



Making progress become reality



PRESS RELEASE

Paris

15/01/2021



Certified with **wiztrust**

## Bouygues Telecom announces its new strategic plan “Ambition 2026”

**To become the number 2 telecoms operator in mobile and a major player in fiber in France**

For more than five years, Bouygues Telecom has been successfully implementing its sustainable and profitable growth strategy. After having made ambitious pledges to fight against climate change, Bouygues Telecom is now taking a new step by unveiling its strategic plan and targets for 2026.

To achieve that ambition, Bouygues Telecom is stepping up its growth in a reinvigorated French market, leveraging the drivers responsible for its success since 2015, its recent acquisition of EIT, new initiatives in its various markets (B2C, B2B and wholesale) and expert skills and dedication of its people.

The financial targets of the Ambition 2026 strategic plan are to generate in 2026:

- over €7 billion in sales from services;
- EBITDA after Leases of around €2.5 billion with an EBITDA after Leases margin of around 35%;
- free cash flow<sup>1</sup> of around €600 million.

Richard Viel, Bouygues Telecom’s CEO, said: *“Bouygues Telecom’s strategy since 2015 has been an undisputed success. The business and financial targets set at the time have all been achieved or exceeded, making Bouygues Telecom the operator with the fastest sales growth on the French market and among the very first in Europe. The company is now entering a new phase of its development in order to strengthen its positioning as a full-service operator, strong on all connectivity markets. I am proud to unveil our new “Ambition 2026” strategic plan.”*

---

<sup>1</sup> Free cash flow: net cash flow (determined after (i) cost of net debt, (ii) interest expense on lease obligations and (iii) income taxes paid), minus net capital expenditure and repayments of lease obligations. It is calculated before changes in working capital requirements (WCR) related to operating activities and excluding 5G frequencies.



As announced, Bouygues is today holding a Capital Markets Day specifically for Bouygues Telecom. CEO Richard Viel and Deputy CEO Benoît Torloting, accompanied by CFO Christian Lecoq, will present their vision of the telecoms market and Bouygues Telecom's medium-term strategy and outlook in the context of a new strategic plan, "Ambition 2026".

### **Bouygues Telecom, 25 years of innovation**

2021 marks Bouygues Telecom's 25<sup>th</sup> anniversary. **The company has been a pioneer in many areas** over the last 25 years.

In 1996, it made mobile telephony accessible to everyone, for example by offering the first mobile phone bundle, then in 1999 the first mobile phone plan with unlimited voice.

From 2010, it has brought connectivity within everyone's reach. Bouygues Telecom was the first player on the market to offer a quadruple-play package (mobile, fixed, internet and TV) and a 4G box offering a high-speed internet connection in areas with slow ADSL speeds. It launched the first box on the market to have an incorporated Android TV decoder and was the first operator to offer its customers Netflix.

Making sure that its customers get the best digital experience is another key concern. Since 2020, Bouygues Telecom has offered the best Wi-Fi modem on the market<sup>2</sup>, meeting the expectations of French consumers, 96% of whom consider it essential to have good Wi-Fi at home. It is acknowledged to be the operator that provides its B2B customers with the best service<sup>3</sup>. And in 2020, for the seventh consecutive year, the French telecoms regulator Arcep confirmed Bouygues Telecom's network as the second-ranked mobile network in mainland France.

### **Bouygues Telecom, a socially responsible player**

Bouygues Telecom endeavors to offer its customers a high-performance, energy-efficient and sustainable network, aiming to cut its greenhouse gas emissions<sup>4</sup> while meeting the expectations of its customers and other stakeholders.

It reduces its environmental impacts by improving its products and extending the lifetime of its equipment. Its modems and TV decoders are eco-designed (box, packaging, first virtual box incorporated into the TV set) and their energy consumption is regularly optimized (35% reduction between the Miami box and the Bbox Sensation, and 36% reduction between the Bbox 4k and the Miami box).

As the first operator to commit to refurbishing mobile phones back in 2011, Bouygues Telecom has consolidated its leading position in the smartphone circular economy, rolling out a 4R mobile strategy (Repair, Recover, Refurbish, Recycle).

