

CAPITAL MARKETS DAY BOUYGUES TELECOM

6 OCTOBER 2015



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6 October 2015

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Creating value in the mobile and fixed businesses

Richard Viel
Deputy CEO, Head of Commercial Operations

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Agenda

**The world is increasingly becoming mobile
and data centric**

Creating value in mobile

Creating value in fixed

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The world is increasingly becoming mobile and data centric

Creating value in mobile

Creating value in fixed



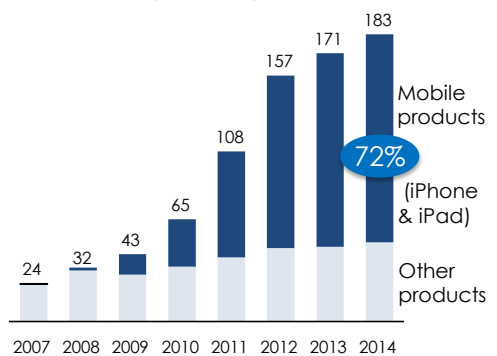
The world is increasingly becoming mobile (1/2)



Facebook advertising sales^a
(in USD bn)

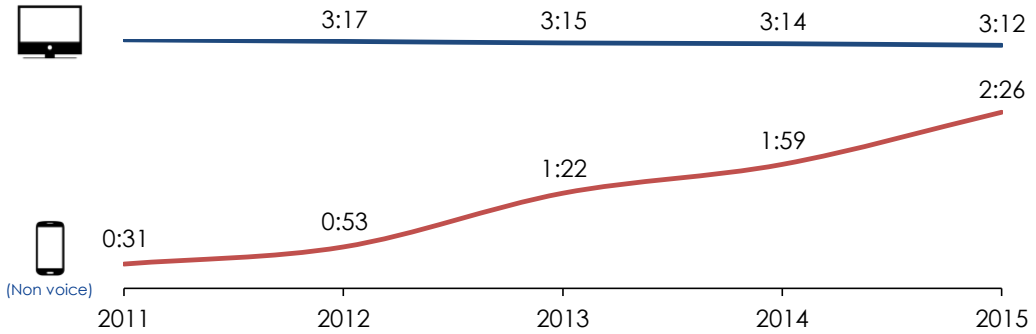


Apple sales^a
(in USD bn)



The world is increasingly becoming mobile (2/2)

Time spent every day per device^a
(UK, hours per day)



7 (a) eMarketer, Millward Brown

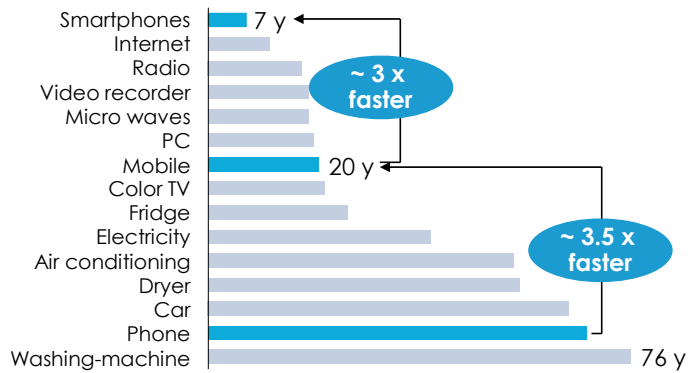


The smartphone revolution: faster than ever

Time for equipment penetration^a
(United States)



