



iliad
GROUP

H1 2020 RESULTS

September 3, 2020

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H1 2020 REVIEW

THOMAS REYNAUD – GROUP CEO

H1 2020: HIGHLIGHTS

1 | GOOD SALES MOMENTUM

- **Number 1** in Q2 for Broadband net adds for the first time in 7 years
- **Leader for Fiber** net adds in France for the 5th consecutive quarter
- Best performance for Free Mobile since Q1 18 with **80,000** net adds in Q2
- **6.3** million subscribers in Italy, **8%** market share won in 2 years

2 | FOCUS ON NETWORK ROLLOUTS

- Good rollout momentum despite lockdown constraints
- Large-scale use of 700MHz 4G frequencies
- More than 17 million sockets eligible for Free Fiber, presence in all regions of Metropolitan France
- Acceleration of the rollout in Italy: **> 5,000** sites by end-2020

3 | SOLID ECONOMIC PERFORMANCE DESPITE IMPACT OF COVID-19

- Group revenues up **6.7%** in Q2
- **Higher profitability** in France and Italy
- Operating cash flow well on track
- Supportive, united and resilient during the crisis despite a negative impact of tens of millions of euros
- Keeping our job creation promises

4 | PURSUIT OF OUR ODYSSEY 2024 PLAN

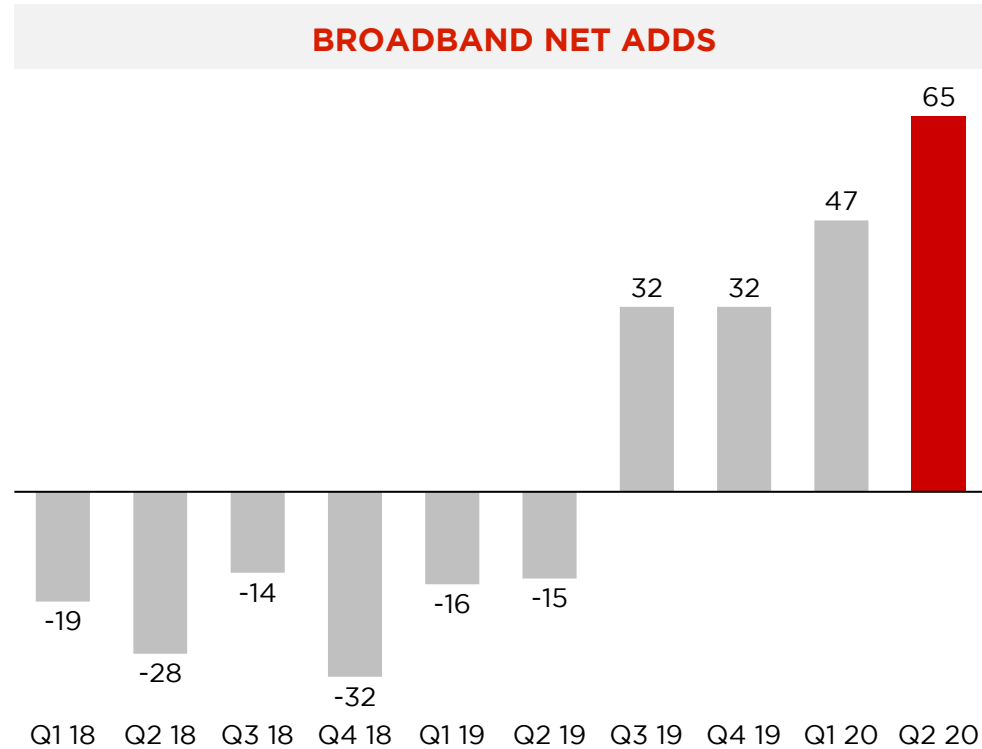
- **Upward revision of our targets for Fiber in France**
- Differentiation through innovation (launch of Freebox Pop)
- Full usage of 700MHz frequencies across France
- B2B offers in France on the launchpad
- Planning launch of our Fixed business in Italy



**SOLID SALES
PERFORMANCE**

BROADBAND:

GOOD MOMENTUM MAINTAINED DURING THE HEALTH CRISIS



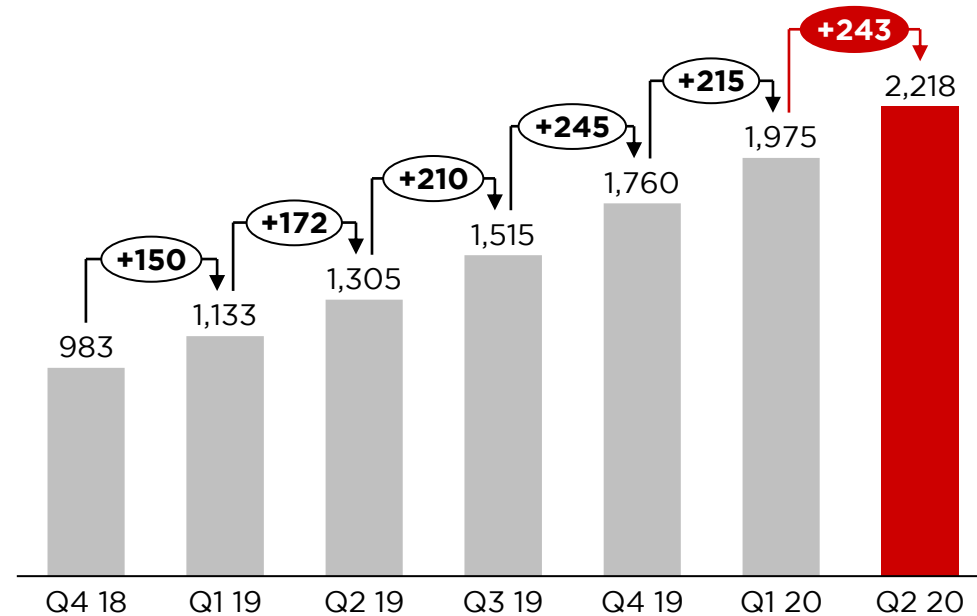
- Best sales performance since Q1 2017
- Leader in Broadband net adds for the first time in 7 years

FIBER:

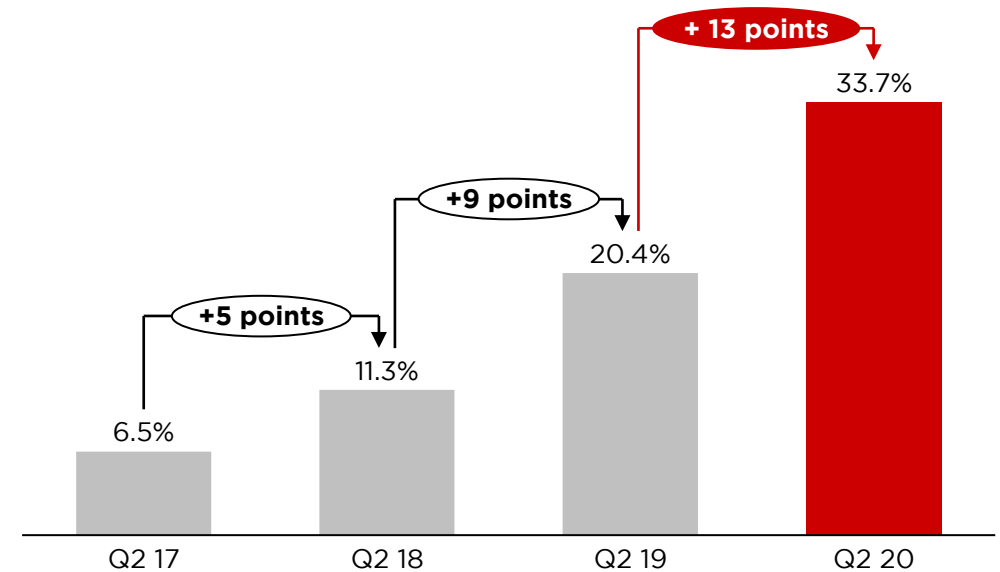
STRONG NUMBERS DESPITE COVID-19 IMPACT ON INSTALLATIONS



FTTH SUBSCRIBER BASE (000s)



FTTH PENETRATION RATE



- **Our target of 2m FTTH subscribers by 2020 was reached in May**
- Growth of FTTH subscriber base ahead of the targets in our Odyssey 2024 Plan
- Free was no.1 for FTTH net adds for the 5th consecutive quarter

BROADBAND: INNOVATION & SIMPLICITY



Freebox **Pop.**



Freebox **Delta**

BROADBAND: FREEBOX POP: SMALLER, FASTER, GREENER



a new TV interface: Free by OQEE.

an exceptional TV Player.

