

Altice France S.A.



**AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2019**

Altice France S.A. 2019 Consolidated financial statements

Consolidated Statement of Income	Note	December 31,	December 31,
(€m)		2019	2018
Revenues	6.1	10,797.8	10,187.4
Purchasing and subcontracting costs		(2,897.6)	(3,382.7)
Other operating expenses	8	(1,909.5)	(2,171.4)
Staff costs and employee benefits	7	(1,060.1)	(929.6)
Depreciations, amortizations and impairments		(3,475.1)	(2,671.7)
Other expenses and income	10	2,600.5	(520.1)
Operating profit		4,055.9	511.8
Finance income		17.5	8.9
Interest relative to gross financial debt		(837.4)	(807.0)
Realized and unrealized gains/(loss) on derivative instruments linked to financial debt		5.8	(8.8)
Other financial expenses		(231.2)	(119.8)
Net result on extinguishment of financial liabilities		(78.9)	(148.6)
Finance costs, net	9	(1,124.2)	(1,075.3)
Share of earnings of associates and joint ventures	16	(201.0)	(12.7)
Profit/(loss) before income tax from continuing operations		2,730.6	(576.1)
Income tax benefit/(expenses)	10	167.7	99.3
Profit/(loss) from continuing operations		2,898.3	(476.8)
Profit/(loss) after tax from discontinuing operations		-	-
Profit/(loss)		2,898.3	(476.8)
Attributable to equity holders of the parent		2,852.6	(476.2)
Attributable to non-controlling interests		45.7	(0.7)

Consolidated Statement of Other Comprehensive Income	Note	December 31,	December 31,
(€m)		2019	2018
Profit (loss)		2,898.3	(476.8)
Items that may be subsequently reclassified to profit or loss:			
Foreign currency translation adjustments		0.4	0.1
Cash flow hedges		143.7	23.6
Related taxes	10.3	(37.1)	(6.1)
Other items related to associates		0.4	0.5
Items that will not be subsequently reclassified to profit or loss:			
Actuarial gain (loss)	28	(24.4)	10.4
Related taxes	10.3	5.6	(2.0)
Total Comprehensive Profit (loss)		2,986.7	(450.4)
<i>Of which:</i>			
Attributable to equity holders of the parent		2,941.0	(449.9)
Attributable to non-controlling interests		45.7	(0.5)

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Consolidated Statement of Financial Position	Note	December 31,	December 31,
(€m)		2019	2018 revised (*)
Assets			
Goodwill	11	11,076.3	11,071.9
Intangible assets	12	5,483.4	5,888.7
Contracts costs	13	159.6	156.9
Property, plant and equipment	14	6,323.1	6,331.4
Rights of use assets	15	3,418.6	-
Investments in associates and joint ventures	16	1,551.4	19.8
Financial assets	17	1,028.5	1,116.3
Deferred tax assets	10	230.7	11.7
Other assets	17	247.7	265.5
Total non-current assets		29,519.2	24,862.1
Inventories	18	348.5	304.0
Trade and other receivables	19	3,421.5	3,549.6
Contracts assets	13	217.4	226.8
Current tax assets	10	48.8	110.9
Financial assets		24.1	2.2
Cash and cash equivalents	21	556.8	1,068.5
Assets classified as held for sale	20	-	929.8
Total current assets		4,617.0	6,191.8
Total Assets		34,136.3	31,053.8

Consolidated Statement of Financial Position	Note	December 31,	December 31,
(€m)		2019	2018 revised (*)
Equity and liabilities			
Issued capital	22	443.7	443.7
Additional paid in capital		3,533.1	5,403.1
Reserves		446.0	(2,025)
Equity attributable to owners of the company		4,422.8	3,821.7
Non-controlling interests		226.3	216.4
Total equity		4,649.2	4,038.1
Borrowings, financial liabilities and relating hedging instruments	23	17,336.5	17,435.9
Lease liabilities	23	2,804.3	-
Other financial liabilities	23	312.0	367.3
Provisions	26	460.0	476.4
Non-current contracts liabilities	13	520.8	502.8
Deferred tax liabilities	10	44.2	126.4
Other liabilities	28	24.8	50.4
Total non-current liabilities		21,502.7	18,959.2
Borrowings, financial liabilities	23	426.7	359.9
Lease liabilities	23	675.6	-
Other financial liabilities	23	1,170.1	1,086.0
Trade and other payables	29	4,828.6	5,558.0
Contracts liabilities	13	501.7	478.5
Current tax liabilities	10	145.1	115.4
Provisions	26	149.5	216.5
Other liabilities	29	87.2	42.8
Liabilities directly associated with assets classified as held for sale	20	-	199.4
Total Current liabilities		7,984.4	8,056.5
Total Equity & liabilities		34,136.3	31,053.8

(*) Refer to Note 20 – *Assets (and liabilities) held for sale*

Equity attributable to owners of the company

Consolidated Statement of Changes in Equity							
(€m)	Capital	Additional paid-in capital	Reserves	Other comprehensive income	Total	Non-controlling interests	Consolidated equity
Restated 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 - Prospective application	-	-	24.5	-	24.5	-	24.5
Position at January 1st, 2018	443.7	5,403.1	(2,380.7)	(333.2)	3,132.9	(85.1)	3,047.8
Dividends paid	-	-	-	-	-	(4.4)	(4.4)
Comprehensive income	-	-	(476.2)	26.3	(449.9)	(0.5)	(450.4)
Share-based compensation	-	-	1.2	-	1.2	-	1.2
Business combination under common control (a)	-	-	(197.2)	-	(197.2)	7.2	(190.0)
Additional participation in ACL and GNP (b)	-	-	(108.4)	-	(108.4)	78.8	(29.6)
Disposal of Hivory's NCI (c)	-	-	1,534.0	-	1,534.0	217.6	1,751.7
Other movements (d)	-	-	(91.0)	-	(91.0)	2.8	(88.2)
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 - Transition	-	-	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	-	(1,870.0)	(501.4)	-	(2,371.4)	(47.7)	(2,419.1)
Comprehensive income (loss)	-	-	2,852.6	88.5	2,941.0	45.7	2,986.7
Share-based compensation	-	-	2.6	-	2.6	-	2.6
Business combination under common control	-	-	(0.6)	-	(0.6)	(0.2)	(0.8)
Additional participation in GNP and AB2	-	-	(19.7)	-	(19.7)	14.0	(5.7)
Other movements	-	-	9.1	-	9.1	(1.8)	7.3
Position at December 31, 2019	443.7	3,533.1	664.5	(218.4)	4,422.8	226.3	4,649.2

(a)-(d) Refer to the Group's 2018 consolidated financial statements.

Breakdown of Changes in Equity Related to Other Comprehensive Income	December 31,	December 31,	December 31,	Change	
	2017 restated	2018	2019	2018 vs 2017	2019 vs 2018
(€m)					
Hedging instruments	(441.8)	(418.3)	(274.6)	23.6	143.7
Related taxes	114.1	108.0	70.9	(6.1)	(37.1)
Actuarial gains and losses	(9.5)	0.8	(23.7)	10.3	(24.4)
Related taxes	1.8	(0.2)	5.4	(2.0)	5.6
Foreign currency translation adjustments	(1.1)	(1.0)	(0.6)	0.1	0.4
Items related to associates	3.2	3.7	4.0	0.5	0.4
Total	(333.3)	(306.9)	(218.5)	26.4	88.4

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Consolidated Statement of Cash Flows	December 31,	December 31,
(€m)	2019	2018 restated (*)
Net income (loss), Group share	2,852.6	(476.2)
<i>Adjustments:</i>		
Result attributable to non-controlling interests	45.7	(0.7)
Depreciations, amortizations and provisions	3,495.4	2,502.1
Share in net income (loss) of associates and joint-ventures	201.0	12.7
Finance costs recognized in the statement of income	1,124.2	1,075.3
Income tax (benefit) expense recognized in the statement of income	(167.7)	(99.3)
Other non-cash items (a)	(2,759.3)	(5.3)
Income tax paid	(172.3)	(53.1)
Change in working capital	(532.2)	(244.7)
Net cash flow provided (used) by operating activities	4,087.4	2,710.8
Payments to acquire tangible and intangible assets (*)	(2,265.6)	(2,373.2)
Payments for acquisition of consolidated entities, net of cash acquired	(2.2)	(791.4)
Payments to acquire interests in associates (*)	(19.6)	(21.6)
(Net) payments to acquire financial assets	(5.0)	11.7
Proceeds from disposals of property, plant and equipment and intangible assets (*)	9.5	49.3
Proceeds from disposal of consolidated entities, net of cash disposals	1,616.4	9.0
Net cash flow provided (used) by investing activities	(666.4)	(3,116.3)
Dividends paid to owners of the company	(2,371.4)	(0.0)
Dividends paid to non-controlling interests	(47.9)	(4.4)
Dividends received	1.1	4.1
Issuance of debt	3,582.9	5,170.5
Repayment of debt	(3,331.6)	(5,071.9)
Interest paid on debt	(846.6)	(785.0)
Proceeds from the sale of minority stake (purchase price adjustment)	(15.1)	1,766.8
Lease payment (principal) related to ROU (*)	(703.3)	-
Lease payment (interest) related to ROU (*)	(117.9)	-
Other cash (used in)/provided by financing activities (b)	(71.2)	(34.9)
Net cash flow provided (used) by financing activities	(3,921.0)	1,045.2
Net increase (decrease) in cash and cash equivalents	(500.0)	639.7
Effects of exchange rate changes on the balance of cash held in foreign currencies	(11.7)	(22.6)
Cash and cash equivalents at beginning of period (*)	1,068.5	451.3
Cash and cash equivalents at end of period (*)	556.8	1,068.5
(a) Of which the net income from disposal of SFR FTTH: (€2,795.9 million) as of December 31, 2019.		
Commercial paper	42.0	72.5
Reverse factoring	1.2	43.8
Securitization	(76.5)	(18.8)
Finance lease	-	(55.4)
Bank overdrafts	(32.8)	(44.0)
Transaction with non-controlling interests	(11.1)	-
Restructuring of swap instruments	257.8	157.2
Redemption fees	(73.8)	(132.9)
Advance to Altice Group Luxembourg SA	(258.3)	-
Current account Altice Luxembourg SA	182.2	-
Other interests paid	(58.5)	(35.0)
Other	(43.4)	(22.4)
(b) Other cash (used in)/provided by financing activities	(71.2)	(34.9)

(*) The 2018 amounts have been restated following the harmonization of the presentation of the cash flow statement with Altice Europe N.V. presentation and in order to provide a more relevant information in the cash flow statement:

- Cash now excludes bank overdrafts.