In number of years to reach 80% penetration

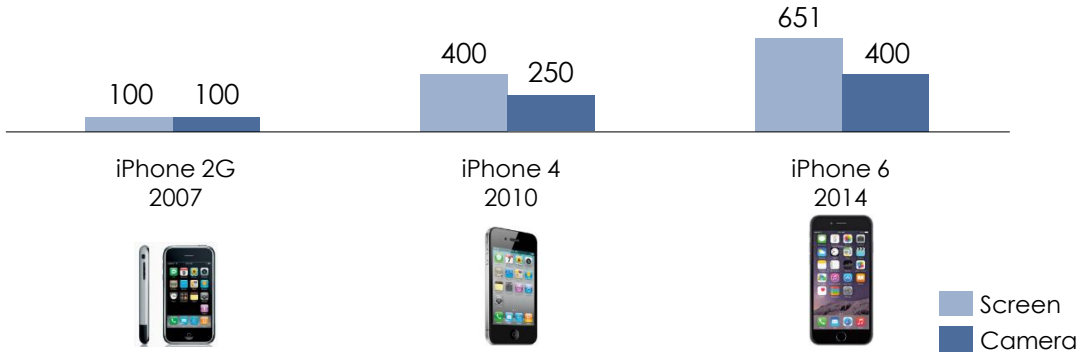


8 (a) Asymco



Empowered smartphones 'mechanically' drive data consumption up

iPhone screen and camera pixels evolution^a
(resolution pixel index, base 100)

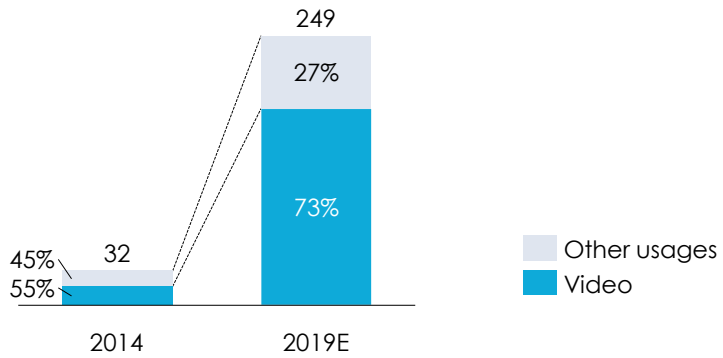


9 (a) Apple data



Video as the main driver of data traffic boom

Mobile traffic^a generated by video usage in France
(Petabytes^b per month)

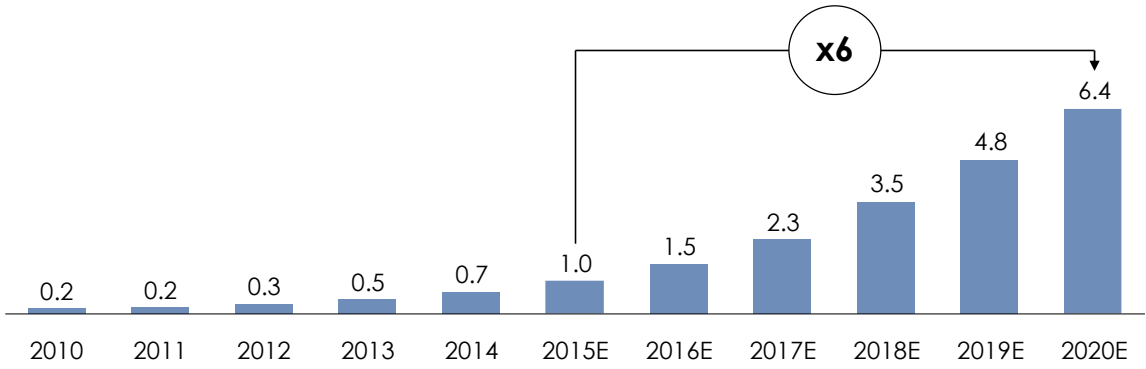


10 (a) Cisco (b) 1 Petabyte = 10¹⁵ bytes, or 10⁶ gigabytes



Smartphone-related data consumption should continue to grow

Traffic per smartphone in top Western Europe countries^a
(GB/smartphone/month)



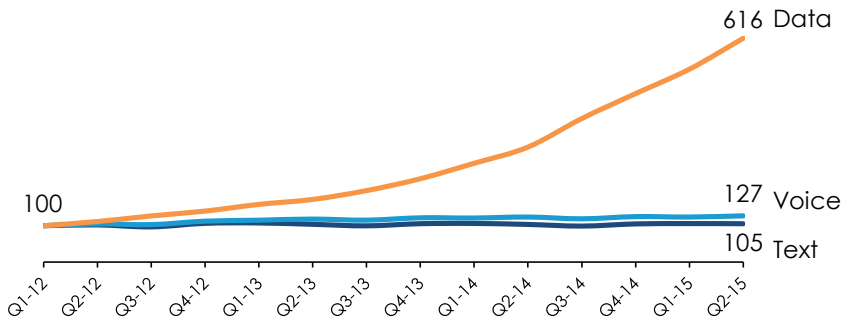
11 (a) Arthur D. Little Exane BNP Paribas



