Press release

Paris, November 14, 2023, 8:00 a.m.

A record third quarter for the iliad Group

Financial release

The iliad Group delivered excellent financial results for the first nine months of 2023 and a record sales performance in France and Italy. The results consolidate our European leadership in terms of revenue growth, and confirm our virtuous growth model.

Consolidated revenues advanced **10.1%**[1] to €6.80 billion in the first nine months of 2023 and **9.5%** in the third quarter[1]. In **France**, the Group recorded its strongest **revenue growth in nine years** (up 9.5%) this quarter. In **Italy**, revenues were up 13.0%, **an improvement on the previous quarter**. **Poland** reported revenue **growth of 7.8% in euros** (2.2% on a pro forma organic basis).

In **France**, Free posted a **record sales performance in the third quarter**, with 324,000 net new subscribers, including 274,000 net new Mobile subscribers (297,000 4G/5G subscribers) and 50,000 net new Broadband and Ultra-Fast Broadband subscribers (including 200,000 net adds for Fiber). This performance confirms **Free's leading position for net adds**[2]**.**

In **Italy**, iliad Italia delivered **a stellar sales performance in the third quarter**, with 382,000 net new subscribers, including 359,000 net new Mobile subscribers **– its best performance in three years –** and 23,000 net adds for Fiber.

In **Poland**, **sales performance for Mobile improved once again**, with 120,000 net adds in the third quarter, driven by a robust performance for postpaid plans (up 104,000) and a strong rally in the prepaid segment (up 17,000). In the Fixed segment, net adds came to 19,000 – a moderate increase mainly fueled by the move to channel sales offerings via the PŚO network.

Consolidated EBITDAaL rose 7.0%[3] **in the third quarter**, bringing the year-to-date increase to 5.1%[2]. This reflects the positive operating leverage effect from our business, along with our tight rein on operating costs despite inflationary pressures.

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[1] *7.7% on an organic pro forma basis over the first nine months of 2023, and 8.1% on an organic pro forma basis for Q3 2023.*
[2] *Mobile and Fixed combined*
[3] *2.8% on an organic pro forma basis over the first nine months of 2023 and 5.6% on an organic pro forma basis for Q3 2023.*

Consolidated capex totaled €1.64 billion for the first nine months of 2023, representing 24.2% of revenues, a rise of 2.8%[4]. Our capex **level remains high** in order to meet robust demand for Fiber connectivity (B2C and B2B), new adds and orders, and new services based on the use of our Cloud solutions (public and private).

During the third quarter, the iliad Group made **significant strategic investments in artificial intelligence**. It acquired an **NVIDIA DGX SuperPOD** through its subsidiary Scaleway, equipping itself with **the most powerful cloud-native AI supercomputer deployed to date in Europe.** This investment represents a first step for the Group in achieving its near-term aim of increasing the computing power available to its customers. In parallel, iliad also announced **the creation of an excellence lab dedicated to AI research**. The main role of this lab – **in which over €100 million has already been invested** – is to help build artificial general intelligence and bring it within everyone's reach, by making the findings of its research publicly available.

Operating free cash flow[5] rose by 9.6%[6] in the first nine months of 2023 to €903 million, a year-on-year increase of €80 million. This increase was driven by Italy, whose negative contribution was significantly lower – enabling the Group to absorb its growth capex.

We have reinforced our financial structure, with **a leverage ratio of 3.0x at end-September 2023** versus 3.2x at end-December 2022. The 0.2x decrease is attributable to EBITDal growth over the last 12 months, proceeds received on the sale of a 50% stake in PSO – our Fiberco in Poland – and our residual stake in OTP. Our liquidity position remains **excellent**, with €4.2 billion available at the end of September.

Commenting on the Group's performance, Thomas Reynaud, iliad's Chief Executive Officer, said: "*These very good results were achieved thanks to our choices in terms of investment and defending our subscribers' purchasing power. They ensure that we can prepare for the future with confidence. Step by step, we are continuing to build a European telecoms group at the cutting edge of connectivity, the Cloud and AI.*"

[4] 1.2% on an organic pro forma basis.
[5] EBITDAaL less capex (excluding payments for frequencies).
[6] 5.7% on an organic pro forma basis.

