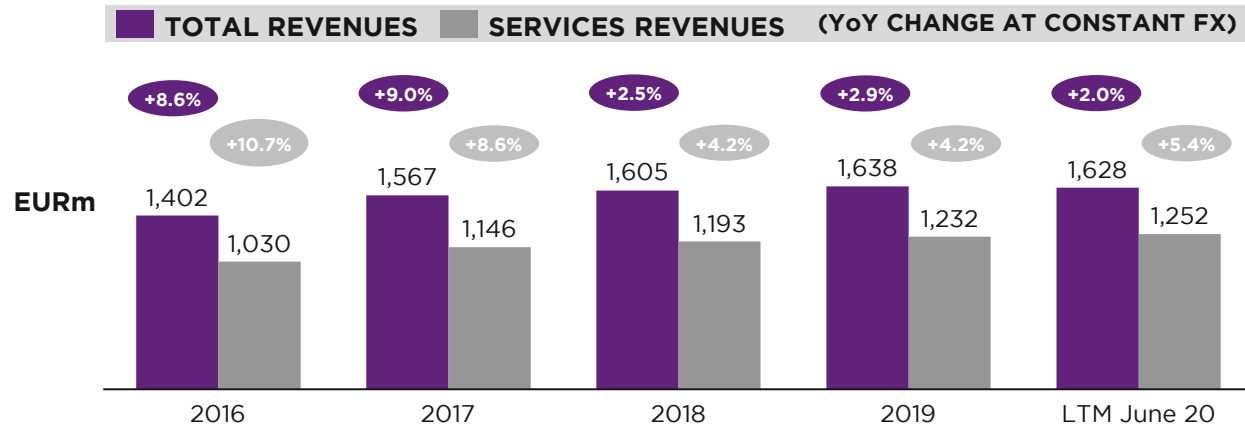
PLAY - KEY FACTS

-  Founded in **2005**
-  Headcount **~2,800⁽²⁾**
-  **8,225⁽²⁾** base stations
-  **761⁽²⁾** branded stores
-  **c. 15m⁽²⁾** subscribers and **c. 10m⁽²⁾** contract customers
-  **0.74%⁽²⁾** contract churn
-  **99%⁽³⁾** population coverage in 4G

- **Play launched its fixed broadband offering in Q2 2020**, targeting 3.7m households to address the growing convergent market and further consolidate its position in mobile
- Clear ambitions to grow as the disruptor in the fixed market

(1) UKE annual reports – shares of operators in terms of the number of users
 (2) At June 30, 2020
 (3) 4G: LTE coverage

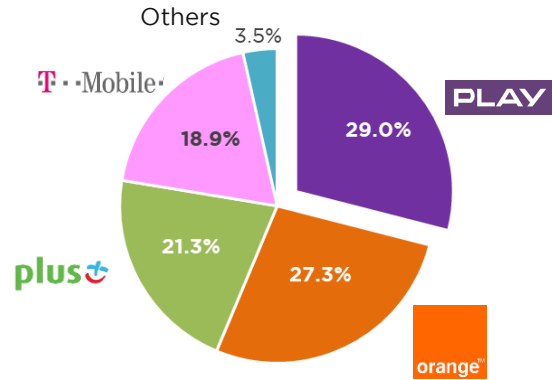
STRONG TRACK RECORD SINCE IPO



- Strong track record of profitable growth: **6.8%** CAGR 2015-LTM June 2020 for services revenues
- Continued growth in H1-20 despite COVID impact, demonstrating the resilience of the business
- Various avenues for future growth, fully digital and highly efficient network strategy
- Continued rollout of its own high quality network to reduce reliance on national roaming and improve margins