Value creation relies on data

Trend of quarterly voice, text and data uses per subscriber^a
(France, Index 100)

Average monthly usage in France per subscriber^a



~610 MB

~180 mn

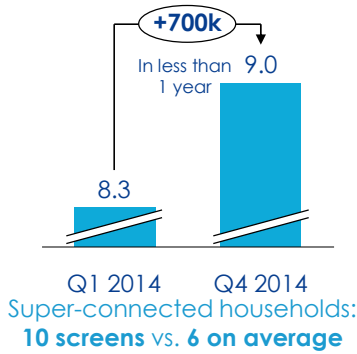
~240 texts

12 (a) Source: publication of Arcep in Q2 2015

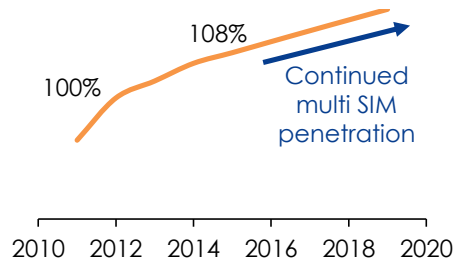


Multi SIM and multi device, a strong driver of customer base growth

Super-connected households^a
(France, million)



Mobile penetration^b
(France, penetration as a %)



13 (a) Médiamétrie (b) ARCEP and WCIS, excluding M2M connections



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The world is increasingly becoming mobile and data centric ✓

Creating value in mobile

Creating value in fixed



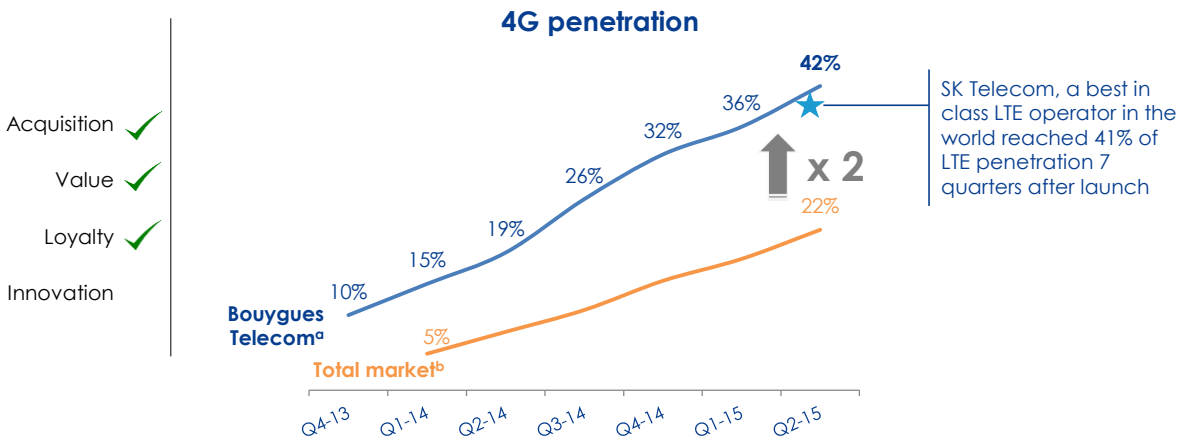
Leveraging market trends and Bouygues Telecom's competitive advantage to create value

- 1 Strong ability to capture customers thanks to 4G
- 2 Focusing on high-end customers while successfully stimulating and monetizing data usage
- 3 Increasing customer loyalty
- 4 Improving customer experience through innovation

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1 Rapid penetration of 4G, especially among Bouygues Telecom's customers



- Acquisition ✓
- Value ✓
- Loyalty ✓
- Innovation

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(a) Mobile customer base excluding MtoM (b) Arcep publications, SIM cards excluding MtoM



1 Increasing mobile market share thanks to 4G and network extension

Acquisition ✓
Value
Loyalty
Innovation

“Best value for money” with a differentiation thanks to 4G

- Leadership on network quality: towards 300 Mbit/s
- New positioning and attractive offerings

