



Et le monde est à vous.

SFR

Investor presentation

October 2010

AGENDA

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Integrated fixed/mobile operator with strong assets

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H1 2010 performance overview

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1

Integrated fixed/mobile operator with strong assets

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H1 2010 performance overview

SFR is well positioned to create value

We have the right size...

- ❑ Integrated fixed/mobile operator
- ❑ €12.4bn turnover (2009)
- ❑ N°1 alternative operator in France on
 - ✓ Fixed and Mobile
 - ✓ Consumer, Enterprise, Wholesale

... and key assets to leverage

- ❑ Large customer bases and strong brand
- ❑ Strong distribution and customer care channels
- ❑ Converged IP broadband network infrastructure

A unique position

- ❑ **Largest alternative operator in Europe by revenues** ➔ **A global player scale**
- ❑ **Strong market positions and assets** ➔ **Local strength**

SFR, 1st alternative operator on all telecoms market segments

SFR covers all segments of the French telecoms market

Consumer

Enterprise

Wholesale

Addressing more than 25m customers

❑ 20.6m mobile customers, with 75% postpaid

❑ 4.7m broadband Internet customers

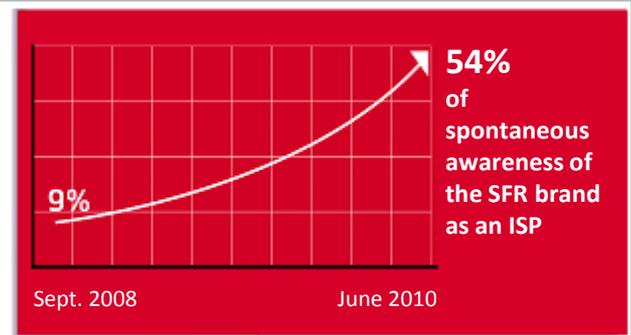
❑ 140k enterprise customers

❑ 200 operators and 10 MVNOs

At the end of June 2010

SFR, a well-established and powerful brand

❑ From a mobile-specialist brand to a global operator brand



Strong distribution and customer care channels



Controlled physical distribution



820 « espace SFR »
5,000 sales people



SFR web site



~15% of total sales made online
~50% of total customer care acts done via online selfcare

SFR Service Client Call Centers



11,000 advisors
120,000 contacts per day



SFR assistance



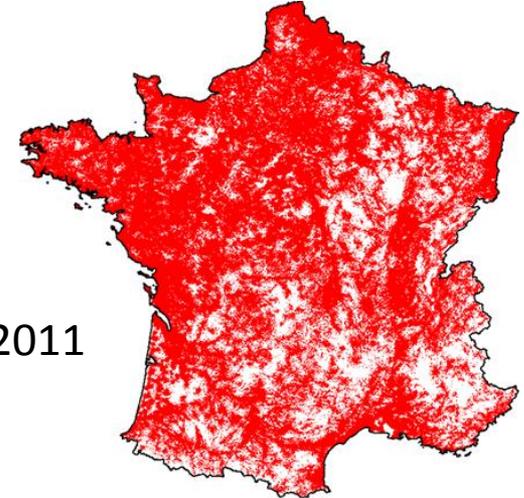
1,200 technicians
20,000 acts per month

Leading alternative broadband infrastructure in France

Leading Mobile Broadband network

- ❑ **18,000** radio sites
- ❑ **99%** 2G coverage*
- ❑ **>84%** 3G coverage* as of mid-2010
- ❑ **98%** 3G coverage* targeted by end 2011

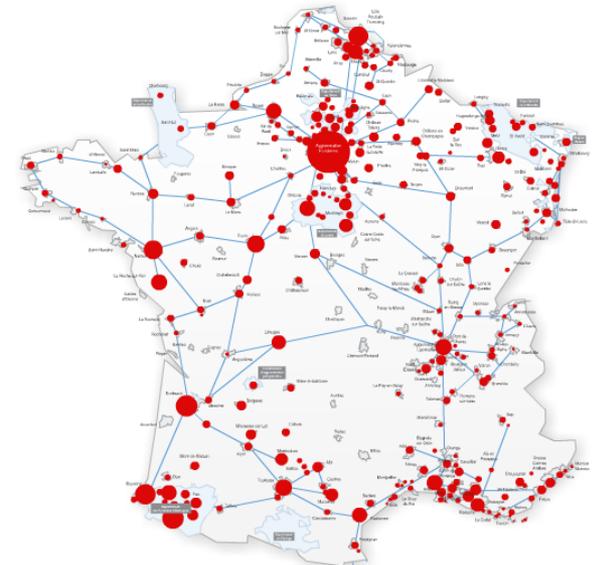
3G/3G+ network coverage at end 2011



The 1st alternative Fixed Broadband infrastructure

- ❑ **73%** unbundled ADSL coverage*
- ❑ **57,000 km** fiber backbone
- ❑ **3m** WiFi hotspots