TELECOM MARKET IN POLAND

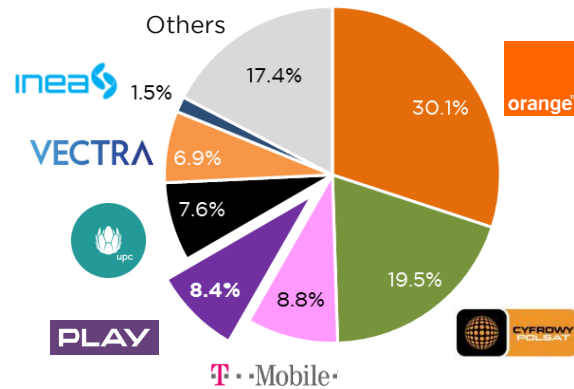
MOBILE SUBSCRIBER MARKET SHARE⁽¹⁾



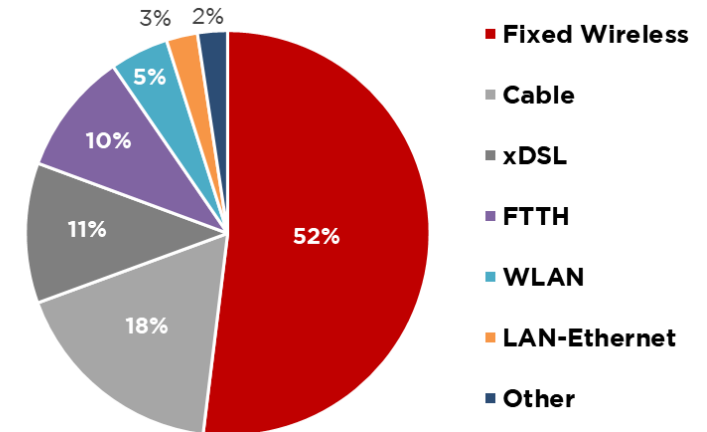
POLISH TELECOM MARKET - KEY FIGURES⁽¹⁾

- **PLN39.6bn:** value of the Polish telecom market (+1.0% vs. 2018)
- **55%:** Fixed broadband penetration rate (2019) / **7.8m** lines
- **136%:** Mobile penetration rate (2019) / **52.2m** lines
- **28%:** share of prepaid in total mobile market (2019)

FIXED + MOBILE BROADBAND MARKET SHARE^(1,2)



BROADBAND MARKET SPLIT BY ACCESS TECHNOLOGY USED



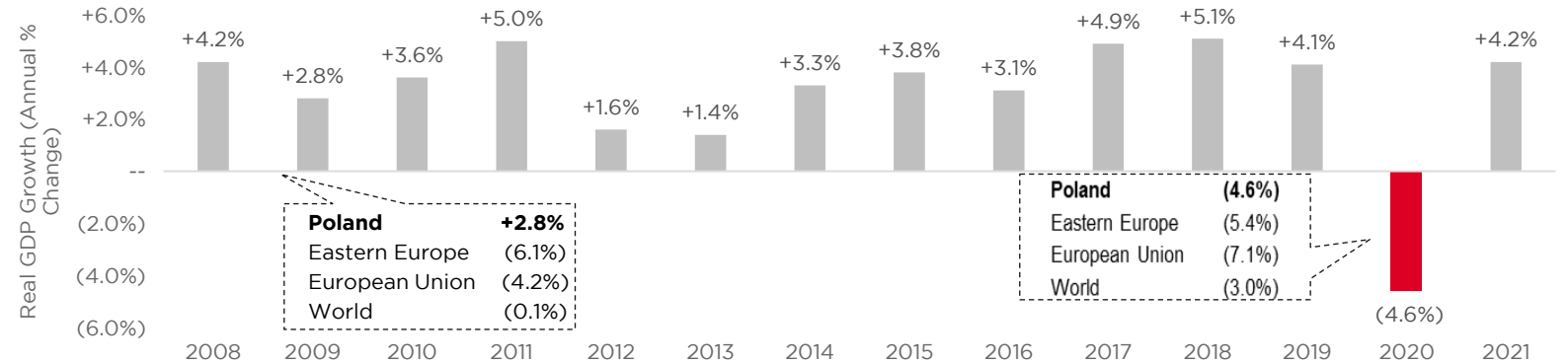
(1) 2019 UKE annual report published July 31, 2020

