



# Altice enters US market with acquisition of Suddenlink

*May 20, 2015*



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## TRANSACTION OVERVIEW



**First move into the US market with 70% acquisition of Suddenlink**

**Existing shareholders BC Partners and CPPIB to retain 30% stake**

**Acquisition values Suddenlink at 7.6x synergy-adjusted<sup>1</sup> EBITDA  
(7.3x based on tax-adjusted EV)**

**Suddenlink to become unrestricted subsidiary of Altice SA**

**Transaction expected to close in Q4 2015**

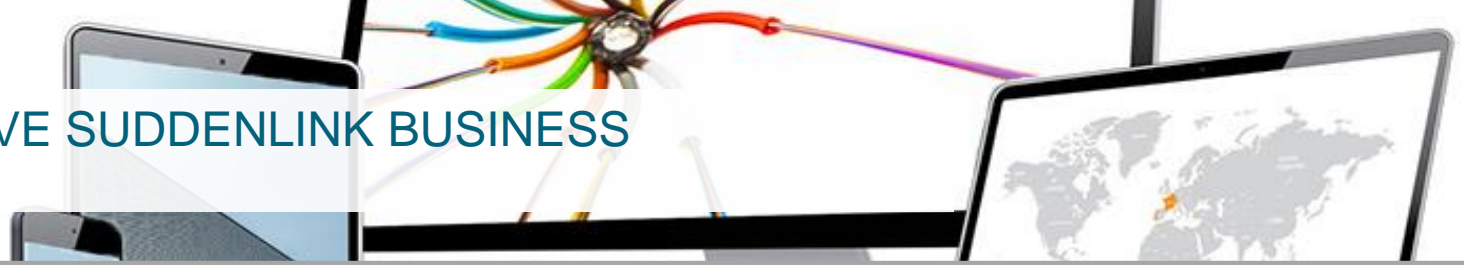
<sup>1</sup> Based on run-rate synergies of \$215m

## ACQUISITION RATIONALE FOR ALTICE



- ✓ Entry into the large and attractive US cable market
- ✓ High quality cable asset with strong in-footprint competitive positioning
- ✓ Significant growth momentum: market share gains, bundling, penetration upside, B2B
- ✓ Substantial cost savings and synergies with Altice's proven track record
- ✓ Significant in-market consolidation opportunities
- ✓ Diversification of Altice's geographic exposure
- ✓ Attractive acquisition financing

# HIGHLY ATTRACTIVE SUDDENLINK BUSINESS



  
 2014 Revenues: \$2,331m  
 2014 EBITDA: \$905m (38.8% margin)  
 2014 Capex: \$417m (17.9% of sales)

	Video	Broadband	Fixed Telephony	Total
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<b>2014 Revenue / % of total<sup>1</sup></b>	\$1,164m / 50%	\$749m / 32%	\$205m / 9%	\$2,331m
<b>2012-2014 Revenue CAGR</b>	1.8%	15.5%	4.0%	6.5%
<b>PSUs<sup>2</sup> (Q1-2015)</b>	1,132k Basic 874k Digital	1,249k	600k	2,981k
<b>Penetration<sup>3</sup></b>	36.0%	37.3%	20.7%	45.2%

- 7th largest US Cable operator
- Strong growth track record
- Balanced revenue mix
- Penetration upside

Source: Company

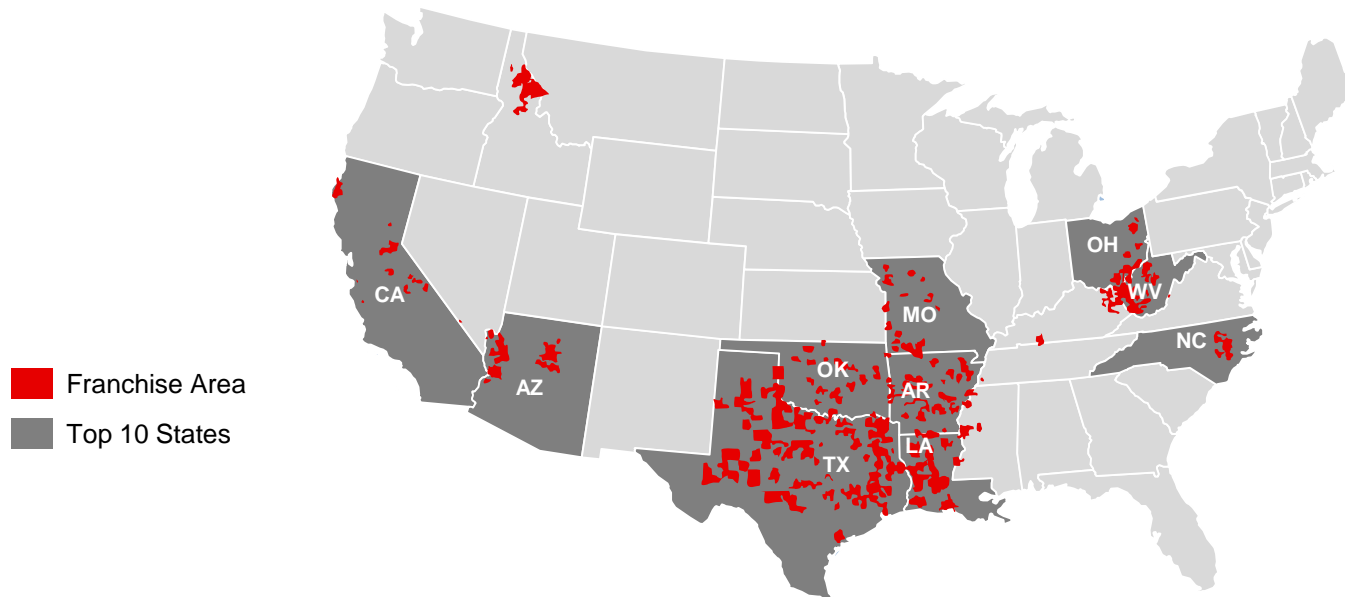
<sup>1</sup> Including B2B. Additional revenues come from advertising, installation and others.

<sup>2</sup> Defined as Basic Video subscribers + broadband subscribers + telephone subscribers.

<sup>3</sup> Penetration as % of Homes Passed. As at December 31, 2014.