Incremental market share thanks to network extension

- Coverage improvement in non-dense areas
- From 15,000 to 20,000 sites by 2018

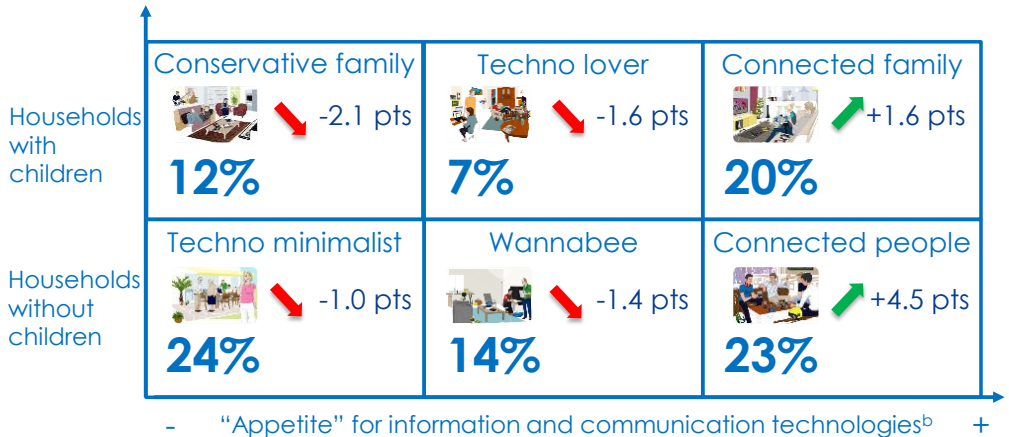
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2 Households getting more and more connected

Acquisition ✓
Value
Loyalty
Innovation

French household mix^a regarding appetite for technologies

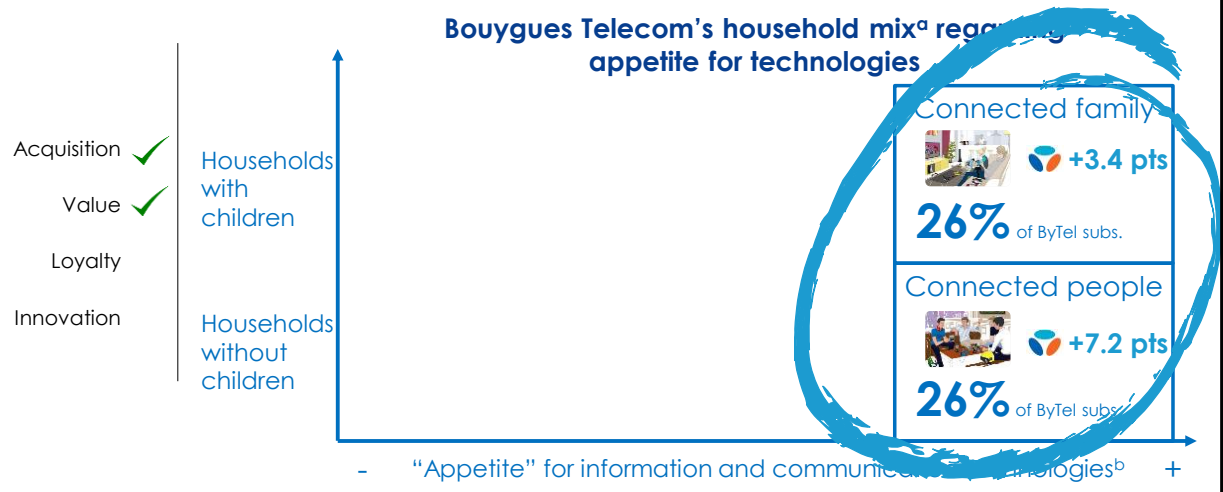


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(a) Bouygues Telecom market barometer: split of French households by category and trend H1 2015 vs H1 2013
(b) Segmentation (type of device, regular use of mobile internet and behaviour regarding ICT)



