

GROUPE

**numericable**<sup>THD</sup>

**SFR**



# Full Year 2014 Results

March 5, 2015

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**SFR**



# Operational Review

Eric Denoyer, CEO Numericable-SFR

# Numericable-SFR

## FY & Q4 2014 Highlights



- Synergies implementation plan on track through 15 dedicated projects
- Ambitious Fiber & 4G roll-out plan
- Strong momentum in Fiber since launch of Wholesale offer at SFR in November 2014
- Mobile & Fixed Business update

# Numericable-SFR

Delivering the synergies through 15 dedicated projects



Synergies	Comments	LAUNCHED	FIRST RESULTS	COMPLETED
B2C	<ul style="list-style-type: none"> <li>○ Simplify range of offers and brand strategy</li> <li>○ Increase usage of fiber network</li> <li>○ Optimise client relationship management</li> <li>○ Improve reach of distribution network nationally</li> </ul>	<ul style="list-style-type: none"> <li>✓</li> <li>✓</li> <li>✓</li> <li>✓</li> </ul>	<ul style="list-style-type: none"> <li>✓</li> <li>✓</li> <li>□</li> <li>□</li> </ul>	<ul style="list-style-type: none"> <li>□</li> <li>□</li> <li>□</li> <li>□</li> </ul>
B2B	<ul style="list-style-type: none"> <li>○ Reorganize B2B business</li> <li>○ Mutualise B2B client operations</li> <li>○ Increase profitability at Telindus</li> </ul>	<ul style="list-style-type: none"> <li>✓</li> <li>✓</li> <li>✓</li> </ul>	<ul style="list-style-type: none"> <li>✓</li> <li>✓</li> <li>✓</li> </ul>	<ul style="list-style-type: none"> <li>□</li> <li>□</li> <li>□</li> </ul>
Network	<ul style="list-style-type: none"> <li>○ Unify &amp; Interconnect our networks</li> <li>○ Sale of Completel's DSL network</li> <li>○ Optimise our IT systems</li> </ul>	<ul style="list-style-type: none"> <li>✓</li> <li>✓</li> <li>✓</li> </ul>	<ul style="list-style-type: none"> <li>✓</li> <li>□</li> <li>✓</li> </ul>	<ul style="list-style-type: none"> <li>□</li> <li>□</li> <li>□</li> </ul>
Other	<ul style="list-style-type: none"> <li>○ Extract more value from media content</li> <li>○ Rationalise real estate portfolio</li> <li>○ Review handset purchasing and subsidisation strategy</li> <li>○ Implement new business model with technical suppliers</li> <li>○ Reduce our G&amp;A expenditure</li> </ul>	<ul style="list-style-type: none"> <li>✓</li> <li>✓</li> <li>✓</li> <li>✓</li> <li>✓</li> </ul>	<ul style="list-style-type: none"> <li>✓</li> <li>✓</li> <li>✓</li> <li>✓</li> <li>✓</li> </ul>	<ul style="list-style-type: none"> <li>□</li> <li>□</li> <li>□</li> <li>□</li> <li>□</li> </ul>

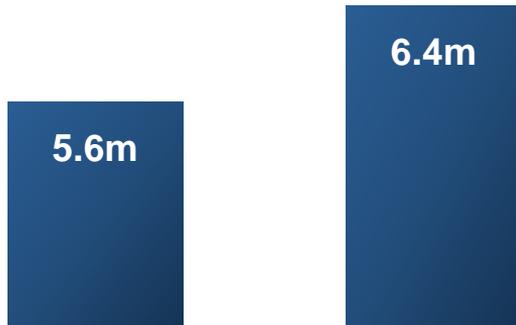
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## Fiber & 4G Roll-out Momentum



