

**Numericable Group**  
*Full Year 2013 Results Presentation*

12 March 2014  
Paris

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## Full Year 2013 Highlights

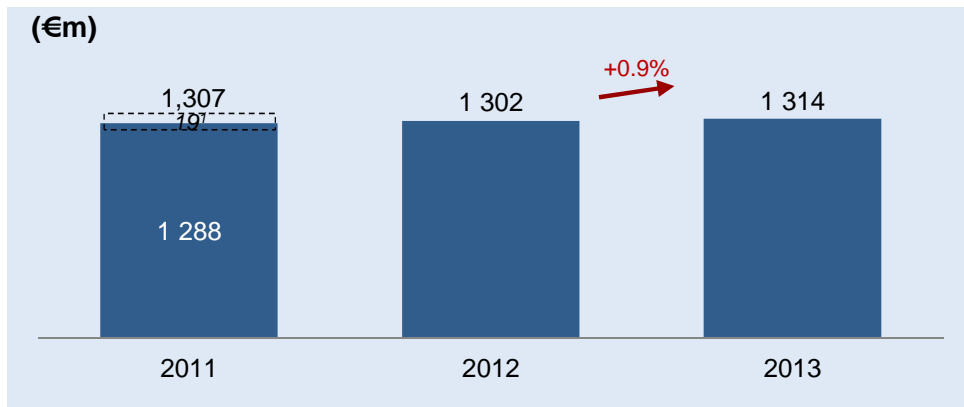
Operational Performance

Financial Performance

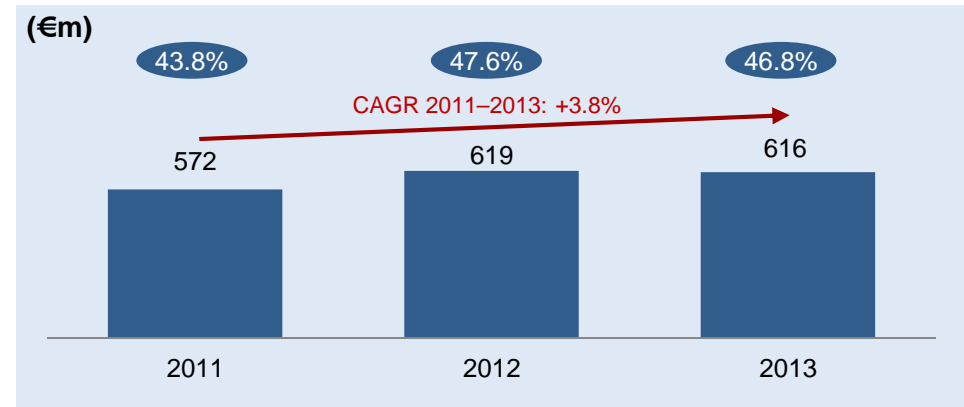
Strategy & Guidance

# FY 2013 Key Financials

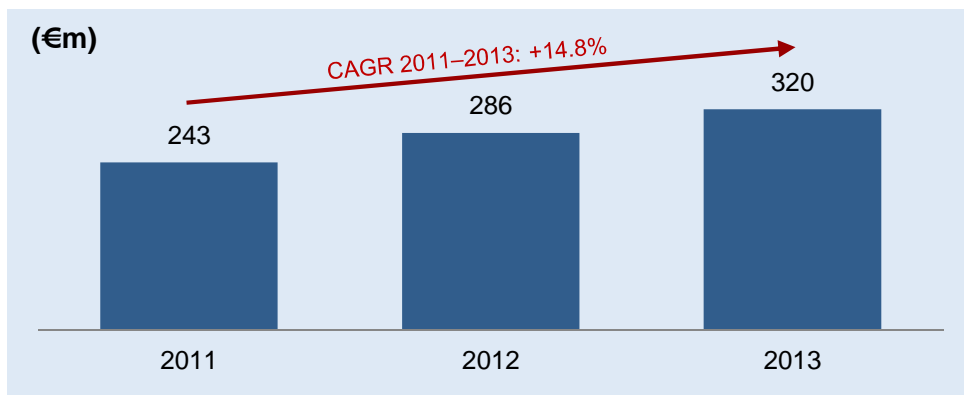
## Revenues



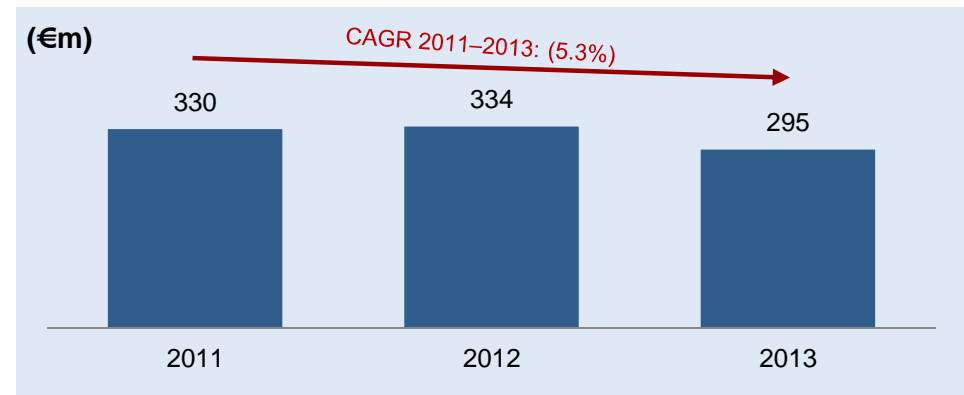
## Adjusted EBITDA and margin



## Capex<sup>2</sup>



## Adjusted EBITDA-Capex<sup>2</sup>



Note: Revenues after inter-segment eliminations

1. Exceptional payment of €19m by SFR in 2011, in connection with the termination of a long-term IRU; 2. Capital expenditures net of subsidies received

## FY 2013 Results vs Guidance : All targets achieved or exceeded

	2013 Guidance	2013 Actuals	Achievements
Fiber homes	⊙ 5.1m-5.2m B2C fiber plugs	⊙ 5.196m	✓
B2C customers	<ul style="list-style-type: none"> <li>⊙ ~1.7m individual customers (including White Label)</li> <li>⊙ 1.35m-1.4m multi-play customers</li> <li>⊙ ~300k LaBox customers</li> </ul>	<ul style="list-style-type: none"> <li>⊙ 1.709m</li> <li>⊙ 1.404m</li> <li>⊙ 300.4k</li> </ul>	✓
Revenue growth	⊙ Consolidated growth in line with H1 2013 (~1%)	⊙ 0.9%	✓
Adjusted EBITDA	⊙ €610m-€620m	⊙ €616m	✓
Capex	⊙ €320m-€330m including €40m-50m for network fiber upgrades (including DSP92)	⊙ €320m	✓
Leverage	⊙ Target net leverage post IPO at 2013 year end of close to 4.0x	⊙ 4.08x *	✓

Note: \* before incremental costs related to Q4 refinancing

## FY 2013 achievements

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### Record Operating Performance

- ⊙ Weekly Gross Adds up 19% in 2013
- ⊙ Customer Base ARPU at record €41.9 at year end
- ⊙ B2C customer base above 1.7m with 300k la Box deployed
- ⊙ Good performance of White Label business
- ⊙ Excellent bookings momentum in B2B

### Revenue Growth and Profitability Enhancement

- ⊙ FY 2013 Revenue : 1,314m (+0.9%)
- ⊙ FY 2013 Adjusted EBITDA : 616m (+2.0% excluding SAC)

### Additional Fibre Roll-out

- ⊙ 408k additional Fibre Plugs installed in 2013 with new 700-800k target for 2014
- ⊙ FY 2013 Capex of €320m in line with guidance

### Successful IPO and Refinancing

- ⊙ Success of our IPO in November
- ⊙ €1.1bn refinancing completed in December
- ⊙ €50m cost savings on cash financial interest payments expected



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Full Year 2013 Highlights

**Operational Performance**

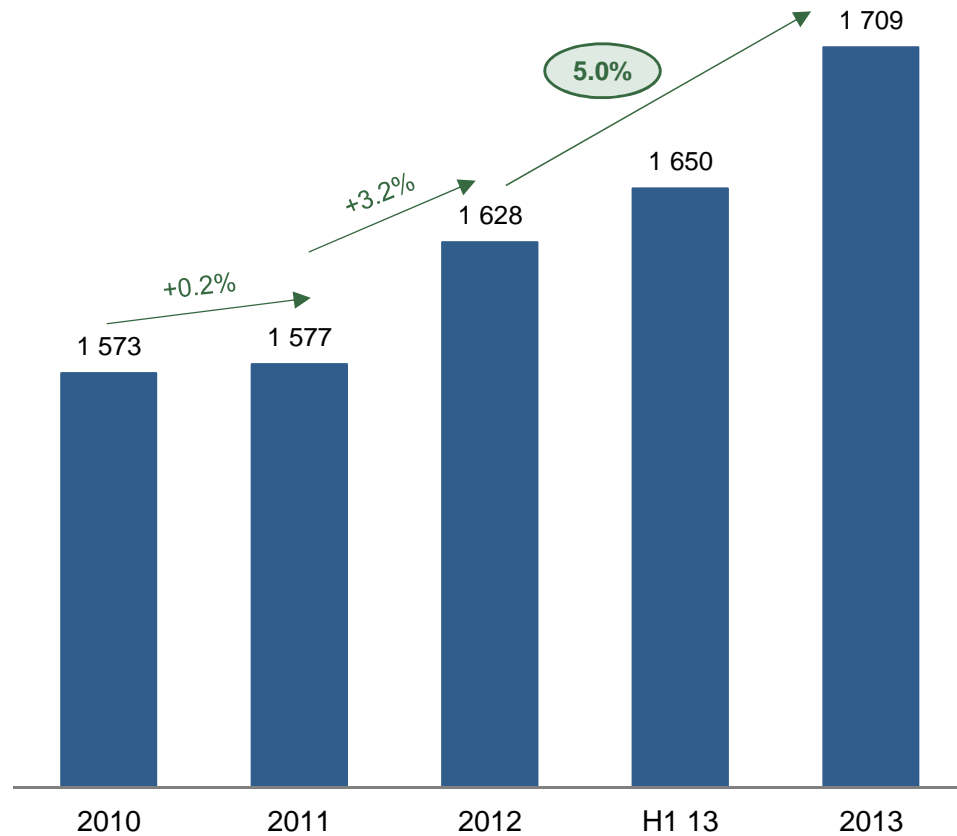
Financial Performance

Strategy & Guidance

# Strong growth momentum in B2C

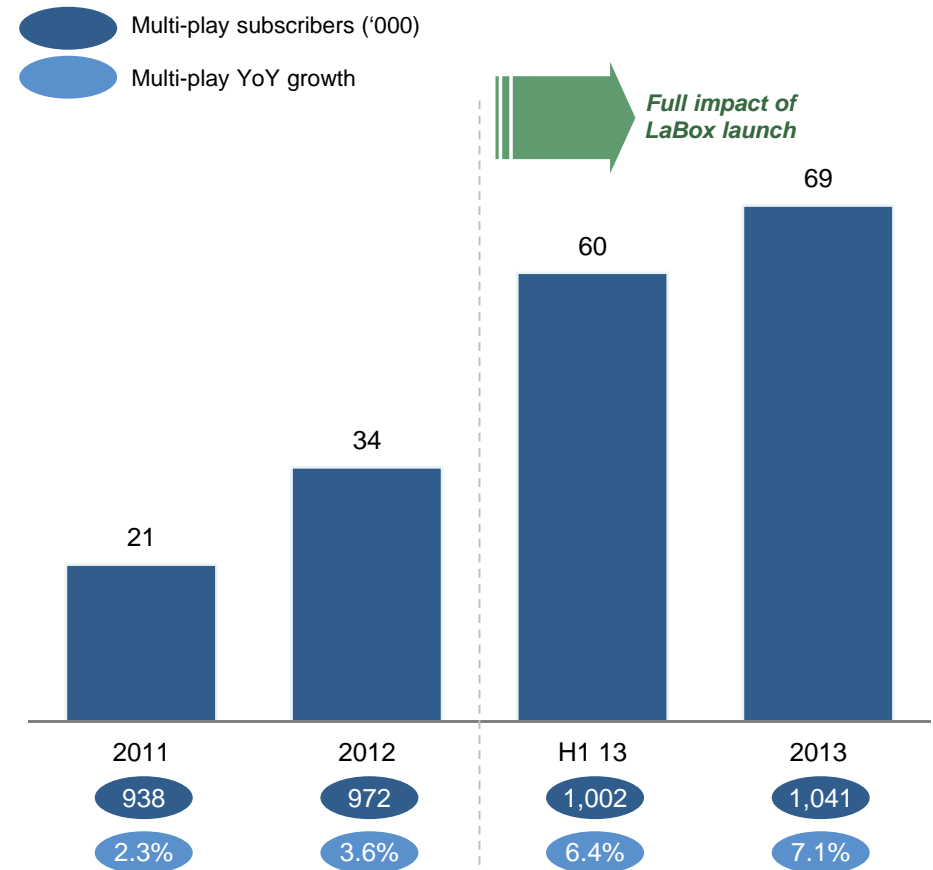
## Attractive growth in customer base...

