

**Numericable Group**  
*Q3 2014 Results Presentation*

27 October 2014  
Paris

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**Q3 2014 Highlights**

Operational Performance

Financial Performance

## Robust Operating Results

### Growing Numericable Customer Base

- ⦿ **Gross Adds up 7% in Q3 year-on-year (YoY)**
- ⦿ **Numericable brand Multiple-Play Customer Base up 6% YoY**
- ⦿ **White Label Customer Base up 8% YoY** and stabilizes sequentially
- ⦿ **Continued decline in Triple-Play churn at 15.2%** (vs 17.7% in Q3 2013)
- ⦿ **621k additional Fibre Plugs installed YTD** in line with 700-800k target for 2014

### Improved Customer Mix and Monetization

- ⦿ **Gross Adds ARPU up 10% YoY** to €43.0
- ⦿ **Customer Base ARPU at record level** of € 42.4
- ⦿ **Steady growth in RGUs** at 2.59 up from 2.45 YoY

## Solid Financial Results

### Revenue Growth and Profitability Enhancement

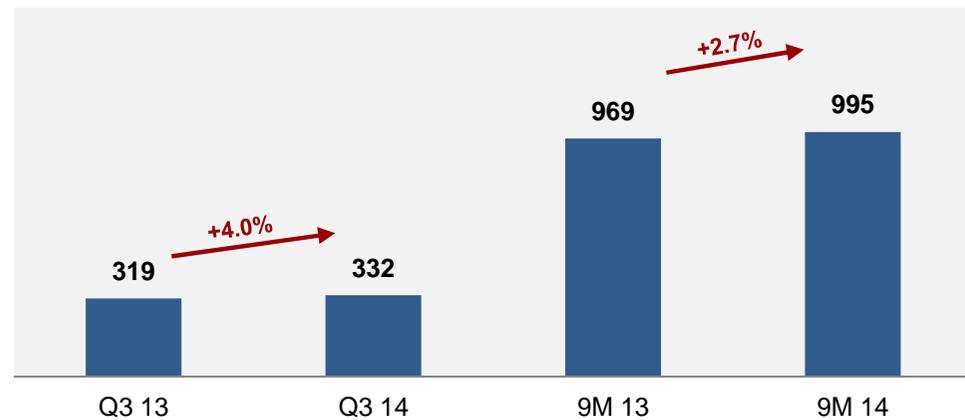
- ⦿ Revenues of €332m in Q3, up 4.0% YoY driven by all three divisions
- ⦿ Accelerating momentum versus past quarters (+1.0% in Q1 14 and +3.2% in Q2 14)
- ⦿ Revenues of €995m YTD up 2.7% YoY
- ⦿ Q3 Adjusted EBITDA of €156m, up 4.7% YoY, yielding a margin of 47.0% up 30bps despite impact of increase in SACs
- ⦿ Operating free cash flow (Adjusted EBITDA – Capex) of €68m, reflecting higher capex in line with guidance

### Update on SFR & Virgin Mobile

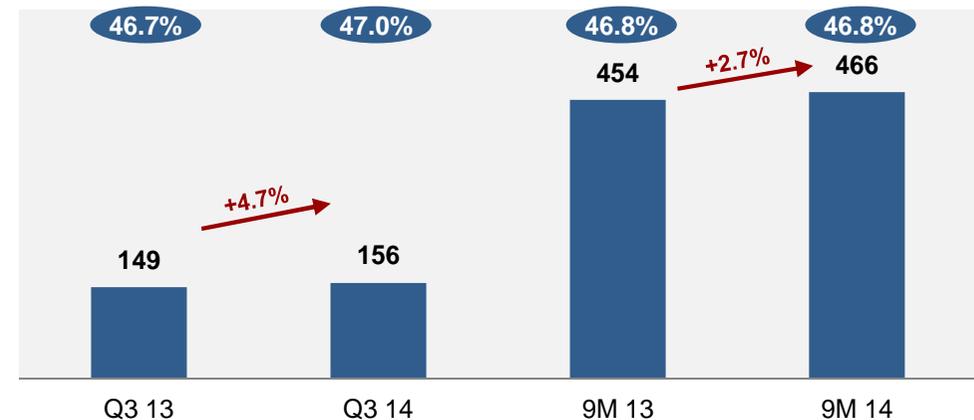
- ⦿ Confirmation of the timetable announced by Numericable Group for the acquisitions of SFR and Virgin Mobile with closing currently expected before year end 2014
- ⦿ Closing subject to the approval from the French Competition Authority

# Q3 & 9M YTD 2014 Key Financials

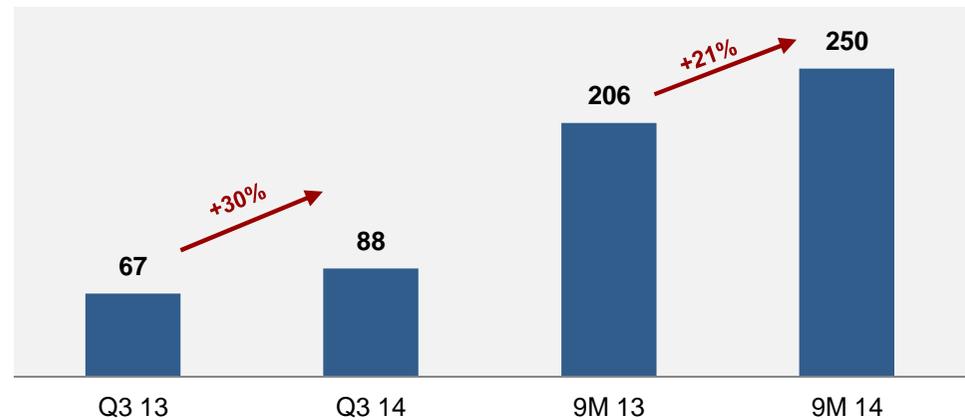
## Revenues (€m)



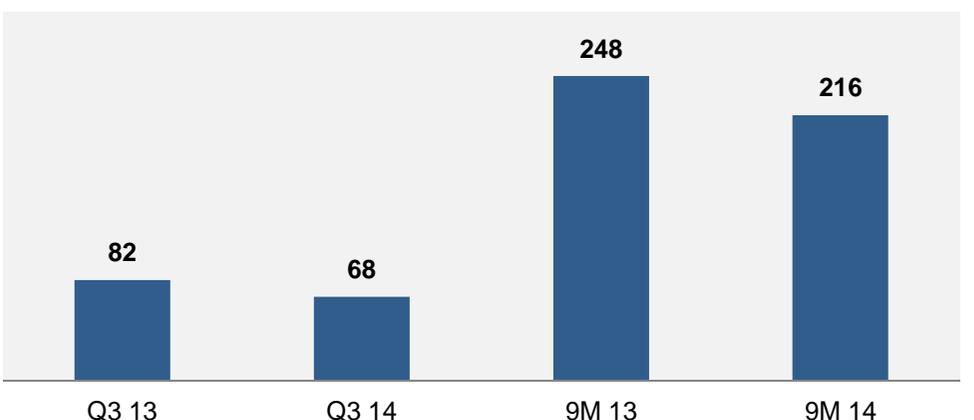
## Adjusted EBITDA (€m) and margin (%)



