CAPITAL MARKETS DAY BOUYGUES TELECOM

6 OCTOBER 2015

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6 October 2015

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Mobile and fixed infrastructure: best in class, future proof and cost & capex effective

Yves Legrand
EVP, Chief Technical Officer

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Agenda

Mobile: long-term competitive edge thanks to 4G

Fixed: leapfrogging with own infrastructure

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Mobile: long-term competitive edge thanks to 4G

Fixed: leapfrogging with own infrastructure

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Leading mobile network quality

Best in class ✓

Future proof

Cost & capex effective

- Bouygues Telecom's **recognised network quality**
  - 4Gmark data survey
  - Arcep overall survey: Bouygues Telecom is ahead of NC-SFR and Free for the second year running

Downstream speeds in Top 14 agglomerations as measured by 4Gmark[a] (Mbit/s)

- **Change** in the market's **perception of the network** since the **launch of 4G**
  - Level of satisfaction in the network up significantly
  - Increase in customer loyalty

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(a) Speeds measured for 4G users over the period 8 June to 6 September 2015

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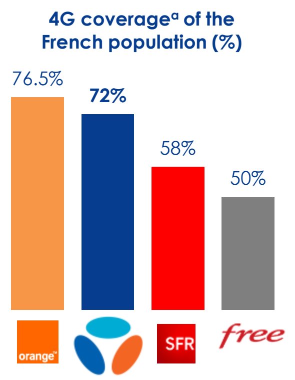
Leading coverage with a wide and dense network

Best in class ✓

Future proof

Cost & capex effective

- **72%** of the French population with 4G coverage at end-June 2015
- A historically **dense** network via the use of 1800 MHz frequencies, allowing much wider indoor coverage than competitors
- **More than 15,000 mobile sites** of which 8,200 in less dense areas



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(a) Outdoor coverage - Source: operators' publications at end-June 2015

State-of-the-art and scalable mobile network

Best in class ✓

Future proof

Cost & capex effective

- Complete **modernisation** started in 2011
- **Single RAN** multi-standard base stations
  - Allowing each site to support all existing mobile communication standards (from GSM to LTE)
- In partnership with the **best equipment suppliers**
- **State-of-the-art**, **homogeneous** and **highly secured** core network
- Future proof backhaul with **microwave links**
  - Speeds of more than 2Gbit/s via simple software upgrade
  - Already supporting three times the theoretical speeds of the next 5 years
- **Densification** of optical fibre network underway with many points of presence shared between fixed and mobile networks across France

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Optimum spectrum to cope with the explosion of data usage

Best in class

Future proof ✓

Cost & capex effective

- The **best range of frequencies** per customer
  - Bouygues Telecom has the capacity to cope with the growth of its customer base and usages
- Complete range of frequencies delivering **performance and quality**
  - Low frequencies for coverage
  - High frequencies for capacity and speed
- Spectrum **optimisation** with Single RAN technology
  - 1 base station
  - 3 technologies
  - 5 frequencies…and more

Bouygues Telecom' spectrum post 1800 MHz refarming and pre 700 MHz auction (MHz duplex)

Bouygues Telecom's share of spectrum: 26%

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Maintaining our advance with a wider, deeper and innovative network

Best in class

Future proof ✓

Cost & capex effective

- **Wider:** rolling out to improve coverage and capacity further
  - Constantly anticipating on processes for obtaining new sites and all administrative approvals for base stations
  - Roll-out of new sites in very dense areas and in less dense areas, targeting **20,000 mobile sites by 2018**
  - An increase in national 4G coverage from 72% to **99% in 2018**, with major progress from 2016
- **Deeper:** densify for even more capacity
  - Continued roll-out of **4G+**, particularly for better indoor coverage
  - Operational launch of **triple 4G frequency aggregation** for maximum speeds and capacity (4G++)
- **Innovative:** new technologies currently tested (VOLTE, Cloud Ran, MIMO, etc.) in order to carry more and more traffic

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Smart solutions to deploy the best and most cost effective network

Best in class

Future proof

Cost & capex effective ✓

- **Joint-investment** with NC-SFR in less dense areas as part of the RAN sharing agreement (57% of the population)
  - Major savings generated as early as 2018 (~€100m opex and capex savings /year)
  - First zones already opened with guaranteed deadlines and a high level of QoS
  - Maintaining the competitive edge: own network in dense areas and separate spectrum in shared areas
- **Optimised costs** thanks to microwave links

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Mobile: long-term competitive edge thanks to 4G