Total individual subscribers ('000)



## ...has accelerated in recent quarters

Multi-play YoY net adds ('000)



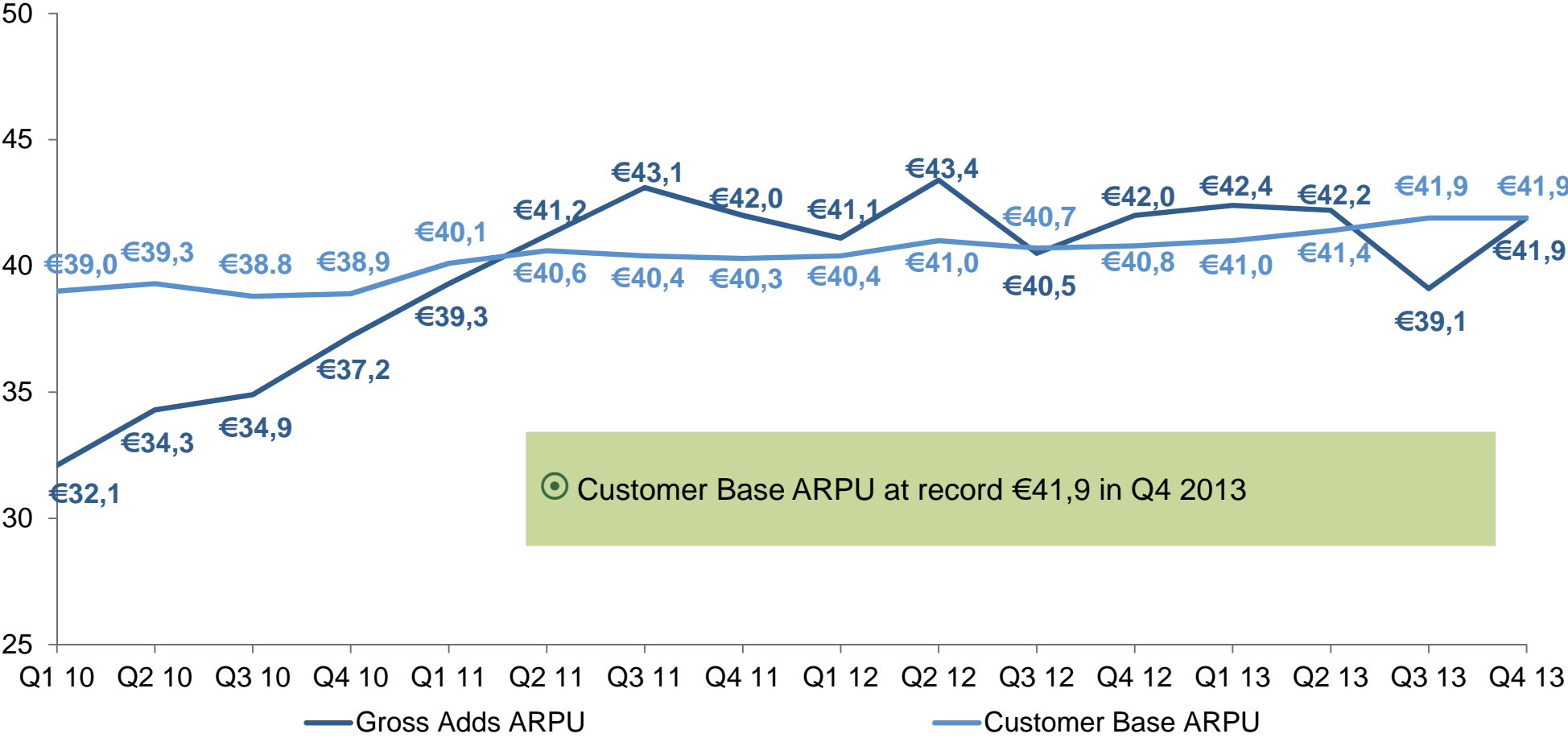
Source: Company information



# Digital ARPU Growth

Customer base ARPU is up by €3 since beginning of 2010

Digital ARPU (€)

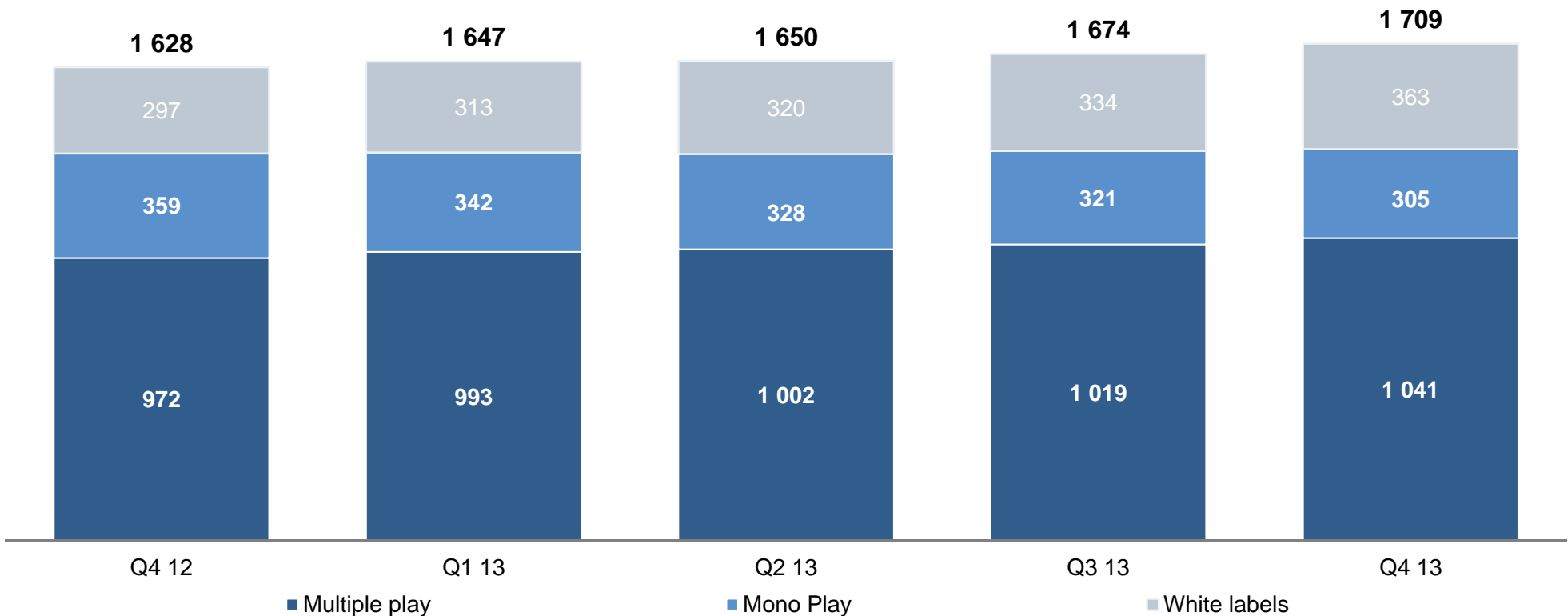


⊙ Customer Base ARPU at record €41,9 in Q4 2013

# Positive Customer Base Dynamics

Growing Numericable & White Labels Customer Bases

Total Individual Customer Base ('000) and Total Numericable Customer Base ('000)