- Acquisitions and disposals of property, plant and equipment and intangible assets are now net of related change in working capital.

- Reconciliation between "Capital expenditure" and "Payments to acquire tangible and intangible assets" is provided in

Note 6.3 – *Capital expenditure*.

- The line "Payments to acquire interests in associates" has been added (included in "Payments for acquisition of consolidated entities, net of cash acquired" in previous version).

- The lines "Lease payment (principal) related to ROU" and "Lease payment (interest) related to ROU" have been added following the adoption of IFRS 16 - *Leases* (Refer to Note 1.2.3).

Notes to the annual consolidated financial statements

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1. Basis of preparation of the consolidated financial statements

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 (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.

As of December 31, 2019, Altice Europe directly or indirectly held 100% of the capital of Altice France S.A.

The consolidated financial statements were prepared and approved by the Company’s Board of Directors on March 20, 2020.

1.1. Basis of preparation of financial information

In accordance with French law, the consolidated financial statements will be considered final once they have been approved by the Group’s shareholders at the Ordinary Shareholders’ Meeting, which will be held on April 30, 2020.

The consolidated financial statements for the year ended December 31, 2019, comprise the consolidated statement of financial position, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity and the accompanying notes, presented in euro millions. They have been prepared in accordance with International Financial Reporting Standards (“IFRS”) published by the IASB (International Accounting Standard Board), as adopted by the European Union (EU) at December 31, 2019. These international standards include the IAS (International Accounting Standards), IFRS (International Financial Reporting Standards) and their interpretations (SIC and IFRIC).

The accounting and valuation principles defined in the IFRS as adopted by the European Union are available on the following website: https://ec.europa.eu/info/index_en

1.2. New standards and interpretations

1.2.1. Standards and interpretations applied from January 1, 2019

The application from January 1, 2019 of the mandatory standards and amendments are listed below and led to a change of accounting policies presented in Note 2 – *Accounting policies and methods*:

- 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 had no material impact on the amounts recognized in the annual consolidated financial statements and had no impact on the disclosures in these consolidated financial statements. In addition, IFRIC 23 had no material impact on the amounts recognised in the Consolidated Financial Statements and resulted in a reclassification of the provisions for tax risk to deferred tax liabilities and current tax payable.

Notes 1.2.3 and 2.12 below describe the impact of the first adoption of IFRS 16 and the main changes in the Group’s accounting policies related to the first time application of IFRS 16.

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 periods before from January 1, 2020 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;
- Interest Rate Benchmark Reform (Amendment to IFRS 9, IAS 39 and IFRS 7), effective on or after January 1, 2020;
- Amendments to IFRS 10 and IAS 28 - *Sale or contribution of assets between an investor and its associate or joint venture*, effective date of the amendments has not yet be determined by the IASB;
- Amendments in Classification of Liabilities as Current or Non-Current (Amendments to IAS 1), effective on or after January 1, 2022.

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

First adoption of IFRS 16 – Leases

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-consolidated statement of financial position 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 recognized 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 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 Equity and 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.

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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 (recognized as finance costs) and reduction of the lease liability.

In an operating lease, the leased property was not capitalised and the lease payments were recognized as rent expense in the consolidated statement of income on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognized 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 recognized 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 have 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 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 certain master agreement.
- 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 leases under IAS 17 / IFRIC 4 at the transition date.
- 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 recognized in the consolidated statement of financial position 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 recognized and presented separately in the statement of financial position. This includes the lease assets recognized 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 recognized (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 derecognized.
- 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 concluding that when a contract between a land owner and another party gives the other party the right to place an oil pipeline in a specified underground 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 finalised the assessment and there is no material impact 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 liabilities under IFRS as at January 1, 2019	3,608.4
Discounting effect	(473.9)
Lease liabilities as at January 1, 2019	3,134.3
<i>Short term</i>	<i>640.1</i>
<i>Long term</i>	<i>2,494.2</i>
Finance lease debt	79.3
Total Lease liabilities as of January 1, 2019	3,213.6
<i>Short term</i>	<i>663.0</i>
<i>Long term</i>	<i>2,550.6</i>

(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%.

2. Accounting policies and methods

2.1. Consolidation methods

The list of entities included in the scope of consolidation is presented in Note 34 – *List of consolidated entities*.

Subsidiaries

Entities are fully consolidated if the Group has all the following:

- power over the investee;
- exposure or rights to variable returns from its involvement with the investee; and
- ability to use its power to affect its returns.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. If the Group does not have a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Group considers all relevant facts and circumstances in assessing whether the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of income and other comprehensive income from the date the Company gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Non-controlling interests in subsidiaries are identified separately from the Group's equity therein.

Adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra group transactions, balances, income and expenses are eliminated in full on consolidation.

Joint Arrangements

IFRS 11 – *Joint arrangements* provides financial reporting guidelines for entities that hold interests in joint arrangements. In a joint arrangement, the parties are bound by a contractual arrangement that gives them joint control of the company. The entity that is party to a joint arrangement must therefore determine if the contractual arrangement gives all the parties, or a group of some of them, joint control over the company. The existence of joint control is then assessed for decisions about the relevant activities that require the unanimous consent of the parties that jointly control the company.

Joint arrangements are classified into two categories:

- Joint undertakings (or joint operations); these are arrangements in which the parties that have joint control over the company have direct rights to its assets and obligations for its liabilities. The parties are called the “joint investors.” The joint investor recognizes 100% of the joint operation’s assets/liabilities/expenses/income that it owns itself and the share of the items that it owns jointly. These arrangements involve joint investment agreements signed by the Group.
- Joint ventures: these are partnerships in which the parties that have joint control over the company have rights to its net assets. The parties are called the “co-owners.” Each co-owner recognizes its rights to the net assets of the entity using the equity method (see paragraph below).

In addition, following the closing of the sale of 49.99% in SFR FTTH (Refer to Note 4.1 – *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 realized on intercompany transactions between Altice France and SFR FTTH (sales of assets from Altice France to SFR FTTH 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 presentation of the margin elimination in the income statement, the Group has elected to eliminate the margin in the caption “Share of earnings of associates” in the consolidated statement of income in counterpart of the caption “Investment in associates and joint ventures” in the statement of financial position. The margin elimination on these transactions is reversed over the useful life of the assets in the same captions.

Associates

Investments, over which the Company exercises significant influence, but not control, are accounted for under the equity method. Such investees are referred to as “associates” throughout these Consolidated Financial Statements.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies. Associates are initially recognised at cost at acquisition date. The Consolidated Financial Statements include the Group’s share of income and expenses, from the date significant influence commences until the date that significant influence ceases.

The interest income and expenses recorded in the Consolidated Financial Statements of the Group on loans with associates have not been eliminated in the consolidated statement of income.

2.2. Foreign currency translation

The consolidated financial statements are presented in euros, the functional currency of a vast majority of Group companies and of the parent company. All financial data are rounded to the nearest million euros.

Foreign currency transactions are initially recorded in the functional currency at the exchange rate prevailing at the date of the transaction. At the closing date, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing on that date. All foreign currency differences are recognized in profit or loss for the period.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of initial transaction. All foreign currency differences are recognized in profit or loss.

2.3. Revenue

In May 2014, the IASB issued IFRS 15 which establishes a single comprehensive five-step model to account for revenue arising from contracts with customers. IFRS 15 supersedes all current revenue recognition guidance including IAS 18 – *Revenue*, IAS 11 – *Construction contracts* and the related Interpretations.

Revenue recognition

Revenue from the Group's activities mainly consists of services (telephone packages, TV subscriptions, high-speed Internet, telephony and installation services), equipment sales and telecommunications network leases.

Since the acquisitions of SFR Presse and NextRadioTV during 2016, revenue from the Group's activities integrates products such as magazines and dailies, advertising revenues and other related services.

Revenue corresponds to the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating intragroup sales between entities included in the scope of consolidation.

In accordance with IFRS 15, the revenue recognition model includes five steps for analyzing transactions so as to determine when to recognize revenue and at what amount:

- Identifying the contract with the customer;
- Identifying separate performance obligations in the contract;
- Determining the transaction price;
- Allocating the transaction price to separate performance obligations;
- Recognizing revenue when the performance obligations are satisfied.

For bundled packages, the Group accounts for individual products and services separately if there are distinct – i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it. The consideration is allocated between separate products and services in a bundle based on their stand-alone selling prices. The stand-alone selling prices are determined based on the market prices at which the Group sells the mobile devices and telecommunications services.

This leads to the recognition of a contract asset – a receivable arising from the customer contract that has not yet legally come into existence – in the statement of financial position. The contract asset is reversed over the enforceable period. Enforceable period has been determined for each company. It represents the period over which rights and obligation are enforceable. This period is determined not only by the commitment period as stated in the contract but also by business practices and contracts mechanisms (early renewal, exit options, penalties and other clauses).

Revenues from Mobile devices

The Group recognizes revenues when a customer takes possession of the device. This usually occurs when the customer signs a new contract. The amount of revenue includes the sale of mobile devices and ancillary equipment for those devices. For mobile devices sold separately, customers pay in full at the point of sale or in several installments (credit agreement). For mobile devices sold in bundled packages, customer usually pay monthly in equal installments over the contractual period.

Revenue from services

Proceeds from subscriptions (Internet access, basic cable service, digital pay TV) and telephone payment plans (fixed or mobile) are recognized on a straight-line basis over the duration of the relevant service.

The Group sells some telephone payment plans that allow the unused call minutes for a given month to be rolled over to the following month. Roll-over minutes are recognized for the share of revenue they represent in the telephone subscription at the time they are actually used or when they expire. Revenue on incoming and outgoing calls as well as on calls made outside plans is recognized when the service is rendered.

