

Press release

Paris, May 20, 2022, 8:00 a.m.

The iliad Group keeps up its growth momentum in first-quarter 2022

 financial release

The Group's results for the first three months of 2022 followed the same robust growth trajectory as seen for several quarters now. This momentum has been propelled by the massive investments we have devoted to our 4G/5G and FTTH networks and Cloud solutions in order to offer our B2C and B2B customers best-in-class connectivity and highly innovative services. Today's inflationary pressures and energy crisis have made us more determined than ever to build a virtuous growth model.

In the first quarter of 2022, the iliad Group recorded robust growth in its subscriber bases in each of its three geographies, clearly showing how our fundamental values of freedom, simplicity, generosity, transparency and fair prices are shared by others.

Like-for-like pro forma growth¹ for revenues came to **5.1%** during the period, and **6.2%** excluding the regulatory impacts in Poland. Broken down by country, Revenues were up **6.1%** year on year in France and **13.9%** in Italy, but **edged down 1.9%** in Poland¹, mainly due to regulatory impacts that did not affect profitability (excluding the regulatory impacts, revenues rose by **3.1%**).

The Group's overall active subscriber base increased by **872,000** units, comprising **790,000** mobile subscribers and **82,000** fixed subscribers:

- In France, for the first time since 2013, Free ended the quarter with the market's highest number of net adds for both its Fixed (56,000 new subscribers) and Mobile (127,000 new subscribers) offerings. This performance reflects the Group's rankings for overall subscriber satisfaction in the latest ARCEP survey: joint number one for Fixed, and number two for Mobile².
- In Italy, we added 320,000 new subscribers in the first quarter despite a fiercely competitive environment. iliad Italia was the only operator in the country³ to see its brand preference

¹ Based on a constant scope of consolidation and exchange rates.

² 2022 edition of ARCEP's customer satisfaction observatory - https://www.arcep.fr/fileadmin/cru-1651234245/user_upload/observatoire/satisfaction-client/mai_2022/Communique_j_alerte_satisfaction_client_2022.pdf

³ BVA Doxa, first-quarter 2022.

score improve during the period, and remains the leading recruiter of new mobile subscribers in the market. The launch of the Group's Fiber offer in Italy has also been successful and Iliad Italia will continue to extend its sales reach in order to meet demand.

- **In Poland, Play saw strong growth in its prepaid mobile subscriber base following the distribution of free SIM cards to support Ukrainian refugees.** The recruitment of 43,000 new subscribers on plans illustrates Play's strong positioning, with growth in both volume and value.

Consolidated EBITDAaL grew by 6.1% to €714 million on a like-for-like pro forma basis, mainly driven by higher contributions from Italy and France (up by €70 million and €33 million, respectively). Operating cash flow improved significantly, coming in at €285 million, with capex in France following a different seasonal pattern than in 2021, as our priority today is to continue to expand our mobile networks, meet the high demand for ultra-fast network connectivity, and pursue our innovation drive for Cloud solutions.

The Group completed the acquisition of UPC Polska on April 1, 2022. As part of the acquisition, nearly 1,300 new employees have joined the Iliad Group. The integration phase is underway and aims to establish the combined outfit of Play and UPC Polska – which is now Poland's second-largest telecom operator⁴ – as the country's leader in network convergence.

At March 31, 2022, the Group's leverage ratio was 2.7x, stable compared with end-December 2021. With the sale of its 30% interest in OTF and a further 10% stake in OTP to Cellnex at the end of February for an aggregate €1.1 billion, the Group demonstrated its ability to optimize the monetization of its assets and to continue to exercise strict financial discipline. In this regard, the Group is also pleased to announce that Iliad SA received its first public EUR Senior Unsecured Notes rating by Moody's Investor Services ("Moody's"), S&P and Fitch on May 20, 2022, which assigned ratings of Ba2/BB/BB respectively, that will apply to existing issuances. In addition, Fitch Ratings and Standard and Poor's have assigned Iliad SA a long-term issuer standalone credit profile of bb+.

Commenting on Iliad's performance, Thomas Reynaud, the Group's Chief Executive Officer, said: *"Above and beyond the very good results and the 900,000 new subscribers recruited over the last three months, the symbolic impact of this first quarter has been immense. The Iliad Group is now present in its three geographies in both the Mobile and Fixed segments thanks to the launch of our Fixed offer in Italy and the acquisition of UPC Polska in Poland. In France, Italy and Poland, Iliad is now a convergent operator that will be able to fully leverage the complementarity of its offerings from a commercial perspective."*

⁴ In terms of revenue.

