



SFR

Investor Presentation

September 2011

GLOBAL PLAYER SCALE WITH LOCAL STRENGTH

WE HAVE THE CRITICAL SIZE...

- ❑ Largest alternative operator in Europe by revenues: €12.6bn turnover (2010)
- ❑ #1 alternative integrated fixed/mobile operator addressing all segments:
 - ✓ Fixed and Mobile
 - ✓ Consumer, Enterprise, Wholesale

... AND LEVERAGE OUR KEY ASSETS

- ❑ Strong market positions with 26m customers and a well-established and powerful brand (32% market share in mobile and 24% market share in ADSL as of end June 2011)
- ❑ Customer care and distribution network
- ❑ Next generation fixed/mobile broadband infrastructure

Financial discipline

**A UNIQUE POSITION TO PURSUE VALUE CREATION AND MAINTAIN
HIGH LEVEL OF PROFITABILITY**

- 1. Preserving our value in a fast-evolving market**

2. Capturing new growth opportunities

3. H1 2011 highlights and FY 2011 Guidance

PRESERVING OUR VALUE IN A FAST-EVOLVING MARKET

INCREASED SEGMENTATION OF CUSTOMER NEEDS

Data usage
Distribution & customer care channels
Handset
Multi-equipment

INTENSE COMPETITION ON THE FRENCH MARKET

MVNOs
Ahead of the arrival
of the 4th mobile operator

IMPACTS FROM REGULATION

VAT increase,
Termination Rate cuts...

1

Strengthening our key assets

2

Anticipating consumer needs to maintain our premium value proposition and enhance customer loyalty

3

Gaining market share in Wholesale and Enterprise markets

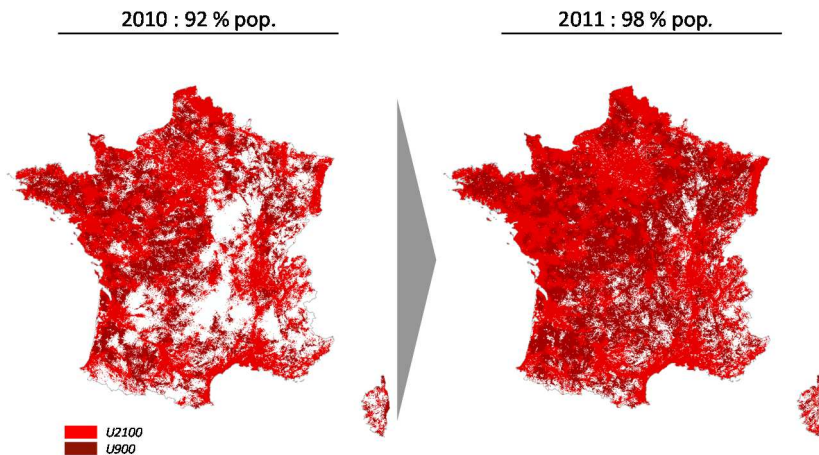
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Maintaining our financial discipline without jeopardizing the dynamic and future growth

1. STRENGTHENING OUR KEY ASSETS: BROADBAND NETWORK

3G NETWORK COVERAGE...

- ❑ 97% population coverage in September 2011
- ❑ Objective 98% pop. by end 2011
- ❑ Objective >99% pop. by end 2013



... AND QUALITY

- ❑ HSDPA 21 Mbps in top 12 French cities (43% of French population)
- ❑ Fixed/mobile broadband network synergies:
 - ✓ Nearly 4m WiFi hotspots enabling traffic off-loading
 - ✓ Launch of 2nd generation femtocell in August 2011 (adaptable to the SFR neufbox EVOLUTION)



FTTH ROLL-OUT

- ❑ Commercial services being rolled out in Paris, Lyon and Marseille: ~550k eligible households (Homes Passed) in very dense areas by end 2011
- ❑ Agreement with Bouygues Telecom to co-invest in a shared fiber infrastructure in very dense areas



Maintaining broadband network edge (3G+, 4G, FTTH, Femtocell...)

1. STRENGTHENING OUR KEY ASSETS: CUSTOMER CARE AND DISTRIBUTION

MULTI-CHANNEL CUSTOMER CARE AND DISTRIBUTION



820 shops



15% of sales online



12,000 advisors



1,200 technicians



**Strong focus on quality of
customer experience**

EXCLUSIVE PARTNERSHIP WITH FNAC SIGNED IN 2011

- ❑ Partnership signed with Fnac, leading entertainment and high tech retailer in France
- ❑ Exclusive SFR « Shop in shop » in 83 Fnac stores (roll-out from end 2011)



**A 10% increase in
number of shops**

2. ANTICIPATING CONSUMER NEEDS: SUCCESS OF SIM-ONLY AND CONVERGENT OFFERS

SIM-ONLY OFFER

Eco Avantage

Launched in June 2010



Customers free to pay only for the service when they want to keep their handset, now available with all postpaid plans

~15% of postpaid sales vs. ~3% last year



Negative impact on revenues offset by savings on commercial costs

CONVERGENT OFFER

Multi-Packs

Launched in August 2010



Increasing cross-selling and customer loyalty through discount program rewarding multi-equipped customers