Fixed network infrastructure



* % population covered

Leveraging synergies between fixed and mobile networks

Objectives:

- ❑ Increase network capacity to manage mobile data traffic growth
- ❑ Enhance mobile broadband access performance to improve user experience
- ❑ Build an efficient “pipe” which reduces data transmission costs

❑ Off-loading traffic to the fixed network

✓ **WiFi:** “Always best connected” application facilitating seamless roaming on SFR’s 3m WiFi hotspots for 3G dongles and webphones



✓ **Femtocell**



❑ Connecting cellular radio sites to the transport network using own fixed transmission solution

✓ **ADSL:** 80-90% OPEX reduction

✓ **Fiber:** considerable capacity increase and no more OPEX to 3rd party

AGENDA

1

Integrated fixed/mobile operator with strong assets

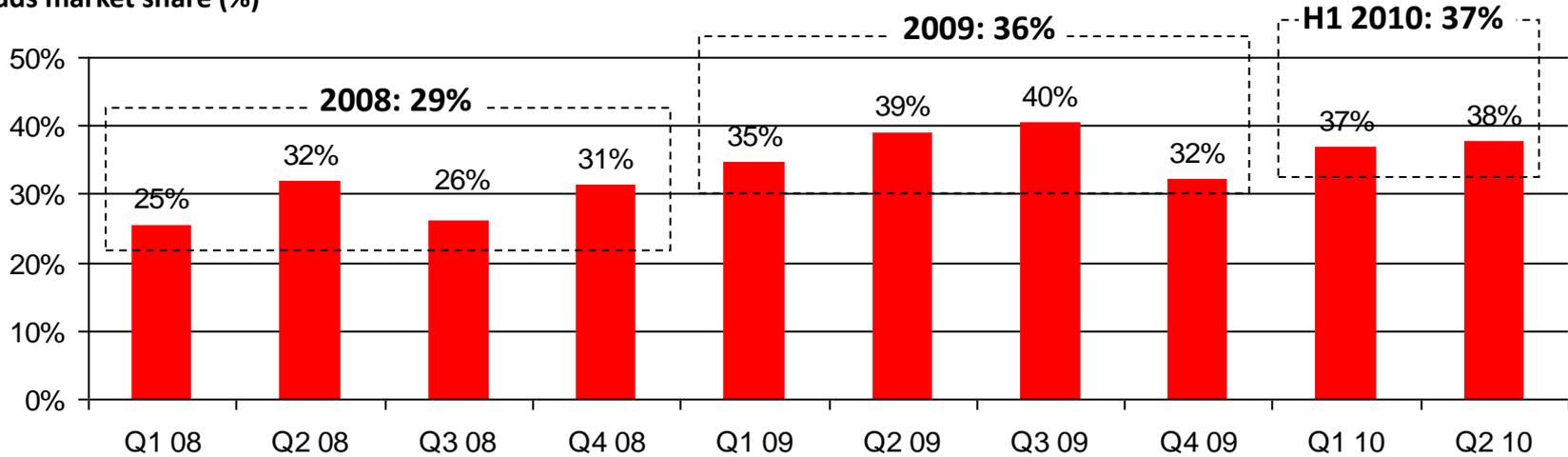
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H1 2010 performance overview

Mobile commercial performance

Postpaid net adds : SFR # 1 in postpaid customer recruitment in H1 2010

Mobile postpaid net adds market share (%)