(2) Vectra includes Multimedia (acquired in February 2020), Cyfrowy Polsat includes other subsidiaries (Netia, Polkomtel, Aero 2)

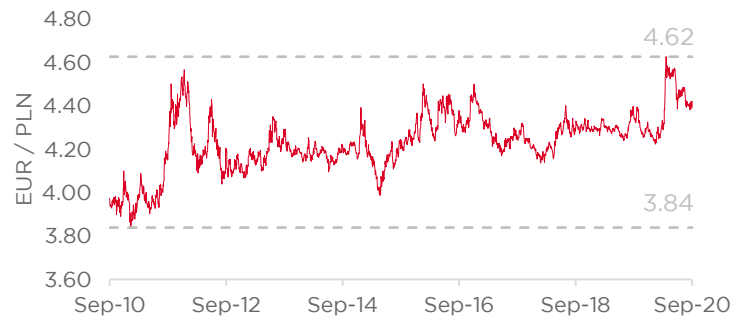
POLAND: A RESILIENT AND STRONG ECONOMY

- **Largest Eastern European economy (population of 38m)**
- Strong and resilient economic growth
- The Polish Zloty has been relatively stable vs the EUR
- Low unemployment levels and declining national debt to GDP ratios prior to COVID
- Country rated **A- / A2 / A-** by the three major rating agencies, all with stable outlook

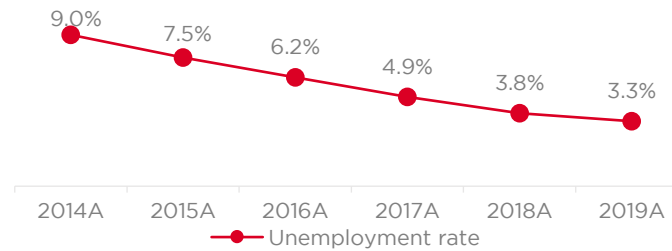
AVERAGE GDP GROWTH OF 4.2% FOR THE PAST 5 YEARS



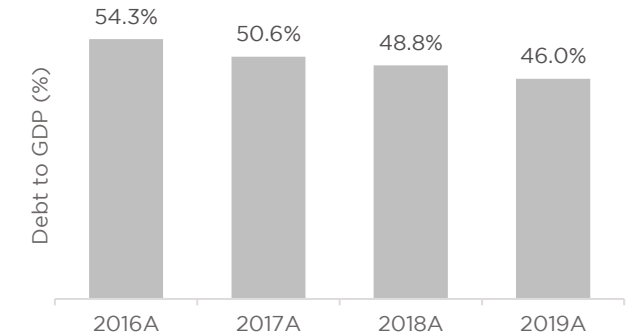
FX BETWEEN 3.84 AND 4.62 OVER THE PAST 10 YEARS



LOW AND DECLINING UNEMPLOYMENT LEVELS



DECLINING NATIONAL DEBT TO GDP (%)



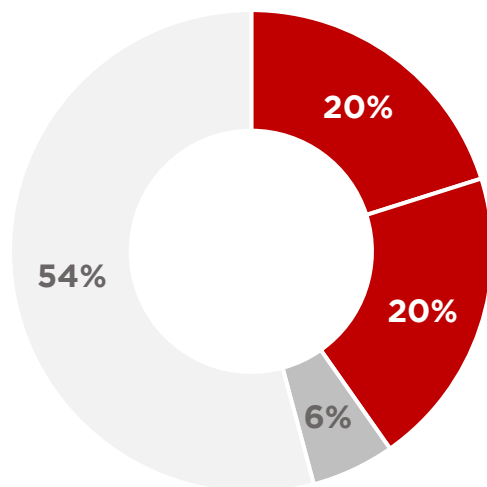


TRANSACTION DETAILS & FINANCIALS

PLAY'S SHAREHOLDING STRUCTURE

- Iliad has entered into a binding agreement to secure the acquisition of 40% of Play's shares from Kenbourne and Tollerton
- Iliad has secured 6 out of 9 board seats
- Tender offer for all of Play's share capital at the same price of PLN 39 per share to ensure equal treatment for all shareholders

