Altice France S.A.

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Condensed Interim Consolidated Financial Statements

As of and for the six month period ended June 30, 2019

Consolidated Statement of Income (€m)	June 30, 2019	June 30, 2018
Revenues	**5,164.2**	**5,086.4**
Purchasing and subcontracting	(1,389.7)	(1,629.3)
Other operating expenses	(872.5)	(1,218.1)
Staff costs and employee benefit expenses	(495.5)	(404.3)
Depreciation, amortization and impairment	(1,664.2)	(1,241.7)
Non-recurring income and expenses	3,152.5	(308.4)
Operating income	**3,894.6**	**284.6**
Financial income	4.3	3.6
Cost of gross financial debt	(593.1)	(346.6)
Other financial expenses	(127.8)	(32.1)
Net financial income (expense)	**(716.6)**	**(375.0)**
Share in net income (loss) of associates	(68.6)	(5.0)
Income (loss) before taxes	**3,109.4**	**(95.5)**
Income tax income (expense)	(34.3)	(50.6)
Net income (loss) from continuing operations	**3,075.1**	**(146.1)**
Net income (loss) from discontinued operations	**-**	**-**
Net income (loss)	**3,075.1**	**(146.1)**
Group share	3,047.0	(144.6)
Non-controlling interests	28.1	(1.5)

Consolidated Statement of comprehensive Income (€m)	June 30, 2019	June 30, 2018
Net income (loss)	**3,075.1**	**(146.1)**
Items that may be subsequently reclassified to profit or loss :		
Foreign currency translation adjustments	0.5	0.1
Cash flow hedges	89.8	(136.4)
Related taxes	(23.2)	35.2
Other items related to associates	0.1	0.2
Items that will not be subsequently reclassified to profit or loss :		
Actuarial gain (loss)	(13.1)	(0.2)
Related taxes	3.4	0.0
Comprehensive income (loss)	**3,132.7**	**(247.1)**
Of which :		
Comprehensive income (loss), Group share	**3,104.6**	**(245.6)**
Comprehensive income (loss), Non-controlling interests	**28.1**	**(1.5)**

Consolidated Statement of Financial Position (€m)	**June 30, 2019**	**December 31, 2018**
Assets		
Goodwill	11,481.2	11,479.8
Intangible assets	5,727.8	5,888.7
Contracts costs	156.2	156.9
Property, plant and equipment	6,297.3	6,331.4
Rights of use	2,969.3	-
Investments in associates	1,670.6	19.8
Non-current financial assets	972.5	1,116.3
Deferred tax assets	22.8	11.7
Other non-current assets	254.6	265.5
Non-current assets	**29,552.2**	**25,270.0**
Inventories	282.1	304.0
Trade and other receivables	3,473.4	3,549.6
Contracts assets	206.7	226.8
Income tax receivable	70.9	110.9
Current financial assets	894.1	2.2
Cash and cash equivalents	371.3	1,068.5
Assets held for sale	54.9	521.9
Current assets	**5,353.4**	**5,783.9**
Total Assets	**34,905.6**	**31,053.8**

Consolidated Statement of Financial Position (€m)	**June 30, 2019**	**December 31, 2018**
Equity and liabilities		
Share capital	443.7	443.7
Additional paid- in capital	4,583.1	5,403.1
Reserves	1,119.9	(2,025)
Equity attributable to owners of the company	**6,146.7**	**3,821.7**
Non-controlling interests	**219.6**	**216.4**
Consolidated equity	**6,366.4**	**4,038.1**
Non-current borrowings and other financial liabilities	16,285.9	17,435.9
Non-current liability related to rights of use	2,289.9	-
Other non-current financial liabilities	1,035.9	367.3
Non-current provisions	368.4	476.4
Non-current contracts liabilities	523.4	502.8
Deferred tax liabilities	149.2	126.4
Other non-current liabilities	43.7	50.4
Non-current liabilities	**20,696.3**	**18,959.2**
Current borrowings and financial liabilities	428.9	359.9
Current liability related to rights of use	638.6	-
Other current financial liabilities	1,064.5	1,086.0
Trade payables and other liabilities	4,811.1	5,558.0
Current contracts liabilities	524.9	478.5
Income tax liabilities	83.8	115.4
Current provisions	167.3	216.5
Other current liabilities	59.2	42.8
Liabilities directly associated to assets held for sale	64.7	199.4
Current liabilities	**7,842.9**	**8,056.5**
Total Equity & Liabilities	**34,905.6**	**31,053.8**

Consolidated Statement of Changes in Equity (€m)	Capital	Additional paid-in capital	Reserves	Other comprehensive income	Total	Non-controlling interests	Consolidated equity
	Equity attributable to owners of the company						
Position at December 31, 2017	**443.7**	**5,403.1**	**(2,405.1)**	**(333.2)**	**3,108.4**	**(85.1)**	**3,023.3**
IFRS 9 - Retrospective application	-	-	24.5	-	24.5	-	24.5
Restated position at December 31, 2017	**443.7**	**5,403.1**	**(2,380.7)**	**(333.2)**	**3,132.9**	**(85.1)**	**3,047.8**
Comprehensive income	-	-	(144.6)	(101.0)	(245.6)	(1.5)	(247.0)
Business combination under common control: ATSF and ACS (a)	-	-	(79.9)	-	(79.9)	7.2	(72.7)
Additional participation in ACL and GNP (a)	-	-	(108.4)	-	(108.4)	78.8	(29.6)
Other movements	-	-	(0.2)	-	(0.2)	(0.2)	(0.4)
Position at June 30, 2018	**443.7**	**5,403.1**	**(2,713.7)**	**(434.2)**	**2,698.8**	**(0.8)**	**2,698.0**
Dividends paid	-	-	-	-	-	(4.4)	(4.4)
Comprehensive income (loss)	-	-	(331.6)	127.3	(204.3)	0.9	(203.4)
Share-based compensation	-	-	1.2	-	1.2	-	1.2
Business combination under common control: FOT (a)	-	-	(117.3)	-	(117.3)	-	(117.3)
Disposal of Hivory's NCI (a)	-	-	1,534.0	-	1,534.0	217.6	1,751.7
Other movements (a)	-	-	(90.8)	-	(90.8)	3.1	(87.7)
Position at December 31, 2018	**443.7**	**5,403.1**	**(1,718.2)**	**(306.9)**	**3,821.7**	**216.4**	**4,038.1**
IFRS 16 - Modified retrospective method	-	-	40.0	-	40.0	-	40.0
Position at January 1st, 2019	**443.7**	**5,403.1**	**(1,678.1)**	**(306.9)**	**3,861.7**	**216.4**	**4,078.2**
Dividends paid	-	(820.0)	-	-	(820.0)	(22.6)	(842.6)
Comprehensive income (loss)	-	-	3,047.0	57.6	3,104.6	28.1	3,132.7
Share-based compensation	-	-	1.3	-	1.3	-	1.3
Other movements	-	-	(0.9)	-	(0.9)	(2.3)	(3.2)
Position at June 30, 2019	**443.7**	**4,583.1**	**1,369.3**	**(249.3)**	**6,146.8**	**219.6**	**6,366.4**

(a) Refer to the Group’s 2018 consolidated financial statements

Breakdown of Changes in Equity Related to Other Comprehensive Income (€m)	December 31, 2017 restated	June 30, 2018	*Change*	December 31, 2018	June 30, 2019	*Change*
Hedging instruments	(441.8)	(578.3)	*(136.4)*	(418.3)	(328.4)	*89.8*
Related taxes	114.1	149.4	*35.2*	108.0	84.8	*(23.2)*
Actuarial gains and losses	(9.5)	(9.6)	*(0.1)*	0.8	(12.3)	*(13.1)*
Related taxes	1.8	1.8	*0.0*	(0.2)	3.2	*3.4*
Foreign currency translation adjustments	(1.1)	(1.0)	*0.1*	(1.0)	(0.5)	*0.5*
Items related to associates	3.2	3.5	*0.2*	3.7	3.8	*0.1*
Total	**(333.3)**	**(434.2)**	***(101.0)***	**(306.9)**	**(249.3)**	***57.6***

