



SFR First Quarter 2016 Results

SFR continues positive operational momentum in Q1 2016:

continued fiber customer net additions (+66k) and B2C mobile postpaid net losses of -28k (vs. -144k in Q1 2015) despite challenging market environment characterized by heavy promotions, high-end basis growing by +13k.

Operational momentum setting the base for improvement in revenue trends throughout 2016:

stabilized customer base, content enriched service bundles, pricing initiatives and improving market dynamics to drive significant top-line improvement vs. Q1 2016 (-6.1% YoY).

Accelerated re-investments into fiber/mobile networks and selective content:

leading 4G mobile site build out in France again in Q1 2016 (+985 sites, more than double peers) and accelerated fiber broadband coverage expansion (+420k homes passed in Q1 to total 8.1m, on track for 22m by 2022); #1 fiber coverage in France.

Key Strategic Update:

SFR: On 27 April 2016, SFR announced the acquisition of Altice N.V.'s 49% minority stake in NextRadioTV, a French media operator focused on mainstream news, sports, business, high-tech and discovery (including leading brands BFM and RMC); the proposed transaction values NextRadioTV at an enterprise value of €741m^(*) as the company is acquired at cost relative to the original price paid by Altice ; access to 100% of the economics. SFR also announced it had entered into exclusive negotiations to acquire Altice Media Group France at an enterprise value of €241m or 4.5x adjusted EBITDA pro forma for tax benefits and synergies.

These content acquisitions are part of a converged strategy to strengthen SFR's product offerings, aiming to reduce churn, increase ARPU and revenue growth (including new advertising revenues). To complement existing TV channels being acquired, SFR will leverage the NextRadioTV and AMG platforms to launch two new news channels, BFM Paris and BFM Sport, as well as five new SFR Sports Channels. SFR has also launched a new open-platform digital newsstand application (SFR Presse), with all of the AMG content already available to all SFR customers.

Successful refinancing of existing debt:

The Group successfully priced a \$5.19bn of 10-year Senior Secured Notes and issued new \$1,425m and €850m term loans on 6 April, 2016. The Euro equivalent coupon for 7.375% in USD is 5.7%, marginal increase in average cost of debt from 4.7% to 5.2%^(**). Consequently, the Group has extended its average maturity from 5.9 years to 8.1 years, without any major repayments before May 2022.

Financial and Operational Review - Pro Forma for quarter ended March 31, 2016 compared to quarter ended March 31, 2015:

Total revenue in France of €2,573m decreased by 6.1% YoY on a standalone basis in Q1 2016 due mostly to declines in the B2C division. Adjusted EBITDA was also impacted by heavy promotional activity, declining 9.0% YoY to €851m with margins contracting by 1.1% pts YoY to 33.1%. The revenue trend is expected to improve in 2016 based on recent operational performance trends:

- Stabilised postpaid mobile customer base in Q3 2015 so the year over year comparisons become more favourable in 2H 2016. Significant improvement in mobile subscriber attrition in Q1 YoY despite continued aggressive market competition (B2C postpaid net losses of 28k, high-end base continues to grow +13k in Q1);
- Growing fiber customer additions and DSL migrations (+66k unique fiber customer additions in Q1). Total fiber and DSL customer base impacted (-61k) by DSL box shortage which has now been resolved;

- Accelerated re-investing of savings to reignite growth;
 - Highest number of 4G sites rolled out in the market again in Q1 (985); on track with plan to reach network parity with market leader by 2017;
 - Extended leading fiber coverage by 420k homes passed in Q1 to a total of 8.1m, an acceleration in the roll out compared to previous quarters (expanding by c.2m p.a. from 2016 onwards);
 - Acquisition of NextRadioTV stake and exclusive negotiation for the acquisition of Altice Media Group France to complement exclusive sports rights including English Premier League to add differentiated content to our communications services;
 - Launching five new SFR Sport channels and two new news channels (BFM Paris and BFM Sport).

^(*) Including Numéro 23. NextRadioTV has a minority stake in N23 with an option to control after 2017 subject to regulatory approvals.

^(**) Swaps executed at slightly better levels than anticipated at the time of debt raising as announced on 7 April, 2016.

Key financial indicators for Q1 2016 and Q1 2015 (restated)

€ million	Q1 2016	Q1 2015	Change
Revenue	2,573	2,740	-6.1%
- B2C	1,763	1,854	-4.9%
- B2B	515	558	-7.6%
- Wholesale	295	328	-9.9%
Adjusted EBITDA	851	935	-9.0%
CAPEX	430	400	+7.4%
EBITDA - CAPEX	421	535	-21.3%
Net Results	(41)	743	
Net Debt / EBITDA Ratio	3.8x	3.3x	

Key proforma performance indicators Q1 2016 and Q1 2015

Customers in thousands		Q1 2016	Q1 2015
ARPU in €			
Mobile	Number of customers excl. M2M	16,976	18,137
	of which Mobile B2C	14,865	15,816
	ARPU	21.8	21.8
	of which Mobile B2B	2,111	2,321
Fixed B2C	Number of customers	6,292	6,520
	ARPU	33.9	34.3
	of which Fiber	1,881	1,595
	ARPU	38.7	40.1

About SFR - www.sfr.com

A global operator, SFR holds prime positions in all of France's telecommunications market segments, from consumer to B-to-B, local authorities and wholesale. Being the sole owner of its infrastructures, the Group pairs two powerful networks and, thanks to its investments, SFR aims to rapidly extend its fiber and 4G coverage to every corner of the country whilst offering optimal service quality.

Building on from the existing top-tier fiber optics network and a leading mobile network, SFR aims to create the nation's new leader in the combined broadband and mobile markets.

SFR offers a comprehensive range of Internet-access, fixed-line, mobile and audiovisual services.

SFR is also an expert for solutions in the fields of unified communications, Internet of Things and cloud computing for businesses.

On the Consumer segment, the Group operates under the SFR and RED by SFR brands.

On the B-to-B segment, it operates under the SFR Business brand.

Listed on Euronext Paris (Euronext NUM) and owned by Altice group (78%), the Group posted turnover of €11 billion in 2015 and gathers a total of 14,500 men and women.

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Media Relations contact: Nicolas CHATIN

+33 1 85 06 05 50 - presse@sfr.com

Investor Relations contact: Nick BROWN

+41 79 720 15 03 - nick.brown@altice.net