### FIBRE

N°1

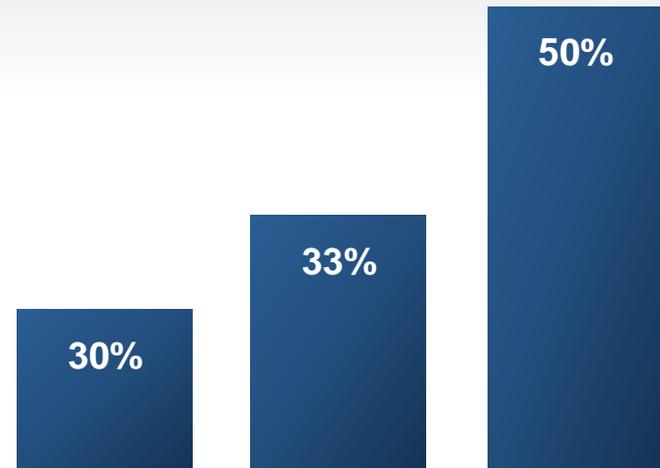


Q4-13

Q4-14

15% growth in Fiber Homes Passed in 2014

### 4G



Q2-14

Q3-14

Q4-14

20% pts increase in 4G coverage in H2 2014

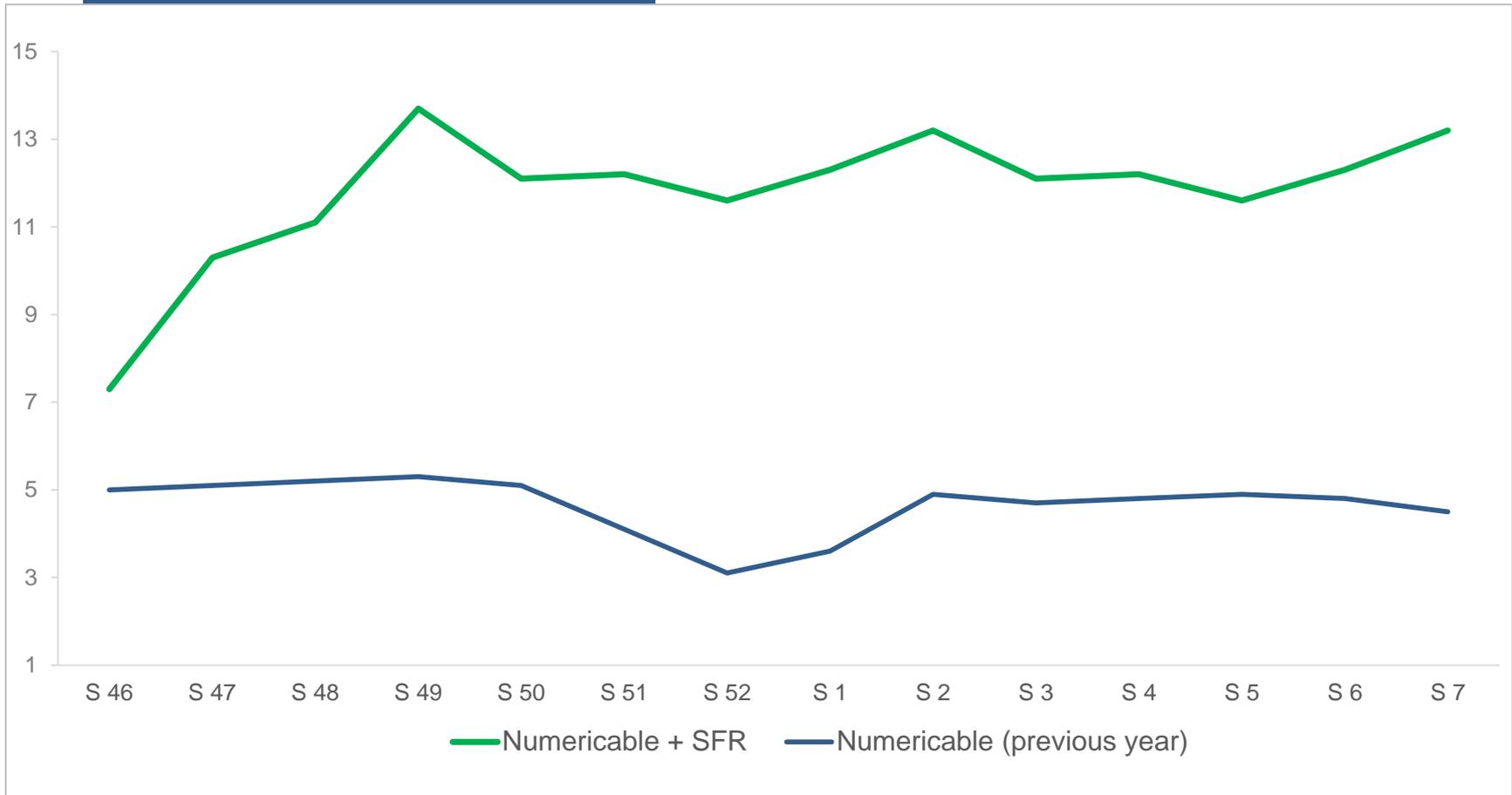
Clear leader in Fiber with 12m homes passed target by end 2017 and 15m by end 2020

