

Numericable Group
Q2 2014 Results Presentation

5 August 2014
Paris

Disclaimer

This document was prepared by Numericable Group for the sole purpose of this presentation. This presentation includes only summary information and does not purport to be comprehensive. The information contained in this document has not been independently verified. No representation or warranty, express or implied, is made as to, and no reliance should be placed upon, the fairness, accuracy, completeness or correctness of the information or opinions contained in this document and none of Numericable Group, its affiliates, directors, employees and representatives accept any responsibility in this respect.

Certain information included in this presentation are not historical facts but are forward-looking statements. The forward-looking statements are based on current beliefs, expectations and assumptions, including, without limitation, assumptions regarding present and future business strategies and the distribution environment in which Numericable Group operates, and involve known and unknown risk, uncertainties and other factors, which may cause actual results, performance or achievements, or industry results or other events, to be materially different from those expressed or implied by these forward-looking statements.

Forward-looking statements speak only as of the date of this presentation and Numericable Group expressly disclaims any obligation or undertaking to release any update or revisions to any forward-looking statements in this presentation to reflect any change in expectations or any change in events, conditions or circumstances on which these forward-looking statements are based. Such forward looking statements in this presentation are for illustrative purposes only. Forward-looking information and statements are not guarantees of future performances and are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of Numericable Group. Actual results could differ materially from those expressed in, or implied or projected by, forward-looking information and statements. These risks and uncertainties include those discussed or identified under “Facteurs de Risques” in the Document de Base filed by Numericable Group with the Autorité des marchés financiers (“AMF”) under n° I-13-043 on September 18, 2013 and in the Actualisation du Document de Base filed by Numericable Group with the AMF under n° D.13-0888-A01 on October 25, 2013, and which are available on the AMF’s website at www.amf-france.org and on Numericable Group’s website at www.numericable.com and in the company’s annual financial report.

This presentation does not contain or constitute an offer of Numericable Group’s shares for sale or an invitation or inducement to invest in Numericable Group’s shares in France, the United States of America or any other jurisdiction.

Q2 2014 Highlights

Operational Performance

Financial Performance

Robust Operating Results

Growing Numericable Customer Base

- ⊙ **Gross Adds up 16% in Q2 YoY**
- ⊙ **Numericable brand Multiple-Play Customer Base up 6% YoY**
- ⊙ **White Label Customer Base up 14% YoY but declines sequentially for the first time**
- ⊙ **Stable churn with continued decline in Triple-Play churn at 14.5%**
(vs 15.5% in Q2 2013)
- ⊙ **413k additional Fibre Plugs installed in H1 2014** in line with 700-800k target for 2014

Improved Customer Mix and Monetization

- ⊙ **Gross Adds ARPU up 3.3% year-on-year** to €43.6 at a record level
- ⊙ **Steady growth in RGUs** at 2.59 up from 2.45 year-on-year
- ⊙ **Over 220k active SIM Cards**

Solid Financial Results

Revenue Growth and Profitability Enhancement

- ⦿ **Revenues of €336m in Q2, up 3.2% YoY** driven by Digital (Numericable brand) B2C revenues and B2B operations
- ⦿ **Revenues of €664m in H1 up 2.1% YoY**
- ⦿ **Strong momentum versus past quarters** (+0.6% in Q4 2013 and +1.0% in Q1 2014)
- ⦿ **Adjusted EBITDA of €157m, up 1.8% YoY**, yielding a margin of 46.6% impacted by increase in SACs
- ⦿ **Operating free cash flow (Adjusted EBITDA – Capex) of €69m**, reflecting higher capex in line with guidance

Successful Refinancing

- ⦿ **Full refinancing** of senior credit facilities and Senior Secured Notes
- ⦿ **Lower cost of financing**, covenant lite package and 2020 bullet maturity
- ⦿ **New Revolving Credit Facility of €750m** at closing of SFR transaction (of which €300m is available immediately)

Important Milestones for Numericable Group

Update on SFR

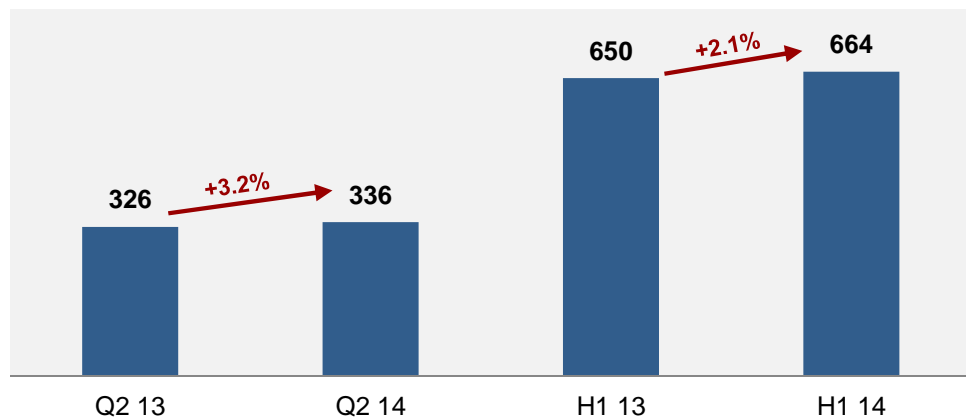
- ⊙ **Signing of definitive agreement** for the combination of SFR and Numericable on June 23rd
- ⊙ **Ongoing review by the relevant administrative authorities** including the French Antitrust Authorities
- ⊙ **Positive vote by the EGM** on May 20th and **full delegation to the Board of Directors to launch the €4.7 Bn rights issue** post administrative authorizations
- ⊙ **Confirmation of the timetable** announced by Numericable Group with **closing currently expected before year end 2014**

Acquisition of Virgin Mobile

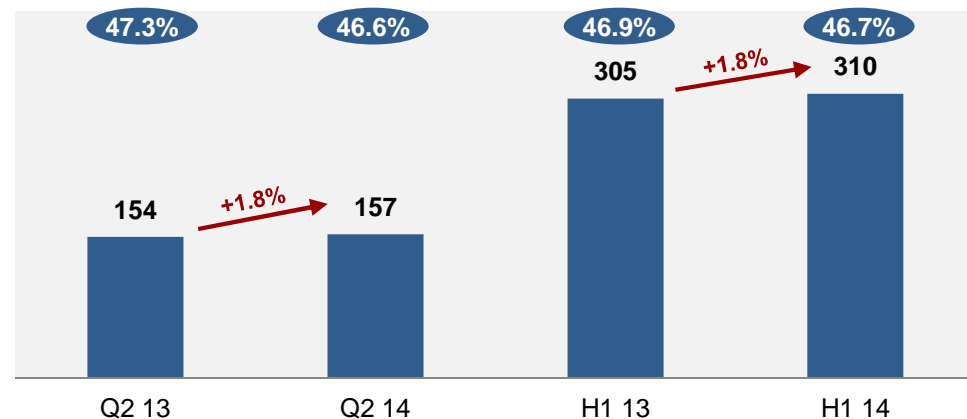
- ⊙ **Signing of definitive agreement** for the acquisition of Virgin Mobile on June 30th
- ⊙ **Total enterprise value of €325 m** with a €200 m contribution from Vivendi
- ⊙ **Closing** subject to the approval from the relevant administrative authorities, including the French Antitrust Authorities, **currently expected before year end 2014**

Q2 & H1 2014 Key Financials

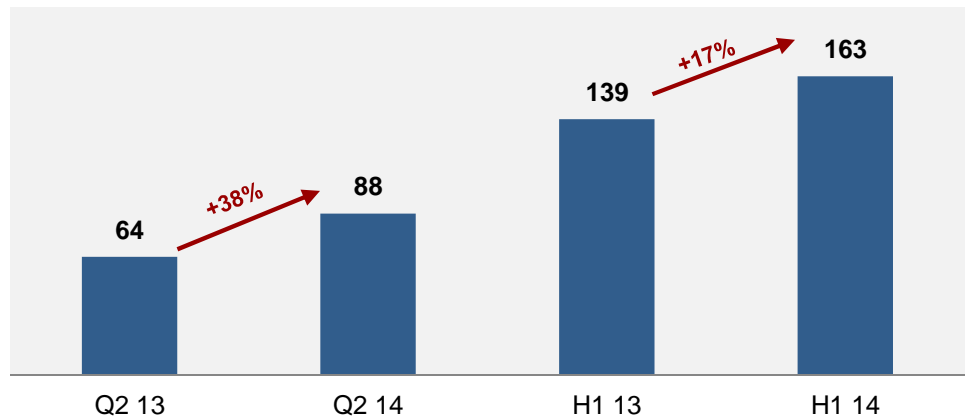
Revenues (€m)