~800k ADSL + mobile "packs" as of end-August 2011



2. ANTICIPATING CONSUMER NEEDS: LAUNCHING NEW POSTPAID RANGE « FORMULES CARRÉES »

LEADING ON VOICE/DATA REBALANCING WITH SEGMENTATION BY DATA USAGE

	Carré VOIX From €24 / month	Daily mobile Internet Carré CONNECT From €24 / month	Mobile Internet without constraint Carré WEB From €37 / month	Intense mobile Internet Carré ABSOLU From €85 / month			
Voice usage	4H - 6H	2H	3H	2H	5H	8H	Unlimited 24/24
		Unlimited voice included (to specific numbers or specific hours)					
Messaging	40/60 SMS	Unlimited SMS		Unlimited SMS / MMS			
Data usage	No data	250 MB	500 MB	1 GB	2 GB	2 GB	3GB
		WiFi access included - nearly 4m hotspots					
				MultiSIM For Tablet or PC			

Tariffs Sim only / 24 months, Sept. 2011

NEW LOYALTY MODEL

- ❑ More simple, transparent, flexible tariffs available with/without handset, with/without commitment
- ❑ Discount price for customers at the end of their contract period if they keep their handset

KEEP THE ADVANTAGE ON SMARTPHONES

- ❑ ~70% of postpaid sales and 34% of customer base*
- ❑ Large choice of smartphones
- ❑ Handset renewal at the same price as new customer

* Penetration in Mainland France excl. M2M and dongles



1m customers in less than 3 months (as of end-August 2011)

2. ANTICIPATING CONSUMER NEEDS: LAUNCHING A NEW WEB-ONLY TARIFF

LES SÉRIES red DE SFR

- ❑ **Postpaid offer targeting customers who wish to do everything online**
 - ✓ Online subscription
 - ✓ Online selfcare
- ❑ **Competitive pricing, simple proposition**
- ❑ **No handset subsidies, no commitment**
- ❑ **Launch mid-October**

2. ANTICIPATING CONSUMER NEEDS: SUCCESS OF THE NEUFBOX EVOLUTION

SFR NEUFBOX EVOLUTION

- ❑ **Premium offer** with high-quality TV experience and unlimited calls to mobile
- ❑ **Enhanced customer experience** with new fluid 3D user interface, multi-screen
- ❑ **Eco-conceived box** with significantly reduced electric consumption



reddot design award
winner 2011

*by red dot, German publisher
of design books*



**>400k neufbox EVOLUTION
customers as of end-August 2011**

SFR broadband internet offer range

neufbox

€ 31.90
/month

€ 26.90
/month with



Broadband Internet



Unlimited calls (to fixed only)



HD TV (160 channels, VoD)



neufbox EVOLUTION

€ 37.90
/month

€ 32.90
/month with



Broadband Internet, 3G
back-up dongle and PLC kit



Unlimited calls (to fixed and
mobile)



3D navigation interface, HD
TV (160 channels, VoD),
digital recording (200 GB) and
mediacenter



3. GAINING MARKET SHARE IN THE WHOLESALE MARKET

SUCCESSFUL LAUNCH OF LA POSTE MOBILE



- ❑ Joint Venture SFR/La Poste (49%/51%)
- ❑ 150k customers acquired in 3 months (as of end-August 2011) and a customer base of 470k at end August 2011
- ❑ Over 1,000 points of sale

NEW MAJOR VNO DEALS SIGNED



- ❑ Agreement signed in June 2011 with #1 MVNO Virgin Mobile to use SFR's fixed and mobile networks
- ❑ Agreement signed in September 2011 with #2 MVNO NRJ Mobile (90% owned by Crédit Mutuel-CIC bank and 10% by NRJ group)



Progressive and significant contribution to revenue growth and positive EBITDA expected in 2012

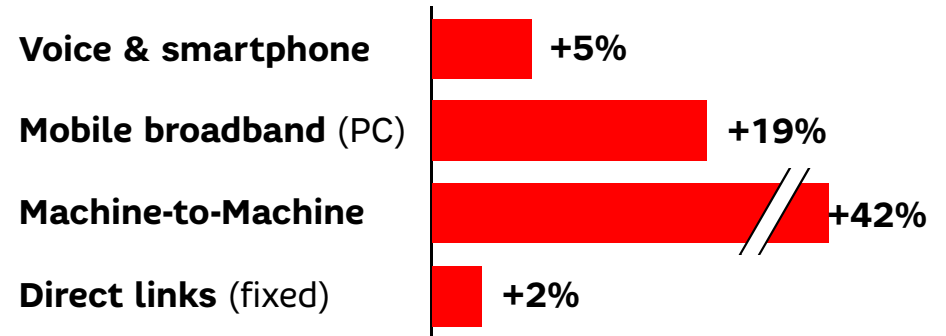
3. GAINING MARKET SHARE IN THE ENTERPRISE MARKET

SFR Business Team

- ❑ SFR Business Team, a dedicated entity for the Enterprise market
- ❑ 150k enterprise customers, including 90% of CAC 40 companies