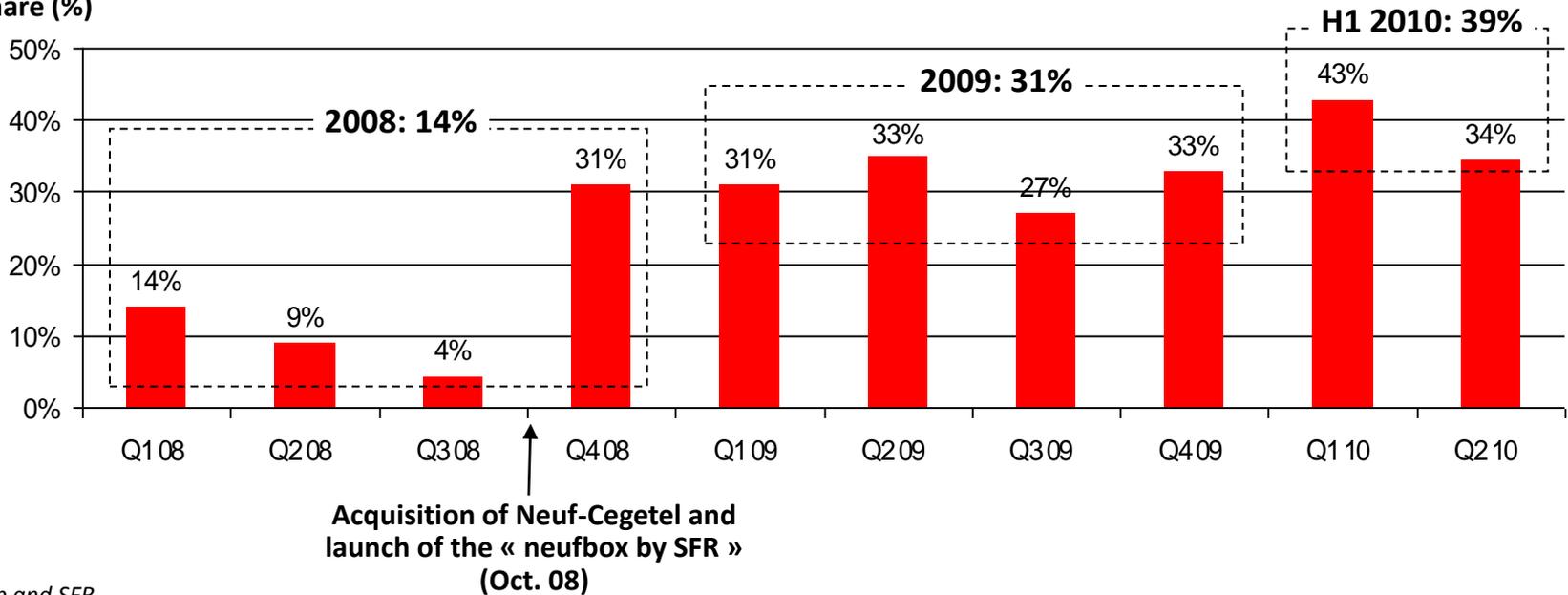
Source: Arcep and SFR

- +540k postpaid customers in H1 2010
- Share of postpaid customers growing at 75% of total base (+5 pts YoY)

Fixed Broadband Internet commercial performance

Broadband Internet net adds : ~30% net adds market share maintained since end 2008

ADSL net adds
market share (%)



Source: Arcep and SFR

- ❑ +528k broadband Internet net adds in H1 2010, #1 in recruitments over the period
- ❑ 12-month ADSL churn decreased by -2 pts YoY

Operational highlights

LA POSTE MOBILE

- SFR in exclusive negotiations with La Poste for a partnership to launch a mobile offer (MVNO)
- A growth opportunity based on one of the largest French distribution networks (17,000 points of contact)



DIFFERENTIATED TARIFFS

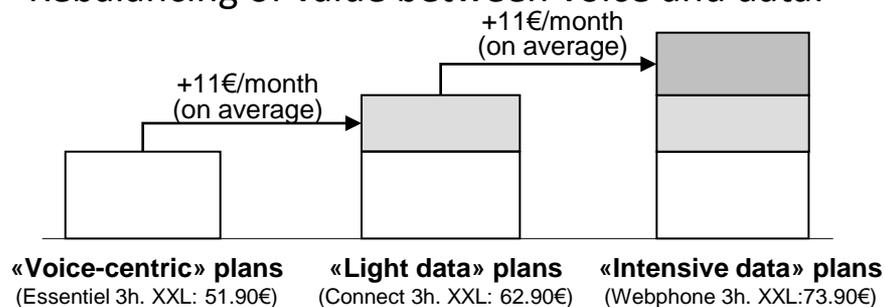
- June 2010: 1st « SIM only » offer available with all postpaid plans for customers not wishing a new handset
- August 2010: 1st family pack offer providing benefits to customers with 2 or more lines



Les Multi-Packs de SFR

VALUE MOVING INTO DATA

- May 2010: launch of new « Illimythics 5 » mobile tariffs for postpaid customers
- Rebalancing of value between voice and data:



Source: SFR's « Illimythics 5 » tariffs as of Oct 5th, 2010

SERVICES ON WEBPHONES



Mon Compte
(My account)



