Analysts presentation

November 20th, 2009

Jean-Marc Tassetto
Senior Executive V.P. Brand, Marketing, Consumer
Agenda

- Premium brand
- Anti-churn
- Open innovation
To become the global operator, champion of client satisfaction
Customer service at the core of the Neufbox by SFR proposition

**neufbox de SFR**

- Internet
- HD TV
- Fixed Telephony
- Music

**ALL SFR SERVICES**

- Guaranteed installation
- 48H assistance
- Back-up 3G+ key made available if necessary
- 800 Espace SFR in France
- Personalized assistance
Video: Box installation
Le Pacte SFR: umbrella brand of relational initiatives at SFR

- A program rewarding mobile and ADSL customer loyalty
- Gifts and free services without obligations
- A customized program available at www.lepactesfr.fr
- 4 strong engagements by SFR
Le Pacte

October 3, 2008
Le Pacte SFR « pour tous »

2,1 million subscribers (mobile & ADSL)
2/3 awareness among mobile customers
Effective image building strategy
« Inspires trust »
« Gives me the feeling to be a special client »
« Encourages me to stay loyal to SFR »

October 7, 2009
Le Pacte SFR « La Carte »
« The more you top up, the more you gain »

March 2, 2009
Le Pacte SFR Pro

June 9, 2009
Le Pacte ADSL

June 17, 2009
Le Pacte Premium

October 20, 2009
Le Pacte SFR « 100% personnalisé »
Segmented bonus catalogue
Video: Pacte
Building on our base of 25M customers

Price discount and bonuses for our customers

Internet en mobilité sur votre PC
L’inspiration peut arriver partout.

Forfait Internet 3G+ Illimité soir et week-end à partir de 34,90€/mois13.

« The more you top up the more you gain »

Proximity with our customers

1000 rouges pour 11 Bleus.

Franchissons le cap ensemble.

Ce soir, comme les 1 000 clients SFR invités* pour France-Irlande, tous avec les Bleus ! SFR, partenaire de l’Équipe de France.
Agenda

- Premium brand

- Anti-churn

- Open innovation
In early 2008, we launched a company wide anti-churn program to shift our business model from acquisition to retention.

Shifting SFR’s Business Model from Acquisition to retention

1. Tariff plan migrations
2. Below The Line campaign
3. Direct marketing
4. Offers
5. Loyalty & handset Renewal Program
6. Retention Platform
7. Customer experience & irritants
8. Unpaid bills / collection

Key building blocks

A. Churn probability modelling
B. Segmentation based on customer value
C. Retention specific KPIs and dashboard
D. Rebalancing of SAC / SRC
E. Responsibilities for retention
Postpaid churn

Postpaid churn
(12-month rolling)

-3.4 pts

16.5%
H1 2008

13.1%
H1 2009

Key levers and indicators

1 Tariff plan migrations
- Upward migrations activated on every channel front line / web / stores
- Communication on upward migrations with a single brand & single special offer: Tremplin
- +75% upward migration between Q3 2008 and Q3 2009

2 Direct marketing
- Set up of an industrialized process to proactively call customers at risk

5 Handset renewal
- Privilège handset renewal: price based on customer risk, value & loyalty
- Handset selection based on our customer segmentation

5 Le Pacte
- An « above the line » simple claim : one year with SFR = one bonus
- A « below the Line » generosity based on value and risk

6 Retention platform
- Dedicated retention platform with trained customer care representatives
- Oral contract termination
- 15pt gain in retention performance
A similar program has been implemented on ADSL customer base

**ADSL churn reduction**

1. Proactive retention
2. Reactive retention
3. Migrations to Neufbox de SFR
4. Root cause and quality
5. Offer

**Key building block**

Datamining and segmentation (risk / value)
ADSL churn

ADSL churn
(annualized semester churn)

19.6% 14.3%
H1 2008 H1 2009

5.3 pts

Key levers and indicators

1. Proactive retention
   - Set up of an industrialized process to proactively call customers at risk: **600k** contacts since September 2008

2. Reactive retention
   - “Hot” retention: customers who have sent their contract termination letter are contacted as part of the “hot” retention process, improvement of number of contacts by **+18pt** vs one year earlier
   - Improvement of performance: **+6pt** on “hot” retention rate

3. Migrations
   - **1 million** Club / Tele 2 / SFR customers migrated to Neufbox de SFR and SFR billing system

4. Root cause and quality
   - Network QoS program
   - Deployment of new generation box on customer base
   - Customer care QoS program