## Capex<sup>1</sup> (€m)



## Adjusted EBITDA-Capex<sup>1</sup> (€m)



Note: All Revenue figures are after inter-segment eliminations

1. Capital expenditures net of subsidies received

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Q3 2014 Highlights

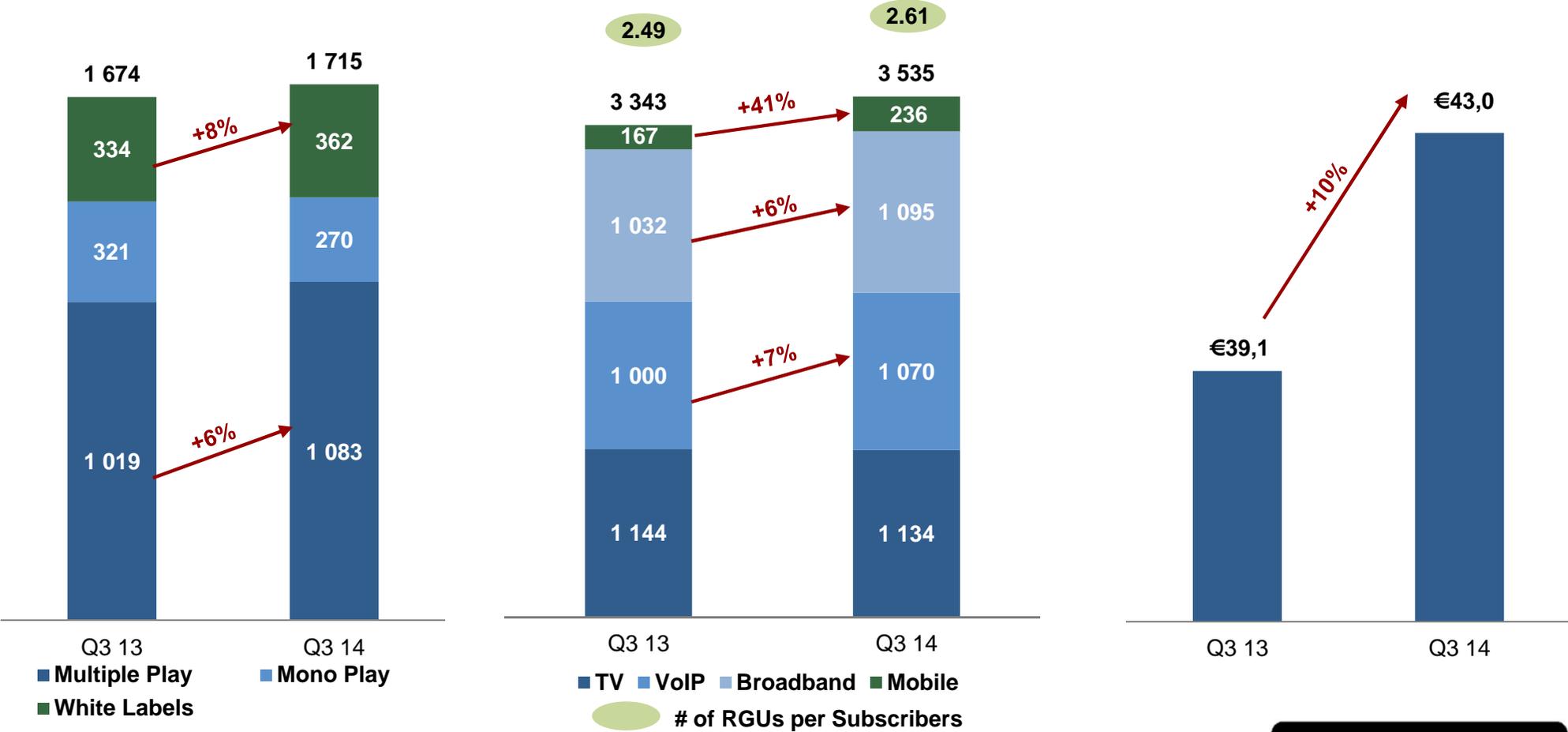
**Operational Performance**

Financial Performance

# 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 (€)



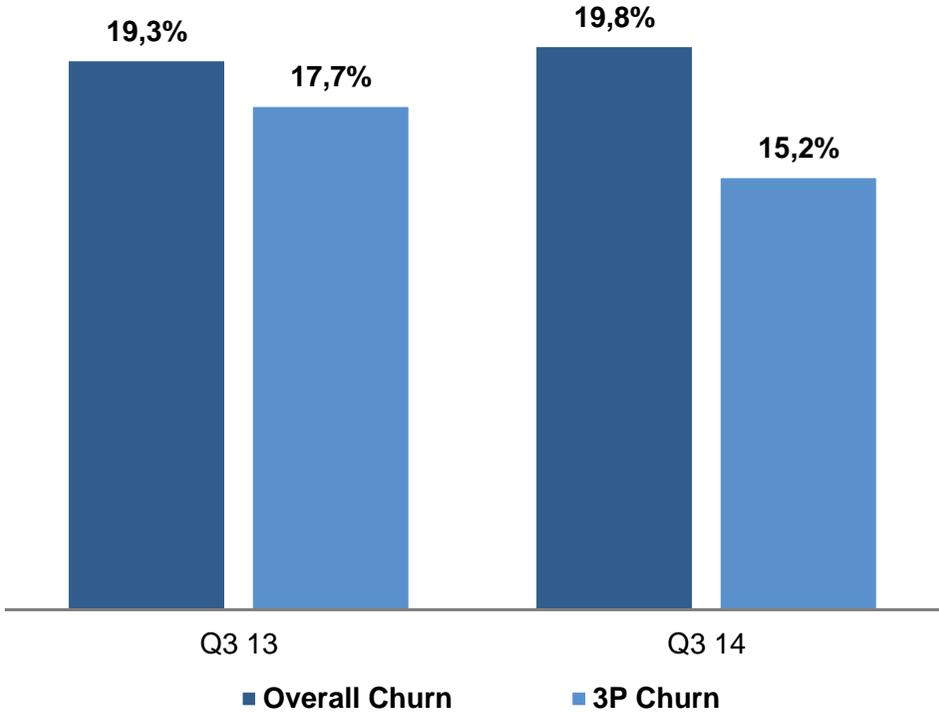
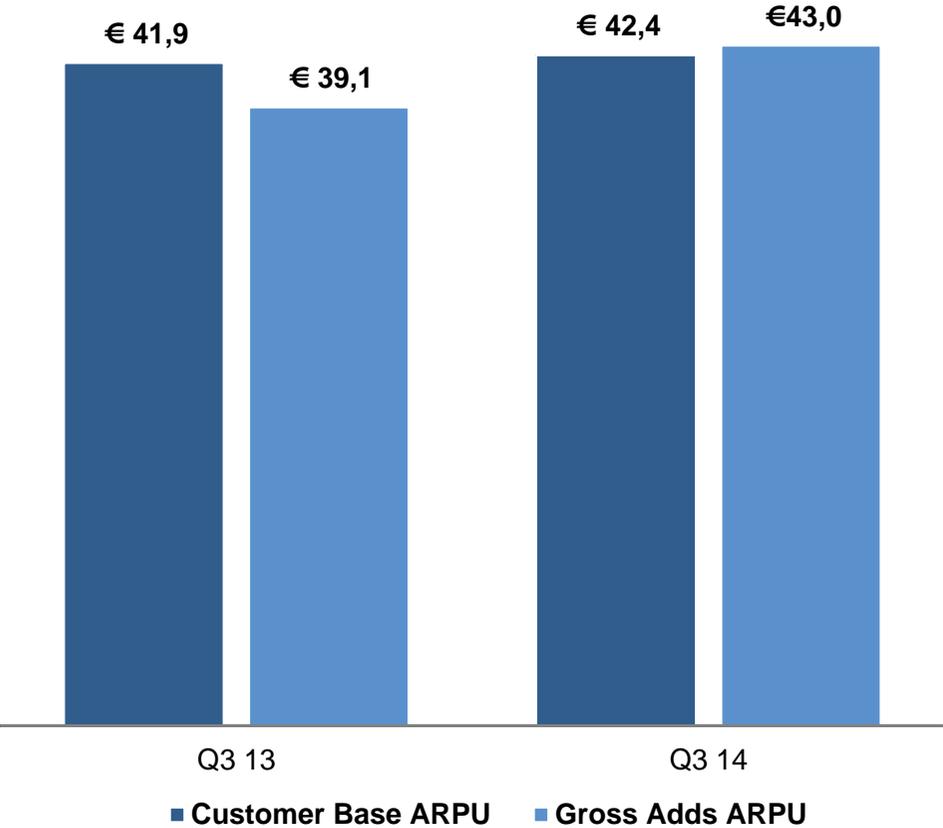
Source: Company information



