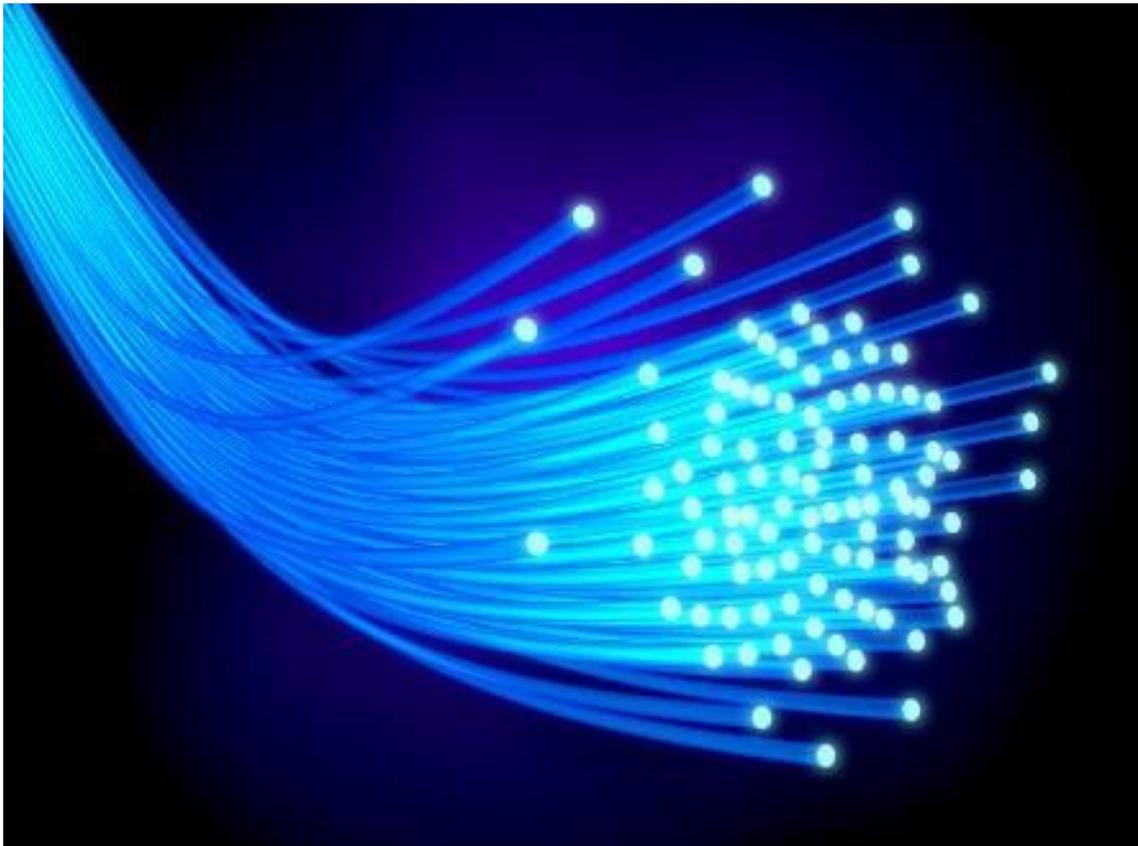


**Contract signed for new superfast
broadband public
service concession**



PRESS KIT
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Superfast broadband for everyone: a local priority

For the Pau Béarn Pyrénées urban area authority (CAPBP) in south-western France, commitment to a policy of digital infrastructure development represents a key priority. “Pau Broadband Country”, France’s first full fibre network, was a pioneering project in terms of superfast broadband rollout, making Pau one of the first large French cities to enjoy FTTH (Fibre to the Home) coverage.

The urban area authority will have invested more than €36 million since 2003 in the construction of France’s first public superfast fibre network. The network operation and marketing aspects were initially entrusted to AXIONE via the company Société Paloise pour le Très Haut-Débit (SPTH), as part of an affermage contract signed in 2003. The contract is set to expire in October 2018.

The network currently includes some 63,000 possible fibre connections, serving around 68% of the 92,000 premises covered within the urban area’s initial scope, before it was extended to 31 further municipalities. Since this extension in January 2017, 67,000 additional premises are to be connected.

New public service concession contract

On 31 May 2018, the urban area authority voted in favour of awarding a new public service concession contract for superfast broadband to the company “La Fibre Paloise”.

Set up by a consortium comprising Axione, Bouygues Energies & Services and Axione Infrastructures, La Fibre Paloise will fulfil the project commitments towards the urban area authority. The most immediate challenge facing the company is to continue and finalise the process started under the first concession contract, completing service coverage both from a geographical and marketing point of view.

