



PRESS RELEASE

Paris, December 20, 2017

Acquisition of a 31.6% stake in eir – Ireland’s incumbent telecom operator – with a call option enabling it to take over control in 2024

Iliad has agreed to acquire, for c.€320 million, a 31.6% minority interest in eir – Ireland’s incumbent telecom operator – alongside NJJ (Xavier Niel’s private holding company), with Iliad and NJJ investing on the same terms. eir’s existing shareholders, Anchorage Capital Group, L.L.C. and Davidson Kempner Capital Management LP, will retain an interest in the company, both through a 35.5% equity stake and a non-recourse loan instrument.

Its minority stake in eir forms the basis of a strategic partnership with a leading telecom operator, with a possibility of ultimately taking over control of the company thanks to a call option granted to Iliad by NJJ. This call option is exercisable in 2024 and would enable Iliad to acquire 80% of NJJ’s stake in eir (i.e. 26.3% of eir’s capital) at a 12.5% discount to fair market value, as determined by an independent valuation expert. If Iliad decides to exercise this option it will fully reap the benefits of geographic diversification in a dynamic market with profitable growth opportunities.

eir: an incumbent operator with high quality infrastructure and a profitable business model

eir has the largest fiber access network in Ireland, with a fully integrated fixed and mobile network. It provides a comprehensive range of mobile, phone, TV and broadband services to B2C, B2B and wholesale customers.

It is the leader in fixed broadband, with a 32% market share, and is the leading operator in the fixed wholesale market. In addition, it has a challenger positioning in the mobile market with an 18% market share.

eir's revenue for the year ended June 30, 2017 amounted to €1.3 billion and its adjusted EBITDA¹ was €520 million.

A first-class asset at an acquisition multiple of c.6.5x EV/18e EBITDA – with strong value creation potential and a call option allowing to take control in 2024

In the medium term through this investment, Iliad expects to generate a dividend stream and yield a double-digit return on equity.

Over the medium / long-term, Iliad has a possibility of ultimately taking over control of the company thanks to a call option granted to Iliad by NJJ on 26.3% of eir's capital.

A indirect stake of 31.6% allowing Iliad to retain its strong balance sheet structure and its financial and operational agility

The minority investment in eir will be accounted for under the equity method, in accordance with IFRS standards (IFRS 10, IFRS 11 and IAS 28), and will therefore have a limited impact on the Group leverage (c.+0.2x EBITDA) because eir's debt will not be consolidated.

Iliad will therefore retain the financial flexibility it needs to continue its expansion plan in Italy, to pursue its profitable capital expenditure plan in France for NGN wireless and fixed networks and seize consolidation opportunities in markets where Iliad is present.

A transaction executed in accordance with best governance practices

The transaction constitutes a related-party transaction and Iliad is applying the highest governance standards throughout the process:

- Review of the transaction by a specific committee composed exclusively of Iliad's independent Board members.
- Appointment of an independent financial expert to issue a fairness opinion.
- The transaction was approved, unanimously by the directors present and represented, during the Board of Directors held on December 18, 2017. The parties concerned by the transaction (Xavier Niel and Olivier Rosenfeld) did not vote at Board level and will not vote in their capacity as shareholders.

¹ Adjusted EBITDA corresponds to earnings before interest, taxation, amortization, depreciation, non-cash pension charge, non-cash lease contracts, exceptional items and profit on disposal of property, plant and equipment

The completion of the transaction, which is expected in H1 2018, remains subject to the approval of the relevant antitrust and regulatory authorities.

Société Générale and Bredin Prat acted as financial and legal advisors for Iliad.

Finexsi and BDGS acted as independent financial expert and legal advisor for the specific committee of independent members of the Board of Directors.

The presentation on the transaction will be available today through a webcast from 08:40 am (CET) on <https://edge.media-server.com/m6/p/4rwcgrn7/lan/en>

About Iliad

Iliad is the parent company of Free, the inventor of the Freebox, the first multiservice box on ADSL. Free is behind numerous innovations in the Broadband and Ultra-Fast Broadband access segment (VoIP, IPTV, flat-rate calling plans to multiple destinations, etc.) and provides straightforward and innovative offerings at the best prices. For example, the Freebox Revolution, the 6th generation of Freebox units, includes an NAS and a Blu-RayTM drive, and the Freebox mini 4K was the first Android TVTM and 4K box on the French market. Free was the first operator to include calls from landlines to mobile phones in its offerings and also calls to French overseas departments (DOM). Since January 2012, Free has brought mobile phone usage within everyone's reach with straightforward, no-commitment offerings at very attractive prices. The Free Mobile Plan includes roaming communications all year round from more than 35 countries (unlimited calls, texts and MMS as well as 25GB/month of 3G mobile Internet from these destinations). Free also includes unlimited 4G in its €15.99 plan for Freebox subscribers. As at September 30, 2017, Free had nearly 20 million subscribers (6.5 million Broadband and Ultra-Fast Broadband subscribers and 13.4 million mobile subscribers).

Exchange: **Euronext Paris**

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

Ticker symbol: **ILD**

ISIN Code: **FR0004035913**

FTSE classification: **974 Internet**

Member of **Euro Stoxx, SBF 120, CAC Next 20, CAC Mid 100**

Pursuant to the commission implementing regulation (EU) 2016/1055 of June 29th, 2016 laying down implementing technical standards with regard to the technical means for appropriate public disclosure of inside information and for delaying the public disclosure of inside information in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council, this press release may contain inside information and has been sent to the authorized broadcaster of Iliad on December 20, 2017 at 08:20 am CET