# Growing ARPU and Declining Triple Churn

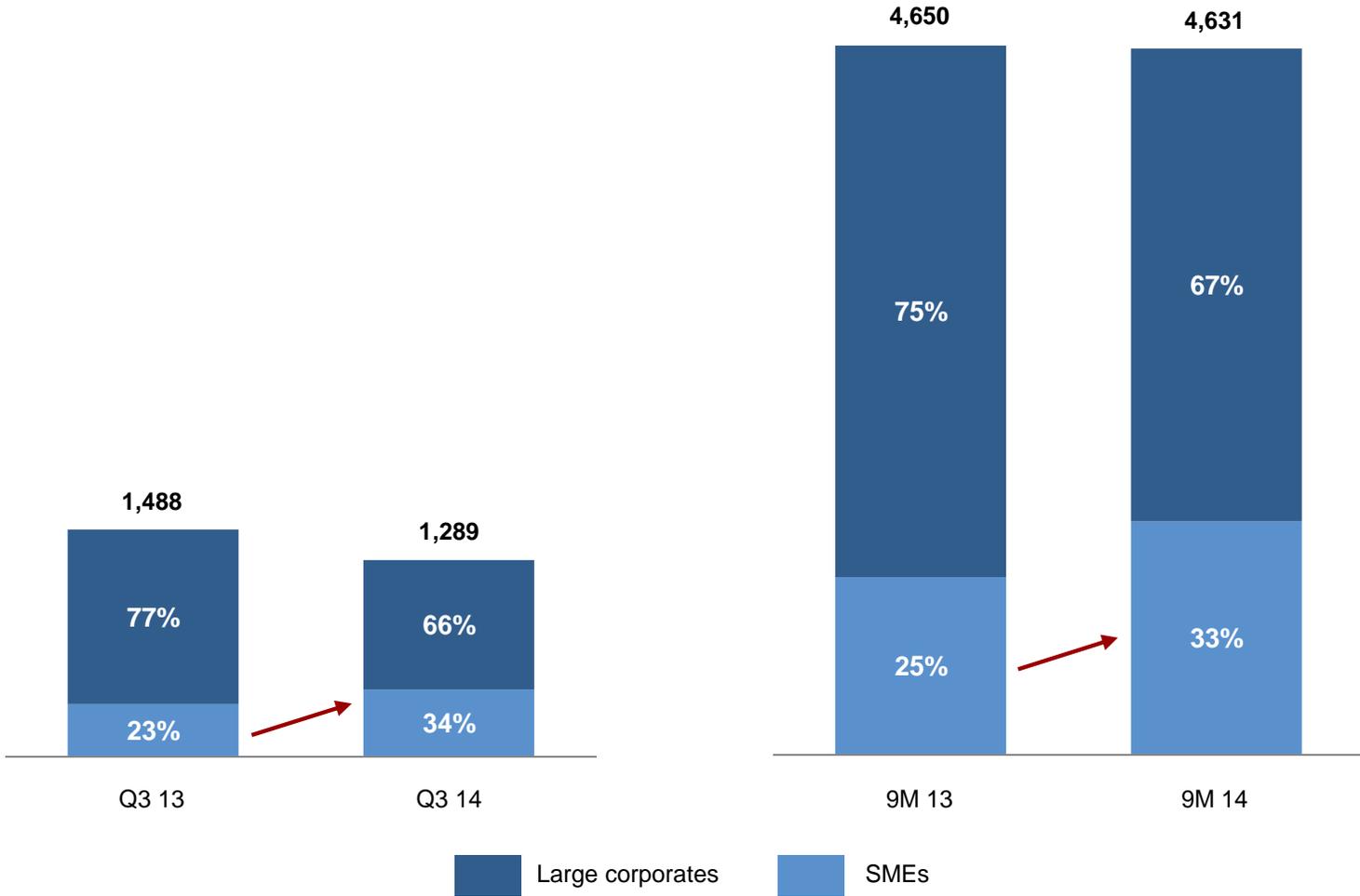
Gross Adds ARPU at record level (€)

Declining 3P Churn (%)



# B2B: Capturing the growth opportunity in the mid-market segment

## B2B Bookings Monthly bookings (€ '000 / month)



- ⊙ Strong growth in the mid-market segment
  - ⊙ Clear reduction in churn
  - ⊙ Higher margin business
- ▼
- ⊙ Preserving and improving the value of the B2B business

