

Second Quarter 2015 Results

Numericable-SFR confirms its return to profitable growth

- **Growing ARPU in Fixed and Mobile**
- **Improving Revenue trend both QoQ (+1.3%) and YoY (-2.4%)**
- **Strong growth in Adjusted EBITDA (+19%) and Adjusted EBITDA margin at 38%**
- **Accelerating rhythm of DSL to Fiber migrations in Fixed**
- **Strong Sales momentum in Mobile Postpaid in June**
- **Accelerating investment in 4G and Fiber**

▪ **Growing ARPU in Fixed and Mobile**

Having stabilized in the first quarter of 2015, Mobile postpaid ARPU begun to rise again in the second quarter to reach €26.1 up 0.4% compared to Q2 2014. Mobile ARPU is now on the same growth as Fixed ARPU which continued to grow in Q2 to reach €35.3 up 3.8% compared to Q2 2014 with a gross adds Fixed ARPU now 9% higher than the ARPU of the fixed customer base.

The marketing strategy aimed at generating ARPU growth, generating value through a clear focus on high end customers and quadruple play is now bearing fruit in both fixed and mobile.

▪ **Improving Revenue trends both sequentially (+1.3% QoQ) and on annualized basis (-2.4% YoY)**

For the second quarter, Numericable-SFR posted revenue of €2.78 billion, down by 2.4% compared to Q2 2014 but up 1.3% compared to Q1 2015. This revenue trend is a clear improvement on the revenue performance of Q1 2015, which was down 4.6% compared to Q1 2014.

In B2C, revenue was down 2.3% compared to Q2 2014 at €1.91 billion. B2C Fixed revenue was down 1.5% as a result of the decline in the DSL customer base. B2C Mobile revenue was down 2.9%. In B2B, revenue was down 3.9%.

▪ **Strong growth in Adjusted EBITDA (+19%) and Adjusted EBITDA margin at 38%**

The strong growth trajectory seen in the first quarter is confirmed in the second quarter with adjusted EBITDA at €1.06 billion up 19% thanks to the continued good progress of the synergies implementation plan. As a result, the Adjusted EBITDA margin was up 7.2% pts at 38.4%, which gives us strong confidence in achieving our medium term target of 45% Adjusted EBITDA margin.

▪ **Accelerating rhythm of DSL to Fiber migrations in Fixed**

The migration plan of fixed customers from high speed broadband (DSL) to superfast broadband (Fiber) has now started to ramp up and with 25 000 migrations in June, monthly migration levels have already shown a fivefold increase since January.

▪ **Strong Sales momentum in Mobile Postpaid in June**

The commercial recovery launched in May already delivered results in June with gross sales up 40% compared to the remainder of the first half of 2015. On June 30th the Group had 21.9 million mobile customers and 6.4 million fixed customers of which 1.7 million were Fiber customers.

▪ **Accelerating investment in 4G and Fiber**

The Group's Fiber and 4G footprint continued to expand in the second quarter. 58% of the French population is now covered by our 4G network, implying an 8% pts increase since the beginning of 2015. Our targets remain to reach 65% to 70% by year end and 90% by the end of 2017.

Numericable-SFR, the clear Fiber leader in France, continues to drive the market. More than 7 million households and commercial sites now have a fiber connection (ranging from 100 Mega to 1 Giga of fiber speed). Over the last twelve months, the Group has deployed 1.1 million additional plugs. The rhythm of deployment is clearly accelerating to a level of 2 million plugs per annum in order to reach our targets of 7.7 million fiber homes passed in 2015, 12 million in 2017 and 15 million in 2020, thanks to the massive deployment of FTTH in France's less dense areas and the continued partnerships with local municipalities.

Q2 2015 Key figures

■ CAPEX

Total CAPEX spent by the Group in Q2 2015 amounted to €409 million, down 10% compared to Q2 2014. Important savings in the Group's CAPEX have enabled the Group to continue its ambitious Fiber and 4G roll-out plans. The company's aggressive CAPEX plan will enable the company to remain the clear Fiber leader in France and to continue to promote customer migrations from DSL to Fiber.

■ Net Debt

Group Net Debt amounted to €12.406 billion at the end of Q2 2015. The deleveraging of the Group continued in the second quarter at the end of which the Group's Net Debt to Adjusted EBITDA ratio was at 3.0x after taking into account the payment to Vivendi for the 10% share buyback in May. This sequential stability in our net debt to EBITDA ratio has been realized thanks to strong EBITDA growth and continued free cash flow improvements.

Key proforma financial indicators for Q2 2015 and Q2 2014

€ million	Q2 2015	Q2 2014	Change (%)
Revenue	2 781	2 850	(2.4%)
- B2C	1 912	1 958	(2.3%)
- B2B	533	555	(3.9%)
- Wholesale	336	337	0.3%
Adjusted EBITDA	1 056	890	19%
CAPEX	409	456	(10%)
EBITDA - CAPEX	647	434	49%
Net Result	79	(116)	-
Leverage ratio	3,0x	-	

Key proforma financial indicators for H1 2015 and H1 2014

€ million	H1 2015	H1 2014	Change (%)
Revenue	5 522	5 722	(3.5%)
- B2C	3 766	3 933	(4.2%)
- B2B	1 091	1 131	(3.6%)
- Wholesale	665	658	0.9%
Adjusted EBITDA	1 985	1 660	20%
CAPEX	809	772	4.8%
EBITDA - CAPEX	1 176	888	32%
Net Result	895	(83)	-
Leverage ratio	3,0x	-	

Key proforma performance indicators for H1 2015 and H1 2014

Customers in thousands		H1 2015	H1 2014
ARPU in euros			
Mobile	Number of customers	21 895	23 092
	of which Mobile B2C	15 241	16 619
	ARPU	22,7	22,6
	of which Mobile B2B	6 654	6 473
	ARPU	23,4	24,1
Fixed B2C	Number of customers	6 401	6 624
	ARPU	35,3	34,0
	of which Fiber	1 665	1 510
	ARPU	41,1	41,4

About the 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 fiber 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 Fiber 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 21.9 million Mobile customers and 6.4 million households subscribing to broadband services. On the Consumer segment, the Group operates under the Numericable, SFR, RED by SFR 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. Listed on Euronext Paris (Euronext NUM) and owned by Altice Group (78%), Numericable-SFR Group posting proforma turnover of €11.4 billion, gathers a total of 16,500 men and women.



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Media Relations contact: +33 1 85 06 05 50

Nicolas CHATIN - nicolas.chatin@sfr.com

Investor Relations contact: +33 1 85 06 10 75

Olivier GERNANDT - olivier.gernandt@altice.net