Consolidated Statement of Cash Flows (€m)		June 30, 2019	June 30, 2018 restated (*)
Net income (loss), Group share		**3,047.0**	**(144.6)**
Adjustments:			
Non-controlling interests		28.1	(1.5)
Depreciation, amortization and provisions		1,586.8	1,042.9
Share in net income (loss) of associates		68.6	5.0
Net income from sale of property, plant and equipment and intangible assets		10.8	27.0
Net financial expense (income)		716.6	375.0
Income tax expense (income)		34.3	50.6
Other non-cash items		(3,202.4)	27.9
Income tax paid		(100.8)	(0.4)
Change in working capital		(446.6)	(90.1)
Net cash flow provided (used) by operating activities		**1,742.4**	**1,291.9**
Acquisitions of property, plant and equipment and intangible assets		(1,147.2)	(1,137.1)
Acquisition of consolidated entities, net of cash acquired		(0.3)	(62.2)
Acquisitions / capital increase in associates		(19.6)	(21.6)
Acquisitions of other financial assets		(214.8)	(12.6)
Disposals of property, plant and equipment and intangible assets		3.4	15.4
Disposal of consolidated entities, net of cash disposals		1,618.0	6.5
Disposal of other financial assets		45.0	24.7
Change in working capital related to property, plant and equipment and intangible assets		41.3	7.6
Net cash flow provided (used) by investing activities		**325.9**	**(1,179.3)**
Dividends paid		(840.9)	-
- *to owners of the company*		(820.0)	-
- *to non-controlling interests*		(20.9)	-
Dividends received		0.6	2.1
Issuance of debt		400.0	430.0
Repayment of debt		(1,364.0)	(230.5)
Interest paid		(432.7)	(380.6)
Proceeds from the sale of minority stake		(15.1)	-
Other flows from financing activities (a)		(505.6)	44.6
Net cash flow provided (used) by financing activities		**(2,757.7)**	**(134.4)**
Adjustments with no impact on cash		-	-
Net increase (decrease) in cash and cash equivalents		**(689.4)**	**(21.9)**
Exchange rate impact on cash in foreign currencies		(7.7)	3.3
Cash and cash equivalents at beginning of period	(*)	**1,068.5**	**451.3**
Cash and cash equivalents at end of period	(*)	**371.3**	**433.0**

(*) These amounts were restated to take into account a change in the presentation of cash which now excludes bank overdrafts.

Commercial paper	(7.0)	68.5
Liabilities related to right of use	(374.8)	(23.7)
Interest paid related to right of use	(62.5)	(1.3)
Reverse factoring	(25.0)	83.8
Securitization	(53.0)	(2.3)
Bank overdrafts	93.9	(70.1)
Debt related to minority stake	(17.1)	-
Monetization of cross currency swap	-	-
Redemption fees	(29.6)	-
Advance to Altice Luxembourg FR SA	(750.0)	-
Debt to Altice Luxembourg FR SA	745.1	-
Other	(25.8)	(10.3)
Other flows from financing activities (a)	**(505.6)**	**44.6**

Notes to the condensed interim consolidated financial statements

1. Basis of preparation

On February 9, 2018, the company's Board of Directors, decided to rename SFR Group S.A. in Altice France S.A.

Altice France (hereinafter "the Company" or "the Group") is a limited liability corporation (*société anonyme*) formed under French law in August 2013 with headquarters in France.

Created subsequent to the merger of Numericable and SFR, the Group Altice France aims to become, on the back of the largest fiber optic network and a leading mobile network, the national leader in France in very-high-speed fixed-line/mobile convergence. The Group has major positions in all segments of the French B2C, B2B, local authorities and wholesale telecommunications market.

Altice France has adopted a new and increasingly integrated model around access and content convergence. Its division Media includes SFR Presse companies, which cover the Group's Press activities in France (Groupe L'Express, Libération, etc.) and NextRadioTV, which covers the Group's audiovisual activities in France (RMC Sport, BFM TV, BFM Business, BFM Paris, RMC, RMC Découverte). In 2018, it also insourced its major providers of technical and maintenance services and customer services (Altice Technical Services France and Altice Customer Services). It also improved its positioning in the French Overseas Territories market via the acquisition of Outremer Telecom.

On January 8, 2018, Altice N.V. announced the separation of American businesses from European businesses, Altice N.V. becoming then Altice Europe N.V. (« Altice Europe »). As of December 31, 2018, Altice Europe directly or indirectly held 100% of the capital of Altice France S.A.

The condensed interim consolidated financial statements were prepared and approved by the Company's Board of Directors on July 30, 2019.

1.1. Basis of preparation of financial information

These condensed interim consolidated financial statements of the Group as of June 30, 2019 and for the six month period then ended, are presented in millions of Euros, except as otherwise stated, and have been prepared in accordance with International Accounting Standard (IAS) 34 - Interim Financial Reporting. They should be read in conjunction with the Group's 2018 annual consolidated financial statements and the notes which were prepared in accordance with International Financial Reporting Standards as adopted in the European Union ("IFRS") (the "annual consolidated financial statements").

The accounting policies applied for the condensed interim consolidated financial statements as of June 30, 2019 do not differ from those applied in the annual consolidated financial statements as of and for the year ended December 31, 2018, except for the adoption of new standards effective as of January 1, 2019.

In addition, following the closing of the sale of 49.99% in SFR Fibre to the Home ("SFR FTTH") (Refer to Note 2.1 – *SFR FTTH*) and the network deployment and maintenance framework agreement between Altice France and SFR FTTH, the group adopted the following accounting policies:

- The margin realised on downstream transactions (sales of assets from Altice France to SFR FTTH described in Note 17.2– Related party transactions –– Associates ans joint ventures) are eliminated in the income statement up to Altice France's share in SFR FTTH based on the provision of IAS 28 - *Investments in Associates and Joint Ventures*.
- In the absence of precise IFRS guidance related to the prsentation of the margin elimination in the income statement, the Group elects to eliminate the margin in the caption "Share of earnings of associates" in the income statement in counterpart of the caption "Investment in associates" in the statement of financial position. The margin elimination on those downstream transactions is reversed over the useful life of the assets in the same captions.

1.2. New standards and interpretations

1.2.1. Standards and interpretations applied from January 1, 2019

The following standards have mandatory application for periods beginning on or after January 1, 2019 as described in Note 2 – *Accounting policies and methods* to the annual consolidated financial statements.

- IFRS 16: *Leases*, effective on January 1, 2019;
- Annual improvements cycle 2015-2017, effective on or after January 1, 2019;
- IFRS Interpretation Committee (“IFRIC”) 23: *Uncertainty over Income Tax Treatments*, applicable for annual periods beginning on or after January 1, 2019;
- Amendments to IFRS 9: *Prepayments features with Negative Compensation*, effective on or after January 1, 2019;
- Amendments to IAS 28: *Long term interests in Associates and Joint ventures*, effective on or after January 1, 2019;
- Amendments to IAS 19: *Plan Amendment, Curtailment or Settlement*, effective on or after January 1, 2019.

The application of amendments to IAS 19, IAS 28, IFRS 9, annual improvements cycle 2015-2017 and IFRIC 23 had no material impact on the amounts recognised in the annual consolidated financial statements and had no material impact on the disclosures in these condensed interim consolidated financial statements.

Note 1.2.3 below describes the impact of the first adoption of IFRS 16: *Leases* and the main changes in the Group’s accounting policies relating to the first time application of IFRS 16: *Leases*

1.2.2. Standards and interpretations not yet applied

The Group has not early adopted the following standards and interpretations, for which application is not mandatory for period started from January 1, 2019 and that may impact the amounts reported:

- Amendments to IAS 1 and IAS 8: *Definition of Material*, effective on or after January 1, 2020;
- Amendments to IFRS 3: *Definition of a Business*, effective on or after January 1, 2020;
- Amendments to References to the Conceptual Framework in IFRS Standards, effective on or after January 1, 2020.

The Board of Directors of the Company anticipates that the application of those amendments will not have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities.

1.2.3. IFRS 16: Leases

1.2.3.1 <u>First adoption of IFRS 16: Leases</u>

IFRS 16 supersedes IAS: 17 *Leases*, IFRIC 4: *Determining whether an Arrangement contains a Lease*, SIC-15: *Operating Leases-Incentives* and SIC-27: *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.
The change of definition of a lease mainly relates to the conception of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange of consideration.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Therefore, 2018 financial statements were not restated under the new standard.

