

**Numericable Group**  
*Q1 2014 Results Presentation*



13 May 2014  
Paris

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## Q1 2014 Highlights

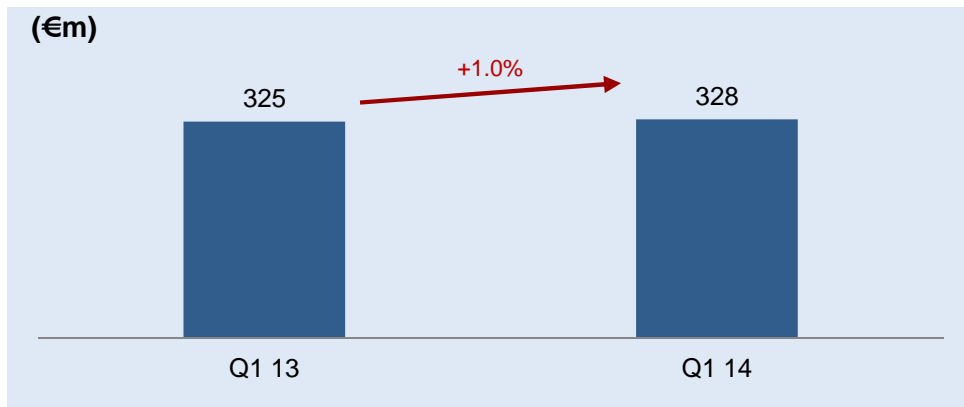
Operational Performance

Financial Performance

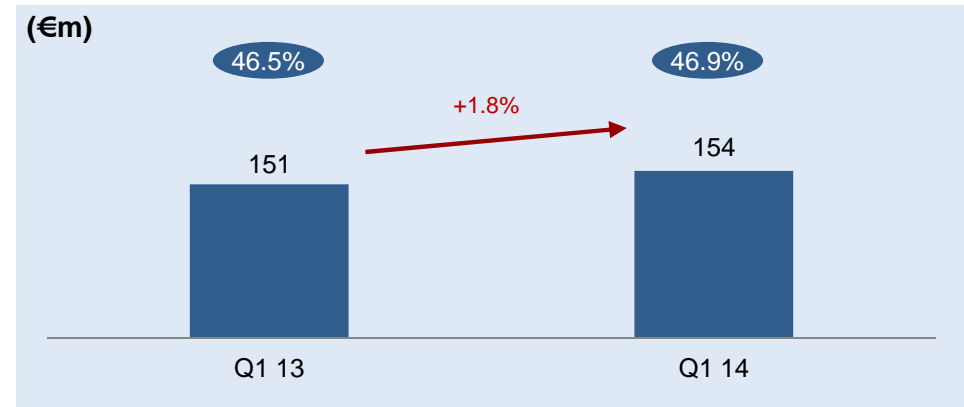
Guidance & SFR Update

# Q1 2014 Key Financials

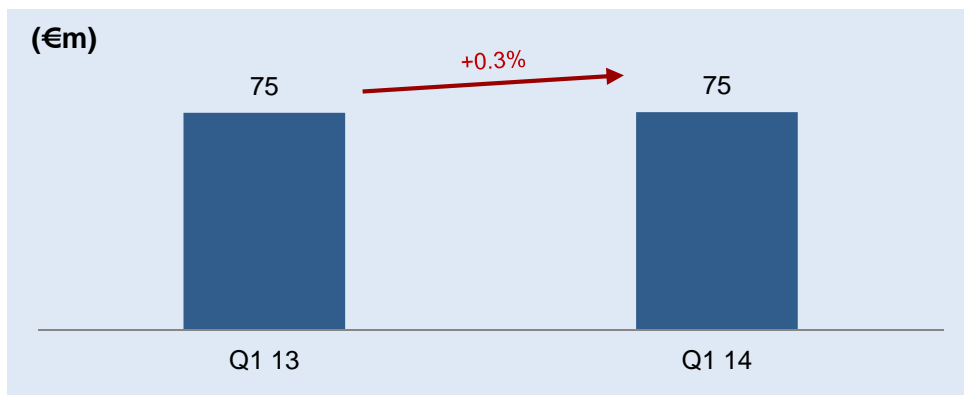
## Revenues



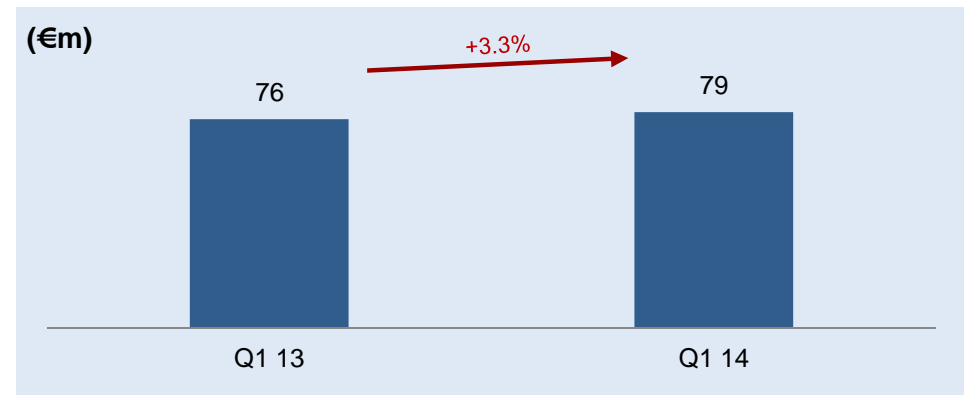
## Adjusted EBITDA and margin



## Capex<sup>1</sup>



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



Note: All Revenue figures are after inter-segment eliminations

1. Capital expenditures net of subsidies received

## Q1 2014 achievements

### Revenue Growth and Profitability Enhancement

- Q1 2014 Revenue : 328m (+1.0%)
- Ramp up from Q3 2013 (0.8%) and Q4 2013 (0.6%) levels
- Digital (Numericable Brand) B2C revenue : +5.0%
- Q1 2014 Adjusted EBITDA : 154m (+1.8%)
- Q1 Adjusted EBITDA margin : 46.9% (up 40bps)

### Solid Operating Performance

- B2C customer base grows by 4.3% in last twelve months
- 70k new customers gained in last twelve months
- Customer Base ARPU at record €42.1

### Additional Fibre Roll-out

- 209k additional Fibre Plugs installed in Q1 2014 with 700-800k target for 2014
- Q1 2014 Capex of €75m in line with guidance

### Post Closure events : SFR Combination Project and Consequent Refinancing

- Altice/Numericable offer for SFR selected by Vivendi
- €11.6 billion SFR financing completed in April
- Cost of debt reaches record low level