# LEADER IN MARKETS WITH FAVOURABLE COMPETITIVE DYNAMICS

## Suddenlink footprint



## Unique cable footprint

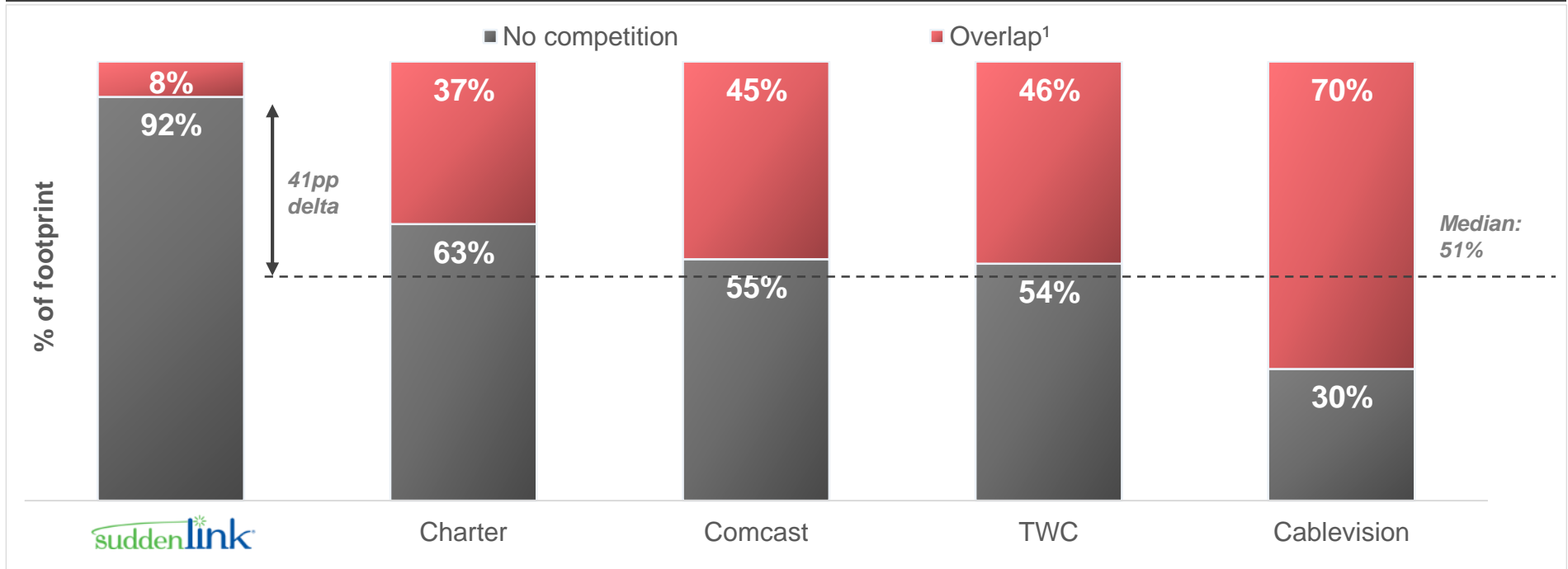
Fiber overbuild (%HP)		Telecoms competition	
Verizon FiOS	0.0%	AT&T	62%
AT&T U-Verse	5.7%	Centurylink	16%
Other	3.9%	Frontier	14%
Fiber Overbuild	9.6%	Verizon <sup>1</sup>	3%
		Other	5%

Note: All figures as of 12/31/14

<sup>1</sup> Pending acquisition of Verizon properties by Frontier

# HIGH QUALITY NETWORK WITH UNIQUE COMPETITIVE POSITION

## Suddenlink: leading next generation network in its footprint

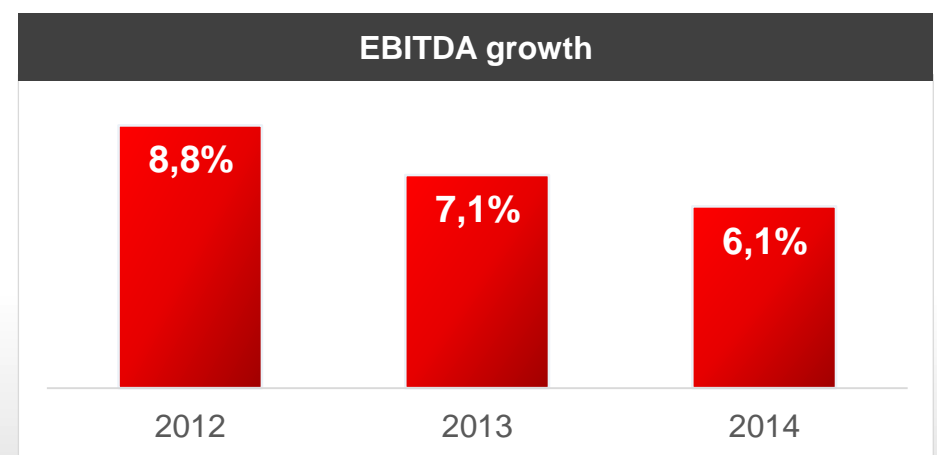
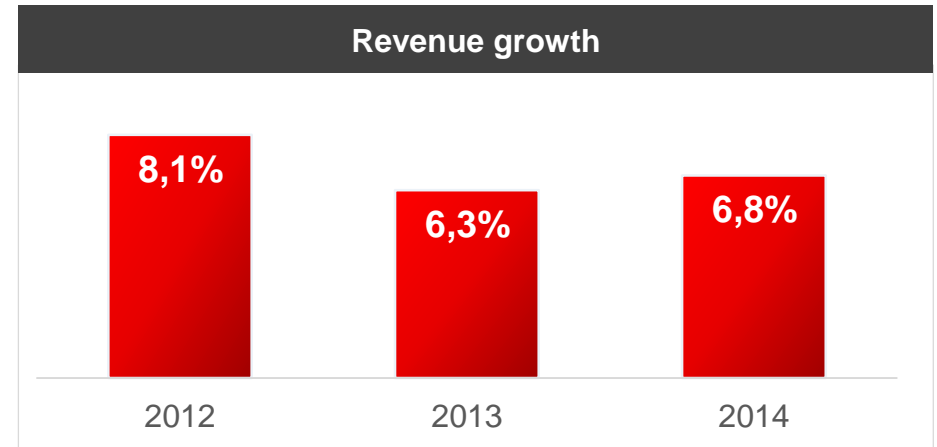
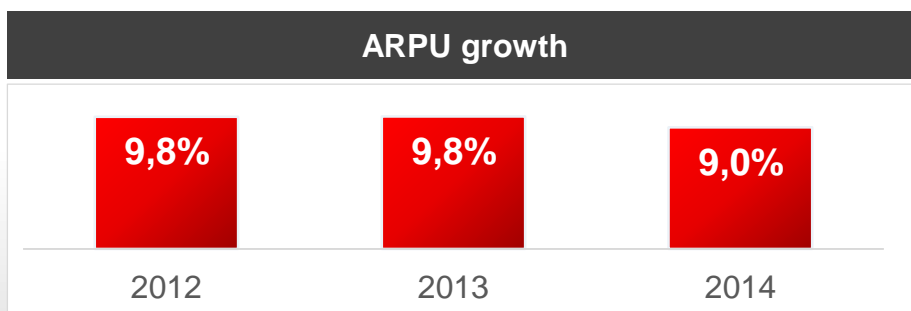
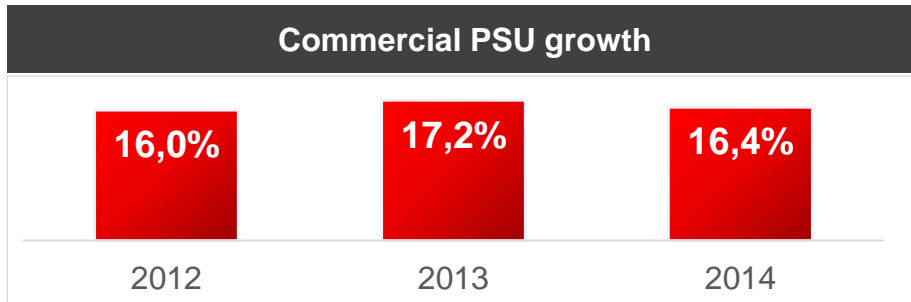
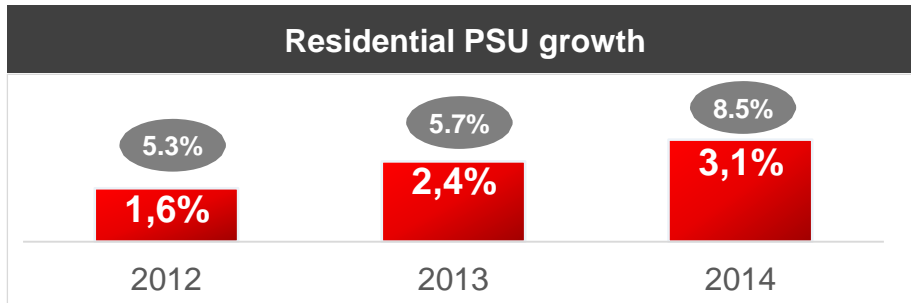