Shareholders



- Kenbourne Invest
- Tollerton Investments
- Nationale-Nederlanden
- Other

Shareholder	Number of Shares / Votes at the GM (m)	% of Share Capital / Votes
Kenbourne Invest II S.à r.l.	51.2	20.1%
Tollerton Investments Limited	51.2	20.1%
Nationale-Nederlanden OFE	14.2	5.6%
Other	137.7	54.2%
Total	254.2	100%

Shares Already Secured by Iliad

TRANSACTION OVERVIEW

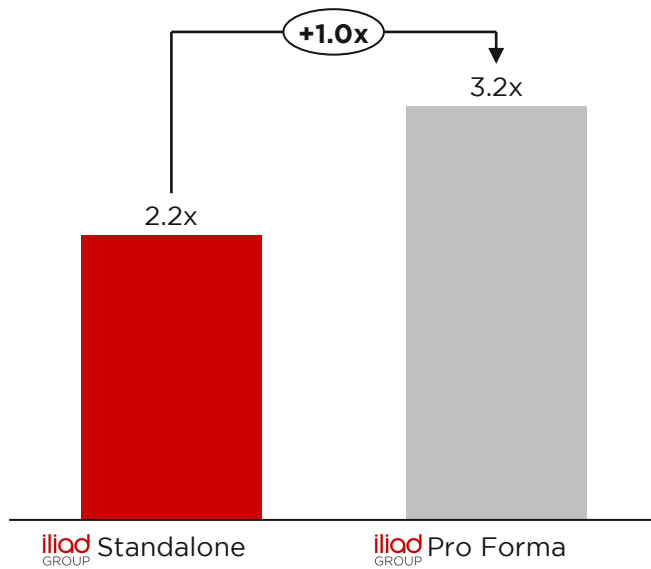
- Iliad to **launch a tender offer for 100% of Play shares** for **PLN39.00** per share and **acquire a 40.2% stake in Play** from Kenbourne and Tollerton at the same price
 - 38.8% premium to spot
 - 44.7% premium to L1W VWAP
 - 32.9% premium to L1M VWAP
 - Premium justified by Play's intrinsic quality and value of its passive infrastructure
- **Total acquisition cost of Play shares = equity value of c. €2.2bn, enterprise value of c. €3.5bn**, assuming 100% acceptance in the tender offer
- Transaction financed **by cash & debt**
- Transaction multiples **before** any synergies
 - EV / LTM EBITDAaL⁽¹⁾: **6.8x**
 - EV / LTM EBITDAaL – Capex⁽¹⁾: **9.9x**

Note: Spot price, vwaps and fx are calculated as of close of trading on September 18, 2020

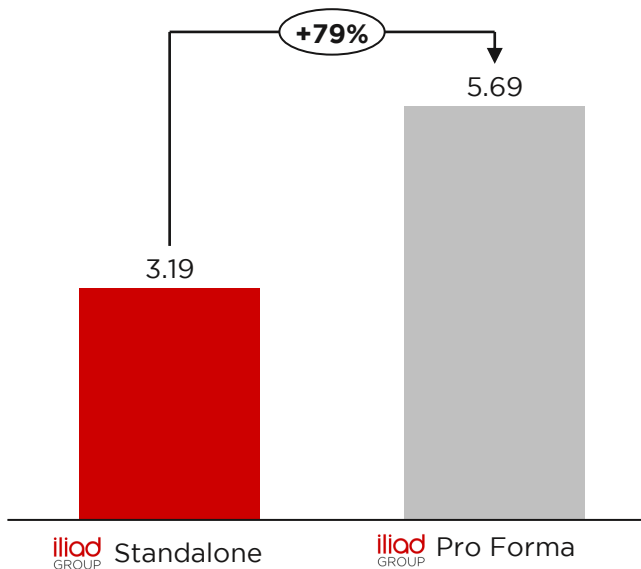
(1) Offer price converted to euro based on FX of 4.4541 as of close on 18 September 2020; net debt converted at period-end spot rate (June 30, 2020); transaction multiples calculated on local currency basis

