



EFSI Operation Scoreboard¹

| PROJECT PRESENTATION | |
|--|---|
| <u>Project name</u> | ILIAD FRANCE TRES HAUT DEBIT EXPANSION |
| <u>Promoter or financial intermediary</u> | ILIAD SA |
| <u>Country of implementation</u> | France |
| <u>Summary project description</u> | <p>The Iliad Group has experienced continued organic growth in fixed broadband over the last 3 years, [...] becoming the first alternative operator in France. [...] The Group has three main competitors on the fixed broadband market: Orange (40%), Numéricable-SFR (21%) and Bouygues Telecom (13%). As the market's appetite for ultrafast broadband is now strong in France, the Group has adopted an accelerated migration strategy from DSL to FTTH. Free connected 250 000 new FTTH subscribers in 2017, targets [...] at least 500 000 new subscribers per year as of 2019 onwards. With the project, the Group no longer has to pay the [...] for its FTTH customers related to renting the copper pair from the incumbent operator. Therefore, gross margin and EBITDA margin on FTTH offerings would be much higher. [...] The Group's objective is therefore to maximize the proportion of FTTH subscribers in eligible areas.</p> <p>The project is linked to the investments for the connection of over 1.8 m new customers in the high, medium and low population density areas of the country. The EIB financing also includes investments in the active equipment and the roll-out of the optical nodes and the countrywide backbone network. For the access network, the promoter will make use of co-investment facilities with the incumbent operator or with public initiative networks. These co-investments are not included in the project scope for cautionary reasons to avoid potential EIB double financing as they are being implemented by other promoters, potentially also benefiting from EIB funding.</p> |

¹ This Scoreboard of indicators reflects the information presented to the EFSI Investment Committee (IC) for its decision on the use of the EU guarantee for this operation. Therefore, the document does not take into account possible developments that could have occurred after this decision. Parts of this document that fall under the exceptions for disclosure defined by the EIB Group Transparency Policy, notably under the articles 5.5 (protection of commercial interests) and 5.6 (protection of the Bank's internal decision-making process), have been replaced by the symbol [...].

PROJECT PILLAR ASSESSMENT

Pillar 1

| Contribution to EU policy | Significant |
|--|-------------|
| Cross-cutting objectives | |
| EIB Cohesion Priority Regions / Economic and Social Cohesion | 23.00% |
| EFSI | |
| Contribution to EFSI | 100.00% |
| EFSI: Development and deployment of information and communication technologies | 100.00% |
| Broadband network | 100.00% |

Pillar 2

| Quality and soundness of the project | Good |
|--------------------------------------|-------|
| 1. Growth | [...] |
| 2. Promoter capabilities | [...] |
| 3. Sustainability | [...] |
| 4. Employment | [...] |

This pillar evaluates the quality and soundness of the operation. This pillar is composed of four indicators which include:

- (i) "Growth" i.e. for example and where relevant the economic rate of return ('ERR'), which considers the project's socioeconomic costs and benefits, including its spillover effects;*
- (ii) "Promoter capabilities" i.e. the capacity of the promoter/intermediary to implement the project and create the expected impact at the [final] beneficiary level;*
- (iii) "Sustainability" i.e. environmental and social sustainability²;*
- (iv) "Employment" i.e. the project's direct employment effect.*

Pillar 3

| EIB Technical and financial contribution to the project | Significant |
|---|-------------|
| 1. Financial contribution | [...] |
| 2. Financial facilitation | [...] |
| 3. Advice | [...] |

This pillar measures the EIB's particular contribution to the project and its financing scheme in the form of financial and non-financial benefits which go beyond what commercial players would normally be able to offer. This dimension of value added is assessed through three indicators:

- (i) "Financial Contribution" i.e. improving the counterpart's funding terms compared to market sources of finance (interest rate reduction and/or longer lending tenor),*
- (ii) "Financial Facilitation" i.e. helping to attract private financiers (for example through positive signaling effects), promoting synergies in co-financing with other public sources of funds including National Promotional Banks or EU financial instruments,*
- (iii) "Technical Contribution and Advice" i.e. providing advice with a view to optimizing the financing package (financial structuring), or technical advisory services in the form of expert input / knowledge transfer – provided in-house by the EIB or in the form of assignments to external consultants – to facilitate the preparation or implementation of a project.*

² For additional information on the EIB's assessment of the project's environmental and social aspects, please refer to the project's Environmental and Social Data Sheet (ESDS) published on the EIB website.

Pillar 4 – Complementary indicators

Additionality

The project contributes to the “Digital Agenda for Europe” flagship initiative of the Europe 2020 Strategy and the complementary “Connectivity for a European Gigabit Society” initiative through further development and expansion of the Next Generation Network (NGN) infrastructure, which aims at reaching the targets of high-speed broadband access for all European citizens by 2020 and 2025.