It also takes action to encourage more sober use of digital technologies among its customers.

### **Bouygues Telecom has been successfully rolling out its strategy since 2015, making it one of the fastest-growing operators in the sector in Europe over the 2015-2020 period.**

At its previous Capital Markets Day in October 2015, Bouygues Telecom presented an ambitious strategy for a return to long-term sales and results growth. **That strategy has borne fruit and all the commitments made have been achieved or exceeded:**

---

<sup>2</sup> Source: 01 Net.

<sup>3</sup> Bouygues Telecom Entreprises won the 2021 Customer Service prize awarded by Viséo Customer and BVA.

<sup>4</sup> Climate targets for 2030: a 50% reduction in carbon emissions on scopes 1 and 2 and a 30% reduction on scope 3 (vs. 2020), and use of over 50% renewable energy sources.



- Mobile growth: 1 million more customers in 2017 vs end-2014 (achieved a year early)
- Fixed growth: 1 million more customers in 2017 vs end-2014 (achieved in 2017)
- EBITDA after Leases margin: 25% in 2017 (exceeded, with 27% in 2017)

**Between 2015 and 2020, Bouygues Telecom maintained growth momentum on a French market that has stagnated in value terms.**

Bouygues Telecom added 2.7 million mobile customers excluding MtoM, and 1.6 million fixed customers between end-2014 and Q3 2020 and is by far the operator with the strongest overall sales growth, averaging 7.3% a year between end-2014 and 2020<sup>5</sup>. It more than doubled its EBITDA after Leases over the same period (around €1.5 billion expected in 2020<sup>5</sup> versus €694 million in 2014) and increased its EBITDA after Leases margin by over 10 points (31% expected in 2020<sup>5</sup> versus 18% in 2014).

**This growth has made Bouygues Telecom one of the best-performing operators in France and Europe.**

### The French telecoms market is entering a new phase of growth

**The French telecoms market will experience a phase of growth between 2021 and 2026, driven by two major ground-breaking technologies – FTTH and 5G – and a growing need for connectivity.**

France is one of the most advanced countries in Europe in terms of the roll-out of fiber, which is accelerating. The regulatory environment is generally favorable to 5G, which is just starting. These two new ground-breaking technologies give innovative players unique opportunities to gain market share.

In addition, connectivity has become essential for both individuals and businesses, a development amplified by the health crisis. Mobile use increased 1.5x between 2018 and 2020 and is likely to double between 2020 and 2023 and double again between 2023 and 2026<sup>6</sup>.

In this context, Bouygues Telecom believes it is the right time to step up its growth.

**Ambition 2026 aims to speed up growth in order to become the number 2 in mobile and a major player in fiber.**

This ambition has three strands:

#### **Become the number 2 in mobile:**

- Continue the **“more for more” strategy** successfully rolled out over the last three years;
- Consolidate its position as the **second-ranked mobile network** in France: increase coverage (target of 28,000 sites in 2023 and around 35,000 in 2026) and quadruple network capacity by 2026;
- Capitalize on the **integration of EIT**, which enables the company to position itself as France’s third-largest operator by market share, adding more than 2 million customers;

---

<sup>5</sup> Estimates for 2020 are derived from the Visible Alpha consensus at 7 January 2021 and do not include EIT

<sup>6</sup> Source: Ericsson.



- Benefit from its extended **distribution network** through the long-term partnership concluded with Crédit Mutuel, which will distribute Bouygues Telecom's fixed and mobile products and services in over 4,200 Crédit Mutuel and CIC local bank branches;
- Benefit from the **brand's repositioning** "On est fait pour être ensemble"<sup>7</sup> in 2020, with the aim of becoming the second-ranked operator in terms of prospect purchasing intentions.

#### Gain an additional 3 million FTTH customers:

- Market **high-quality, competitively-priced offers** while continuing the "more for more" strategy;
- Propose **innovative, eco-designed, best-in-class fixed devices**;
- Continue to offer a **high-quality customer experience**;
- Double **FTTH coverage** from around 17 million premises marketed at end-2020<sup>8</sup> to a target of 35 million at end-2026 (with an intermediate target of 27 million at end-2022).