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Q1 2014 Highlights

**Operational Performance**

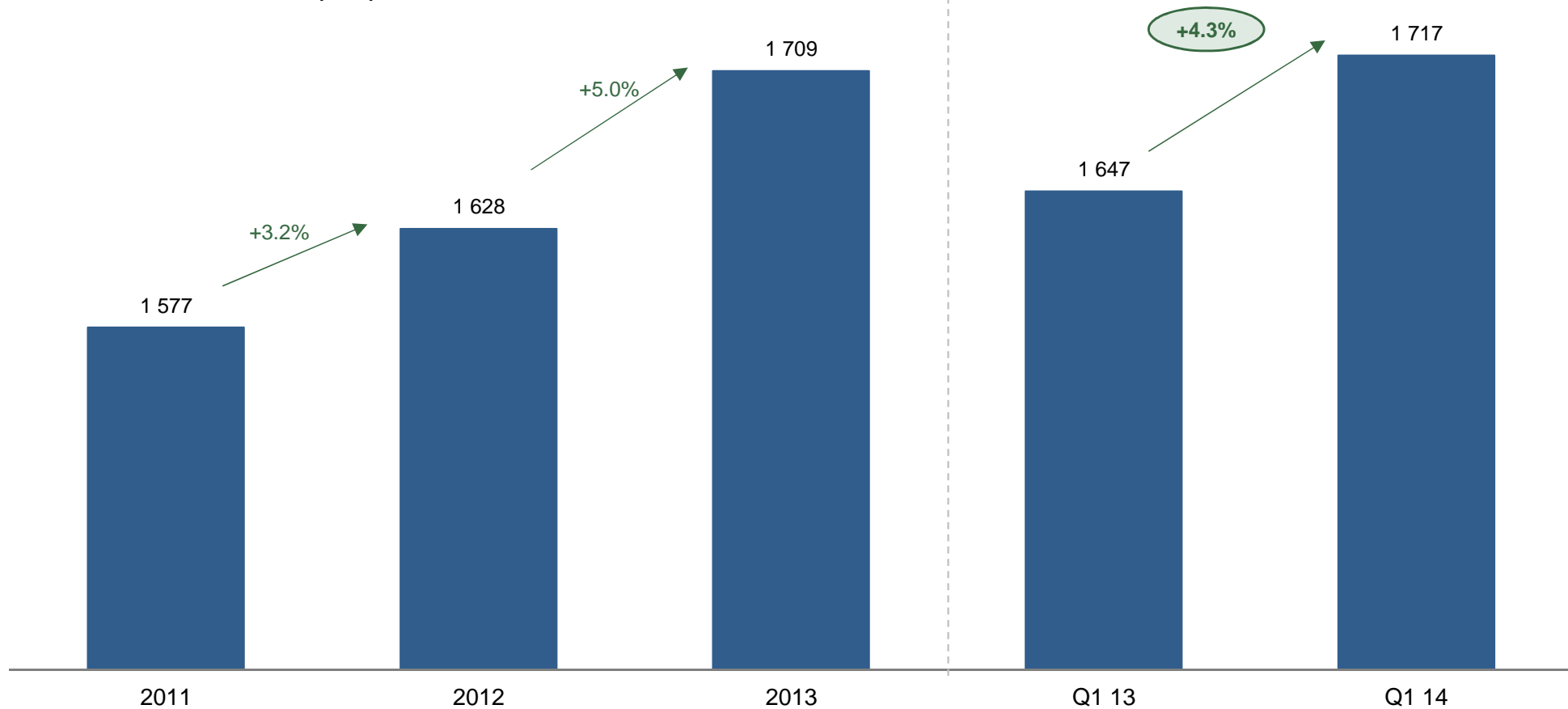
Financial Performance

Guidance & SFR Update

## Strong growth momentum in B2C

Attractive growth in customer base...

Total individual subscribers ('000)

