Press Release

FIRST-QUARTER 2016 REVENUES

Paris, May 17, 2016

First-quarter revenues up 6.6% year on year

- **More than 18 million total subscribers (some 12 million mobile and over 6.2 million landline)**
- **215,000 new mobile subscribers during the period – France's leading recruiter of mobile subscribers for the 17th consecutive quarter[1]**
- **78,000 new Broadband and Ultra-Fast Broadband subscribers – second largest operator in terms of net adds in the quarter**
- **A near-8% year-on-year increase in revenues from services**
- **Re-acceleration of Landline business revenues confirmed, with a 3.9% year-on-year increase for the quarter**

[1] *Mobile market in Metropolitan France excluding M2M*

KEY OPERATING PERFORMANCE INDICATORS AT MARCH 31, 2016

Subscriber numbers	**March 31, 2016**	**Dec. 31, 2015**	**Sept. 30, 2015**
Total mobile subscribers	**11,900,000**	11,685,000	11,315,000
- *Of which 4G*	***4,250,000***	*3,700,000*	*2,800,000*
Total Broadband and Ultra-Fast Broadband subscribers	**6,216,000**	6,138,000	6,082,000
Total number of subscribers	**18,116,000**	**17,823,000**	**17,397,000**

Other indicators	**March 31, 2016**	**Dec. 31, 2015**	**Sept. 30, 2015**
Broadband and Ultra-Fast Broadband ARPU (in €)	**34.40**	**34.50**	**34.50**
Freebox Revolution ARPU (in €)*	*>38.00*	*>38.00*	*>38.00*
Number of connectible FTTH sockets	**2.8 million**	**2.5 million**	**-**
Average 4G usage (in GB per month per subscriber)	**3.8 GB**	**3.2 GB**	**2.8 GB**

** Excluding promotions*

CONSOLIDATED FIRST-QUARTER 2016 REVENUES

Consolidated revenues for the first three months of 2016 rose by 6.6% to **€1,145 million** from €1,075 million for the same period of 2015. This growth was primarily driven by the Mobile business, whose revenues were up by more than 10% year on year. At the same time, the renewed growth for the Group's Landline business that began in the second half of 2015 continued, with revenues climbing nearly 4% during the first quarter of 2016.

In € millions	**Q1 2016**	**Q1 2015**	**% change**
Mobile	**483.6**	437.9	10.4%
Landline	**664.6**	639.7	3.9%
Intra-group sales	**(2.8)**	(2.8)	
Total consolidated revenues	**1,145.4**	1,074.8	6.6%

Mobile business

The Group's Mobile business saw another period of strong growth in first-quarter 2016, with 215,000 net adds. Revenues for the quarter advanced by more than 10% to €484 million, reflecting the following main factors:

- **Another strong commercial performance, especially for 4G**. Thanks to the strategy of enriching its offers that it implemented in 2015, the Group was once again France's leading recruiter of mobile subscribers in the first quarter of 2016 – a position it has held for the last four years[1]. The total number of the Group's net adds during the period came to 215,000 whereas the overall market saw a net reduction of 245,000 subscribers. At March 31, 2016 Free had 11.9 million mobile subscribers, representing a market share of more than 17%[1]. As a result of the Group's 4G capital expenditure drive, an increasing number of subscribers now have access to Ultra-Fast Mobile services. At March 31, 2016, the Group had 4.3 million 4G subscribers (more than twice as many as one year earlier), representing over a third of Free's mobile subscriber base. The average data usage for 4G subscribers was 3.8 GB per month (70% higher than at March 31, 2015).
- **A more-than-14% rise in mobile services revenues and a further decline in revenue contribution from handsets,** notably due to high sales volumes of entry-level handsets. Overall, the Group's Mobile revenues topped the €480 million mark during the quarter.
- **A sustained brisk pace of rollouts for the Group's 3G/4G network.** In the first quarter of 2016 some 500 new 4G sites and around 350 new 3G sites were deployed, bringing the Group's total number of 4G and 3G sites to over 6,100 and 6,400 respectively at March 31, 2016. Also during the period, the Group launched its program to fit out its sites with 1,800MHz-compatible equipment with a view to being able to use its 15MHz of spectrum in the 1,800MHz frequency band as from May 25, 2016. As a result of these actions, at the period-end the Group's 4G coverage rate of the French population was 4 points higher than at December 31, 2015, reaching 67%, and its 3G coverage rate was 84% (versus 83% at end-2015).
- **An improved subscriber mix, with a higher take-up rate for the €19.99 per month plan.** For the fourth quarter in a row, Free recorded more new subscribers for its €19.99 per month plan (€15.99 per month for Freebox subscribers) than for its €2 per month plan (€0 per month for Freebox subscribers).