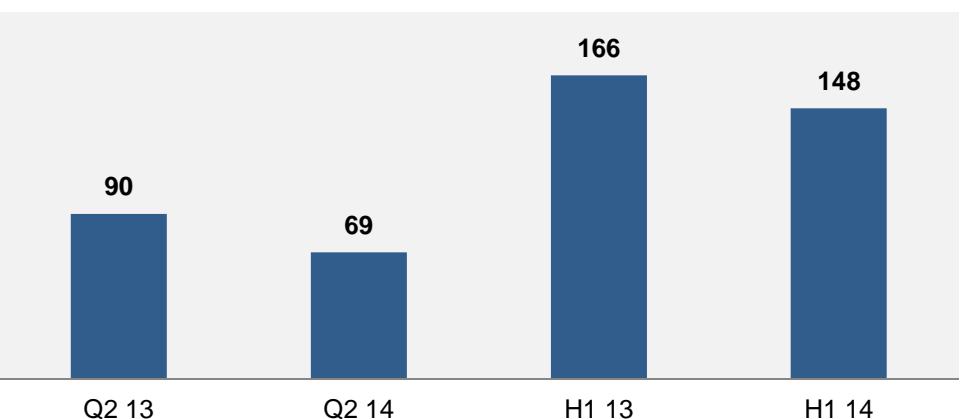
Adjusted EBITDA (€m) and margin (%)



Capex¹ (€m)



Adjusted EBITDA-Capex¹ (€m)



Note: All Revenue figures are after inter-segment eliminations

1. Capital expenditures net of subsidies received

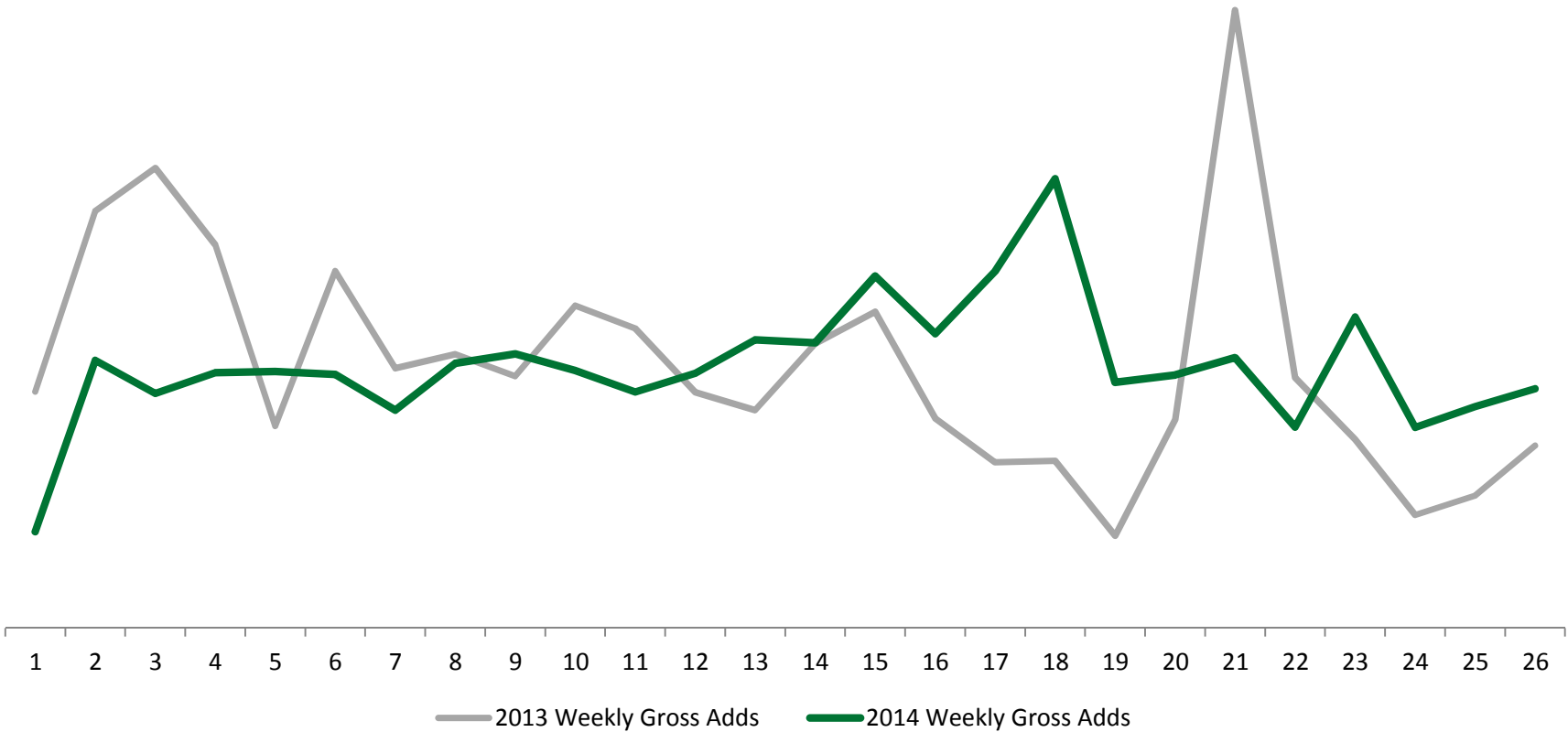
Q2 2014 Highlights

Operational Performance

Financial Performance

16% Growth in Gross Adds in Q2 2014 vs Q2 2013

Strong Growth Momentum in Gross Adds
Weekly Client Gross Adds ('000)



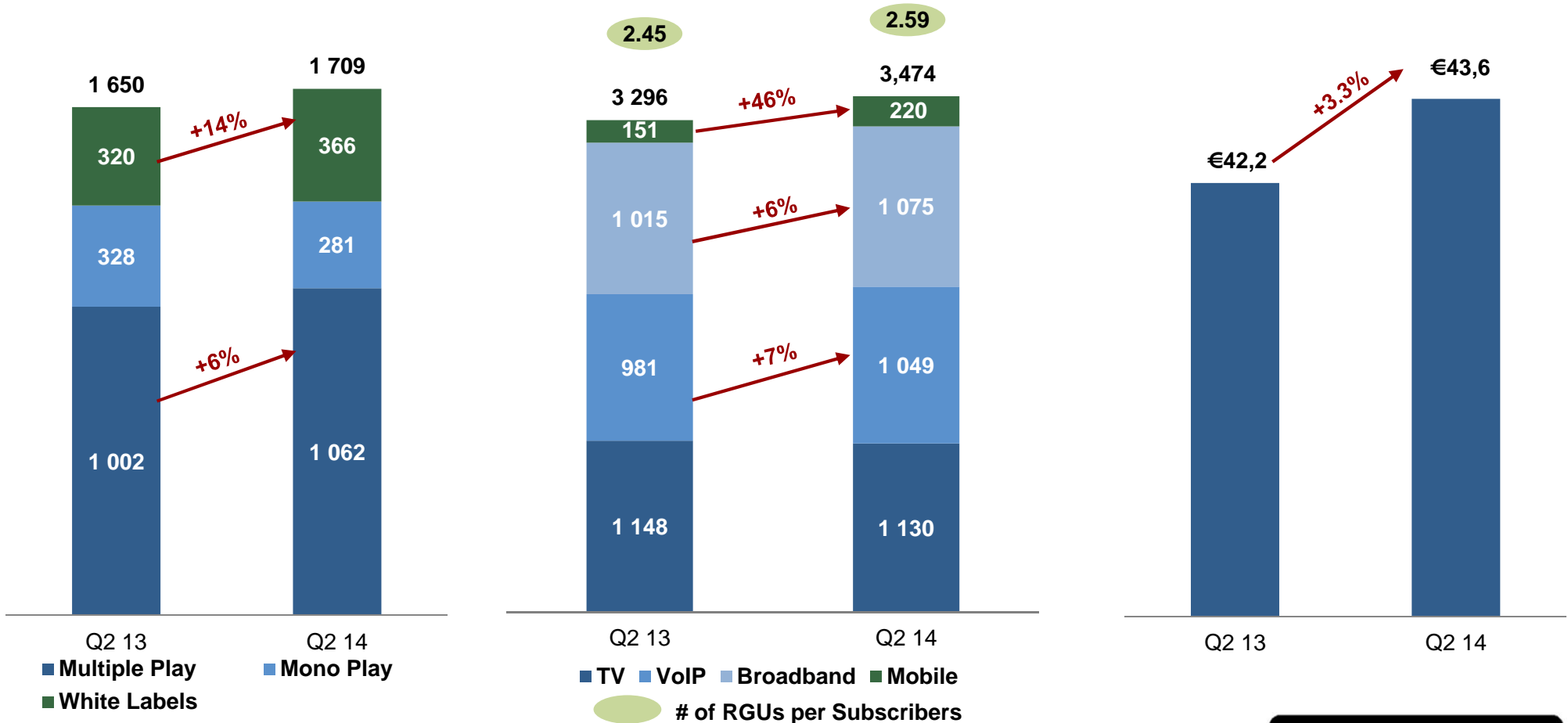
Source: Company information



Growth in the Multiple-Play Customer Base Generates Value

Strong Growth Momentum in B2C
 Total Individual Customers ('000) and RGUs ('000) and RGUs/subscriber (Excluding White Label)