DYNAMIC SEGMENT GROWTH

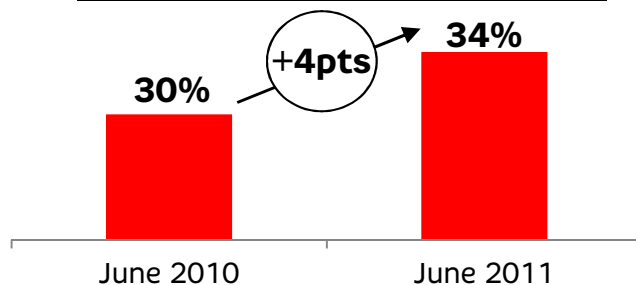
Number of customer lines (June 2011 vs. June 2010)



ONE STOP SHOPPING FOR SMEs

- ❑ Growth opportunity based on complementary customer bases (~35% market share in mobile vs. ~13% in fixed)

Convergent Enterprise customers



INNOVATION IN VALUE-ADDED SERVICES

Telepresence solution:

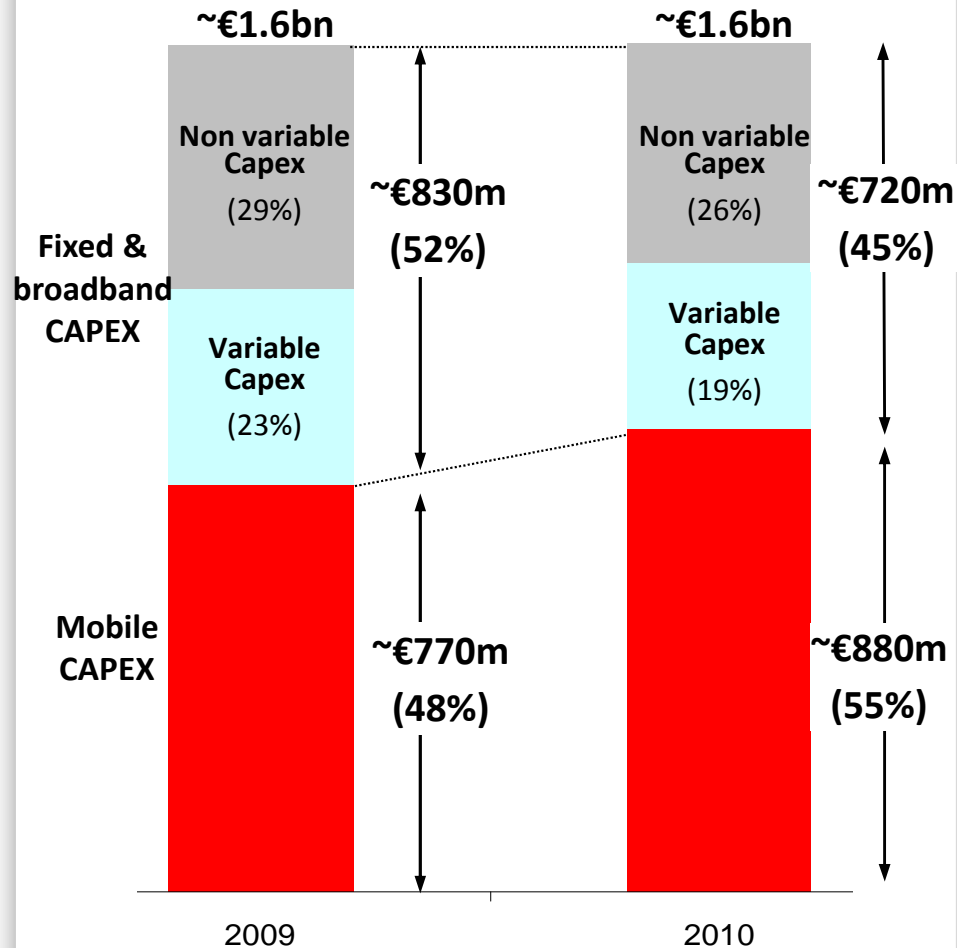
new contract signed with BPCE, 2nd largest banking group in France, for 50 telepresence sites



Strong potential to gain market share from the incumbent and generate incremental revenues and EBITDA

4. FINANCIAL DISCIPLINE: FOCUS ON GROWTH CAPEX

CAPEX EVOLUTION 2009-2010



2011 TRENDS

Stable CAPEX year-on-year efficiently managing coverage and traffic growth

Fixed and broadband Capex:

- ✓ Variable Capex linked to the commercial success of neufbox Evolution
- ✓ Pursuit of FTTH roll-out in very dense areas (~€150-200m/year)
- ✓ Agreement with Bouygues Telecom to co-invest in a shared fiber infrastructure in very dense areas

Stable mobile Capex despite strong mobile data traffic growth (+100% YoY):