Key operating performance indicators at March 31, 2022

FRANCE	Q1 2022	Q4 2021	Change over the period
Number of mobile subscribers	13,738k	13,611k	+127k
- <i>Of which on the 4G/5G Free Mobile Plan</i>	9,479k	9,259k	+220k
- <i>Of which on the voice-based plan</i>	4,258k	4,352k	-94k
Number of Broadband and Ultra-Fast Broadband subscribers	6,981k	6,925k	+56k
- <i>Of which Fiber</i>	4,012k	3,773k	+239k
Fiber adoption rate	57.5%	45.4%	+12.1 ppts
Total number of subscribers - France	20,719k	20,537k	+182k
Number of connectible Fiber sockets	27.1m	25.5m	+1.6m
	Q1 2022	Q1 2021	Year-on-year change
Broadband and Ultra-Fast Broadband ARPU (in €) ¹	33.5	32.6	+2.8%
Mobile ARPU billed to subscribers (in €) ¹	11.4	10.9	+4.8%
ITALY	Q1 2022	Q4 2021	Change over the period
Number of mobile subscribers	8,825k	8,505k	+320k
POLAND	Q1 2022	Q4 2021	Change over the period
Number of active mobile subscribers¹	12,473k	12,129k	+344k
- <i>Of which on plans</i>	8,565k	8,522k	+43k
- <i>Of which prepaid</i>	3,908k	3,606k	+302k ¹
Number of Home subscribers ²	293k	267k	+26k
Total number of subscribers - Poland²	12,766k	12,396k	+370k
	Q1 22	Q1 21	Year-on-year change
Mobile ARPU billed to subscribers (in PLN) ³	28.3	27.7	+2.4%

¹ See glossary for definitions.

² ARPU calculated based on revenues billed to mobile subscribers.

First-quarter 2022 revenues

The table below shows the breakdown of consolidated revenues by category for the first quarters of 2022 and 2021, as well as the percentage change between the two periods:

<i>In € millions</i>	Q1 2022	Q1 2021	% change
Consolidated revenues	1,934	1,846	+4.8%
Consolidated service revenues	1,802	1,719	+4.8%
Consolidated equipment revenues	136	131	+3.9%
<i>Intra-group sales</i>	(3)	(2)	+33.6%
Revenues - France	1,339	1,263	+6.1%
- Service revenues	1,289	1,221	+5.6%
- Equipment revenues	51	43	+18.7%
- Intersegment sales	(1)	(1)	-7.1%
Revenues - Italy	214	188	+13.9%
- Service revenues	212	187	+13.9%
- Equipment revenues	2	1	+22.4%
Revenues - Poland¹	384	398	-3.5%
- Service revenues	301	312	-3.5%
- Equipment revenues	83	86	-3.8%

(1) EUR/PLN: 4.62299 in Q1 2022 and 4.54574 in Q1 2021.

Key financial performance indicators in first-quarter 2022

<i>In € millions</i>	Q1 2022	Q1 2021	% change
Consolidated revenues	1,934	1,846	+4.8%
o/w Revenues - France	1,339	1,263	+6.1%
o/w Revenues - Italy	214	188	+13.9%
o/w Revenues - Poland	384	398	-3.5%
<i>Intra-group sales</i>	(3)	(2)	+33.6%
Consolidated EBITDAaL	714	677	+5.4%
o/w EBITDAaL - France	493	460	+7.3%
o/w EBITDAaL - Italy	40	(30)	NM
o/w EBITDAaL - Poland	181	248 ¹	-26.8%
Consolidated capex²	465	713	-34.8%
o/w Capex - France	332	603	-45.0%
o/w Capex - Italy	94	74	+26.1%
o/w Capex - Poland	40	36	+11.1%
Consolidated OCF (<i>OCF: EBITDAaL minus Capex</i>)	249	(35)	NM
o/w OCF - France	162	(143)	NM
o/w OCF - Italy	(54)	(104)	NM
o/w OCF - Poland	142	212	-33.2%
Profit for the period	477	131	NM
	March 31, 2022	Dec. 31, 2021	Change
Net debt	8,067	8,012	+€55M
LTM ³ EBITDAaL	2,986	2,949	+€37M
Leverage ratio (LTM EBITDAaL)	2.7x	2.7x	Unch

(1) including the net positive impact from the disposal of 517 sites to Cellnex (2) Excluding payments for frequencies

(2) LTM for Last Twelve Months

Glossary

Alternative operator: An operator that entered the market subsequent to the incumbent State operator losing its monopoly.