IMPACT ON ILIAD REGARDING LEVERAGE AND KEY METRICS

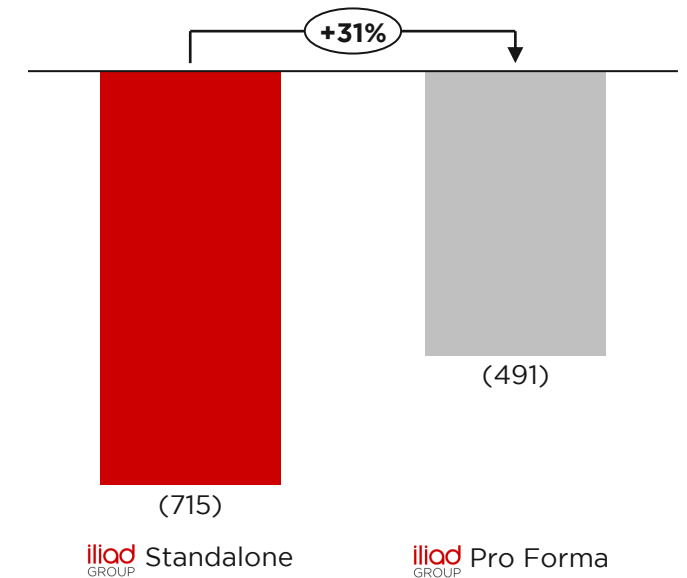
NET DEBT / EBITDAaL



EPS ACCRETION⁽¹⁾



LTM EQUITY FCF PRE-SPECTRUM⁽²⁾



Note: Cost of debt assumed at 3.00%; Play financials converted to € at historical quarterly FX rate (period average basis for all except net debt which is on a period-end basis); average and period-end FX computed for LTM figure

(1) LTM. Iliad Standalone adjusted for €1,683m of exceptional items, principally related to Iliad's sale of its towers in France and Italy to Cellnex

(2) Equity FCF calculated as EBITDAaL less cash capex, tax paid, interest paid (incl. leases) and working capital

TRANSACTION SCHEDULE

- | | |
|---------------------------|--|
| SEPTEMBER 21, 2020 | ▪ Announcement of tender offer |
| OCTOBER 19, 2020 | ▪ Start of subscription period (subject to KNF's approval) |
| NOVEMBER 17, 2020 | ▪ End of subscription period (assuming regulatory approval obtained before then) |
| NOVEMBER 20, 2020 | ▪ Transaction date |
| NOVEMBER 25, 2020 | ▪ Settlement and acquisition of shares completed |