Revenue generated by the coupons sold to distributors and prepaid Mobile cards is recognized as and when the end customer uses them, starting when such coupons and cards are activated. The unused balance is recorded in deferred income at the closing date. The proceeds in any event are recognized on the date of the card's expiration or when use of the coupon is statistically improbable.

Sales of subscription services managed by the Group on behalf of content providers (mainly special numbers and SMS+) are recognized gross, or net of payments made to content providers based on the analysis of each transaction. Accordingly, revenue is recognized net when suppliers are responsible for the content delivered to end customers and for setting the subscription rates.

Connection and installation fees billed mainly to operators and business customers during the implementation of services such as ADSL connection, bandwidth capacity or IP connectivity are recognized over the estimated duration of the customer relationship and of the main service supplied, based on statistical data.

Installation and set-up services (including connection) for residential customers are recognized as revenue when the service is rendered.

Revenue related to switched services is recognized as and when traffic is routed.

Revenue from services for bandwidth capacity, IP connectivity, local high-speed access and telecommunications is recognized as and when the services are rendered to customers.

Installation revenue

Installation service revenue is deferred and recognized over the benefit period. For B2B customers, the benefit period is the contract term, which is defined and agreed for 2 years or more. For B2C customers, there is no commitment period and installation costs are recognized over the estimated benefit period.

Separable elements of a bundled offer

Revenue from telephone packages is recognized as a sale with multiple elements. Revenue from the sale of handsets (mobile phones and other) is recognized upon activation of the line, net of discounts granted to the customer at the point of sale and activation fees. Revenue recognized for the sale of equipment (handsets in particular) only includes the contractual amount paid, independently of the service.

Where the elements of such transactions cannot be identified or analyzed as separable from a larger offer, they are considered to be related and the associated revenue is recognized in its entirety over the term of the contract or the expected duration of the customer relationship.

Agent versus principal

The Group determines whether it is acting as a principal or as an agent. The Group is acting as a principal if it controls a promised good or service before they are transferred to a customer.

Indicators for acting as a principal include: (i) the Group is primarily responsible for fulfilling the promise to provide the specified good or service, (ii) the Group has inventory risk in the specified good or service and (iii) the Group has discretion in establishing the price for the specified good or service.

On the other hand, the Group is acting as an agent or an intermediary, if these criteria are not met. When the Group is acting as an agent, revenue is presented on a net basis in the statement of income. When the Group is acting as principal, revenue is presented on a gross basis.

Access to telecommunications infrastructure

The Group provides access to its telecommunication infrastructure to its wholesale customers through various types of contracts: leases, hosting contracts or the granting of indefeasible rights of use (or "IRUs"). IRU agreements grant the use of property (cables, fiber optics or bandwidth) over a defined, usually long duration, with the Group retaining ownership. Revenue from lease agreements, hosting contracts in Netcenters and infrastructure IRUs is recognized over the term of the contract, except when they qualify as finance leases; in this case, the equipment is accounted for as sales on credit. In the case of IRUs and sometimes leases or service contracts, the service is paid in advance for the first year. These non-refundable prepayments are recorded as deferred income and amortized over the expected life of the contract.

Infrastructure sales

The Group builds infrastructure for some of its customers. Revenue related to infrastructure sales is recognized upon the transfer of ownership. When it is estimated that a contract will be unprofitable, a provision for onerous contract is booked.

Loyalty programs

In application of IFRIC 13 – *Customer loyalty programs*, the Group measures the fair value of the incremental benefit granted as part of its loyalty programs. For the periods presented, this value is not material, so no revenue has been deferred under it.

Press

The Group produces news on various themes (general information, economy, culture, etc.) across three media sources: magazine and daily press, digital press and television. Advertising revenue is recognized in the period in which the advertising services are performed. Operator distribution royalties are recognized and prorated over time. Revenue from other activities is recognized when the service is performed, either on delivery of the performance of the event or the service, or at the time goods are delivered.

Radio and television

The Group produces news on five themes (general information, sports, economy, high-tech and discovery) via three types of media: radio, television and digital.

This income essentially represents advertising revenue and other related services. Advertising revenue is recognized as income when the advertising has effectively been broadcasted. Royalties and subsidies are recognized as they are acquired in accordance with the terms of the underlying agreement.

2.4. Financial income and expenses

Financial income and expenses primarily comprise:

- Interest charges and other expenses paid for financing operations recognized at amortized cost;
- Changes in the fair value of interest rate derivative instruments;
- Ineffective portion of hedges that qualify for hedge accounting;
- Foreign exchange gains and losses on monetary transactions;
- Interest income related to cash and cash equivalents;
- Gains/losses on extinguishment of financial liability;
- Investment securities and investment securities pledged as collateral are classified as trading securities and are stated at fair value with realized and unrealized holding gains and losses included in net financial result.

2.5. Current and deferred tax

Income tax expense comprises current, deferred tax and the contribution of added value of businesses. Current tax is the tax payable on the taxable income for the year, estimated using tax rates enacted or substantively enacted at the reporting date, at the contribution of added value of businesses and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences on the closing date between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: (i) the initial recognition of goodwill, (ii) the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and (iii) investments in subsidiaries, joint ventures and associates when the Group is able to control the timing of the reversal of the temporary differences and when it is probable that these temporary differences will not be reversed in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, in accordance with the rules in effect at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and if they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities when the taxable entity intends to settle current tax liabilities and assets on a net basis or when tax assets and liabilities are to be realized simultaneously.

Deferred taxes are reviewed at each reporting date to take into account changes in tax legislation and the possibility of recovering deductible temporary differences and tax losses. A deferred tax asset is recognized when it is probable that future taxable profits against which the temporary difference can be utilized will be available.

Uncertain tax positions

The Group determines the accounting tax position when there is uncertainty over income tax treatments based on the provisions of IFRIC 23 - *Uncertainty over Income tax*. Based on the Interpretation, the Group determines whether uncertain tax positions are assessed separately or as a group and assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:

- If yes, the Group determines its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
- If no, the Group reflects the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

2.6. Investment grants

Investment grants received are deducted from the gross carrying amount of property, plant and equipment to which they relate. They are recognized in the income statement as a reduction in the depreciation charge over the useful life of the related assets.

2.7. Site restoration

The Group has a contractual obligation to restore the network sites (both mobile and fixed) at the end of the lease, should the latter not be renewed. Due to this obligation, the capitalization of the costs of restoring the sites is calculated based on:

- An average unit cost of site remediation;
- Assumptions about the life of the dismantling assets; and
- A discount rate.

2.8. Goodwill and business combinations

Business combinations are accounted for using the acquisition method. The assets and liabilities of the acquired business are recognized at their fair value at the acquisition date.

The consideration transferred corresponds to the fair value, at the acquisition date, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The goodwill arising from a business combination is equal to the difference between:

- The sum of the consideration paid, the value of any non-controlling interest that remains outstanding after the business combination and, where applicable, the acquisition-date fair value of the acquirer's previously held equity interest in the target; and
- The net amount of the identifiable assets acquired and liabilities assumed at the acquisition date.

Goodwill is recognized in assets in the consolidated statement of financial position. When the difference is negative, it is directly recognized through profit or loss.

The secondary costs directly attributable to an acquisition giving control are recorded in expenses in the period during which the costs are incurred, except for the borrowing costs, which must be recorded in accordance with IAS 32 – *Financial instruments: presentation* and IAS 39 – *Financial instruments: recognition and measurement*.

When goodwill is determined provisionally at the end of the period in which the combination is effected, any adjustments to the provisional values within 12 months of the acquisition date are recognized in goodwill.

Changes in the Group's share of ownership of equity securities in a subsidiary which do not lead to a loss of control over the latter are recognized as shareholders' equity transactions.

Goodwill resulting from the acquisition of associates and joint ventures is included in the carrying amount of the investment.

Goodwill is not amortized, but is subject to impairment testing whenever there is any indication that an asset may be impaired, and at least once a year in accordance with the methods and assumptions described in Note 11 – *Goodwill and impairment tests*.

After initial recognition, goodwill is recorded at cost less accumulated impairment losses.

Specific case of business combination under common control

Business combination under common control are combinations in which all of the combination (entities or businesses) are controlled by one party (or several), i) during a long period before and after the combination, ii) this control as defined in IFRS 10 – *Consolidated financial statements* is not temporary.

These combinations are excluded from IFRS 3 R scope. These operations in the consolidated financial statements are prepared on historical cost basis. No new goodwill is generated and the difference between the acquisition price and the historical carrying value related to assets and liabilities of the acquired entity is recognized in equity.

2.9. Intangible assets

Intangible assets acquired

Intangible assets acquired separately are recognized at historical cost less accumulated amortization and any accumulated depreciations.

Cost comprises all directly attributable costs necessary to buy, create, produce and prepare the asset for use. Intangible assets consist mainly of operating licenses, IRUs, patents, purchased software, and internally developed applications.

They have also included, since January 1, 2015, the customer acquisition cost for packages with commitments, in accordance with IAS 38 – *Intangible assets* and in line with standards to be issued.

Licenses to operate telephone services in France are recognized for the fixed amount paid for the acquisition of the license. The variable portion of license fees, which amounts to 1% of the revenue generated by these activities, cannot be reliably determined and is therefore expensed in the period in which it is incurred.

- The UMTS license is recognized at historical cost and amortized on a straight-line basis from the service activation in June 2004 to the end of the license period (August 2021), corresponding to its expected useful life.
- The GSM license, renewed in March 2006, is recognized at the present value of 4% of the fixed annual fee of €25 million, and amortized on a straight-line basis from that date until the end of the license period (March 2021), corresponding to its expected useful life.
- The LTE license is recognized at historical cost and is amortized on a straight-line basis from the service activation date until the end of the license period. The 2.6 GHz band license acquired in October 2011 is amortized as of the end of November 2012 (end of license: October 2031). The 800 MHz band license acquired in January 2012 was activated on June 3, 2013 and is being amortized over a remaining duration of 18 years (end of license: January 2032). SFR acquired a new license for the 700 MHz band in December 2015 (end of license:

December 2035). This license was activated on January 25, 2019 and is being amortized over a remaining duration of 20 years.