The effect of adoption IFRS 16 as at January 1, 2019 increase / (decrease) is as follows:

Effect of adoption IFRS 16 (€m)	**January 1, 2019**
Intangible assets	(1.4)
Property, plant & equipment	(120.0)
Right of use	3,233.2
Trade and other receivables	(38.8)
Total assets	**3,073.0**
Equity	40.1
Non-current provisions	(40.0)
Deferred tax liabilities	18.9
Other non-current financial liabilities	(56.4)
Non-current liability related to rights of use	2,550.6
Other current financial liabilities	(22.9)
Current liability related to rights of use	663.0
Current provisions	(20.0)
Trade and other payables	(60.3)
Total liabilities	**3,073.0**

The Group has lease contracts related to mobile sites (land, space in cell towers or rooftop, agreement with towers company), network infrastructure (including local loop unbundling), buildings used for administrative or technical purposes and other assets (vehicles). Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease.

Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability.

In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in the statement of income on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under "Trade and other receivables" and "Trade and other payables", respectively.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases that it is the lessee. The Group recognised lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group:

- Right of use assets are reported separately in the statement of financial position.
- The recognition, measurement and disclosure requirements of IFRS 16 are also applied in full to short-term leases and leases of low-value assets.
- A distinction is made in leases that contain both lease components and non-lease components except for agreements for which the separation is impracticable (master service agreements with towers company).
- Application of the portfolio approach for the recognition and measurements of certain asset categories with similar characteristics (same residual value, same economic environment), mainly for local loop unbundling.
- Application of the standard to contracts that were previously identified as finance leases under IAS 17 / IFRIC 4 at the transition date (carry forward of existing finance lease liabilities).
- Calculate outstanding liability for existing operating leases using the incremental borrowing rate at date of transition.
- IFRS 16 is not applied to leases for intangible assets.
- The Group chooses to apply the relief option, which allows it to adjust the right of use asset by the amount of any provision for onerous leases recognised in the balance sheet immediately before the date of initial application.

Based on the aforementioned, as at January 1, 2019:

- Right of use assets of €3,233.2 million were recognised and presented separately in the statement of financial position. This includes the lease assets recognised previously under finance leases of €121.4 million that were reclassified from Property, plant and equipment and intangible assets.
- Additional lease liabilities of €3,213.6 million (current and non-current) were recognised (including the reclassification of finance lease liabilities already recorded as of December 31, 2018 of €79.3 million).
- Trade and other receivables of €38.8 million and trade and other payables of €60.3 million related to previous operating leases were derecognised.

- Deferred tax liabilities increased by €18.9 million because of the deferred tax impact of the changes in assets and liabilities.
- Provision for onerous contract (current and non-current) was reclassified in reduction on right of use assets for €60.0 million.
- The net effect of these adjustments had been adjusted to equity for €40.1 million.

In addition, the Group is closely monitoring the work of IASB and the IFRS Interpretation Committee, aiming to clarify interpretation of IFRS 16, which could lead to a revision of the accounting policies applied by the Group.

In June 2019, the IFRIC issued a tentative agenda decision related to subsurface rights conluding that when a contract between a land owner and another party gives the other paty the right to place an oil pipeline in a specified undergroupd space, with the land owner retaining the right to use the surface area of the land above the pipeline, that contract contains a lease.
The Group assessment is still in progress and at this stage no material impact is expected as in most of the Group's contracts the supplier has a substantive right to substitute the asset throughout the period of use and therefore, the contracts do not contain a lease.

The lease liabilities as at January 1, 2019 can be reconciled to the operating lease commitments as of December 31, 2018 as follows:

Reconciliation of lease liabilities (€m)	**January 1, 2019**
Operating lease obligations as at December 31, 2018	**2,048.9**
Period revised for IFRS 16 (a)	1,567.8
Other	(8.5)
Gross lease liability under IFRS as at January 1, 2019	**3,608.4**
Discounting effect	**(473.9)**
Lease liability as at January 1, 2019	**3,134.3**
Short term	*640.1*
Long term	*2,494.2*
Finance lease debt	**79.3**
Total Lease liabilities as of January 1, 2019	**3,213.6**
Short term	*663.0*
Long term	*2,550.6*

a) *This line includes mainly the effect of renewal options not taken in the minimum lease payments as well as the unbundling local loop rental costs that were not included in the minimum lease payments.*

The weighted average incremental borrowing rate as at January 1, 2019 is 3.66%.

1.2.3.2 Summary of new accounting policies upon adoption of IFRS 16

Right of use assets

The Group recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right of use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy). The Group included the renewal period as part of the lease term for leases of technical sites due to the significance of these assets to its operations.

1.2.4. Significant accounting judgments and estimates

In the application of the Group's accounting policies, the Board of Directors of the Company is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.
These key areas of judgments and estimates, as disclosed in the annual consolidated financial statements are:

- Estimations of provisions for claims and restructuring plans;
- Measurement of post-employments benefits;
- Revenue recognition;
- Fair value measurement of financial instruments;
- Measurement of deferred taxes;
- Impairment of goodwill;
- Estimation of useful lives of intangible assets and property, plant and equipment, and
- Estimation of impairment losses for trade and other receivables.

As of June 30, 2019, there were no changes in the key areas of judgements and estimates except that, following the application of IFRS 16, judgement and estimates are made for the determination of lease terms and the discount rate:

- For the lease term, the group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.
- The discount rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment.

2. Significant events of the period

2.1. SFR FTTH

On November 30, 2018, the Company announced that its subsidiary, Altice France, had entered into an exclusivity agreement with Allianz Capital Partners, AXA Investment Managers - Real Assets, acting on behalf of its clients and OMERS Infrastructure (together the “Partners”) regarding the sale of 49.99% equity stake in SFR FTTH for a total cash consideration of €1.8 billion based on an estimated €3.6 billion equity value at closing. As a consequence, the assets and liabilities were classified as held for sale as of December 31, 2018 (Refer to Note 3.5 of the Group’s 2018 financial consolidated statements).

On March 27, 2019, the Group announced the closing of the transaction with a consortium led by OMERS Infrastructure and including AXA IM - Real Assets, and Allianz Capital Partners, regarding the sale of 49.99% equity stake in SFR FTTH. The consideration received was €1.7 billion based on a €3.4 billion equity value. The total capital gain recorded for the six month period ended June 30, 2019, was €3,203.8 million. This partnership creates the leading FTTH infrastructure wholesaler in France and brings an additional €1.7 billion of cash to Altice France. Following the closing of the transaction, Altice France lost exclusive control over SFR FTTH as Altice France and the Partners have joint control over the new entity. Furthermore, SFR FTTH is accounted for under the equity method in the scope of IFRS 11 - *Joint Arrangements.*

2.2. Dividend payment

On May 07, 2019, the general assembly of the Group approved the payment of a dividend for an aggregate amount of €820 million to its shareholders, Altice Luxembourg FR S.A., Altice Luxembourg FR bis S.à.r.l and Altice Europe N.V. of the total amount, €500 million were paid in cash and €320 million via compensation of previous upstream loans made to Altice Luxembourg FR S.A.

2.3. Partial redemption of 2024 Notes

On June 10, 2019, the Group proceeded to partially reimburse its euro and dollar denominated notes due in 2024. An aggregate of €500 million and $560 million were reimbursed. The Group paid a call premium of €29.7 million as part of the redemption. The redemptions were treated as partial extinguishments of the debt instruments and per IFRS 9, unamortised transcation costs were recycled through the consolidated statement of income to the extent of the nominal repaid. The underlying derivative instruments were restructured as well. See Notes 14 – *Financial liabilities* and 15 – *Derivative instruments*.

2.4. Financing flows with Altice Group entities

On May 08, 2019 Altice France provided a short term upstream loan to Altice Luxembourg FR S.A. for an aggregate amount of €750 million. This loan has a maturity of less than one year and is remunerated at Eonia+30 bps. This short term loan was recorded in the line 'Other flows from financial activities' in the consolidated statement of cash flows.