2 Bouygues Telecom is capturing more high-end "connected" customers

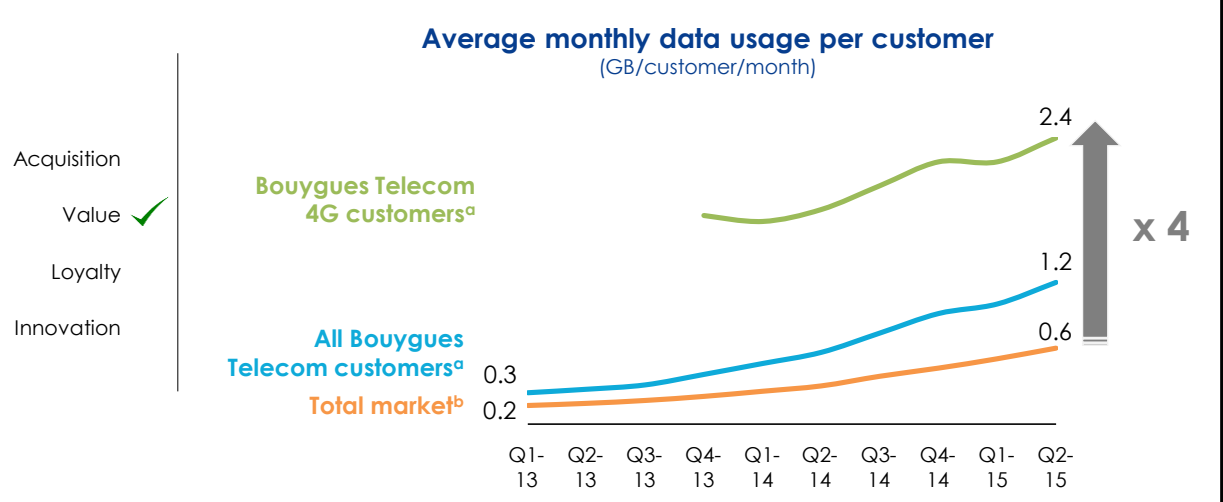


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(a) Bouygues Telecom market barometer: split of French households by category and trend H1 2015 vs H1 2013
 (b) Segmentation (type of device, regular use of mobile internet and behaviour regarding ICT)



2 Effectively targeting data users



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(a) Bouygues Telecom - Mobile customer base excluding MtoM (b) Arcep publications



2 Encouraging data use to create value





Acquisition

Value ✓


Loyalty

Innovation

A “Bonus” service to be chosen with a premium plan

- Music streaming 
- TV package 
- SVoD service 
- Unlimited access to a mobile game platform 

Bouygues Telecom’s customers data usage^a
(GB/customer/month)



Plan	Data Usage (GB/customer/month)
No bonus	2 GB
Bonus	~4 GB

21 (a) Average data consumption from March to August 2015, on retail plans of 3GB and more



2 Encouraging data use to create value

Acquisition

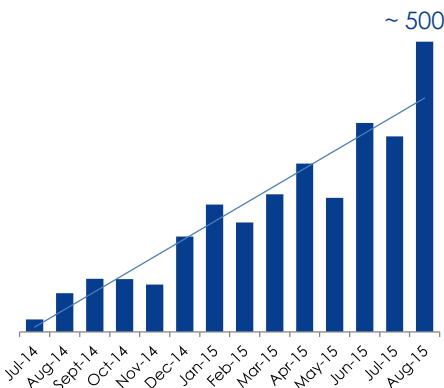
Value ✓

Loyalty

Innovation

- **~30% of 4G customers** on 3GB plan reaching **their data limit** each month
- **Outstanding performance** of data top-up sales in only 12 months

Data top-up sales^a
(thousand per month)



Month	Data Top-up Sales (thousand per month)
Jul-14	~10
Aug-14	~20
Sept-14	~30
Oct-14	~40
Nov-14	~50
Dec-14	~60
Jan-15	~70
Feb-15	~80
Mar-15	~90
Apr-15	~100
May-15	~110
Jun-15	~120
Jul-15	~130
Aug-15	~140