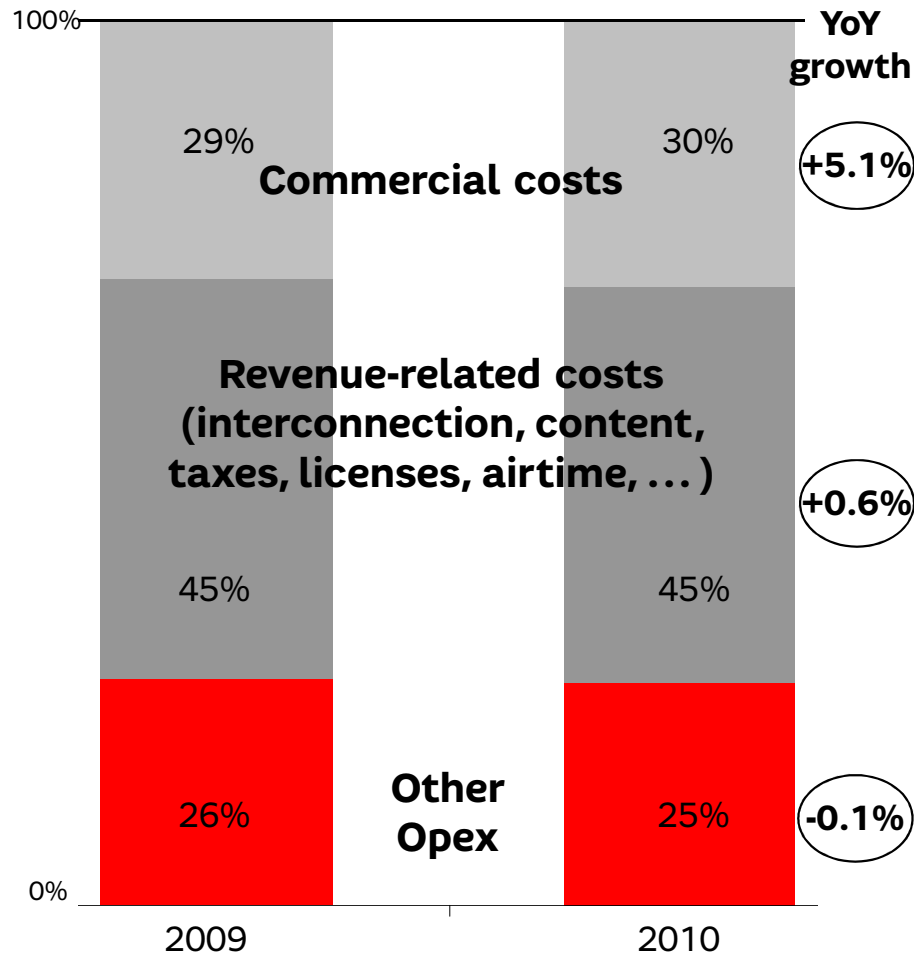
- ✓ Investments in 3G coverage extension to 98% of pop. by end 2011
- ✓ Addition of extra capacity on existing 3G radio sites

4G frequency allocation process

- ✓ SFR awarded 15 MHz in the 2.6 GHz band for €150m in September 2011
- ✓ Application for 800 MHz by Dec. 15, 2011

4. FINANCIAL DISCIPLINE: STRONG CONTROL OF OPEX

OPEX EVOLUTION 2009-2010



2011 TRENDS

- ❑ **Strong control of commercial costs due to the success of SIM-only offers and availability of low-end / mid-end smartphones, driving down subsidized handset**
- ❑ **Non commercial Opex stable despite volume effects** (3G coverage extension, capacity needs, development of the fixed activity on both mass market and Enterprise market)
- ❑ **Full impact of SFR/NeufCegetel synergies** (~€250-300m)

1. Preserving our value in a fast-evolving market

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3. H1 2011 highlights and FY 2011 Guidance