5. Offer
   - Guaranteed installation, 48h repair service, end to end follow-up
   - Innovation on the box
Customer Relationship Management expertise, organisation and tools at the center of our anti-churn program

- Know our customers
  - Get qualification data

- Predict their churn appetency
  - Develop scoring model for customer appetency to switch operator

- Increase the efficiency of marketing campaigns
  - Define the best offer and communication for each customer
  - Implement it on all direct marketing contacts (mailing, emailing and telesales) and customer induced contacts (customer care, point of sale, Web)

More and more segmented communications
### Key building blocks of growth

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
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<tbody>
<tr>
<td>A</td>
<td>Churn probability modelling</td>
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<td>B</td>
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<td>C</td>
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<td>D</td>
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<td>E</td>
<td>Responsibilities for retention</td>
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</table>
Agenda

- Premium brand
- Anti-churn
- Open innovation
High value plans for all segments

SFR HV offers

<table>
<thead>
<tr>
<th>Target</th>
<th>Essentiel</th>
<th>Illimythics 3G+</th>
<th>Illimythics 3G+ Full Internet</th>
<th>Illimythics Pro</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>30-60</td>
<td>19-30</td>
<td>Mobile experts</td>
<td>PRO</td>
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Customer needs

<table>
<thead>
<tr>
<th>Customer needs</th>
<th>Voice</th>
<th>Voice / SMS TV &amp; Surf</th>
<th>Internet emails WiFi TV Texto MMS…</th>
<th>Voice Internet emails International calls</th>
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<tbody>
<tr>
<td>1H tariff plan</td>
<td>25.90€</td>
<td>+8€ 33.90€ +11€ 44.90€</td>
<td>Christmas offer only 39.90€</td>
<td></td>
</tr>
<tr>
<td>3H tariff plan</td>
<td>38.90€</td>
<td>+11€ 49.90€ +11€ 60.90€</td>
<td></td>
<td>46.90€</td>
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# Illimythics 3G+ Full Internet Plan

## Voice advantages

<table>
<thead>
<tr>
<th>Plan</th>
<th>Description</th>
<th>Price</th>
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<tbody>
<tr>
<td>1H</td>
<td>24/24 UNLIMITED calls to 3 SFR mobile numbers</td>
<td>44.40€/month</td>
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<tr>
<td></td>
<td>or Twice more time to all operators from 6pm to 8am and week-end</td>
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<tr>
<td></td>
<td>or UNLIMITED calls to all operators from 9:30 to midnight (from 2H plan)</td>
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<tr>
<td></td>
<td>or UNLIMITED calls to all operators from 8pm to 8 am + WE (+10€/month from 3H plan)</td>
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<tr>
<td></td>
<td>or Christmas EXTRA LARGE advantage</td>
<td>39.90€/month</td>
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<tr>
<td>2H</td>
<td>52.90€/month</td>
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<tr>
<td>3H</td>
<td>60.90€/month</td>
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<tr>
<td>4H</td>
<td>72.90€/month</td>
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<tr>
<td>5H</td>
<td>82.90€/month</td>
<td></td>
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<td>6H</td>
<td>92.90€/month</td>
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<tr>
<td>10H</td>
<td>122.90€/month</td>
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## Other services

- 24/24 unlimited SFR VVM
- 24/24 unlimited SFR WiFi
- 24/24 unlimited Internet 3G+
- 24/24 unlimited TV
- 24/24 unlimited SMS and MMS all op.

## Handsets

14 handsets available from 1€
Enriched proposition for our fixed and mobile high value customers with over 2 million WiFi hotspots