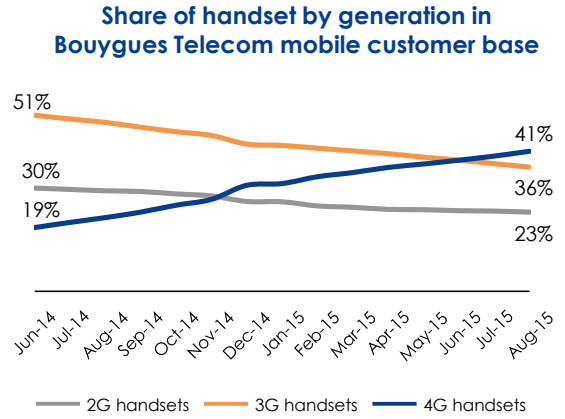
22 (a) Bouygues Telecom



2 Encouraging data use to create value





Acquisition
Value ✓
Loyalty
Innovation

- Facilitating 4G uses by giving access to **new generation handsets** with instalment plans
- More 4G than 3G handsets in the customer base since Q2 2015**



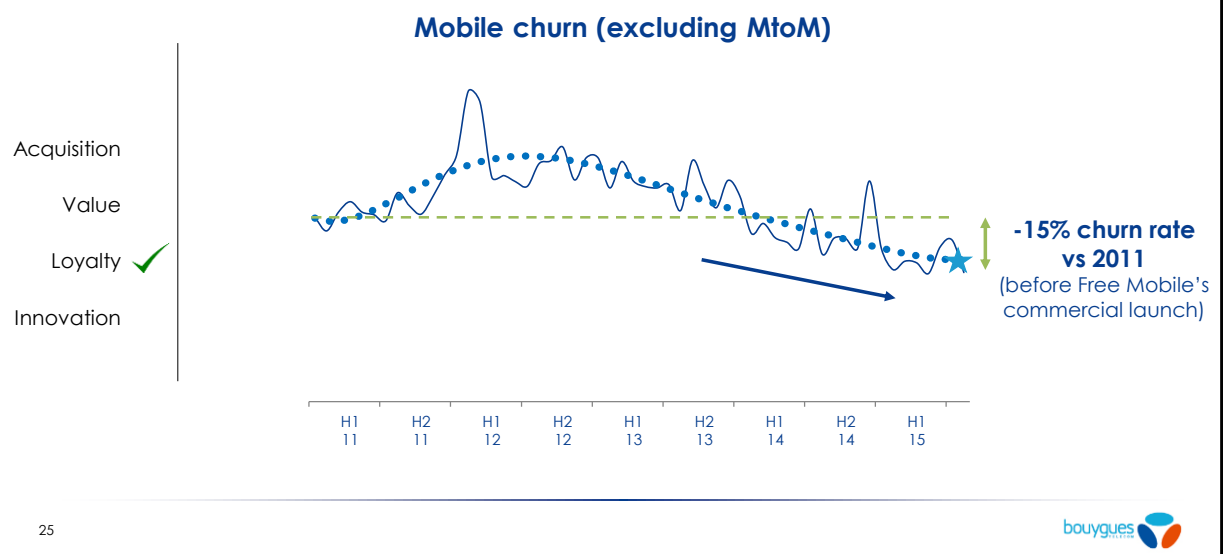
3 Increasing customer loyalty to create value