Increasing Subscriber Monetization
 Gross Adds Digital ARPU (€)

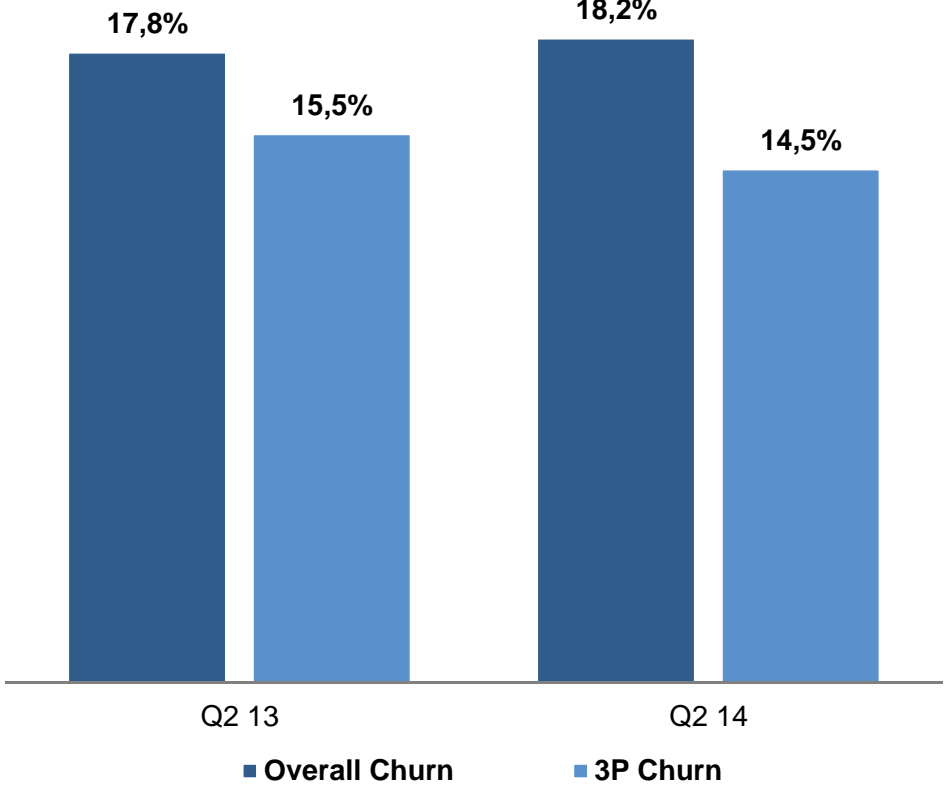
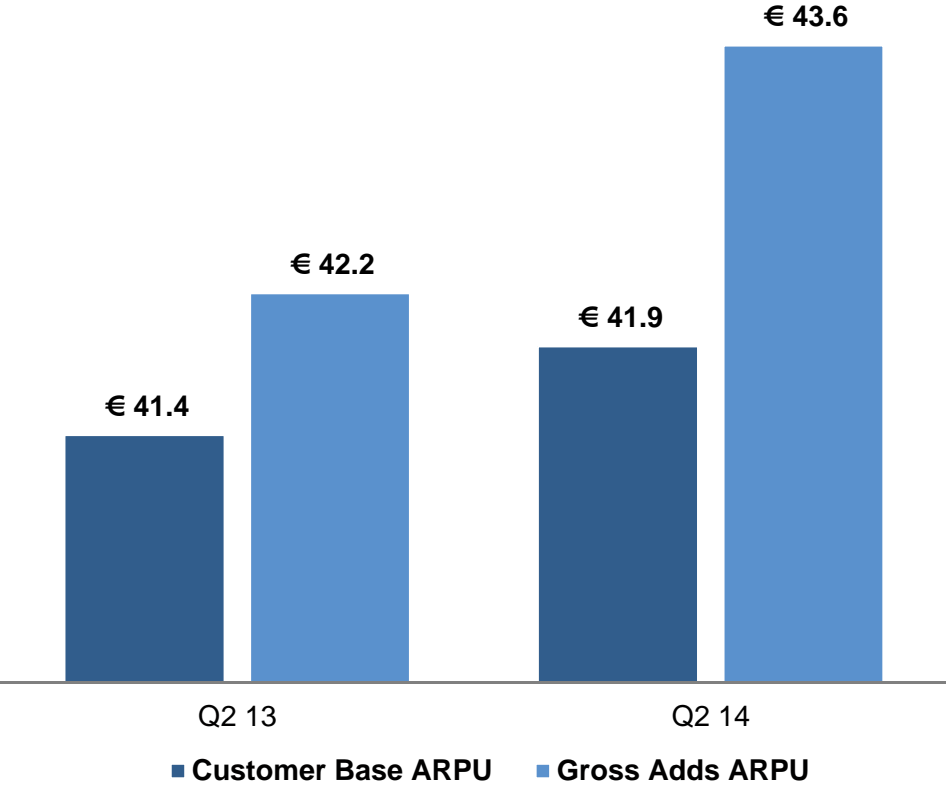


Source: Company information

Growing ARPU and Stabilized Churn

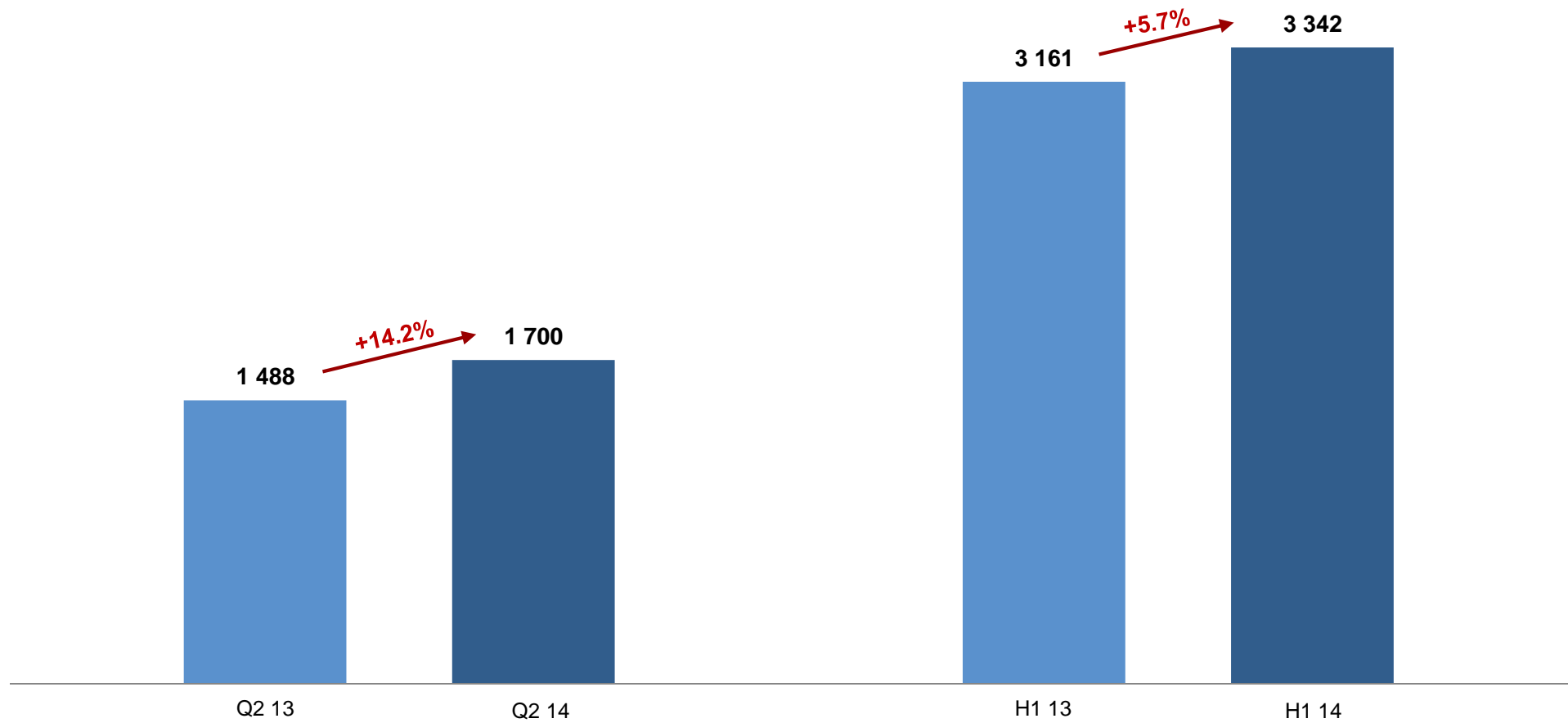
Gross Adds ARPU at record level (€)

