



Press Release

12 mars 2014

## Numericable Group 2013 Full Year Results

- ✓ **Gross Sales up 19% and customer base grows by 5% to reach 1.7m**
- ✓ **ARPU up 2.7% to reach €41,9 at the end of Q4**
- ✓ **Strong increase in Capex (+12%) reaching €320 million with more than 5.2 million fiber homes passed**
- ✓ **Financial performance in line with guidance with Group Sales of €1,314 million and adjusted EBITDA of €616 million**
- ✓ **Net Leverage continues to decline to reach 4.08x\* adjusted EBITDA\*\* at end 2013**
- ✓ **€40 million reduction in cash financial interest payments expected in 2014**

*« The success of our recent IPO enables Numericable Group to execute with confidence its growth strategy on the very high speed broadband market. The performance delivered in 2013 is fully in line with the targets set for the year. As announced, we continued to roll-out fiber and upgraded more than 400k households in 2013. In combination with the deployment of an additional 180k La Box, these were the major reasons behind the solid performance of our B2C business. As a result, we grew our gross sales by 19% in 2013 versus 2012 and finished the year with more than 1.7 million customers » said Eric Denoyer, Chief Executive Officer of NUMERICABLE GROUP.*

\*excluding 62M€ of financial expenses related to the IPO and the refinancing

\*\*EBITDA is adjusted for several non-recurring or non-cash elements



## 2013 SIGNIFICANT EVENTS

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### ▪ STRONG INCREASE IN TRIPLE PLAY CUSTOMER BASE AND GOOD ARPU GROWTH

#### ✓ Increasing demand for Very High Speed Broadband is the key driver

The total customer base hosted on Numericable's network increased by **5%** in 2013 to reach **1.709 million** (multiple play, monoplay TV and white label).

The Numericable multiple play customer base grew by 7 % to reach 1.041 million.

SUBSCRIBERS	<i>in 000's (2012)</i>	<i>in 000's (2013)</i>	Change
<b>Multiple Play Numericable</b>	972	1 041	<b>+ 7,0 %</b>
<b>TV only (inc analogue)</b>	359	305	- 15,0 %
<b>White Label</b>	297	363	+ 22,2 %
<b>Total</b>	<b>1 628</b>	<b>1 709</b>	<b>+ 5,0 %</b>

This commercial success is due to the increasing demand for very high speed broadband access as most French households are multi-screen (with an average of 6.5 screens per household).

The quality and stability of the broadband connections delivered by La Box Fibre by Numericable is a good response to the market demand for very high speed broadband.

At the end of 2013, the Group had more than 300,000 subscribers equipped with La Box Fibre, increasing more than 2.5x times over the last twelve months.

Despite the decline in monoplay TV subscribers, Numericable increased its customer base by 81,000 in 2013. This annual growth is in line with the Group's target of growing its customer base by 200,000 to 250,000 customers over the 2014-2016 period.

#### ✓ ARPU reaches € 41,90

The growth of Numericable's customer base came with a 2.7% growth of its ARPU which reached €41.9 at the end of 2013. This progression is due to the company's rich value-added content offers and constant innovation in the services it provides to its customers.



▪ **GOOD MOMENTUM IN B2B IN A CHALLENGING ECONOMIC ENVIRONMENT**

In a difficult business climate, the **B2B division** delivered good growth despite the strong headwind in the voice business due to recent termination rate cuts. New orders grew strongly which bodes well for 2014 and proves that business is ticking up.

At the end of 2013, the acquisition of **LTI TELECOM** also enabled the Group to reinforce its position in the SME market.

▪ **320 MILLION EUROS OF CAPEX**

✓ **More than 400 000 additional households upgraded to fiber**

Households	<i>in 000's (2012)</i>	<i>In 000's (2013)</i>	Variation
<b>Triple Play enabled</b>	8,500	8,500	-
<b>Fiber enabled</b>	<b>4,788</b>	<b>5,196</b>	<b>+ 8,5%</b>

In 2013, NUMERICABLE GROUP spent 320 million euros (or **24,3 % of revenues**) to increase its fiber upgrade plan – with more than 400,000 households upgraded to fiber – and accelerate the roll-out of La Box.