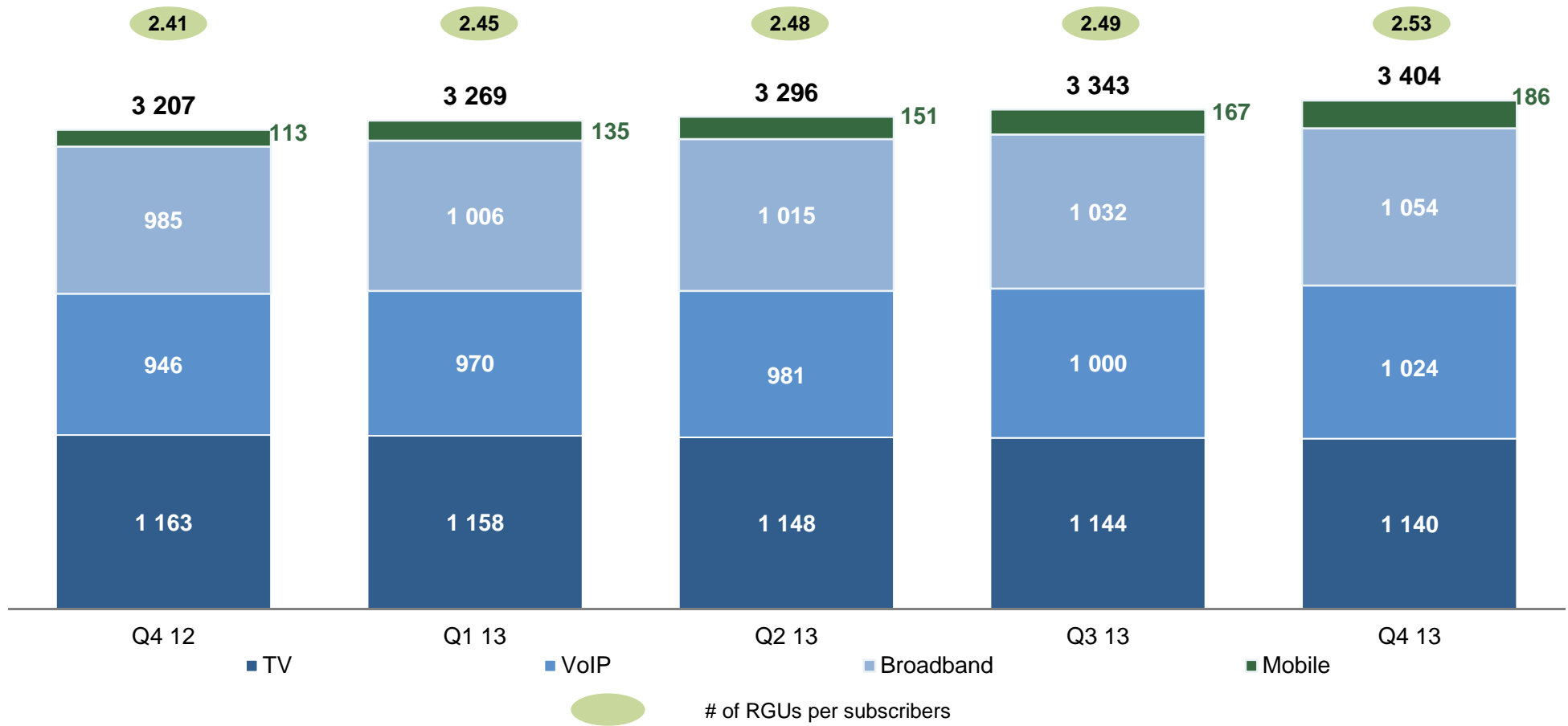


81k new customers gained in 2013

# Steady Growth Momentum in RGU's

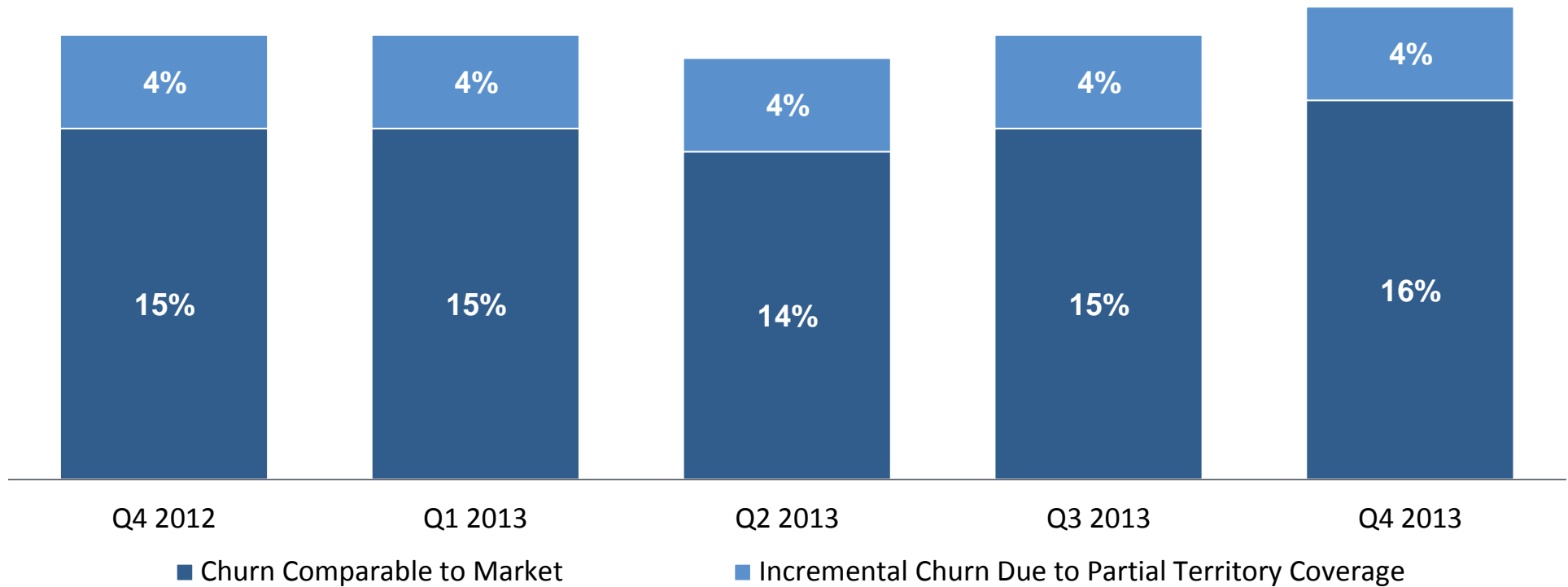
Growth in Q4 2013 versus Q4 2012

**Increasing RGUs per Subscriber**  
*RGUs ('000) and RGUs/subscriber (Excluding White Label)*



# Stable Churn Evolution

## Churn



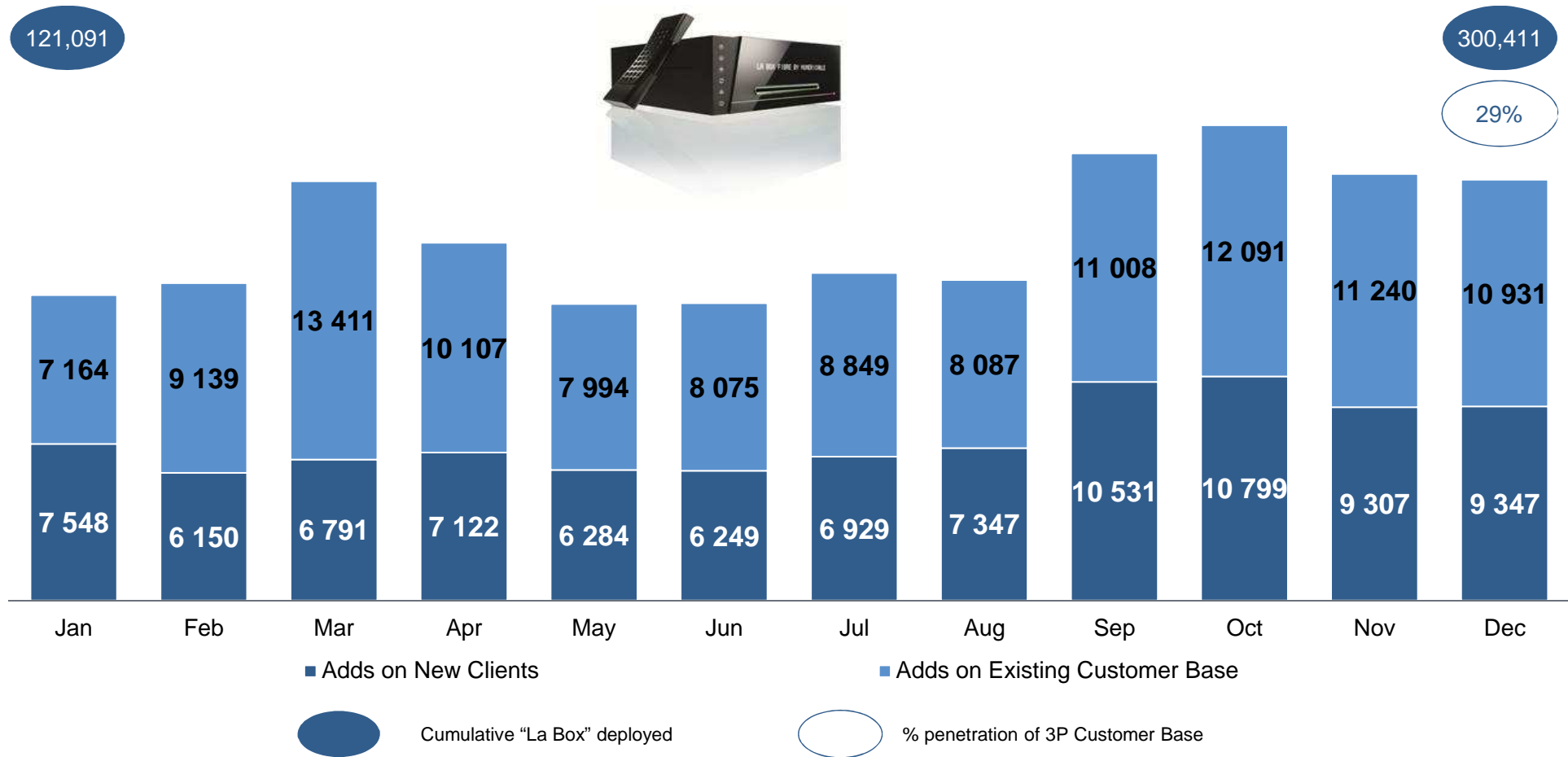
- Overall Churn at 19,0% in 2013 stable versus 2012 (18,7%) and in line with market churn\*
- 3P Churn at 17.0% in 2013 also stable versus 2012 (17,2%)

\* Adjusting for the 4 pts of Churn due to Numericable's limited footprint (only present on 35% of the French territory)

# Strong Momentum in Subscriptions with La Box

More than 300,000 La Box deployed at the end of 2013

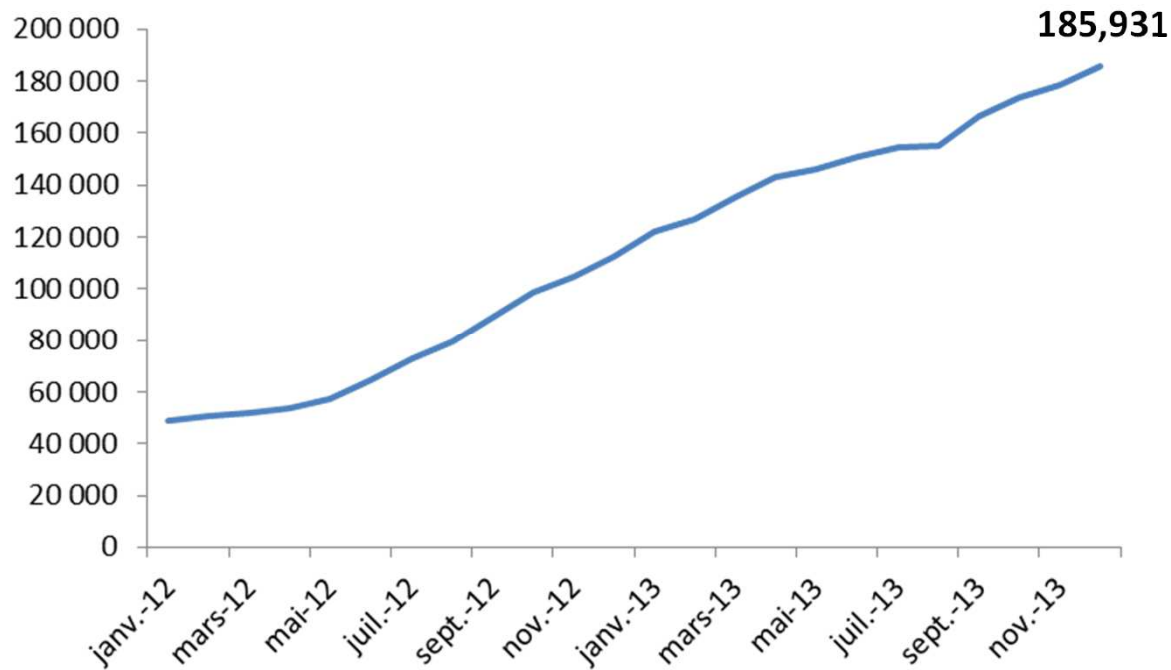
## La Box subscriber adds



# Mobile Business Update

# of Active SIM Cards\*

## Mobile



**Basic mobile**

1h

SMS illimités

1,99€

Inclus à partir de la Box Power

**Forfait Ultra Mobile**

Appels illimités en France + 40 dest

MMS illimités

Data 3Go  
**4G**

15,99€\*

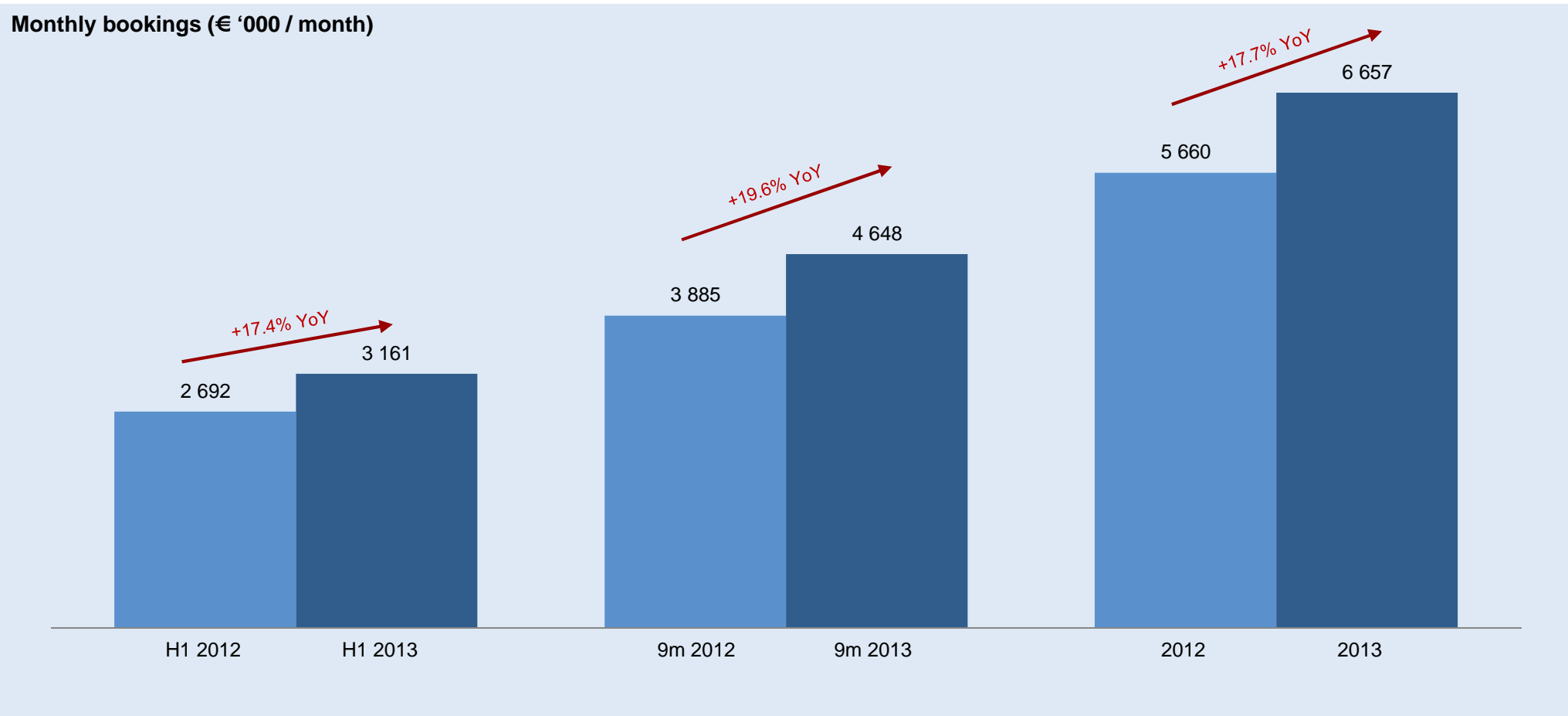
- ⊙ Launch of Competitive Quadruple Play offers with Fiber and 4G
- ⊙ Clear benefit from additional MVNO agreement with SFR