**almost-live highlights of all Ligue 1 Uber Eats
football matches.**

access to the best TV content .

fast and ultra-high-performance Wi-Fi.

premium Wi-Fi Repeater included.

ultra-fast Fiber.

a reduced environmental footprint.

the Freebox Pop bonus: the Free Mobile plan at half price.

€29.99
/month
for 1 year, then €39.99/month
No commitment



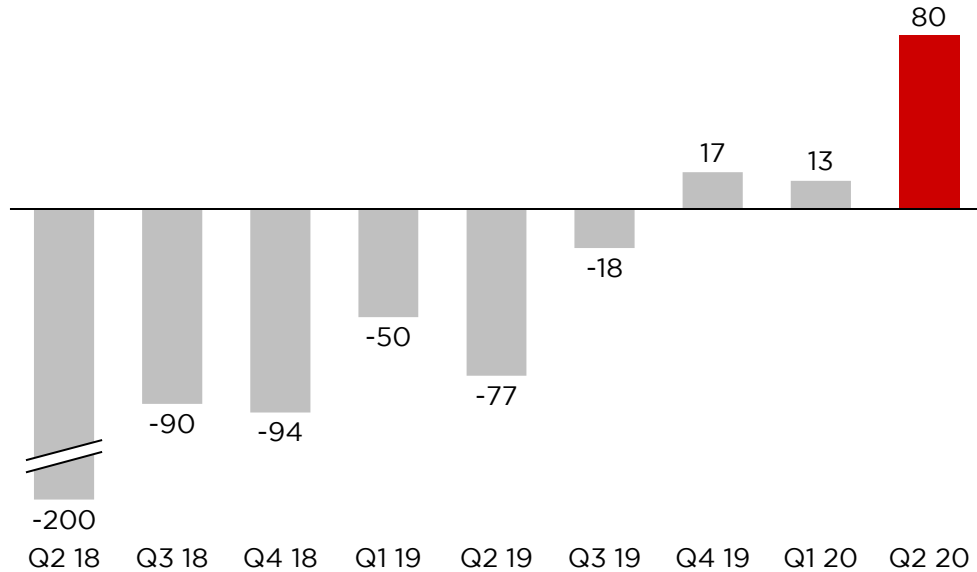
DIFFERENTIATION THROUGH INNOVATION



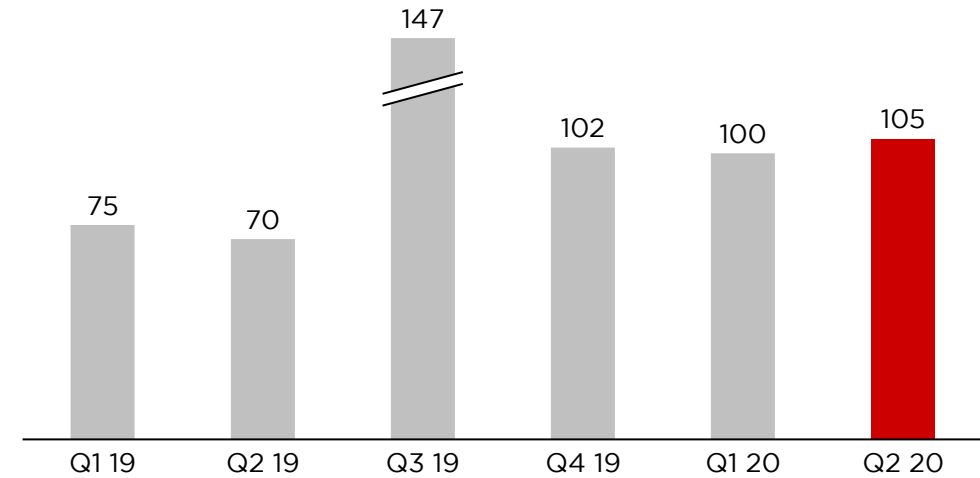
MOBILE: SOLID SALES MOMENTUM



TOTAL MOBILE NET ADDS (000s)



4G MOBILE NET ADDS (000s)



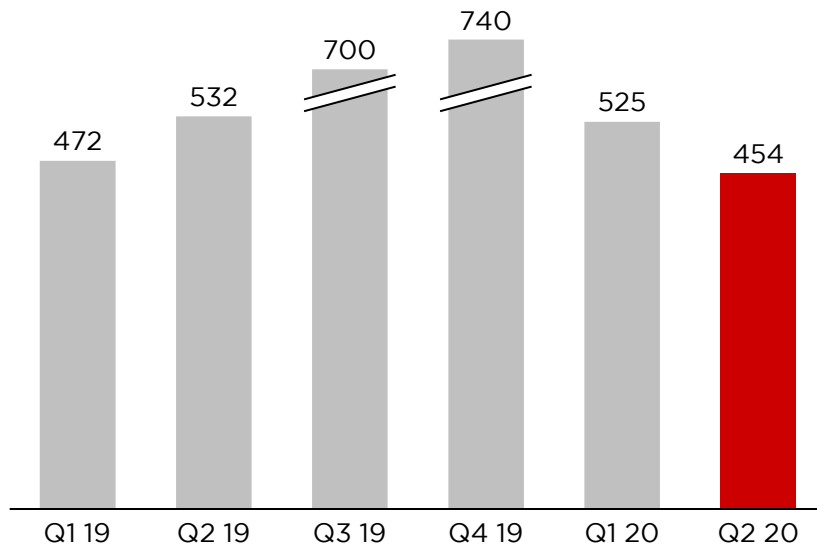
- 3rd consecutive quarter of positive net adds thanks to:
 - Sustained 4G momentum
 - Positive feedback from our efforts to support subscribers during the lockdown period
 - NPS up with improved network quality

ITALY:

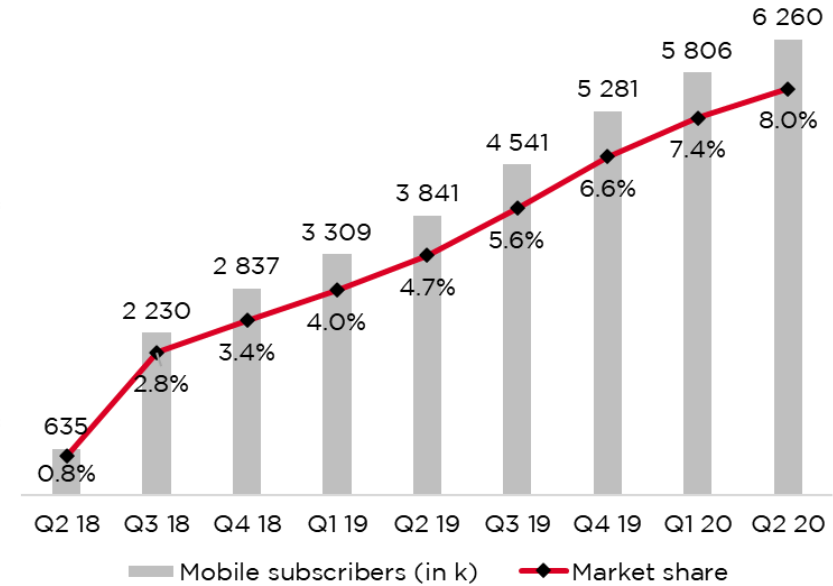
STRONG DURING THE CRISIS, STRONGER AFTER



MOBILE NET ADDS (000s)