CONCLUSION



A FIRST-CLASS ASSET AT AN ATTRACTIVE PRICE



STRONG CULTURAL FIT WITH ILIAD, MAVERICK MINDSET



GEOGRAPHIC DIVERSIFICATION INTO A LARGE COUNTRY WITH A STRONG AND RESILIENT ECONOMY



TRANSACTION IMMEDIATELY ACCRETIVE FOR ILIAD

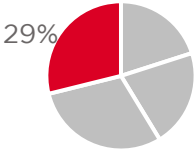


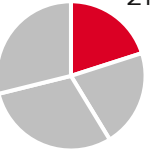


VARIOUS POTENTIAL UPSIDE DRIVERS

APPENDIX

PLAY - A LEADING TELECOM OPERATOR IN POLAND



		PLAY	orange	T-Mobile	CYFEROWY POLSAT	Plus Polkomtel S.A.	upc
MOBILE	MOBILE SUBSCRIBERS (Q2 20) ⁽¹⁾	▪ Total: 14.9m	▪ Total: 13.7m	▪ Total: 11.0m	▪ Total: 10.6m	▪ Total: 22k	
	MOBILE SUBSCRIBER MARKET SHARE ⁽¹⁾	 29%	 27%	 19%	 21%	-	
	SPECTRUM HOLDINGS (MHZ) ⁽²⁾ LOW BAND <1GHZ HIGH BAND >1GHZ	▪ Low Band: 20.0 MHz ▪ High Band: 104.6 MHz	▪ Low Band: 33.6 MHz ▪ High Band: 79.6 MHz	▪ Low Band: 38.0 MHz ▪ High Band: 99.6MHz	▪ Low Band: 27.8 MHz ▪ High Band: 179.2 MHz	-	
FIXED	NGN HOMES PASSED	c. 4m <i>(Wholesale Cable)</i>	4.6m <i>(Fiber)</i>	c. 3m <i>(Wholesale Fiber)</i>	2.1m <i>(Own + Wholesale Fiber)</i>	3.6m <i>(Own + Wholesale Cable)</i>	
	FIXED BROADBAND SUBSCRIBERS	-	2.6m subscribers <i>(0.6m with fiber)</i>	24k subscribers	2.5m subscribers	1.25m subscribers	
	FIXED BROADBAND MARKET SHARE ⁽³⁾	-	33%	<1%	31%	16%	