\* Active SIM cards are defined as traffic generating SIM cards over the previous month

# Excellent momentum in B2B bookings

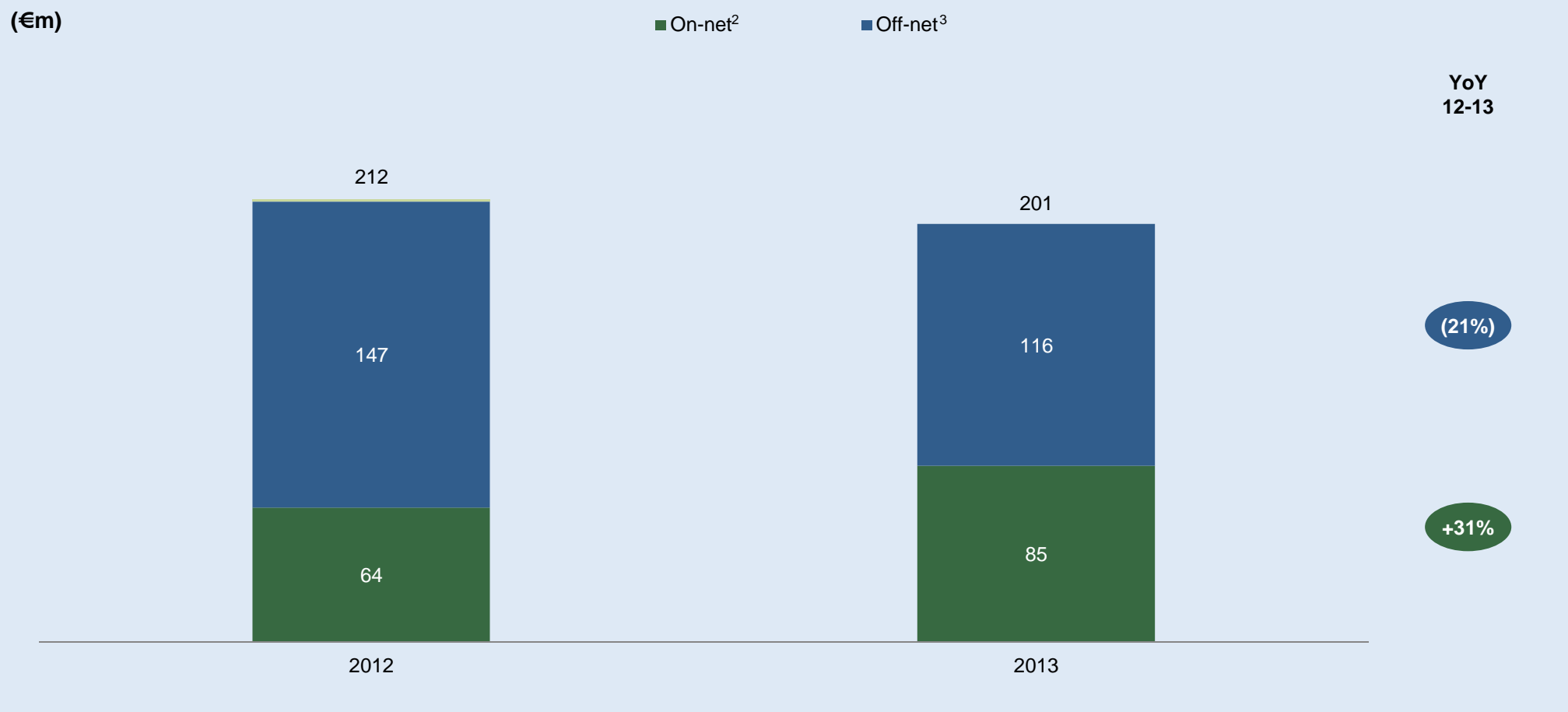
## B2B Bookings





# Wholesale: Declining revenues, positive momentum in our on-net businesses

## Wholesale business split between ON-net and OFF-net business<sup>1</sup>



1. Including inter-group revenues  
2. Includes data and fiber wholesale  
3. Includes DSL White Label and voice wholesale

