



Press Release

13 May 2014

First Quarter 2014 Results

- ✓ **Subscriber base grows by 4,3% and ARPU increases to €42.1**
- ✓ **5.4 million fibre homes passed**
- ✓ **Revenues up 1% at €327.6 million**
- ✓ **Adjusted EBITDA* growth superior to revenue growth**
- ✓ **Digital B2C (Numericable Brand) revenues up 5%**
- ✓ **SFR combination project continues according to plan**

For Eric Denoyer, Chairman and CEO of Numericable Group:

«While we were working on our combination project with SFR, we continued to deliver a good commercial performance in the first quarter of 2014 both in terms of revenues and subscriber growth. As planned, investments in our fibre network infrastructure were accelerated to maintain our leading position in the very high speed broadband market. At the same time, additional services were added to our La Box Fibre product which convinced an increasing amount of new customers to join Numericable, the most innovative player in the French market. Numericable Group intends to continue down this path of growth, innovation and investment which allows us to be optimistic about the future».

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



SIGNIFICANTS EVENTS OF THE QUARTER

▪ GROWTH IN REVENUE AND ADJUSTED EBITDA

During the first quarter of 2014, Numericable Group generated revenues of €327.6 million up 1.0% and an adjusted EBITDA of €153.5 million up 1.8%. This Revenue growth is satisfactory as it also shows a sequential increase compared to the Group's revenue growth in Q3 2013 (+0.8%) and Q4 2013 (+0.6%). The Group's EBITDA margin reached 46.9% of revenues, up 40 basis points compared to the first quarter of 2013.

The Revenue performance by division breaks down as follows:

- In **B2C** (Pay TV, Internet broadband access, fixed and mobile telephony through an MVNO), revenues were up by 1.8% at €219.2 million. The B2C Digital (Numericable Brand) revenues grew by 5%. This solid performance was due to increasing market demand for very high speed broadband and the success and innovation provided by La Box Fibre by Numericable. Recently launched innovations such as the Restart and the VideoShot TV functionalities have proved particularly popular with our clients.

✓ A growing subscriber base

The total customer base hosted on Numericable's network increased by 4% in the quarter to reach 1.717 million (multiple play, monoplay TV only and white label).

The Numericable multiple play customer base grew by almost 6 % to reach 1.049 million.

SUBSCRIBERS	In 000's (Q1 13)	In 000's (Q1 14)	Change
Multiple Play Numericable	993	1 049	+ 5.6 %
TV only (inc analogue)	342	291	- 14.9 %
White Label	313	377	+ 20.4 %
Total	1 647	1 717	+ 4.3 %

At the end of the first quarter of 2014, the Group had more than 336,000 subscribers equipped with LaBox Fibre, representing some 32% of its Multiple Play customer base.

Despite the decline in monoplay TV subscribers, Numericable increased its customer base by 70,000 in the first quarter of 2014. 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 € 42.10**

The growth of Numericable’s customer base came with a 2.7% growth of its ARPU (Average Revenue per User) which reached €42.10 at the end of first quarter of 2014 compared to the first quarter 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.

- **In B2B** (Comptel is the 1st alternative FFO network operator), revenues were up 3.4% at €78.7 million. This performance can be explained by solid growth delivered in the data segment, which represented 60% of B2B revenues in the quarter. The voice segment continued to be impacted by regulated termination rate cuts and a difficult economic environment.
- **In Wholesale**, revenues were down 9.7% at €29.7 million, due to declining business in voice and DSL, but the division’s EBITDA margin increased and the revenue mix improved thanks to good growth in our on-net businesses of data and fibre wholesale.

▪ **CONTINUED INVESTMENT IN OPTICAL FIBER ROLL-OUT**

✓ **€75 million of Capex spent in Q1 2014**

In line with the company’s commitment at the time of its IPO, Numericable Group accelerated its triple play network capex plan. In the first quarter of 2014, the Group invested €75 million (or 22.9% of its revenues) and intensified the deployment of its optical fibre network with more than 200 000 households upgraded to fibre. The bulk of these upgrades occurred in the departments of Seine Saint Denis and Hauts de Seine, as well as in Paris.