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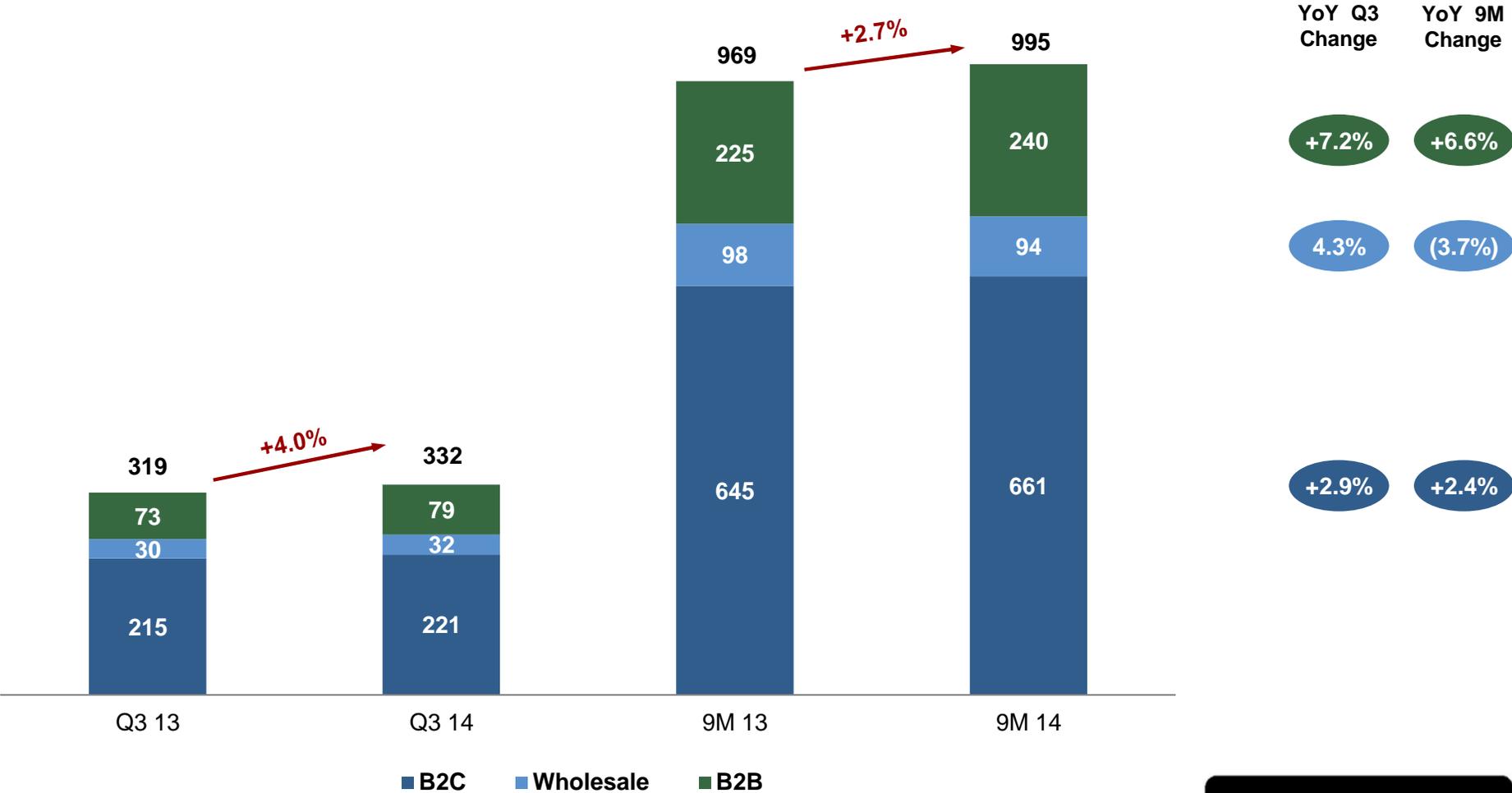
Q3 2014 Highlights

Operational Performance

**Financial Performance**

# Positive Group Revenue Development

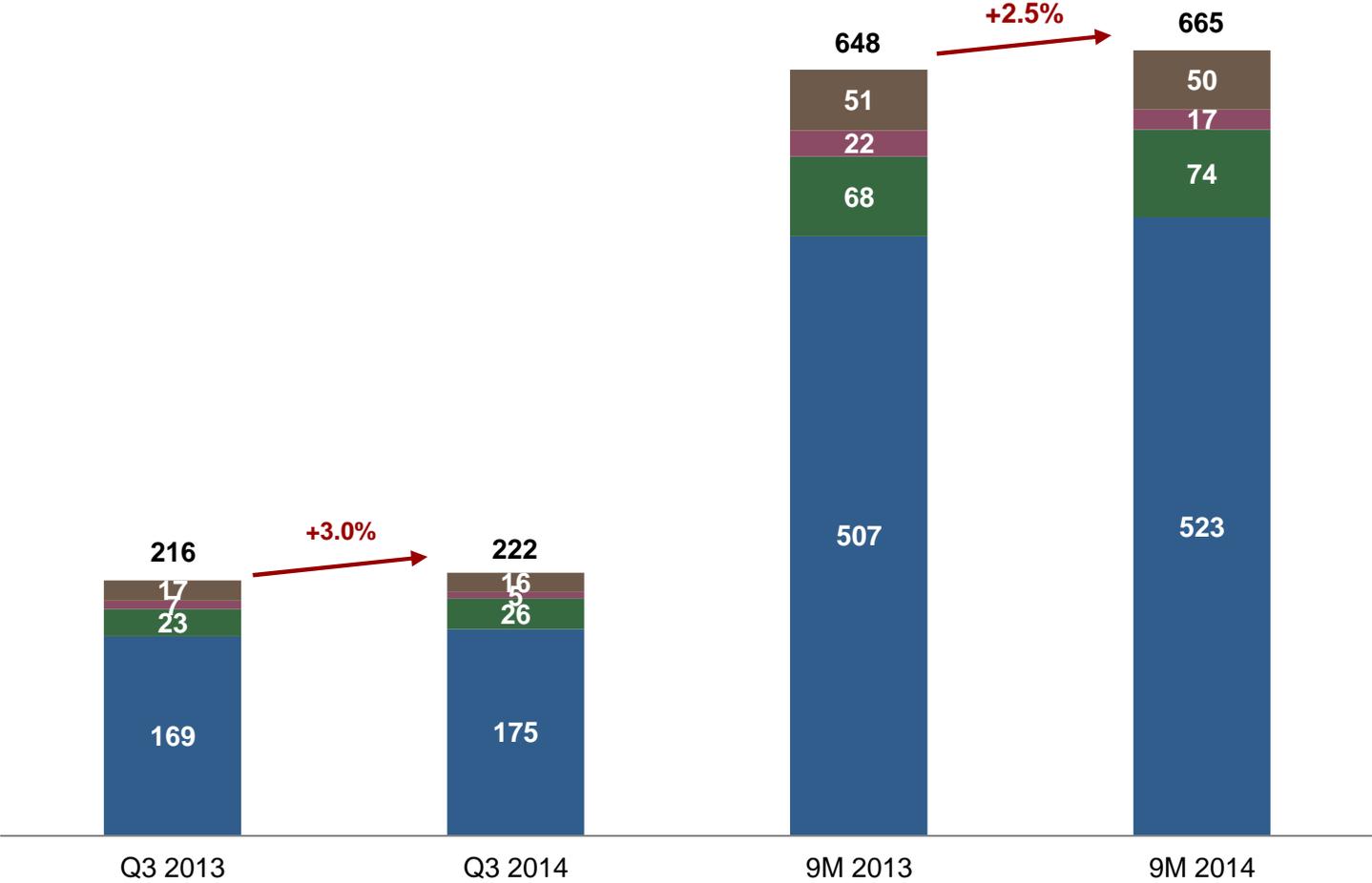
## Consolidated Revenues by Segment (€m)



Note: B2B revenues include impact of LTI Telecom

# B2C Revenues : Solid Growth in Digital

B2C Revenues and Breakdown by Category (€m)