MOBILE SUBSCRIBER BASE (000s)⁽¹⁾



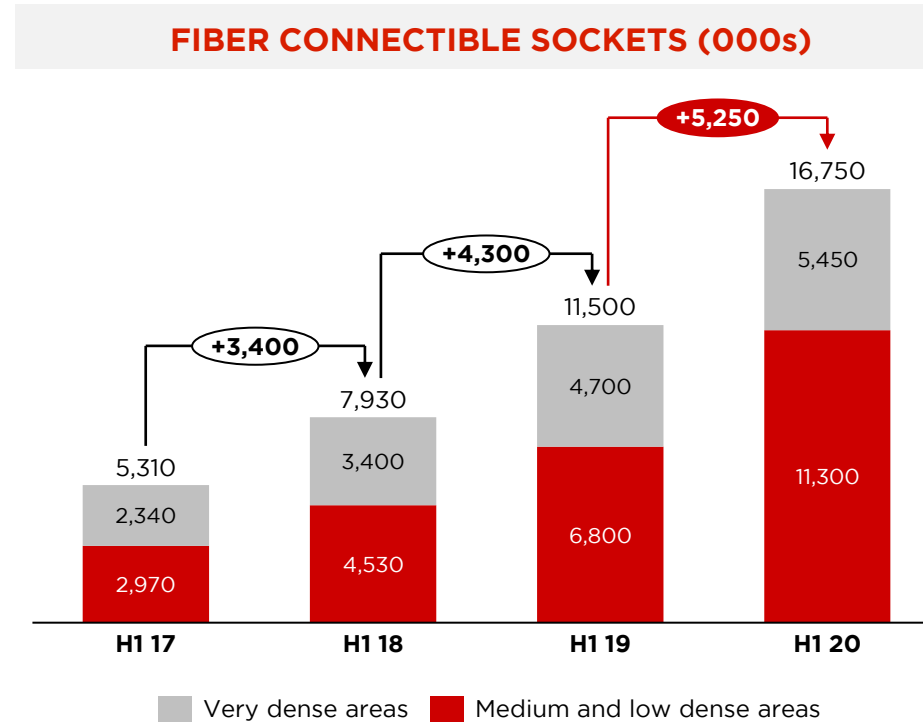
- Strong sales performance despite lockdown
- Ongoing expansion of commercial footprint: +240 Simboxes in 12 months
- **Threshold of 6 million** subscribers passed, **8%** market shares

(1) Market shares calculated using AGCOM Quarterly Report / Human SIMs only / Q1 20 & Q2 20 based on Q1 20 numbers for the market



FOCUS ON NETWORK ROLLOUTS

FIBER: COVERAGE FOR OVER HALF OF THE FRENCH POPULATION



UPWARD REVISION OF FIBER TARGETS DUE TO STRONGER-THAN-EXPECTED DEMAND



Date of the guidance	Guidance	Results achieved	
FY results 2017 (March 2018)	<ul style="list-style-type: none"> Between 300k and 500k new FTTH subscribers from 2018 	2018: 427k FTTH net adds	✓
Q1 sales 2018 (May 2018)	<ul style="list-style-type: none"> Between 300k and 500k new FTTH subscribers in 2018, around 500k per year from 2019 Reach 1 million FTTH subscribers in early 2019 	1 million threshold passed in January 2019	✓
FY results 2018 (March 2019)	<ul style="list-style-type: none"> More than 500k new FTTH subscribers per year 	2019: 777k FTTH net adds	✓
Q1 sales 2019 (May 2019)	<ul style="list-style-type: none"> More than 500k new FTTH subscribers per year 2 million FTTH subscribers by 2020 More than 4.5 million FTTH subscribers by 2024 	<p>2 million threshold passed in May 2020</p> <p>913k FTTH net adds over the last 12 months (Q2 2019-Q2 2020)</p>	✓

**New targets
2020 & 2024**

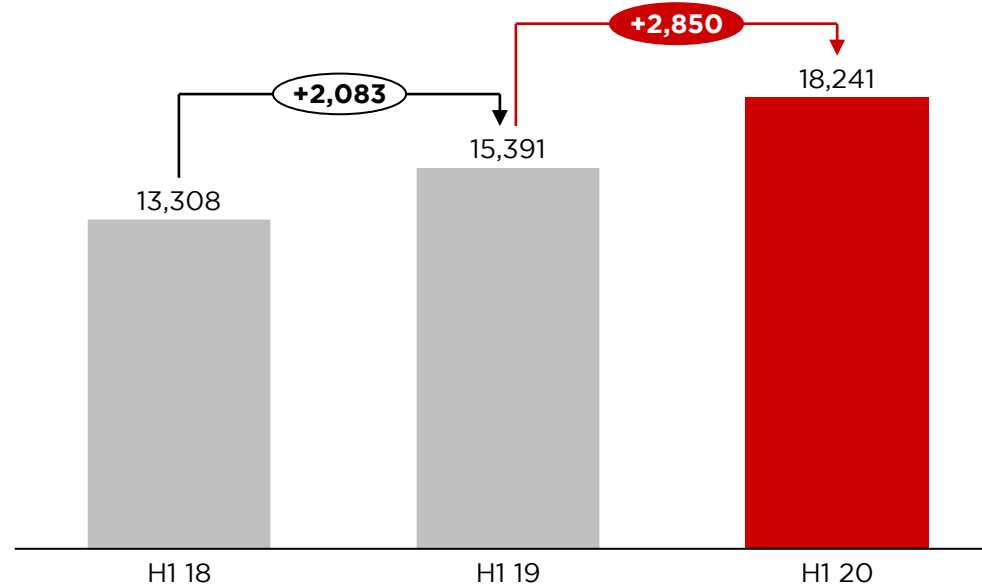
2.8 million FTTH subscribers by 2020

>5 million FTTH subscribers by 2024

MOBILE: SUSTAINED NETWORK ROLLOUT



MOBILE NETWORK ROLLOUT⁽¹⁾



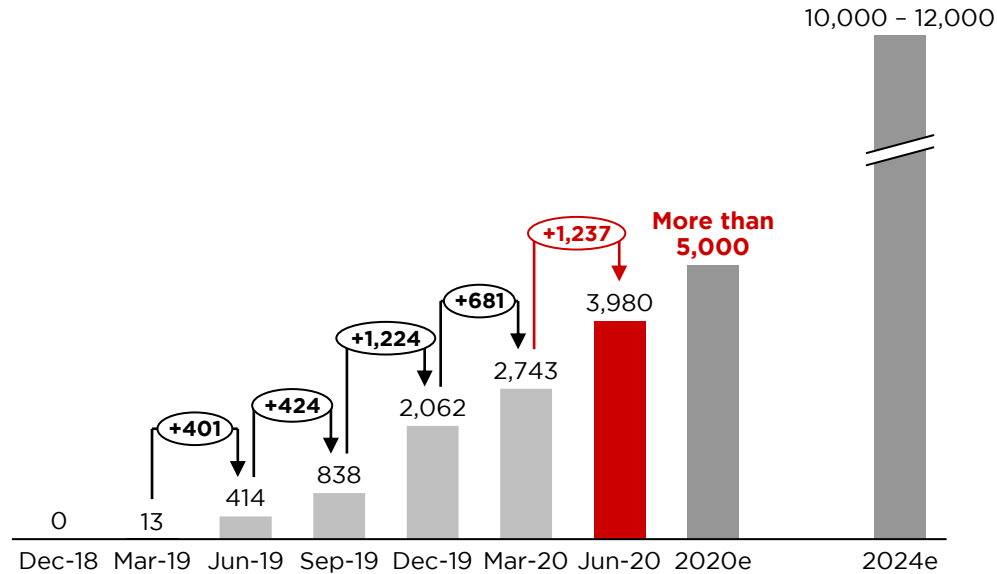
- Population coverage levels close to peers: **>98%** in 3G, **>97%** in 4G, mobile NPS is up to 30
- Network rollout expected to slow down in H2 due to COVID-19

(1) ANFR

ITALY: ACTIVE NETWORK ROLLOUT



ACTIVE MOBILE SITES



ACTIVE SITES MAPPING (JUNE 2020)



- More than **1,200** new sites activated during Q2
- Around **5,800** sites equipped at end-June