On June 10, 2019, the Group issued a new dollar denominated loan for an aggregate amount of $840 million (€745 million equivalent). This loan was fully subscribed by Altice Luxembourg FR S.A. and bears interest at a rate of 10.75% (5.8572% swapped to euros). The proceeds from this issuance were used to partially redeem the 2024 Notes as mentioned in Note 2.3. This issuance was recorded in the line "Other flows from financial activities" in the consolidated statement of cash flows.

3. Change in scope

Over the period ended June 30, 2019, the changes in the consolidation scope are described as follows:

- Transfer of assets by SFR to SFR FTTH (of which the following DSP : Gravelines Network SAS, Debitex SAS, Loiret THD SAS, Oise Numérique SAS, Eure et Loir SAS, Valofibre SAS, Isère Fibre SAS, Martinique THD SAS, Connect 76 SAS, Gard Fibre SAS, Corsica Fibra SAS and Agglo la Rochelle THD SAS) followed by the loss of exclusive control in the company SFR FTTH which is accounted for under the equity method after being fully consolidated (Refer to Note 2 above);
- Creation of Altice France IO SAS;
- Creation of EOS Telecom SAS;
- Acquisition of 95% in SALT SA (TLM);
- Transfer of all assets and liabilities ("Transmission Universelle de Patrimoine") of SFR Collectivités SA to SFR SA;
- Transfer of all assets and liabilities of Libération Médias SARL to Altice Média Publicité SARL;
- Loss of exclusive control in the company SFR FTTH which is accounted for under the equity method after being fully consolidated;
- Liquidation of the company B3G International BV;
- Transfer of all assets and liabilities ("Transmission Universelle de Patrimoine") of Mobius SAS to Société Réunionnaise de Radiotéléphonie SCS;
- Acquisition under common control of Sudtel France SAS.

The consolidation scope updated is presented in Note 20 – *List of consolidated entities*.

4. Revenue

The breakdown of revenue is detailed as follows:

Revenues (€m)	June 30, 2019	June 30, 2018
Residential - Fixed	1,245.4	1,287.9
Residential - Mobile	1,748.2	1,749.1
Business services	1,522.8	1,411.3
Total Telecom excl. equipment sales	4,516.4	4,448.2
Equipment sales	414.9	403.8
Media	232.9	234.4
Total	**5,164.2**	**5,086.4**

"Residential" corresponds to B2C services revenues, excluding equipment.
"Business services" includes revenues from B2B and wholesale including construction of the FTTH Network, excluding revenues from equipment and Media presented in the line below.
"Equipment sales" relates to equipment revenues from B2B and B2C.

5. Reconciliation of operating income to Adjusted EBITDA

The following table shows the reconciliation of the operating income in the condensed interim consolidated financial statements to Adjusted EBITDA:

Reconciliation of Operating income to Adjusted Ebitda (€m)	June 30, 2019	June 30, 2018
Operating income	**3,894.6**	**284.6**
Depreciation, amortization and impairment	1,664.2	1,241.7
Restructuring costs	5.7	2.3
Operating lease expenses	(380.1)	-
Costs relating to stock option plans	2.2	-
Other non-recurring costs (a)	(3,158.1)	305.2
Adjusted EBITDA	**2,028.4**	**1,833.8**

a) As of June 30, 2019, mainly include the capital gain on the loss of control in SFR FTTH (€3,203.8 million) compared to the neutralization of the break-up fee with Altice Entertainment News & Sport (€(300.0) million).

Following the application of IFRS 16, Altice Group reviewed its KPI: Adjusted EBITDA is now defined as operating income before depreciation and amortization, non-recurring items (capital gains, non-recurring litigation and restructuring costs) and share-based expenses and after operating lease expenses.

6. Financial income

Net finance costs amounted to €716.6 million for the six months ended June 30, 2019, registering an increase of 91.1% compared to €375.0 million for the six months ended June 30, 2018. A breakdown is provided below:

Financial Income (€m)	June 30, 2019	June 30, 2018
Cost of gross financial debt	**(593.1)**	**(346.6)**
Financial income	**4.3**	**3.6**
Provisions and unwinding of discount	(3.7)	(11.7)
Interest related to right of use	(62.5)	-
Other	(61.7)	(20.3)
Other financial expenses	**(127.8)**	**(32.1)**
Net financial income (expense)	**(716.6)**	**(375.0)**

The cost of gross financial debt increased from €346.6 million as of June 30, 2018 to €593.1 million as of June 30, 2019. This increase was mainly driven by:

- An increase in our cost of debt related to the refinancing from July and August 2018 (€38.8 million) (increase in nominal of €215 million).
- A negative variation in the fair value of derivative instruments that are recorded through the statement of income (€207 million).

As of June 30, 2019, the other financial expenses line item includes the call premium paid on the partial redemption of the 2024 Notes for an amount of €29.9 million.

7. Income tax expense

For interim condensed financial statements, the tax expense or tax income on profit or loss is determined in accordance with IAS 34, based on the best estimate of the annual average tax rate expected for the full fiscal year, restated for non-recurring items (which are recorded in the period as incurred).

8. Investments in associates

The change as of June 30, 2019 is analysed as follows:

Change of the investments in associates (€m)	
Balance as of December 31, 2018	**19.8**
Capital increase (a)	19.6
Change in scope (b)	1,707.9
Dividends paid	(0.6)
Income / Loss	(68.6)
Other	(7.5)
Balance as of June 30, 2019	**1,670.6**

a) Related to La Poste Telecom.
b) Following the closing of the sale of a 49.99% equity stake in SFR FTTH, the carrying value of the remaining investment in SFR FTTH as at June 30, 2019 was €1.7 billion. Refer to Note 2.1 – *SFR FTTH*.

9. Other non-current assets

Other non-current assets are detailed as follows:

Other non-current assets (€m)	**June 30, 2019**	**December 31, 2018**
Derivative financial instruments (a)	838.9	1,027.2
Other (b)	133.6	89.2
Non-current financial assets	972.5	1,116.3
Other non-current assets (c)	254.6	265.5
Other non-current assets	**1,227.1**	**1,381.8**

a) Of which €829.8 million related to swaps (Refer to Note 15 – *Derivative instruments*) and €9.1 million related to the call option linked to ACS, as of June 30, 2019 respectively compared to €1,017.5 million related to swaps and €9.7 million related to the call option linked to ACS as of December 31, 2018;
b) Includes mainly deposits;
c) Includes mainly non-current prepaid expenses.

10. Current financial assets

Current Financial Assets (€m)	**June 30, 2019**	**December 31, 2018**
Advance Altice Luxembourg FR S.A. (a)	750.0	-
Escrow account SFR FTTH	138.7	-
Other	5.4	2.2
Other current financial assets	**894.1**	**2.2**

a) Refer to Note 2.4 - *Financing flows with Altice Group entities.*

11. Cash and cash equivalents

Cash and cash equivalents are broken down below:

Cash and Cash Equivalent (€m)	June 30, 2019	December 31, 2018
Cash	325.0	741.8
Cash equivalents (a)	46.3	326.6
Cash and cash equivalents	**371.3**	**1,068.5**

a) Cash equivalents mainly consisted of money-market funds.

12. Assets (and liabilities) held for sale

Altice Europe intended to sell Groupe L'Express to News Participations. A term sheet describing the transaction was finalized at the end of June 2019. The first phase concerns the disposal of 100% of the stake in Groupe L'Express by Atlice France to Atlice Group Luxembourg.

As of June 30, 2019, the Group considers that it had the intention to sell the asset and the asset was readily available to be disposed (no carve out required). As a result, the related assets and liabilities were classified as held for sale as of June 30, 2019, in accordance with IFRS 5- *Non-current assets held for sale and discontinued operations.* Furthermore, the disposal of 01 Net Mag is planned for the end of July; so the related assets and liabilities were also classified as held for sale as of June 30, 2019.

The sale of Groupe L'Express to Altice Group Luxembourg was concluded on July 30, 2019, following the approval of the Board of Directors of Altice France on July 19, 2019.

The table below provides the details of assets and liabilities classified as held for sale as of June 30, 2019. As a reminder, the amounts as of December 31, 2018 related to SFR FTTH. Refer to Note 2.1 - *SFR FTTH*.