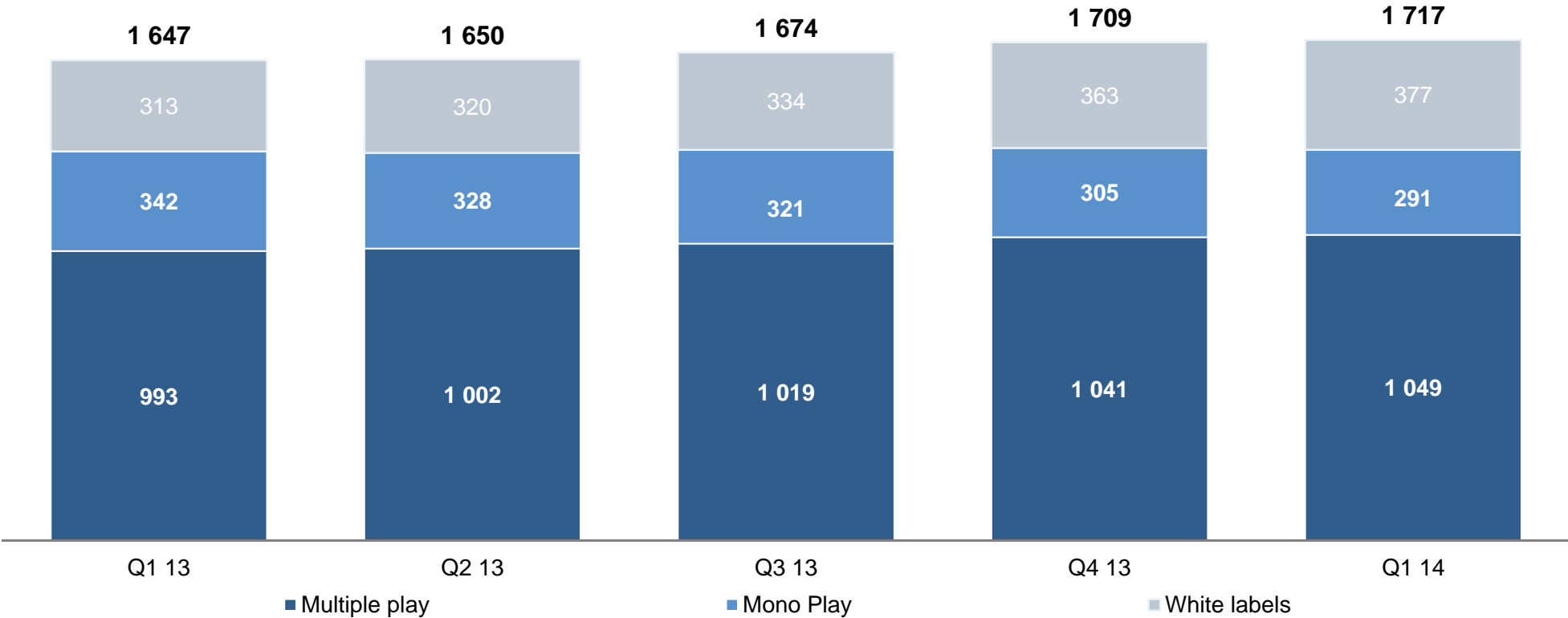




# Positive Customer Base Dynamics

Growing Numericable & White Label Customer Bases

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



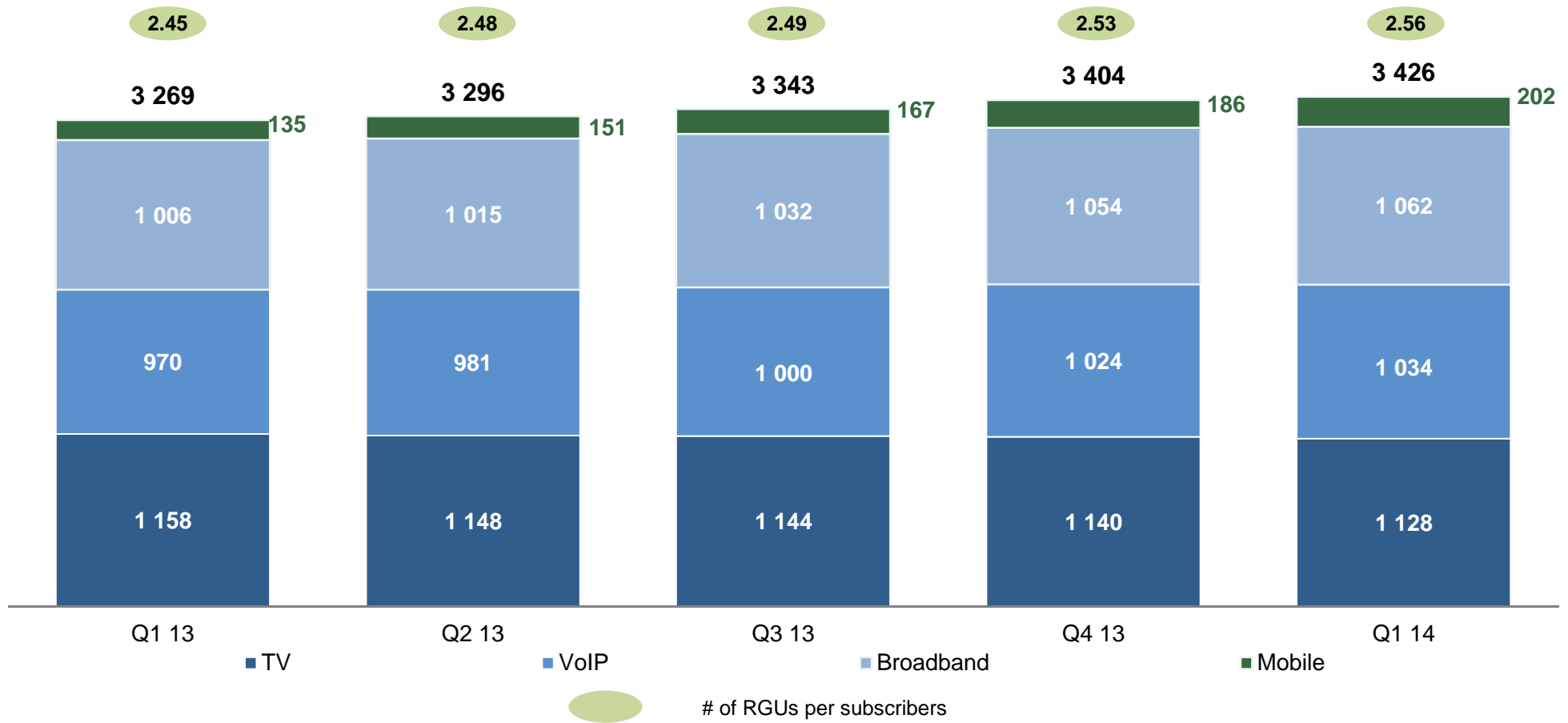
70k new customers gained in year to Q1 14