Landline business

In an operating environment characterized by major promotions by its competitors, the Group's Landline business stepped up its momentum in the first quarter of 2016 and accelerated its growth. Revenues climbed 3.9% year on year to €665 million. The significant events of the quarter for this business were as follows:

- **An increase in the Broadband and Ultra-Fast Broadband subscriber base, with 78,000 new subscribers.** This net add figure was in line with the 77,000 new subscribers recruited in the first quarter of 2015, despite the promotional offers introduced by other operators during the period. The Group's net add market share was 43%, still well above its 24% overall market share. This reflects the success of the Group's Free brand, the quality and innovative features of the Freebox Revolution and Freebox mini 4K, and the online flash sale carried out in early March. At March 31, 2016, the Group had a total of 6,216,000 Broadband and Ultra-Fast Broadband subscribers.
- **An acceleration of FTTH rollouts.** At March 31, 2016, the Group had 2.8 million connectible FTTH sockets – 325,000 more than at December 31, 2015.

[1] *Mobile market in Metropolitan France excluding M2M*

- **Stability for Broadband and Ultra-Fast Broadband ARPU, at €34.40.** Despite its promotional offers, the Group managed to keep its ARPU at a solid €34.40. ARPU for the Freebox Revolution offering remained above €38.
- **A further acceleration in revenue growth** in first-quarter 2016, following on from that seen in the second half of 2015 (3.9% versus 2.1%).

GLOSSARY

Broadband and Ultra-Fast Broadband ARPU (Average Revenue Per User): Includes revenues from the flat-rate package and value-added services but excludes one-time revenues (e.g., fees for migration from one offer to another or subscription and cancellation fees), divided by the total number of Broadband and Ultra-Fast Broadband subscribers invoiced for the period.

Broadband and Ultra-Fast Broadband subscribers: Subscribers who have signed up for the Group's ADSL, VDSL or FTTH offerings.

FTTH (fiber-to-the-home): Data delivery technology that directly connects subscribers' homes to an optical node (ON).

M2M: machine to machine communications.

Net adds: Represents the difference between total subscribers at the end of two different periods.

Total Broadband and Ultra-Fast Broadband subscribers: Represents, at the end of a period, the total number of subscribers identified by their telephone lines who have signed up for Free's or Alice's Broadband or Ultra-Fast Broadband service, excluding those recorded as having requested the termination of their subscription.

Total mobile subscribers: Represents, at the end of a period, the total number of subscribers, identified by their telephone lines, who have subscribed to a Free mobile offering, excluding those recorded as having requested the termination of their subscription.

Unbundled subscribers: Subscribers who have signed up for the Group's Broadband and Ultra-Fast Broadband offerings through a telephone exchange unbundled by Free.

About Iliad

Iliad is the parent company of Free, the inventor of the Freebox, the first multiservice box on ADSL. Free is behind numerous innovations in the Broadband and Ultra-Fast Broadband access segment (VoIP, IPTV, flat-rate calling plans to multiple destinations, etc.). Free provides straightforward and innovative offerings at the best prices. The Freebox Revolution, the 6th generation of Freebox units, notably includes an NAS and a Blu-Ray™ drive. Free also offers the Freebox mini 4K, the first Android TV™ and 4K box on the French market. Free was the first operator to include calls from landlines to mobile phones in its offerings and also calls to French overseas departments (DOM). Since January 2012, Free has brought mobile phone usage within everyone's reach with straightforward, no-commitment offerings at very attractive prices. Since 2015, subscribers can use their Free Mobile Plan for 35 days per year and per destination when they are traveling in all European Union countries and the United States (excl. 4G). As at March 31, 2016, Free had over 18 million subscribers (6.2 million Broadband and Ultra-Fast Broadband subscribers and 11.9 million mobile subscribers).

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