Disposal groups held for sale (€m)	June 30, 2019	December 31, 2018
Goodwill	0.2	-
Tangible and intangible assets	2.5	438.7
Other non-current assets	9.2	0.6
Currents assets	43.0	82.7
Total assets held for sale	**54.9**	**521.9**
Non-current liabilities	15.4	95.7
Current liabilities	49.3	103.7
Total liabilities related to assets held for sale	**64.7**	**199.4**

13. Equity

As of June 30, 2019, Altice France's share capital amounted to €443,706,618 comprising 443,706,618 ordinary shares with a par value of €1 each. There was no change on share capital over the six-month period.
The Group does not hold treasury shares.
The Shareholders' Meeting of May 7, 2019 approved an exceptional distribution of dividends in the amount of €1.85 per share, a total amount of €820 million, which was charged to the "additional paid-in capital" caption.
The Group did not pay dividends to its shareholders during the fiscal years 2016, 2017 and 2018.

14. Financial liabilities

14.1. Financial liabilities breakdown

Financial liabilities breakdown as follows:

	Current		Non-current		Total	
Financial liabilities breakdown (€m)	**June 30, 2019**	**December 31, 2018**	**June 30, 2019**	**December 31, 2018**	**June 30, 2019**	**December 31, 2018**
Bonds	278.2	278.5	8,539.1	9,474.4	8,817.3	9,752.9
Term loans	150.7	81.4	7,169.1	7,167.3	7,319.8	7,248.7
Derivative instruments	-	-	577.8	794.1	577.8	794.1
Borrowings	**428.9**	**359.9**	**16,286.0**	**17,435.8**	**16,714.9**	**17,795.8**
Finance lease liabilities *	20.2	22.9	46.7	56.4	66.9	79.3
Operating lease liabilities	618.4	-	2,243.2	-	2,861.6	-
Financial liabilities related to right of use	**638.6**	**22.9**	**2,289.9**	**56.4**	**2,928.5**	**79.3**
Perpetual subordinated notes ("TSDI")	-	-	54.8	53.0	54.8	53.0
Deposits received from customers	32.8	37.2	164.6	162.4	197.4	199.6
Bank overdrafts	132.6	39.2	-	-	132.6	39.2
Securitization	176.5	229.5	-	-	176.5	229.5
Reverse factoring	575.0	600.0	-	-	575.0	600.0
Commercial paper	100.0	107.0	-	-	100.0	107.0
Loan Altice Luxembourg FR SA	-	-	739.7	-	739.7	-
Other (a)	47.5	50.3	76.8	95.6	124.3	145.9
Other financial liabilities	**1,064.5**	**1,063.1**	**1,035.9**	**310.9**	**2,100.3**	**1,374.1**
Financial liabilities	**2,132.0**	**1,445.9**	**19,611.7**	**17,803.2**	**21,743.7**	**19,249.1**

** As of June 30, 2019, the opening balances of finance lease liabilities were reclassified from "Other financial liabilities" to "Financial liabilities related to rights of use".*

a) As of June 30, 2019, this amount includes:
- €50.1 million of liabilities related to the acquisition of the minority interests (of ERT Luxembourg for €41.1 million and Icart €9.0 million), compared to €67.1 as of December 31, 2018 (of ERT Luxembourg for €52.1 million and Icart €15.0 million);
- €29.6 million related to the put option on ACS's minority interests.

Financial liabilities issued in US dollars are converted at the following closing rate:
- As of June 30, 2019: €1 = 1.1359 USD
- As of December 31, 2018: €1 = 1.1452 USD

For the six months ended June 30, 2019, variations in financial debt are listed below:
- On June 10, 2019, the Group proceeded to partially redeem 40% of its 2024 EUR and USD Notes. The impacts are listed below:
  - €500 million reimbursed at a call premium of 2.813% (€14.0 million);
  - $560 million (€495.5 million equivalent) at a call premium of 3.125% ($17.5 million or €15.5 million equivalent).
- On June 10, 2019, the Group also issued a $840 million fully subscribed by Altice Luxembourg S.A. bearing a semi annual coupon of 10.5% (5.8572% swapped into euros). The loan matures in February 2028 and is subordinated to all external bonds and term loans issued by the Group.

The Group considers that the redemption represents a partial extinguishment of the debt instrument and hence as per IFRS 9, the unamortised financing costs were proportionally recycled via the consolidated statement of income. The impact for the Euro denominated notes amounted to €5.0 million.
For the Dollar Notes, the deferred financing costs had been fully amortised as of February 2019 (as it was assumed that the Group would exercise its call option on the first callable date). Hence, per IFRS 9, in order to maintain the same effective interest rate as prior to the redemption, the Group recorded a finance income of €8.5 million which will be amortised over the remaining useful life of the notes.

As a result of the redemptions listed above, the Group also reallocated its swap portfolio in order to manage the FX and interest rate risk on the new $840 million debt in accordance with its risk management strategy (see Note 15 – *Derivative instruments*).

14.2. Net financial debt

Net financial debt as defined and utilized by the Group can be broken down as follows:

Net financial debt (€m)	June 30, 2019	December 31, 2018
Bonds	8,577.2	9,510.7
Term loans	7,461.5	7,380.8
Finance lease liabilities	66.9	79.3
Commercial paper	100.0	107.0
Bank overdrafts	132.6	39.2
Other financial liabilities	74.6	87.1
Financial Liabilities contributing to net financial debt (a)	**16,412.8**	**17,204.1**
Cash and cash equivalents	371.3	1,068.5
Net derivative instruments - currency translation impact	1,020.5	976.7
Financial Assets contributing to net financial debt (b)	**1,391.8**	**2,045.2**
Net financial debt (a) – (b)	**15,020.9**	**15,159.0**

a) Liability items correspond to the nominal value of financial liabilities excluding accrued interest, impact of EIR, perpetual subordinated notes, operating debts (notably guarantee deposits, securitization debts and reverse factoring). All these liabilities are converted at the closing exchange rates. Refer to Note 14.3 – *Reconciliation between net financial liabilities and net financial debt*.

b) Asset items consist of cash and cash equivalents and the portion of the fair value of derivatives related to the currency impact (€1,020.5 million as of June 30, 2019 and €976.7 million as of December 31, 2018). The fair value of derivatives related to the interest rate impacts €(826.7) million as of June 30, 2019 and €(753.4) million as of December 31, 2018 is not included.

14.3. Reconciliation between net financial liabilities and net financial debt

In compliance with IAS7 amendments, the following table shows the reconciliation between net financial liabilities in the consolidated statement of financial position and the net financial debt:

Reconciliation between net financial liabilities and net financial debt (€m)	June 30, 2019	December 31, 2018
Financial liabilities	21,743.7	19,249.1
Cash and cash equivalents	(371.3)	(1,068.5)
Derivative instruments - asset (a)	(829.8)	(1,017.5)
Net financial debt - consolidated statement of financial position	**20,542.6**	**17,163.2**
Reconciliation :		
Lease liabilities	(2,861.6)	-
Net derivative instruments - rate impact	(815.9)	(753.4)
Accrued interest	(305.5)	(316.3)
EIR	211.2	219.7
Perpetual subordinated notes ("TSDI")	(54.8)	(53.0)
Deposits received from customers	(197.4)	(199.6)
Securitization	(176.5)	(229.5)
Reverse factoring	(575.0)	(600.0)
Debt on share purchase	(43.0)	(45.1)
Debt Altice Luxembourg FR SA	(739.7)	-
Net derivative instruments - debt Altice Luxembourg FR SA	47.5	-
Dividend to pay	(3.5)	(1.9)
Current accounts	(0.5)	(0.9)
Other	(6.8)	(24.3)
Net financial debt	**15,020.9**	**15,159.0**

a) Excluding the fair value of ACS Call (€9.1 million), refer to Note 9 – *Other non-current assets*.

