

iliad Group now ranks among the top five European telcos

Financial release

iliad Group now ranks among the top five European telcos thanks to its continued growth. In the first half of 2024, the iliad Group maintained its growth leadership in Europe, with revenues up 10.3%¹. We recorded 1,318,000 new Mobile and Fixed-line subscribers during the period (621,000 in the second quarter). This high level of growth significantly boosted the Group's profitability and helped to reinforce its financial solidity. Thanks to this performance, the Group is now Europe's fifth-largest operator² with 50 million subscribers (40 million Mobile subscribers and 10 million Fixed-line subscribers) and we are standing by our target of achieving €10 billion in revenues in full-year 2024.

France kept up its brisk growth trajectory in the first half of 2024, with revenues rising 9.6% (9.1% in Q2); Poland's revenues were up 12.0% year on year (10.3% in Q2), propelled by 4.6% like-for-like growth and a favorable currency effect; and Italy maintained its strong momentum, with revenues climbing 11.5% (10.2% in Q2).

Fueled by the commercial success of the Freebox Ultra launched in January, and by the promise it has kept of not raising the prices of either of its two long-standing Mobile plans (the €2 and €19.99/month plans), Free retained its net add leadership³ both for the Mobile and Fixed segments, against a backdrop of a volatile and low-volume market. In the second quarter, it gained 120,000 net new Mobile subscribers (185,000 on 4G/5G plans), 40,000 net new Broadband and Ultra-Fast Broadband subscribers, and 189,000 new Fiber subscribers. Thanks to the Group's investments in its next-generation networks and its commitment to offering the best technology at a fair price, at-end June 2024, over 75% of Free Mobile subscribers were on the 4G/5G plan and more than 78% of Freebox subscribers had Free Fiber.

In Poland, Play delivered a very robust second-quarter sales performance, continuing to gain market share in the Mobile segment, both in terms of subscriptions (62,000 net new subscribers) and prepaid cards (up by 67,000), enabling the Group to once again end the period with the market's highest number of net adds³. In the Fixed segment, net adds came in at 17,000 units, representing moderate growth as a result of fierce competition for Fixed-line business.

¹ 8.5% on a like-for-like basis in H1 2024.

² In number of subscribers.

³ Internal estimates.

In Italy, the Group maintained its position as net add leader in the Mobile market, for the 25th consecutive quarter, with 279,000 net new Mobile subscribers joining Iliad Italia in Q2. This is a remarkable performance in view of the current intense competition and reflects the brand's strength in the Italian market. Iliad Italia also ended the second quarter as leader¹ for net adds in the Fixed market, notching up 35,000 new subscribers.

Consolidated EBITDAaL for the first half of 2024 rose sharply to €1.86 billion, representing growth of 13.2%² for the first six months of the year and 14.1%² in the second quarter. EBITDAaL margin widened by 80 bps to 37.8%, with strong increases registered in each of the Group's three geographies: 11% in France, 26% in Italy and 15% in Poland (up 7.3% in local currency). Profit for the period advanced 8.6% to €251 million for the six months ended June 30, 2024, with the rise in EBITDAaL partly offset by (i) a lower contribution from positive non-recurring items and (ii) a higher tax charge.

On a last twelve-month basis (June 2023 to June 2024), the Group's capex amounted to €1.86 billion, representing 19% of its revenues. Our priorities were to continue our 5G rollout, support the strong growth in our B2C and B2B subscriber bases, and step up our investments in artificial intelligence through the acquisition of computing capacity and the expansion of our data centers.

Operating free cash flow³ surged 61% in the first half of the year to €971 million, allowing the Group to reinforce its financial structure, with its leverage ratio coming in at 2.8x at end-June 2024 versus 3.0x at end-2023. Thanks to its higher generation of free cash flow, combined with the proceeds from the €500 million seven-year bond issue placed at the end of April and the partial buyback of its bonds maturing in October 2024 and April 2025, the Group is in an excellent liquidity position, with €1.2 billion in cash and cash equivalents and €2.6 billion in undrawn credit facilities at June 30, 2024.