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Key operating performance indicators[7] at September 30, 2023

France (figures in thousands unless otherwise stated)	Q3 2023	Q2 2023	QoQ change
Number of Mobile subscribers	**14,792**	**14,518**	**274k**
- *Of which on the 4G/5G Free Mobile Plan (incl. French overseas DOM/TOM)*	10,881	10,584	297k
- *Of which on the voice-based plan*	3,911	3,934	-23k
Number of Broadband and Ultra-Fast Broadband subscribers	**7,314**	**7,264**	**50k**
- *Of which Fiber*	5,272	5,072	200k
Fiber take-up rate	72.1%	69.8%	+230bps
Number of connectible Fiber sockets (in millions)	34.3	33.5	+0.8m
Total number of subscribers – France	**22,106**	**21,782**	**324k**
	Q3 2023	Q3 2022	YoY change
Broadband and Ultra-Fast Broadband ARPU (in €)	35.3	33.5	+5.4%
Mobile ARPU billed to subscribers (in €)	12.5	11.9	+5.1%

Italy (figures in thousands)	Q3 2023	Q2 2023	QoQ change
Number of Mobile subscribers	**10,475**	**10,116**	**359k**
Number of Fiber subscribers	**172**	**149**	**23k**
Total number of subscribers – Italy	**10,647**	**10,265**	**382k**

Poland (figures in thousands unless otherwise stated)	Q3 2023	Q2 2023	QoQ change
Number of active Mobile subscribers	**13,029**	**12,909**	**120k**
- *Of which on plans*	9,261	9,157	104k
- *Of which prepaid*	3,769	3,752	17k
Number of Fixed subscribers[8]	**2,022**	2,003	**19k**
Total number of subscribers – Poland[7]	**15,051**	**14,912**	**139k**
	Q3 2023	Q3 2022	YoY change
Mobile ARPU billed to subscribers (in PLN)	30.4	29.2	+4.0%

Group (figures in thousands)	Q3 2023	Q2 2023	QoQ change
Number of mobile subscribers	38,296	37,543	753k
Number of Fixed subscribers[7]	9,508	9,416	92k
TOTAL NUMBER OF SUBSCRIBERS[7]	47,804	**46,960**	**845k**

[7] *See glossary for definitions.*
[8] *The calculation of the number of Fixed subscribers in Poland was modified following the merger between P4 and UPC Polska: figures for previous quarters have been adjusted to take into account (i) the elimination of duplicates between the Play Home and UPC Polska subscriber bases, (ii) acquisitions of regional ISPs such as Sferanet, Syrion and their subscriber bases, and (iii) the elimination of UPC Solo Start TV subscribers.*

Nine-month/third-quarter 2023 revenues

The table below shows the breakdown of consolidated revenues by category for the nine-month and three-month periods ended September 30, 2023 and September 30, 2022.