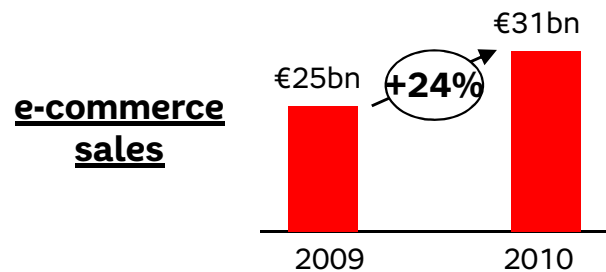
STRONG GROWTH OF DIGITAL USAGE ON THE FRENCH MARKET

Explosion in digital content and usage of services



11m IPTV users
6m iPhone sold

Growth in exchanges via networks and Internet



Over 20% of total sales made online in 2020 vs. 7% in 2010

Towards a world of connected objects



300 million connected devices in 2020 vs. 65m in 2010

LEVERAGING OUR DISTINCTIVE ASSETS FOR GROWTH

STRENGTHENING OUR KEY ASSETS

**Next generation
broadband
network**

At the heart of
the digital
ecosystem

**Customer care
and distribution**

SFR, a trusted
partner in the
digital world

GROWTH OPPORTUNITIES PRIORITIES

1

Mobile data

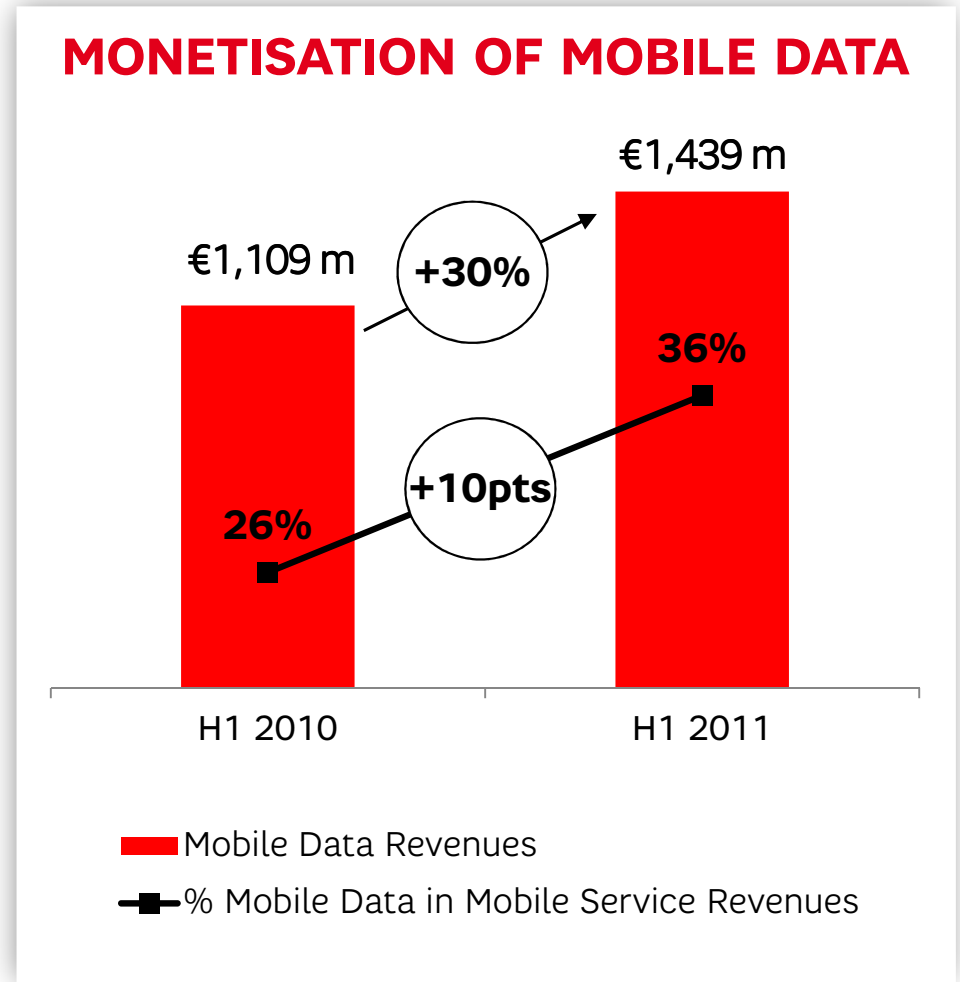
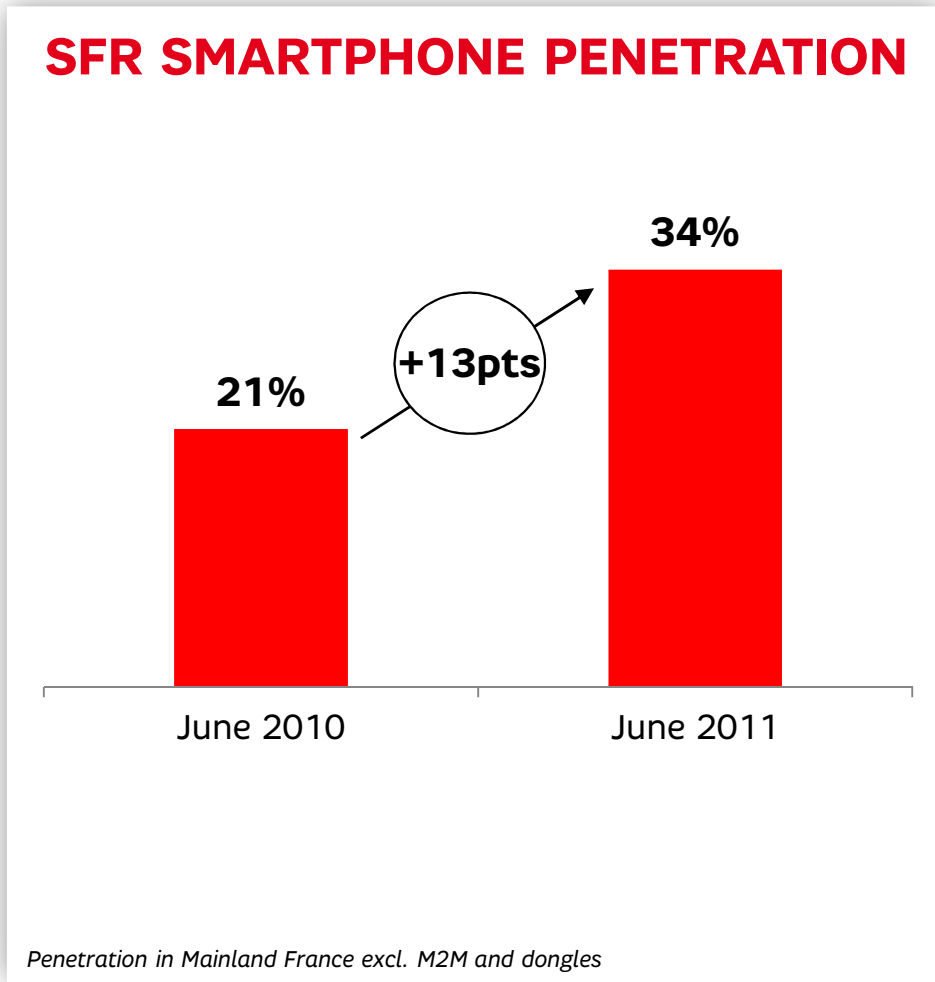
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Cloud services