- Significant network investments over the last few years to make network future proof
- \$230m network upgrade plan to deliver flagship speeds of 50Mbps in 2014-2017
- Leveraging advantageous infrastructure position to drive growth

Source: Deutsche Bank research (April 2014), Moffett Research, and offering memorandums

<sup>1</sup> Includes FIOS overlap, U-verse overlap and overbuild/other.

# SUDDENLINK - GROWTH PLATFORM



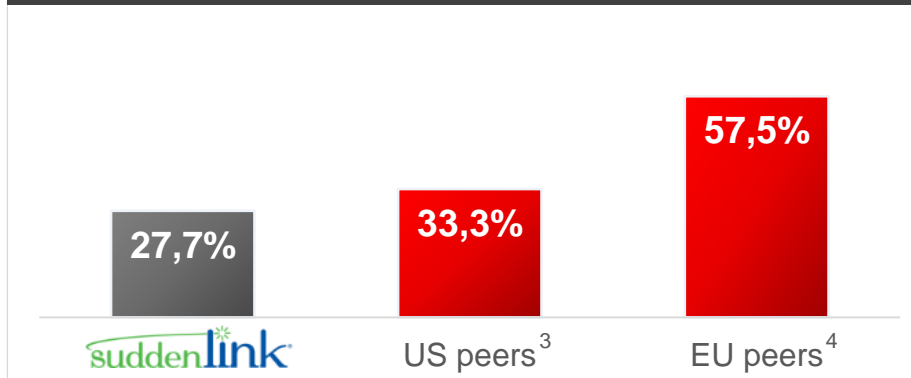
**x.x%** Broadband subscriber growth

Source: Company Filings, Investor Presentations

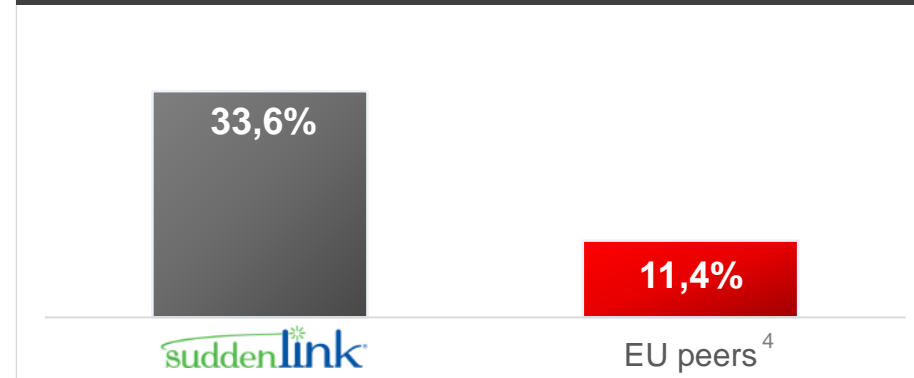


# GROWING BUSINESS SUPPORTED BY A NUMBER OF GROWTH PILLARS

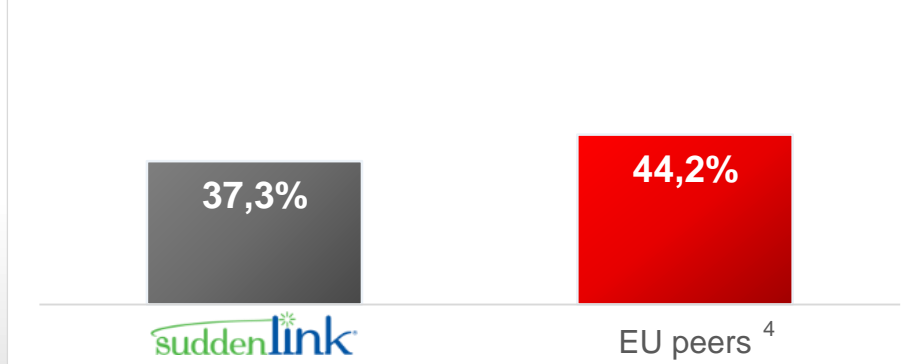
## Bundling upside<sup>1</sup>



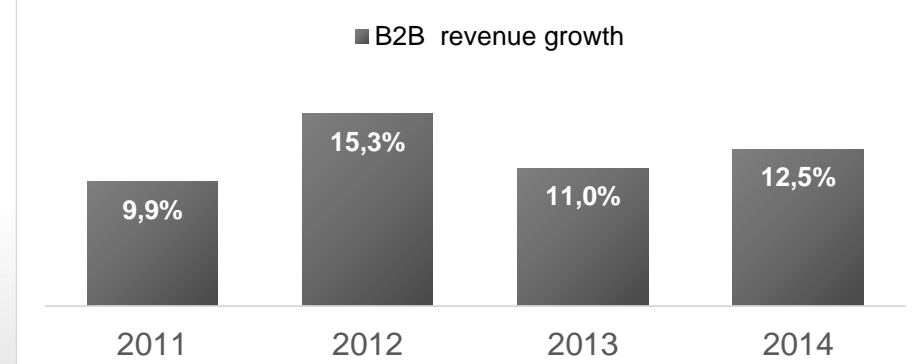
## Churn Reduction Upside



## Broadband penetration upside - unique competitive positioning<sup>2</sup>



## Nascent B2B business



Source: Company Filings, Investor Presentations

<sup>1</sup> 3P penetration (2014).

