This presentation contains forward-looking information and statements about the Bouygues group and its businesses. Forward-looking statements may be identified by the use of words such as “will”, “expects”, “anticipates”, “future”, “intends”, “plans”, “believes”, “estimates” and similar statements.

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6 October 2015
Business model and financial objectives

Eric Haentjens
EVP Finance, HR & Strategy

Bouygues Telecom’s trajectory leads to the most enviable quadrant of both sales and EBITDA growth

![Graph showing sales and EBITDA growth of selected telecom operators](image)

(a) Source: Worldscope; annual reports
Targeting above 10% sales from network growth in 2017 vs 2014

Pursuing cost savings… reaching 25% EBITDA margin in 2017 and targeting 35% longer term

Developing a future proof business model
Growing mobile value customer base

Plan customer base excluding MtoM ('000)

Growth  ✓
Profit
Future proof

4G launch

New positioning & simplified offers

Growth
Profit
Future proof

Confident with 2017 target to add 1 million mobile customers

Mobile customers cumulated net growth ('000)

YTD
Objective
N°1 in net growth on the fixed broadband market for 7 quarters in a row

Fixed customer base growth ('000)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Growth</th>
<th>Profit</th>
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<td>Q2-15</td>
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1,891

2,602

Bbox Miami €25.99

Bbox €19.99

Confident with 2017 target to add 1 million fixed customers

Fixed broadband customers cumulated net growth ('000)

<table>
<thead>
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<td>Q4-17</td>
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</table>

96

83

167

174

1,000

YTD

Objective
**2015-2017: reversing ARPU trends**

**Mobile ARPU**
- Trough in H1 2015
- Stabilization followed by growth taking into account
  - Sim Only and BtoB increasing in the mix
  - Data monetization

**Fixed ARPU**
- Stabilization driven by
  - Bbox €19.99 increase in the mix
  - Bbox Miami and FTTH upsell and increase in additional services

---

**Continued momentum in MVNO and Machine to Machine**

**MVNO**
- Bouygues Telecom MNO of the 2 most important ‘ethnic’ MVNOs (Lebara and Lycamobile)
- New opportunity finalized with CM-CIC’s MVNOs (including ‘NRJ Mobile’) with incremental sales starting 2016

**Machine to Machine**
- Installed base x2 in past 3 years
- First phase before a broader development of IoTa business including LoRa opportunity

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(a) Quarterly ARPU, adjusted on a monthly basis, excluding Machine to Machine SIM cards and free SIM cards
(b) Quarterly ARPU adjusted on a monthly basis, excluding BtoB

(a) Internet of Things
**Ready to deliver sustainable volume and value growth after 2017**

<table>
<thead>
<tr>
<th>Growth</th>
<th>Mobile</th>
<th>Fixed</th>
<th>Other opportunities</th>
</tr>
</thead>
</table>
| ✔️     | ▪ Customer base ↗  
- Reinforced customer loyalty  
- Strengthened brand image  
- Extended network coverage and 4G++  
- ARPU ↗  
- Data services and traffic monetization | ▪ Customer base ↗  
- Market challenger  
- Extended own network footprint  
- FTTH new opportunity  
- ARPU ↗  
- Upselling  
- Pricing policy | ▪ BtoB acceleration  
- Opportunity on fixed and hosted services  
▪ MtoM and IoT |

- Customer base ↗
- Reinforced customer loyalty
- Strengthened brand image
- Extended network coverage and 4G++
- ARPU ↗
- Data services and traffic monetization

**Targeting above 10% sales from network growth in 2017 vs 2014**

**Pursuing cost savings... reaching 25% EBITDA margin in 2017 and targeting 35% longer term**

**Developing a future proof business model**
Delivering and outstripping savings targets (1/2)

- €600m savings in mobile costs\(^a\), twice the initial objective
- €300m savings announced

\[\text{Operating costs trend}^b\]

- 2013
- 2016

\[\text{€300m}\]

\[\text{€400m}\]

\[\text{(a) Operating costs excluding interconnection costs}\]
\[\text{(b) Operating costs excluding tax and fees and interconnection costs}\]

Delivering and outstripping savings targets (2/2)