IRUs correspond to the right to use a portion of the capacity of a terrestrial or submarine transmission cable granted for a fixed period. IRUs are recognized as an asset when the Group has the specific indefeasible right to use an identified portion of the underlying asset, generally optical fiber or dedicated wavelength bandwidth, and the duration of the right is for the majority of the underlying asset's useful life. They are amortized over the shorter of the expected period of use and the life of the contract between 3 and 30 years.

Patents are amortized on a straight-line basis over the expected period of use (generally not exceeding 10 years).

Software is amortized on a straight-line basis over its expected useful life (which generally does not exceed 3 years).

Internally developed intangible assets

The acquisition cost of an intangible asset developed internally corresponds to the personnel costs incurred when the intangible asset meets the criteria for IAS 38 – *Intangible Assets*. An intangible asset that results from the development of an internal project is recorded if the Group can demonstrate that all of the following conditions have been met:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention of completing the intangible asset and using or sell it;
- Its ability to use or sell the intangible asset;
- The capacity of the intangible asset to generate probable future economic benefits;
- Among other things, the Group may demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, its usefulness;
- The availability of adequate technical, financial and other resources to complete the development, and to use or sell the intangible asset;
- Its ability to reliably measure the expenditures attributable to the intangible asset during its development.

Capitalization of costs ceases when the project is finalized and the asset is available for use.

The cost of an internally developed intangible asset arising from the development phase of an internal IT project is amortized on a straight-line basis over its expected useful life (which is generally not greater than three years).

Intangible assets recognized in a business combination

During business combinations, intangible assets were recognized and measured at their fair value at the “acquisition date” according to IFRS 3R:

- Customer bases: bases are amortized over their useful life from five to nine years;
- Telecom brands: SFR brand, main brand, initially amortized over 15 years, is amortized from the end 2017 over a residual life of five years (Refer to Note 12 – *Other intangible assets*);
- Press brands: these brands are not amortizable;
- Broadcasting rights: they are amortized over a life from five to ten years, depending on programs.

Investments made under public service concessions or delegations

Investments made as part of public service concessions or delegations and related to the roll-out of the telecommunications network are recognized as intangible assets in accordance with IFRIC 12 – *Service concession arrangements*.

The “intangible model” provided by this interpretation applies when the operator receives a right to charge users of the public service and is substantially paid by the user. Intangible assets are amortized over the shorter of the estimated useful life of the relevant asset categories and the duration of the concession.

2.10. Contracts costs

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if it expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Commissions to third parties and sales incentives to internal employees are considered as costs to obtain a contract and are recognized under the consolidated statement of financial position caption “contract costs”.

Assets recognized as contract costs are amortized on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. The asset may relate to goods or services to be transferred under a specific anticipated contract. The amortization charge is recognized in the income statement caption “Depreciation, amortization and impairment”.

As a practical expedient, the Group recognizes the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the Group otherwise would have recognized is one year or less.

2.11. Property, plant and equipment

Property, plant and equipment are measured at historical cost less cumulative amortizations and depreciations.

Historical cost includes the acquisition cost or the production cost, the costs directly attributable to using the asset on the site and to its conditions of operation, and the estimated costs of dismantling and removing the asset and remediating the site where it is installed, in line with the obligation incurred. In addition, borrowing costs attributable to qualifying assets whose construction period is longer than one year are capitalized as part of the cost of that asset. Conversely, subsequent maintenance costs (repairs and maintenance) of the asset are recognized in profit or loss. Other subsequent expenditures that increase productivity or the life of the asset are recorded as assets.

Material components of property, plant and equipment whose useful lives are different are recognized and depreciated separately.

Property, plant and equipment mainly comprise network equipment.

The main useful lives are as follows:

Technical buildings and constructions	15 to 25 years
Network equipment:	
Optical cables	30 to 40 years
Engineering facilities, pylons	20 to 40 years
Other equipment	4 to 15 years
Set-top box and access fees	3 to 5 years
Furniture and fixtures	5 to 10 years
Miscellaneous equipment	2 to 5 years

Estimated useful lives are reviewed regularly and any changes in estimates are recorded prospectively.

Materials and telecommunications equipment are investments that are strongly subject to technological changes: write-offs or impairments with prospective revision of the amortization period may be recognized if the Group has to prematurely write off certain technical equipment or if it is forced to revise the projected useful life of certain categories of equipment.

Gains or losses on disposal of property, plant and equipment are the difference between the profit from the disposal and the carrying amount of the asset, and are recognized in the caption "Non-recurring income and expenses" of the consolidated statement of income.

FTTH deployment

Decision No. 2009-1106 of *Autorité de Régulation des Communications Électroniques et des Postes* (Regulatory Authority on Electronic Communications and Postal Services (ARCEP)) dated December 22, 2009 regulates the use of fiber optics in very densely populated areas by establishing joint investment rules between phone operators.

The reference offers issued by the operators in accordance with this decision are dealt with in IFRS by the application of IFRS 11 – *Joint arrangements*. Thus, when the Group is an *ab initio* joint investor, only its share of the assets is recorded in property, plant and equipment, and when the Group is an *a posteriori* investor, the IRU or the usage right is recognized in property, plant and equipment. The same treatment applies for joint investment in moderately dense areas defined by ARCEP.

2.12. Leases

Policy applicable from January 1st, 2019

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. 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 amortizations and depreciations, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognized, 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 recognized 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.

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 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 recognized 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.

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.

The recognition and measurement requirements for lessee are also applied to short-term leases and leases of low-value assets.

The Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

When the Group is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right of use asset arising from the head lease.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and amortized on a straight-line basis over the term of the lease.

Policy applicable before January 1st, 2019

Under IAS 17 – *Leases*, leases are classified as finance leases whenever the terms of the lease substantially transfer the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as a lessee

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss. Contingent rentals are expensed in the period in which they are incurred.

Operating lease payments are expensed on a straight-line basis over the term of the lease, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are expensed in the period in which they are incurred. In the event that incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Group as a lessor

Amounts due from lessees under finance leases are recognized as receivables in the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment in respect of the leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the term of the lease.

2.13. Impairment of assets

Whenever events or changes in the economic environment indicate a risk of impairment of goodwill, of other intangible assets or property, plant and equipment, the Group re-examines the value of these assets. Besides, the residual life of customer bases and amortizable brands is analyzed whenever there is any indication that an asset may be impaired. In addition, goodwill, other intangible assets with indefinite useful lives and intangible assets in progress undergo an annual impairment test.

Impairment tests are performed in order to compare the recoverable amount of an asset or a Cash-Generating Unit ("CGU") with its carrying amount.

An asset's or CGU's net recoverable amount is the greater of its fair value less costs to sell or its value in use. The recoverable amount is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those derived from other assets or groups of assets. In that case, the recoverable amount is determined for the CGU to which the asset belongs.

A CGU is the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Given the change in the Group and the significant pooling of assets and services within the Group, a single CGU is defined at the Group level. For the purposes of goodwill impairment testing, in conformity with IAS 36, goodwill is allocated as a value to each operating segment (Refer to Note 11.1 – *Change in goodwill*), and shared assets and liabilities are allocated through distribution keys to each of the operating segments (Refer to Note 11.3 – *Main assumptions used*). The principal allocation keys used to allocate shared assets and liabilities are based on revenues, use of the network or the information systems.

The value in use of each asset or group of assets is determined as the present value of future cash flows (discounted cash flow method or "DCF") by using a discount rate after tax specific to each asset or group of assets concerned.

The fair value less costs to sell is the amount obtainable on the measurement date from the sale of the asset or group of assets in an ordinary transaction between market participants, less costs to sell.

When the carrying amount of an asset exceeds its net recoverable amount, an impairment loss is recognized in the "Depreciation, amortization and impairment" caption of the consolidated statement of income. Only impairment losses recognized on assets other than goodwill such as depreciable intangible assets, intangible assets with indefinite useful lives and property, plant and equipment may be reversed.

2.14. Financial assets

IFRS 9 – *Financial instruments* issued on July 24, 2014 is the IASB's replacement of IAS 39 – *Financial instruments: recognition and measurement*. The Standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting regarding financial instruments.

IFRS 9 allows two methods for measurement:

- Amortized cost: this is the original amount minus principal repayments, cumulative amortizations and impairments. The amortized cost must be determined by using the effective interest rate method.
- Fair value: this is the amount for which an asset could be exchanged or a liability paid, between two willing parties, in an arm's length transaction.

Classification and measurement

Except for certain trade receivables, under IFRS 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under IFRS 9, debt financial assets are subsequently measured at fair value through profit or loss (FVPL), amortized cost, or fair value through other comprehensive income (FVOCI).

The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The new classification and measurement of the Group's debt financial assets are, as follows:

- Debt instruments at amortized cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's trade and other receivables, and loans included under consolidated statement of financial position caption "Financial assets" (non-current and current portion).
- Debt instruments at FVOCI, with gains or losses recycled to profit or loss on derecognition. The Group has no instrument in this new category.

Other financial assets are classified and subsequently measured, as follows:

- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Group intends to hold for the foreseeable future and which the Group has irrevocably elected to so classify upon initial recognition or transition. The Group classified its quoted and unquoted equity instruments as equity instruments at FVOCI. Equity instruments at FVOCI are not subject to an impairment assessment under IFRS 9. Under IAS 39, the Group's unquoted equity instruments were classified as AFS financial assets.
- Financial assets at FVPL comprise derivative instruments. This category would also include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The assessment of the Group's business models was made as of the date of initial application, January 1, 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The accounting for the Group's financial liabilities remains largely the same as it was under IAS 39. Similar to the requirements of IAS 39, IFRS 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognized in the statement of profit or loss.

Under IFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on their contractual terms and the Group's business model. The accounting for derivatives embedded in financial liabilities and in non-financial host contracts has not changed from that required by IAS 39.

Impairment

The adoption of IFRS 9 has changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at the asset's original effective interest rate.