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Strong Growth Momentum in Fiber since November 2014



Weekly Client Gross Adds ('000)



**Numericable-SFR fiber Gross Adds are 2.5x higher than Numericable stand alone**

# Numericable-SFR

## B2C Fixed

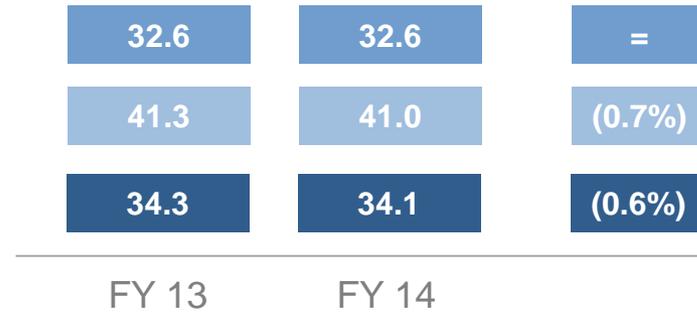
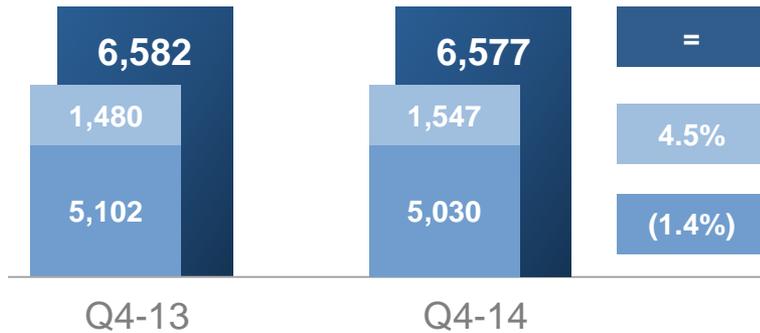


### Fixed Customers in 000's

### ARPU in €

■ Total ■ ADSL ■ Cable

■ Total ■ ADSL ■ Cable



Stable customer base and ARPU with growing cable compensating for decline in ADSL

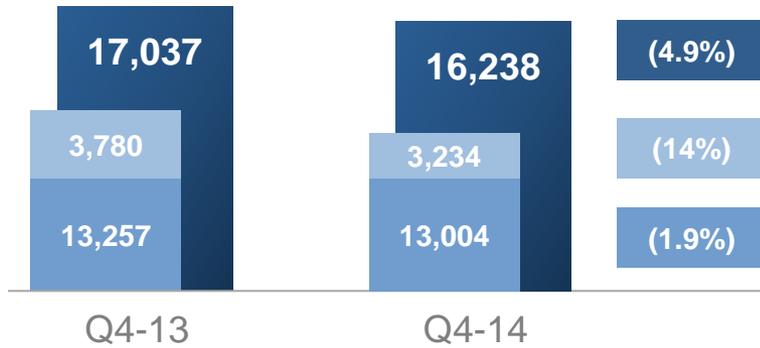
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## B2C Mobile



### Mobile Customers in 000's

■ Total Base   ■ Postpaid   ■ Prepaid



Q4-13

Q4-14

77.8%

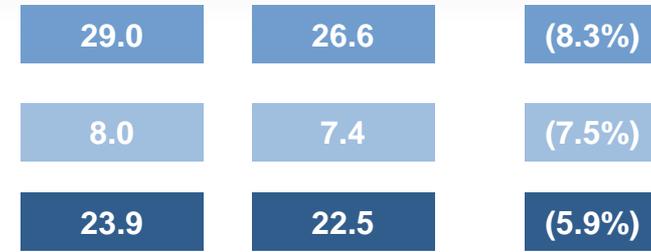
Postpaid

80.1%



### ARPU in €

■ Blended   ■ Postpaid   ■ Prepaid



FY 13

FY 14

B2C Mobile business still in decline but at a lower pace

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## B2B Mobile & Wholesale



### B2B Mobile subscribers in 000's

### White Label customers in 000's



Growth in B2B Mobile thanks to strong M2M Sales and positive growth in White Label