Sauvegarde
Contacts
(Directory back-up)



Répondeur +
(Voice mail +)



Homescope
(Video monitoring)

10 SFR apps providing enhanced customer experience of SFR services on webphones (~3.5m downloads to date)

Zoom #1: Growth in broadband access

MOBILE
BROADBAND

FIXED
BROADBAND

CLIENT BASES

June 2009

June 2010

Webphones

0.3m

x6

2.0m

PC

(3G usb key)

441k

+77%

781k

Consumers

(households)

4.2m

+13%

4.7m

Enterprises

(direct links)

169k

+7%

181k

DATA

REVENUE GROWTH

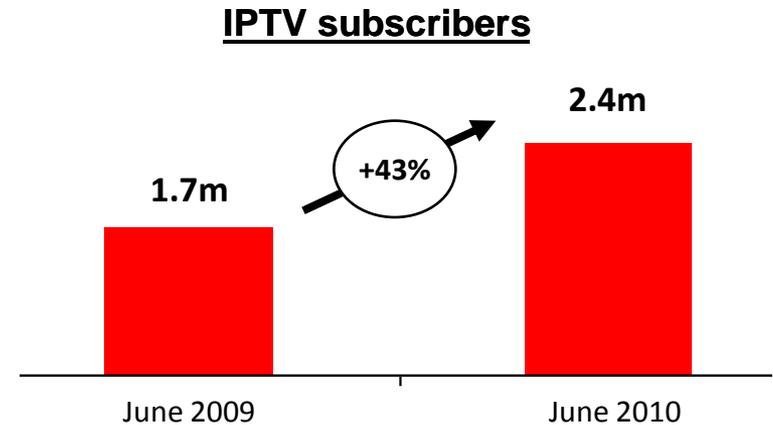
(H1 2010 vs H1 2009)

+18%
mobile data
revenues growth

+10%
fixed data
revenues growth

Zoom #2: Growth in IPTV services

- ❑ 2.4m IPTV users i.e. 52% of the ADSL customer base (+11 pts YoY)
- ❑ IPTV services penetration driven by the commercial success of the neufbox triple-play offer and continuation of unbundling



TV

- ✓ More than 150 channels included and more than 170 optional channels
- ✓ ~600k subscribers to pay-TV bouquets and channels at mid-2010 (vs. ~500k at end 2009)
- ✓ 8 High Definition TV channels offered



Video and TV on Demand

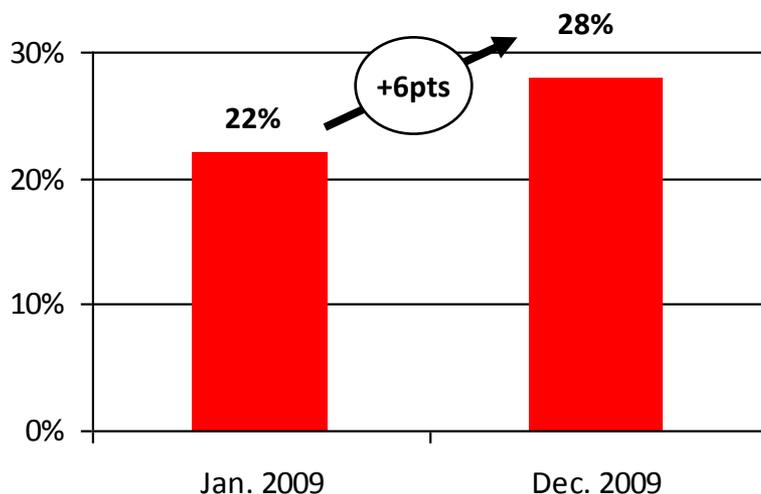
- ✓ More than 7,000 films in the VoD catalogue
- ✓ Success of catch-up TV services launched in partnership with M6 and Canal+
- ✓ 26m videos viewed in H1 2010 vs. 17m for FY 2009 (incl. VoD, S-VoD and catch-up TV)



Zoom #3: Growth in Enterprise

Common fixed / mobile Enterprise customers

% total Enterprise customer base



Innovative packaged solutions introduced since early 2010 for SMEs and large corporates



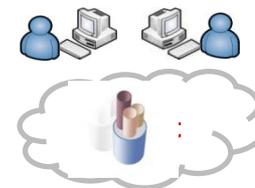
SFR Business Serenity
(security solution)



Video conferencing



Pack Business
(integrated solution for SMEs)