For contract assets and trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.15. Inventories

Inventories primarily consist of mobile devices, set-top boxes and technical equipment. They are valued at their acquisition cost or at their net recoverable amount, if it is lower. The acquisition cost is calculated according to the weighted average cost. It includes the cost of acquiring the materials.

Net recoverable amount is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

The Group estimates the age and the condition of inventories and books provisions if necessary.

2.16. Cash and cash equivalents

The "Cash and cash equivalents" heading includes bank balances, money-market UCITS which meet the specifications of AMF Position n°2011-16, and very liquid short-term investments, which have an original maturity date that is less than or equal to three months, which can be easily converted to a known cash amount, and are subject to a negligible risk of change in value.

Investment securities are measured at their fair value through profit or loss.

2.17. Assets held for sale and discontinued operations

In accordance with IFRS 5 – *Non-current assets held for sale and discontinued operations*, the Group qualifies an asset (or a group of assets) held for sale when:

- The asset is available for immediate sale in its current estate, subject to any conditions that are usual in such disposals of assets.
- The sale is highly probable.
- Its carrying amount may be recovered principally through its disposal and not by its continued utilization.

When all conditions of qualifications have been met the Group reclassifies the assets held for sale in a separate caption in the consolidated statement of financial position without offsetting liabilities related to assets held for sale, those are presented in a separate caption from other liabilities in the consolidated statement of financial position.

In addition, if the asset or the group of assets for sale is significant, its contribution is presented:

- In the consolidated statement of income in a separate caption under the net income from continuing information.
- In the consolidated statement of cash flows in a separate caption in the net cash flow provided (used) by operating activities, investing activities, and financing activities.

2.18. Financial liabilities and equity instruments

Financial liabilities restructuring

Based on the IFRS 9, the Group removes a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished_i.e. when the obligation specified in the contract is discharged or cancelled or expired.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the contractual arrangement.

Equity instruments

An equity instrument is any contract resulting in a residual interest in the assets of an entity after deducting all of its liabilities. The equity instruments issued by the Group are recorded for the proceeds received, net of direct issuance costs.

Financial liabilities

Financial liabilities other than derivatives mainly include bonds and term loans taken out in connection with the acquisition of SFR, liabilities related to finance and operating leases, guarantee deposits received from customers, advances received and bank overdrafts.

They are measured at amortized cost, using the effective interest method, in conformity with IAS 39. The effective interest rate corresponds to the internal interest rate used to precisely update future cash flows throughout the term of the financial liability. Fees, debt issuance and transaction costs are included in the calculation of the effective interest rate over the expected life of the instrument. Accrued interest is included in the "Current liabilities" caption of the statement of financial position.

2.19. Derivative instruments

The Group uses various derivative instruments to hedge its exposure to foreign exchange rate fluctuations.

Derivatives are initially recognized at fair value on the date of execution of a derivative contract, and are subsequently revalued at their fair value on each closing date.

As allowed under IFRS 9, the Group continues to apply the requirement of IAS 39 related to hedge accounting.

Hedge accounting is applicable if:

- The hedging relationship is clearly defined and documented at the date of establishment.
- The effectiveness of the hedging relationship is demonstrated at its inception and in subsequent periods: i.e., if at the beginning of the hedge and throughout its duration, the Group expects that the changes in fair value of the hedged item will be almost fully offset by changes in the fair value of the hedging instrument, and if actual results are within a range between 80% and 125%.

There are three types of hedge accounting:

- The fair value hedge is a hedge against exposure to changes in the fair value of a recognized asset or liability, which are attributable to a rate and/or currency risk and which would affect the result. The hedged portion of these items is remeasured at fair value in the statement of financial position. The change in fair value is recognized in the income statement where it is offset within the limits of the effectiveness of the hedge by symmetrical changes in the fair value of hedging instruments.
- The cash flow hedge is a hedge of the exposure to cash flow fluctuations attributable to interest rate risk and/or changes associated with a recognized asset or liability or a highly probable forecast transaction (e.g., an expected sale or purchase) and could affect profit. The hedged item is not recorded in the statement of financial position; thus the effective portion of the change in fair value of the hedging instrument is recognized in other comprehensive income. It is reclassified in profit or loss when the hedged item affects profit or is reclassified in the initial cost of the hedged item where it concerns covering acquisition cost of a non-financial asset.
- The net investment hedge is a hedge against exposure to changes in value attributable to the foreign currency risk of a net investment in a foreign operation that could affect profit when the investment is sold. The effective portion of net investment hedges is recognized through other comprehensive income and reclassified in profit or loss when the net investment is sold.

The cessation of hedge accounting may result in particular from the elimination of the hedged item, voluntary termination of the hedging relationship, or the cancellation or maturity of the hedging instrument. The accounting consequences are as follows:

- For fair value hedges: the fair value adjustment of debt at the date of cessation of the hedging relationship is amortized based on a recalculated effective interest rate on that date.
- For cash flow hedges: the amounts recorded in other comprehensive income are reclassified into profit or loss when the hedged item is eliminated. In other cases, they are taken straight to profit or loss over the remaining term of the hedging relationship as originally defined.

In both cases, the subsequent changes in value of the hedging instrument are recognized in profit or loss.

2.20. Provisions

Under IAS 37 – *Provisions, contingent liabilities and assets*, provisions are booked when, at the end of the reporting period, the Group has a legal, regulatory, contractual or implicit obligation resulting from past events and it is probable that an outflow of resources generating economic benefits will be required to meet the obligation and that the amount can be reliably estimated.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money, taking into account the risks attached to the liability as appropriate. If a reliable estimate of the amount of the obligation cannot be made, no provision is recognized and a disclosure is made in the notes.

Provisions mainly include:

- Provisions to cover litigation and disputes concerning the Group's activities. Their amounts are estimated based on a case-by-case risk assessment. Events occurring during proceedings may lead at any time to a reassessment of such estimates.
- Provisions for restructuring, which are booked once the restructuring has been announced and a plan has been detailed or launched. Such provisions are generally not discounted due to their short-term nature.
- Provisions for site remediation, which are assessed based on the number of sites involved, an average unit cost of site remediation and assumptions about the life of the decommissioning asset and the discount rate. When a site is decommissioned, the corresponding provision is reversed.
- Provisions for employee benefits are detailed in the following section.

2.21. Employee benefits

The Group provides employee benefits through contributions to defined-contribution plans and defined-benefit plans. The Group recognizes pension costs related to defined-contribution plans as they are incurred under personnel expenses in the consolidated statement of income.

Estimates of the Group's pension and end-of-service benefit obligations are calculated annually, in accordance with the provisions of revised IAS 19 – *Employee benefits* ("IAS 19R"), with the assistance of independent actuaries, using the projected unit credit method and considering actuarial assumptions including the probable turnover of beneficiaries, salary increases, projected life expectancy, the probable future length of employees' service and an appropriate discount rate updated annually.

The Group recognizes the corresponding net expense over the entire estimated period of service of the employees. The actuarial gains and losses on post-employment benefits are recognized in their entirety as “Other items of comprehensive income” in the period in which they occur.

The cost of the plans is recognized through operating income, with the exception of the accretion cost, which is recognized as other financial expenses and income.

The cost of past services generated by plan changes and reductions is recognized immediately and in full in the consolidated statement of income.

2.22. Share-based payments

Altice Europe has established incentive plans based on Altice Europe share, settled either by the plans attribution or cash. Attribution of the plans is submitted for approval of the Board of Directors of Altice Europe. The acquisition of the right associated to this plan is based on vesting conditions (services and performance conditions). The portion of the plan linked to Altice France management and employees is rebilled by Altice Europe to Altice France.

In addition, GNP has established a plan for the allocation of free shares in 2018. In accordance with IFRS 2 – *Share-based payments*, benefits based on the equity instruments are recognized as personnel expenses at the fair value of instruments granted. This expense is recognized over the vesting period, generally three years for the stock option plans and two years for the free share plans, conditional upon active employment within the Group at the vesting date and performance for the free share plans, except specific cases. As this plan is not significant at the Group level, no note will be disclosed.

2.23. Borrowing costs

Under IAS 23 – *Borrowing costs*, a qualifying asset is an asset that takes a substantial period of time before it can be used or sold. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. The Group notes that it does not take a substantial amount of time to get assets ready for their intended use because of the incremental roll-out of the network. The application of IAS 23 consequently has no impact on the Group’s consolidated financial statements.

3. Use of estimates and judgments

The preparation of the consolidated financial statements in accordance with IFRS requires the Group to make a certain number of estimates and assumptions that are realistic and reasonable. Thus, the application of accounting principles in the preparation of the consolidated financial statements described in this note implies decisions based on judgment, estimates and assumptions that have an influence on the amounts of the assets and liabilities and on income and expenses as well.

Such estimates are prepared based on the going concern assumption, established using currently available information and in view of the current economic environment. In the current economic environment, changes in facts and circumstances may result in revised estimates or assumptions, which could affect the consolidated statement of financial position, the consolidated statement of income and the consolidated statement of cash flows of the Group.

Significant estimates and assumptions relate to the measurement of the following items:

- *Provisions*: assessment of the risk on a case-by-case basis; it is stipulated that the occurrence of events during a proceeding period may at any time trigger a reassessment of the risk (Refer to Note 26 – *Provisions* and Note 33 – *Litigation*).
- *Employee benefits*: assumptions updated annually, such as the probability of personnel remaining with the Group until retirement, the projected change in future compensation, the discount rate and the mortality table (Refer to Note 27 – *Post-employment benefits*).
- *Revenue*: identification of the separable elements of a packaged offer and allocation on the basis of the relative fair values of each element; the period of deferred revenue related to costs to access the service on the basis of the type of product and the term of the contract; presentation as net or gross revenue depending on whether the Group is acting as agent or principal (Refer to Note 6 – *Financial Key Performance Indicators “KPIs”*).
- *Fair value of financial instruments Level 1, Level 2 and Level 3*: Fair value is determined by reference to the market price at the end of the period, when the data is available. For financial instruments for which there is no active market such as interest rate swaps (which the Group currently may use to hedge its interest rate risk), call options and put options granted to non-controlling interests, fair value is estimated based on models that rely on observable market data or using various valuation techniques, such as discounted future cash flows (Refer to Note 30 – *Financial instruments*).
- *Deferred taxes*: estimates for the recognition of deferred tax assets updated annually such as the future tax results of the Group or the likely changes in active and passive temporary differences (Refer to Note 10 – *Income tax expense*).

