



Press Release

Saint-Denis, 5 March 2015

2014 Annual Results

"The new Numericable-SFR entity: the momentum has begun"

- Implementation of the synergies thanks to the launch of 15 special projects
- Strong growth momentum in Fiber since late-November 2014
- Ambitious Fiber and 4G roll-out plan
- Key proforma¹ figures for 2014 in line with expectations
- Vivendi accepts Numericable-SFR and Altice offer for 20% stake in Numericable-SFR (post-closing)

"The momentum driving the new Numericable-SFR entity"

- The synergies are now being implemented through the launch of 15 special projects

The Management team in place since 27 November 2014, led by Eric Denoyer, CEO of Numericable-SFR, has kicked off 15 top-priority projects implementing the new Group's strategic thrusts. The fifteen projects are divided up into four categories, as follows:

workstreams relating to the Consumer segment

- simplifying the range of offers and brand strategy
- ramping up use of the Fibre network
- improving customer relationship management
- optimising geographic coverage and in-store sales performance

workstreams relating to the Business-to-Business segment

- reorganizing the Business-to-Business segment
- mutualizing the B2B service platforms
- boosting profitability at Telindus

workstreams relating to the Networks and Information Systems segment

- unifying and interconnecting the networks
- disposing of Completel's DSL network
- optimising the Information Systems

workstreams relating to Outsourcing and Overhead Expense Optimisation

- maximising the value of multi-media content
- rationalising the real estate portfolio
- reviewing the handset purchasing strategy
- changing the technical supplier relationship model
- reducing general and administrative expenses

¹ The turnover and adjusted EBITDA figures are listed on the basis of pro forma consolidated accounts, established on the assumption that the SFR and SIG 50, Virgin Mobile and Telindus acquisitions are completed as of 1 January 2014. The 2014 consolidated turnover and adjusted EBITDA figures for Numericable-SFR are listed in the chart below. They take into account the SFR scope from 1 December 2014.

▪ Strong growth momentum in Fiber since late-November 2014

Since the Numericable Fibre offer was first unveiled in SFR stores on 18 November, the Group has enjoyed a **positive sales dynamic**, as much in Numericable's distribution network as in that of SFR.

Since late-November 2014, Numericable-SFR's gross sales were **2.5 times higher than those of Numericable over the same period in 2013**. The dynamic continued into the first two months of 2015, proving it is more than a passing trend and giving good reason to believe that 2015 will be the Year of Fiber.

▪ Ambitious Fiber and 4G roll-out plan

In 2014, nearly **one billion euros** were dedicated to **renovating and deploying** the Fiber and 4G networks, amounting to more than half of the investments made by SFR and Numericable prior to their alliance.

The Group remains the leading player in fiber deployment in France, with a network that **equipped over 6.4 million households with fiber** (100Mbit/s or more) as at end-2014, as compared to 5.6 million at end-2013 (proforma), or more than 800,000 additional connections. With such momentum, the Group is well on its way to achieving its announced aim of building 12 million fiber connections by the end of 2017 and 15 million fiber connections by the end of 2020.

Over half of the amount invested will be dedicated to guaranteeing quality on the existing mobile network and extending the 4G network. The Group's **4G coverage surged strongly in 2014**, reaching 50% in December 2014, thanks to the mobile network sharing agreement with Bouygues Telecom.

Key facts and figures for 2014

The proforma figures reflect primarily SFR's results and performance prior to the combination between SFR and Numericable finalised on 27 November 2014.

▪ Fixed-line Fiber subscriber pool on the rise and resilient ARPU

As at end-2014, the Group's fixed-line subscriber pool amounted to 6,577,000. The **broadband subscriber network** (30Mbit/s or more) grew by 4.5%, reaching **1,547,000 customers**. The ADSL subscriber network receded slightly, by 1.4%, reaching 5,030,000 customers as at end-2014. The ADSL customer base will continue to recede in 2015, as customers migrate to the Group's THD network.

Fixed-line ARPU amounted to €34.1, down slightly by 0.6% as compared to 2013, due to SFR's aggressive discounting policy on FTTH.

▪ Subscriber base and ARPU down slightly in Mobile

As at end-2014, the Group's total mobile base was made up of 22,939,000 customers, down slightly by 1.2%, compared to the levels posted at end-2013. On the highly-competitive Mobile market, the Residential Mobile base amounted to 16,238,000 customers at end-2014, down by 4.7%. The bulk of this decrease came from the pre-paid segment, which was down by 14%. The **postpaid mobile base** amounted to **13,004,000 customers**, down slightly by 1.9%.

Mobile ARPU on the French market declined in 2014, establishing itself at €22.5 at SFR-Numericable on average for the year, down by 5.9% compared to 2013.