In € millions	9M 2023	9M 2022	% change	Q3 2023	Q3 2022	% change	H1 2023	H1 2022	Q2 2023	Q2 2022
Consolidated revenues	**6,797**	**6,174**	**+10.1%**	**2,354**	**2,150**	**+9.5%**	**4,443**	**4,024**	**2,256**	**2,090**
Services revenues[9]	6,271	5,739	+9.3%	2,166	1,983	+9.2%	4,105	3,756	2,085	1,955
Revenues from Devices	542	449	+20.8%	195	172	+13.2%	347	276	175	140
Intra-group sales[8]	(16)	(14)	*+13.0%*	(7)	(5)	*+23.2%*	(9)	(9)	(5)	(5)
Revenues – France	**4,457**	**4,114**	**+8.3%**	**1,539**	**1,405**	**+9.5%**	**2,918**	**2,710**	**1,476**	**1,370**
- Services[8]	4,241	3,954	+7.3%	1,455	1,342	+8.4%	2,786	2,611	1,410	1,322
- Devices	220	165	*+33.6%*	86	64	*+34.7%*	134	101	67	50
- Inter-segment sales – France[10]	(4)	(4)	*+3.9%*	(2)	(1)	*+39.1%*	(2)	(3)	(1)	(1)
Revenues – Italy	**764**	**679**	***+12.5%***	**269**	**238**	***+13.0%***	**496**	**442**	**254**	**228**
- Services	754	675	*+11.6%*	266	236	*+12.6%*	488	440	249	227
- Devices	11	4	+167.7%	3	2	+50.6%	8	2	5	0
Revenues – Poland[11]	**1,588**	**1,390**	***+14.2%***	**552**	**512**	***+7.8%***	**1,036**	**879**	**529**	**495**
- Services	1,277	1,110	*+15.0%*	445	405	*+10.0%*	831	705	426	405
- Devices	311	280	*+11.1%*	106	107	*-0.3%*	205	174	103	90

[9] *Service revenues before eliminations – Intra-group sales including France intersegment sales*
[10] *The mix between Services sales in France and intra-group sales for France was modified for H1/Q2 2023 to take into account the correction of an allocation error in the previous quarter and a new accounting method for intra-group sales, with no impact on revenues for France.*
[11] *EUR/PLN exchange rate: 4.582 for 9M 2023 and 4.672 for 9M 2022.*

Key financial performance indicators for the first nine months of 2023

In € millions	9M 2023	9M 2022	% change
Consolidated revenues	**6,797**	**6,174**	**+10.1%**
France	4,457	4,114	+8.3%
Italy	764	679	*+12.5%*
Poland	1,588	1,390	*+14.2%*
Consolidated EBITDAaL	**2,545**	**2,421**	**+5.1%**
France	1,736	1,669	+4.0%
Italy	189	147	+28.7%
Poland	620	605	+2.4%
Consolidated capex (excluding payments for frequencies)	**1,643**	**1,598**	**+2.8%**
France	1,262	1,115	+13.3%
Italy	194	303	-35.8%
Poland	186	181	+2.8%
Operating free cash flow (*EBITDAaL less capex*)	**903**	**823**	**+9.6%**
France	474	555	-14.6%
Italy	(5)	(155)	-96.9%
Poland	434	424	+2.3%

	Sep. 30, 2023	Dec. 31, 2022	Change
Net debt	10,342	10,815	-473
LTM* EBITDAaL	3,427	3,346	+81
Leverage ratio (LTM EBITDAaL)	3.0x	3.2x	-0.2x

* LTM: last twelve months and including UPC Polska.

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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 migration 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 Fixed subscribers – Poland: Represents, at the end of a given period, the number of subscribers who have subscribed to a fixed Broadband, or a fixed Ultra-Fast Broadband plan, or a fixed telephony line, 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 (B2C and B2B), 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 Ultra-Fast Broadband subscribers – Italy: Represents, at the end of a given period, the number of subscribers who have subscribed to an iliad Italia Ultra-Fast Broadband offering, 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 Fixed 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 17,400 employees serving 47.0 million subscribers, and generated €9.0 billion in revenues in the last 12 months. In France, the Group is an integrated Fixed and Mobile Ultra-Fast Broadband operator and had 22.1 million retail subscribers at September 30, 2023 (14.8 million Mobile subscribers and 7.3 million Fixed subscribers). In Italy – where the Group launched its business in 2018 under the iliad brand, becoming the country's fourth Mobile operator with over 13% of market share – it had more than 10.6 million Mobile subscribers at September 30, 2023. In Poland, the Group became an integrated convergent operator after the acquisition of UPC Polska in 2022 and had more than 13.0 million Mobile subscribers and more than 2.0 million Fixed subscribers at September 30, 2023. The iliad Group is Europe's sixth-largest operator by number of retail Mobile subscribers (excluding M2M) and Fixed Internet.

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