Infrastructure
as a Service

- ❑ SFR Business Team, a dedicated entity for the Enterprise market
- ❑ 140k customers, large presence on all market segments (incl. 90% of CAC 40 firms)
- ❑ Growth opportunities in Fixed services based on complementary customer bases (~35% market share in Mobile vs. ~12% in Fixed)

H1 2010 SFR Financials

□ Solid organic revenue growth in H1 2010

- ✓ Mobile services revenues: +5.3% excl. regulatory impact*
- ✓ Broadband & Fixed revenues: +5.9%

□ Mobile EBITDA: €1,706m, +1.7%

- ✓ Continuing commercial investments and strict fixed cost control
- ✓ Mobile/SMS termination rate cut impact*

□ Broadband & Fixed EBITDA: €408m, +20% excluding non-recurring items

- ✓ Growth driven by broadband
- ✓ Non-recurring positive items for €42m in 2010 (non-cash)

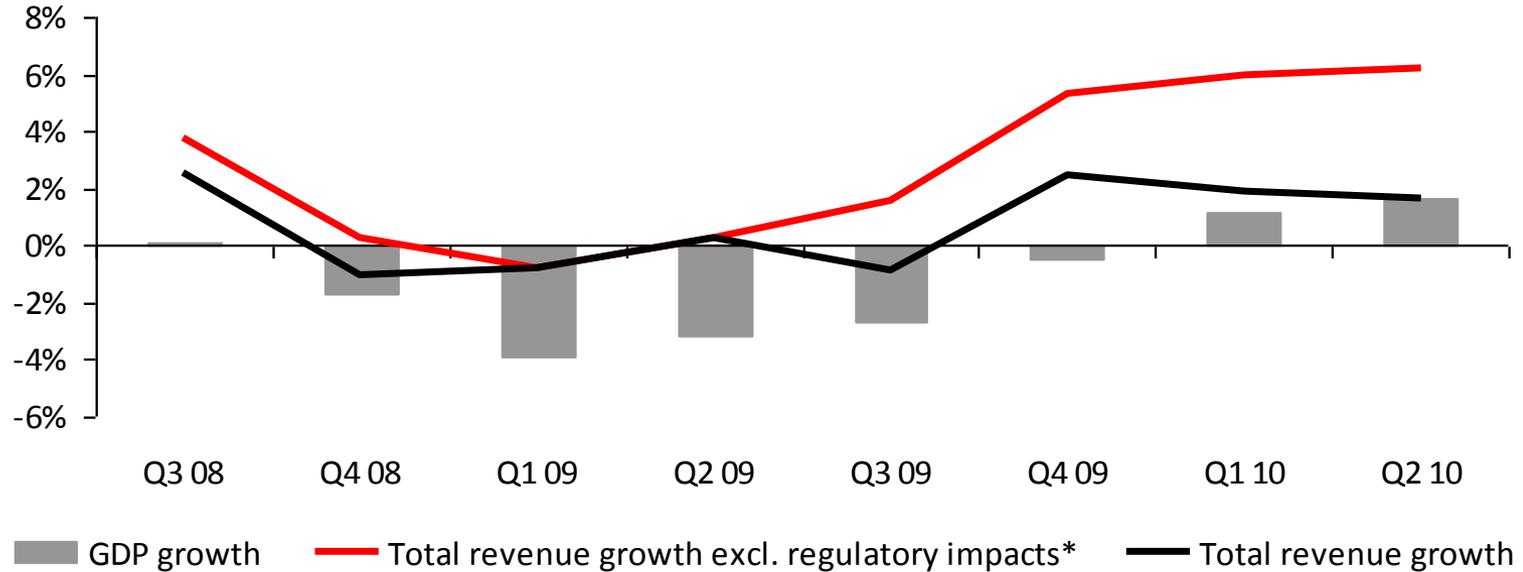
in euro millions - IFRS	H1 09	H1 10	Change	FY 09
Revenues	6,140	6,248	+1,8%	12,425
<i>Mobile</i>	4,442	4,430	-0,3%	8,983
<i>Broadband Internet & Fixed</i>	1,865	1,975	+5,9%	3,775
<i>Intercos</i>	-167	-157		-333
EBITDA	1,983	2,114	+6,6%	3,967
<i>Mobile</i>	1,677	1,706	+1,7%	3,306
<i>Broadband Internet & Fixed</i>	306	408	+33,3%	661
EBITA	1,296	1,368	+5,6%	2,530

* Mobile termination rates down 31% since July 2009 and SMS termination rates down 33% since February 2010