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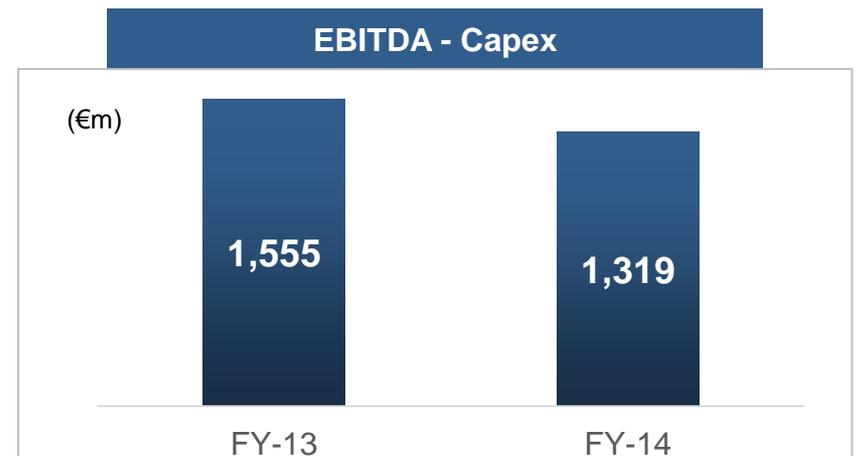
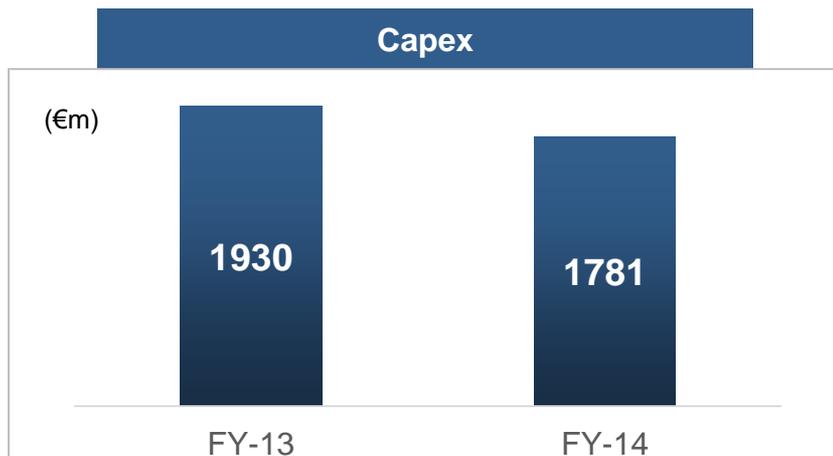
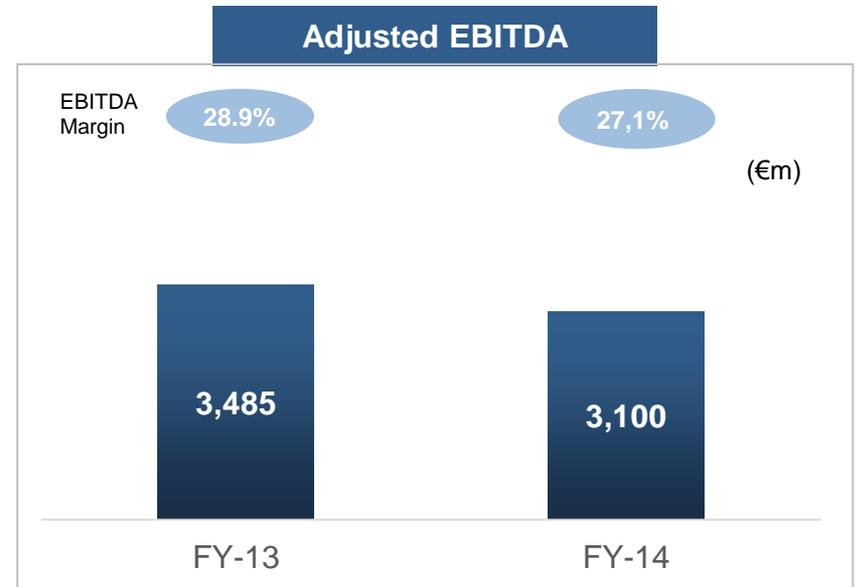
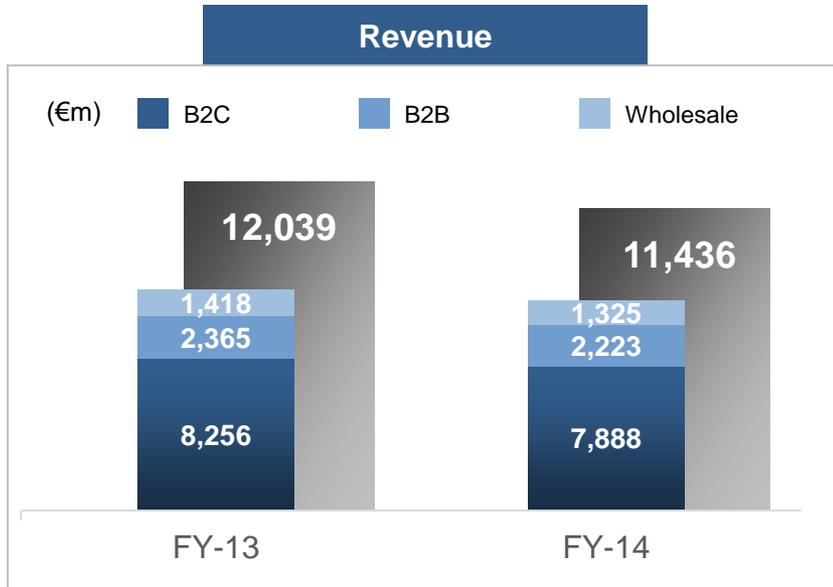