# Steady Growth Momentum in RGUs

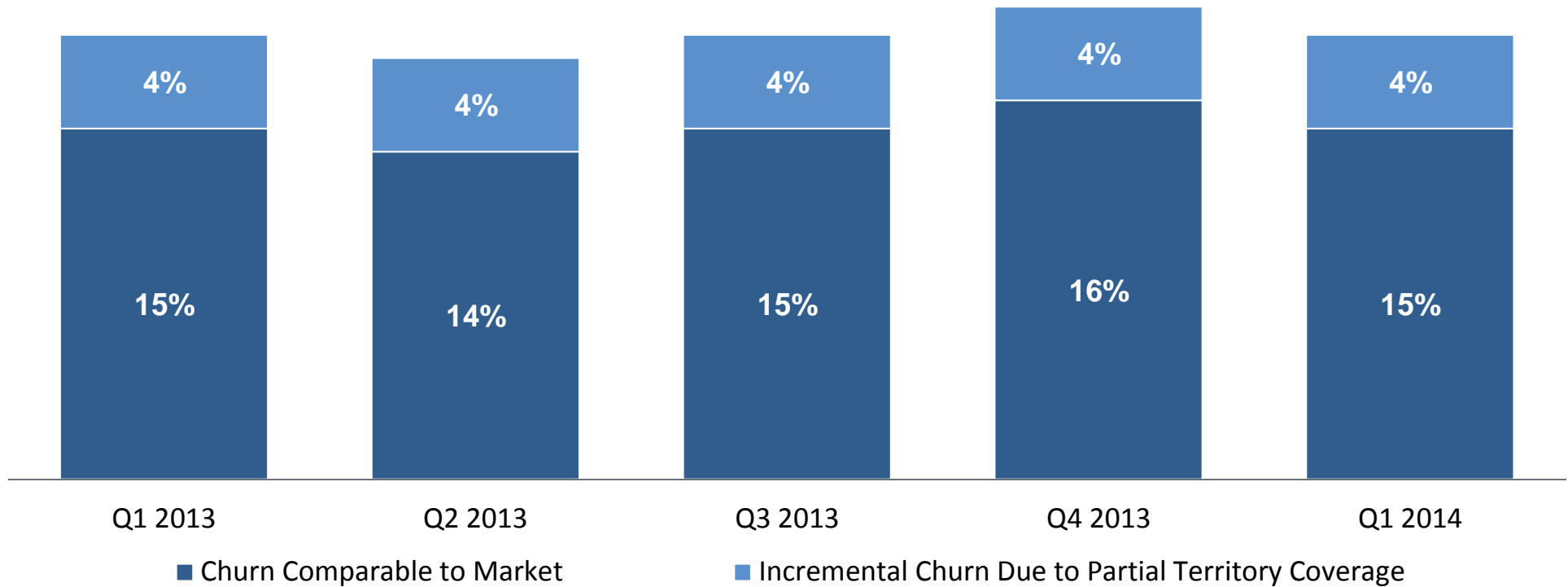
Growth in Q1 2014 versus Q1 2013

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



# Stable Churn

## Churn



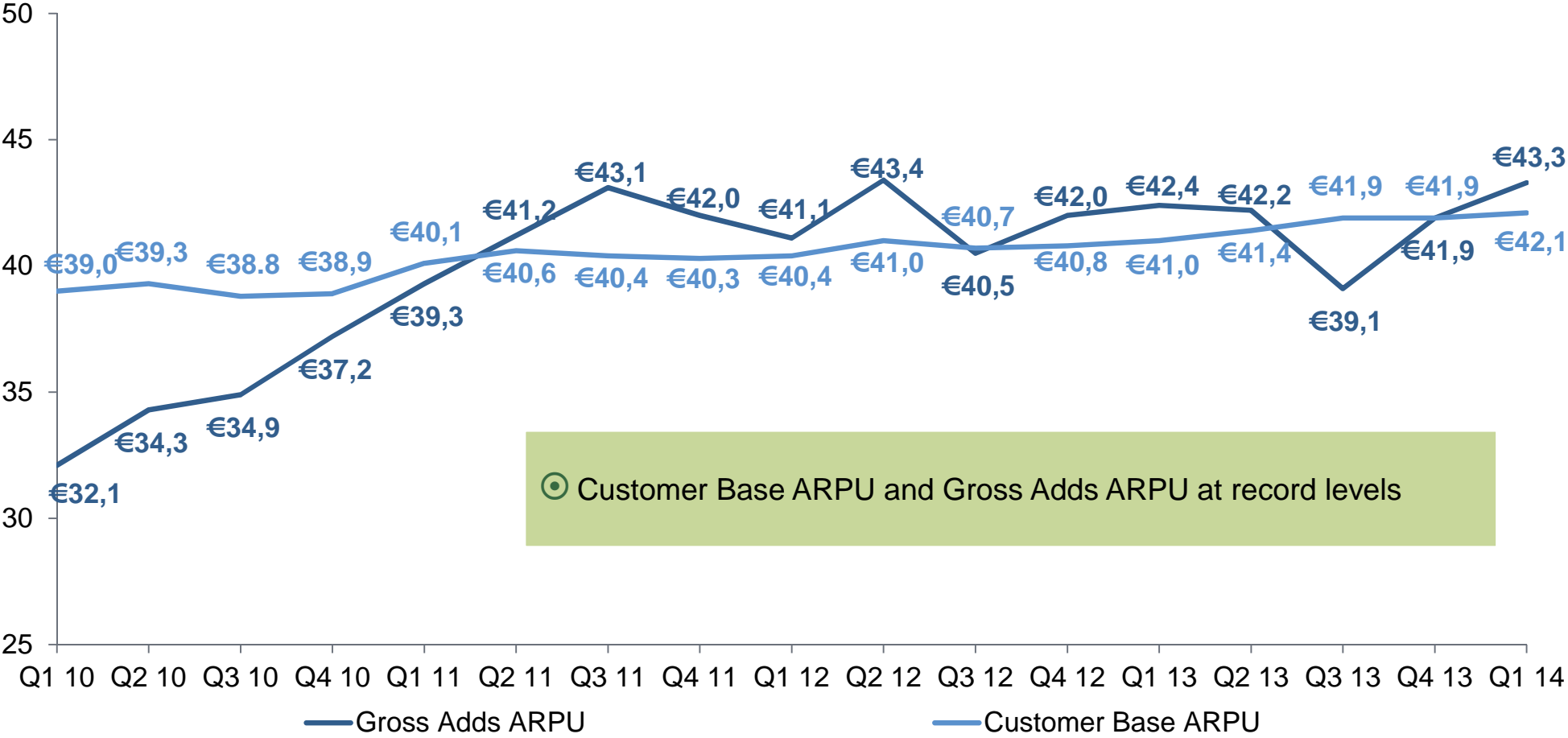
- Overall Churn at 19,4% in Q1 2014 stable versus Q1 2013 (18,7%) and in line with market churn\*
- 3P Churn at 15.7% in Q1 2014 significantly down versus Q1 2013 (17,2%)

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

# Digital ARPU Growth

Gross Adds ARPU up 2.1% yoy, Customer base ARPU up 1.7% yoy

Digital ARPU (€)

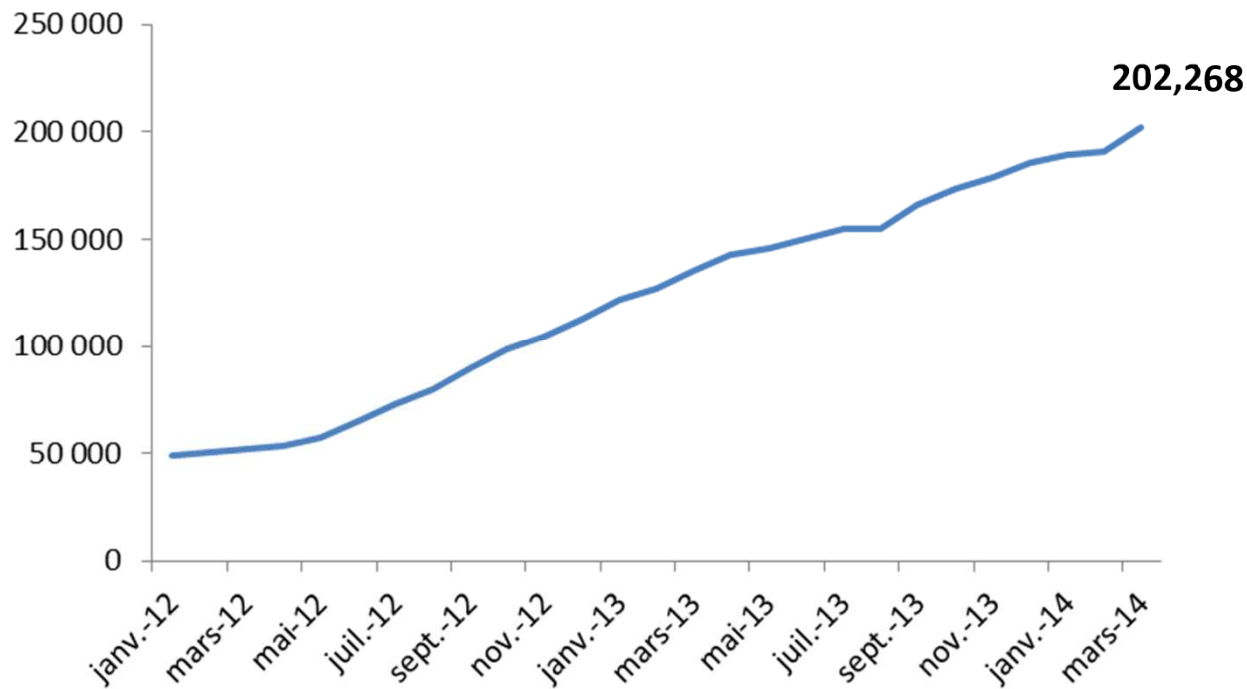


Customer Base ARPU and Gross Adds ARPU at record levels

# 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 Fibre and 4G
- ⊙ Clear benefit from additional MVNO agreement with SFR