Declining 3P Churn (%)



Good momentum in B2B bookings in Q2

B2B Bookings Monthly bookings (€ '000 / month)



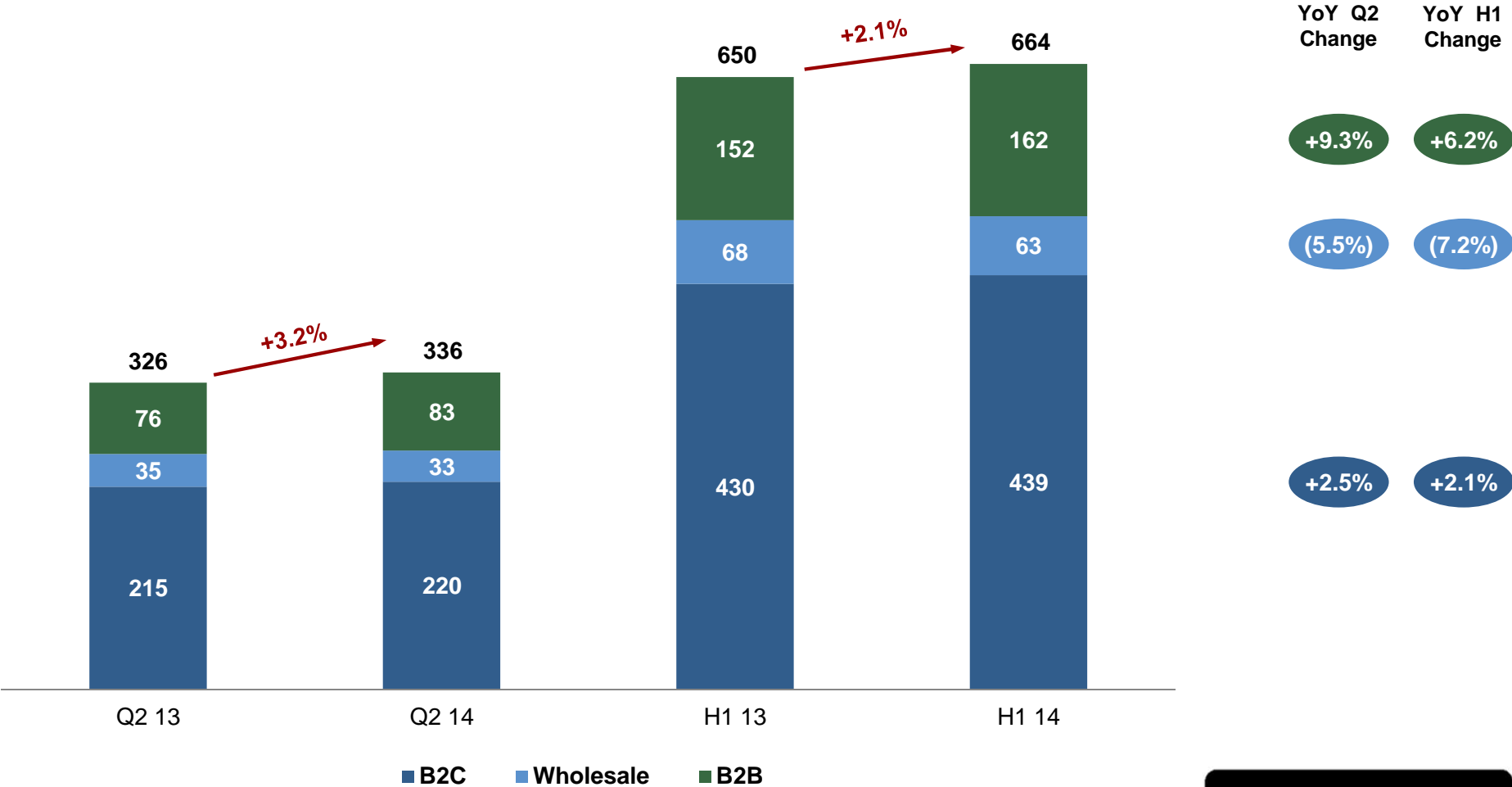
Q2 2014 Highlights

Operational Performance

Financial Performance

Positive Group Revenue Development

Consolidated Revenues by Segment (€m)