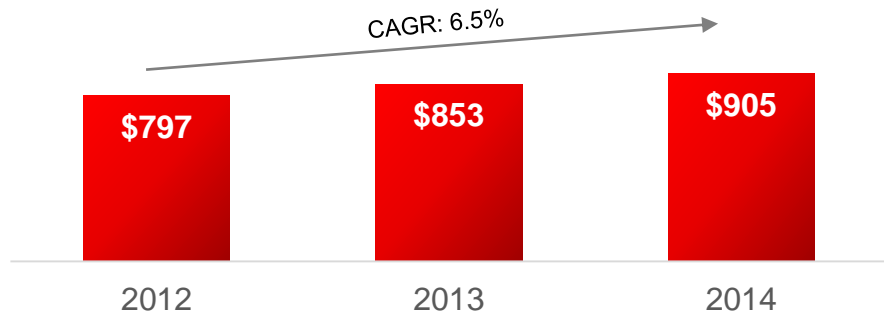
<sup>2</sup> As % of homes passed (2014)

<sup>3</sup> Median including Comcast, Charter, Time Warner Cable

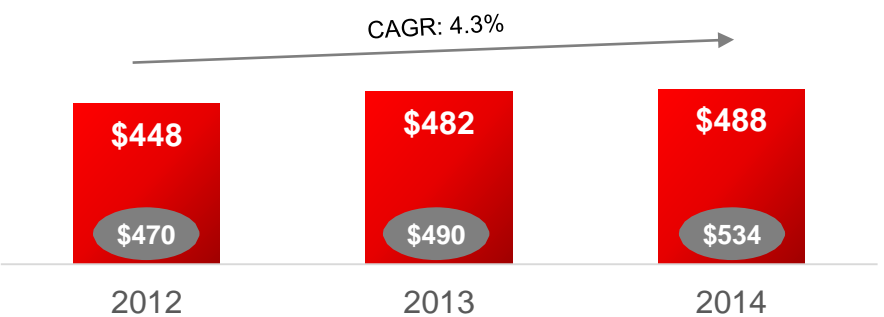
<sup>4</sup> Median including Virgin Media and Telenet

# STRONG CASH FLOW GENERATION WITH SUBSTANTIAL UPSIDE

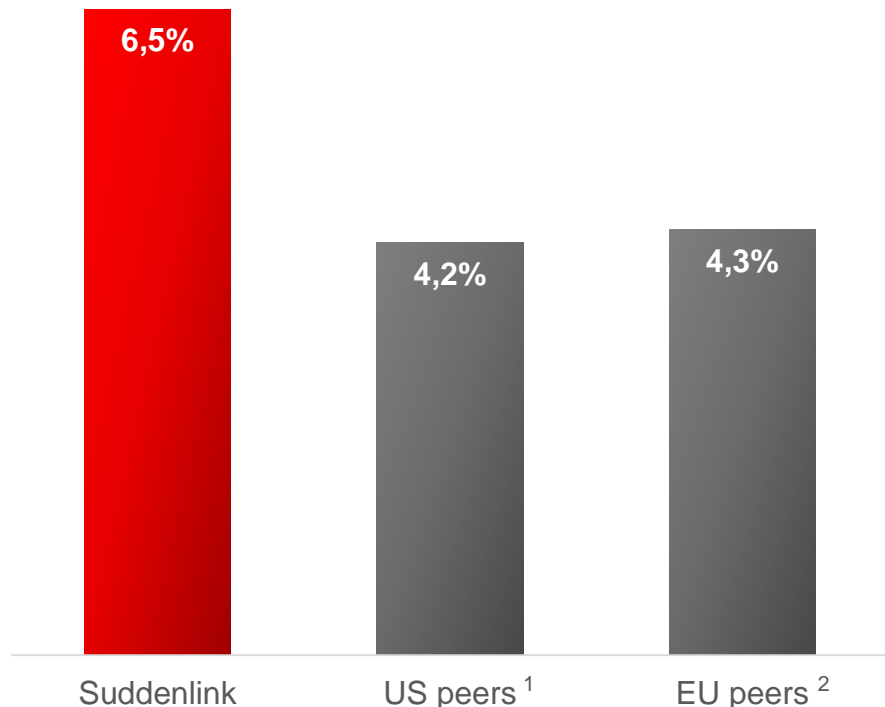
### Historical EBITDA (\$m)



### Historical OCF (Adj. EBITDA – capex) (\$m)



### EBITDA CAGR (2012-14) vs. peers



- Suddenlink current NOLs stock of \$1.7bn
- Suddenlink is not expected to be a significant tax payer until 2021

Source: Company Filings

Note: Assumes EUR to USD exchange rate of 1.138 and GBP to USD exchange rate of 1.576

<sup>1</sup> Median of Comcast, Charter, TWC and Cablevision 2012-2014 pre-share-based compensation EBITDA CAGR

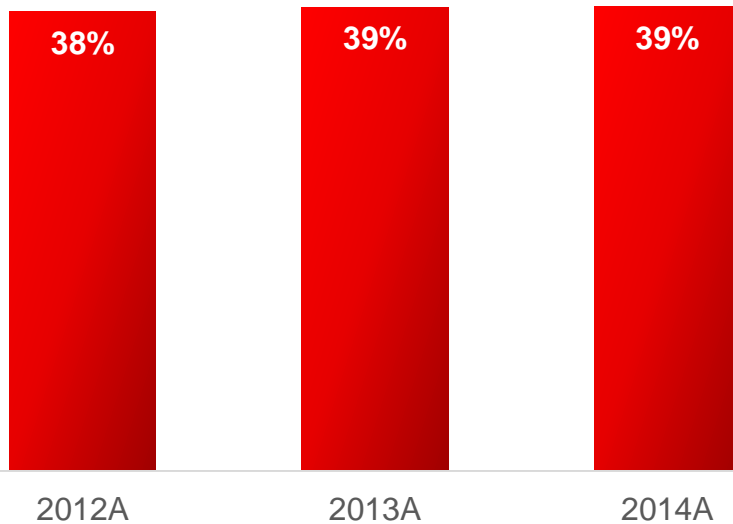
<sup>2</sup> Median of Telenet, VMED and Ziggo 2012-2014 EBITDA CAGR