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

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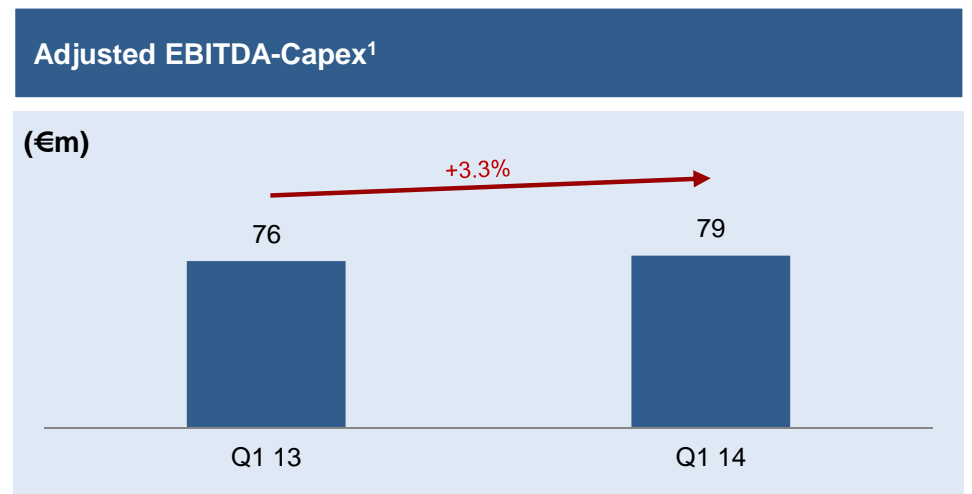
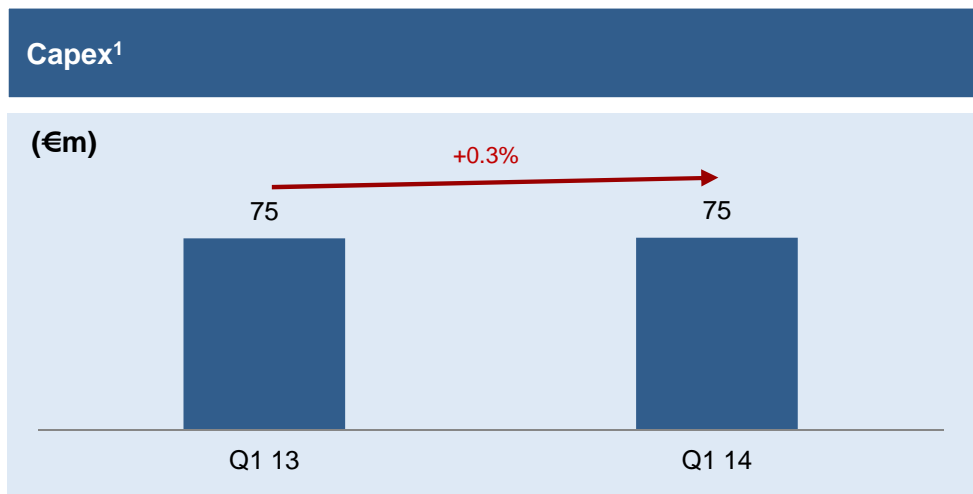
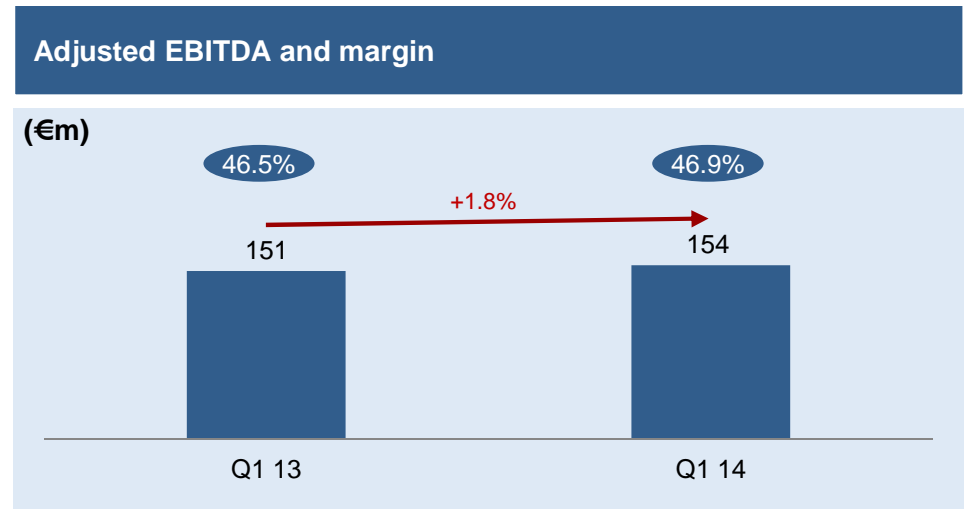
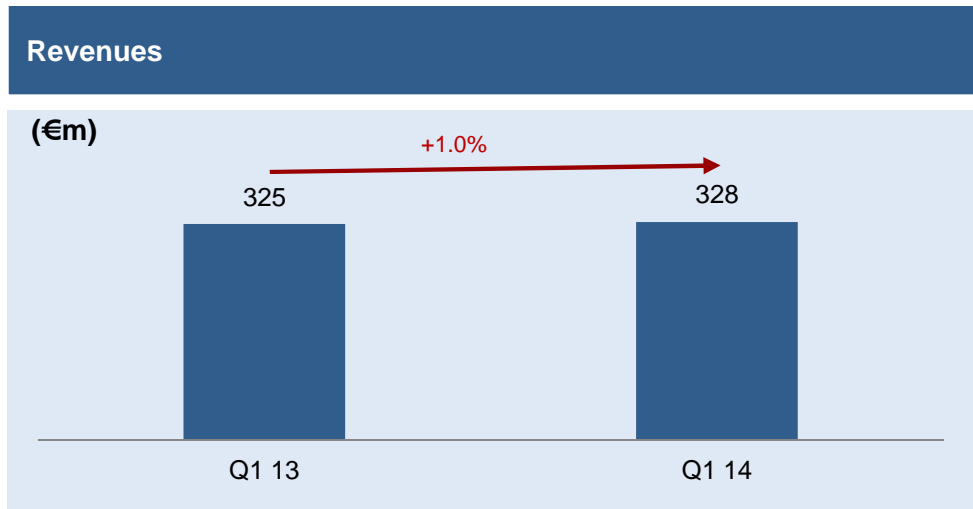
Full Year 2013 Highlights