#### Double market share in fixed B2B and become a wholesale fixed player:

- Consolidate its position as a **benchmark in customer relations** in B2B;
- Be a leading connectivity operator with **enhanced service offerings**, either directly or through **strategic partnerships**;
- Increase **market share in the small-business segment by leveraging a multi-channel distribution network**: Bouygues Telecom Entreprises' and Nerim's direct and indirect sales forces, the Crédit Mutuel-CIC distribution network, which has a solid small-business customer base, and digital distribution via Keyyo Communications;
- Monetize its **FTTO and FTTA infrastructure in B2B** and **expand its wholesale fixed offering**, capitalizing on its expertise and leading position in wholesale mobile.

**Ambition 2026 aims to pursue profitable and sustainable growth resulting in a doubling of free cash flow versus 2019.**

There are robust prospects for profitable and sustainable growth over the period 2021-2026. Bouygues Telecom has set itself the following targets for 2026:

- **sales from services of more than €7 billion** vs approx. €4.9 billion in 2020<sup>9</sup>;
- **EBITDA after Leases** of around **€2.5 billion** vs approx. €1.5 billion in 2020<sup>9</sup>;
- **EBITDA after Leases margin of around 35%** vs 31% in 2020<sup>9</sup>;
- **free cash flow of around €600 million** vs around €250 million expected in 2020 (and €300 million reported in 2019).

This growth is expected to occur in **two stages**:

**2021-2023:** faster growth in mobile (including EIT) and FTTH and an increase in fixed ABPU should boost sales from services and EBITDA after Leases. **However, the EBITDA after Leases margin is likely to remain stable in 2023** (at around 31%) due to higher costs linked to faster growth in the fixed segment, densification of the mobile network and the initial dilutive effect of integrating EIT.

**2024-2026:** ongoing growth in mobile and FTTH, expansion of the wholesale fixed offering and higher mobile and fixed ABPU should continue to sustain growth in sales from services and EBITDA after Leases. **Bouygues**

<sup>7</sup> « We are made to be together »

<sup>8</sup> Company estimate.

<sup>9</sup> Estimates for 2020 are derived from the Visible Alpha consensus at 7 January 2021 and do not include EIT.



**Telecom is aiming for an EBITDA after Leases margin of around 35% in 2026** as a result of economies of scale generated by the integration of EIT, the growth of its customer base and favorable development of the fixed business model.

In order to achieve the targets of its Ambition 2026 strategic plan, Bouygues Telecom will accelerate roll-out of its FTTH and 5G infrastructure and invest in mobile radio capacity and fixed devices (modems, TV decoders, etc.) to keep pace with changes in use and a growing customer base.

Consequently, **the company estimates gross capex of around €1.5 billion a year between 2021 and 2025 and of around €1.4 billion in 2026.** These annual amounts include the cost of gradually replacing Huawei equipment, with around 3,000 sites being converted by 2028.

The 2021 gross capex guidance includes €140 million for the integration of EIT. Disposals of assets, mostly data centers, are expected at around €200 million in 2021.

**Overall, Bouygues Telecom's aggregate capex between 2021 and 2026 will create substantial value.**

---

## FINANCIAL CALENDAR

- 18 February 2021: Full-year 2020 results (7.30am CET)

---

The Capital Markets Day presentation will start at 3 pm (CET) on 15 January 2021.  
Details on how to connect and the presentation will be available on [www.bouygues.com](http://www.bouygues.com).

---

## ABOUT BOUYGUES

Bouygues is a diversified services group operating in over 90 countries with 130,000 employees all working to make life better every day. Its business activities in **construction** (Bouygues Construction, Bouygues Immobilier, Colas); **media** (TF1) and **telecoms** (Bouygues Telecom) are able to drive growth since they all satisfy constantly changing and essential needs.