\$x

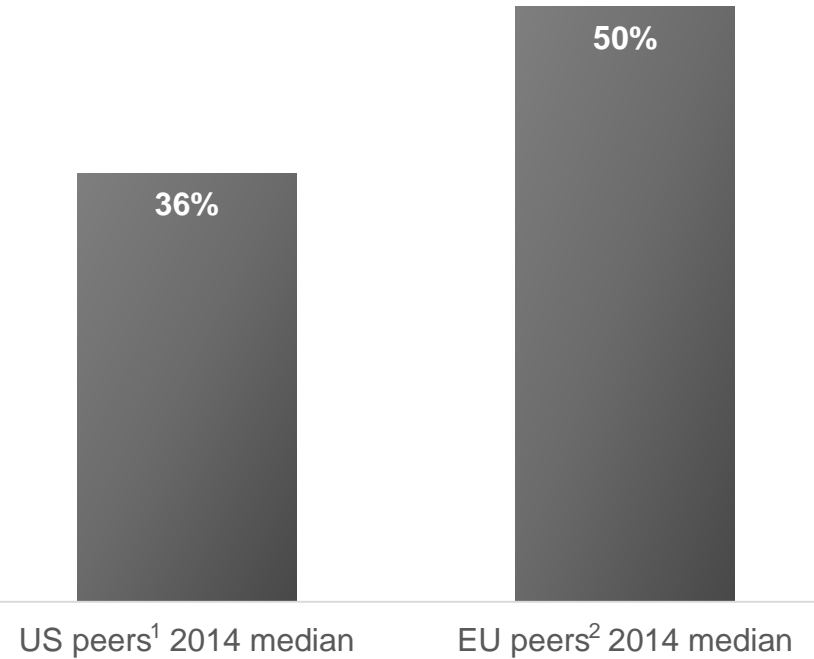
OCF excluding capex from Project Gigaspeed, Reliant and Imagine

# STRONG POTENTIAL TO IMPROVE COST STRUCTURE AT SUDDENLINK...

Stable margins over time...



... with further improvement potential



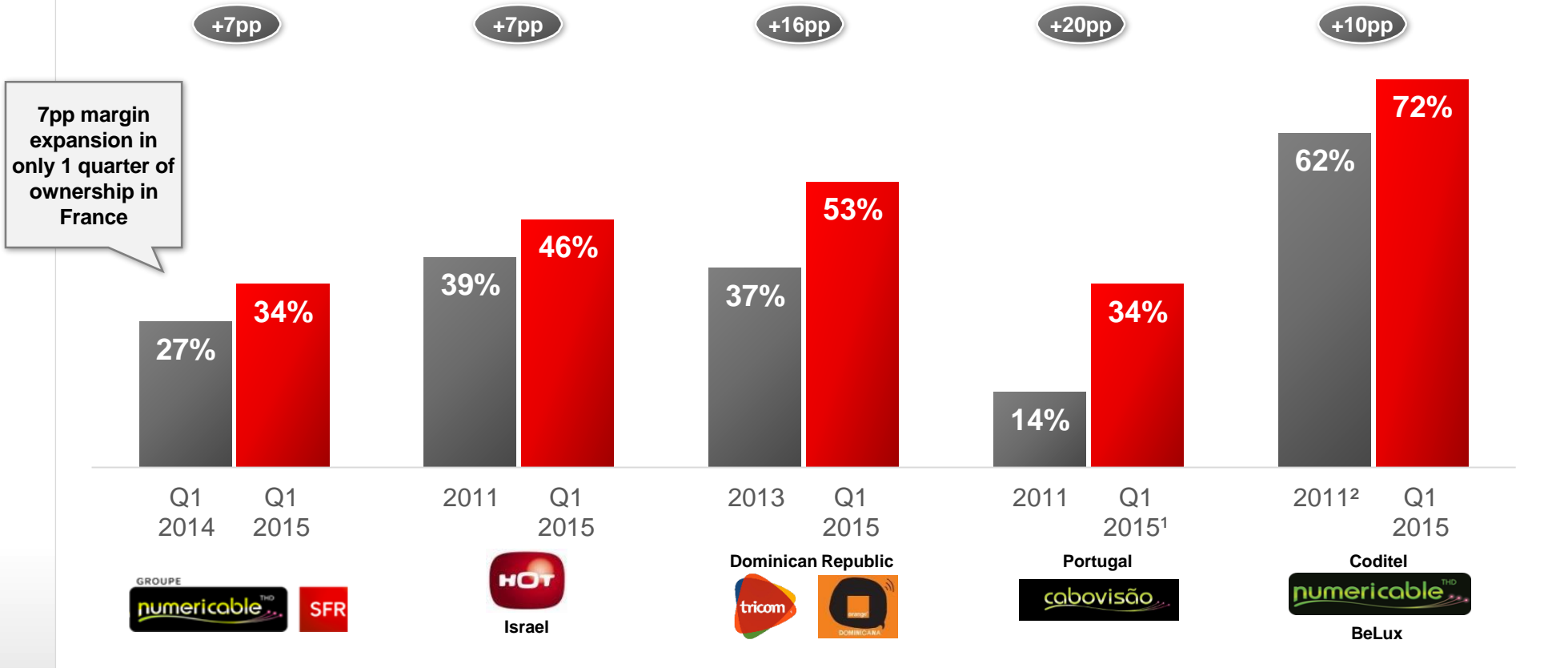
Source: Company Filings

<sup>1</sup> Includes Comcast, TWC, Charter, Suddenlink, Cablevision

<sup>2</sup> Includes Telenet, Virgin, Com Hem and Ziggo (2013 for Ziggo)

# BEST-IN-CLASS ALTICE EXPERTISE TO DRIVE MARGIN EXPANSION

EBITDA Margin (%)