# Financial Review

Thierry Lemaitre, CFO Numericable-SFR

# Numericable-SFR

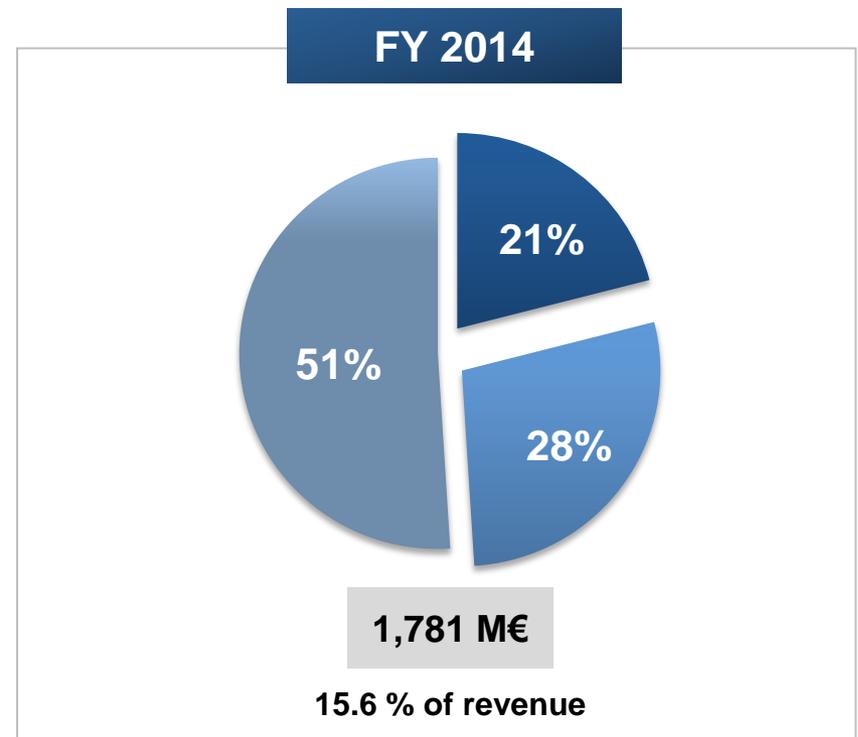
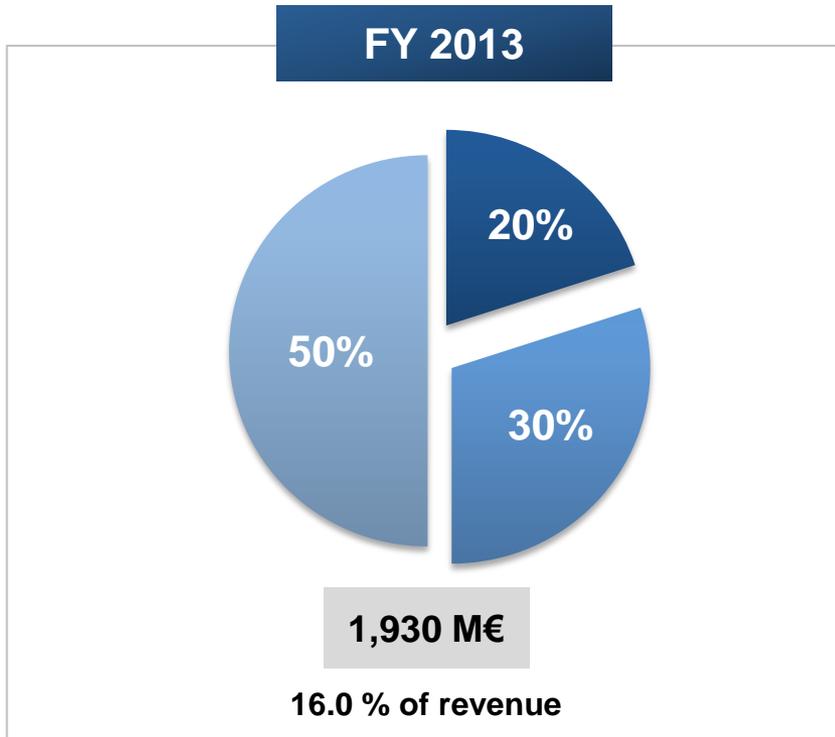
## Key Financials