In late April, the Iliad Group became the main shareholder of the Tele2 Group. The three members of Iliad Group's management team who sit on Tele2's Board of Directors began their term of office immediately after Tele2's Annual General Meeting in May 2024. Their priority is to support Tele2 and its executive managers with their strategy of improving Tele2 Group's growth profile, and to work closely together on innovation, convergence and investment in next-generation networks.

Over the last few months, the Iliad Group has also continued its efforts in terms of corporate social responsibility (CSR). For example, on August 27, it announced that it was incorporating CSR criteria into its main syndicated loans for the first time. And in France, Free launched its first-ever Employer Brand campaign, based on five HR pillars, aimed at explaining what Free does and the wide range of jobs it has to offer, as well as attracting the best talent.

Commenting on these results, Thomas Reynaud, Chief Executive Officer of the Iliad Group, said: *"The Iliad Group has reached a historic milestone by becoming one of Europe's top five operators. We now count 50 million subscribers in France, Poland and Italy, and as many as 61 million with our investment in Swedish operator Tele2⁴. The Odyssey 2024 plan, which has guided our roadmap over the past five years, has come to fruition. And our next Odyssey will be forged by ongoing innovation, investing in our 5G and fiber networks, and strengthening our Cloud and datacenter activities."*

¹ Out of Italy's top five telcos - internal estimates.

² 11.2% on a pro forma like-for-like basis in H1 2024 and 12.7% in Q2 2024.

³ EBITDAaL less capex (excluding payments for frequencies).

⁴ and including as well our investment in Eir

Key operating performance indicators¹ at June 30, 2024

France (figures in thousands unless otherwise stated)	Q2 2024	Q1 2024	QoQ change
Number of Mobile subscribers	15,337	15,217	+120
<i>Of which on the 4G/5G Free Mobile plan (incl. overseas France)</i>	<i>11,530</i>	<i>11,345</i>	<i>+185</i>
<i>% of the Mobile subscriber base on the 4G/5G Free Mobile plan</i>	<i>75.2%</i>	<i>74.6%</i>	<i>+60 bps</i>
<i>Of which on the voice-based plan</i>	<i>3,807</i>	<i>3,872</i>	<i>-65</i>
Number of Broadband and Ultra-Fast Broadband subscribers	7,539	7,499	+40
<i>- Of which Fiber</i>	<i>5,937</i>	<i>5,748</i>	<i>+189</i>
Fiber take-up rate	78.7%	76.6%	+205 bps
Number of connectible Fiber sockets (in millions)	37.0m	36.2m	+0.8m
Total number of subscribers - France	22,877	22,716	+160
	Q2 2024	Q2 2023	YoY change
Broadband and Ultra-Fast Broadband ARPU (in €)	36.4	34.6	+5.3%
Mobile ARPU billed to subscribers (in €)	12.3	12.0	+2.1%

Italy (figures in thousands)	Q2 2024	Q1 2024	QoQ change
Number of Mobile subscribers	11,285	11,006	+279
Number of Fiber subscribers	280	245	+35
Total number of subscribers - Italy	11,565	11,251	+314

Poland (figures in thousands unless otherwise stated)	Q2 2024	Q1 2024	QoQ change
Number of active Mobile subscribers	13,301	13,172	+129
- <i>Of which on plans</i>	<i>9,505</i>	<i>9,443</i>	<i>+62</i>
- <i>Of which prepaid</i>	<i>3,796</i>	<i>3,729</i>	<i>+67</i>
Number of Fixed-line subscribers	2,090	2,073	+17
Total number of subscribers - Poland	15,391	15,245	+146
	Q2 2024	Q2 2023	YoY change
Mobile ARPU billed to subscribers (in PLN)	31.4	29.7	+5.6%

GROUP (figures in thousands)	Q2 2024	Q1 2024	QoQ change
Number of Mobile subscribers	39,924	39,395	+529
Number of Fixed-line subscribers	9,909	9,817	+92
TOTAL NUMBER OF SUBSCRIBERS	49,833	49,212	+621

¹ See glossary for definitions.

First-half/Second-quarter 2024 revenues

The table below shows the breakdown of consolidated revenues by category for the six-month and three-month periods ended June 30, 2024 and June 30, 2023.