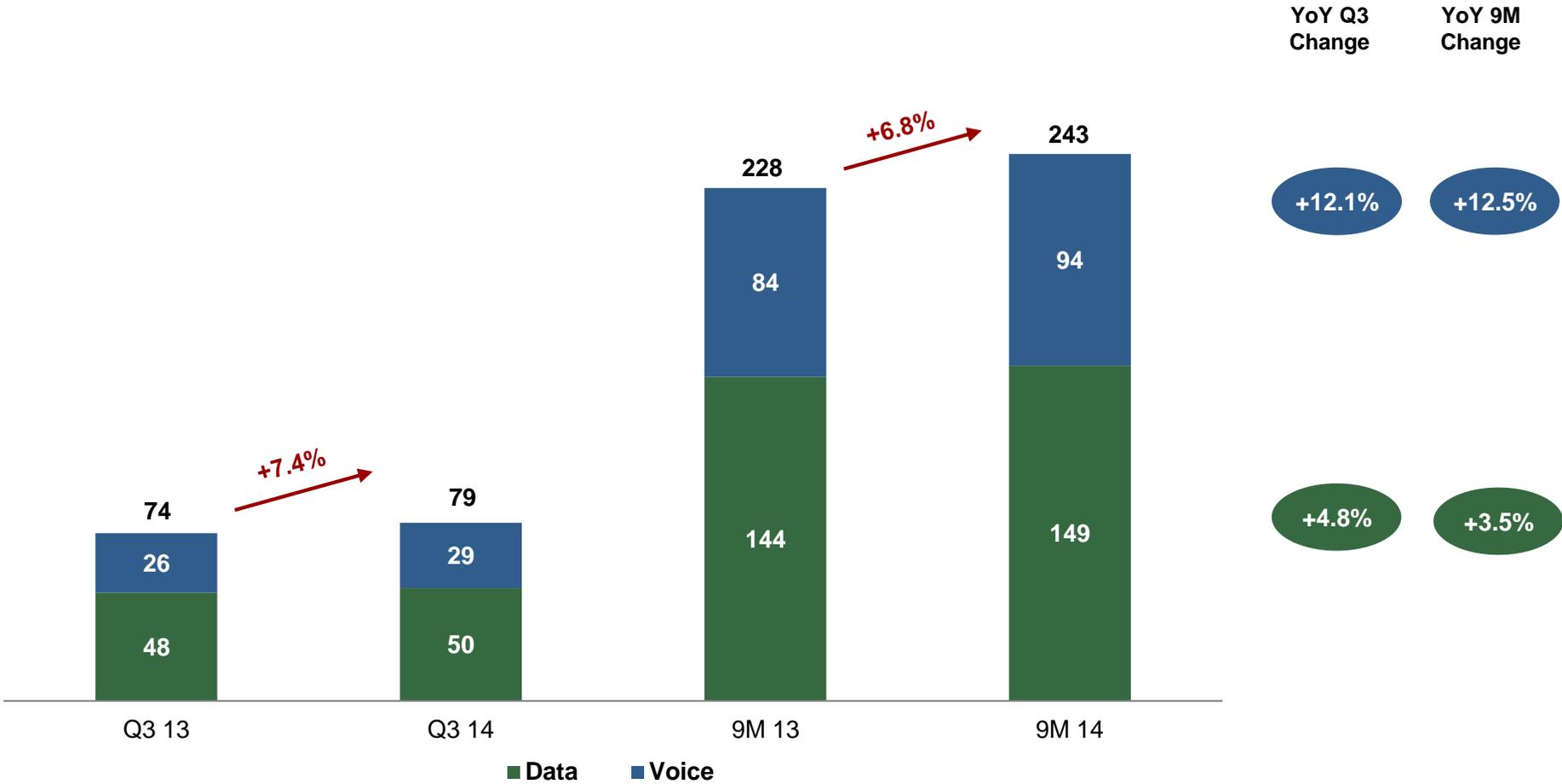


YoY Q3 Change	YoY 9M Change
(4%)	(2%)
(27%)	(24%)
+13%	+10%
+3.6%	+3.1%

■ Digital ■ White Label ■ Analog ■ Bulk

# B2B Revenues : Growth in Data, Stable in Voice

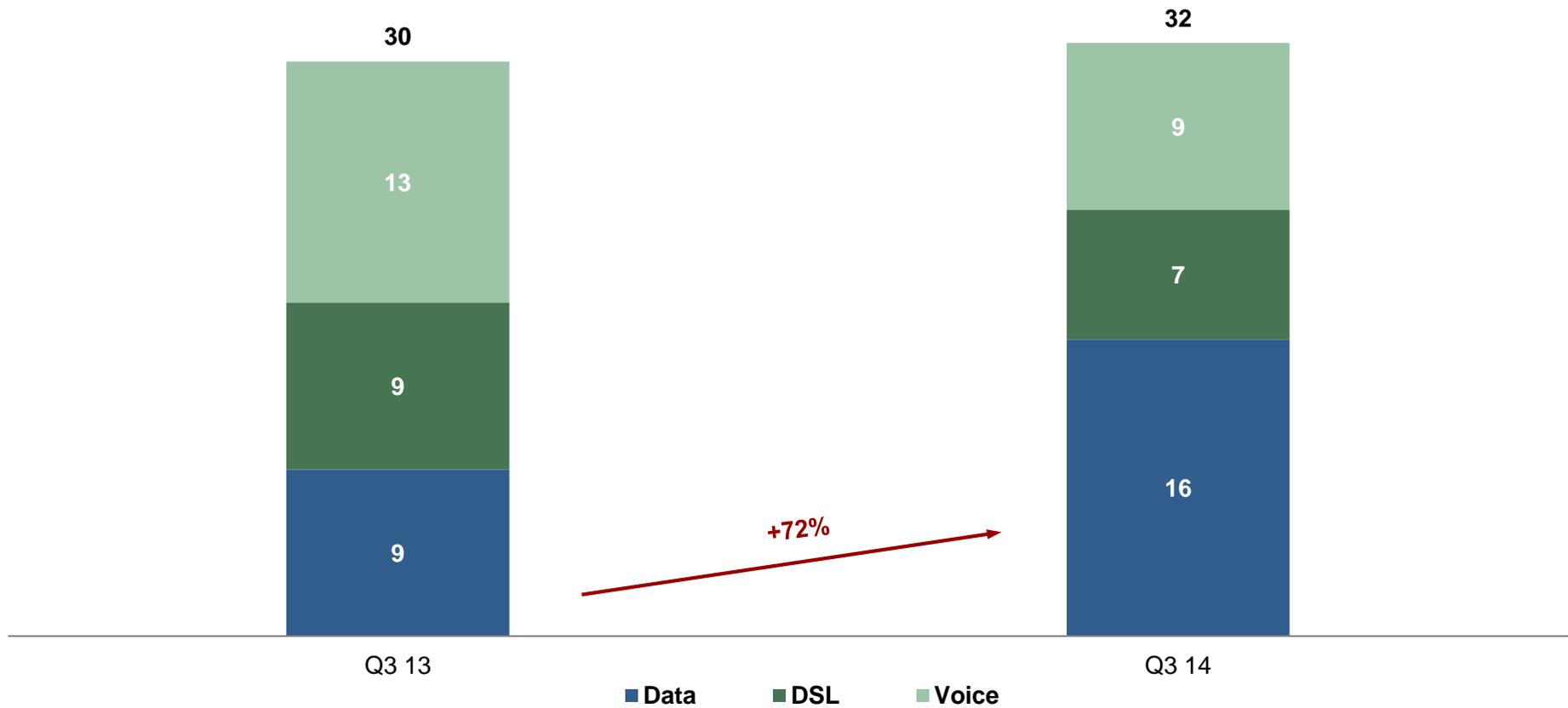
## Revenues (€m)