**GOOD FINANCIAL
PERFORMANCE
DESPITE COVID-19
IMPACTS**

A SOLID QUARTER DESPITE THE CRISIS

SOLID FINANCIAL PERFORMANCE

- Solid revenue growth (**+6.7%** in Q2)
- **France:** higher profitability and stronger cashflow generation
- **Italy:** strong reduction in start-up losses and positive gross profit
- **Group:** positive operating cash flow and a healthy balance sheet

STRONG THROUGH THE COVID CRISIS

- Keeping our promises on job growth (**>1,000 hires**)
- **Continuation of network rollouts** although a slowdown is expected following COVID-19
- Support measures during lockdowns in France & Italy
- **Total costs of COVID-19 crisis amounting to tens of millions of euros**



ON TRACK WITH OUR ODYSSEY 2024 PLAN

ODYSSEY 2024 - ROADMAP

4 growth drivers



FTTH

30 MILLION CONNECTIBLE SOCKETS BY 2024
OVER 4.5 MILLION FIBER SUBSCRIBERS

Achievements as of June 2020

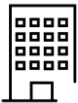
- **No.1** for fibre net adds for the last 5 quarters
- **17m** FTTH connectible sockets
- Launch of the **FREEBOX POP**
- 2020 target of **2 million** FTTH subscribers reached in May, upward revision of 2020 & 2024 targets



MOBILE

LATEST-GENERATION 4G/5G NETWORK
MORE THAN 25,000 SITES BY 2024
80% OF SUBSCRIBERS ON THE 4G PLAN BY 2024
COMBINED SERVICE/HANDSET OFFERINGS

- **94%** of our 4G sites have been upgraded for 700MHz
- Mobile NPS at **30** in May 2020
- **63%** of subscribers on the 4G Plan
- Return to **positive net adds**



B2B

ADDRESSING THE €9-12BN B2B MARKET
4% TO 5% MARKET SHARE BY 2024
€400M TO €500M IN REVENUES BY 2024

- Integration of Jaguar Network completed
- B2B revenues (Jaguar + Online B2B activities) of **€35 million** in H1 2020
- **Launch of B2B offers in coming weeks**



ITALY

HAVE 10,000 TO 12,000 SITES BY 2024
OVER €1.5 BILLION IN REVENUES IN THE LONG TERM
EBITDA BREAK EVEN WITH A MARKET SHARE BELOW 10%

- **4k** mobile sites activated, **2020 guidance raised** to **above 5,000**
- **>8%** market share won in 24 months
- Launch of our fixed offers before next Summer

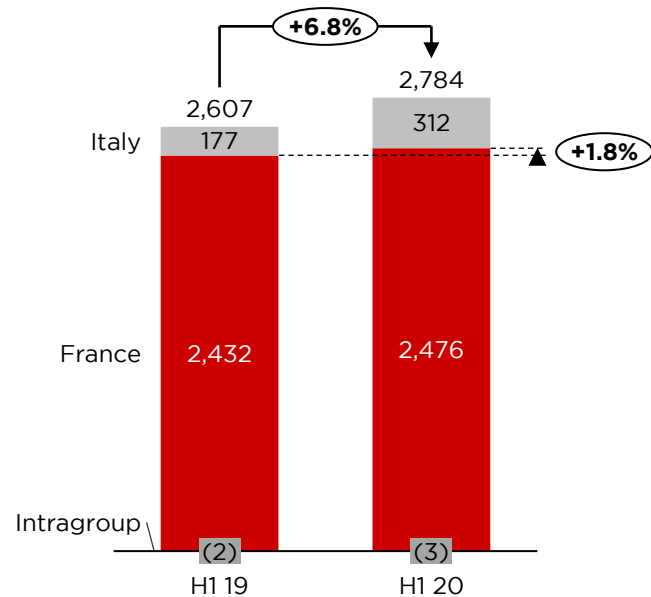


FINANCIAL REVIEW

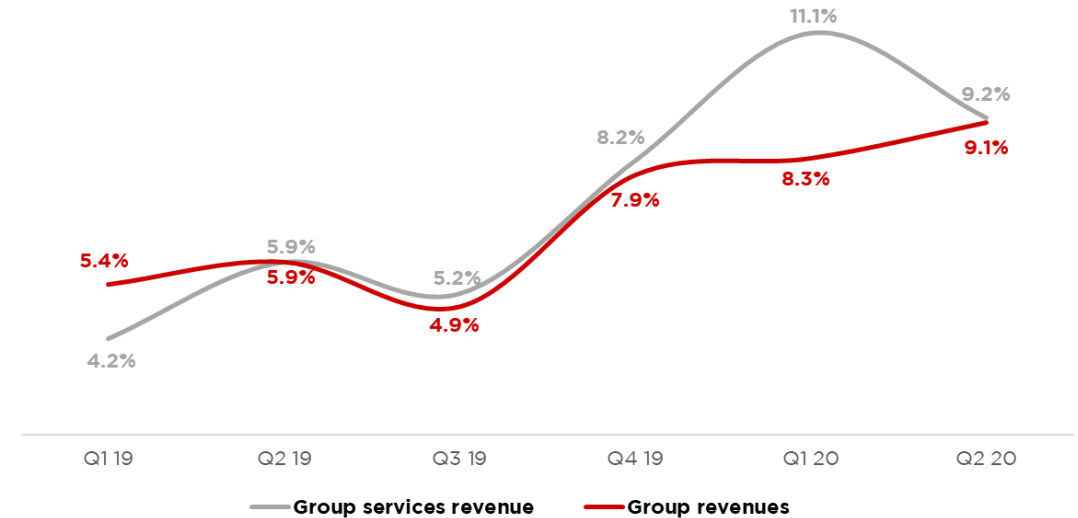
NICOLAS JAEGER - GROUP CFO

H1 2020 GROUP - REVENUES

HALF YEAR REVENUES (€m)



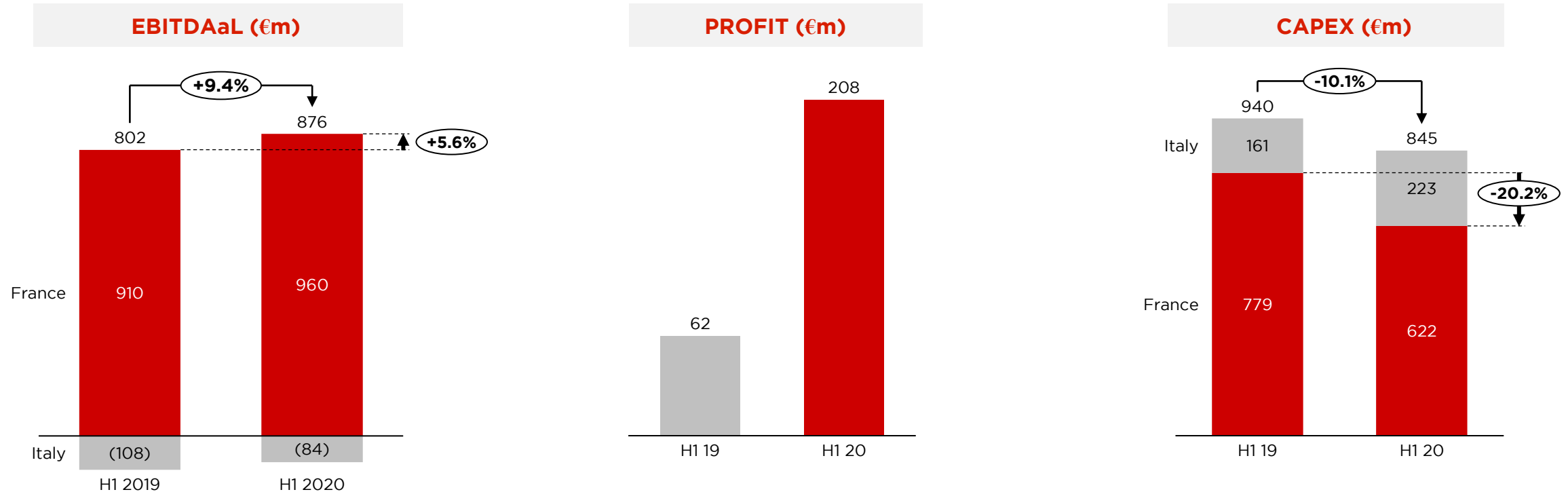
QUARTERLY ORGANIC REVENUE GROWTH⁽¹⁾



- Total Group revenues up **6.8%** as reported in H1 20 (**6.7%** in Q2 20) and **8.7%** on an organic basis (**9.1%** in Q2 20)
- Services revenues up **8.1%** as reported in H1 20 (**6.7%** in Q2 20) and **10.2%** on an organic basis (**9.2%** in Q2 20)
- Negative impact on revenues from COVID-19 in Q2 deriving from revenues given up on out-of-bundle usage during lockdown, lower roaming out revenues and lower SIM activation fees