SFR’s dual SSID approach allows Mobile Broadband and smartphone WiFi access

Customer benefit thanks to high density of Neufbox

Private WiFi SSID

Public WiFi SSID

Full Internet Mobile customers and MBB

Home devices at home

SFR Neufbox

Away from home devices

ADSL customers
### Smartphones applications: 1 million downloads

#### iPhone
- **8 SFR applications**

#### GPhone
- **7 SFR applications**

#### Blackberry
- **1 SFR application**

<table>
<thead>
<tr>
<th>SFR Application</th>
<th>iPhone</th>
<th>GPhone</th>
<th>Blackberry</th>
</tr>
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<tbody>
<tr>
<td>SFR TV V2 (Full Internet)</td>
<td>✔️</td>
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<td>SFR WiFi (Full Internet)</td>
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<td>✔️ ✔️</td>
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<td>VVM (Full Internet)</td>
<td>✔️</td>
<td>✔️</td>
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<td>Site Mobile</td>
<td>✔️</td>
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<tr>
<td>SFR Music V2</td>
<td>✔️</td>
<td>✔️</td>
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<td>SFR Mon Compte</td>
<td>✔️</td>
<td>✔️</td>
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<td>Find&amp;Go</td>
<td>✔️</td>
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<td>Arles 2009</td>
<td>✔️</td>
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<td>Estuaires</td>
<td>✔️</td>
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<td>Devices</td>
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<tr>
<td><strong>Windows phone</strong></td>
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<tr>
<td>Samsung Omnia II</td>
<td>299€ 49€</td>
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<tr>
<td>LG GM 750</td>
<td>1€</td>
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<td><strong>Keyboard for the mass market</strong></td>
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<tr>
<td>Blackberry Gemini Curve 8520</td>
<td>1€</td>
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<tr>
<td>MTV 4.0</td>
<td>1€</td>
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<tr>
<td><strong>A large range of smartphones</strong></td>
<td></td>
<td></td>
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<tr>
<td>Blackberry Storm 2 9520</td>
<td>149€ 49€</td>
<td></td>
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<tr>
<td>and more</td>
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<tr>
<td><strong>First Windows 7 3G+ embedded netbook</strong></td>
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<tr>
<td>EeePC 1008</td>
<td>299€</td>
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Mobile devices strongly associated with Illimythics 3G+ Full Internet offers and applications

A large choice of mobile broadband offers for netbooks
Mobile broadband offer portfolio covering all needs and benefiting SFR clients

Tariffs for all customers
- 24/7 unlimited 39.90€
- Unlimited WE + evening 24.90€
- Box + key 39.90€
- Adjustable 10€
- Prepaid

Specific tariffs for SFR customers
- - 10€
- - 5€
- - 5€
- - 5€

The most competitive offer of the market
« Entrepreneur Pack » a complete broadband, fixed and mobile telephony bundle

Internet and fixed telephony + Business day unlimited mobile telephony + Mobile Internet + All SFR Service
Open innovation to reach out to all our customers

In partnership with Europ Assistance, SFR has designed a specific offer to stay in touch with your family, ease your everyday life and if need be assist you 24/24.
Give customers a large choice of services: SFR TV/VoD offer

<table>
<thead>
<tr>
<th>FIXED</th>
<th>MOBILE</th>
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<td><strong>included</strong></td>
<td><strong>Included</strong></td>
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<tr>
<td><strong>Canal+</strong></td>
<td><strong>Canal+</strong></td>
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<tr>
<td>+ 150 channels included</td>
<td>20 channels included for les in Illimythics 3G+ and Full Internet plans</td>
</tr>
<tr>
<td>35 €</td>
<td>From 23.90€</td>
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<tr>
<td>9.90 €</td>
<td>8 €</td>
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<tr>
<td><strong>Extended</strong></td>
<td><strong>Extended</strong></td>
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<tr>
<td><strong>Canal+</strong></td>
<td><strong>Canal+</strong></td>
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<tr>
<td>15 €</td>
<td>30 channels included in forfaits I/G Phone (MTV &amp; AB)</td>
</tr>
<tr>
<td>9.90 €</td>
<td>10 €</td>
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**Bouquet Grand Spectacle** 19,90 €/mois

**Bouquet Sélection** 10,90 €/mois

- **Cinéma**
- **Divertissement et Culture**
- **Jeunesse**
- **Musique**
- **Sport**
- **Découvertes**
- **Information**

**26 TV options** (channel pack or unit channel)

**20 ethnic options**

**VOD/Catch-up**

**Pass TV**

**CANALSAT MOBILE**

- Généralités
- Musique
- Découverte
- Étrangerès
- Sport
- Informations

**CANAL+ MOBILE**

- Humour
- Cinéma
- Sport
- Info

**Fixed**

- TV options
- Ethnic options

**Mobile**

- 30 channels included (MTV & AB)
**Catch-up and VoD**

- **Aug. 4th 2009**: Launch of catch-up TV, M6 Replay. Strong adoption: M6Replay used by 15% of IPTV customers.

- **Oct. 6th 2009**: Launch of catch-up TV, Canal à la demande. Strong adoption: Canal à la demande used by 30% of Canal IPTV subscribers.

Video: Dailymotion
SFR live concerts on all screens

Channel 80

Mobile

Web: www.live-concert.sfr.fr
Et le monde est à vous.