Note : B2B Revenues include the impact of LTI Telecom

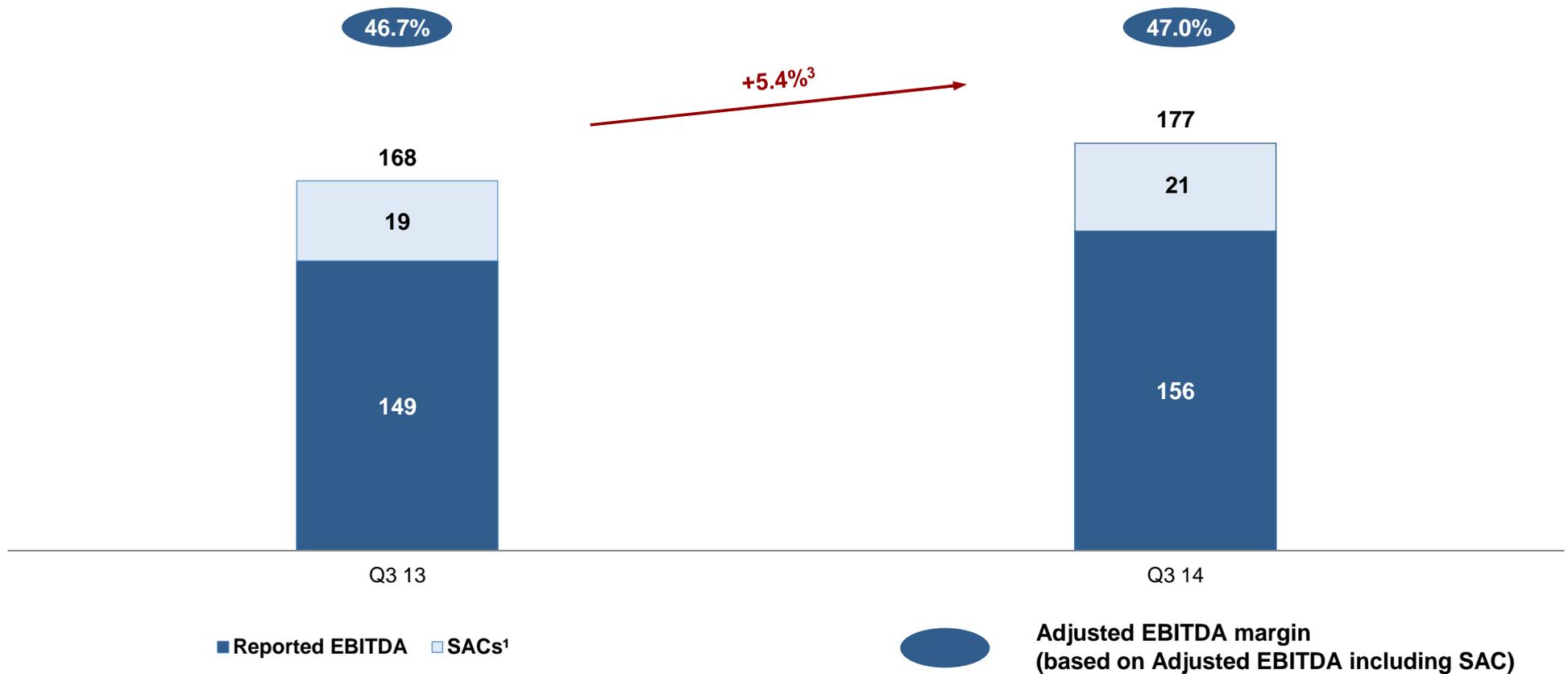
# Wholesale: Strong momentum in higher margin Data business

Wholesale business split (€m)



# Adjusted EBITDA Development

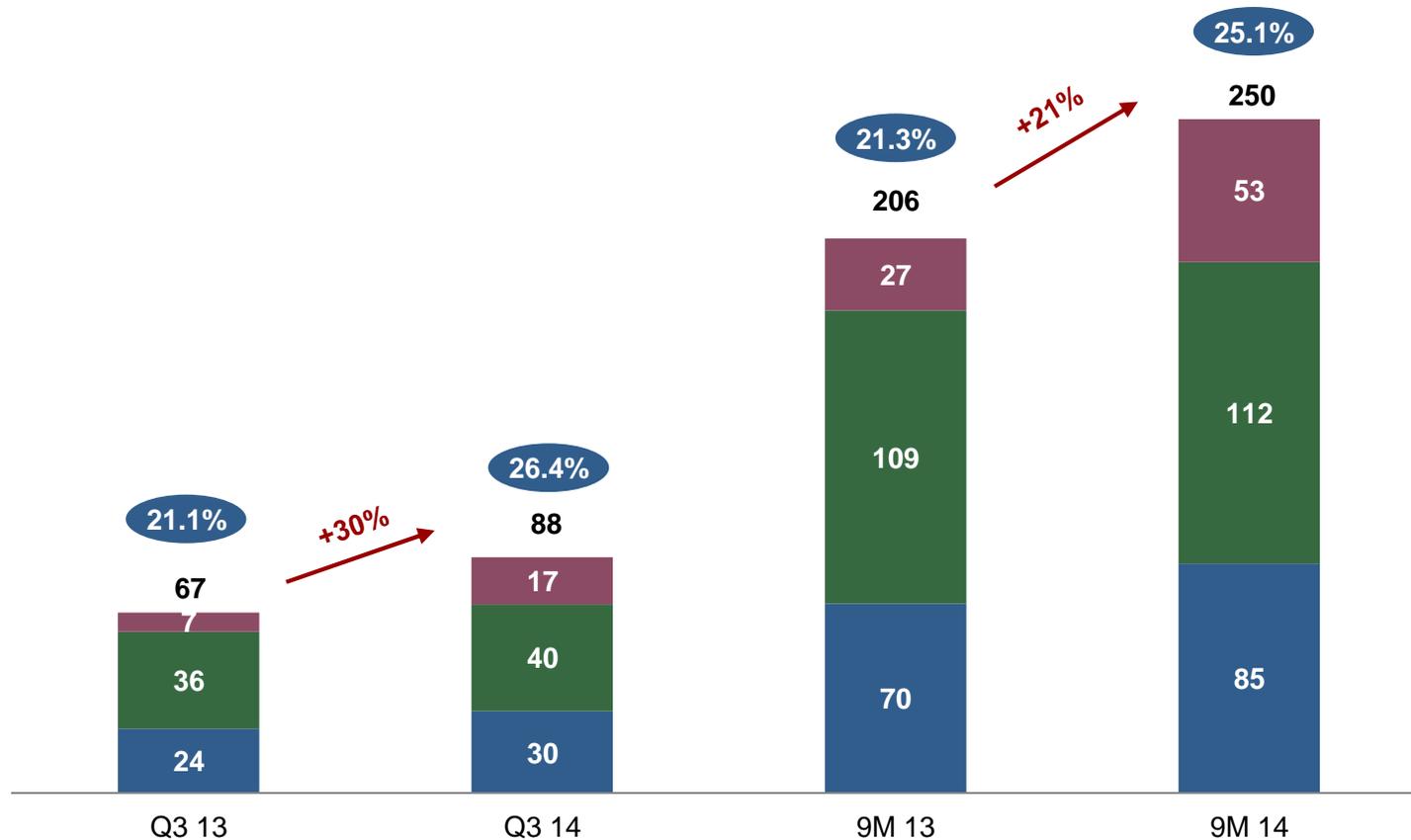
Adjusted EBITDA (reported and excl. SACs<sup>1</sup>), EBITDA margin<sup>2</sup> / Adjusted EBITDA and SACs<sup>1</sup> (€m)



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 (Capex<sup>1</sup> €m)