The contract is due to start on 10 October 2018 for a period of 15 years.

Under the affermage contract, the concessionaire will be responsible for:

- upgrading the network in such a way as to offer access to gigabit broadband (minimum of 1GB),
- continuing to operate the 63,000 connections built by the CAPBP urban area authority and due to be leased,
- building the 27,500 additional connections which will fully cover the area and deliver superfast broadband to all homes and businesses in the so-called “core area” – this means providing full coverage for the city of Pau and neighbouring municipalities of Lons, Billère, Lescar, Bizanos and Idron and significant coverage for four other municipalities: Gelos, Jurançon, Mazères-Lezons and Lée.

The contract stipulates that the installations should be completed by 10 December 2019 at the latest, within a 14-month timeframe.

NB: with respect to the areas not covered by the contract (the so-called “non-core area” and the remaining areas to be covered for the four core area municipalities), the urban area authority has transferred ownership to the Department, granting it a delegation of authority to build around 13,000 additional connections that will also cover 100% of needs.

New providers entering the market

With the signing of this new contract comes the announcement that Free and Bouygues Telecom are set to enter the consumer market at the end of 2019, joining the three existing communications providers: SFR, Orange and Kiwi.

Significant financial implications

From a financial point of view, the contract provides that the CAPBP urban area authority shall receive:

- **a fixed affermage fee of €3.2 million per year, or €48 million** over the 15-year period, to which may be added a **(variable) performance** fee estimated at an average of **€2 million** per year, based on the “consumer” subscriber base and professional market, or **at €26.5 million over** the 15-year period.
- **a flat monitoring fee of €100K, increased by €100K in year 13** to perform a network audit, representing €1.6 million in total.