Fixed: leapfrogging with own infrastructure

A strong footprint in DSL…

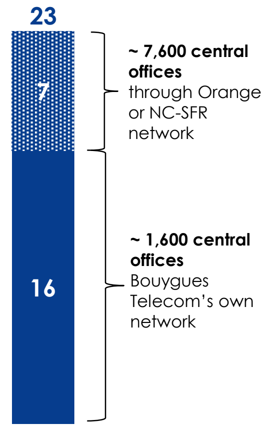
Best in class ✓

Future proof

Cost & capex effective

- **Access to all the DSL connections of the French market**
- Roll-out of DSL network in **strategic zones**
  - At end-2014, 12.3m households covered by directly-owned network, with over 700 central offices
    - ✓ Half of DSL fixed customers on directly-owned network
  - End-2015, 16m households to be covered by directly-owned network, with over 1,600 central offices
    - ✓ 3/4 of DSL fixed customers on directly-owned network

Bouygues Telecom's access to households in DSL unbundled areas at end-2015
(millions)



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…and in Very-High-Speed

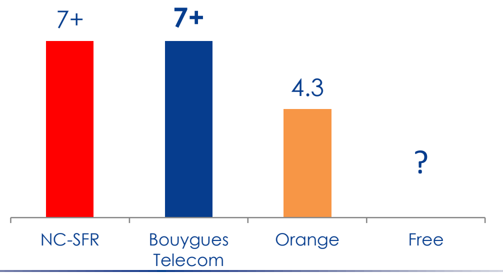
Best in class ✓

Future proof

Cost & capex effective

- **One of the best Very-High-Speed coverages in French market**
  - The Very-High-Speed network can be accessed by 7m households via cable and FTTH
  - VDSL can be accessed by 25% to 30% of our customers

Accessible market for Very-High-Speed connections at end-June 2015[a]
(millions)



(a) Operators' publication Q2 2015

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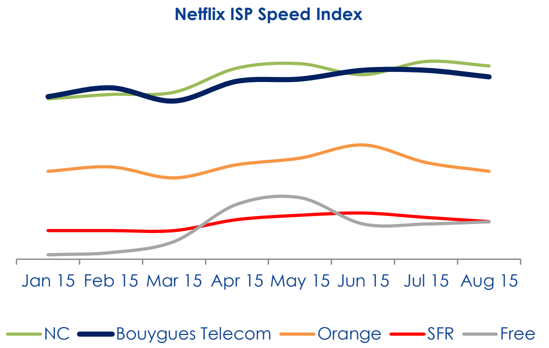
A quality network for maximum usage (1/2)

- Bouygues Telecom's recognised network quality
  - N°1 in **Arcep survey**[a]
  - Joint n°1 in the **Netflix index**[b]

Best in class ✓

Future proof

Cost & capex effective



 (a) Published in May 2015 (b) The Netflix ISP Speed Index is a measure of prime time Netflix performance

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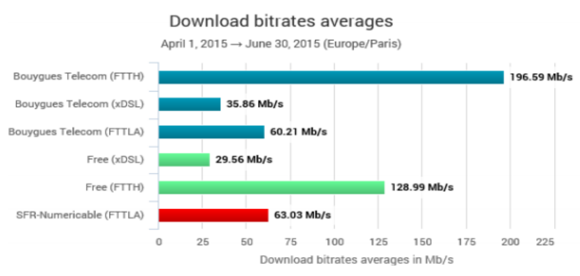
A quality network for maximum usage (2/2)

- Bouygues Telecom's recognised network quality
  - N°1 in **nPerf** FTTH download bitrates averages[a]

Best in class ✓

Future proof

Cost & capex effective



Data not available for Orange

 (a) nPerf barometer, Q2 2015

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Scalable FTTH regulatory framework

Best in class

Future proof ✓

Cost & capex effective

	Horizontal	Vertical
Very Dense Area (ZTD) 5.5m premises	No regulation	Regulated Rental or co-investment
Less Dense Area Private initiative (ZMD AMII) 12m premises	Regulated and scalable	
	IRU[a]	Rental, or co-investment by steps of 5% connections per district
Less Dense Area Public initiative (ZMD RIP) 15m premises	Regulated and scalable	
	Rental or IRU[a]	Rental, or co-investment by steps of 5% connections per area

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(a) IRU: Indefeasible Right of Use

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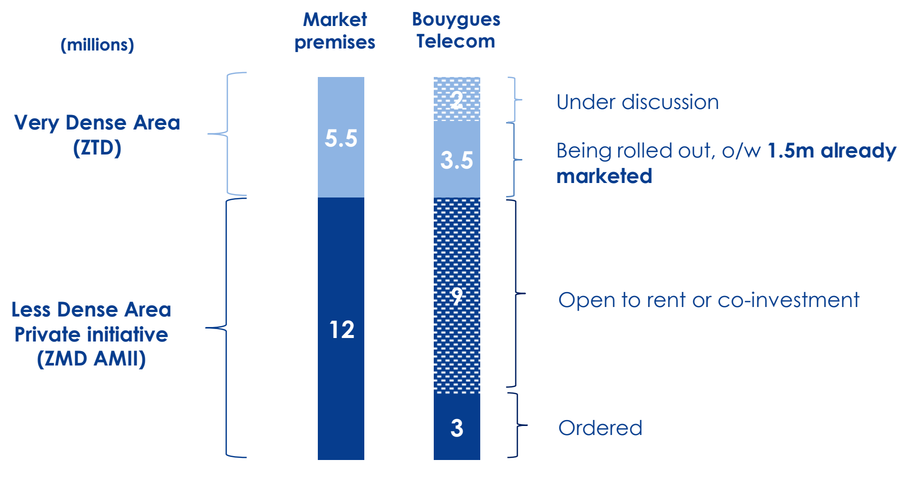
Full access to FTTH network