Operational Performance

**Financial Performance**

Guidance & SFR Update

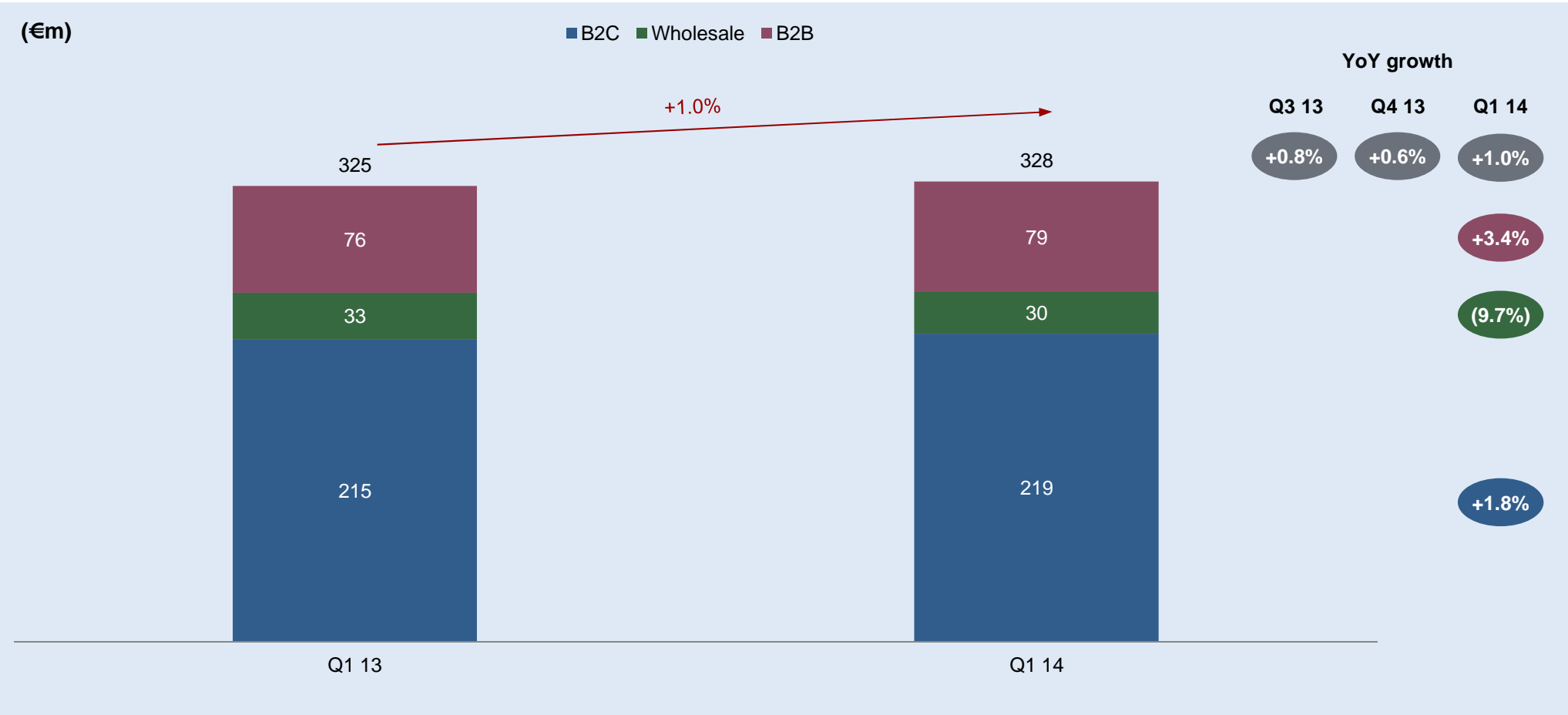
# Q1 2014 Key Financials



Note: Revenues after inter-segment eliminations  
 1. Capital expenditures net of subsidies received