Revenue growth trends

SFR revenue growth vs. France GDP growth, per quarter

YoY quarterly growth



Source: Insee and SFR

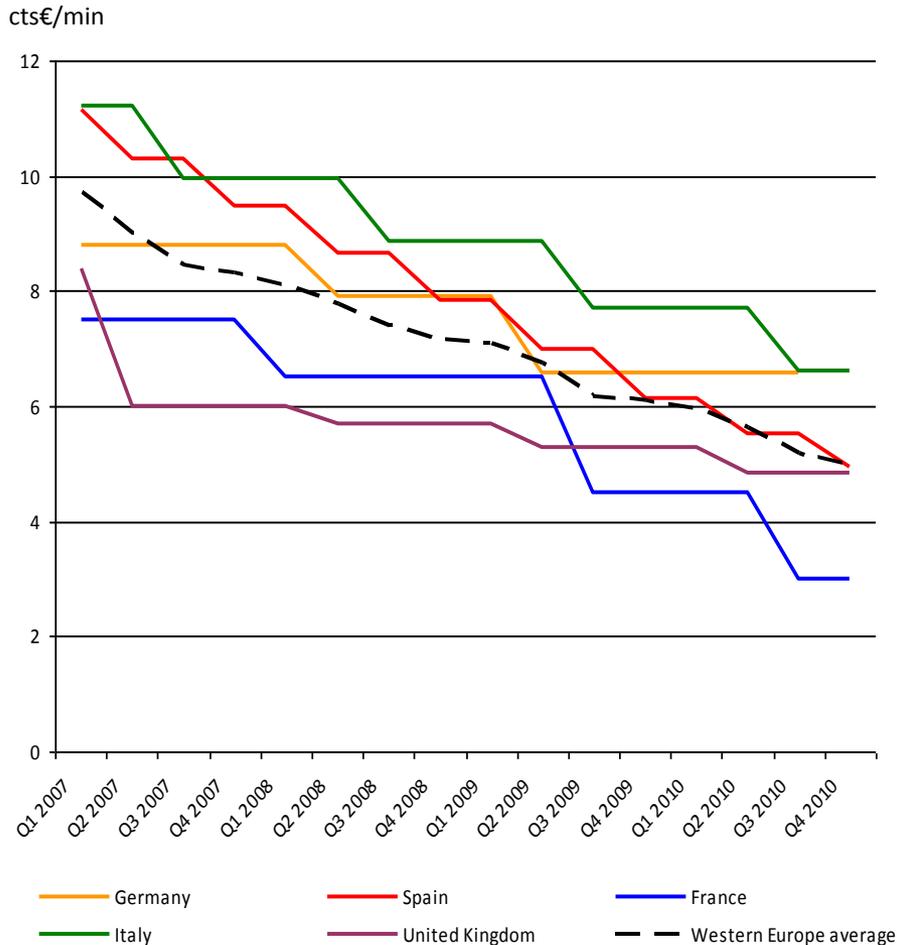
- ☐ SFR revenue growth trends improving despite impacts from regulation
- ☐ Resilience of SFR revenue growth to France GDP growth slowdown

* Mobile termination rates cuts, SMS termination rates cuts and fixed termination rates cuts