14.4. Fair value hierarchy of financial assets and liabilities

Fair value of financial instruments (€m)	June 30, 2019 Net carrying amount	June 30, 2019 Fair value	December 31, 2018 Net carrying amount	December 31, 2018 Fair value
Assets				
Trade and other receivables*	3,182.6	3,182.6	3,394.2	3,394.2
Derivative instruments classified as assets	838.9	838.9	1,027.2	1,027.2
Non-current financial assets	133.6	133.6	89.0	89.0
Other non-current assets	5.1	5.1	6.2	6.2
Current financial assets	894.1	894.1	2.2	2.2
Cash and cash equivalents	371.3	371.3	1,068.5	1,068.5
Liabilities				
Non-current borrowings and financial liabilities	15,708.2	16,052.4	16,641.7	16,095.1
Derivative instruments classified as liabilities	577.8	577.8	794.1	794.1
Non-current liability related to rights of use [1]	2,289.9	2,289.9	56.4	56.4
Other non-current financial liabilities	1,035.9	1,035.9	310.9	310.9
Other non-current liabilities *	43.7	43.7	50.4	50.4
Current borrowings and financial liabilities	428.9	428.9	359.9	359.9
Current liability related to rights of use [1]	638.6	638.6	22.9	22.9
Other current financial liabilities	1,064.5	1,064.5	1,063.1	1,063.1
Trade payables and other liabilities	4,811.1	4,811.1	5,558.0	5,558.0
Other current liabilities *	59.2	59.2	42.8	42.8

* Excluding prepaid expenses and contracts assets and liabilities.

[1] As of June 30, 2019, the opening balances of finance lease liabilities were reclassified from “Other financial liabilities” to “Liability related to right of use”, for respectively €56.4 million and €22.9 million in non-current and current financial liabilities.

No significant events occurred in the six-month period ended June 30, 2019 that would affect the fair value of financial assets and liabilities (including no transfer into or out of a fair level value and no change in the measurement methods used).

15. Derivative instruments

Fair value of derivative instruments

The following table shows the derivative instruments fair value:

(€m) Type	Underlying element	June 30, 2019	December 31, 2018
Cross-currency Swaps	2024 USD bonds	108.9	116.5
	2026 USD bonds	227.5	88.6
	2027 USD bonds	198.7	165.1
	January 2026 USD term loan	(31.3)	(31.6)
	July 2025 USD term loan	145.5	132.2
	August 2026 USD term loan	(71.2)	(49.6)
	Fixed rate - Floating rate USD	(305.7)	(160.7)
	Loan Altice Luxembourg	47.5	-
Interest rate swaps	Fixed rate - EURIBOR 3 months	(40.5)	(11.1)
	Swap EURIBOR 1 month - EURIBOR 3 months	(27.4)	(26.1)
	Derivative instruments classified as assets	829.8	1,017.5
	Derivative instruments classified as liabilities	(577.8)	(794.1)
	Net Derivative instruments	**252.0**	**223.3**
	o/w currency effect (*)	1,078.8	976.7
	o/w interest rate effect (**)	(826.7)	(753.4)

(*) Of which currency effect related to Senior Debt	*1,020.5*	*976.7*
(**) Of which interest rate effect on Senior Debt	*(815.9)*	*(753.4)*

In accordance with IFRS 9, the Group uses the fair value method to recognize its derivative instruments.

The fair value of derivative financial instruments (cross currency swaps) traded over-the-counter is calculated on the basis of models commonly used by traders to measure these types of instruments. The resulting fair values are checked against bank valuations.

The measurement of the fair value of derivative financial instruments includes a “counterparty risk” component for asset derivatives and an “own credit risk” component for liability derivatives. Credit risk is measured on the basis of the usual mathematical models and market data (implicit credit spreads).

For the six months ended June 30, 2019, following the partial redemption of its 2024 USD Notes, the Group reallocated part of the cross currency swaps associated with the 2024 USD Notes to the new Altice Luxembourg Notes. The Group also entered into new cross currency swaps in order to fully hedge the risk on the nominal of new loan. The new allocation/swaps are presented below:

- $561 million reallocated from the 2024 USD Notes to the $840 million Altice Luxembourg Notes at an average swap rate of 1.2898 with a USD receiving rate of 6.125% and an average Euro paying rate of 5.3427%;
- New CCS with a nominal of $200 million/€175 million with a USD paying rate of 10.5% and a euro receiving rate 7.86%;
- New CCS with a nominal of $76 million/€69 million with a USD paying rate of 7.75% and a euro receiving rate 4.52%.

As a result of the reorganization mentioned above, the swaps allocated to the 2024 Notes were dequalified as cash flow hedges. As a result an amount of €34 million was fixed in “Other Comprehensive Income” and will be amortised over the remaining life of the swap. Of the €34 million, €14 million was directly recycled via the statement of income following the de-recognition of the underlying debt instrument.

16. Provisions

The following table details the amount of provisions:

Provisions (€m)	**June 30, 2019** Opening	Increase	Utilization	Reversal and changes of accounting estimates	Other	Closing
Employee benefit plans	131.9	5.9	(0.3)	(0.3)	10.5	147.7
Restructuring	24.6	0.8	(3.2)	-	-	22.2
Technical site restoration (a)	88.3	0.0	(0.1)	-	0.3	88.5
Litigation and other (b)	448.0	22.4	(118.8)	(28.1)	(46.4)	277.2
Provisions	**692.9**	**29.1**	**(122.4)**	**(28.4)**	**(35.7)**	**535.6**
Current provisions	*216.5*	*12.3*	*(77.0)*	*(20.9)*	*36.4*	*167.3*
Non-current provisions	*476.4*	*16.8*	*(45.3)*	*(7.5)*	*(72.0)*	*368.4*

a) Site restoration expenses: the Group has an obligation to restore the technical sites of its network at the end of the lease when they are not renewed or are terminated early.

b) Litigation and other: these are included in provisions mainly when their amounts and types are not disclosed, because disclosing them may harm the Group. Provisions for litigation cover the risks connected with court action against the Group. All provisioned disputes are currently awaiting hearing or motions in a court. The unused portion of provisions recognised at the beginning of the period reflects disputes that have been settled by the Group paying amounts smaller than those provisioned, or to a downward re-assessment of the risk.

The table for fiscal year 2018 is presented below:

Provisions (€m)	**December 31, 2018** Opening	Increase	Utilization	Reversal and changes of accounting estimates	Other	Closing
Employee benefit plans	124.1	12.6	(3.5)	(0.1)	(1.2)	131.9
Restructuring	45.9	7.9	(24.3)	(4.7)	(0.2)	24.6
Technical site restoration	97.0	3.8	(8.4)	(0.2)	(3.8)	88.3
Litigation and other	559.0	142.0	(81.6)	(184.4)	13.1	448.0
Provisions	**826.0**	**166.2**	**(117.8)**	**(189.4)**	**7.9**	**692.9**
Current provisions	*349.6*	*83.1*	*(83.0)*	*(148.6)*	*15.3*	*216.5*
Non-current provisions	*476.3*	*83.1*	*(34.8)*	*(40.8)*	*(7.4)*	*476.4*

17. Related party transactions

Parties related to the Group include:

- All companies included in the consolidation scope, regardless of whether they are fully consolidated or equity associates;
- Altice Europe, the entities that it consolidates and its related parties;
- All the members of the Executive Committee of Altice France and companies in which they hold a directorship.

Transactions between fully consolidated entities within the consolidation scope have been eliminated when preparing the condensed interim consolidated financial statements. Details of transactions between the Group and other related parties are disclosed below.

17.1. Shareholders

As of June 30, 2019, the overview of these transactions was as follows:

Related party transactions - Shareholders (€m)	**June 30, 2019**	**December 31, 2018**
Statement of Financial Position		
Assets	**476.6**	**77.4**
Non-current assets (a)	390.9	12.4
Current assets	86.0	65.0
Liabilities	**447.6**	**156.9**
Non-current financial liabilities (b)	353.8	-
Current financial liabilities (b)	30.4	-
Operating liabilities	63.5	156.9

a) *Right of use – Assets (€378.5 million)*

b) *Right of use – Liabilities (€384.2 million)*

The amounts related to right of use concern the transaction with Quadrans (which is majority owned by the Company's controlling shareholder). This transaction is now recorded under IFRS16 – *Lease*s.