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Full Year 2013 Highlights

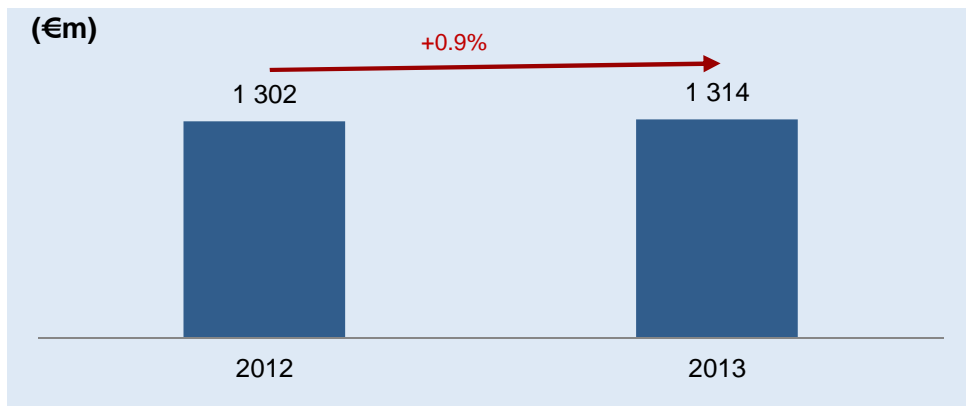
Operational Performance

**Financial Performance**

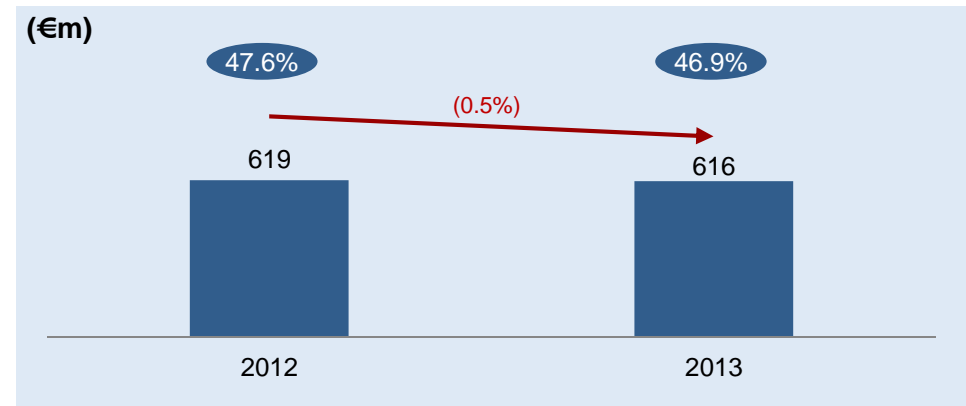
Strategy & Guidance

# FY 2013 Key Financials

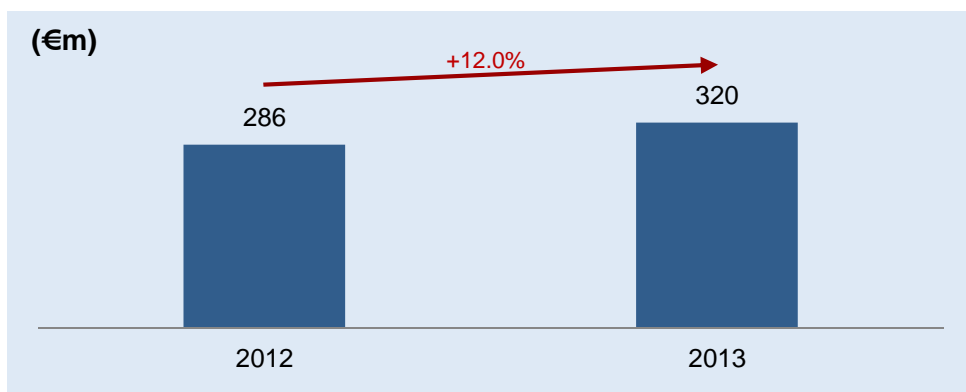
## Revenues



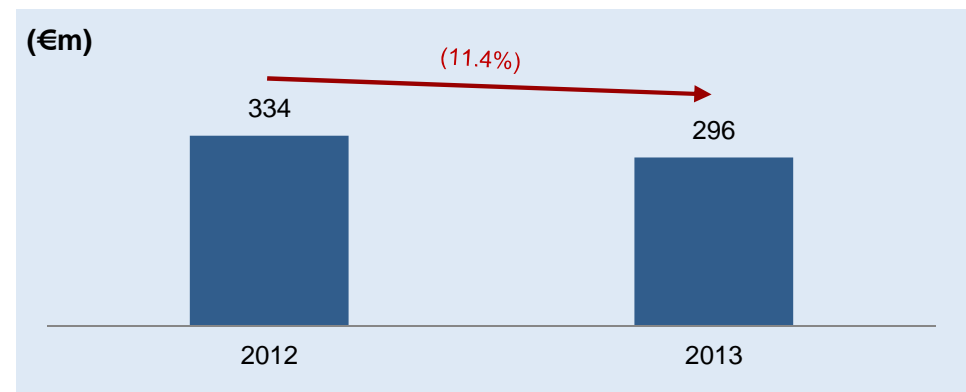
## Adjusted EBITDA and margin



## Capex<sup>1</sup>



## Adjusted EBITDA-Capex<sup>1</sup>

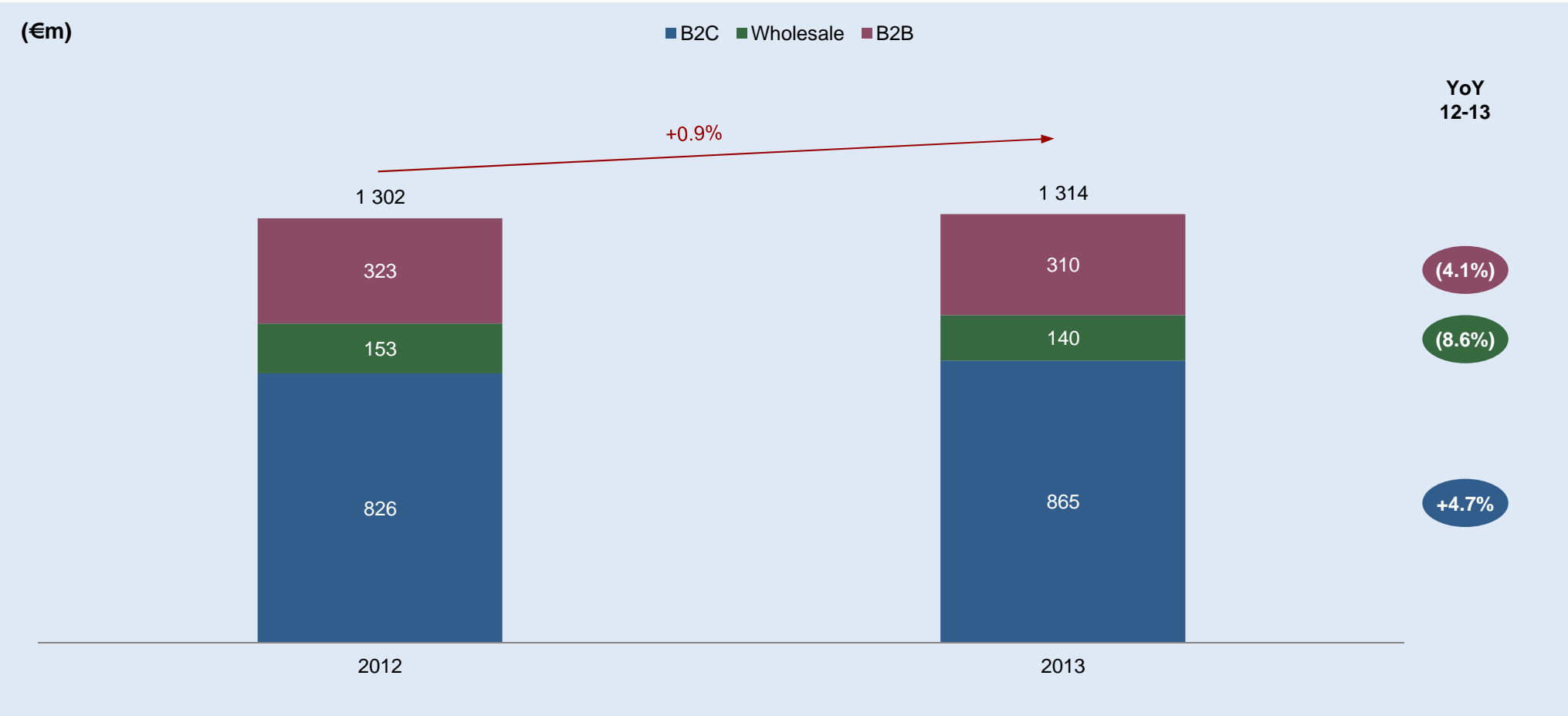


Note: Revenues after inter-segment eliminations

1. Capital expenditures net of subsidies received

# Positive core revenue development for Numericable Group

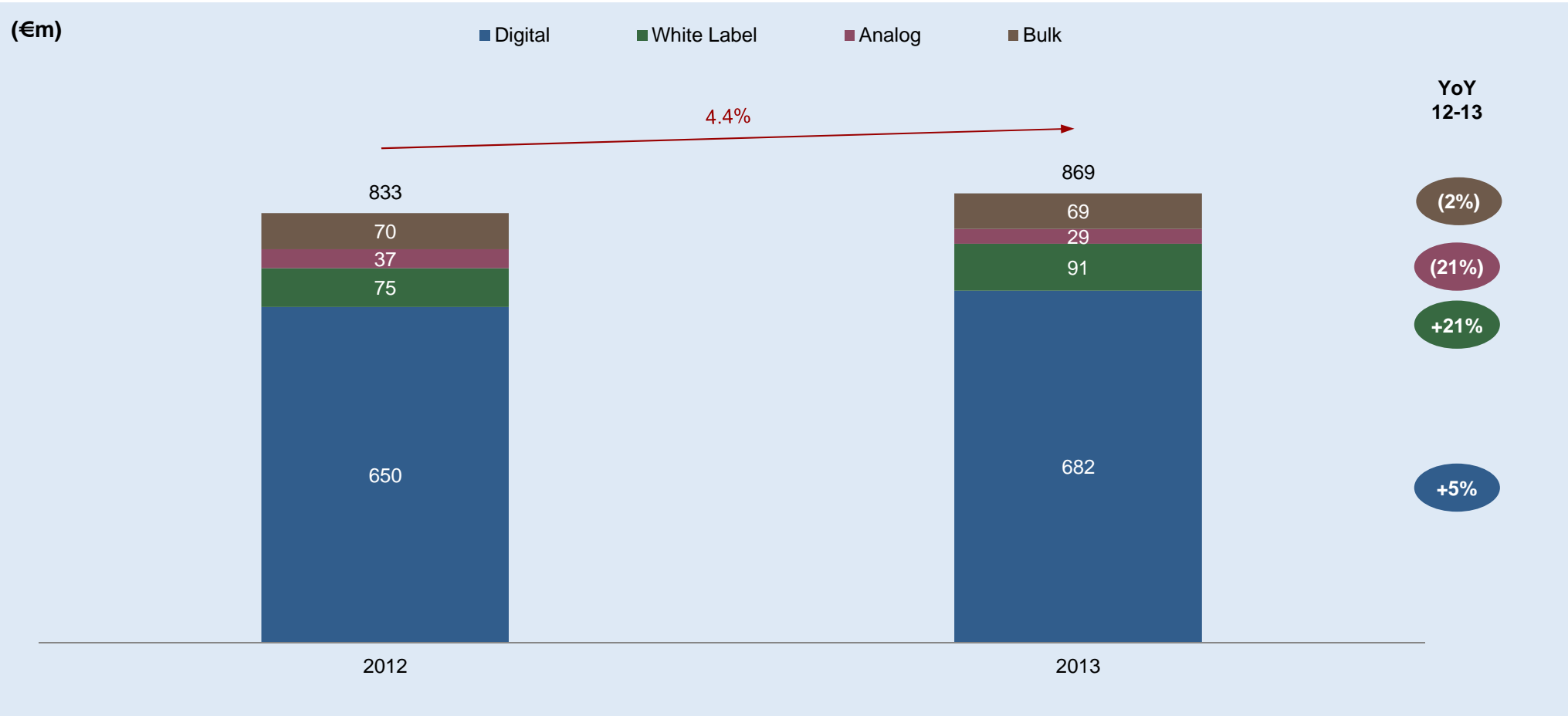
## Consolidated revenues and breakdown by segment



Note: Revenues after inter-segment eliminations

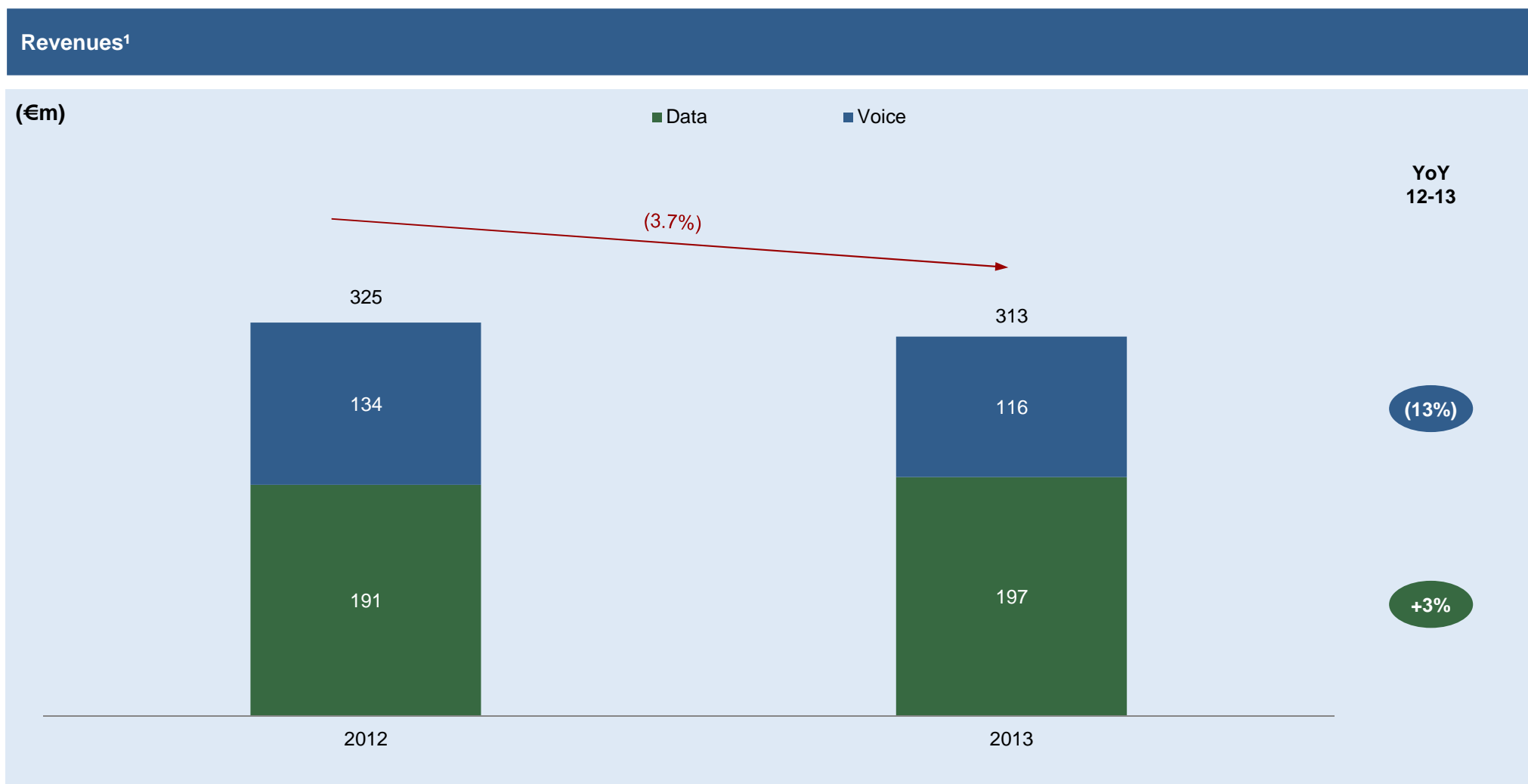
# B2C revenues : Solid growth in 2013

## B2C revenues and breakdown by category<sup>1</sup>



1. Before inter-segment eliminations

# B2B revenues : Good growth in data, voice impacted by termination rate cuts



1. Before any inter-segment eliminations

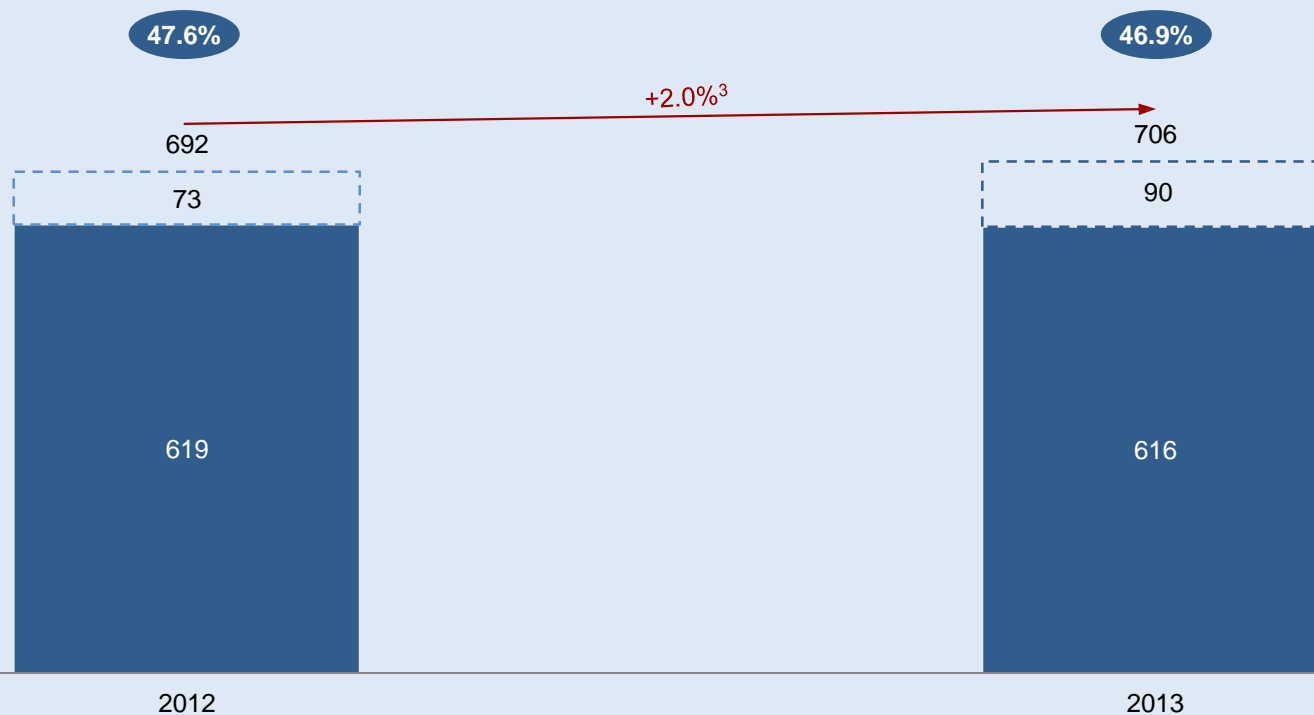
# Adjusted EBITDA development

Adjusted EBITDA (reported and excl. SACs<sup>1</sup>), EBITDA margin<sup>2</sup>

Adjusted EBITDA and SACs<sup>1</sup> (€m)

