

# **Interview with Martin Bouygues - Published in Investir on Saturday, 23 May 2015**

## **MARTIN BOUYGUES, CHAIRMAN AND CEO OF BOUYGUES, ANSWERS QUESTIONS PUT BY GEORGES VALANCE**

In this article, Martin Bouygues once again asserts his mobile phone subsidiary's standalone strategy. He also rejects any idea of delisting Bouygues from the Paris stock exchange.

### **“AS THINGS STAND AT PRESENT, I CANNOT SEE DELISTING AS A CONVINCING OPTION”**

It is a pleasure for me to address the various points you raise in your letter of 2 May, as I did some two and a half years ago, and I thank you for the attention you pay to Bouygues. Your questions are entirely valid and are among those to which I and my colleagues give regular consideration. Allow me to deal with them in the order in which you put them. First, Bouygues Telecom. A particularly innovative operator on the mobile phone market, Bouygues Telecom was destabilised, as you know, by the extremely unlevel regulatory playing field that was created in favour of the fourth operator. Bouygues Telecom has overcome this obstacle by implementing an aggressive strategy which aims to create value by boosting mobile internet use, backed up by one of the best networks on the market and an excellent portfolio of frequencies. It also aims to pursue growth in the fixed broadband segment by making very-high-speed broadband accessible to all, with a major innovation in the form of the Android Bbox.

### **“BOUYGUES TELECOM IS IN GOOD SHAPE IN A STANDALONE CONFIGURATION”**

That strategy is backed by an acceleration in the company's transformation, including a highly competitive cost structure and the reassertion of a positioning based on a high-quality customer experience. As you saw when we released our first-quarter results, Bouygues Telecom's performance confirms that we have got our strategy right. We are motivated by a strong conviction for the years to come: we believe that digital uses in telecoms, especially data usage, will grow exponentially. Our strategy aims to meet these challenges. You ask me how long it will take for this strategy to be confirmed. We have announced the road map: stable EBITDA in 2015 in relation to 2014 and positive free cash flow in 2016. We will achieve that. Should we sell? I asked myself that question as a shareholder and the answer was no. Bouygues Telecom in its new guise, rolling out a strategy which is beginning to bear fruit, is in good shape to confront a market with four operators in a standalone configuration. On the subject of our group's historic core construction business, you ask me about our strategy of acquisitions or alliances, arguing essentially that not making major strategic moves shows a lack of ambition. Believe me when I say that growth in construction is imperative for us. In order to achieve that, however, we put organic growth before external growth. We believe that organic growth is not only the surer option but also creates more value for shareholders.

### **“GROWTH IN CONSTRUCTION IS IMPERATIVE FOR US. WE PUT ORGANIC GROWTH FIRST”**

Are we being timid? We have shown our capacity to step up the pace of organic growth, since our order intake is running at a very high level. Although it is true that we have not made any major acquisitions, that does not mean we have neglected external growth at a local level, having made twenty or so such acquisitions over the last three years. For many years now we have been making targeted acquisitions of companies in lines of business and markets that enable us to consolidate our positions and expand our range of products and services. As a strategy it may not make the headlines, but it does bear fruit. We are now one of the world's leading construction firms, with very extensive international operations. As far as concessions are concerned, it is, as you know, a very capital-intensive business in which the return on investment is not quite as exciting as some would say. It is also an activity which comes under regular scrutiny from governments both in France and elsewhere. That is why I have never wanted to make substantial investments in the sector. Your last major topic is that of delisting. I believe that the Group offers shareholders an asset whose strategic heart lies in businesses which meet essential needs and require considerable capacity for innovation. Without media fuss, but with a medium- to long-term vision. It's not for me to say that such a model is unusual. I know that it has a purpose. Delisting would be expensive and would stretch the Group financially, with the risk of weakening it and hence going against our principles of sound financial management. Delisting may look attractive on paper, but as things stand at present I cannot see it as a convincing option.