

Interview with Olivier Roussat, Chairman and CEO of Bouygues Telecom Le Figaro - 15 May 2015

BOUYGUES TELECOM "IS IN CONTROL OF ITS FUTURE ONCE MORE"

Interview - Olivier Roussat, Chairman and CEO of Bouygues Telecom, believes his company is now ready for action, and thereby sweeps aside the recurrent rumours of a possible takeover by a rival.

Le Figaro. - In the first quarter did Bouygues Telecom focus on winning customers to the detriment of its margins?

Olivier Roussat. - Our strategy is beginning to bear fruit. In the first quarter, we signed up 152,000 new mobile customers and an extra 96,000 in fixed. In the last six quarters, we have gained around 600,000 new customers in fixed, thanks in particular to our €19.99 offer. At the same time, we have restructured and repositioned ourselves. Costs have been slashed, with more than €800 million saved versus 2011. We are now firmly focused on gaining new customers. Our aim is to stabilise our Ebitda to the 2014 level, before returning to positive cash flow in 2016.

Is a return to profitability possible?

Yes. 4G was a real challenge, but it helps us stand out from the competition and create value via the increase in the number of uses offered. At the moment, 36% of our customers have opted for this very-high-speed mobile internet. Our 4G customers already consume twice as much mobile data as our other customers (2.2GB/month on average). Our strategy is to recreate value by developing uses. Likewise, in the fixed segment, our very competitive offers are not preventing us from generating margins. This is essential for financing our investment and for our expansion.

*"Martin Bouygues clarified at the last Bouygues group AGM
that Bouygues Telecom is not for sale."*

Are you continuing to invest in fibre?

At end-March, we had 1.5 million fibre connections. Our aim is to reach 2 million by the end of the year. We are investing jointly with Orange in FTTH (fibre-to-the-home) technology as we are certain that it's the best technology for very-high-speed broadband. We are in fact in talks with them to extend this partnership. We target 10 million connections before 2020.

In the mobile segment, will Bouygues Telecom take part in the 700 MHz frequencies auction?

Of course we are interested in 700 MHz spectrum. France is undergoing a genuine digital revolution. Mobile internet uses are surging and this represents a real opportunity for those operators with the frequencies. We are confident in the regulator's ability to define a fair framework for attributing the spectrum: that means the rapid disappearance of the roaming

arrangement between Free and Orange but also no favourable conditions granted to any particular player.

Is a merger with another operator still a possibility?

"The investment required must be shared fairly between all four operators."

Bouygues Telecom has taken control of its own destiny and is now committed to going it alone. Our strategy has created genuine market breakthroughs, with 4G and its successors like 4G+ and ultra-high-speed mobile, which we will be rolling out in September with speeds of more than 300 Mbit/s. Bbox Miami, the first Android-based TV box, was launched in March to great success. In June, we are launching our network dedicated to the 'Internet of Things'. Based on LoRa technology, this network aims to provide a solution to players needing to connect millions of day-to-day devices. Martin Bouygues also clarified at the last Bouygues group AGM that Bouygues Telecom is not for sale.

Is progress being made in the coverage of "blind spots"?

The operators have met with Emmanuel Macron, the Economy minister, about this issue and a further meeting is scheduled for next week. Local councillors are very keen to boost coverage in the less densely populated areas of France, and we have to be responsive to this. We told the minister that, as always, Bouygues Telecom will not shirk its responsibilities in this domain. However, the investment required must be shared fairly between all four operators. I'm confident that a solution will take shape very soon.

Is the restructuring process over at Bouygues Telecom?

The redundancy plan is now complete. The company has been operating at this new scale since January. The page has been turned. Our move to Meudon is symbolic of this: 3,000 staff in the Paris region now work in the same location. This is at once a return to our roots and a new departure for the company.