- *Impairment tests*: these tests concern goodwill and intangible assets with an indefinite life span; in the context of impairment tests, the assumptions related to the determination of Cash Generating Units (CGU), future cash flows and discount rates are updated annually (Refer to Note 11 – *Goodwill and impairment tests*).
- *Intangible assets and property, plant and equipment*: estimate of the useful life based in particular on the effective obsolescence of the assets and the use made of those assets (Refer to Note 12 – *Other intangible assets* and Note 14 – *Property, plant and equipment*).
- *Contract assets and trade and other receivables*: contract assets and trade receivables are provisioned (i) on the basis of the historically observed recovery rate and/or (ii) on the basis of a specific recoverability analysis (Refer to Note 13 – *Contract balances* and Note 19 – *Trade and other receivables*).
- *Determination of the right of use and lease liabilities*: the right of use and the lease liabilities are determined based on the lease term 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.
(Refer to Note 15 – *Rights of use*).

4. Significant events of the period

4.1. SFR FTTH

On November 30, 2018, the Company announced that it 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 consolidated 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 4.15 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 year ended December 31, 2019, was €2,795.9million. 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*.

4.2. Issuance of new debt instruments

On September 27, 2019, the Group issued new debt instruments for an aggregate euro equivalent amount of €2,540 million. The Group issued Euro Notes for an aggregate amount of €550 million due in 2025 and paying a coupon of 2.5%, €1,000 million due in 2028 and paying a coupon of 3.375% respectively and USD Notes for an amount of \$1,100 million due in 2028 paying a coupon of 5.5%. At the same time, the Group also restructured the swap instruments associated with the 2024 USD Notes.

The proceeds from this issuance were used to repay the remainder of the 2024 Notes and in order to repay certain intercompany debts owed to Altice Luxembourg S.A. (Refer to Notes 23 – *Financial liabilities* and 24 – *Derivative instruments*).

4.3. Dividend payments

On May 7, 2019, the Shareholder’s Meeting 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.

On August 14, 2019, the Shareholder’s Meeting approved the payment of an exceptional dividend for an aggregate amount of €1,050.0 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, €300 million were paid in cash and €750 million via compensation of a previous upstream loan.

On December 19, 2019, the Board approved the payment of an interim dividend for an aggregate amount of €501.4 million to its shareholders, Altice Luxembourg FR S.A., Altice Luxembourg FR bis S.à.r.l and Altice Europe

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N.V.; of the total amount, €319.2 million were paid via compensation of a previous upstream loan and €182.2 million was recognized as a financial debt and will be paid before the end of year.

Thus, the total dividends distributed by the Group to its shareholders amount to €2,371.4 million.

4.4. 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 transaction costs were recycled through the consolidated statement of income to the extent of the nominal repaid. The underlying derivative instruments were restructured as well.

On October 15 and 16, 2019, the Group proceeded to reimburse the remainder of the 2024 USD and Euro Notes for an aggregate euro equivalent amount of €1,489 million (excluding accrued interests and call premia). The proceeds from the issuance of new debt described in 4.2 above were used to finance these redemptions (Refer to Notes 23 – *Financial liabilities* and 24 – *Derivative instruments*).

4.5. Financing flows with Altice Group entities

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 S.A. with an interest 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 4.4.

On September 27, 2019, the Group fully redeemed the loan using a part of the proceeds from the issuance of new notes mentioned in Note 4.2 above. The net impact of this issuance was recorded in the line “Other flows from financial activities” in the consolidated statement of cash flows.

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

On September 27, 2019, the Group made an upstream loan to Altice Luxembourg S.A. for an aggregate amount of €92.5 million. The proceeds from the issuance of new debt (Refer to Note 4.2 above) were used to finance this loan.

Between October 1, 2019 and December 19, 2019, the Group made several new advances to both Altice Group Luxembourg and Altice Luxembourg, for aggregate amounts of €130 million and €180 million respectively. On December 19, 2019, following the decision of the Board to distribute an interim dividend, the advances made were compensated against the outstanding dividend payment. Following this compensation, as of December 31, 2019, the Group had an outstanding debt position with Altice Luxembourg S.A. for an aggregate amount of €182.2 million and a receivable position with Altice Group Luxembourg for an aggregate amount of €258.3 million.

4.6. Disposal of Groupe L'Express

On July 19, 2019, the Board approved the sale of Groupe L'Express S.A. 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. This transaction was closed on July 30, 2019.

The disposal of Groupe L'Express has been definitively recorded as of September 30, 2019 with a net capital loss of €4 million in the caption “Other expenses and income” in the income statement.

4.7. Agreement to acquire 100% Covage by SFR FTTH

On November 25, 2019, SFR FTTH, alongside its consortium of financial investors (led by OMERS Infrastructure and including Allianz Capital Partners and AXA Investment Managers - Real Assets, acting on behalf of its clients), entered into an exclusivity agreement with Cube Infrastructure Fund and Partners Group (acting on behalf of its clients) regarding the acquisition of 100% of Covage for a total cash consideration of circa €1.0 billion, out of which €70 million non-recourse debt is expected to be raised at SFR FTTH, €465 million cash equity is expected to be contributed by the Group and €465 million cash equity is expected to be contributed by SFR FTTH's consortium of financial investors.

Covage is the 4th largest fibre wholesale operator in France with 2.4 million homes to be passed (including 0.8 million homes already built and 0.3 million homes in very dense areas) which will be added to SFR FTTH footprint of more than 5.4 million secured homes to be passed (including 1.9 million homes built as at December 31, 2019). Covage will become part of SFR FTTH, resulting in a total of around 8 million secured homes to be passed (including 2.7 million homes already built as at December 31, 2019).

The parties entered into the share purchase agreement on December 24, 2019. The transaction is expected to close in the first half of 2020.

5. Change in scope

Over the year ended December 31, 2019, the main 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 4.1 above);
- Acquisition of 95% in SALT SA (TLM) renamed BFM Lyon Metropole SA;
- Disposal of Groupe l'Express SA, l'Express Ventures SAS, Prélude et Fugue SAS and 01NetMag SAS.

The consolidation scope updated is presented in Note 34 – *List of consolidated entities*.

6. Financial Key Performance Indicators (“KPIs”)

The Board of Directors has defined certain financial KPIs that are tracked and reported by each operating segment every month to the senior executives of the Company. The Board of Directors believes that these indicators offer them the best view of the operational and financial efficiency of each segment and this follows best practices in the rest of the industry, thus providing investors and other analysts a suitable base to perform their analysis of the Group's results.

The financial KPIs tracked by the Board of Directors are:

- Adjusted EBITDA;
- Revenues;
- Capital expenditure (“Capex”); and
- Operating free cash flow (“OpFCF”).

Non-GAAP measures

Adjusted EBITDA, Capex and OpFCF are non-GAAP measures. These measures are useful to readers of Altice France's financial statements as they provide a measure of operating results excluding certain items that Altice France's management believe are either outside of its recurring operating activities, or items that are non-cash. Excluding such items enables trends in the Group's operating results and cash flow generation to be more easily observable. The non-GAAP measures are used by the Group internally to manage and assess the results of its operations, make decisions with respect to investments and allocation of resources, and assess the performance of management personnel. Such performance measures are also, de facto, the metrics used by investors and other members of the financial community to value other companies operating in the same industry as the Group and thus are a basis for comparability between the Group and its peers. Moreover, the debt covenants of the Group are based on the Adjusted EBITDA and other associated metrics. The definition of Adjusted EBITDA used in the covenant has not changed with the adoption of IFRS 15 – *Revenue from contracts with customers* and IFRS 16 – *Leases* by the Group.

- *Adjusted EBITDA*

Following the application of IFRS 16, Adjusted EBITDA is defined as operating income before depreciation and amortization, other expenses and incomes (capital gains, non-recurring litigation, restructuring costs and management fees), share-based expenses and after operating lease expenses (i.e., straight-line recognition of the rent expense over the lease term as performed under IFRS 16 for operating lease). This may not be comparable to similarly titled measures used by other entities. Further, this measure should not be considered as an alternative for operating income as the effects of depreciation, amortization and impairment, excluded from Adjusted EBITDA, do ultimately affect the operating results. Operating results presented in the annual consolidated financial statements are in accordance with IAS 1 – *Presentation of financial statements*.

- *Capex*

Capex is an important indicator to follow, as the profile varies greatly between activities:

- The fixed business has fixed Capex requirements that are mainly discretionary (network, platforms, general), and variable capex requirements related to the connection of new customers and the purchase of Customer Premise Equipment (TV decoder, modem, etc.).
- Mobile Capex is mainly driven by investment in new mobile sites, upgrade to new mobile technology and licenses to operate; once the licences are engaged and the sites operational, there are limited further Capex requirements.
- Other Capex is mainly related to costs incurred in acquiring content rights.

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- *Operating free cash flow*

OpFCF is defined as Adjusted EBITDA less Capex. This may not be comparable to similarly titled measures used by other entities. Further, this measure should not be considered as an alternative for operating cash flow as presented in the consolidated statement of cash flows in accordance with IAS 1 – *Presentation of financial statements*.

6.1. Revenue

The following table presents the breakdown of revenue:

Revenues (€m)	December 31, 2019	December 31, 2018
Residential - Fixed	2,528.8	2,555.2
Residential - Mobile	3,515.4	3,472.4
Business services	3,377.3	2,808.0
Total Telecom excl. equipment sales	9,421.5	8,835.6
Equipment sales	923.4	888.9
Media	452.9	462.9
Total	10,797.8	10,187.4

“Residential” corresponds to B2C services revenues, excluding equipment.

“Business services” includes revenues from B2B and wholesale including construction of the FTTH Network and excluding revenues from equipment and Media presented in the line below.

“Equipment sales” relates to equipment revenues from B2B and B2C segments.