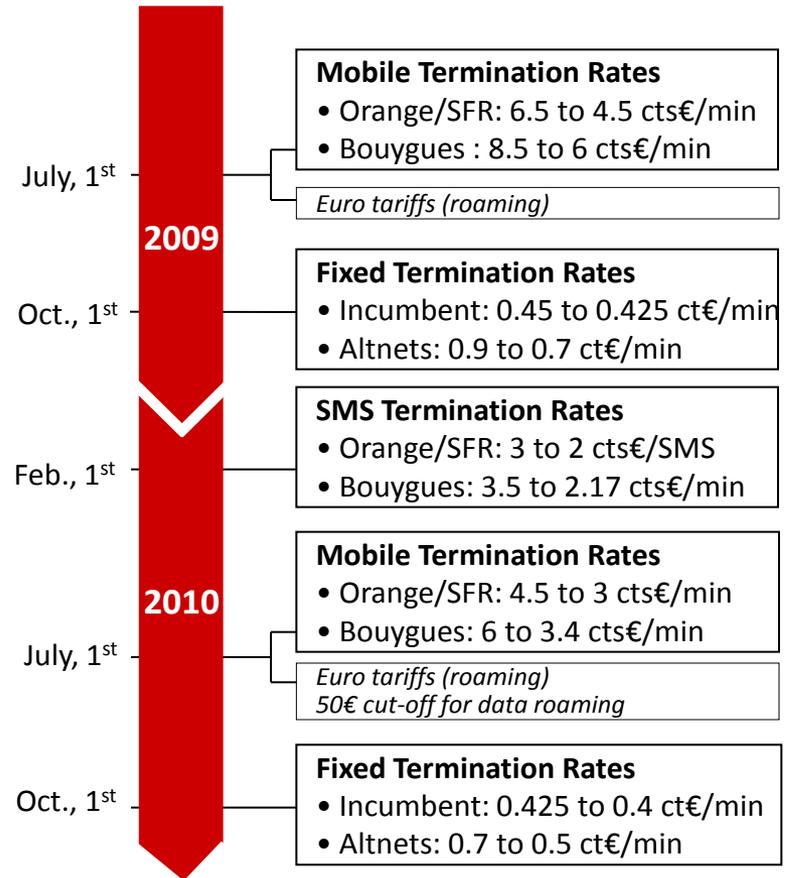
Impacts from regulation

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

Mobile Termination Rates evolutions

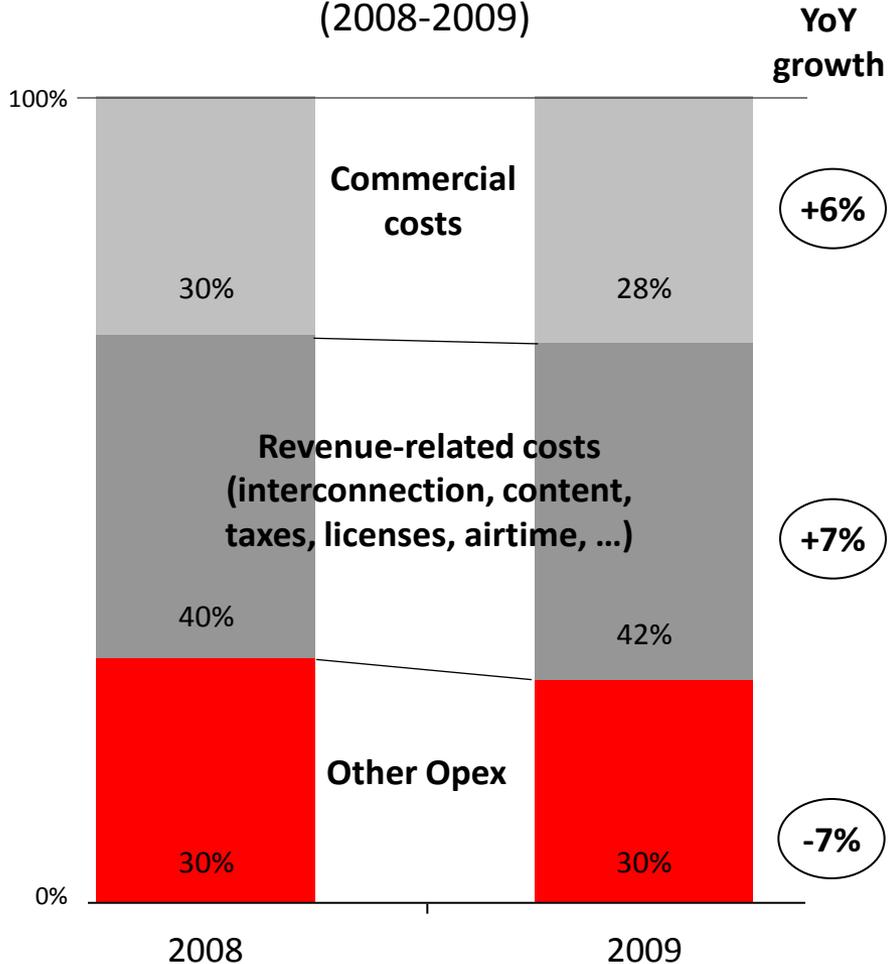


Termination rates cuts over 2009-2010



Control of OPEX

OPEX evolution (2008-2009)