Acquisition
Value
Loyalty ✓
Innovation

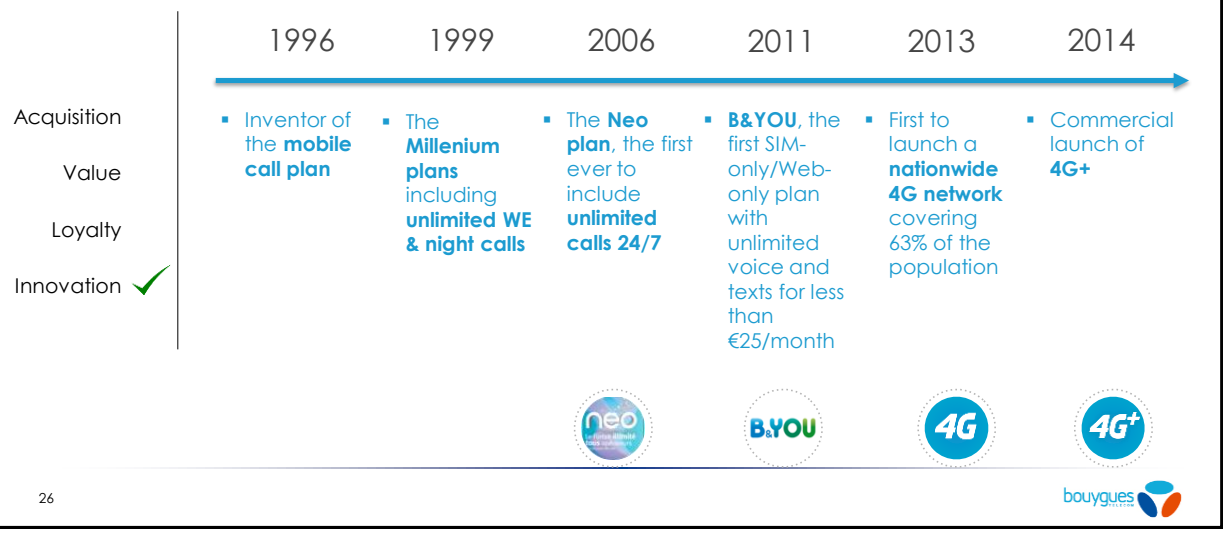
- Migration of all customers to new simplified offerings
- New positioning launched end-2014 #NosClientsDabord
- Service bundling (e.g. Spotify, etc.)    
- Improved QoS



3 Achieving strong churn reduction



4 Improving customer experience through innovation



**The world is increasingly becoming mobile
and data centric**



Creating value in mobile



Creating value in fixed

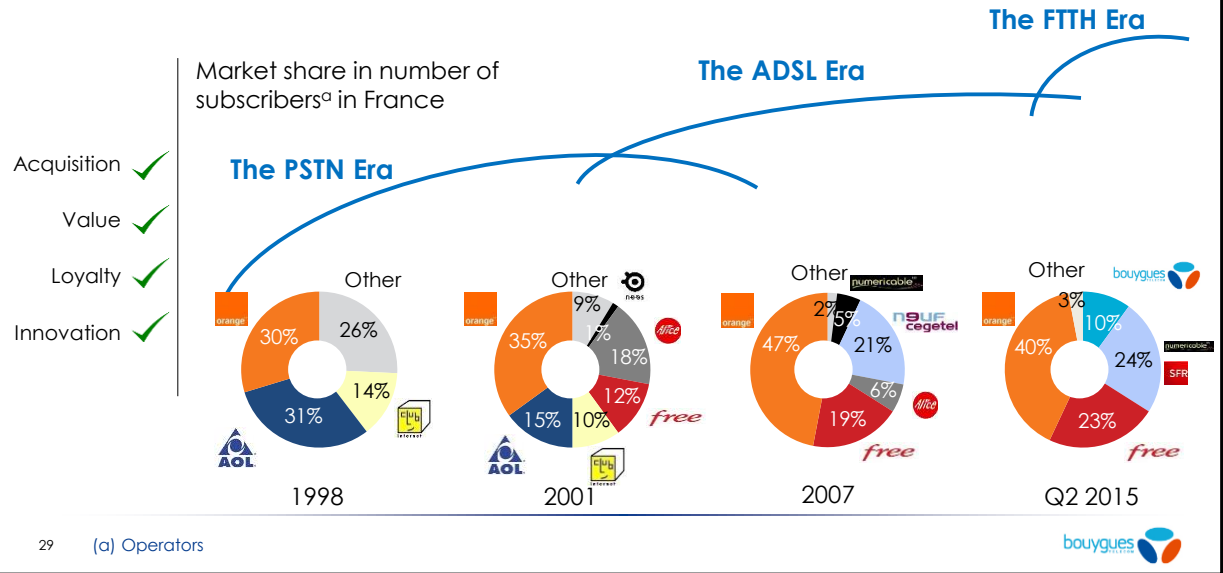
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Shaking up the fixed market and opening the way for value creation