The following table includes revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at December 31, 2019:

Maturity of Revenues (€m)	2020	2021	2022	Beyond 2022	Total
Total	1,804.3	626.1	185.4	312.7	2,928.4

6.2. Operating profit

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

Operating Profit (€m)	December 31, 2019	December 31, 2018
Revenues	10,797.8	10,187.4
Purchasing and subcontracting costs	(2,897.6)	(3,382.7)
Other operating expenses	(1,909.5)	(2,171.4)
Staff costs and employee benefits	(1,060.1)	(929.6)
Total	4,930.5	3,703.7
Share-based expenses (a)	30.8	2.1
Rental expense operating lease	(761.1)	-
Adjusted EBITDA	4,200.2	3,705.8
Depreciation, amortization and impairment (b)	(3,475.1)	(2,671.7)
Share-based expenses	(30.8)	(2.1)
Other expenses and income (c)	2,600.5	(520.1)
Rental expense operating lease	761.1	-
Operating profit	4,055.9	511.8

(a) Of which €27.1 million re-invoiced by Altice Europe Refer to Note 31.1 – *Senior executive compensation*.

(b) In 2019, this amount includes the depreciation, amortization and impairment related to rights of use (€(711.8) million), following the adoption of IFRS 16.

(c) As of December 31, 2019, mainly includes the capital gain due to the loss of control in SFR FTTH (€2,795.9 million), compared to an expense related to the break-up fee with Altice Entertainment News & Sport (€(300) million) as of December 31, 2018.

6.3. Capital expenditure

The following table presents the reconciliation of the capital expenditure to the payments to acquire capital items (tangible and intangible assets) as presented in the consolidated statement of cash flows.

Capital Expenditure (€m)	December 31, 2019	December 31, 2018
Capital expenditure (accrued)	2,354.9	2,247.2
Capital expenditure - working capital items and other impacts	(89.3)	126.0
Payments to acquire tangible and intangible assets	2,265.6	2,373.2

6.4. Adjusted EBITDA less accrued Capex

The table below details the calculation of Adjusted EBITDA less accrued Capex or operating free cash flows ("OpFCF"), as presented to the Board of Directors. This measure is used as an indicator of the Group's financial performance as the Board of Directors believes it is one of several benchmarks used by investors, analysts and peers for comparison of performance in the Group's industry, although it may not be directly comparable to similar measures reported by other companies. Adjusted EBITDA and accrued Capex are both reconciled to GAAP reported figures in this note; this measure is a calculation using these two non-GAAP figures, therefore no further reconciliation is provided.

Adjusted EBITDA less accrued Capex (€m)	December 31, 2019	December 31, 2018
Adjusted EBITDA	4,200.2	3,705.8
Capital expenditure (accrued)	(2,354.9)	(2,247.2)
Operating free cash flow	1,845.3	1,458.6

7. Staff costs and average number of employees

The following table presents the breakdown of Staff costs:

Staff Costs and Average number of employees (Full-time equivalent) (€m)	December 31, 2019	December 31, 2018
Average annual headcount (Full-time equivalent) (a)	32,500.2	21,758.9
Wages and salaries	(843.0)	(761.4)
Social security costs	(332.7)	(304.2)
Employee profit-sharing	(50.5)	(55.5)
Capitalized payroll costs	222.4	222.7
Staff costs	(1,003.7)	(898.3)
Costs related to stock option plans	(30.8)	(1.2)
Employee benefit plans	(9.6)	(7.2)
Other (b)	(16.0)	(22.9)
Staff costs and employee benefit expenses	(1,060.1)	(929.6)

(a) The headcount's increase is mainly due to of full annual impact of the sub-groups ATSF, ACS and FOT in 2019.

(b) Includes mainly the costs of various personnel expenses as well as social advantages and provisions for risks excluding the provisions for retirement benefits.

8. Other operating expenses

The following table presents the breakdown of other operating expenses:

Other operating expenses (€m)	December 31, 2019	December 31, 2018
Network operations and maintenance	(689.3)	(686.2)
Sales and marketing	(444.4)	(504.0)
Customer service	(301.5)	(424.7)
General and administrative expenses	(226.1)	(328.0)
Taxes	(248.3)	(228.6)
Other operating expenses	(1,909.5)	(2,171.4)

9. Financial income

Net finance costs amounted to €1,124.2 million for the year ended December 31, 2019, registering an increase of 4.6% compared to €1,075.3 million as of December 31, 2018.

The following table presents the breakdown of the financial income:

Financial Income (€m)	December 31, 2019	December 31, 2018
Interest relative to gross financial debt	(837.4)	(807.0)
Realized and unrealized gains/(loss) on derivative instruments linked to financial debt	5.8	(8.8)
Finance income	17.5	8.9
Provisions and unwinding of discount	(13.8)	(28.4)
Interest related to lease liabilities	(117.9)	-
Other	(99.5)	(91.5)
Other financial expenses	(231.2)	(119.8)
Net result on extinguishment of a financial liability	(78.9)	(148.6)
Finance costs, net	(1,124.2)	(1,075.3)

The interest relative to gross financial debt increased from €807.0 million as of December 31, 2018 to €837.4 million as of December 31, 2019. This increase was mainly driven by an increase in our cost of debt related to the refinancing from July and August 2018 (€42.5 million), an increase related to an increase in the nominal amount of the debt (€215 million), as well as an increase in the interest rate of the refinanced 2022 Notes.

As of December 31, 2019, the Group decided to separate impacts of the variations of derivative instruments in order to improve the readability of its interest expense. For the year ended December 31, 2019, the net gain realized on derivative instruments included a one-off income of €258 million related to the monetization of the latent gain on certain cross currency swaps. There was no such income for the year ended December 31, 2018.

As of December 31, 2019, all fees related to refinancing were reclassified to the line item, “Net result on extinguishment of a financial liability”.

As of December 31, 2019, the other financial expenses line item include the interest and realized FX loss on the redemption of the \$840 million intercompany loan with Altice Luxembourg for an amount of €47.7 million

10. Income tax expense

10.1. Income tax expense components

Income Tax Benefit/(Expenses) (€m)	December 31, 2019	December 31, 2018
Income tax benefit/(expenses)		
Current	(264.7)	(123.2)
Deferred	432.3	222.5
Income tax benefit/(expenses)	167.7	99.3

10.2. Tax proof

Tax Proof (€m)	December 31, 2019	December 31, 2018
Profit/(loss)	2,898.3	(476.8)
<i>Neutralization:</i>		
Income tax benefit (expenses)	167.7	99.3
Share of earnings of associates	(201.0)	(12.7)
Profit/(loss) before taxes	2,931.7	(563.4)
Statutory tax rate in France	34.43%	34.43%
Theoretical income tax benefit/(expenses)	(1,009.4)	194.0
<i>Reconciliation between the theoretical tax rate and the effective tax rate:</i>		
Effects of permanent differences (a)	919.3	(182.7)
Tax credits/tax assessments (b)	2.9	(13.3)
CVAE net of current and deferred taxes (c)	(59.1)	(49.9)
Differences on income tax rate (d)	(98.7)	39.1
Reassessments of deferred taxes (e)	399.7	116.0
Other	12.9	(3.8)
Income tax benefit/(expenses)	167.7	99.3
Effective tax rate	-5.72%	17.63%

- (a) Corresponds to €949.3 million of tax saving related to the non-taxation of the sale of 49.99% equity stake of SFR FTTH.
- (b) Corresponds mainly to tax adjustments and risks related to corporate tax. These risks have been estimated in accordance with IFRIC 23.
- (c) Corresponds to the French business tax (CVAE) reclassified as corporate income tax under the IFRS: €(90.1) million, net of tax €(31.0) million.
- (d) Article 84 of the Act 2017-1837 dated December 31, 2017 prescribed a progressive decrease of the income tax rate in order to reach 25.83% (including the social surtax of 3.3%) in 2022. This new rate has been applied to all temporary differences that matures in 2021 at the earliest. Article 4 of the Act 2019-759 dated July 24, 2019 moderates the decrease of the tax rate in 2020 and 2021. The new income tax rate has been applied to loss carry forwards and intangible and tangible assets (customer base, brand and fair value of the network).
- (e) The Group recognized deferred tax asset on the basis of projections of future use of the loss carry forward deemed probable.

10.3. Change in deferred taxes by basis

The following table presents the breakdown of the change in deferred taxes for the year:

Change in Deferred Tax (€m)	December 31, 2018	Income statement	Other *	December 31, 2019
Deferred tax assets				
Tax losses (a)	860.9	(112.7)	(16.2)	732.0
Provisions	69.9	6.3	4.1	80.3
Property, plant and equipment and intangible assets	170.0	(33.1)	24.0	160.9
Derivative instruments	154.0	60.8	(37.1)	177.7
Other	149.8	6.3	(40.0)	116.2
Offsetting (b)	(816.8)	-	(21.1)	(837.9)
Deferred tax assets, gross	587.7	(72.2)	(86.3)	429.1
Unrecognized tax assets				
Tax losses (a)	(457.1)	264.0	16.0	(177.0)
Other	(118.9)	95.9	1.6	(21.4)
Deferred tax assets, net	11.6	287.8	(68.7)	230.7
Deferred tax liabilities				
Property, plant and equipment and intangible assets	(754.7)	140.2	(19.1)	(633.5)
Derivative instruments	(113.6)	(51.1)	-	(164.6)
Other	(75.0)	55.5	(64.4)	(84.0)
Offsetting (b)	816.8	-	21.1	837.9
Deferred tax liabilities	(126.4)	144.6	(62.4)	(44.2)
Net deferred tax assets (liabilities)	(114.8)	432.3	(131.0)	186.5

- * corresponds mainly to the change in fair value of the financial instruments and actuarial losses in OCI, IFRS16 transition and IFRIC 23 transition.
- (a) At the year-end, the Group recognized a deferred tax asset for loss carry forwards for €554.9 million (compared to €403.7 as of December 2018).
- (b) In accordance with IAS 12 – *Income tax*, the deferred tax assets and liabilities of a same fiscal group are netted in so far there are related to the same fiscal authority for the income tax; the Group has an enforceable right to net the deferred tax assets and liabilities.

10.4. Tax receivables and payables

At year-end, tax receivables for €48.8 million correspond to the corporate income tax advances paid in 2019. Tax payables for €145.1 million correspond to the provision for 2019 income tax.