NUMERICABLE GROUP is the **major player in terms of optical fiber deployment in France**. With its network of **5.2 million fiber equipped households** (with 100 Mbs speeds and above), the Group confirms its leader position in very high speed broadband.

As the French Government prepares the ground for its Plan France Très Haut Débit, NUMERICABLE GROUP confirms its target of 8.5 million fiber homes passed by the end of 2016. Hence, a strong acceleration is planned in 2014 with a target of upgrading **700 000 to 800 000** households to fiber by the end of the year.

✓ **Numericable Group, leader in the French very high speed broadband market**

NUMERICABLE GROUP is the **first provider of very high speed broadband in France** with close to **68% market share**, according to ARCEP's Observatoire des marchés des services fixes. Out of the 2.1 million very high speed broadband subscribers in France at the end of 2013, around 1.4 million are Numericable subscribers (Numericable and White Label).



Optical fiber provides a far **better quality of service** than DSL. According to recent measurements by ARCEP <sup>[1]</sup>, Numericable's network is the **most reliable**, with the lowest number of shutdowns of all operators in the French market (3,2% versus 8,9 % on average). Numericable is also the **best operator** in terms of download speeds\*.

✓ **200 new jobs to fuel the growth in 2014**

As the Group accelerates its fiber upgrade plan on its network, Numericable Group will boost its technical, commercial and customer relations teams and has announced its intention to make **200 new recruitments** in 2014.

▪ **REVENUE AND ADJUSTED EBITDA IN LINE WITH GUIDANCE**

Group Revenue is **up 0.9% to 1.314 billion euros**, in line with the target set at the time of the IPO.

- **In B2C** (Pay TV, Internet broadband access, fixed and mobile telephony through an MVNO), revenues were up by **4.7% reaching 865 million euros**. This growth can be explained by an increasing market demand for very high speed broadband and by the success and the innovation provided by La Box, one of the best set-top boxes in Europe.
- **In B2B**, (Comptel is the 1st alternative FTTO network operator), revenues were down **4.1% at 310 million euros**. The data segment, representing 63% of B2B revenues, showed good growth, but the overall B2B business was heavily impacted by regulated termination rate cuts that affected the voice segment. On the other hand, new orders showed an excellent growth of 17.7% in 2013, which bodes well for the performance of the B2B business in 2014.
- **In Wholesale**, revenues were down 8.6 % at **140 million euros**, due to the negative impact of these same termination rate cuts, and despite a good performance of our on-net businesses of data and fiber wholesale.

Adjusted EBITDA was almost flat (-0.5%) and in line with guidance at 616 million euros. Hence, the Group's EBITDA margin was 46.8% of revenues in 2013. The strong increase of the Group's B2C customer base came at the price of a significant hike in subscriber acquisition costs (SAC were up 23% in 2013 versus 2012). More importantly, Adjusted EBITDA before SAC was up 2.0% at 706 million euros.

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[1] [http://www.arcep.fr/uploads/tx\\_gspublication/synth-bilan-qs-fixe-t3-2013.pdf](http://www.arcep.fr/uploads/tx_gspublication/synth-bilan-qs-fixe-t3-2013.pdf)

\* source Google Measurement Lab



▪ **CONTINUED DELEVERAGING IN LINE WITH EUROPEAN PEERS**

NUMERICABLE GROUP net debt stood at € 2,573 million at the end of December 2013. Excluding exceptional financial fees in relation to the listing of the Group and the refinancing of our existing senior debt of € 61 million, the net leverage (based on adjusted EBITDA) was 4.08x, which is in the low end of other European cable operators' benchmarks.

Thanks to a proactive liabilities' management, the net financial expenses were reduced by 2.2% in 2012 to reach € 173 million for the full year 2013.

The listing and the Group's refinancing, both happening in the fourth quarter of 2013 will dramatically improve the financial cost of the Group. Assuming a flat EURIBOR in 2014, the average cost of debt will decrease from 6.8% in 2013 to c. 5.0% in 2014, which roughly implies € 40 million of financial cost savings in 2014. Through both the Listing and the refinancing, the maturities of most of our debt were extended. There is no major repayment for the Group before 2017.

Based on the improvement of our debt capital structure described above, both rating agencies Moody's and Standard & Poor's improved the rating of the Group to B1 (positive outlook)/B+ (stable outlook).