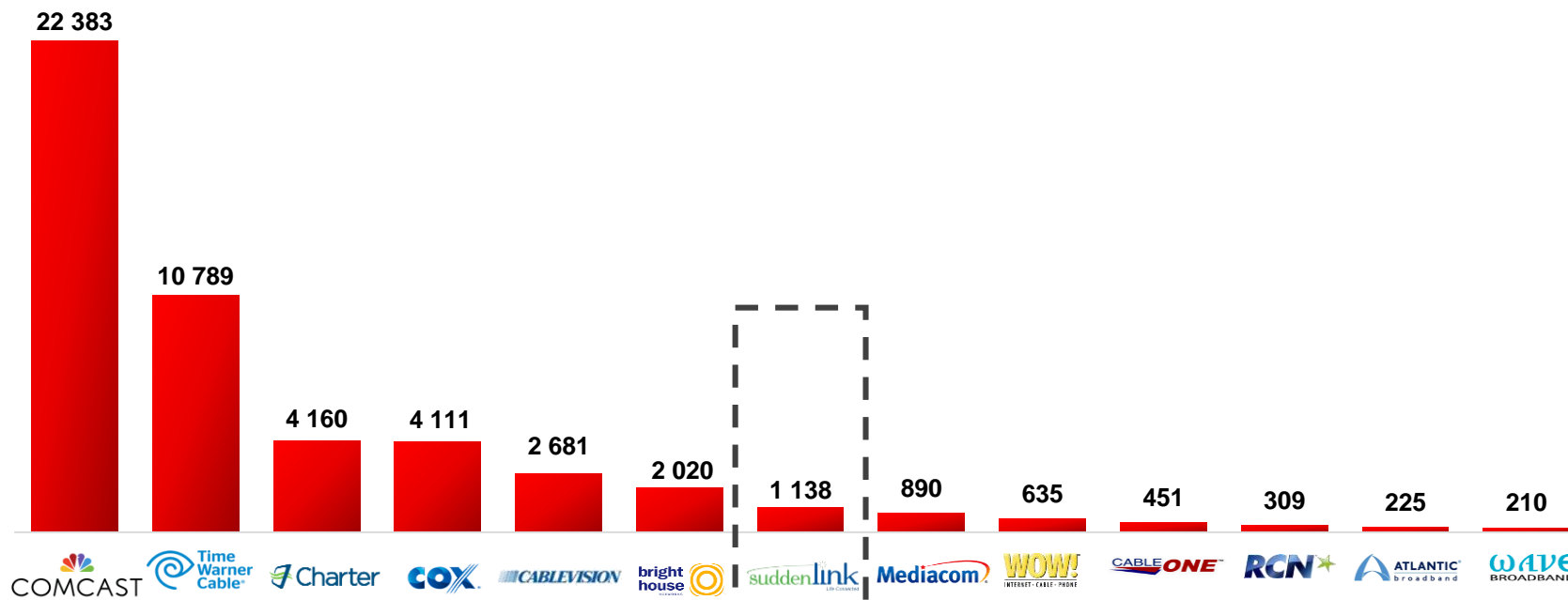


Source: Company information  
<sup>1</sup> Including ONI.  
<sup>2</sup> Aggregated financial information.

EBITDA margin improvement

# SUDDENLINK: STRATEGIC ASSET IN A CONSOLIDATING US MARKET

Basic Video Subscribers as of 4Q 2014 ('000s)

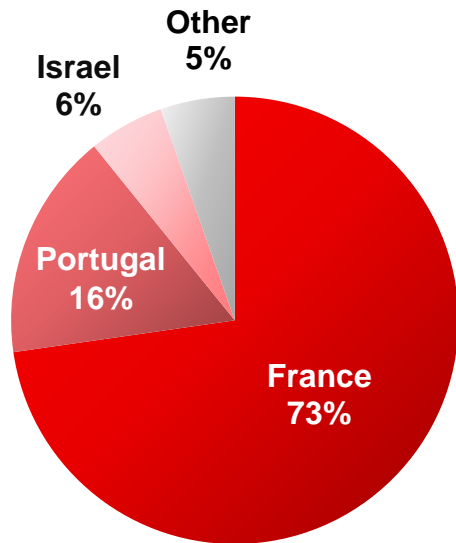


2014 EBITDA (\$m)	\$23,436	\$8,410	\$3,190	\$3,600	\$1,834	N/A	\$905	\$636	N/A	N/A	N/A	N/A	N/A
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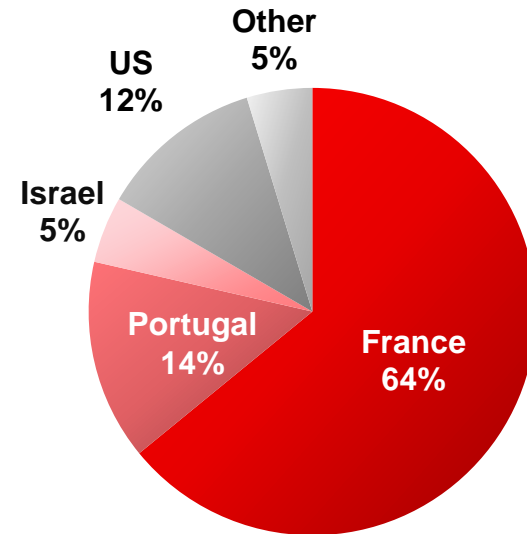
Source: Company filings, Company press releases, rating agency reports, SNL Kagan, National Cable & Telecommunications Association

# ALTICE PORTFOLIO DIVERSIFICATION STRATEGY

2014 revenue mix PF PT



2014 Revenue mix PF Suddenlink



Source: Company filings  
Notes: Does not add up to 100% due to rounding

# TRANSACTION FINANCING



- Transaction financing includes:
  - Existing debt: \$5,063m
  - New debt issued: \$1,755m
  - Equity: \$1,687m
    - o/w BC Partners / CPPIB vendor loan note of \$500m
    - o/w Altice cash investment of \$1,187m
- Total leverage including full synergies of 6.1x 2014 EBITDA<sup>1</sup>