Best in class

Future proof ✓

Cost & capex effective



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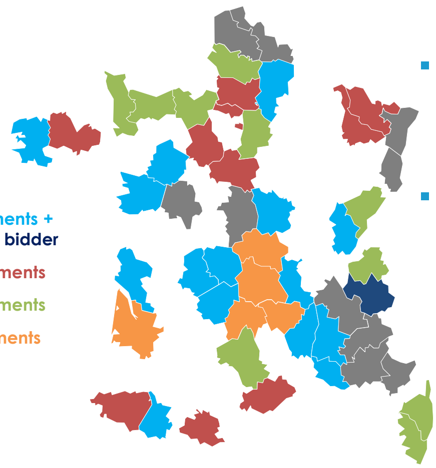
Flexibility and leeway for Bouygues Telecom on less dense area PIN (ZMD RIP)

Best in class

Future proof ✓

Cost & capex effective

Market shares on PINs[a] – August 2015



Axione	15 departments + 1 preferred bidder
NC-SFR	10 departments
Others	10 departments
Orange	5 departments

Bids in progress

- The less dense area PIN zone is regulated and accessible to all
- The Bouygues group is investing in less dense area PIN zones via Bouygues Construction (Axione)

(a) PIN: Public Initiative Networks

Optimum management of opex and capex

Best in class

Future proof

Cost & capex effective ✓

- Long-term vision of the market in order to **smooth out investment** over time
  - A major part of 4G investment has already been completed
  - Leaving the way clear for roll-out of fixed network in years to come
- **Optimisation** of costs related to roll-out of **DSL**...
  - Unbundling of the directly-owned DSL network in the profitable zones
  - Optimisation of opex by avoidance of wholesale margins
  - Partnership with Orange in zones with no directly-owned network
- ....and related to roll-out of **FTTH**
  - Joint investment with Orange and NC-SFR
  - Roll-out of FTTH network in zones already covered by directly-owned DSL network
    - ✓ Savings on local loop rental, backhaul, central offices/optical distribution frame costs
  - Bbox Miami is half as expensive to produce and is FTTH-ready

Conclusion

	Mobile network	Fixed network
Best in class	✓	✓
Future proof	✓	✓
Cost & capex effective	✓	✓

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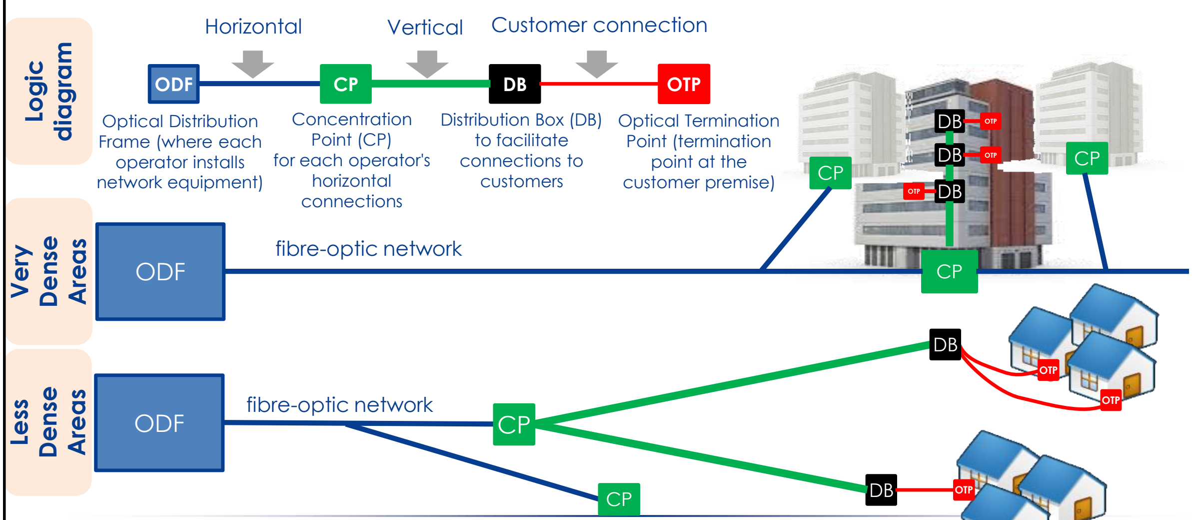
ANNEX

FTTH regulatory framework



French translations for the following acronyms: ODF = Noeud de raccordement optique (NRO) – CP = Point de mutualisation – DB = Point de branchement – OTP = Point de terminaison optique

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