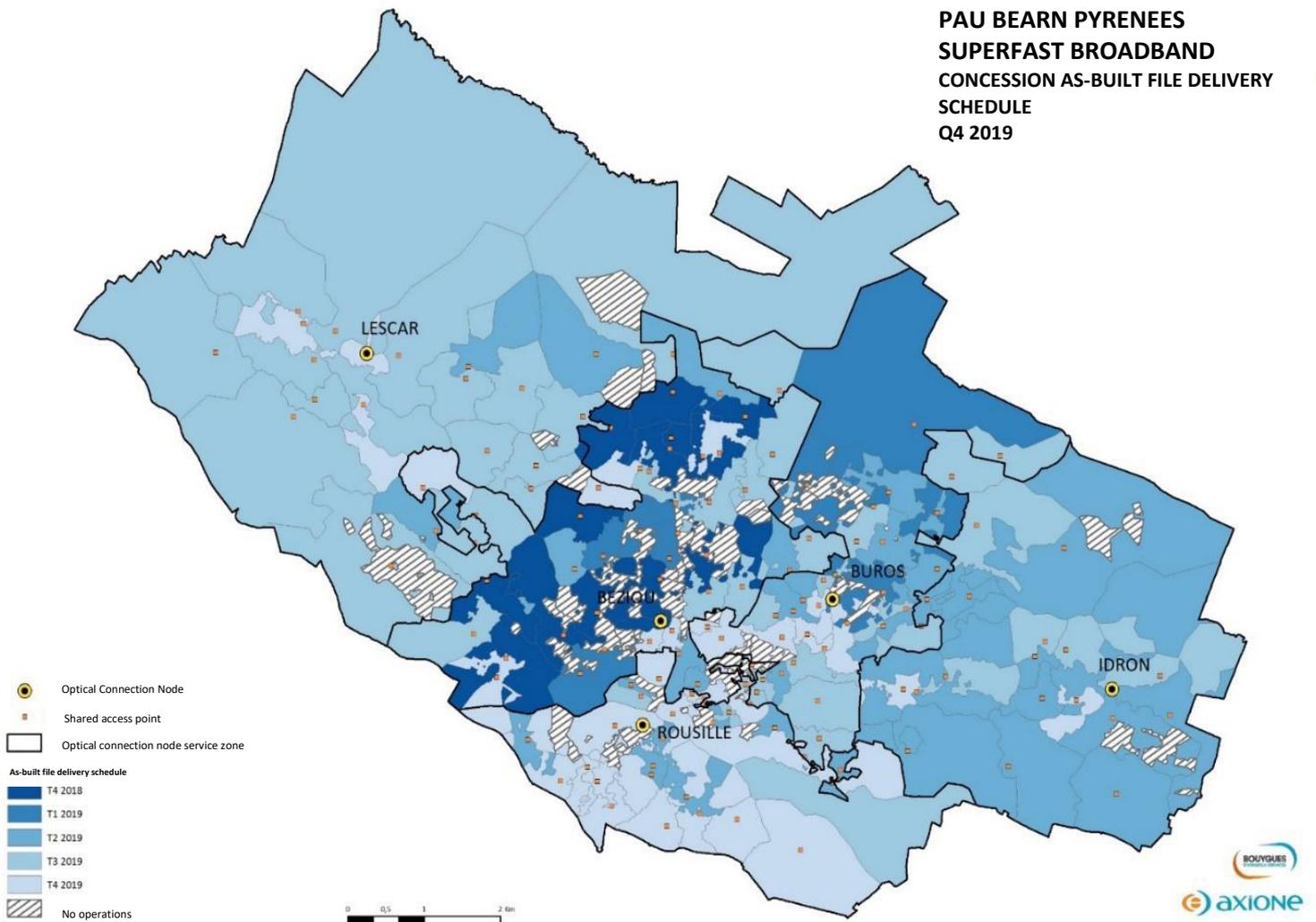


The contract also provides for a “better fortunes clause” of 10% in the event of an improvement in the project finances.

Employment and training implications

- La Fibre Paloise will offer the equivalent of 101 full-time jobs throughout the duration of the construction of the network – some 324,614 hours of work – relying mainly on its local branches;
- The concessionaire will set up a platform to address all training and social inclusion needs;
- A partnership is to be established with vocational training body Greta Sud Aquitaine and the Saint-Cricq secondary school in Pau to provide training in fibre trades;

- An estimated 35,000 hours of social inclusion programmes and 7,676 hours of training are due to be provided throughout the duration of the project.



Axione, a major player in Pau's economy

Axione, which has been operating in the Pau area since 2003, is now a major economic player in the region's information technology sector. It has a strong local presence, comprising:

- an operations centre in Pau (open 24/7), set up in 2003 under the first public service concession, which has grown considerably and today services Axione's national and international needs;
- a works and maintenance branch in the area.

Axione employs more than 120 people in the Pau area with various backgrounds (technicians and managers), representing the full diversity of its business lines: customer service, network operation, information systems administration, deployment and maintenance of fixed and mobile networks.

Presentation of consortium

✓ AXIONE

Part of the BOUYGUES Construction group, Axione is a wholly owned subsidiary of BOUYGUES Energies & Services and a major player in the digital development sector. Axione designs, builds, finances and operates next-generation shared digital infrastructure as part of local authority-driven public initiative networks.

Thanks to its position as a neutral operator, Axione enables all telecommunications companies and Internet Service Providers to access the infrastructure it manages under the same conditions. It thus helps to foster competition and develop regions.

Axione builds lasting partnerships with its clients and the regions in which it operates through long-term contracts. Its commitment to local and sustainable regional development is reflected, in particular, in a proactive local employment policy.

AXIONE operates 24 Public Initiative Networks in France, serving 4 million people. Some 800,000 consumers and more than 10,000 businesses and public-sector companies use networks operated by AXIONE every day.

The company has signed contracts to build 1,300,000 FTTH connections and operate 2,500,000 FTTH connections within the framework of next-generation public initiative networks.

KEY STATS

- 1,300 employees
- €2 billion worth of investments under management
- €350 million in consolidated sales
- 30 branches in 4 countries

Press contact: communication@axione.fr

✓ BOUYGUES Energies & Services

Bouygues Energies & Services is a player in the energy, digital and industrial transition.

From engineering through to construction and operation, the Bouygues Construction subsidiary delivers bespoke solutions and services for public infrastructure (energy, telecoms, transport), buildings and industrial processes.

Bouygues Energies & Services employs 13,000 people in France, the UK, Switzerland, Canada and Africa. It generated €2.6 billion in sales in 2017. Find out more at www.bouygues-es.com

✓ [AXIONE Infrastructures](#)

Having achieved sustained growth and strengthened their industrial capacity, Bouygues Energies & Services and its subsidiary Axione in 2009 joined forces with major partners to set up Axione Infrastructures, the first financial vehicle entirely dedicated to Public Initiative Network investments.

The capital of the AXIONE Infrastructures holding company is held by:

- leading financial investors: Caisses d'Epargne investment fund (MIROVA) has a 55% share and Caisse des Dépôts et Consignations a 30% share;
- the BOUYGUES Construction group, through its subsidiaries BOUYGUES Energies & Services and AXIONE (15%).

In 10 years, AXIONE Infrastructures has become a major player in regional digital development in France and has carved out a leading position in the national FTTH public initiative network market, managing around 35% of total connections under contracts for local and regional authorities.

It is currently running 12 public concession contracts, covering 8 departments and four cities.

AXIONE Infrastructures is a key local economic player in the Pau area through its management of the SPTH contract, which represents a total investment of around €34 million, including €5 million of public funding.