■ Reported EBITDA

▤ SACs<sup>1</sup>

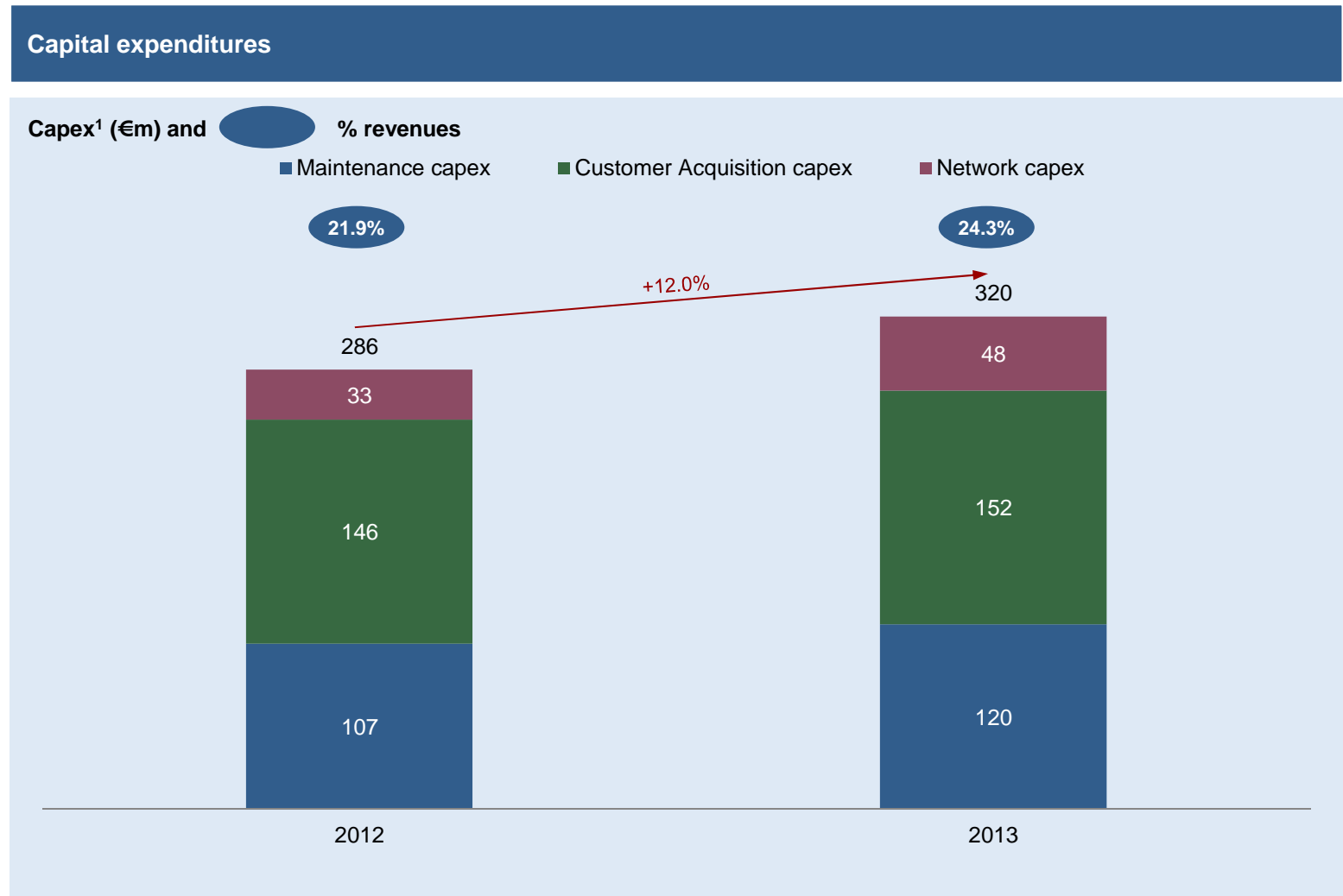


Adjusted EBITDA margin (based on Adjusted EBITDA including SAC)

1. Subscribers Acquisition Costs related to marketing, advertising and fees paid to third party distribution channels; 2. EBITDA margin based on reported EBITDA (including SACs); 3. YoY growth based on EBITDA excl. SACs



# Investment in network and customers as main capex drivers

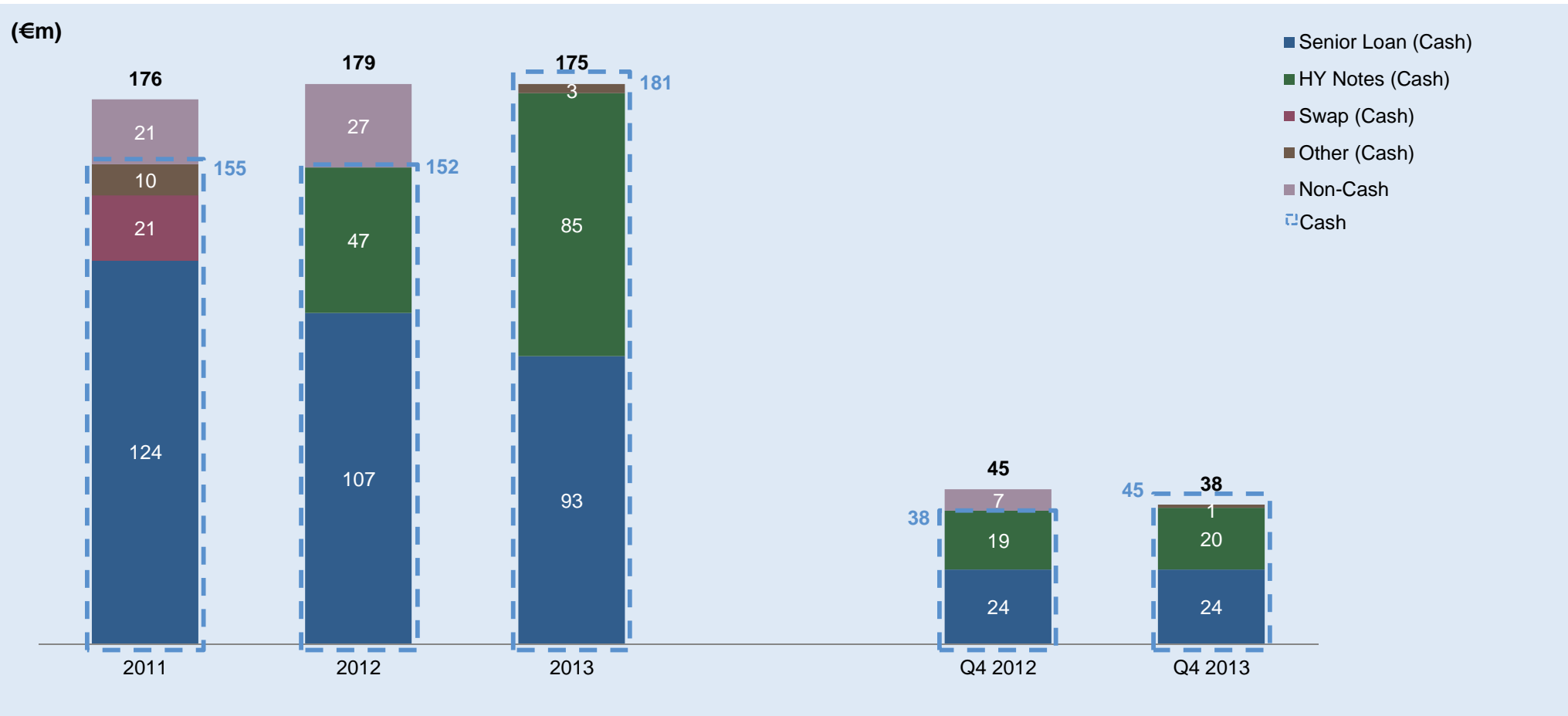


- 2013 Capex in line with guidance of €320-330m
- More than 400k homes passed upgraded to fiber in 2013
- 5.2m fiber homes at end 2013
- Significant acceleration in 2014 with **target of 700k-800k homes** passed upgraded to fiber

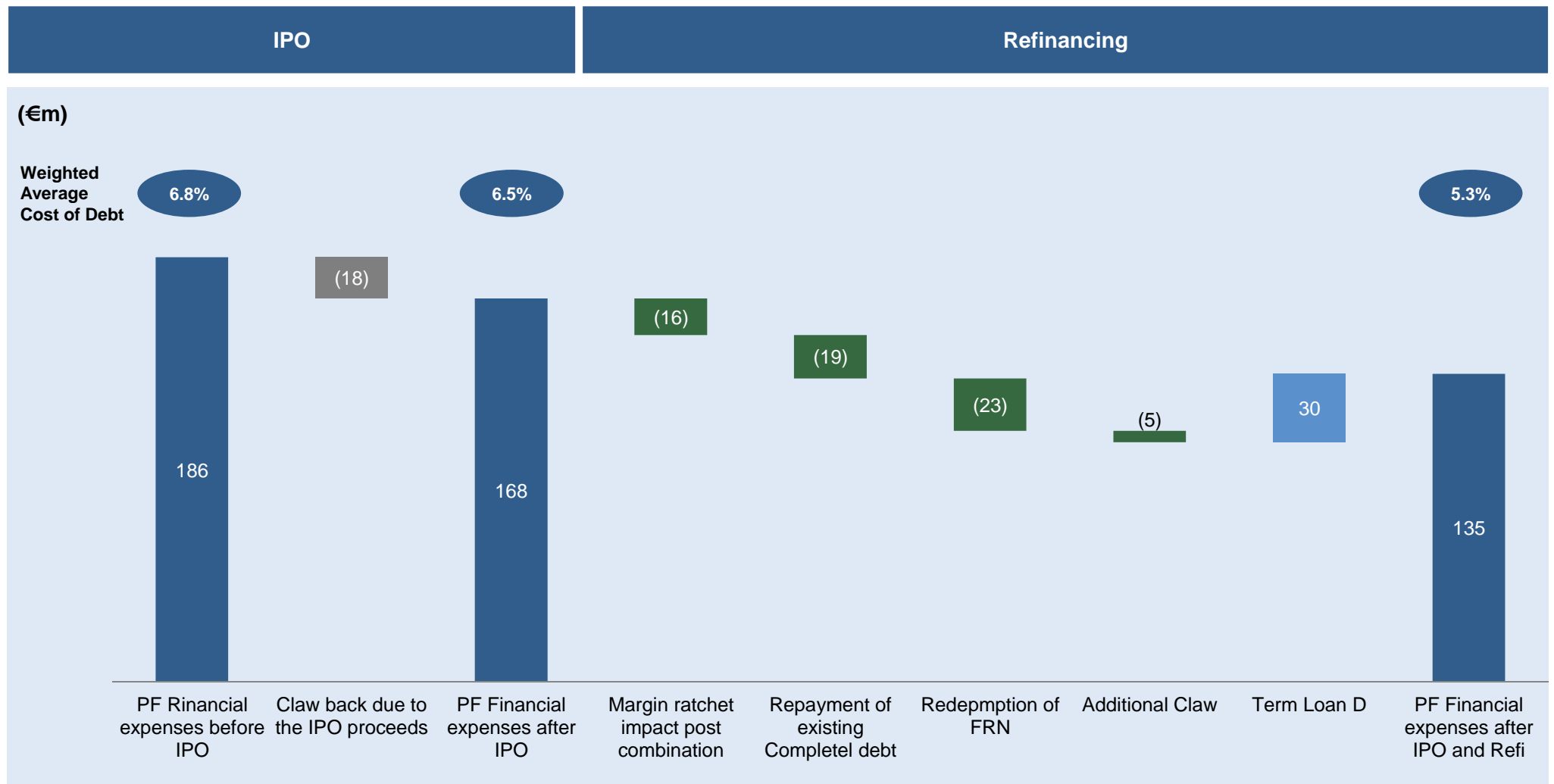
1. Capital expenditures net of subsidies received

# Net Financial Expenses

Net Financial Expenses (exc. Other Financial Expenses): 2013 vs 2012 and Q4 2013 vs Q4 2012