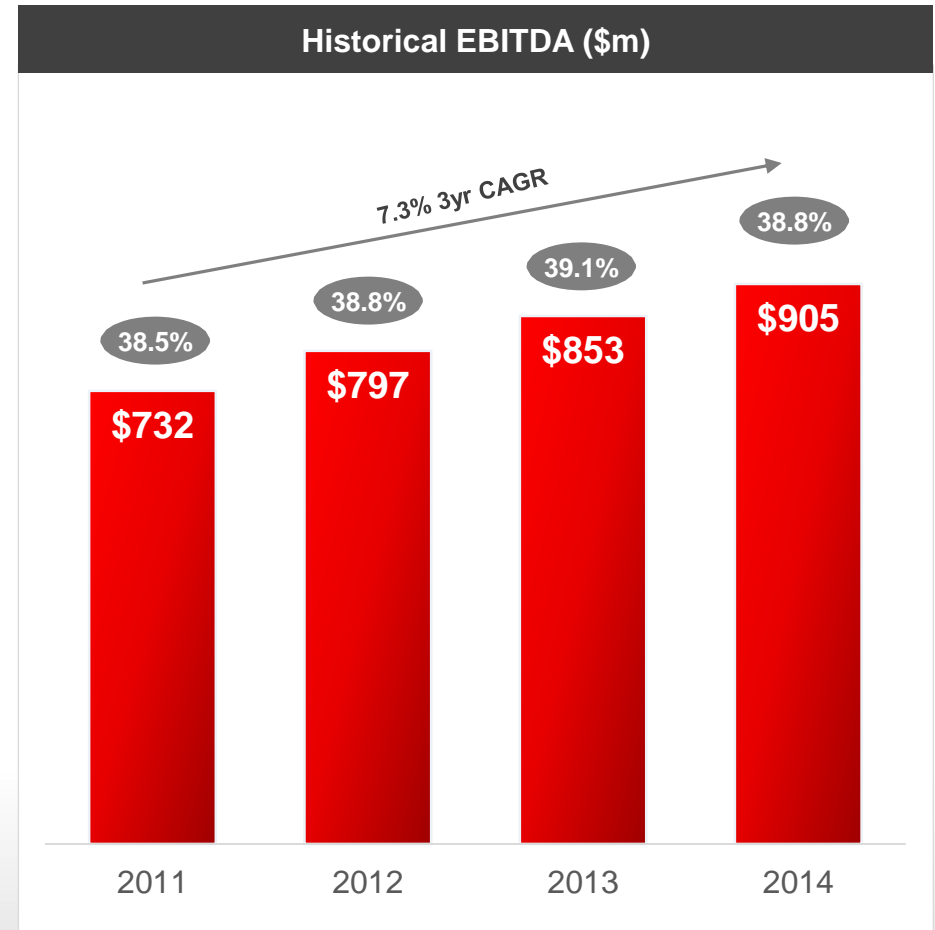
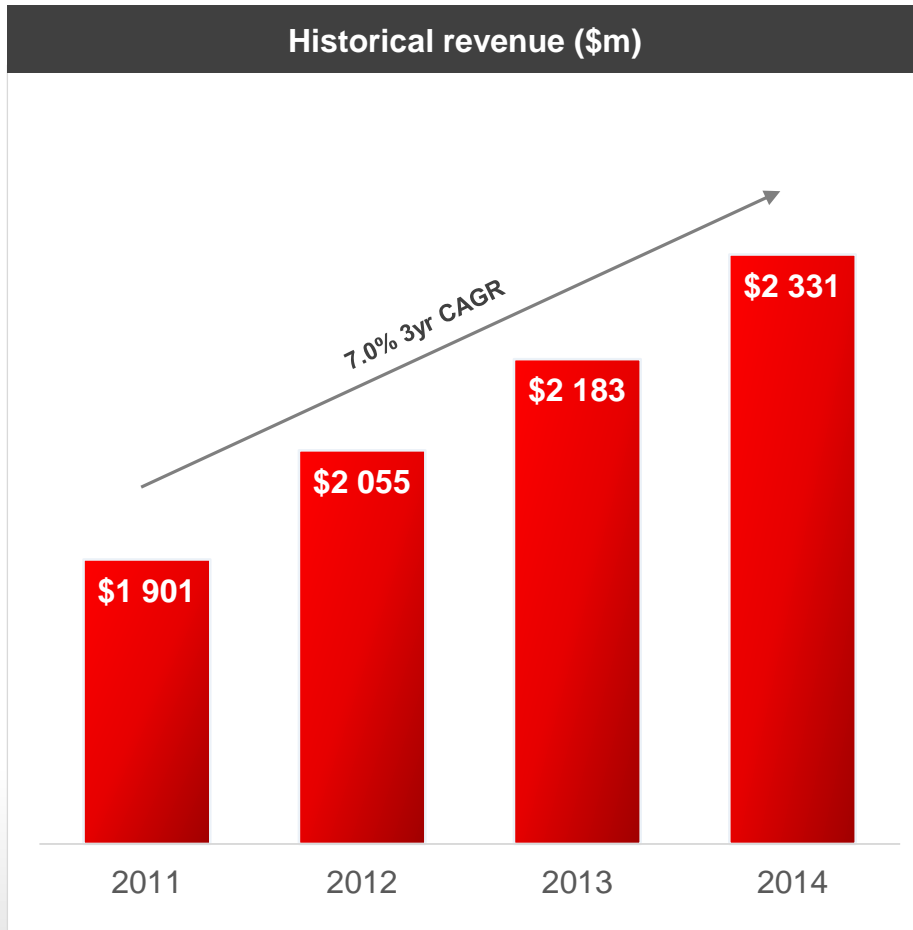
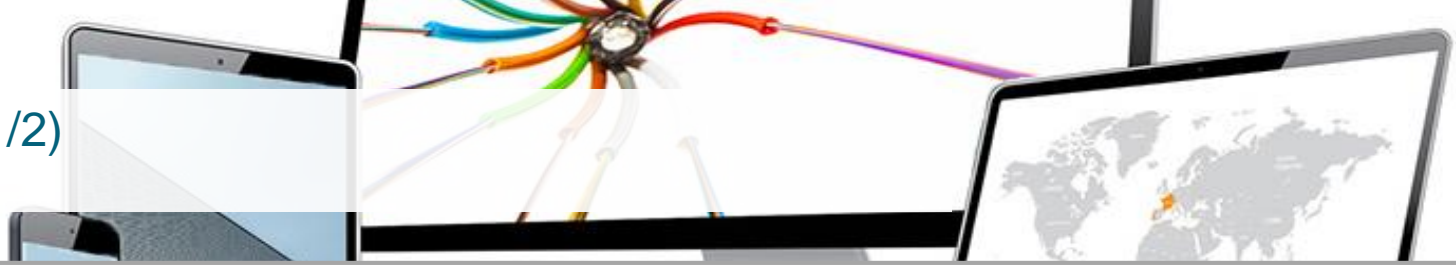
<sup>1</sup> Based on run-rate synergies of \$215m