<sup>1</sup> Proforma 2013 numbers previously released did not include the contributions from Virgin Mobile and Telindus, respectively 568m of revenue and 26m of EBITDA

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## Financials – Proforma CAPEX

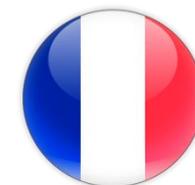


■ Maintenance   ■ Customer Acquisition   ■ Network Upgrade

**Numericable-SFR spent half of its capex on network renovation and upgrade in 2013 & 2014**

# Numericable-SFR

## Financials – Debt



### Debt and leverage

€ Million	Instrument Ccy Yield	Euros Yield (inc. Hedging)	Outstand.(Inst. Ccy)	Outstand. (Closing €)
<b>Cash</b>			<b>546</b>	<b>546</b>
<b>Debt</b>				
USD Notes	4,875%	4,9%	<b>7 775</b>	<b>5 623</b>
EUR Notes	6,000%	5,7%	<b>2 250</b>	<b>2 250</b>
USD Term Loans	L3M+3.75% (1)	E3M+4.21%	<b>2 600</b>	<b>1 880</b>
EUR Term Loans	E3M+3.75% (1)	E3M+3.75%	<b>1 900</b>	<b>1 900</b>
Other debt				<b>144</b>
<b>FX Effect (2)</b>				<b>1</b>
<b>Total debt</b>				<b>11 798</b>
<b>Net debt</b>				<b>11 252</b>
<b>Undrawn Facilities</b>				
Revolving Credit Facility				<b>750</b>
				<b>2014</b>
<b>Net leverage (PF LTM EBITDA)</b>				<b>3.6x</b>
<b>Net leverage (PF LTM EBITDA) including €350m of synergies</b>				<b>3.25x</b>

(1) With a 0.75% floor on both EURIBOR and LIBOR

(2) Gross debt revaluation compensated by the MtoM of the FX elements of the current derivatives

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# Appendix

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## Consolidated Net income



EUR Million	FY 2014
<b>EBITDA</b>	<b>569,1</b>
Depreciation and amortization	( 460,9)
<b>EBIT</b>	<b>108,1</b>
Cash Financial Expenses (recurring)	( 436,1)
Non cash Financial Expenses	( 54,7)
Exceptional Financial Expenses	( 108,9)
Income tax	312,9
Other	3,6
<b>Net income (loss)</b>	<b>( 175,1)</b>