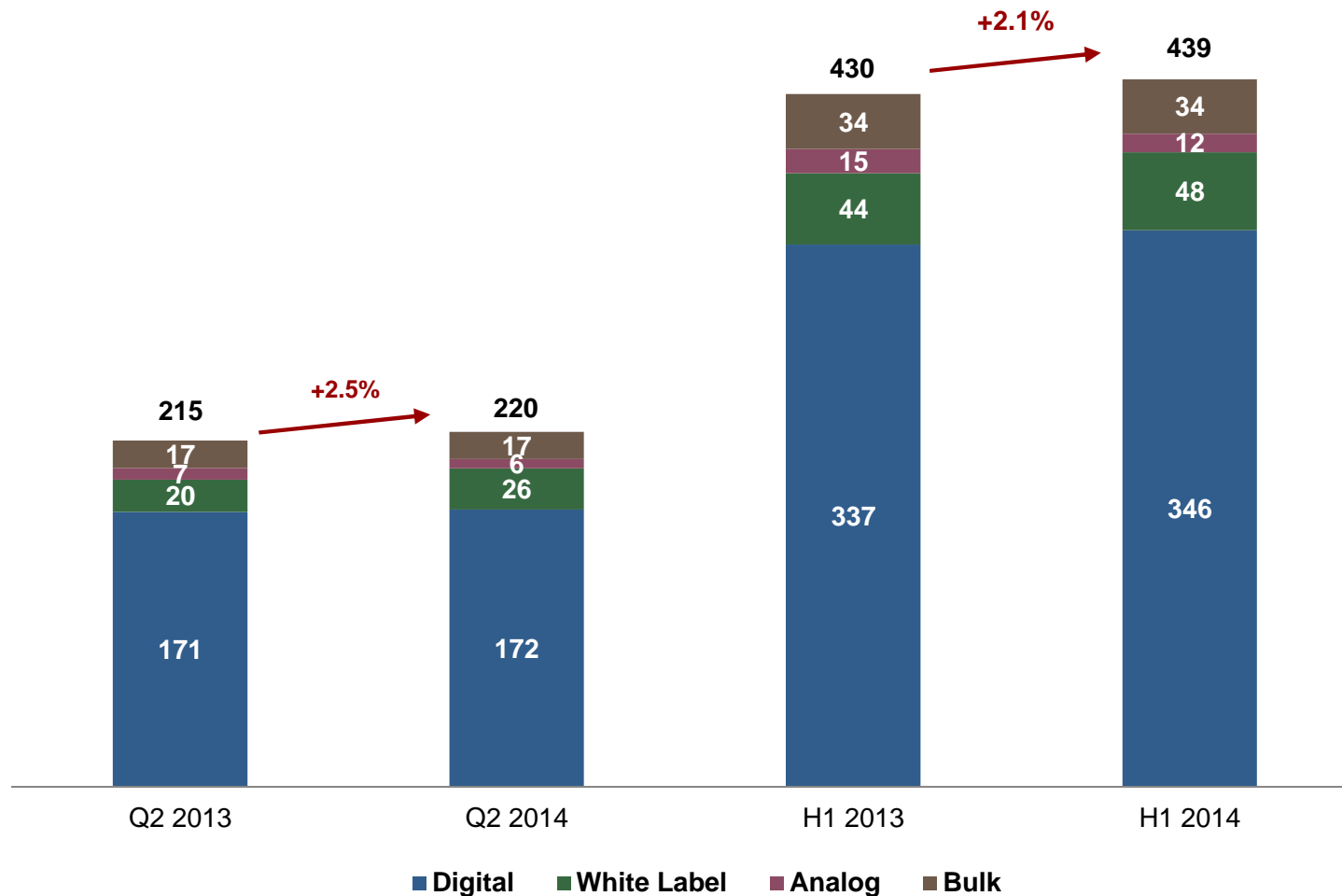


Note: B2B revenues include impact of LTI Telecom



B2C Revenues : Solid Growth in Digital

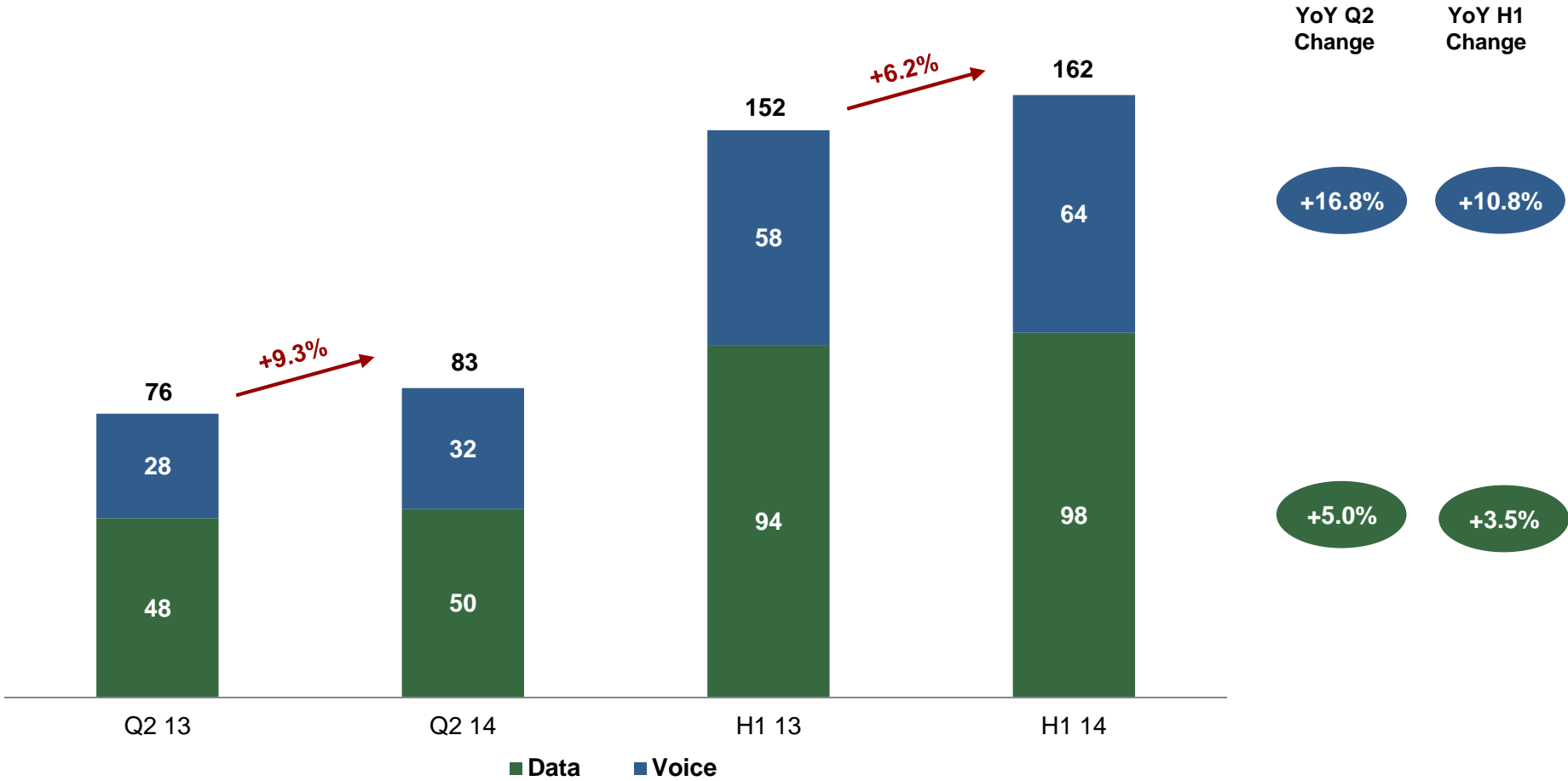
B2C Revenues and Breakdown by Category (€m)



YoY Q2 Change	YoY H1 Change
+2.5%	+2.1%
(1%)	(1%)
(22%)	(22%)
+29%	+8.8%
+0.9%	+2.7%

B2B Revenues : Growth in Data, Stable in Voice

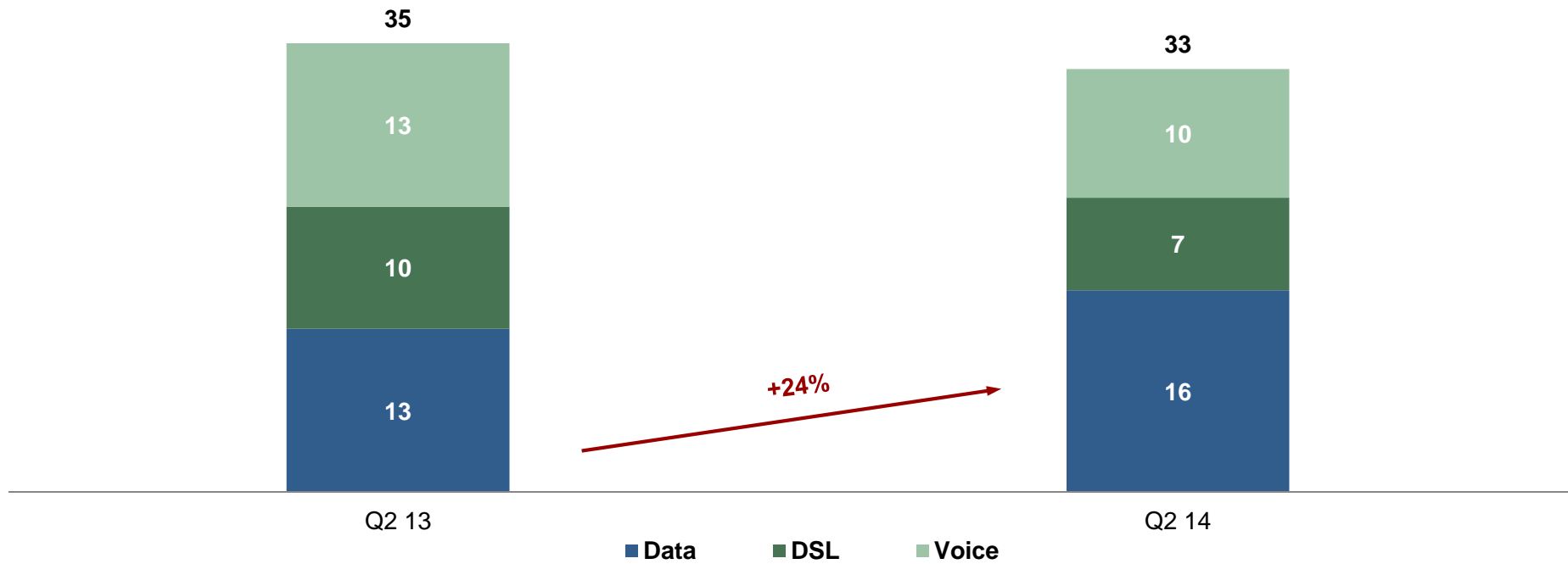
Revenues (€m)