✓ **More than 200 000 additional households upgraded to fibre in the quarter**

Households	In 000's (Q4 13)	In 000's (Q1 14)	Change
Triple Play enabled	8,511	8,561	-
Fibre enabled	5,196	5,405	+4.0%

Numericable Group is the major player in terms of optical fibre deployment in France. With its **5.4 million fibre equipped households** (with 100 Mbs speeds and above), the Group confirms its leadership 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 fibre 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 fibre by the end of the year.

▪ **FINANCIAL INTEREST CHARGE DECREASES AS ANNOUNCED AT THE IPO**

As at 31 March 2014, Numericable Group's **net debt stood at 2,578 million euros**. The Net Debt/Adjusted EBITDA ratio stood at 4.17x, down 0.35x compared to the end of March 2013.

Following the company's IPO and consequent refinancing of some of its debt in the fourth quarter of 2013, the net cost of debt decreased by 19.5% to 40 million euros in the first quarter of 2014 compared to the quarter ending 31 March 2013.

KEY FINANCIAL INDICATORS

In € million	31 Mar 2014	31 Mar 2013	Change (%)
Revenues	327.6 M€	324.5 M€	+1.0 %
- B2C	219.2 M€	215.4 M€	+1.8 %
- B2B	78.7 M€	76.1 M€	+3.4 %
- Wholesale	29.7 M€	33.0 M€	-9.7 %
Adjusted EBITDA	153.3 M€	150.8 M€	+1.8 %
EBIT	74.5 M€	75.4 M€	-1.2 %
Net Result	35,0 M€	23.6 M€	+48.3 %
CAPEX	74.9 M€	74.7 M€	+1,0 %
Gearing	4.17x	4.52x	-



2014 GUIDANCE CONFIRMED

In accordance with the targets set at the time of the IPO for the 2014-2016 period, Numericable Group confirms the following operational and financial targets for 2014:

Acceleration of fibre investments over the period 2014- 2016

- ✓ €300 million of capex per annum + network upgrade capex of 220-230m over 2014-2016
- ✓ 8.5 million fibre homes by the end of 2016
- ✓ 700 000 to 800 000 additional households upgraded to fibre in 2014
- ✓ 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 of 2% to 5%
- ✓ Annual adjusted EBITDA growth superior to Revenue growth

EBITDA Growth over the 2014-2016

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

Gearing target

- ✓ Net Leverage between 3.5x and 4.0x in 2014

EVENTS AFTER REPORTING PERIOD

Following Vivendi's Supervisory Board's unanimous decision to select the Altice/Numericable offer for SFR on April 6th, the combination project is running according to plan.

The main steps scheduled before the end of the year are:

- The consultation of Numericable Group and SFR's workers councils (2nd quarter)
- The launch of procedures to obtain authorizations from the relevant administrative authorities including the French Antitrust Authorities (2nd & 3rd quarter)
- A €4.7 billion capital increase (4th quarter)
- Closing (before year-end)



On April 23rd 2014, Numericable Group secured the necessary financing for the SFR acquisition and the refinancing of its existing debt. This record levy on High-Yield markets enabled the company to raise the equivalent of 11,653 million euros in US dollars (7,503 million euros equivalent) and in euros (4,150 million euros) in bonds (7,873 million euros equivalent) and in loans (3,780 million euros equivalent). Thanks to strong investor demand, the average cost of debt post refinancing and including the cost of hedging the US dollar tranches will be approximately 4.90%. Simultaneously, Numericable Group has obtained the commitment of several Tier-One institutions for a credit revolving facility of 750 million euros. The Group plans to reimburse all of its existing debt before the closing of the SFR deal.

ABOUT NUMERICABLE GROUP

Numericable Group is the sole major cable operator in France. It operates using a very high speed fiber 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). In 2013, Numericable Group generated combined revenues of 1.3 billion euros.

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Member of SBF 120 and CAC Mid 60