## INVESTORS AND ANALYSTS CONTACT:

[investors@bouygues.com](mailto:investors@bouygues.com) • Tel.: +33 (0)1 44 20 10 79

## PRESS CONTACT:

[presse@bouygues.com](mailto:presse@bouygues.com) • Tel.: +33 (0)1 44 20 12 01

**BOUYGUES SA** • 32 avenue Hoche • 75378 Paris CEDEX 08 • [www.bouygues.com](http://www.bouygues.com)

---



## GLOSSARY

**4G consumption:** data consumed on 4G cellular networks, excluding Wi-Fi.

**4G users:** customers who have used the 4G network during the last three months (Arcep definition).

**ABPU (Average Billing Per User):**

- In the mobile segment, it is equal to the total of mobile sales billed to customers (BtoC and BtoB) divided by the average number of customers over the period. It excludes MtoM SIM cards and free SIM cards.

- In the fixed segment, it is equal to the total of fixed sales billed to customers (excluding BtoB) divided by the average number of customers over the period.

**B2B (business to business):** when one business makes a commercial transaction with another.

**EBITDA after Leases:** current operating profit after taking account of the interest expense on lease obligations, before (i) net depreciation and amortization expense on property, plant and equipment and intangible assets, (ii) net charges to provisions and impairment losses, and (iii) effects of acquisitions of control or losses of control. Those effects relate to the impact of remeasuring previously-held interests or retained interests.

**EBITDA margin after Leases (Bouygues Telecom):** EBITDA after Leases as a proportion of sales from services.

**Free cash flow:** net cash flow (determined after (i) cost of net debt, (ii) interest expense on lease obligations and (iii) income taxes paid), minus net capital expenditure and repayments of lease obligations. It is calculated before changes in working capital requirements (WCR) related to operating activities and excluding 5G frequencies.

**Fixed churn:** the total number of cancellations in a given month, divided by the total number of subscribers at the end of the previous month.

**FTTH (Fiber to the Home):** optical fiber from the central office (where the operator's transmission equipment is installed) all the way to homes or business premises (Arcep definition).

**FTTH penetration rate:** the FTTH share of the total fixed subscriber base (the number of FTTH customers divided by the total number of fixed customers)

**FTTH premises secured:** the horizontal deployed, being deployed or ordered up to the concentration point.

**FTTH premises marketed:** the connectable sockets, i.e. the horizontal and vertical deployed and connected via the concentration point.

**Mobile churn:** the total number of cancellations in a given month, divided by the total number of subscribers at the end of the previous month.

**MtoM:** machine to machine communication. This refers to direct communication between machines or smart devices or between smart devices and people via an information system using mobile communications networks, generally without human intervention.

**PIN:** Public-Initiative Network.

**Sales from services (Bouygues Telecom) comprise:**

- Sales billed to customers, which include:



- In Mobile:
  - For BtoC customers: sales from outgoing call charges (voice, texts and data), connection fees, and value-added services.
  - For BtoB customers: sales from outgoing call charges (voice, texts and data), connection fees, and value-added services, plus sales from business services.
  - Machine-To-Machine (MtoM) sales.
  - Visitor roaming sales.
  - Sales generated with Mobile Virtual Network Operators (MVNOs).
- In Fixed:
  - For BtoC customers: sales from outgoing call charges, fixed broadband services, TV services (including Video on Demand and catch-up TV), and connection fees and equipment hire.
  - For BtoB customers: sales from outgoing call charges, fixed broadband services, TV services (including Video on Demand and catch-up TV), and connection fees and equipment hire, plus sales from business services.
  - Sales from bulk sales to other fixed line operators.

- Sales from incoming Voice and Texts.

- Spreading of handset subsidies over the projected life of the customer account, required to comply with IFRS 15.

- Capitalization of connection fee sales, which is then spread over the projected life of the customer account.

**Other sales (Bouygues Telecom):** difference between Bouygues Telecom's total sales and sales from services.

It comprises:

- Sales from handsets, accessories and other

- Roaming sales

- Non-telecom services (construction of sites or installation of FTTH lines)

- Co-financing of advertising

**Very-high-speed:** subscriptions with peak downstream speeds higher or equal to 30 Mbit/s. Includes FTTH, FTTLA, 4G box and VDSL2 subscriptions (Arcep definition).

**Wholesale:** wholesale market for telecoms operators