Note : B2B Revenues include the impact of LTI Telecom

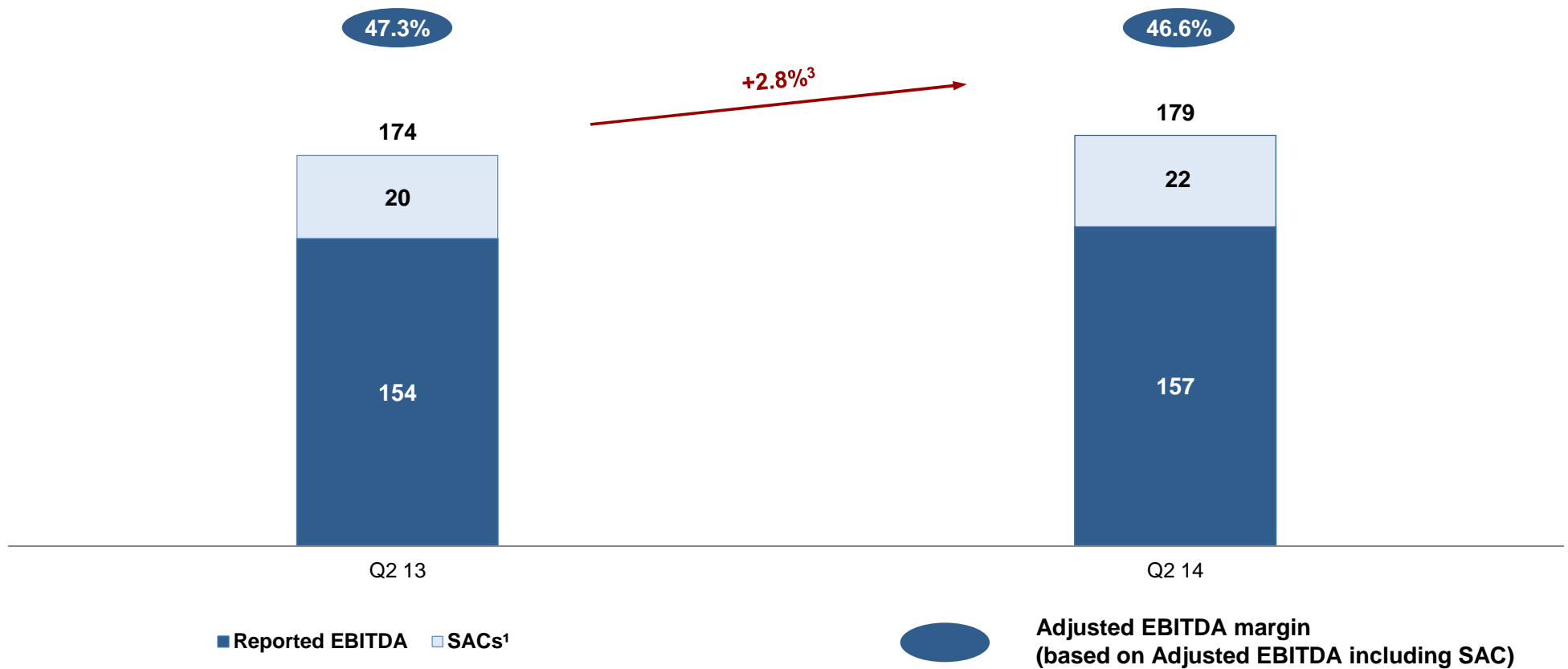
Wholesale: Declining revenues, but strong momentum in higher margin Data business

Wholesale business split (€m)



Adjusted EBITDA Development

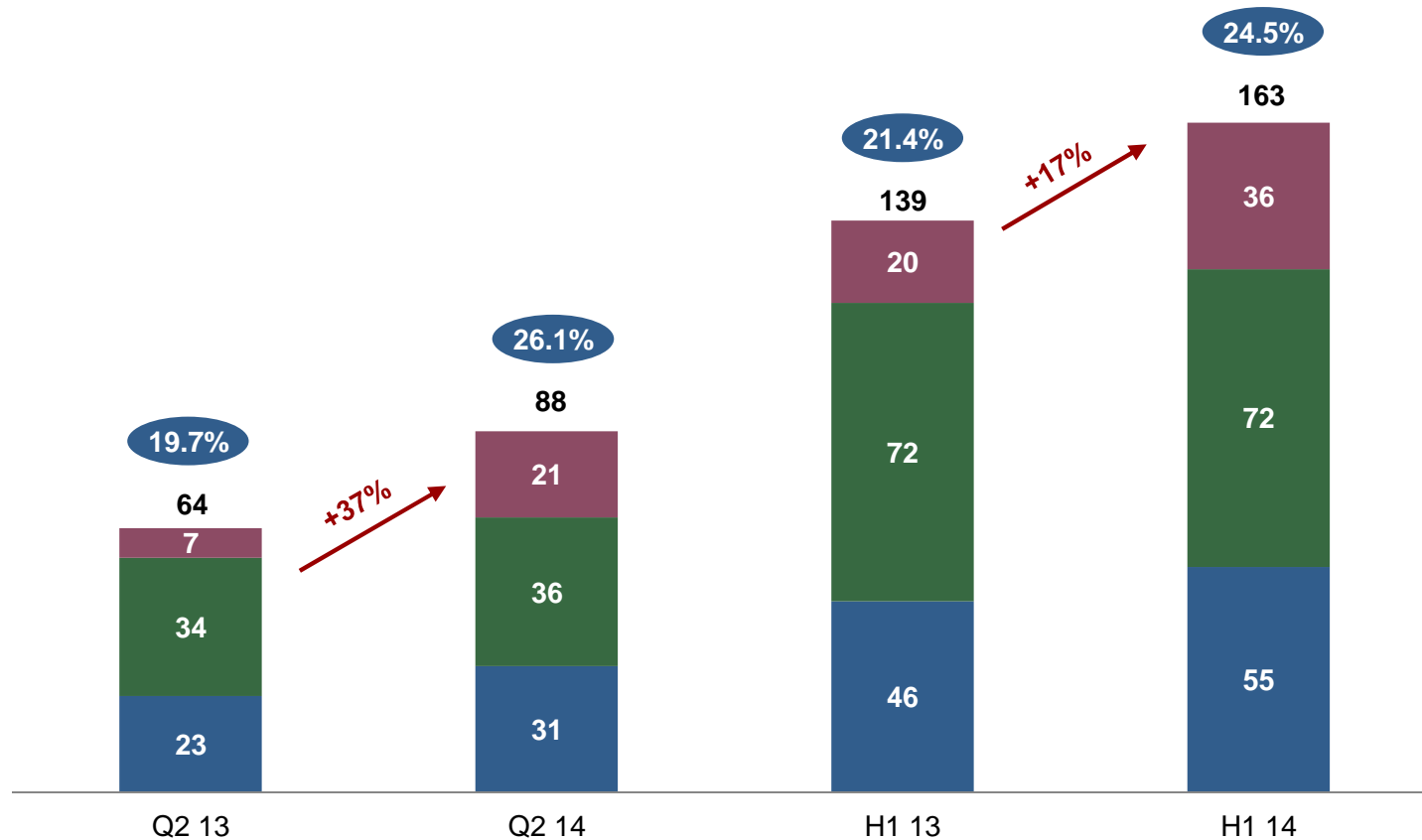
Adjusted EBITDA (reported and excl. SACs¹), EBITDA margin² / Adjusted EBITDA and SACs¹ (€m)



1. Subscriber 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

Capital Expenditures (Capex¹ €m)