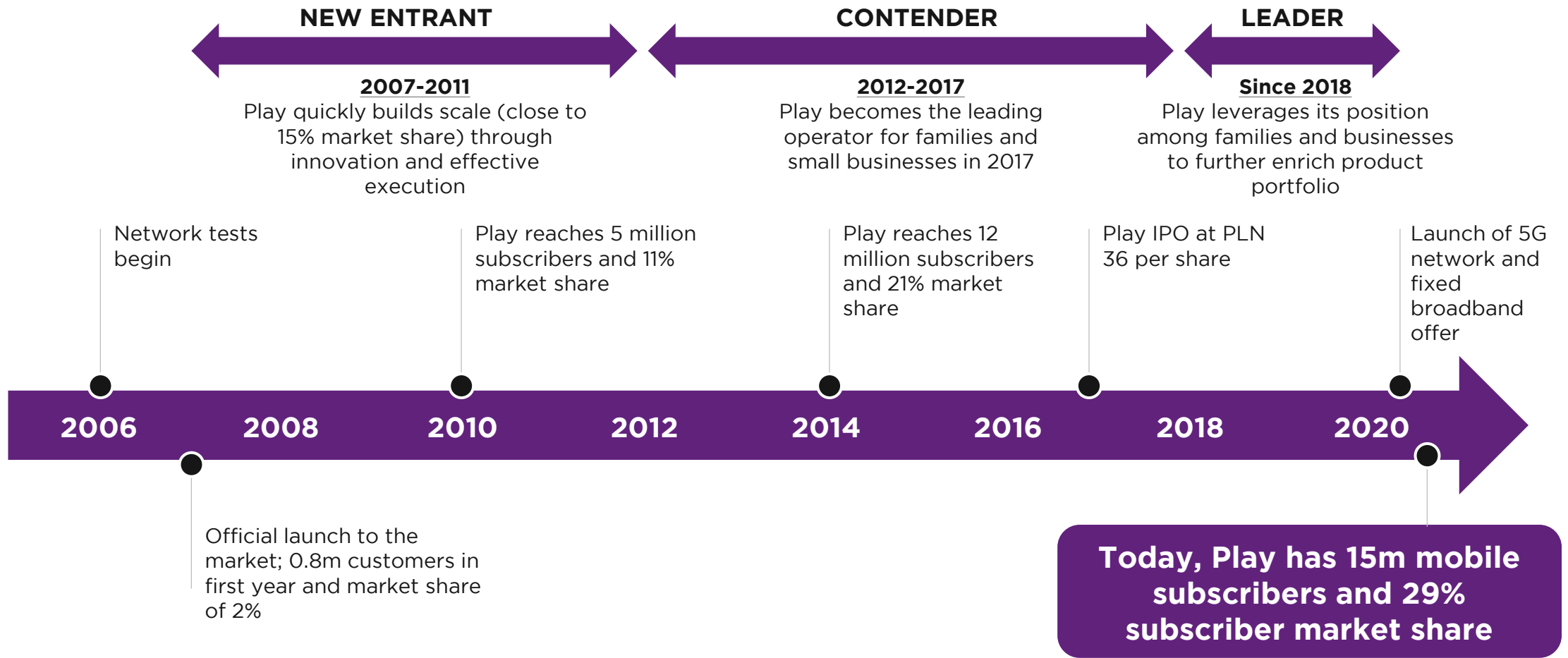
Sources: UKE, Company filings

(1) Based on total subscribers - Company filings excluding M2M when disclosed / market shares based on UKE 2019 annual report

(2) Includes both uplink and downlink spectrum for FDD bands

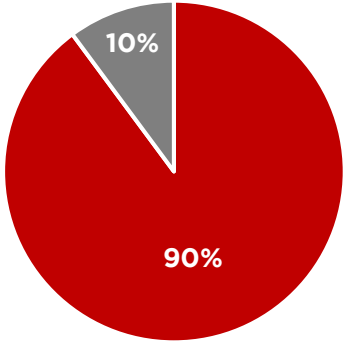
(3) Play recently entered the Fixed Broadband market; Market share is based on TeleGeography's Q2 report as of June 2020

A SUCCESS STORY



DIVERSIFICATION OF ILIAD'S SCOPE

CURRENT REVENUE GEOGRAPHICAL BREAKDOWN

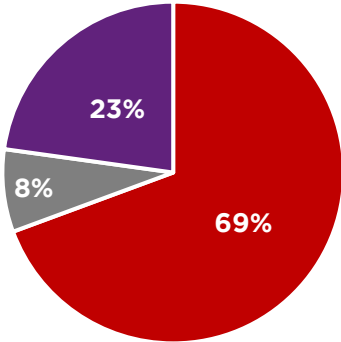


■ France ■ Italy

Pro forma revenue:
€7.1bn

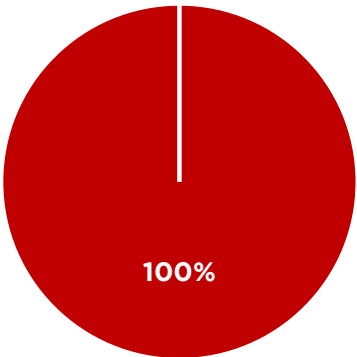


PRO FORMA REVENUE GEOGRAPHICAL BREAKDOWN



■ France ■ Italy ■ Poland

CURRENT EBITDAaL GEOGRAPHICAL BREAKDOWN⁽¹⁾

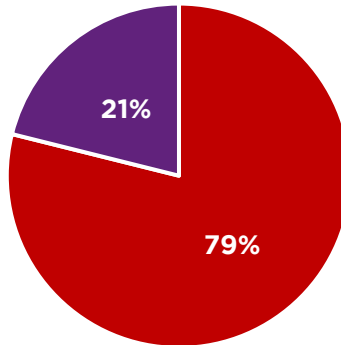


■ France

Pro forma EBITDAaL⁽²⁾:
€2.3bn



PRO FORMA EBITDAaL GEOGRAPHICAL BREAKDOWN⁽¹⁾



■ France ■ Poland

Source: Company filings

Note: Based on 2020 LTM financials as of Q2-20; Play financials converted to € at FX rate of 4.3575, based on the average FX rate for LTM period; excludes any share in Ireland

(1) Italy excluded due to negative EBITDAaL
(2) Including negative contribution from Italy