# Appendix



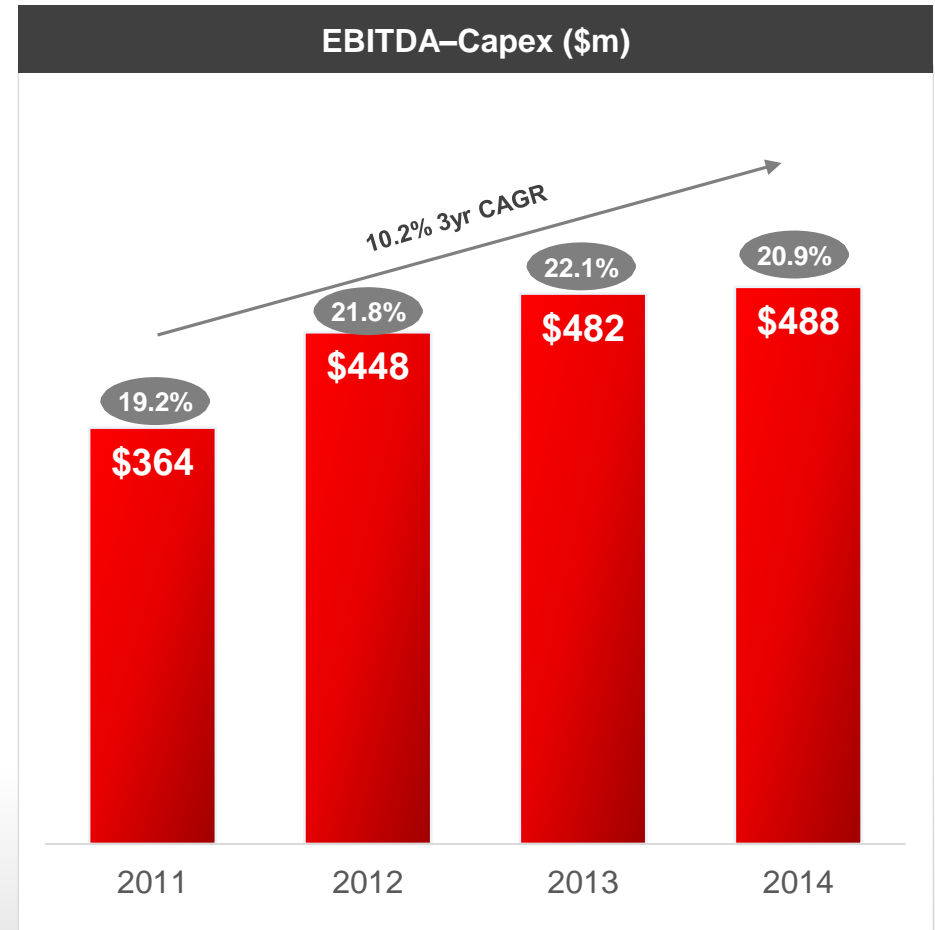
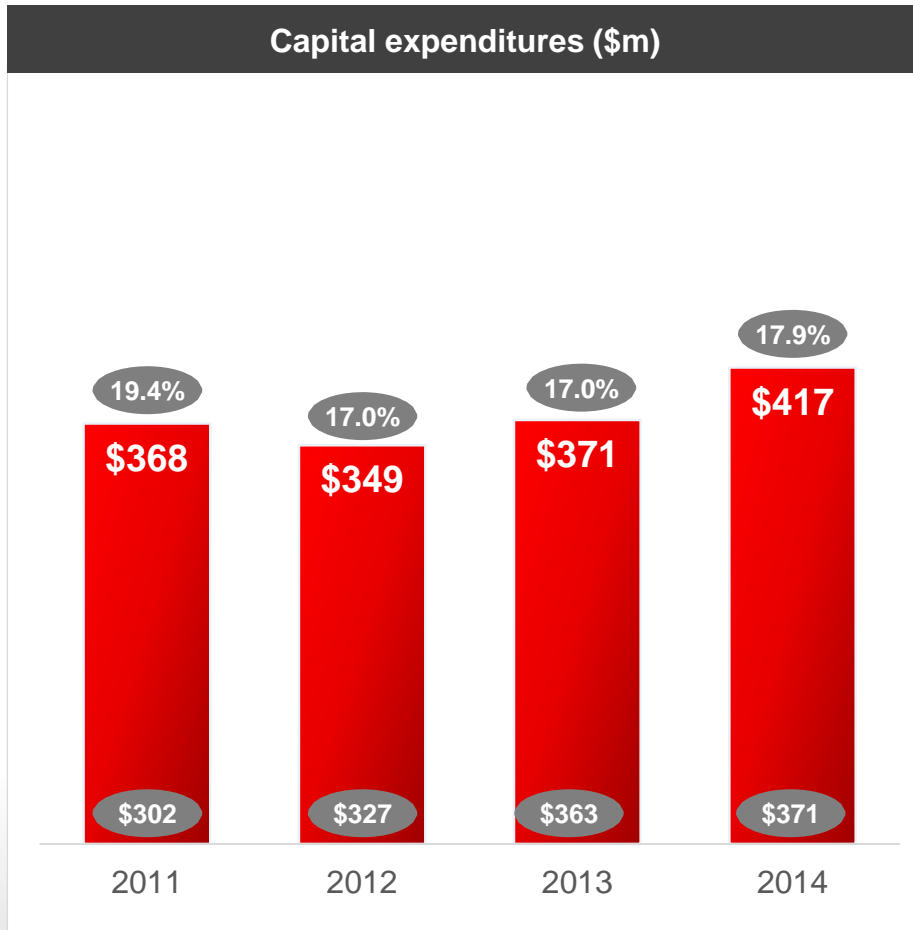
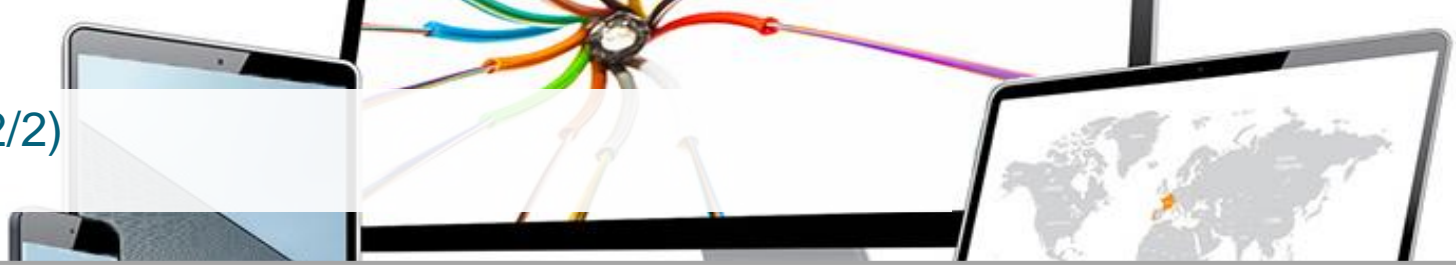
# KEY FINANCIALS (1/2)



Note: EBITDA before 1x

x.x% EBITDA margin

# KEY FINANCIALS (2/2)



Note: Capex is not pro forma for acquisitions or divestitures; EBITDA before 1x

x.x% % of revenues

\$x Capex excluding projects GigaSpeed, Reliant and Imagine