These amounts do not include the financial liability towards Altice Luxembourg FR SA disclosed in Note 14.3 – *Reconciliation between net financial liabilities and net financial debt.*

Related party transactions - Shareholders (€m)	**June 30, 2019**	**June 30, 2018**
Statement of income	**(114.1)**	**(383.0)**
Operating income	43.7	25.6
Operating expenses	(141.9)	(408.6)
Financial expenses (c)	(15.9)	-

c) *Interests on right of use liabilities (€10.6 million)*

As of June 30, 2019, the significant changes in the statement of income compared to June 2018 concern:

- Decrease in purchase of customer services from Altice Management International and Intelcia (consolidated since May 2018): €43.2 million,
- Decrease in purchase of TV channels programs, including sports channel (saving of €236.9 million from Altice Entertainment News & Sport related to the 2018 break-up fee amounted €300.0 million - Refer to Note 4 – *Significant events of the period* of 2018 consolidated financial statements).

These expenses include management fees from Altice Europe (€27.2 million as of June 30, 2019 against €7.4 million as of June 30, 2018).

For the period ended June 30, 2019, the Group recorded an operating expense of €18.9 million of depreciation expenses related to the right of use assets in connection with Quadrans. For the period ended June 30, 2018, the operating expense related to rental expenses from Quadrans amounted to €23.4 million.

Investments made amount to €11.7 million as of June 30, 2019 compared to €119.0 million as of June 30, 2018. The decrease in investments is mainly due to purchases related to construction and deployment of network with ATSF entities which are fully consolidated by Altice France since May 2018.

17.2. Associates and joint ventures

The main transactions with equity associates (EA) and joint ventures (JV) relate to:

- La Poste Telecom SAS (EA) as part of its telecommunication activities,
- Synerail SAS (JV) as part of the GSM-R public-private partnership,
- SFR FTTH SAS (JV) and its subsidiaries as part of the network deployment in AMII zones.

Associates and joint ventures (€m)	**June 30, 2019**	**December 31, 2018**
Assets	**166.8**	**64.0**
Non-current assets	11.5	12.7
Current assets	155.3	51.3
Liabilities	**97.4**	**2.8**
Non-current liabilities	-	-
Current liabilities	97.4	2.8
Net financial income (expense)	**279.2**	**105.1**
Operating income	285.6	132.9
Operating expenses	(6.5)	(27.9)
Financial income	0.2	0.1

18. Commitments and contractual obligations

During the six month period ended June 30, 2019, the Group entered into an exclusive network deployment and maintenance agreement with SFR FTTH (with binding volume commitments), to deply plugs in low dense areas and public initiave network concessions transferred to SFR FTTH.
The group has retained the commitments that it entered into a agreement with the French state as described in the notes to the consolidated financial statements for the year ended December 31, 2018. However the exclusivity of the contract signed with SFR FTTH guarantees that the Group will have the means to deliver on the commitments provided to the French state.

19. Litigation

In the normal course of business, the Group is subject to a number of lawsuits and governmental arbitration and administrative proceedings as a plaintiff or a defendant.

There was no significant development in existing litigation or new litigation since the publication of the 2018 annual consolidated financial statements that have had, or that may have, a significant effect on the financial position of the Group, except the litigation described below:

<u>Claim from a competitor concerning the acquisition of Virgin Mobile by the Group</u>
On April 5, 2019, Altice France and Altice Luxembourg, *inter alios*, received a claim from a competitor stating that the practices sanctioned by the French Competition Authority in November 2016 in the Numéricable/SFR/Virgin Mobile gun jumping case caused said competitor to lose the tender process for the acquisition of Virgin Mobile. The competitor is now seeking €216 million in monetary damages. The Group is in the process of assessing the merits of the claim and expects to challenge the claim in proceedings recently initiated by the competitor.

Concerning existing litigation, refer to Note 33 – *Litigation* of the annual consolidated financial statements 2018.

20. List of consolidated entities

Entity	Country Registered office	Group interest 2019	Group interest 2018	Method [1] 2019	Method [1] 2018
Altice France SA	France	100%	100%	Parent company	
SFR SA	France	100%	100%	FC	FC
SFR Fibre SAS	France	100%	100%	FC	FC
Altice B2B France SAS	France	100%	100%	FC	FC
Ariège Telecom SAS	France	100%	100%	FC	FC
B3G International BV (4)	Netherlands	-	100%	-	FC
Cap Connexion SAS	France	100%	100%	FC	FC
CID SA	France	100%	100%	FC	FC
SFR Business Distribution SA	France	100%	100%	FC	FC
Completel SAS	France	100%	100%	FC	FC
Debitex Telecom SAS (8)	France	-	100%	-	FC
Eure et Loir THD SAS (8)	France	-	100%	-	FC
Isère fibre SAS (8)	France	-	100%	-	FC
FOD SNC	France	100%	100%	FC	FC
Foncière Velizy SCI	France	100%	100%	FC	FC
Gravelines Network SAS (8)	France	-	100%	-	FC
Haut-Rhin Telecom SAS	France	100%	100%	FC	FC
LD Communications Italie Srl	Italy	100%	100%	FC	FC
LD Communications Suisse SA	Switzerland	100%	100%	FC	FC
Loiret THD SAS (8)	France	-	100%	-	FC
LTBR SA	France	100%	100%	FC	FC
MACS THD SAS	France	100%	100%	FC	FC
Numergy SAS	France	100%	100%	FC	FC
Numericable US LLC	USA	100%	100%	FC	FC
Numericable US SAS	France	100%	100%	FC	FC
Oise Numérique SAS (8)	France	-	100%	-	FC
Omer Telecom LTD	United Kingdom	100%	100%	FC	FC
Opalys Telecom SAS	France	100%	100%	FC	FC
Pays Voironnais Network SAS	France	100%	100%	FC	FC
Rennes Métropole Telecom SAS	France	100%	100%	FC	FC
Rimbaud Gestion B SCI	France	100%	100%	FC	FC
Sequalum Participation SAS	France	100%	100%	FC	FC
Sequalum SAS	France	100%	100%	FC	FC
SFCM SA	France	100%	100%	FC	FC
SFR Distribution SA	France	100%	100%	FC	FC
SFR Collectivités SA (2)	France	-	100%	-	FC
SFR Développement SAS	France	100%	100%	FC	FC
SFR Participation	France	100%	100%	FC	FC
SHD SA	France	100%	100%	FC	FC
SRR SCS	France	100%	100%	FC	FC
SFR Business Solutions Morocco SA	Morocco	100%	100%	FC	FC
TME France SA	France	100%	100%	FC	FC
Valofibre SAS (8)	France	-	100%	-	FC
Ypso Finance S.à.r.l	Luxembourg	100%	100%	FC	FC
Ypso France SAS	France	100%	100%	FC	FC
Connect 76 SAS (8)	France	-	100%	-	FC
Martinique THD SAS (8)	France	-	100%	-	FC
Agglo La Rochelle THD SAS (8)	France	-	100%	-	FC
Gard Fibre SAS (8)	France	-	100%	-	FC
Corsica Fibra SAS (8)	France	-	100%	-	FC
Alsace Connexia SAS	France	70%	70%	FC	FC