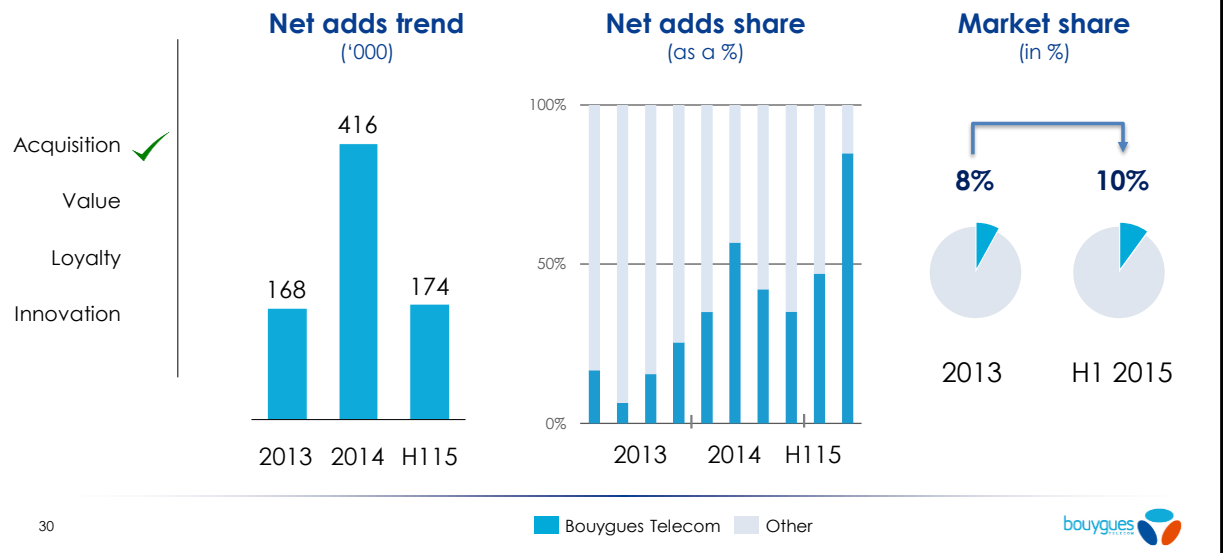
- 1** Continued acquisition strategy to quickly increase Bouygues Telecom's market share
- 2** Aggressive offers and price entry points with strong value creation potential
- 3** Increasing customer loyalty
- 4** Improving customers' digital life through innovation

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1 New fixed technologies, new challengers



1 Continued acquisition strategy to quickly increase market share despite more mature markets



2 Ability to generate growth and value: low entry points

- Acquisition ✓
- Value ✓
- Loyalty
- Innovation

Competition still with higher prices

- **ADSL market prices**
€29.99 to €36.99
- **NC-SFR cable plans**
€39.99 to €59.99
- **Fibre market prices**
€35.98 to €45.99

Bouygues Telecom's aggressive offers



Strong potential in terms of **customers acquisition** and **upselling**

2 Ability to generate value: selling additional services and bandwidth

- Acquisition
- Value ✓
- Loyalty
- Innovation

Selling additional content

- **TV packages**
 - 40% of triple-play customers
 - +10 pts YoY in Q2 2015

Selling additional speed and premium package

- **SVoD and VoD services**
- **Miami Box - extended to fibre:**
+€6 vs. entry price
- **Best value for money**
- **Upsell potential**



3 Increasing customer loyalty to create value

Acquisition
Value
Loyalty ✓
Innovation

▪ Target to reduce churn by 20% thanks to

- Delivery system simplification
- Improvement in customer base convergence
- Fluent process for recovery, migration, relocation



4 Improving customers' digital life through innovation

Acquisition
Value
Loyalty
Innovation ✓



- | | | | |
|--|---|---|---|
| 2008 | 2009 | 2014 | 2015 |
| ▪ Bouygues Telecom became an internet service provider with Bbox brand | ▪ Bouygues Telecom invented the first quadruple play plan | ▪ First French operator to include Netflix on its set-top box | ▪ First set-top box using Android in France |



Conclusion: a strong position in mobile and an assumed challenger positioning on fixed

	Mobile	Fixed
Acquisition	✓	✓
Value	✓	✓
Loyalty	✓	✓
Innovation	✓	✓