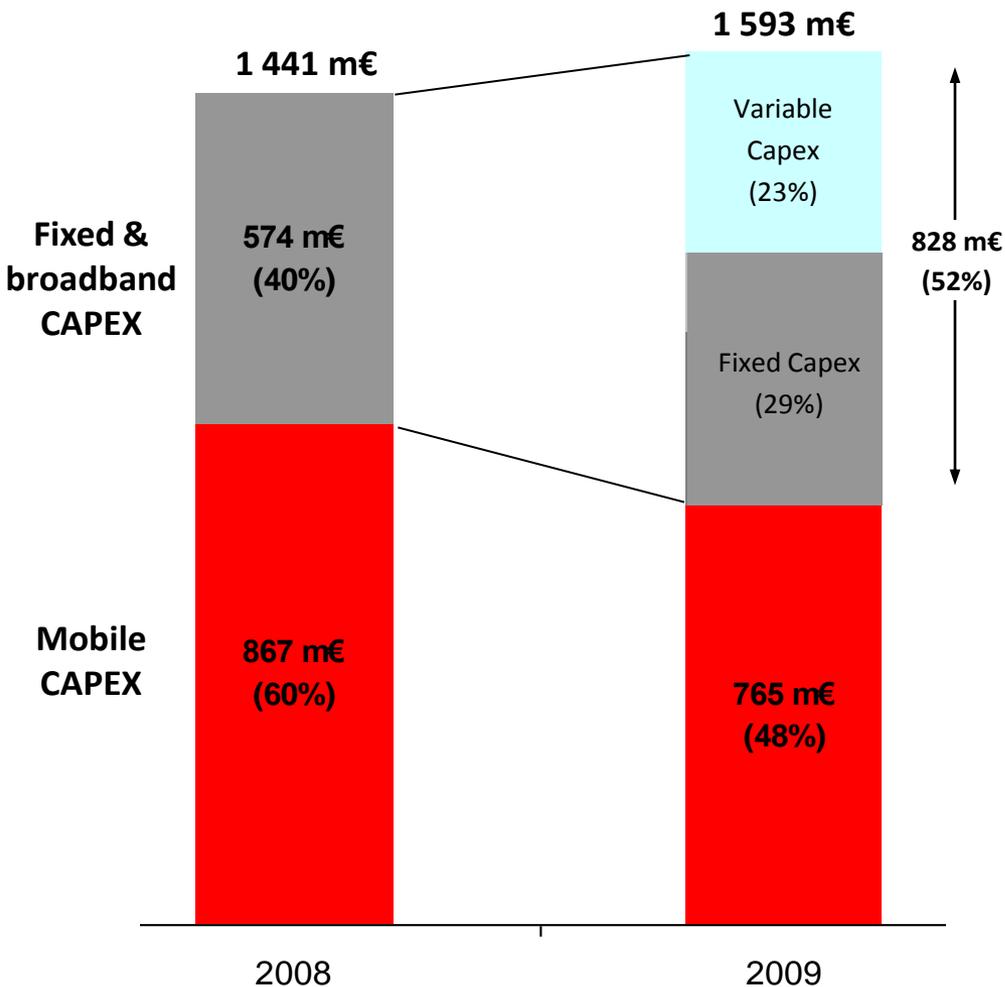


FY 2010 OPEX trends

- Slight increase of acquisition and retention costs in order to support commercial momentum in 2010 (incl. +440k iPhone in H1)
- Slight decrease of revenue-related costs in 2010 vs. 2009, related to termination rate cuts
- Continuing reduction trend of other Opex in 2010 due to strict control of non-variable costs, while the number of customers and network traffic significantly increase
 - ✓ Optimization of network and IT costs (e.g. maintenance, fixed/mobile network synergies)
 - ✓ 150-200 m€ SFR/Neuf Cegetel merger synergies target for 2010

Control of CAPEX

CAPEX evolution (2008-2009)



FY 2010 CAPEX trends

Stable CAPEX trend year-on-year, with rebalancing of investments between Fixed and Mobile in 2010 vs. 2009 :

- ❑ Decrease of Fixed & Broadband CAPEX reflecting :
 - ✓ Investments made in 2009 in ADSL network quality
 - ✓ Continued investments in 2010 in ADSL and fiber networks deployment
- ❑ Increase of Mobile CAPEX reflecting rise in 3G network investments for coverage and capacity to support mobile broadband growth
- ❑ In addition, 300 m€ investment in 3G spectrum (5 MHz) in May 2010

SFR FY 2010 Guidance

❑ Initial FY 2010 Guidance (announced March 1st, 2010):

- ✓ Mobile: slight decrease in EBITDA
- ✓ Broadband & Fixed: slight increase in EBITDA

❑ Revised FY 2010 Guidance (announced September 1st, 2010):

- ✓ Mobile: slight decrease in EBITDA / Confirmed
- ✓ Broadband & Fixed: double-digit increase in EBITDA,
incl. non recurring items for +€50m / Slightly upgraded