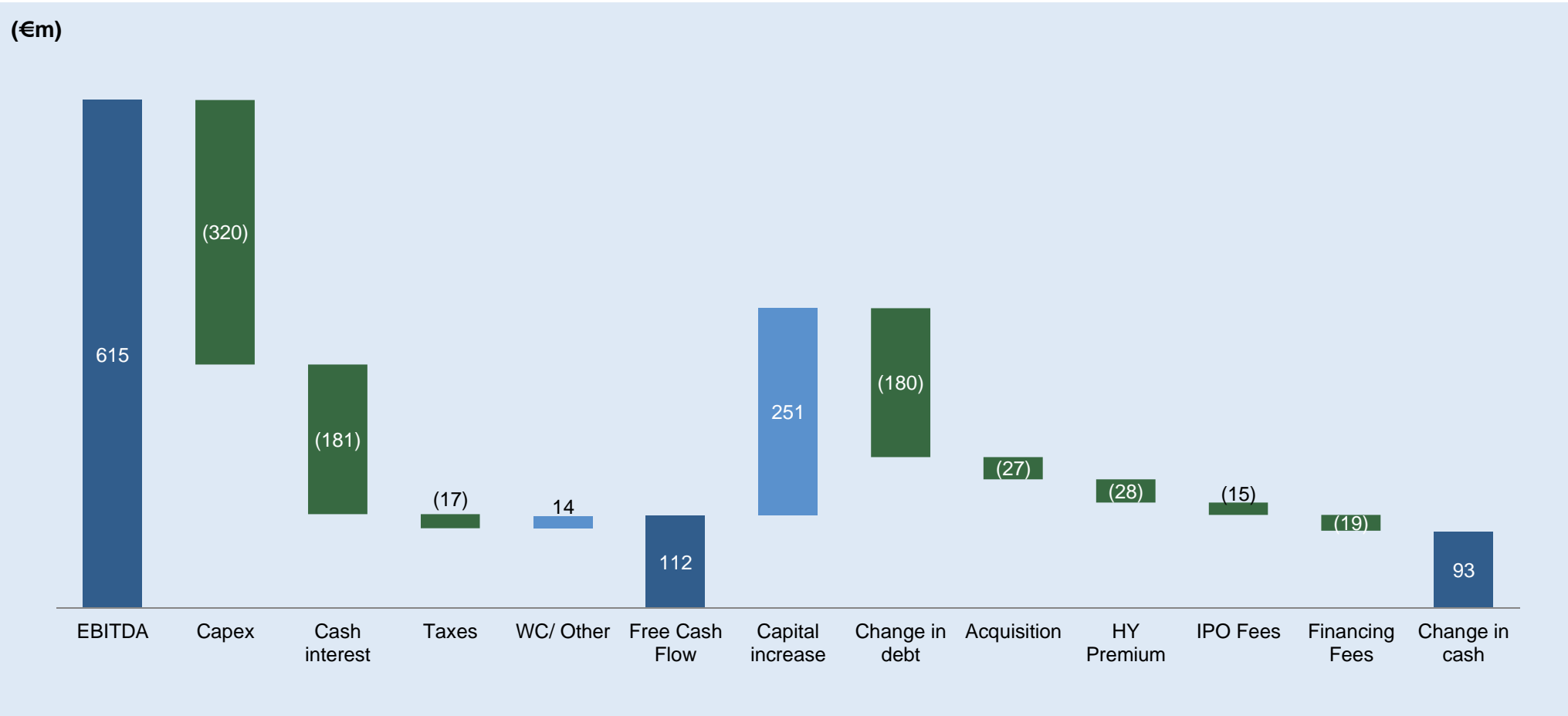
# Positive €50m impact on cash financial expenses



Note: represent interest for term loans and notes

# Cash Flow

## Cash Flow Bridge (2013), IFRS

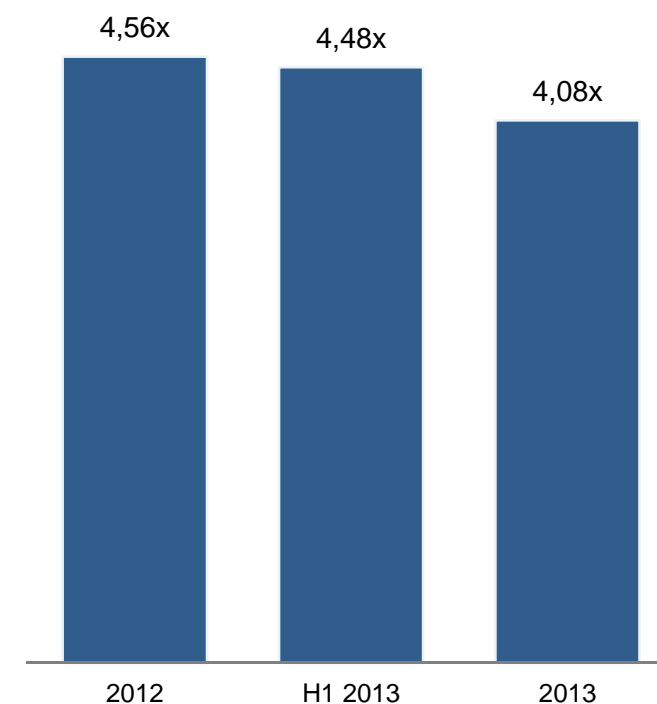


## Debt Capital Structure and Leverage

Debt Capital Structure (IFRS) (€m)			
€ M	Maturity	Margin/Coupon	Dec 2013
Cash			101.4
Term loans A2 and Capex 2	June 2015	E + 387.5bps	51.9
Term Loan B1	June 2014	E + 350bps	11.2
Term Loan B2	June 2016	E + 475bps	106.5
Term Loan B3	Dec 2017	E + 475bps	672.1
Term Loan C1	Dec 2015	E + 425bps	36.0
Term Loan C2	Dec 2017	E + 525bps	42.3
Term Loan C3	Dec 2017	E + 475bps	110.9
Term Loan C4	Dec 2018	E + 500bps	426.8
Term Loan D	Dec 2018	E +375bps	800.0
12.375% Senior Secured Notes Feb 2019	Feb 2019	12.375%	234.1
8.75% Senior Secured Notes Feb 2019	Feb 2019	8.750%	146.3
Other Financial Debt (1)			36.4
<b>Total debt</b>			<b>2 674.5</b>
<b>Net debt</b>			<b>2 573.1</b>
<b>Undrawn Facilities</b>			
Revolving Credit Facility			65.0

(1) Other Financial Debt includes leaseings, accrued interests and net capitalised fees, but excludes Customer Deposits and TSDI

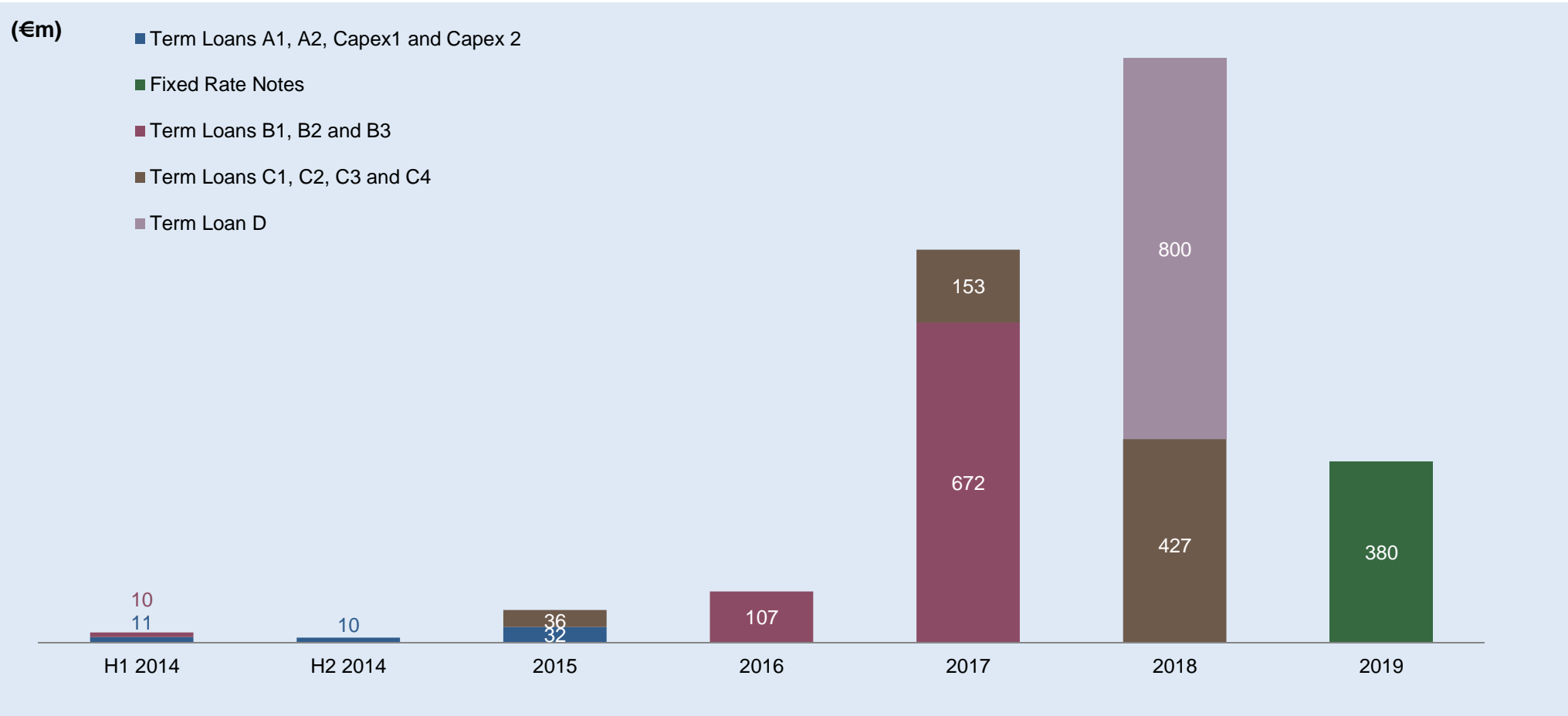
### Net leverage based on adjusted LTM Adjusted EBITDA (IFRS)



Note: 2013 Net leverage calculation excludes the exceptional fees and premiums paid in Q4 2013 in relation with the IPO and the TL D refinancing