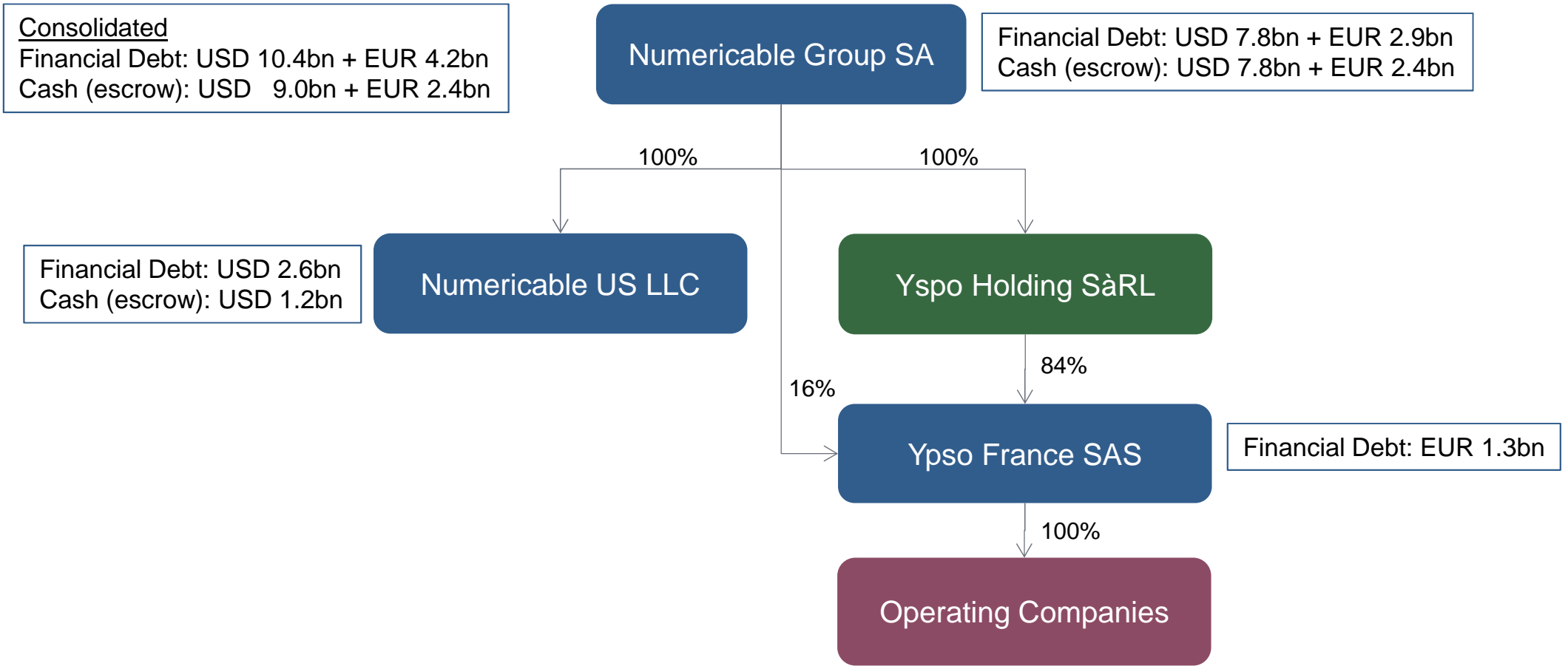


- 2014 H1 Capex in line with annual guidance
- More than 400k homes passed upgraded to fiber in H1 2014
- 5.6m fiber homes at end H1 2014
- On track to deliver significant acceleration in 2014 with **target of 700k-800k homes** passed upgraded to fiber
- Around 380k customers equipped with La Box at end of H1 2014

% revenues
 Maintenance Capex
 Customer Acquisition Capex
 Network Capex

1. Capital expenditures net of subsidies received

Corporate and Debt Structure



May 2014 Financing

Sources	Instrument Ccy	Euros	Uses	Instrument Ccy	Euros
USD Notes (2019, 2022, 2024)	USD 7.78bn	EUR 5.62bn	USD Escrow Account	USD 8.98bn	EUR 6.49bn
EUR Notes (2022, 2024)	EUR 2.25bn	EUR 2.25bn	EUR Escrow Account	EUR 2.41bn	EUR 2.41bn
USD Loan B1	USD 1.20bn	EUR 0.87bn			
EUR Loan B2	EUR 0.16bn	EUR 0.16bn			
USD Loan B2	USD 1.40bn	EUR 1.01bn	Old SFA Ypso France Financing		EUR 2.64bn
EUR Loan B1 and B4	EUR 1.74bn	EUR 1.74bn	HY Make-Wholde		EUR 0.09bn
Numericable Group Cash		EUR 0.05bn	Transaction Fees		EUR 0.07bn
Total		EUR 11.70bn	Total		EUR 11.70bn

USD/EUR Closing Exchange Rate: 1.3827

Notes' Closing Date: 8 May 2014

Loans' Closing Date: 21 May 2014

New Debt Capital Structure

USD/EUR 30 June 2014 Exchange Rate: 1.3690

€ Million	Maturity	Instrument Ccy Yield	Euros Yield (inc. Hedging)	Outstand. (Inst. Ccy)	Outstand. (Closing €)
Cash					
Cash				41	41
Cash on USD Escrow Acc.	Acquisition Closing or 30 April 2015			8 966	6 485
Cash on EUR Escrow Acc.	Acquisition Closing or 30 April 2015			2 409	2 409
Debt					
USD Notes 2019	May 2019	4.875%	4.354%	2 400	1 736
USD Notes 2022	May 2022	6.000%	5.147%	4 000	2 893
USD Notes 2024	May 2024	6.250%	5.383%	1 375	994
EUR Notes 2022	May 2022	5.375%	5.375%	1 000	1 000
EUR Notes 2024	May 2024	5.625%	5.625%	1 250	1 250
USD Term Loans	May 2020 L3M+3.75% (1)		E3M+4.21%	2 600	1 880
EUR Term Loans	May 2020 E3M+3.75% (1)		E3M+3.75%	1 900	1 900
Other debt (Mainly Leasing)					50
FX Effect (2)					10
Total debt					11 713
Net debt					2 779

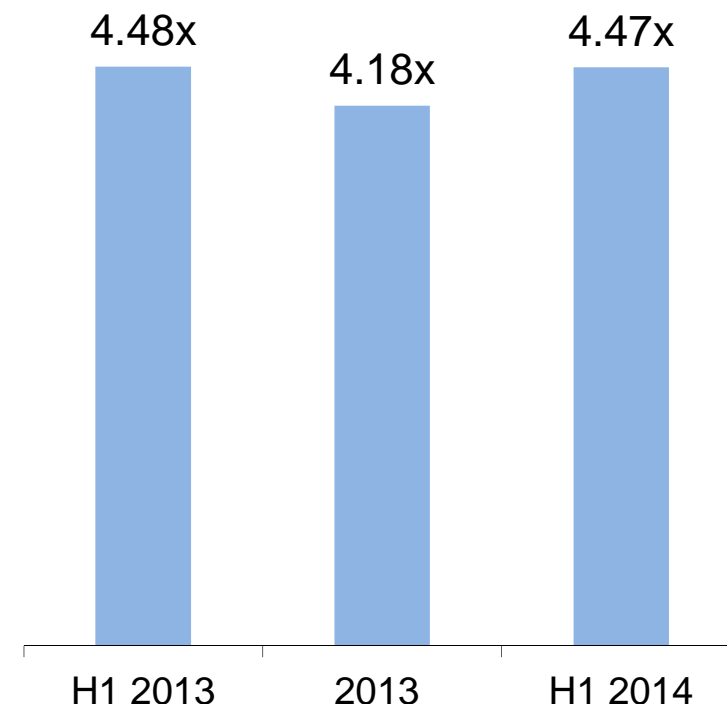
Undrawn Facilities

Revolving Credit Facility (3) 300

(1) With a 0.75% floor on both EURIBOR and LIBOR

(2) EUR 65M positive on USD escrow account and EUR 75M negative on USD Debt

(3) Committed up-size to EUR 750 million at SFR's acquisition closing



Average Cost of debt: 4.95%
 Yearly Interests: EUR 575 M (fixed)
 Average Maturity: 7.2 years

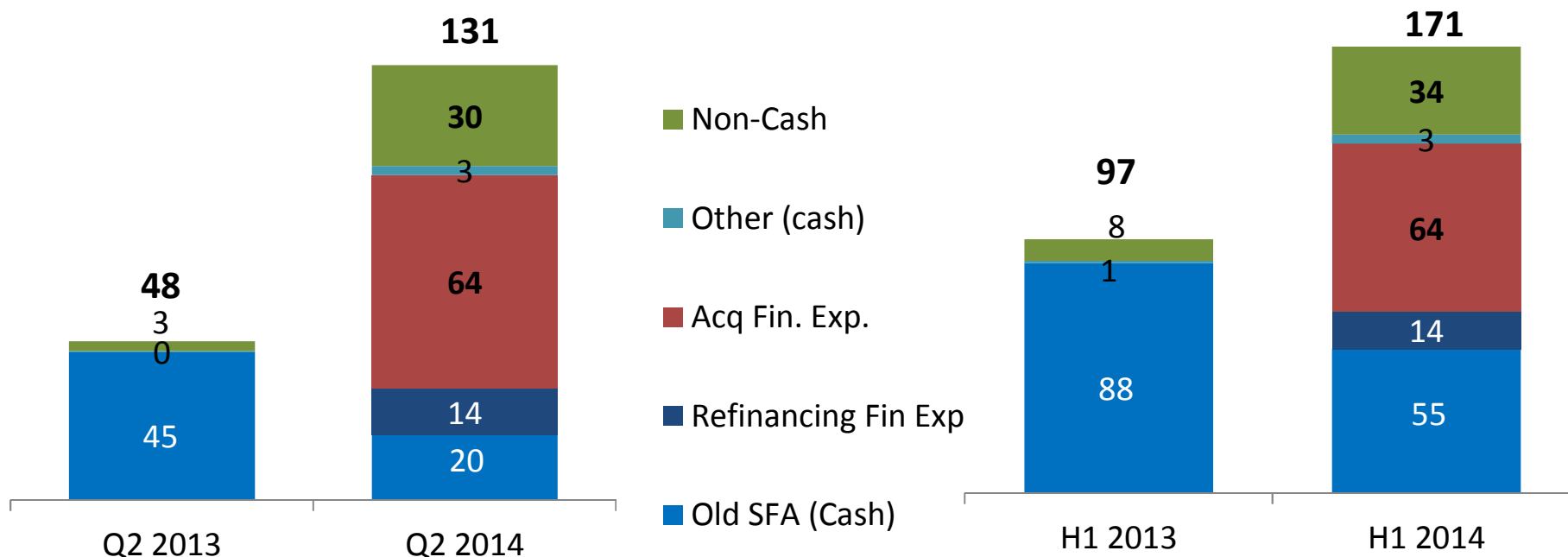
A Comprehensive Hedging Strategy

Instrument	Notional USD M / EUR M	USD Leg / EUR Leg	Maturity
USD Notes 2019	2 400 / 1 736	4.875% / 4.354%	5yrs
USD Notes 2022	4 000 / 2 893	6.0% / 5.147%	5 + 3 yrs (1)
USD Notes 2024	1 375 / 994	6.25% / 5.383%	5 + 3 yrs (1)
USD Loan	2 600 / 1 880	L+3.75% / E+4.211%	5yrs
Total	10 375 / 7 503		