(1) Organic growth: excludes M&A and impact of e-books

H1 2020 GROUP - PROFITABILITY

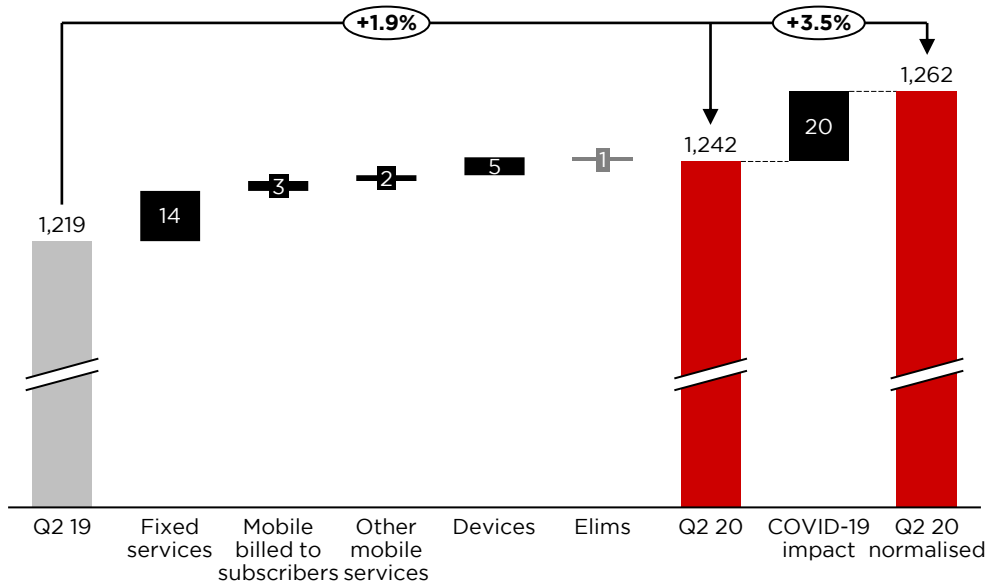


- France EBITDAaL up **5.6%** in H1 20 with operating leverage and lower roaming charges absorbing the unwind of the e-books offering, higher rental charges and COVID-19 negative impact
- H1 2020 profit inflated by disposal gains on the Fiber deal with InfraVia
- Capex down **10%** despite robust investments in networks in France and Italy

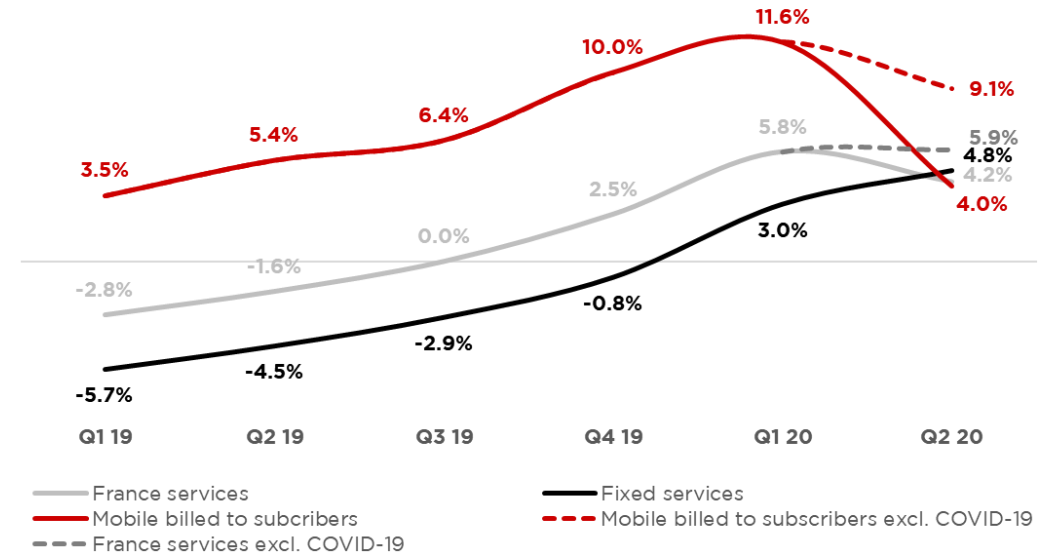
Q2 2020 REVENUES



MAIN DRIVERS OF FRANCE REVENUES (€m)



QUARTERLY ORGANIC REVENUE GROWTH⁽¹⁾



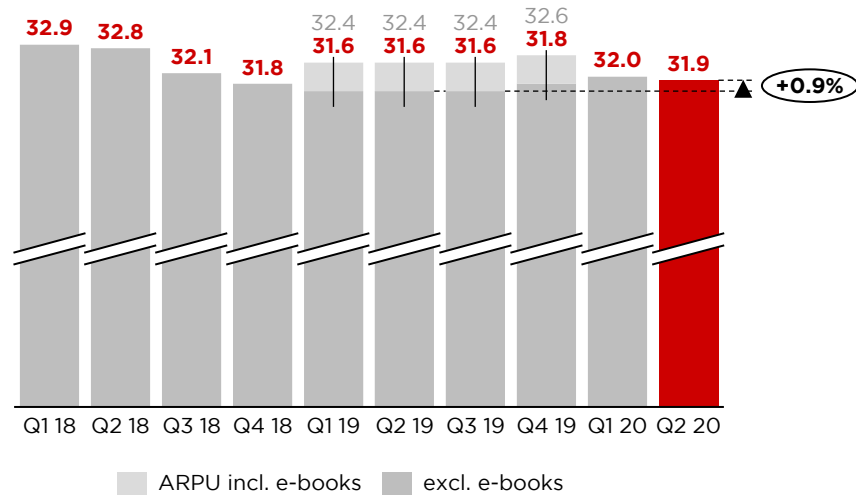
- France revenues increased by **1.9%** YoY in Q2 20 (**1.8%** in H1 20), with services revenues up **1.6%** YoY (**2.9%** in H1 20)
- Growth in France dented by COVID-19:
 - Mobile billed to subscribers up **0.7%** (**4.0%** excluding impact of e-books), **~€20m negative impact of COVID-19**
 - Fixed services revenues up **4.7%** excluding impact of e-books
- Devices sales up **9.6%** YoY

(1) Organic growth: excludes M&A and impact of e-books

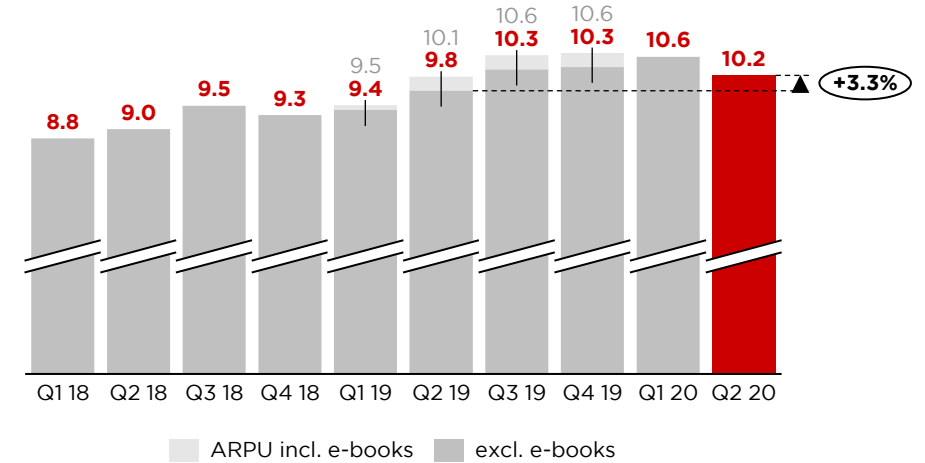
SOLID ARPU TRENDS



FIXED ARPU (€)