# Maturities' Profile

## Maturities profile



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Full Year 2013 Highlights

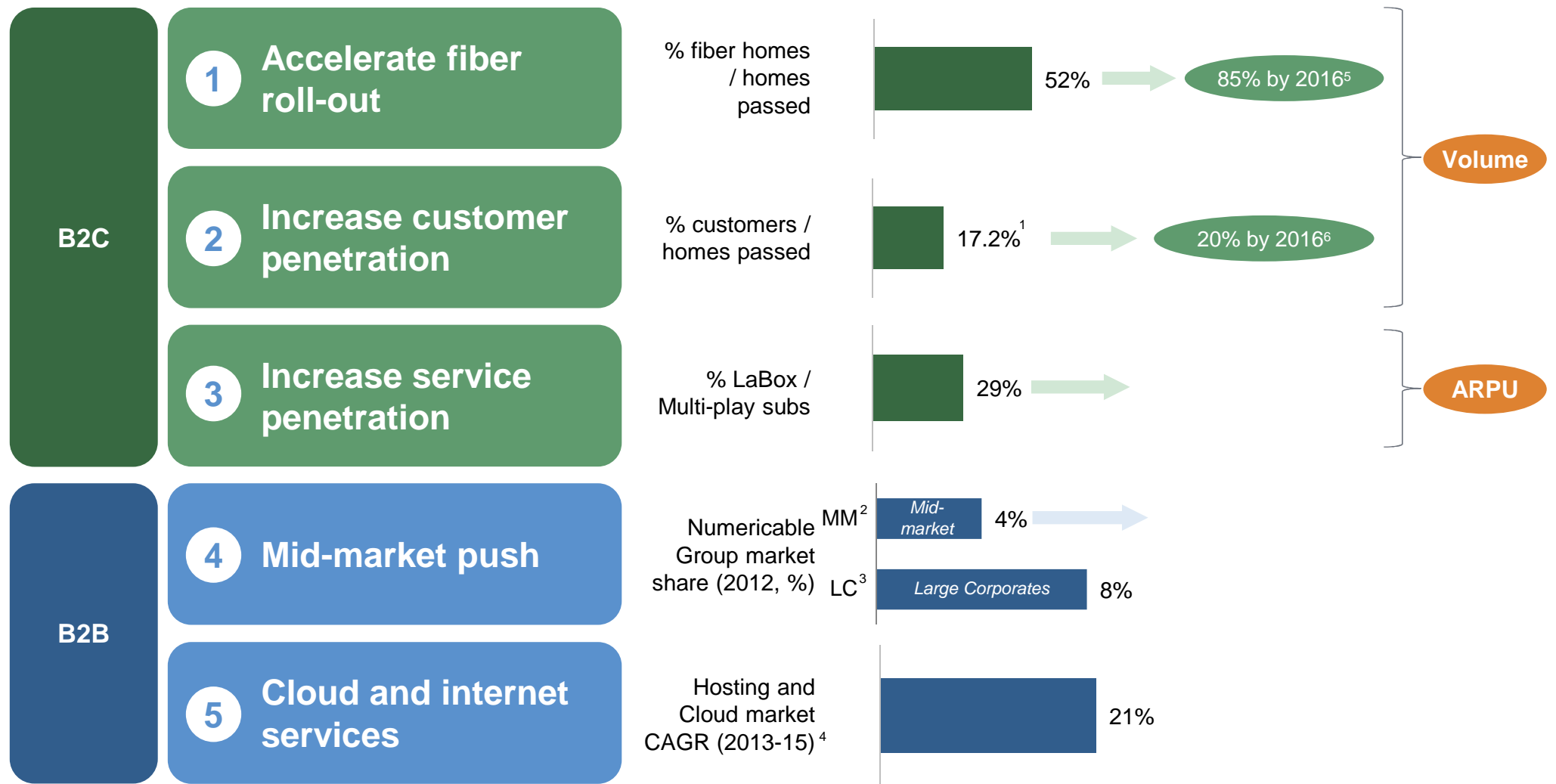
Operational Performance

Financial Performance

**Strategy & Guidance**



# Our Growth Strategy

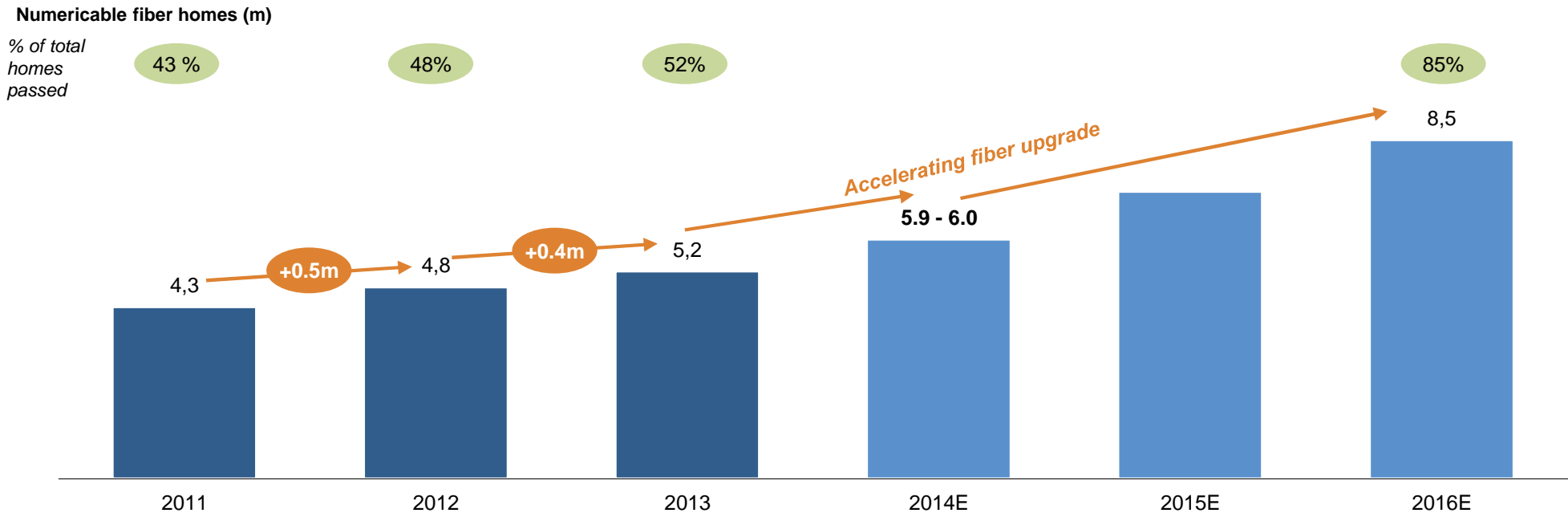


Source: Company information, management estimates based on publicly available information; ARCEP market data and management analysis

1. Based on 1,709k individual subs / 9.940m homes passed as of Q4 13; 2. Mid-market; 3. Large Corporates; 4. Based on management estimates; 5. Based on target of upgrading all triple-play enabled homes to fiber by 2016; 6. Based on additional 200-250k subscribers by 2016;

# Accelerating the fiber upgrade plan and La Box roll out is key to our competitive advantage

## Dynamic ongoing and accelerating fiber upgrade




- ⊙ 2014 target is to upgrade **700k-800k** additional homes passed to Fiber
- ⊙ Clear benefits in terms of churn and gross adds momentum :
  - Upgraded areas in 2013 => 1% lower churn and 1% higher gross adds momentum (vs 2012)
  - La Box customer => 3€ higher ARPU and 3% lower churn (vs 3P customer without La Box)

# A new range of appealing offers in place since February

Offer	iStart	La Box Start	La Box Power	La Box Family	La Box Extra	La Box Platinum
Broadband	Up to <b>100 Mbps</b>	Up to <b>200 Mbps</b>	Up to <b>200 Mbps</b>	Up to <b>200 Mbps</b>	Up to <b>200 Mbps</b>	Up to <b>200 Mbps</b>
TV channels	Free DTT channels	<b>200</b>	<b>240</b>	<b>280</b>	<b>300</b>	<b>320</b>
o/w HD	<b>10</b>	<b>10</b>	<b>34</b>	<b>41</b>	<b>41</b>	<b>54</b>
o/w exclusive	—	—	<b>40<sup>3</sup></b>	<b>80<sup>3</sup></b>	<b>80<sup>3</sup></b>	<b>80<sup>3</sup></b>
LaBox	<b>x</b>	<b>✓</b>	<b>✓</b>	<b>✓</b>	<b>✓</b>	<b>✓</b>
Fixed Telephony <sup>1</sup>	Unlimited F2F and F2M in France + 100 other countries	Unlimited F2F and F2M in France + 100 other countries	Unlimited F2F and F2M in France + 100 other countries	Unlimited F2F and F2M in France + 100 other countries	Unlimited F2F and F2M in France + 100 other countries	Unlimited F2F and F2M in France + 100 other countries
Mobile	<b>x</b>	<b>x</b>	60min voice + unlimited SMS	60min voice + unlimited SMS	60min voice + unlimited SMS	60min voice + unlimited SMS
Price	<b>€28</b> / month	<b>€40</b> / month	<b>€46</b> / month	<b>€56</b> / month	<b>€78</b> / month	<b>€99</b> / month


**Pack OCS + BeIN Sport**

- ⊙ Innovative Sport & Series package for €20/month
- ⊙ Exclusive access to latest US series, TV shows and movies
- ⊙ Exclusive French and International sport events including French Ligue 1 and UEFA Champions League



**Pack Canal+**

- ⊙ Basic offer for €40/month
- ⊙ Possibility to subscribe to additional channels
- ⊙ Access to Canal+ VOD



Source: Company information

1. Calls to 100+ international destinations; 2. Run-rate monthly cost for Pack Panorama + Pack Series Cinema; 3. Shared exclusivity between Numericable and CanalSat; 4. Based on gross adds from September 2012 to June 2013



## The innovation saga continues on La Box



### Social TV update in LaBox with Videoshot TV – a worldwide premiere

- ⊙ Possibility to easily share 15" videos from TV channels directly on Facebook
- ⊙ Developed in-house and patent protected



### "Restart by Numericable" – Start Over on premium channels

- ⊙ Functionality that allows LaBox users to start over programs on 11 TV channels including premium ones like Bein Sports and OCS



### Youtube and Dailymotion directly on TV

- ⊙ Optimized interface for an optimal TV experience
- ⊙ The power of the network allows to have excellent video quality

### Remote recording

- ⊙ Ability to schedule recordings on LaBox directly from the Numericable application (available on iOS or Android devices)

### Multiscreen Remote control

- ⊙ The smartphones or tablets can be used as remote controls for your LaBox

### A web browser to go through the Internet on TV

- ⊙ Possibility to use the optical sensor of the remote control to navigate on the Internet on an integrated web browser



# Content Strategy : Adapt to a changing environment

Our aim is to continuously improve our customer's digital TV Experience

	New in 2013	Total
TV channels	21 launches	Over 400
HD channels <sup>(1)</sup>	15 launches	Over 70
Replay channels	14 additions	Over 60
VOD platform: largest in France – over 30k programs available		
SVOD platform: 26 different passes now available		



French TV Consumption patterns are changing fast :

- **Non linear TV** continues to increase (now representing 16% of all TV consumption amongst 15-24 year olds)
- **Multi tasking** and **Social TV** is also on the increase (with 76% of customers using a second screen as they watch TV)
- **Emergence of individual screening** with more than 6 screens per household in France on average<sup>(2)</sup>

1. Our HD is the best HD in the market with an average encoding of 12 Mbit/s (vs 5 Mbit/s for Free)  
 2. 2/3 of French Households are equipped with a smartphone and 25% with a tablet according to Etude globale de Médiamétrie 2013

## B2B Strategy : Push towards the Mid Market and Cloud Services

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### ⦿ Acquisition of LTI Telecom

=> Completed in November 2013

=> LTI is the base of our mid-market strategy growth with its indirect sales force and standardized delivery process

⇒ Ambition is to grow LTI indirect sales force (currently 100 partners) in 2014



### ⦿ Cloud Services agreement with IBM to deliver an IaaS<sup>(1)</sup> solution

⇒ This Cloud partnership with IBM will allow us to offer a complete IT Telecom offer to our mid-market customer base



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1. IaaS stands for Infrastructure as a Service

## Guidance reiterated

	Short-term guidance 2014 Guidance	Mid-term guidance 2014-2016 Guidance	Long-term guidance 2017 and beyond
Fiber homes	<ul style="list-style-type: none"> <li>5.9m-6.0m B2C fiber plugs</li> </ul>	<ul style="list-style-type: none"> <li>Triple-play enabled network (currently 8.5m homes) <b>fully upgraded to fiber</b></li> </ul>	–
B2C customers		<ul style="list-style-type: none"> <li>Growth of <b>200k-250k customers</b></li> </ul>	–
Revenue growth	<ul style="list-style-type: none"> <li>Growth of 2% to 5%</li> </ul>	<ul style="list-style-type: none"> <li>Growth of <b>2% to 5% per annum</b> accelerating gradually, in line with network upgrade</li> </ul>	–
Adjusted EBITDA	<ul style="list-style-type: none"> <li>Adj. EBITDA growth rate superior to revenue growth</li> </ul>	<ul style="list-style-type: none"> <li>Adj. EBITDA growth rate superior to revenue growth with a <b>margin target of 50% in 2016</b> driven by higher product mix</li> </ul>	<ul style="list-style-type: none"> <li><b>Growth rate at least equal to that of 2016</b>, as Company fully leverages its upgraded network</li> </ul>
Capex		<ul style="list-style-type: none"> <li><b>~€300m per annum</b> plus total <b>network upgrade</b> (including DSP92) of <b>c.€220m-230m</b> during the 2014-2016 period</li> </ul>	<ul style="list-style-type: none"> <li>Progressively normalizing <b>around 20% of revenues</b></li> </ul>
Leverage	<ul style="list-style-type: none"> <li>Net leverage target between 3.5x and 4.0x at 2014 year end</li> </ul>	<ul style="list-style-type: none"> <li>Target net leverage to remain around 3.5x-4.0x between 2014-2016</li> <li>Leverage range in line with main peers</li> </ul>	–
Dividends	<ul style="list-style-type: none"> <li>The Company will <b>actively evaluate the potential for future dividend payments</b> based on excess cash flows available and as permitted under its financing agreements within its target leverage</li> <li><b>First dividend might be considered in 2015 in respect of FY 2014</b></li> </ul>		



# SFR – Numericable : An Attractive Offer for Vivendi and its Shareholders

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## Presentation of the Offer

- Acquisition of SFR in cash and shares
  - €10.9 Bn in cash and 32% ownership in the new SFR-Numericable entity
- New entity headquartered in France and listed in Paris where Numericable Group is already listed (Paris Euronext Stock Exchange)
- Expires on March 14th

## Attractive Proposal for Vivendi and its Shareholders

- Fully financed offer with commitments from a large syndicate of leading French and international banks
- Limited anti-trust issues expected with clear undertakings from the new group to address adequately any concerns raised by the French Competition Authority

**SFR – Numericable is a better deal for Vivendi as it is faster to implement, bears little regulatory risk and no financial risk**

## **SFR – Numericable : A Powerful Combination to Create a French Champion**

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- ✓ Leading national Fixed / Mobile infrastructure ideally positioned on Very High Speed Broadband and Quadruple Play**
  - Significant scale provides opportunities to accelerate upgrade and extension of fixed cable network in France
  - Highest 3G+ coverage in France and leader for 4G offerings on low spectrum frequencies providing better indoor coverage
  
- ✓ Strong complementarity of the two Groups' network infrastructures**
  
- ✓ No impact on employment**
  
- ✓ Completely in line with Numericable Group's strategy**



**Accelerate investments in fiber roll-out and 4G mobile network deployment to foster products and services innovation for the benefit of our clients and the French telecom industry**

# Questions & Answers

**LE TRÈS HAUT DÉBIT PARTOUT !**

**CHEZ VOUS**  
LaBox Fibre by Numericable

**EN MOBILITÉ**  
Forfait Ultra Mobile 4G  
sur le réseau SFR

LE PACK POWER 4 VOUS | 1 AN DE  
**OFFRE 4G**

[En savoir plus](#)