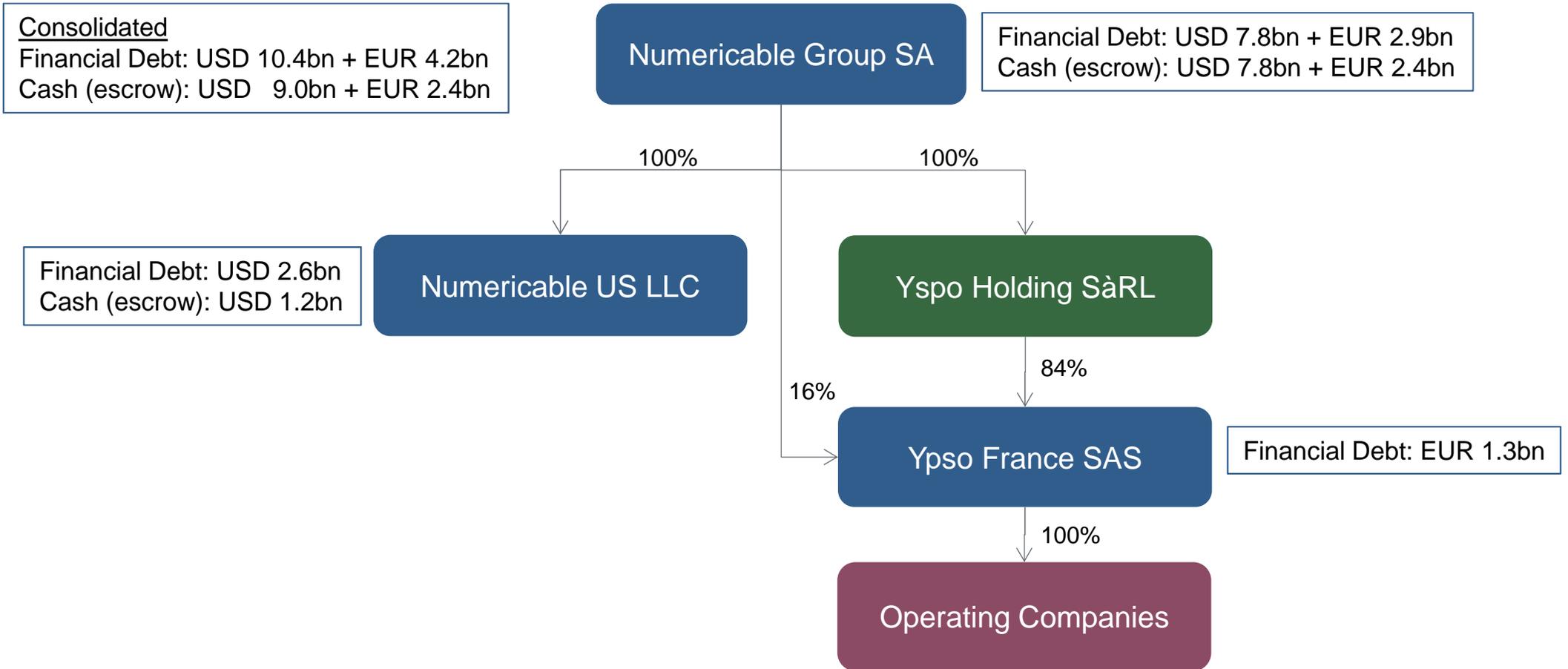


- 2014 9M Capex in line with annual guidance
- More than 600k homes passed upgraded to fiber in 2014
- 5.8m fiber homes at end Q3 2014
- On track to deliver significant acceleration in 2014 with **target of 700k-800k homes** passed upgraded to fiber
- Around 420k customers equipped with La Box at end of Q3 2014

% revenues
  Maintenance Capex
  Customer Acquisition Capex
  Network Capex

1. Capital expenditures net of subsidies received

# Corporate and Debt Structure



# New Debt Capital Structure

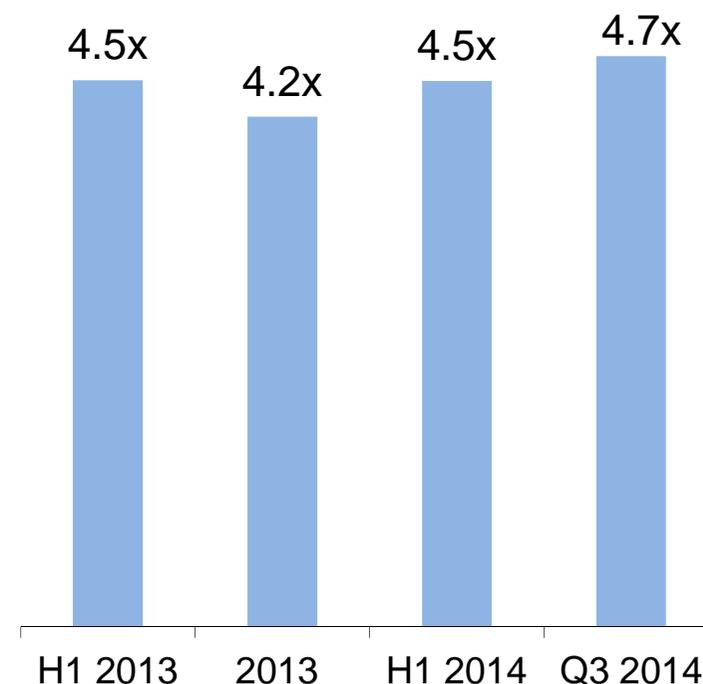
USD/EUR 30 Sept 2014 Exchange Rate: 1.2629

€ Million	Maturity	Instrument Ccy Yield	Euros Yield (inc. Hedging)	Outstand. (Inst. Ccy)	Outstand. (Closing €)
<b>Cash</b>					
Cash				14	14
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
<b>Debt</b>					
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)					46
Revolving Credit Facility					50
<b>FX Effect (2)</b>					97
<b>Total debt</b>					11 846
<b>Net debt</b>					2 938
<b>Undrawn Facilities</b>					
Revolving Credit Facility (3)					250

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

(2) EUR 615M positive on USD escrow account and EUR 712M negative on USD Debt

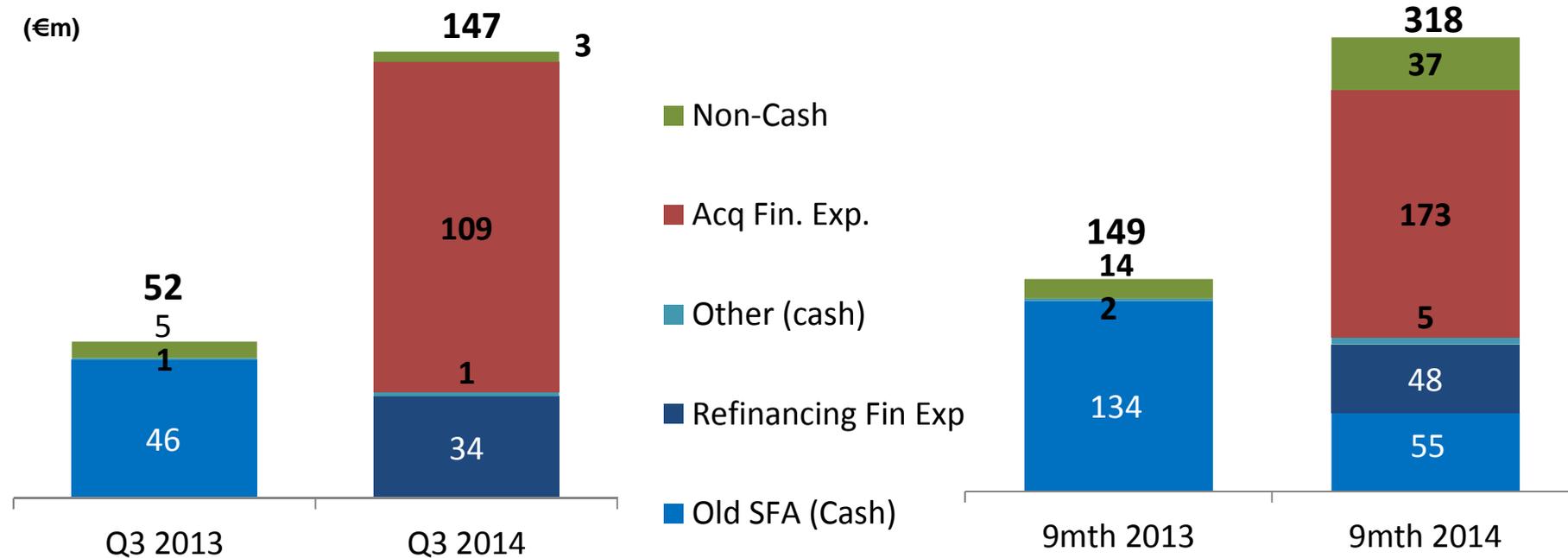
(3) Committed up-size to EUR 750 million at SFR's acquisition closing