MOBILE ARPU (BILLED TO SUBSCRIBERS, €)

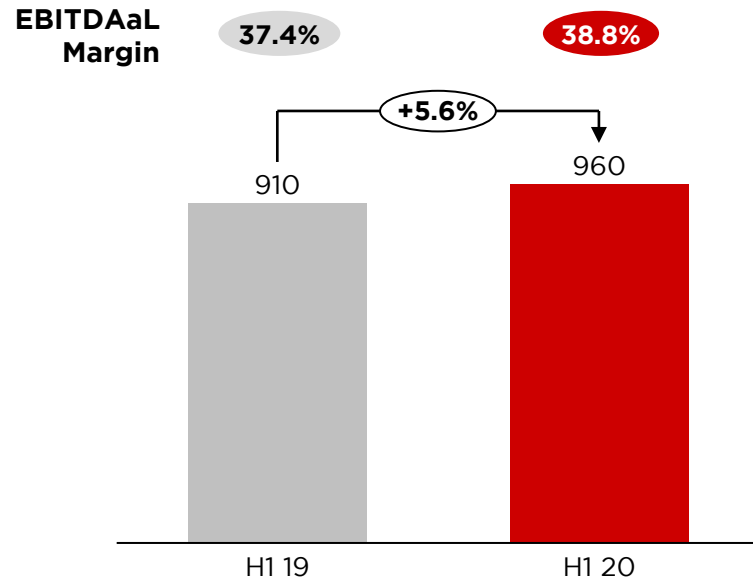


- **Continued improvement in the subscriber mix:**
 - **63%** of mobile base on 4G offer
 - **c34%** of broadband subscriber base on FTTH
- **Mobile ARPU:** (+) positive impact from migrations / upsells (-) COVID-19 impact
- **Fixed ARPU:** slight reduction QoQ due to lower migration fees and dilution from new customers with discount for the 1st year

EBITDAaL

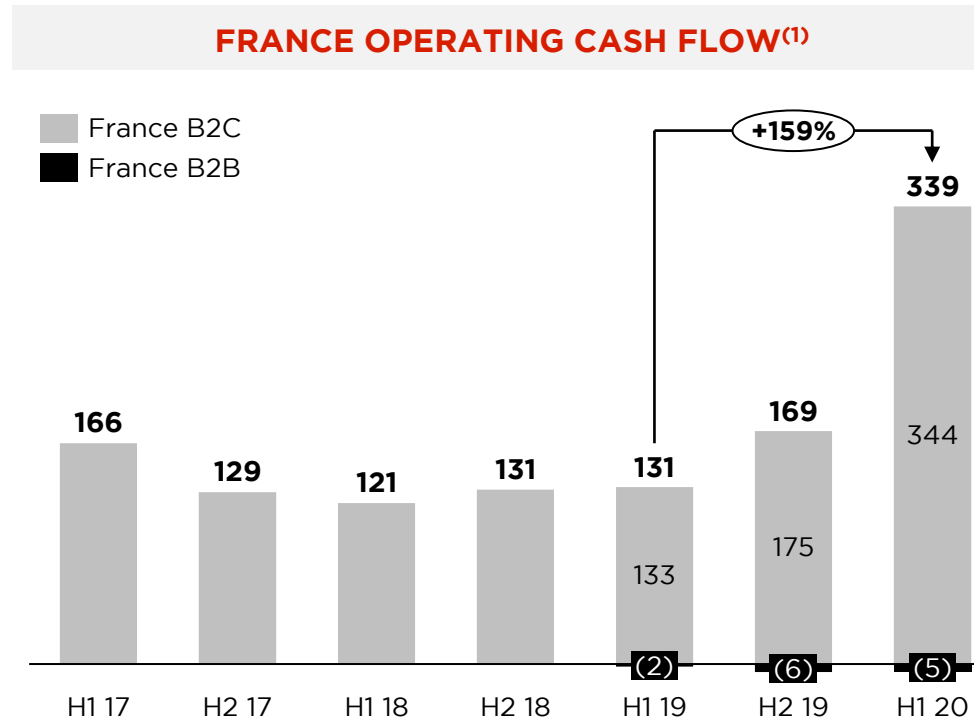


FRANCE EBITDAaL



- + Operating leverage (essentially from mobile)
- + Lower roaming fees
- + Unbundling fees savings in very dense areas
- Loss of high margin out-of-bundle revenues
- Tower rental costs
- Fiber opex outside very dense areas
- Distribution costs with 30+ stores opening

CASH FLOW PROFILE IMPROVING IN FRANCE

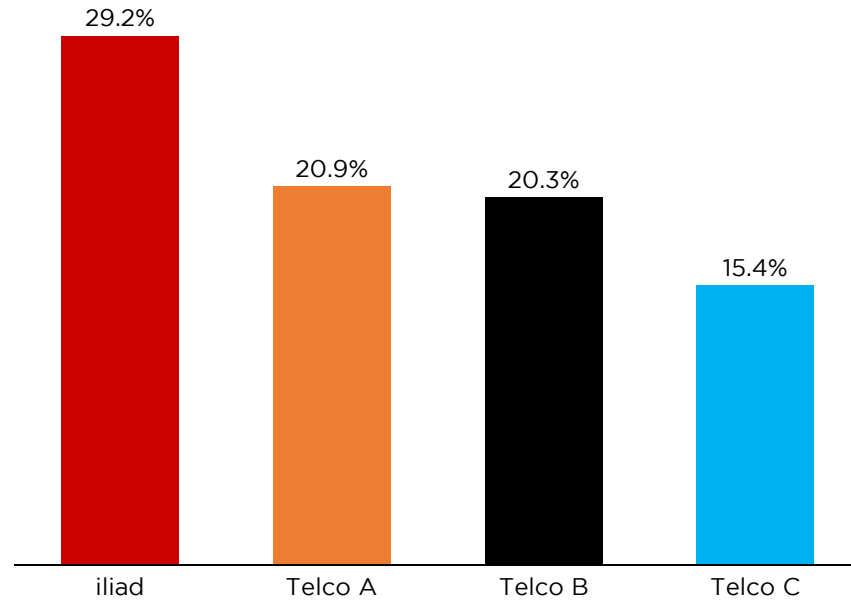


(1) Operating Cash Flow: EBITDAaL less Capex excluding spectrum & frequencies

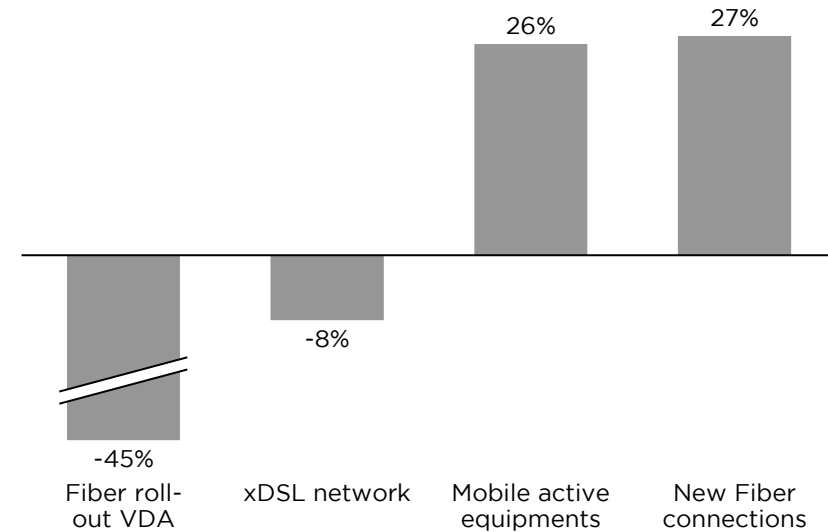
LOWER CAPEX INTENSITY BUT STILL THE LEADING INVESTOR



CAPEX INTENSITY LAST TWELVE MONTHS⁽¹⁾



CAPEX SOURCING FUTURE GROWTH (YoY%)