3

New businesses

GROWTH OPPORTUNITY #1: MOBILE DATA



Increased monetisation of data usage with the new "Carrées" postpaid offers launched in June 2011

GROWTH OPPORTUNITY #2: CLOUD SERVICES

CONSUMER CLOUD SERVICES



- ❑ 3m households having access to an increasing range of services on TV through the neufbox
 - ✓ VoD (10k titles) and Subscription-VoD
 - ✓ Gaming on demand
 - ✓ Applications on demand
- ❑ Partnership with Spotify: bundled subscription (mobile + Spotify Premium) on smartphones

ENTERPRISE CLOUD SERVICES



- ❑ "Pack Business Entreprises" offer: one of the 1st cloud solutions for SMEs in Europe
- ❑ Unified communications solution launched in H1 2011



Leverage our network capability to deliver value added services on top of access, through partnerships

GROWTH OPPORTUNITY #3: NEW BUSINESSES

OFFERING NEW SERVICES FOR CONSUMERS AND ENTERPRISE CUSTOMERS

- ❑ Secured transactions
- ❑ Assistance and proximity services
- ❑ Connected home

LEVERAGING OUR ASSETS WITH PARTNERS FROM OTHER INDUSTRIES

- ❑ Network capabilities, incl. billing, content delivery network
- ❑ Customer access and knowledge
- ❑ Intelligent networks enabling sector-specific applications (e.g. transport, health, energy, commerce)

Illustration 1: new connected devices



Innovative communicating devices embedding SFR's M2M solutions:

- FnacBook: 3G e-reader distributed by Fnac
- In-car devices with TomTom and Coyote

SFR #1 in M2M connections market share (June 2011)

Illustration 2: e-payment



1st Internet payment solution secured by mobile in France
Launched in September 2011

Already ~30 e-commerce websites signed up

Illustration 3: monetising audience



SFR Régie SFR Régie, advertising sales house, monetising SFR inventory

E.g. deals with Allociné and L'Express

SFR #1 in mobile marketing revenues market share (2010)



Ambition to leverage our assets to grow beyond the core business

1. Preserving our value in a fast-evolving market
2. Capturing new growth opportunities
- 3. H1 2011 highlights and FY 2011 guidance**

KEY OPERATIONAL ACHIEVEMENTS IN H1 2011

- 1 Strong growth of smartphones user base at 34% (+13 pts YoY) and mobile data revenues (+30%) for both Consumers and Enterprises**
- 2 Commercial momentum confirmed on converged offers "Multi-Packs" and "neufbox EVOLUTION", SFR's new ADSL / fiber box**
- 3 Successful launch of the new postpaid plans « Formules Carrées »**
- 4 Three new key partnerships on wholesale segment: successful launch of La Poste Mobile and major contracts signed with Virgin Mobile and NRJ Mobile**
- 5 Exclusive distribution partnership signed with Fnac, leading entertainment and high tech retailer in France**
- 6 Continued extension of 3G network coverage to 97% of the population as of end September 2011, targeting 98% by end 2011**

MOBILE

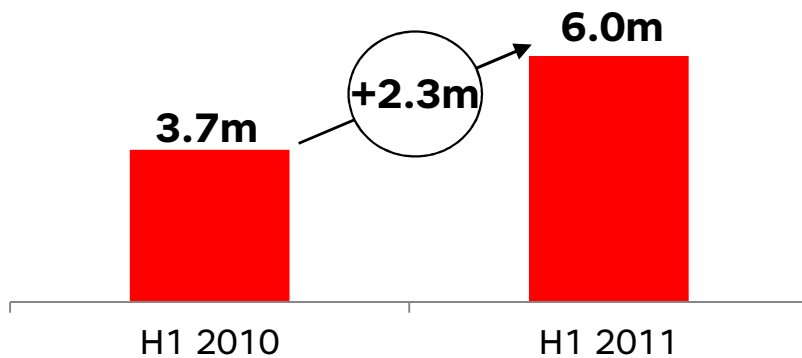
+220k postpaid customers in H1 despite VAT turbulence in Q1

- 21.1m mobile customers with improved postpaid/prepaid mix to 76% (+2 pts)

Strong development of mobile data usage penetration

- ~70% of postpaid sales equipped with smartphones

SFR smartphone customers



FIXED AND BROADBAND

+96k broadband residential customers in H1 to 5.0m (+6.4% YoY)

- Successful launch of the SFR neufbox
EVOLUTION: >400k customers as of end August 2011