Average Cost of debt: 4.95%  
 Yearly Interests: EUR 575 M (fixed)  
 Average Maturity: 7.0 years

# Financial Expenses

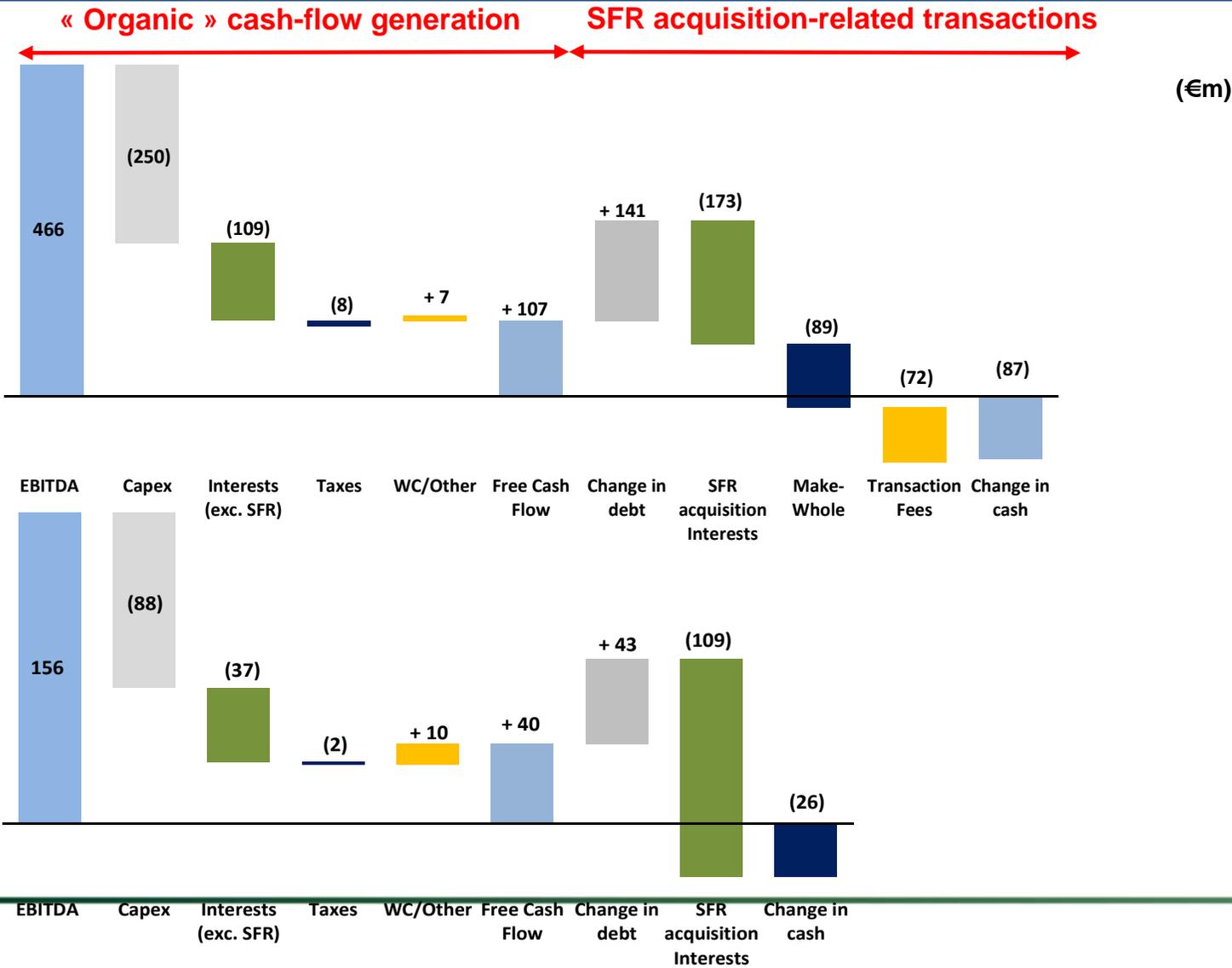
Net Financial Expenses (excl. exceptional items) : 9mth 2014 vs 9mth 2013 and Q3 2014 vs Q3 2013



- ⊙ 2 exceptional items are impacting the net financial result :
  - ⊙ Make-whole payment => EUR 89 million
  - ⊙ One-off capitalisation of old debt fees => EUR 20 million

# Cash Flow

Cash Flow Bridge (9mth 2014 + Q3 2014), IFRS



## Net income impacted by SFR's acquisition related costs

EUR Million	9mth 2013	9mth 2014	
<b>EBITDA</b>	<b>436.3</b>	<b>443.1</b>	
Depreciation and amortization	( 219.0)	( 230.2)	
<b>EBIT</b>	<b>217.3</b>	<b>212.9</b>	
Financial Expenses	( 148.8)	( 127.9)	
Income tax expense	( 8.3)	36.5	
Other	( 0.1)	0.1	
<b>Organic Net Income</b>	<b>60.0</b>	<b>121.5</b>	
SFR's Acquisition Financial Expenses	0.0	( 173.5)	Interests incurred on SFR's acquisition debt
Fx non-cash Effect	0.0	( 17.0)	<ul style="list-style-type: none"> <li>Swap mark to market</li> <li>Debt's principal readjustment</li> </ul>
Exceptional Financial Expenses	0.0	( 108.9)	<ul style="list-style-type: none"> <li>HY make-whole</li> <li>Write-off of old debt up-front fees</li> </ul>
<b>Net income (loss)</b>	<b>60.0</b>	<b>( 177.8)</b>	

SFR's  
acquisition  
related  
costs

## Guidance

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- 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

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- ① **Accelerating Sales Momentum** with Group Revenue up 4% in Q3
- ① **Good Operating Leverage** with Adjusted EBITDA up 4.6% in Q3
- ① **SFR Combination Project on track** with Closing of the transaction expected before the end of 2014

# Questions & Answers

**numericable**<sup>THD</sup>

partenaire principal du  
**STADE FRANÇAIS PARIS**

PARIS  
RUGBY

**VOUS AUSSI, PASSEZ À LA VITESSE DE LA FIBRE**

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