# Positive core revenue development

## Consolidated revenues by segment

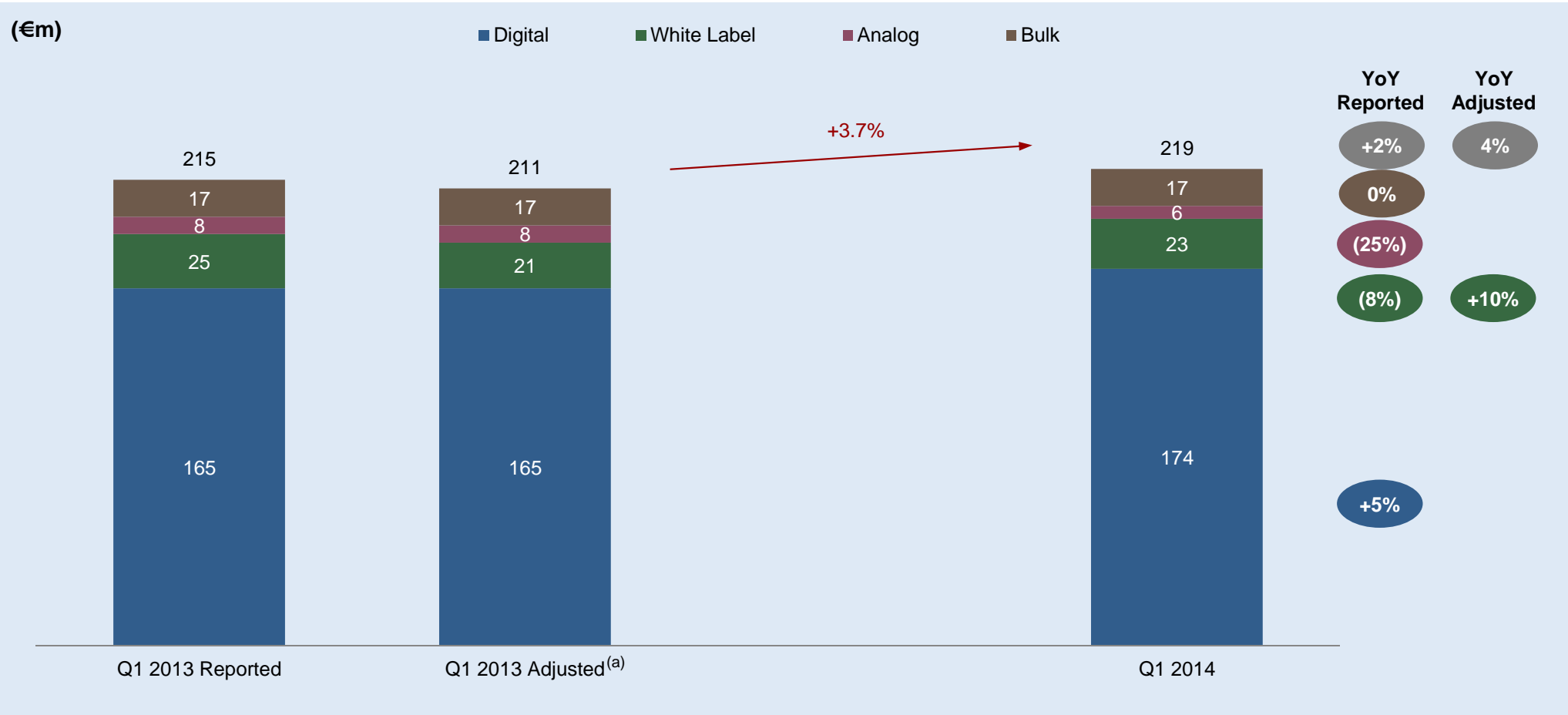


Note: B2B revenues include impact of LTI Telecom



# B2C revenues : Solid growth in digital

## B2C revenues and breakdown by category



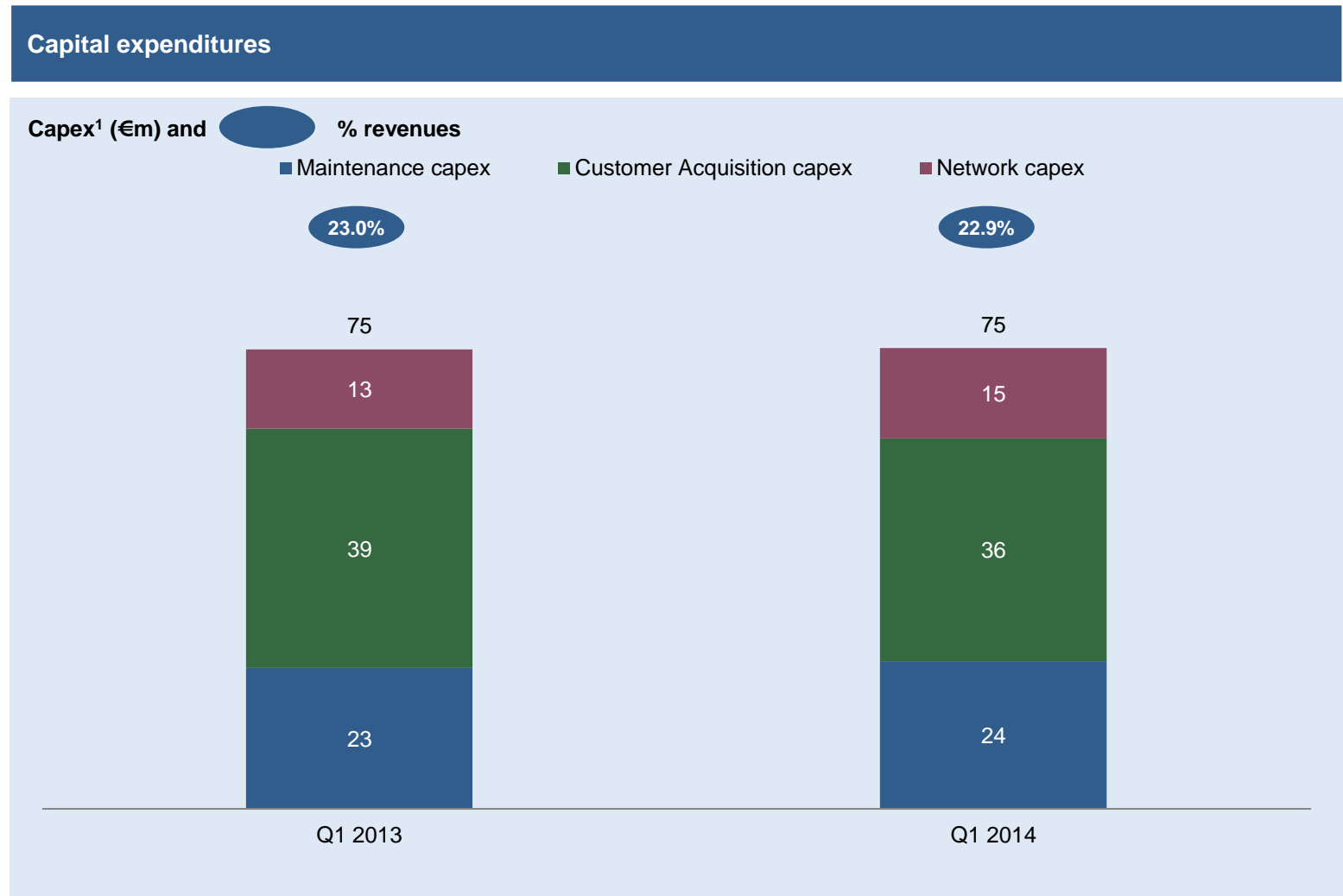
(a) Adjusted Q1 13 revenues exclude a 3.5m one-off in white-label revenues

# B2B revenues : Growth in data, voice impacted by termination rate cuts and difficult economic climate



Note : B2B Revenues include the impact of LTI Telecom

# Investment in network and customers as main capex drivers



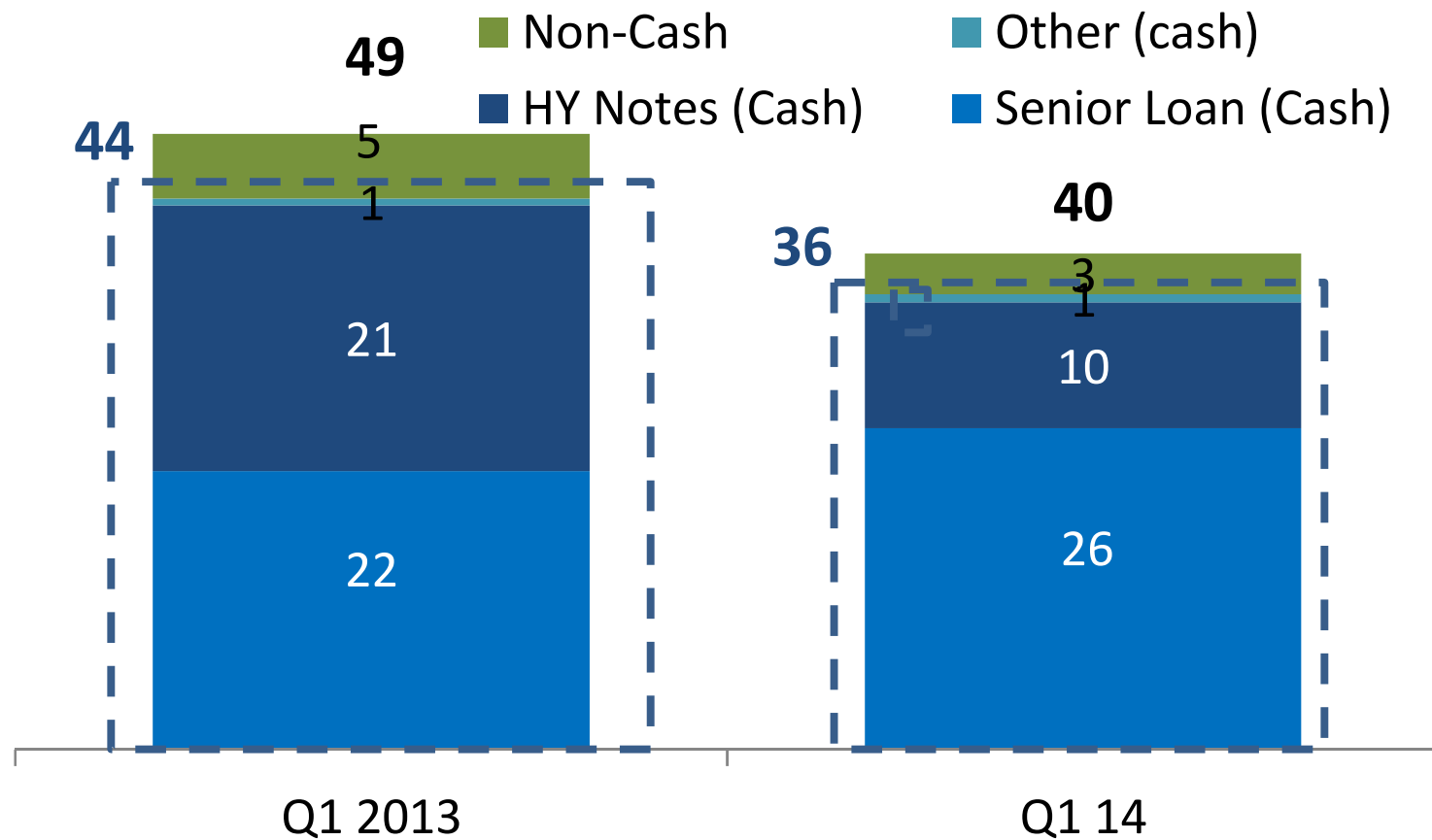
- 2014 Q1 Capex in line with annual guidance
- More than 200k homes passed upgraded to fiber in Q1 2014
- 5.4m fiber homes at end Q1 2014
- On track to deliver significant acceleration in 2014 with **target of 700k-800k homes** passed upgraded to fiber