## KEY FINANCIALS

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In million euros	31 Dec 2013	31 Dec 2012	Change (%)
<b>Consolidated Revenue</b>	<b>1314</b>	1 302	+0.9%
- B2B	310	323	- 4.1%
- B2C	865	826	+4.7%
- Wholesale	140	153	- 8.6%
<b>Adjusted EBITDA</b>	<b>616</b>	619	-0.5 %
<b>EBIT</b>	<b>256</b>	301	-17.6%
<b>Net Result</b>	<b>65</b>	86	-32.3%
<b>CAPEX</b>	<b>320</b>	286	+12.0 %
<b>Net Result / share</b>	<b>0,56 €</b>	0,76 €	
<b>Gearing</b>	<b>4,08x</b>	4,56x	



## OPERATIONAL GUIDANCE

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NUMERICABLE GROUP confirms the following growth targets:

### B2C

- ✓ Acceleration of fiber roll-out from 52% to 85% (ie 8.5 million households) of fiber homes in 2016
- ✓ Increase customer penetration from 17.2% to 20% by end of 2016
- ✓ Increase ARPU through sale of additional La Box based services

### B2B

- ✓ Increase our market share in the mid-market segment from 4% to 8%
- ✓ Grow sales from cloud related services

## FINANCIAL GUIDANCE

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NUMERICABLE GROUP **reiterates** the financial targets set at the time of the IPO:

Acceleration of fiber investments over the period 2014- 2016

- ✓ 220 to 230 million euros of additional capex to upgrade the network
- ✓ Aim is to upgrade all the triple-play network to fiber by end 2016
- ✓ Increase the B2C customer base by 200 000 to 250 000 customers by end 2016

Ramp-up in annual growth of Group revenues over the period 2014-2016

- ✓ Annual revenue growth target is 2% to 5% per annum

Ramp-up in annual adjusted EBITDA growth over the period 2014-2016

- ✓ Adjusted EBITDA margin target of close to 50 % by end 2016

Gearing target

- ✓ Net Leverage between 3.5 x and 4.0x



## EVENTS AFTER THE REPORTING PERIOD

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On March 5, 2014, Altice submitted an offer to Vivendi with a view to Numericable Group commencing exclusive negotiations to purchase SFR. Altice has published the principal financial terms of the offer that include a €10.9 billion cash payment (of which €3 billion will be funded by a rights issue and the balance by debt), and the issue of new shares representing 32% of Numericable's share capital. The transaction will be submitted to Numericable's board at the appropriate time and, given that the transaction involves a share issue and material asset transfer, to a future shareholders general meeting.

Numericable emphasizes that this offer represents the highest and most credible takeover bid in the French telecoms industry. This planned business combination between Numericable and SFR safeguards jobs and investment in both companies as well as with sub-contractors throughout the industry. It will bolster and accelerate fibre investment designed to support the French government's "France Très Haut Débit" (High Speed Broadband) project. This offer is unarguably the most beneficial for employees and customers while also furthering French ambitions in the telecoms market.

### ABOUT NUMERICABLE GROUP

Numericable Group is the sole major cable operator in France. It operates using a highly capillary network infrastructure, serving three segments: B2C, B2B and wholesale. The group benefits from highly advanced technology and relies on a powerful infrastructure which operates as one network serving each of its three segments. Numericable is currently the market leader of the nascent very-high-speed broadband market in France, with a market share of 51%.

- In its B2C segment, the group operates under the Numericable brand name and offers customers a wide range of products and services including pay TV, high-speed and very-high-speed broadband Internet access, and fixed-line and mobile telephony.
- In its B2B segment, the group operates under the Completel brand name, as the first largest alternative operator in terms of FTTO (Fiber to the Office) networks.

In 2013, the group generated combined revenues of 1.314 billion euros.

### PRESS CONTACT

Vae Solis Corporate: Marie-Gabrielle Sorin +33 6 29 94 53 01

### INVESTOR CONTACT

Numericable Group : Olivier Gernandt +33 1 70 01 47 29

*Exchange: Euronext Paris*

*Market place: Eurolist A of Euronext Paris (SRD)*

*Ticker symbol: NUM*

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*Member of SBF 120 and CAC Mid 60*