- Capex increasingly success-driven (new Fiber connections, new Freebox) and focus led on improving the customer experience

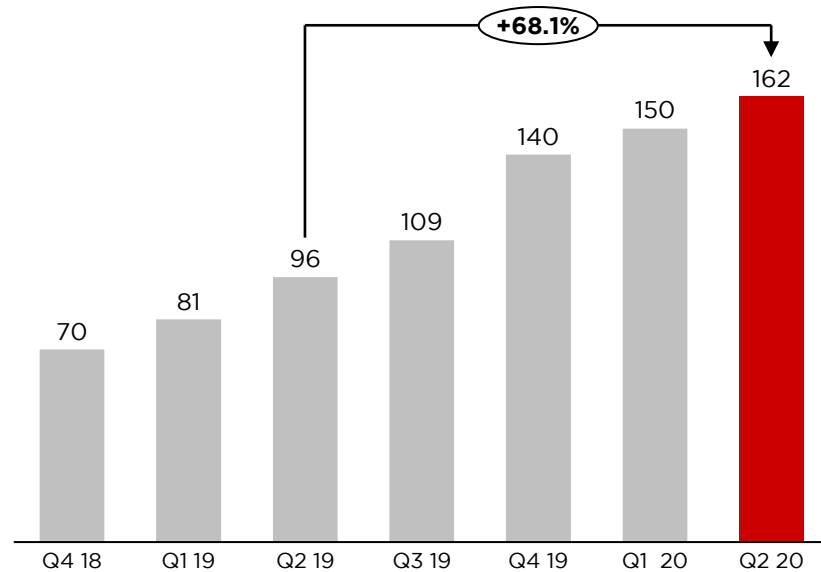
(1) Net capex / sales

ITALY:

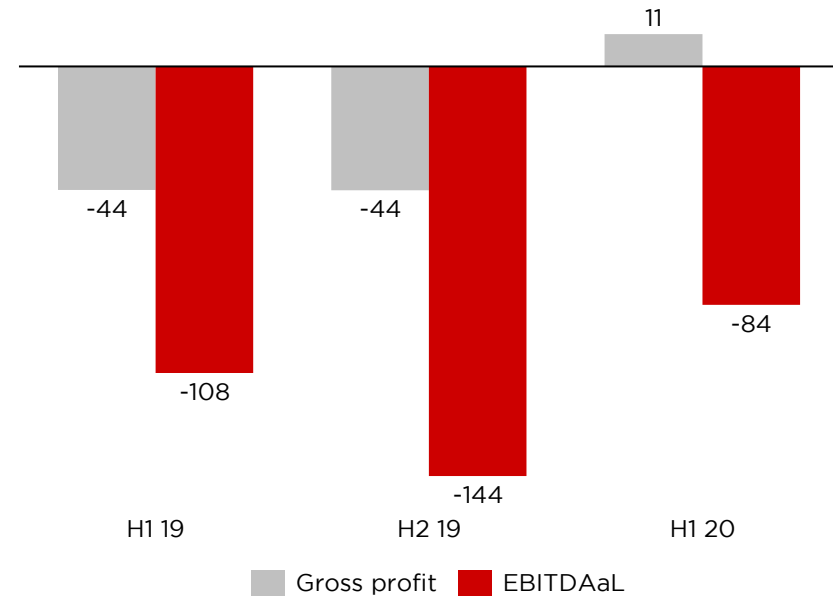
BREAK-EVEN POINT REACHED AT GROSS PROFIT LEVEL



QUARTERLY REVENUES (€m)

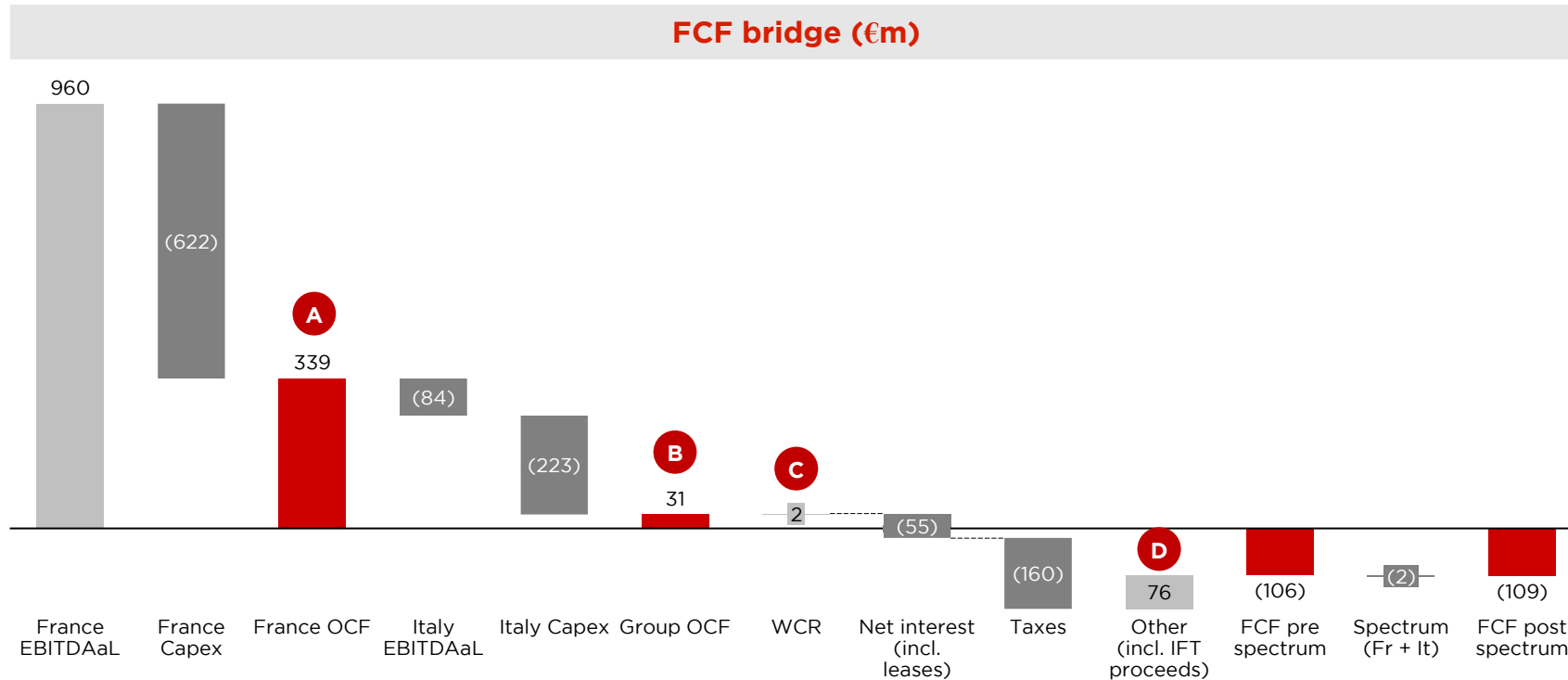


PROFITABILITY (€m)



- Acceleration in QoQ revenue growth in Q2, despite significant impact of COVID-19 on sales momentum
- **Break-even at gross profit level**
- Strong reduction in EBITDAaL losses, reflecting higher portion of traffic carried on our own mobile network