1. Capital expenditures net of subsidies received

# Net Financial Expenses

Net Financial Expenses (exc. Other Financial Expenses): Q1 2014 vs Q1 2013

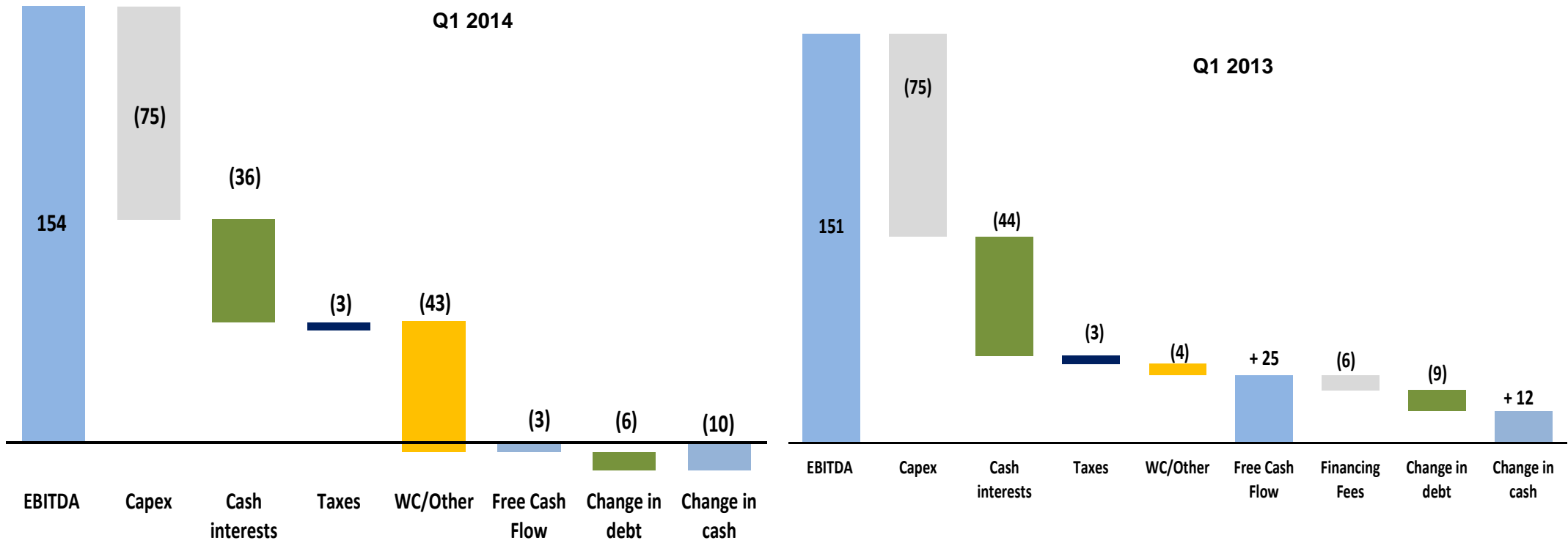
(€m)



# Cash Flow

Cash Flow Bridge (Q1 2014 vs Q1 2013), IFRS

(€m)



## Debt Capital Structure and Leverage

### Debt Capital Structure (IFRS) (€m)

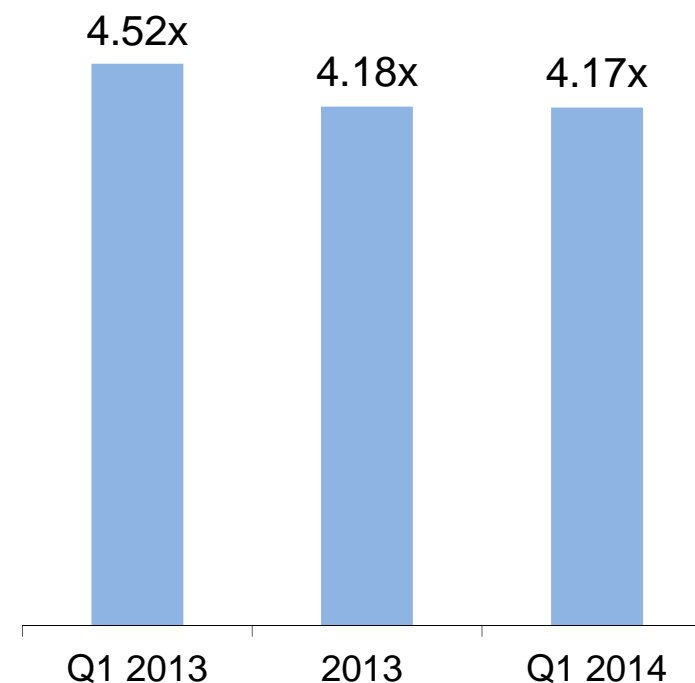
€ M	Maturity	Margin/Coupon	March 2014
Cash			91.6
Term loans A2 and Capex 2	June 2015	E + 300bps	51.9
Term Loan B1	June 2014	E + 300bps	11.2
Term Loan B2	June 2016	E + 400bps	106.5
Term Loan B3	Dec 2017	E + 400bps	672.1
Term Loan C1	Dec 2015	E + 350bps	36.0
Term Loan C2	Dec 2017	E + 400bps	42.3
Term Loan C3	Dec 2017	E + 350bps	110.9
Term Loan C4	Dec 2018	E + 425bps	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)			31.8
<b>Total debt</b>			<b>2 669.9</b>
<b>Net debt</b>			<b>2 578.3</b>

### Undrawn Facilities

Revolving Credit Facility	65.0
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(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)



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Full Year 2013 Highlights

Operational Performance

Financial Performance

**Guidance & SFR Update**



## 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 Group Combination Project Update

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### Next Steps :

- Consultation of Numericable Group and SFR's work councils on the combination project (2<sup>nd</sup> quarter of 2014)
- Launch of procedures to obtain authorizations from the relevant administrative authorities including the French Antitrust Authorities (2<sup>nd</sup> & 3<sup>rd</sup> quarter 2014)
- Launch of a €4.7 billion capital increase (4<sup>th</sup> quarter 2014)
- Closing (before year end 2014)

# Questions & Answers

LE TRÈS HAUT DÉBIT PARTOUT !

LA BOX FIBRE BY NUMERICABLE

CHEZ VOUS  
LaBox Fibre by Numericable

EN MOBILITÉ  
Forfait Ultra Mobile 4G  
sur le réseau SFR

LE PACK POWER 4 VOUS OFFRE 1 AN DE 4G

En savoir plus