Growth of Multi-Packs penetration

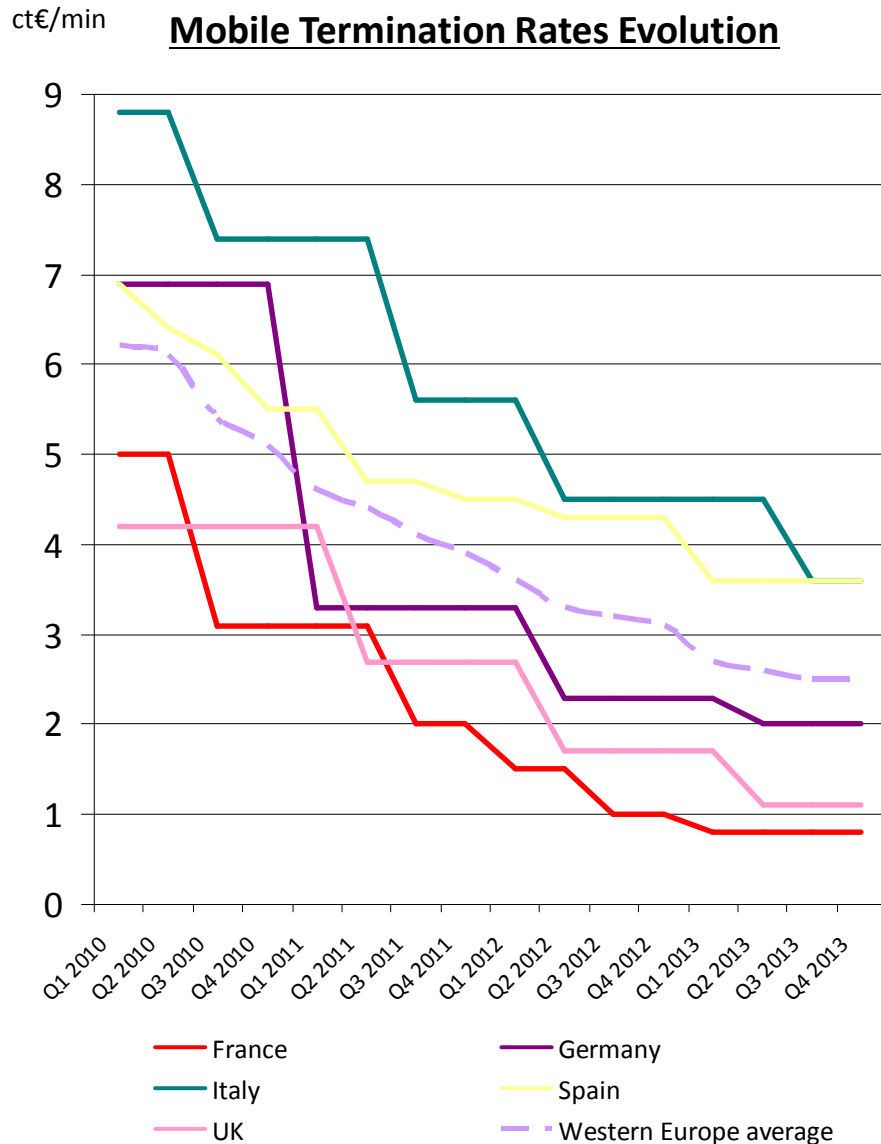
- ~800k ADSL + mobile customers as of end August 2011



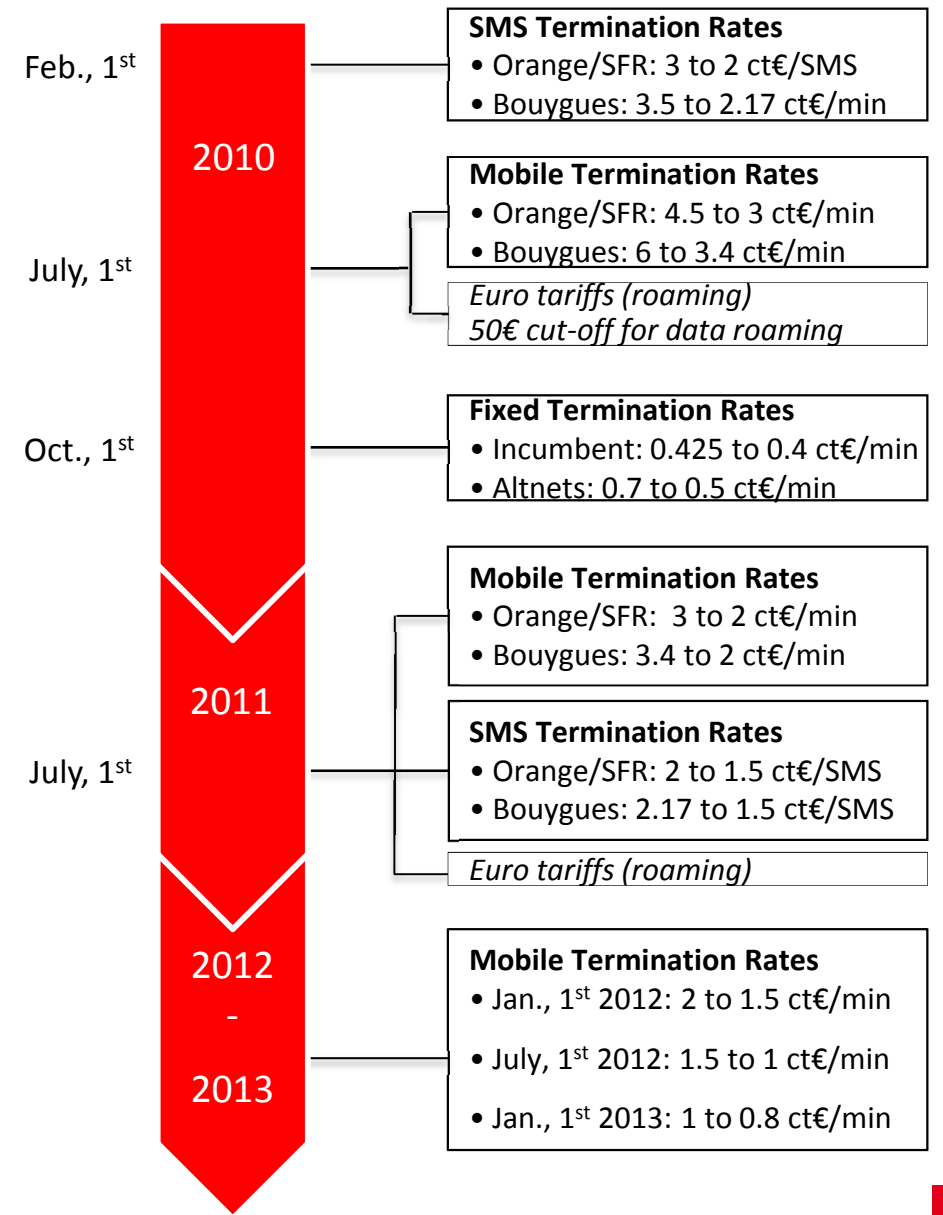
+1.3m broadband internet net adds
since the launch of the neufbox by SFR in October 2008