Broadband and Ultra-Fast Broadband ARPU: Includes revenues from the flat-rate package and value-added services but excludes one-time revenues (e.g., fees for switching from one offer to another or cancellation fees), divided by the total number of Broadband and Ultra-Fast Broadband subscribers billed for the last month of the quarter.

Broadband and Ultra-Fast Broadband subscribers: Subscribers who have signed up for the Group's ADSL, VDSL or FTTH offerings.

Connectible Fiber socket: A socket for which the link between the shared access point and the optical splitter has been put in place by the building operator, which the Group can access in accordance with its co-financing commitments, and for which the connection to the Group's network has been completed or is in progress.

EBITDAaL: Profit from ordinary activities before depreciation, amortization and impairment of property, plant and equipment and intangible assets, and the impact of share-based payment expense.

Fiber take-up rate: Represents the number of Fiber subscribers as a percentage of the total number of Broadband and Ultra-Fast Broadband subscribers.

FTTH: Fiber To The Home: Data delivery technology that directly connects subscribers' homes to an optical node (ON).

Leverage ratio: Represents the ratio between net debt (short- and long-term financial liabilities less cash and cash equivalents) and EBITDAaL.

Mobile ARPU billed to subscribers: Includes revenues billed to subscribers divided by the total number of Mobile subscribers during the period.

Net adds: Represents the difference between the total number of subscribers at the end of two different periods.

Number of active mobile subscribers - Poland: Represents, at the end of a given period, the total number

of subscribers, identified by their telephone lines, who have subscribed to a Play mobile offering (excluding M2M and free SIM cards) and who have issued or received at least one communication (voice or data) during the preceding 30 days.

Number of Broadband and Ultra-Fast Broadband subscribers - France: Represents, at the end of a given period, the total number of subscribers, identified by their telephone lines, who have signed up for a Free or Alice Broadband or Ultra-Fast Broadband offering, excluding those recorded as having requested the termination of their subscription.

Number of Home subscribers - Poland: Represents, at the end of a given period, the number of subscribers who have signed up to a TV Box plan or a fixed Broadband or Ultra-Fast Broadband plan, excluding those recorded as having requested the termination of their subscription.

Number of mobile subscribers - France: Represents, at the end of a given period, the total number of subscribers, identified by their telephone lines, who have subscribed to a Free mobile offering, excluding those recorded as having requested the termination of their subscription.

Number of mobile subscribers - Italy: Represents, at the end of a given period, the total number of subscribers, identified by their telephone lines, who have subscribed to an Iliad Italia mobile offering and who have issued or received at least one communication during the preceding three months.

Number of registered mobile subscribers - Poland: Represents, at the end of a given period, the total number of subscribers, identified by their telephone lines, who have subscribed to a Play mobile offering (including M2M cards and free SIM cards), excluding those recorded as having requested the termination of their subscription.

Revenues billed to subscribers: Revenues generated from services billed directly to subscribers (services included in subscribers' mobile plans as well as additional services).

Services revenues: Revenues excluding sales of devices.

Total number of subscribers - Poland: Represents, at the end of a given period, the number of active mobile subscribers in Poland and the number of Home subscribers in Poland.

About the Iliad Group

Created in the early 1990s, the Iliad Group is the inventor of the world's first triple-play box and has grown into a major European telecoms player, standing out for its innovative, straightforward and attractive offerings. The Group is the parent of Free in France, Iliad in Italy and Play in Poland, has over 15,000 employees serving 41 million active subscribers, and generated €7.6 billion in pro forma revenues in 2021. In France, the Group is an integrated Fixed and Mobile Ultra-Fast Broadband operator and had 20.7 million retail subscribers at March 31, 2022 (13.7 million mobile subscribers and 7.0 million fixed subscribers). In Italy – where the Group launched its business in 2018 under the Iliad brand, becoming the country's fourth mobile operator – it had over 8.8 million subscribers at end-March 2022. With the acquisition of the Polish mobile operator, Play, in November 2020, the Iliad Group became Europe's sixth-largest mobile operator by number of subscribers (excluding M2M). And its acquisition of UPC Polska – which closed on April 1, 2022 – will make the Group a convergence leader in Poland.

Find out more at:

 www.iliad.fr/en

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