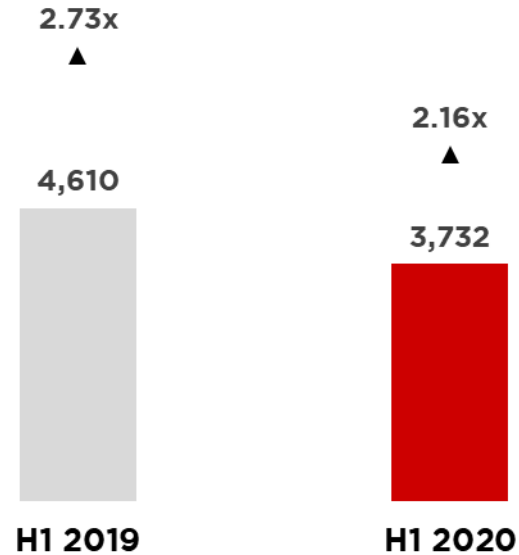
FCF BRIDGE



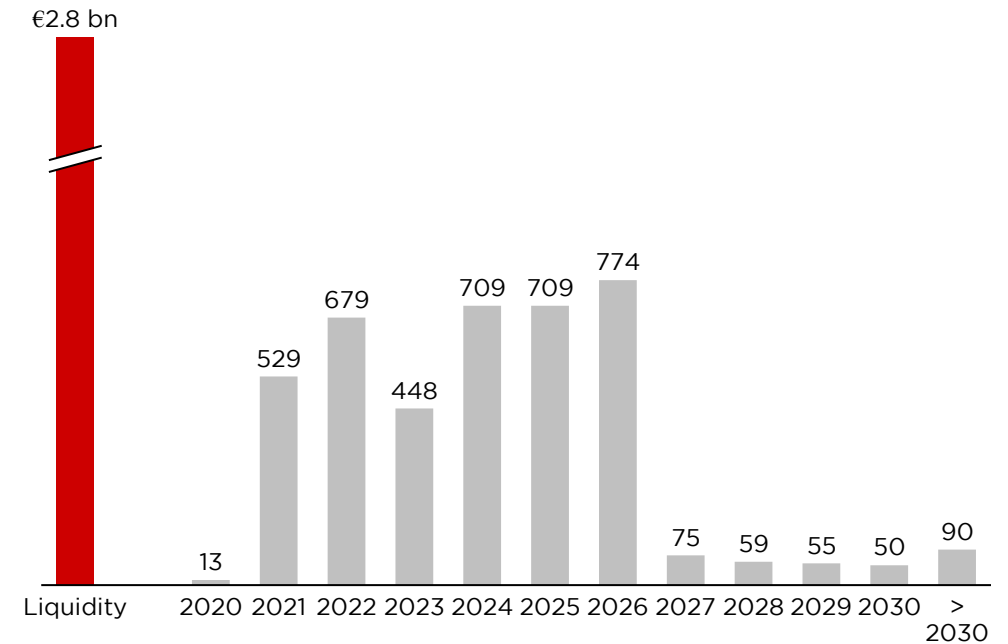
- A** France OCF in H1 20 up by €208 million YoY (negative contribution of €5 million from B2B)
- B** Italy OCF losses absorbed by France OCF
- C** Broadly flat contribution of working capital
- D** Net proceeds from Fiber deal with Infravia partially offset by variations of perimeter and assets held for sale

DEBT: COMFORTABLE MATURITY PROFILE AND LEVERAGE UNDER CONTROL

Group net debt (€m) and leverage (xEBITDAaL)



Group debt maturity profile at end-June 2020 (€m)



- Solid balance sheet - **2.16x** leverage post Infravia deal
- Success of our 2026 bond issued in June (€650m / coupon 2.375%)
- Ample liquidity to meet upcoming maturities
- Average maturity **> 4 years**



OUTLOOK

NICOLAS JAEGER – GROUP CFO

GUIDANCE FOR FRANCE & ITALY

FRANCE

FIXED

- Achieve a 25% share of the Broadband and Ultra-Fast Broadband market in the long term
- Have 2.8m FTTH subscribers by end-2020 and more than 5m by end-2024 **(revised)**
- Have 22m connectible Fiber sockets by end-2022 and around 30m by end-2024

MOBILE

- Have more than 80% of the subscriber base signed up to the Free Mobile Unlimited 4G Plan 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

FINANCIALS

- Generate EBITDAaL margin (excluding B2B and sales of devices) of over 40% in 2020
- Considering the strong demand for Fiber, achieve an EBITDAaL less Capex (excluding B2B activities) of more than €700 million in 2020 **(revised)**
- Achieve an EBITDAaL less Capex of around €900 million in 2021 **(revised)**

ITALY

MOBILE

- Have over 5,000 activated mobile sites by end-2020 **(revised)**
- Have rolled out between 10,000 and 12,000 mobile sites by end-2024

FIXED

- Launch before Summer 2021 **(new)**

FINANCIALS

- Based on having more than 5,000 activated mobile sites at end-2020, we expect EBITDAaL losses to be lower in 2020 than in 2019
- Achieve EBITDAaL break-even with a market share of less than 10%
- Generate €1.5bn in revenues in Italy in the long term

APPENDIX

GROUP REVENUES

€m	2018								2019								2020		
	Q1	Q2	H1	Q3	9M	Q4	H2	FY	Q1	Q2	H1	Q3	9M	Q4	H2	FY	Q1	Q2	H1
France	1,201	1,194	2,395	1,190	3,585	1,183	2,373	4,768	1,213	1,219	2,432	1,229	3,661	1,251	2,485	4,917	1,233	1,242	2,475
Fixed services	672	660	1,332	654	1,986	644	1,298	2,630	654	658	1,312	661	1,973	666	1,327	2,640	663	672	1,336
Mobile services	476	486	962	492	1,454	482	974	1,936	487	510	997	524	1,521	527	1,057	2,054	527	514	1,041
o.w. invoiced to subscribers	365	373	738	385	1,123	375	760	1,498	384	405	789	423	1,212	425	848	1,636	422	408	830
Devices	56	50	106	46	152	50	96	202	73	53	126	45	171	59	104	229	45	58	103
Intra-group sales - France	(2)	(3)	(5)	(2)	(7)	(2)	(4)	(8)	(2)	(2)	(3)	(1)	(4)	(1)	(3)	(6)	(1)	(3)	(4)
Italy	-	9	9	46	55	70	116	125	81	96	177	109	286	140	250	427	150	162	312
Intra-group sales	-	-	-	-	-	-	-	-	(1)	(1)	(2)	(2)	(4)	(2)	(4)	(6)	(1)	(2)	(3)
Group revenues	1,201	1,203	2,404	1,236	3,640	1,251	2,487	4,891	1,293	1,314	2,607	1,336	3,943	1,389	2,725	5,332	1,382	1,402	2,784
o.w. services revenues	1,148	1,156	2,303	1,192	3,495	1,197	2,389	4,692	1,223	1,264	2,486	1,295	3,781	1,334	2,629	5,115	1,339	1,348	2,688

GROUP KPIs

	2018				2019				2020	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
FRANCE										
Mobile subscribers (000s)	13,825	13,625	13,535	13,441	13,391	13,314	13,296	13,313	13,326	13,406
<i>o.w. 4G plans</i>	7,369	7,555	7,744	7,783	7,858	7,928	8,075	8,177	8,278	8,383
<i>o.w. voice plan</i>	6,456	6,070	5,791	5,658	5,533	5,386	5,221	5,136	5,048	5,023
Mobile data usage (GB per month per subs) ⁽¹⁾	8.6	9.5	9.9	10.8	11.1	11.6	12.4	13.3	14.7	16.6
Broadband subscribers (000s)	6,501	6,473	6,459	6,427	6,411	6,396	6,428	6,460	6,507	6,572
<i>o.w. FTTH</i>	646	734	835	983	1,133	1,305	1,515	1,760	1,975	2,218
% FTTH penetration	9.9%	11.3%	12.9%	15.3%	17.7%	20.4%	23.6%	27.2%	30.4%	33.7%
Total subscriber base (000s)	20,326	20,098	19,994	19,868	19,802	19,710	19,724	19,773	19,833	19,978
Broadband & Ultra Fast Broadband ARPU (€ per month)	32.9	32.8	32.1	31.8	32.5	32.5	32.5	32.6	32.0	31.9
Mobile ARPU billed to subscribers (€ per month)	8.8	9.0	9.4	9.3	9.5	10.1	10.6	10.6	10.6	10.2
Connectible FTTH sockets	6,800	7,900	8,400	9,600	10,500	11,500	12,000	13,900	15,400	16,750
ITALY										
Mobile subscribers	-	635	2,230	2,837	3,309	3,841	4,541	5,281	5,806	6,260

(1) The calculation of average 4G data usage has changed as it now corresponds to the average for the quarter as a whole rather than the last month of the period. Prior-period comparatives have been restated.