France has been front-runner in Europe in Mobile Termination Rate cuts

Termination Rate cuts over 2010-2013



Source: RJEE



Mobile service revenues: €4,008m, +1.5% excl. VAT and regulatory impact*

✓ Data revenues: +30% to €1,439m

Broadband Internet & Fixed revenues: €2,001m, +2.4% excl. VAT and regulatory impact*

✓ Broadband internet mass market revenues: +4.7% excl. VAT and regulatory impact*

EBITDA: €1,945m, -6.1% excl. 2010 non-recurring positive items (€42m) in a tougher competitive environment

✓ **Mobile EBITDA:** €1,556m, -8.8% driven by impact of tariff cuts (VAT increase, regulation*)

✓ **Broadband Internet & Fixed EBITDA:** €389m, +6.3% excl. 2010 non-recurring positive items

EBITA: €1,241m, -6.4% excl. 2010 non-recurring positive items (€42m)

in € millions – IFRS	H1 2011	H1 2010	YoY
Revenues	6,120	6,248	-2.0%
<i>Mobile</i>	4,257	4,430	-3.9%
<i>Broadband Internet & Fixed</i>	2,001	1,975	+1.3%
<i>Intercos</i>	-138	-157	
EBITDA	1,945	2,114	-8.0%
<i>Mobile</i>	1,556	1,706	-8.8%
<i>Broadband Internet & Fixed</i>	389	408	-4.7%
EBITA	1,241	1,368	-9.3%

WE REITERATE OUR 2011 GUIDANCE

- ❑ Mobile: Decrease in EBITDA in a tough competitive, tax and regulatory environment
- ❑ Broadband & Fixed: Increase in EBITDA, excl. 2010 favorable non-recurring items

LONGER TERM, WE ARE CONFIDENT WE CAN PRESERVE OUR VALUE WITH PROGRESSIVELY LOWER REGULATORY IMPACT AND NEW GROWTH OPPORTUNITIES (ENTERPRISE, WHOLESALE), DESPITE COMPETITIVE ENVIRONMENT



Appendices

	H1 2011	H1 2010	Change
MOBILE			
Customers (in '000)*	21,059	20,562	+ 2.4%
Proportion of postpaid clients*	76.2%	74.6%	+ 1.6 pt
3G customers (in '000)*	10,681	8,782	+ 21.6%
Market share on customer base (%)*	31.9%	33.1%	- 1.2 pt
Network market share (%)	34.7%	34.8%	- 0.1 pt
12-month rolling blended ARPU (€/year)**	396	415	- 4.6%
12-month rolling postpaid ARPU (€/year)**	487	519	- 6.2%
12-month rolling prepaid ARPU (€/year)**	145	160	- 9.4%
Acquisition costs as a % of service revenues	7.2%	6.4%	+ 0.8 pt
Retention costs as a % of services revenues	7.5%	8.1%	- 0.6 pt
BROADBAND INTERNET AND FIXED			
Broadband Internet customer base (in '000)	4,983	4,682	+ 6.4%

* Excluding MVNO clients.

MVNO clients are estimated at approximately 1,804k at end of June 2011 (vs. 1,050k at end of June 2010). This figure includes Debitel customers transferred from SFR customer base at end of February 2011 (290k at that date), in connection with the creation of a joint venture with La Poste

** Including mobile terminations

ARPU (Average Revenue Per User) is defined as revenues net of promotions and net of third-party content provider revenues excluding roaming in revenues and equipment sales divided by the average ARCEP total customer base for the last 12 months. ARPU excludes M2M (Machine to Machine) revenues.

<i>In euro millions - IFRS</i>	H1 2011	H1 2010	Change
Service revenues	4,008	4,222	- 5.1%
<i>of which data revenues from mobile services</i>	1,439	1,109	+ 29.8%
Equipment sales, net	249	208	+ 19.7%
Mobile revenues	4,257	4,430	- 3.9%
Broadband Internet and fixed revenues	2,001	1,975	+ 1.3%
Intercos	(138)	(157)	
Total revenues	6,120	6,248	- 2.0%



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H1 2011 Results – August 31, 2011