<i>In € millions</i>	H1 2024	H1 2023	% change	Q2 2024	Q2 2023	% change
Consolidated revenues	4,902	4,443	+10.3%	2,471	2,256	+9.5%
Services revenues ¹	4,503	4,105	+9.7%	2,284	2,085	+9.5%
Equipment revenues	410	347	+18.2%	193	175	+10.0%
<i>Intra-group sales</i> ²	(8)	(9)	-18.5%	(2)	(5)	-54.5%
Revenues – France	3,197	2,918	+9.6%	1,611	1,476	+9.1%
- Services ¹	3,016	2,786	+8.3%	1,528	1,410	+8.3%
- Devices	184	134	+36.8%	84	67	+26.4%
- Intra-group sales – France	(3)	(2)	+38.0%	(1)	(1)	+71.8%
Revenues – Italy	552	496	+11.5%	280	254	+10.2%
- Services	547	488	+12.2%	278	249	+11.3%
- Devices	5	8	-34.1%	3	5	-45.1%
Revenues – Poland³	1,161	1,036	+12.0%	584	529	+10.3%
- Services	939	831	+13.0%	478	426	+12.3%
- Devices	221	205	+8.0%	106	103	+2.3%

¹ Services revenues before Intra-group sales.

² Intra-group sales including France.

³ EUR/PLN exchange rate: 4.31688 for H1 2024 and 4.6244 for H1 2023.

Key financial performance indicators in first-half 2024

<i>In € millions</i>	H1 2024	H1 2023	% change
Consolidated revenues	4,902	4,443	+10.3%
France	3,197	2,918	+9.6%
Italy	552	496	+11.5%
Poland	1,161	1,036	+12.0%
<i>Intra-group sales</i>	(8)	(7)	+13.7%
Consolidated EBITDAaL	1,859	1,642	+13.2%
France	1,235	1,110	+11.3%
Italy	147	117	+25.6%
Poland	477	415	+15.0%
Consolidated capex (excluding payments for frequencies)	888	1,040	-14.6%
France	631	785	-19.6%
Italy	124	122	+1.7%
Poland	133	133	+0.2%
		0	
Operating free cash flow (EBITDAaL less capex)	971	602	+61.2%
France	603	325	+85.8%
Italy	23	(5)	NM
Poland	344	282	+22.0%
Profit for the period	251	231	+8.6%
	June 30, 2024	Dec. 31, 2023	Change
Net debt	10,252	10,243	+9
LTM EBITDAaL ¹	3,661	3,444	+217
Leverage ratio	2.8x	3.0x	-0.2x

¹ LTM: 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 subscribers: Subscribers who have signed up for the Group's ADSL, VDSL or FTTH offerings.

Broadband and Ultra-Fast Broadband ARPU: Includes revenues from the flat-rate package and value-added services, divided by the total number of Broadband and Ultra-Fast Broadband subscribers billed for the last month of the quarter.

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.

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 subscribed to a Free or Alice Broadband or Ultra-Fast Broadband offering, excluding those recorded as having requested the termination of their subscription.

Number of Fixed-line subscribers - Poland: Represents, at the end of a given period, the number of subscribers who have signed up to a fixed Telephone plan or a fixed Broadband/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 (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' 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-line 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 is now 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 18,200 employees serving more than 49.8 million subscribers, and generated €9.7 billion in revenues in the twelve months ended June 30, 2024. In France, the Group is an integrated Fixed and Mobile Ultra-Fast Broadband operator and had 22.9 million subscribers at end-June 2024 (15.3 million Mobile subscribers and 7.5 million Fixed-line subscribers). In Italy, where it launched its business in 2018 under the iliad brand, it is the country's fourth-largest mobile operator and at end-June 2024 had nearly 11.3 million Mobile subscribers and 280,000 Fiber subscribers. In Poland, the Group is an integrated convergent operator, and at end-June 2024 had 13.3 million Mobile subscribers and nearly 2.1 million Fixed-line subscribers. In the second quarter of 2024, the iliad Group became Europe's fifth-largest operator by number of retail Mobile subscribers (excluding M2M) and it remains the fifth-largest Fixed Broadband operator.

To find out more

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Contacts

Investor relations: ir@iliad.fr

Press relations: presse@iliad.fr