- Over the next 5 years, all debt payments (interests, coupon and principal) are swapped back into euros
- Initial exchange date is April 30 2015 to ensure SFR's cash price component in euros
- Hedging counterparties is a pool of international banks (> 15 institutions)
- All principals are hedged on a 5 years basis
- 2022 and 2024 Notes swaps are running over 8 years with a mandatory break close for banks hedging counterparties
- All-in euros yields are lower than USD yields (exc. floating instruments)
- IFRS accounted as cash-flow hedges

Financial Expenses

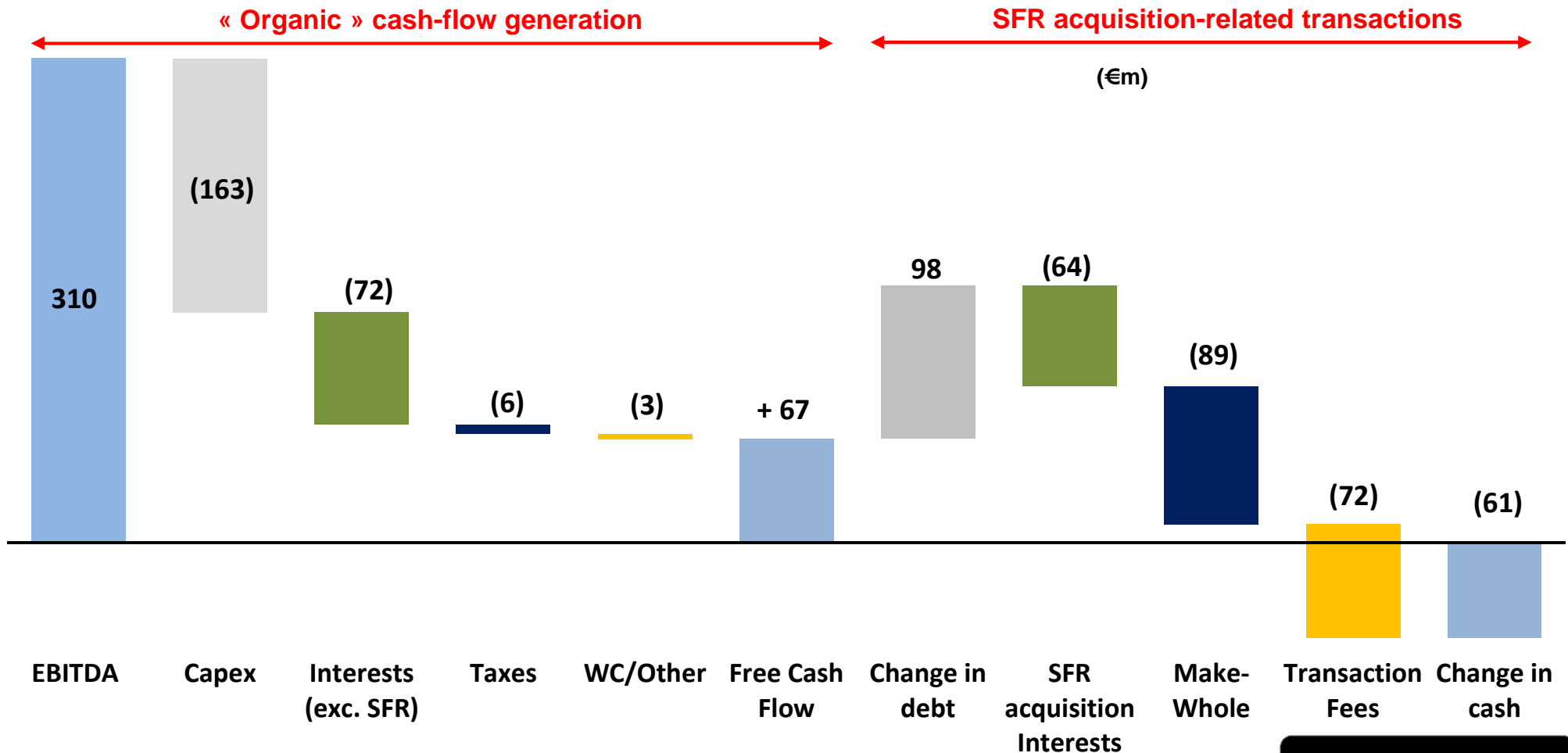
Net Financial Expenses (exc. Other Financial Expenses): H1 2014 vs H1 2013 and Q2 2014 vs Q2 2013



- ⊙ Two exceptional elements are recorded in the H1 2014 Net Financial Results of the Group:
 - ⊙ One cash: Eur 89 million: make-whole payment on old High Yield Notes (repaid at 126.4 and 118.4 respectively)
 - ⊙ One non-cash: EUR 20 million: One-off old debt fees' capitalisation

Cash Flow

Cash Flow Bridge (H1 2014), IFRS



Net income impacted by SFR's acquisition related costs

EUR Million	H1 2013	H1 2014
EBIT	149.8	142.2
Financial Expenses	(97.1)	(82.0)
Income Tax Expense	(5.5)	54.1
Organic' Net Income	47.2	114.3
SFR's Acquisition Financial Expenses		(64.3)
FX non-cash impact		(24.5)
Non-Recurring Financial Expenses		(103.9)
Net Income / (Loss)	47.2	(83.4)

SFR's acquisition related costs

- Interests incurred on SFR's acquisition debt
- Swap mark to market
- Debt's principal readjustment
- HY make-whole
- Write-off of old debt up-front fees

Guidance

- ① If Numericable Group obtains the approval from the Antitrust Authorities to combine with SFR in the expected timeframe, the annual guidance provided by Numericable Group for the 2014-2016 period would de facto become obsolete as SFR would be consolidated in the accounts of Numericable Group as of Q4 2014
- ① If the SFR transaction is not closed before the year end, the stand alone guidance for Numericable Group would remain valid

Conclusion

- ① **Accelerating Sales Momentum** with Gross Adds up 16% in Q2
- ① **SFR Combination Project on track** with Closing of the transaction expected before the end of 2014
- ① **SFR Debt Financing Completed** with €11.6 billion raised in Q2 2014

Questions & Answers



numericable^{THD} numericable.fr
1055
AVEC LA FIBRE, TÉLÉPORTEZ-VOUS AU BRÉSIL

*1 TABLETTE
SAMSUNG GALAXY TAB 3 LITE
OFFERTE (*)*
POUR TOUTE SOUSCRIPTION À L'ABRICE POWER 1 À 49€/MOIS

NUMERICABLE, LEADER SUR LA FIBRE

NUMERICABLE (Société par Actions Simplifiée) est une filiale de Numericable Services (Société par Actions Simplifiée) à 100% détenue par Numericable Group. L'activité de Numericable est répartie en deux segments : le segment "Fibre" et le segment "Services". Le chiffre d'affaires de Numericable est de 111,4 millions d'euros en 2013, dont 85,8 millions d'euros pour le segment "Fibre" et 25,6 millions d'euros pour le segment "Services". Le chiffre d'affaires de Numericable Services est de 111,4 millions d'euros en 2013, dont 85,8 millions d'euros pour le segment "Fibre" et 25,6 millions d'euros pour le segment "Services". Le chiffre d'affaires de Numericable est de 111,4 millions d'euros en 2013, dont 85,8 millions d'euros pour le segment "Fibre" et 25,6 millions d'euros pour le segment "Services". Le chiffre d'affaires de Numericable Services est de 111,4 millions d'euros en 2013, dont 85,8 millions d'euros pour le segment "Fibre" et 25,6 millions d'euros pour le segment "Services".