Interests incurred on EUR 11,7bn of debt since May 14

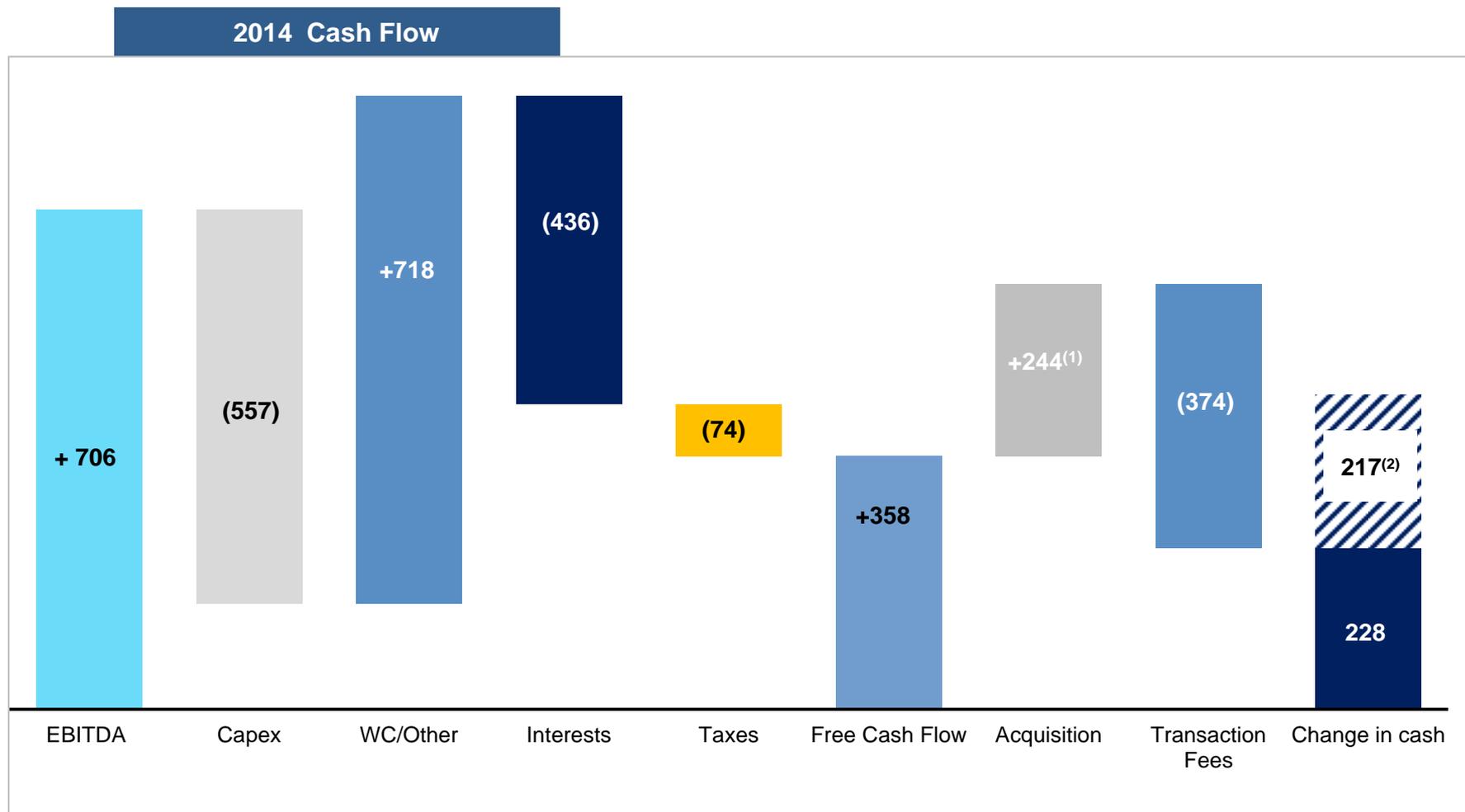
Up-front fees amortization

HY make-whole  
Write-off of old debt up-front fees

Of which EUR 271 M of NOLs activation

# Numericable-SFR

## Financials – Consolidated Cash Flow



(1) EUR 13.4bn (SFR's cash elements) + EUR 0.3bn (Virgin) financed by Capital Increase (EUR 4.7bn), Debt Increase (EUR 9.0bn= EUR 11.6bn new debt minus EUR 2.7 refinanced at Numericable) and Vivendi's Contribution (EUR 0.2M)

(2) Cash acquired from Virgin and SFR