▪ Proforma turnover and proforma adjusted EBITDA

For 2014, Numericable-SFR posted proforma turnover amounting to €11.436 billion, down by 5% compared to 2013. This decrease was due in large part to the erosion in Mobile revenue, in both the Residential and Business-to-Business segments, offset in part by the cost-savings measures implemented by the previous Management team. Proforma adjusted EBITDA, which amounted to €3.1 billion, reflected a downturn of 11% compared to 2013, also the result of ARPU erosion in the Mobile business. The Group's EBITDA margin amounted to 27.1% of turnover, down by 1.8 basis points compared to 2013.

▪ Capex

Total Capex spent by the new Group in 2014 amounted to €1.781 million, down by 8% compared to 2013. Approximately half of this amount was dedicated to renovating and deploying the Fibre and Mobile networks in 2014. This investment campaign in the Group's Fixed and Mobile networks will be continued in 2015.

Key consolidated financial indicators for 2013 and 2014¹

In millions of euros	31-12-2014	31-12-2013	Change (in %)
Revenue	2,170	1,314	65%
- B2C	1,409	774	82%
- B2B	464	310	50%
- Wholesale	297	230	29%
adjusted EBITDA ²	706	616	15%

Key proforma financial indicators for 2013 and 2014³

In millions of euros	31-12-2014	31-12-2013	Change (in %)
Revenue	11,436	12,039	(5.0%)
- B2C	7,888	8,256	(4.5%)
- B2B	2,223	2,365	(6.0%)
- Wholesale	1,325	1,418	(6.6%)
adjusted EBITDA ²	3,100	3,485	(11%)
CAPEX	1,781	1,930	(7.7%)
EBITDA-CAPEX 2	1,319	1,555	(15%)
Debt ratio	3,6x	-	

1. Due to the major change in scope over a one-month period, turnover and adjusted EBITDA resulting from the 2014 consolidated accounts reflect changes in percentage terms with respect to 2013 not representative of the change in the Group's business on a full-year basis between fiscal years 2013 and 2014. The changes in percentage terms are not representative of the Group's business, due to the major change in scope that came into effect on 1 December 2014.

2. Adjusted EBITDA excludes certain non-recurring or non-cash items, such as CVAE (company added-value tax), litigation expenses, acquisition costs and restructuring costs.

3. The turnover and adjusted EBITDA figures are listed on the basis of pro forma consolidated accounts, established on the assumption that the SFR and SIG 50, Virgin Mobile and Telindus acquisitions are completed as of 1 January 2014. The 2014 consolidated turnover and adjusted EBITDA figures for Numericable-SFR are listed in the chart below. They take into account the SFR scope from 1 December 2014.

Post-Closing

▪ Vivendi accepts the Numericable-SFR and Altice offer (post-closing)

On Friday 27 February 2015, Numericable-SFR and Altice announced that a final agreement had been reached with Vivendi, with regards to the purchase of a 20% stake in Numericable-SFR's capital held by Vivendi. The acquisition will be made half by Numericable-SFR through a share buy-back programme, which will be put up for vote at Numericable-SFR's next annual general meeting, to take place before 30 April 2015. The price to be paid by Numericable-SFR, amounting to approximately €1.948 billion, will be funded using cash on the balance sheet and its revolving credit facility, which has been raised to €1 billion.

Audit procedures on the consolidated accounts have been completed. The certification report will be issued once the management report has been verified.

About Numericable-SFR Group - www.numericable-sfr.com

Born from the combination of Numericable Group and SFR, Numericable-SFR Group wishes to create the nation's new leading player in the convergence between broadband and mobile, building from the existing top-tier fibre optics network and a leading mobile network. The sole owner of its infrastructures, the Group pairs two powerful networks and, thanks to its investments, Numericable-SFR aims to rapidly extend its fibre THD and 4G coverage into the farthest reaches of the nation and offer optimal service quality. A global operator, Numericable-SFR holds prime positions on all of France's telecommunications market segments, from consumer to B-to-B, local authorities and wholesale. Building from a core of well-matched brands, the Group offers a comprehensive range of Internet-access, fixed-line, mobile and audiovisual services. The Group serves nearly 23 million Mobile customers and 6.6 million households subscribing to broadband services. On the Consumer segment, the Group operates under the Numericable, SFR, Red and Virgin Mobile brands. On the B-to-B segment, it operates under the SFR Business Team, Completel and Telindus brands, serving over 190,000 companies.

Numericable-SFR Group employs a total of 11,800 men and women, posting proforma turnover of €11.4 billion. Numericable-SFR Group is jointly owned by Altice (60%) and Vivendi (20%), and is listed on Euronext Paris (Euronext NUM).



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