- €600m savings in mobile costs\(^a\), twice the initial objective
- €300m savings initially announced
- At least €100m more expected

\[\text{Operating costs trend}^b\]

- 2013
- 2016

\[\text{€400m}\]

\[\text{(a) Operating costs excluding interconnection costs}\]
\[\text{(b) Operating costs excluding tax and fees and interconnection costs}\]
Transforming the organization to regain agility and cost efficiency

### 2015 achievements

**Simplification of brands and offering**
- One brand: Bouygues Telecom
- From > 1,000 mobile plans to 14

**Strategic refocus on own distribution network and increased digitalization**
- End of indirect distribution (Auchan, Carrefour, Tel&Com, Extenso, The Phone House)
- 550 Bouygues Telecom stores
  - o/w ~120 revamped (end-2015)
  - Simplified websites

**SG&A optimization**

<table>
<thead>
<tr>
<th>2011</th>
<th>2015</th>
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<tbody>
<tr>
<td>Total headcount</td>
<td>9,900</td>
</tr>
<tr>
<td>Back office</td>
<td>5,000</td>
</tr>
<tr>
<td>Front line</td>
<td>4,900</td>
</tr>
</tbody>
</table>

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Achieving savings while preserving customer relation

**Operating costs excluding interconnection costs and tax and fees**

- **Marketing costs: ~-60%**
  - Refocusing on own distribution channels
  - Handset instalments plans

- **Structure costs: ~-40%**
  - Headcount reduction

- **Technical operations: ~-35% excluding rental & energy costs**
  - Headcount reduction
  - IT costs
  - Purchasing

- **Customer service**
  - Flat, despite growth in customer base

---
Targeting additional opex optimization opportunities from 2017 onwards

Mobile business
- RAN sharing agreement
- Digitalization phase 2

Fixed business
- DSL and FTTH own network extension
- Procurement
- IT savings

Towards 35% EBITDA margin

EBITDA margin trend
- 2011
- 2012
- 2013
- 2014
- 2015
- 2017
- Longer term

Growth
Profit
Future proof

(a) EBITDA margin calculated on sales from network
Targeting above 10% sales from network growth in 2017 vs 2014

Pursuing cost savings... reaching 25% EBITDA margin in 2017 and targeting 35% longer term

Developing a future proof business model

Entering a virtuous growth model

- **Strong productivity** gains leading to **more than 40% reduction** of operating costs per customer...
- ...and **securing profitable growth** going forward

---

(a) Operating costs excluding interconnection costs and tax and fees
Smart capex management

- **Mobile network**: already optimized, capex and opex hardly sensitive to installed base and traffic growth
  - Network already renewed in high density areas
  - RAN sharing with NC-SFR in low density areas
  - Foreseen capacity and speed upgrades (4G+, etc.) compatible with usual capex run rate

- **FTTH network**: investing according to our ambitions
  - Horizontal fibre shared with NC-SFR and Orange in very dense areas (ZTD)
  - FTTH capex in less dense areas: gradual co-investment steps / rental

- Average run rate capex for the coming years: ~€750m

Network sharing to optimize capex/opex and coverage, whilst keeping differentiation

- **Advantages for both parties**
  - First class mobile coverage
  - Network capex and opex savings

- ~€100m capex/opex savings from 2018 onwards

- **Bouygues Telecom’s differentiation**
  - More spectrum per user
  - Better quality in urban areas
  - Leadership in 4G device equipment rate, installed base penetration and mobile internet traffic
Access to national FTTH coverage whilst ensuring a scalable investment model

- **Advantages for Bouygues Telecom**
  - Scalable access to FTTH driven by customer growth ambitions
  - Capex / opex optimization

### Less Dense Area (ZMD): gradual co-investment steps / rental
### Very Dense Area (ZTD): horizontal investment shared with NC-SFR and Orange

Conclusion: a strong improvement in sales and profitability and a future proof business model

<table>
<thead>
<tr>
<th></th>
<th>Mobile</th>
<th>Fixed</th>
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<tbody>
<tr>
<td>Growth</td>
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</tr>
<tr>
<td>Profit</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Future proof</td>
<td>✔</td>
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