Entity	Country Registered office	Group interest 2019	Group interest 2018	Method [1] 2019	Method [1] 2018
Iris 64 SAS	France	70%	70%	FC	FC
Manche Telecom SAS	France	70%	70%	FC	FC
Medi@lys SAS	France	70%	70%	FC	FC
Teloise SAS	France	70%	70%	FC	FC
Inolia SA	France	60%	60%	FC	FC
Synerail Exploitation SAS	France	60%	60%	FC	FC
Moselle Telecom Part. SAS	France	56%	56%	FC	FC
Comstell SAS	France	50%	50%	FC	FC
Foncière Rimbaud 1 SAS	France	50%	50%	EM	EM
Foncière Rimbaud 2 SAS	France	50%	50%	EM	EM
Foncière Rimbaud 3 SAS	France	50%	50%	EM	EM
Foncière Rimbaud 4 SAS	France	50%	50%	EM	EM
Infracos SAS	France	50%	50%	JV	JV
Hivory SAS	France	50%	50%	FC	FC
La Poste Telecom SAS	France	49%	49%	EM	EM
Synerail Construction SAS	France	40%	40%	EM	EM
VOD Factory SAS	France	40%	40%	EM	EM
Moselle Telecom SAS	France	39%	39%	FC	FC
Fischer Telecom SAS	France	34%	34%	EM	EM
Synerail SAS	France	30%	30%	EM	EM
Irisé SAS	France	25%	25%	FC	FC
Ocealis SAS	France	25%	25%	EM	EM
Sud Partner SARL	France	24%	24%	EM	EM
Sofialys SAS	France	24%	24%	EM	EM
Altice Media Events SAS	France	100%	100%	FC	FC
Altice Media Publicité SAS	France	100%	100%	FC	FC
SFR Presse Distribution SAS	France	100%	100%	FC	FC
A nous Paris SAS	France	100%	100%	FC	FC
Audience Square SAS	France	18%	18%	EM	EM
Groupe L'Express SA	France	100%	100%	FC	FC
L'Express Ventures SAS	France	69%	69%	FC	FC
Libération SARL	France	100%	100%	FC	FC
Libération Medias SARL (2)	France	-	100%	-	FC
Media Consumer Group SA	France	100%	100%	FC	FC
01 net Mag SAS (ex.Newsco Mag SAS)	France	100%	100%	FC	FC
Prelude & Fugue SAS	France	100%	100%	FC	FC
SFR Presse SAS	France	100%	100%	FC	FC
Société Nouvelle de Télécommunication et Communication SARL	France	100%	100%	FC	FC
Altice Content Luxembourg SA	Luxembourg	100%	100%	FC	FC
NextRadioTV SA	France	100%	100%	FC	FC
NextInteractive SASU	France	100%	100%	FC	FC
NextRégie SASU	France	100%	100%	FC	FC
Groupe Tests Holding SASU	France	100%	100%	FC	FC
RMC SA Monégasque	France	100%	100%	FC	FC
RMC Sport SASU	France	100%	100%	FC	FC
RMC Découverte SAS	France	100%	100%	FC	FC
Le Studio Next SASU (ex.RMC BFM Production)	France	100%	100%	FC	FC
BFM TV SASU	France	100%	100%	FC	FC
Business FM SASU	France	100%	100%	FC	FC
BFM PARIS SASU (ex.CBFM)	France	100%	100%	FC	FC
BFM Business TV SASU	France	100%	100%	FC	FC
NEXTDEV SASU	France	100%	100%	FC	FC
RMC BFM Edition SASU	France	100%	100%	FC	FC
Next Pictures SASU (ex.NextRadioTV Production)	France	100%	100%	FC	FC

Entity	Country Registered office	Group interest 2019	Group interest 2018	Method [1] 2019	Method [1] 2018
BFM Sport SASU	France	100%	100%	FC	FC
WMC SAS	France	100%	100%	FC	FC
La Banque Audiovisuelle SASU	France	100%	100%	FC	FC
NEXTPROD SAS	France	100%	100%	FC	FC
Newco B SASU	France	100%	100%	FC	FC
Groupe News Participations SAS	France	100%	100%	FC	FC
Newco E SASU	France	100%	100%	FC	FC
SPORTSCOTV SASU	France	100%	100%	FC	FC
Newco G SASU (ex.BFM Paris)	France	100%	100%	FC	FC
Newco C SASU	France	100%	100%	FC	FC
MCS SA	France	100%	100%	FC	FC
Diversité TV France SAS	France	100%	100%	FC	FC
DTV Holding SAS (Ex Pho Holding SASU)	France	100%	100%	FC	FC
Altice Customer Services S.à r.l	Luxembourg	65%	65%	FC	FC
Emashore SA	Morocco	65%	65%	FC	FC
Inovendys SA	Morocco	65%	65%	FC	FC
Intelcia Cameroun SA	Cameroun	46%	46%	FC	FC
Intelcia Cote d'Ivoire SAS	Ivory Coast	65%	65%	FC	FC
Intelcia France SAS	France	65%	65%	FC	FC
Intelcia Group SA	Morocco	65%	65%	FC	FC
Intelcia Maroc SA	Morocco	65%	65%	FC	FC
Intelcia Maroc Inshore SA	Morocco	65%	65%	FC	FC
Intelcia Senegal SAS	Senegal	65%	65%	FC	FC
Intelcia Service Client SA	France	65%	65%	FC	FC
Smartshore SARL	Morocco	65%	65%	FC	FC
The Marketing Group SAS	France	65%	65%	FC	FC
TMG Succ	Morocco	65%	65%	FC	FC
IT Rabat SARL	Morocco	65%	65%	FC	FC
ERT Holding SAS	France	100%	100%	FC	FC
ERT Technologies SAS	France	100%	100%	FC	FC
ICART SAS	France	100%	100%	FC	FC
Rhôn'Telecom SAS	France	60%	60%	FC	FC
ERT Luxembourg SA	Luxembourg	100%	84%	FC	FC
TRC Belgium s.p.r.l	Belgium	100%	100%	FC	FC
ATS France S.à r.l	Luxembourg	100%	100%	FC	FC
Altice Blue Two SAS	France	95%	95%	FC	FC
OMT OCEAN 1 SAS (2)	France	-	95%	-	FC
OMT OCEAN 2 SAS (2)	France	-	95%	-	FC
OMT OCEAN 3 SAS	France	100%	100%	FC	FC
World Satellite Guadeloupe SAS	France	95%	95%	FC	FC
Martinique TV Cable SAS	France	95%	95%	FC	FC
OMT Invest SAS	France	95%	95%	FC	FC
Groupe Outremer Telecom SAS	France	95%	95%	FC	FC
OPS SAS	France	95%	95%	FC	FC
Outremer Telecom SAS	France	95%	95%	FC	FC
Informatique Telecom Océan Indien SARL	France	51%	48%	FC	FC
Mobius SAS (2)	France	-	95%	-	FC
SNC Les manguiers	France	100%	100%	FC	FC
City Call Ltd	Mauritius	95%	95%	FC	FC
OMT Maurice Lte	Mauritius	95%	95%	FC	FC
Outremer Telecom Madagascar SA	Madagascar	95%	95%	FC	FC
SALT (TLM) SA (7)	France	95%	-	FC	-
Eos Telecom SAS (7)	France	100%	-	FC	-
Sudtel France SAS (7)	France	70%	-	FC	-

Entity	Country Registered office	Group interest 2019	Group interest 2018	Method (1) 2019	Method (1) 2018
Altice France IO SAS (7)	France	100%	-	FC	-
SFR FTTH SAS (7)	France	50%	-	EM	-
Intelcia Portugal SARL (7)	Portugal	65%	-	FC	-

(1) FC = Full Consolidation; EM = Equity Method; JO = Interest in Joint Operation
(2) Companies absorbed in 2019
(3) Change in consolidation method in 2019
(4) Company liquidated in 2019
(5) Companies sold in 2019
(6) Companies no longer consolidated in 2019
(7) Entry in the Group in 2019
(8) Companies included in transferred assets to SFR FTTH

21. Entity consolidating the financial statements

The consolidated financial statements of Altice France are included in the consolidated financial statements of Altice Europe, a company listed for trading in the Netherlands.

22. Subsequent events

Altice Group Luxembourg Loan

On July 30, 2019, the Group made an upstream loan to Altice Group Luxembourg for an aggregate amount of €175 million. The group drew an equivalent amount on the Altice France revolving credit facility to finance the loan.

Disposal of Groupe L'Express

On July 19, 2019, the Board approved the sale of Groupe L'Express to Altice Group Luxembourg SA for a transaction value of €1 for the shares of Groupe L'Express and €1 for the Group's receivables based on the perspectives and business plan of Groupe L'Express. Following the announcement and the finalization of the term sheet of the transaction at the end of June 2019, the related asset and liabilities have been classified as held for sale in accordance with IFRS 5 as at June 30, 2019 (Refer to note 12). This transaction was closed on July 30, 2019.

BFMTV, RMC Découverte and RMC Story

On July 26, the Paris Court (Tribunal de Grande Instance) rendered a decision in favor of the channels BFMTV, RMC Découverte and RMC Story considering that Free has no right to distribute them without authorization on its networks xDSL and fiber, and by enjoining him to stop this broadcast, under penalty of 100,000 euros by day of delay and per channel from August 27. The chains intend henceforth to act in compensation for the damage which results from the diffusion of its programs without authorization.