In line with the objective of the EU Digital Single Market, the proposed operation responds to the EFSI objective of deploying high-speed telecommunication infrastructure across the EU. This would be the second operation with Iliad in mainland France under EFSI building on the successfully implemented investment financed under EFSI in 2016. This operation will further improve connectivity of French citizens by providing them with access to high-speed broadband. It will have a substantial positive impact on employment in terms of jobs supported within the intervention area and jobs directly created during the buildout phase.

Approximately 23% of the project components will be realised in EU Cohesion regions. In supporting these regions, the project will contribute to the Union priorities on convergence and social cohesion.

The operator addresses a number of market failures related to the generation of positive network externalities by enabling more users to benefit from the access to information, digital services and better communication infrastructures. The project generates further externalities to other sectors of the economy supporting innovation and competitiveness including the productivity of SMEs and better access to e-services by households.

The operation also addresses a suboptimal investment situation, whereby commercial lenders are constrained in their capacity to provide the volume of affordable financing necessary for the best implementation of the project (requiring in particular long-term maturities), in particular when considering the underlying risks. The EIB, thanks to the support of EFSI, will be able to provide a sizeable long-term loan addressing the suboptimal investment situation faced by the promoter. This operation could not have been financed under the same conditions without the EFSI guarantee.

Set of indicators related to the macroeconomic environment

| France - Economic environment | | | | |
|---|------------|------------|------------|-----------------|
| Economic Performance | | | | |
| | FR 2016 | EU 2016 | US 2016 | FR 2001-2007 |
| GDP per capita (EUR, PPS) | 30,910 | 29,440 | 42,615 | 30,572 |
| GDP growth (%) | 1.2 | 1.9 | 1.6 | 1.9 |
| Potential GDP growth (%) | 1.1 | 1.3 | 2.1 | 1.8 |
| Output gap (% of potential GDP) | -1.3 | -0.75 | -0.03 | 1.9 |
| Unemployment Rate (%) | 10.1 | 8.2 | 4.7 | 8.5 |
| Unemployment Rate (%) - Y/Y change (% points) | -0.1 | -0.8 | -0.3 | -0.19 |
| Bank-Interest rates to non-financial corporations (%) | 1.2 | 1.4 | 1.8 | 3.5 |
| Bank-Interest rates to non-financial corporations (%) - Y/Y change (% points) | -0.19 | -0.21 | -1.4 | 0 |
| Investment rate (GFCF as % of GDP) - Total | 21.9 | 19.7 | 19.6 | 21.7 |
| Investment rate (GFCF as % of GDP) - Public | 3.4 | 2.7 | 3.4 | 3.9 |
| Investment rate (GFCF as % of GDP) - Private | 18.4 | 17.0 | 16.2 | 17.8 |

| General Sector Indicators | | | | | |
|--|------|------|------|------|-----------------------|
| | 2013 | 2014 | 2015 | 2016 | EU (latest available) |
| Value added in Telecommunications (% of total) | - | - | - | - | 1.5 |
| Employment in Telecommunications (% of total) | - | - | - | - | - |

| Information and communications technology | | | | | |
|--|------|------|------|------|-----------------------|
| | 2013 | 2014 | 2015 | 2016 | EU (latest available) |
| The Digital Economy and Society Index (DESI) (composite Index) | - | 43.5 | 46.2 | 48.5 | 52.3 |
| Fixed broadband subscriptions (lines) per 100 people | 38.0 | 39.3 | 40.5 | 41.1 | 32.7 |
| Fixed broadband Next Generation Access (NGA) coverage/availability (% of households) | 40.9 | 0.43 | 0.45 | - | 0.71 |
| Mobile broadband subscriptions per 100 population | 53.3 | 64.4 | 78.7 | 80.7 | 83.9 |
| Internet bandwidth (kb/s per user) | 25.0 | 17.0 | 12.0 | - | - |

- Country average for "GDP per capita (EUR, PPS)" is calculated in real terms
- EU value for "Bank-Interest rates to non-financial corporations" corresponds to Euro Area average; Country average is the simple average between 2003 and 2007
- The EU value is displayed as the value in the year that corresponds to the latest value of the Indicator in a particular country

Other indicators³

Key project characteristics

| | Expected at PCR |
|---|--------------------|
| Start of works | 01.01.2019 |
| End of works | 31.12.2021 |
| Project investment cost | [...] |
| EIB/EFSI eligible investment mobilised | [...] |
| External EFSI multiplier | 2.39 |
| External EIB (non-EFSI) multiplier | |
| Amount of private financing | [...] |
| Quick start (% of expenditure during 2015-2018) | |
| Co-financing with national promotional banks | 0.00 MEUR |
| Co-financing with structural funds (ESIF) | 0.00 MEUR |
| Co-financing with other EU instruments (i.e. Horizon 2020, Connecting Europe Facility, etc) | |
| Energy efficiencies realised | 0.00 MWh/a |
| Climate Action indicator | |
| Employment during construction - temporary jobs | 6,600 person years |
| Employment during operation - new permanent jobs | 0 FTE |

³ For additional information on the EIB's assessment of the project's environmental and social aspects, please refer to the project's Environmental and Social Data Sheet (ESDS) published on the EIB website. The abbreviation PCR stands for Project Completion Report.