11. Goodwill and impairment tests

11.1. Change in goodwill

Change in Goodwill (€m)	December 31, 2019	December 31, 2018 revised (*)
Opening balance	11,071.9	11,199.2
Acquisitions (a)	4.5	376.3
Disposals	(0.2)	(37.5)
Exchange impact	0.1	0.1
Impairment	-	(58.3)
Other (b)	-	(407.9)
Closing balance	11,076.3	11,071.9

(a) Acquisition of NextRadioTV subgroup entities for €45 million as of December 31, 2019 compared to the acquisition under common control of subgroups ACS, ATSF and FOT for €376.3 million as of December 31, 2018.

(b) Refer to Note 20 – *Assets (and liabilities) held for sale*.

11.2. Impairment tests

The impairment tests described in this note were on the goodwill of the Group, on the basis of their useful value, assessed from projections of discounted future cash flows taking into consideration the operating segments as defined by the Group.

For the year ended December 31, 2019, following the reorganization of the executive steering committee of the Group and the manner in which the Group reviews its activities, it was decided to reorganize the cash generating units under two segments, namely, ‘telecom’ and ‘media’. The Telecom CGU will now regroup the B2C, B2B, Wholesale, ATSF, ACS and FOT CGUs that were present and tested for the year ended December 31, 2018.

For the purposes of the impairment tests, goodwill is allocated in definite value at the level of the two operating segments monitored by the Group as follows:

Breakdown of Goodwill (€m)	December 31, 2019	December 31, 2018 revised (*)
Telecom	10,527.7	10,527.5
Media	548.6	544.3
Total	11,076.3	11,071.9

11.3. Main assumptions used

The goodwill impairment test was conducted on the basis of the operating segments defined above. In accordance with IAS 36 on impairment of goodwill, the impairment test is performed by comparing the carrying amount with the recoverable amount for each of the operating segments. The conditions for allocation of assets and liabilities shared by the operating segments are described in Note 2.13 – *Impairment of assets*. The recoverable amount is determined based on the value in use using a discounted cash flow model. The value in use is determined by using cash projects based on financial budgets approved by Management covering a five-year period.

Projections of subscribers, revenue, costs and capital expenditure are based on reasonable and acceptable assumptions that represent Management’s best estimates. These assumptions are based on the projected number of subscribers, the level of expenses to improve network infrastructures, and the savings related to the continued implementation of the synergies identified by the Group. The projections are based on both past experience and the expected future market penetration of the various products. All these elements have been assigned, either directly or indirectly, to the operating segments of the Group.

As indicated in Note 2.13 – *Impairment of assets*, the determination of the value in use also depends on assumptions such as the discount rate and the perpetuity growth rate.

Telecom

The value in use is determined from the following estimates at December 31, 2019:

	Value in use
Basis of recoverable amount	DCF
Methodology	DCF
Projection period	5 years
Post-tax discount rate	6.00%
Perpetuity growth rate	1.50%

As of December 31, 2019, the recoverable value would be equal to the carrying value if one of the main assumptions changed as follows:

	Telecom
Discount rate increase	+3.1%
Growth rate decrease	-4.5%
Decrease in the adjusted Ebitda margin over the business plan and terminal value period	-8.2%

Media

The value in use is determined from the following estimates at December 31, 2019:

	Value in use
Basis of recoverable amount	DCF
Methodology	DCF
Projection period	5 years
Post-tax discount rate	8.50%
Perpetuity growth rate	1.50%

As of December 31, 2019, the recoverable value would be equal to the carrying value if one of the main assumptions changed as follows:

	Media
Discount rate increase	+0.4%
Growth rate decrease	-0.5%
Decrease in the adjusted Ebitda margin over the business plan and terminal value period	-0.9%

12. Other intangible assets

12.1. Intangible assets by type

The following table presents the breakdown of intangible assets by type:

Intangible Assets by Type (€m)	December 31, 2019			December 31, 2018		
	Gross	Amort. & dep.	Net	Gross	Amort. & dep.	Net
SFR brand name (a)	1,050.0	(758.9)	291.1	1,050.0	(690.1)	359.9
Other brand names (b)	85.2	(60.8)	24.4	99.2	(47.6)	51.6
Licenses (c)	2,315.0	(784.8)	1,530.2	2,289.7	(611.1)	1,678.7
Customer relations (d)	2,913.7	(1,728.3)	1,185.5	2,913.7	(1,425.7)	1,488.0
Software	3,798.7	(2,520.2)	1,278.4	3,414.5	(2,160.0)	1,254.5
Other intangible assets (e)	3,277.4	(2,103.5)	1,173.9	2,894.5	(1,838.5)	1,056.1
Total	13,439.9	(7,956.5)	5,483.4	12,661.7	(6,773.0)	5,888.7

(a) The SFR brand was valued at the time of application of Purchase Price Accounting and was initially amortized over 15 years. An accelerated amortization was applied on SFR brand in 2017. At the end of December 2019, the residual useful life is three years.

(b) Includes mainly SFR Presse and NextRadioTV brands for respectively a net amount €13.6 million and €32Z million.

(c) Includes the licenses held by:

- SFR for a net amount of €1,490.4 million (Refer to Note 2.9 – *Intangible assets*).
- NextRadioTV for a net amount of €37.9 million.

(d) Includes mainly:

- The SFR customer base as valued at the time of application of Purchase Price Accounting for a gross value of €2,700.0 million amortized over 9 years. This base is amortized for an aggregate amount of €1,525.0 million. At the end of December 2019, the residual useful life is four years.
- The Virgin Mobile customer base as valued at the time of application of Purchase Price Accounting for a gross value of €160.0 million amortized over 5 years. Since December 31, 2018, the Virgin customer base has a nil net carrying amount.

(e) Primarily include the rights to use the cable infrastructure and civil engineering facilities, the concession contracts (IFRIC 12), service access fees and television programs.

12.2. Change in net intangible assets

The following table presents the change in intangible assets:

Change in Net Intangible Assets (€m)	December 31, 2019	December 31, 2018
Opening balance	5,888.7	6,518.7
Depreciations and amortizations (a)	(1,253.9)	(1,278.5)
Additions (a)	718.4	680.9
Disposals	(2.1)	(10.6)
Change in scope	110.2	59.3
Assets classified in "held for sale" (b)	-	(112.3)
IFRS 16 transition	(1.3)	-
Other	23.3	31.2
Closing balance	5,483.4	5,888.7

(a) The amounts related to acquisition costs have been reclassified in contract costs in compliance with IFRS 15.

(b) In 2018, related to the planned sale of a part of Altice France fiber optics network to SFR FTTH (Refer to Note 4 – *Significant events of the period*).

12.3. Breakdown of amortizations and depreciations

The following table presents the breakdown of amortizations and depreciations:

Breakdown of Amortizations and Depreciations (€m)	December 31, 2019	December 31, 2018
Brands	(94.9)	(108.0)
Licenses	(177.0)	(155.8)
Customer relations	(302.5)	(327.8)
Software	(400.3)	(400.1)
Other intangible assets	(279.1)	(286.9)
Total	(1,253.9)	(1,278.5)

13. Contract balances

The following table presents the breakdown of contract balances:

Contract balances (€m)	December 31, 2019	December 31, 2018
Contract costs, net (non current)	159.6	156.9
Contract assets, net (current)	217.4	226.8
Contract liabilities	(1,022.5)	(981.3)
Total	(645.5)	(597.6)

13.1. Contract costs

The following table presents the change in contract costs:

Contract Costs, net (non current) (€m)	December 31, 2019			December 31, 2018		
	Gross	Amort. & dep.	Net	Gross	Amort. & dep.	Net
Opening balance	794.0	(637.1)	156.9	627.7	(475.7)	152.0
Additions	150.8	-	150.8	148.8	-	148.8
Depreciations and amortizations	-	(148.1)	(148.1)	-	(145.6)	(145.6)
Change in scope	-	-	-	17.5	(16.3)	1.2
Other	(0.1)	0.1	-	-	0.5	0.5
Closing balance	944.7	(785.2)	159.6	794.0	(637.1)	156.9

13.2. Contract assets

The following table presents the change in net contract assets:

Contract Assets, net (current) (€m)	December 31, 2019	December 31, 2018
Opening balance	233.7	266.3
Business related movements (a)	(9.7)	(36.2)
Change in scope	-	3.6
Translation adjustments	-	-
Assets classified in "held for sale"	-	-
Other	-	-
Closing balance	224.0	233.7
Impairment loss	(6.6)	(6.9)
Contract assets, net	217.4	226.8

(a) This line includes increase related to new contracts and decrease following the transfer from contract assets to trade receivables.

13.3. Contract liabilities

The following table presents the changes in contract liabilities:

Contract Liabilities (€m)	December 31, 2019	December 31, 2018
Opening balance	981.3	972.5
Business related movements (a)	9.9	54.5
Change in scope	22.3	21.8
Translation adjustments	0.3	0.8
Assets classified in "held for sale"	-	(63.8)
Other	8.7	(4.5)
Closing balance	1,022.5	981.3

(a) This line includes increase related to cash received on new agreements and decrease related to the reversal of deferred revenue in the revenue line.

The following table presents the breakdown of contract liabilities:

Contract Liabilities (€m)	December 31, 2019	December 31, 2018
Current contract liabilities	501.7	478.5
Non-current contract liabilities	520.8	502.8
Total contract liabilities	1,022.5	981.3
<i>Explained as follows:</i>		
Prepaid revenue - IRU	207.4	213.7
Prepaid revenue - Telecom contract	336.9	324.3
Prepaid revenue - Other	478.2	443.3
Total	1,022.5	981.3

14. Property, plant and equipment

14.1. Property, plant and equipment by type

The following table presents the breakdown of property, plant and equipment by type:

Property, Plant and Equipment by Type (€m)	December 31, 2019			December 31, 2018		
	Gross	Amort. & dep.	Net	Gross	Amort. & dep.	Net
Land	108.0	(3.0)	105.0	93.3	(1.2)	92.2
Buildings	1,994.1	(701.0)	1,293.1	2,446.3	(984.1)	1,462.2
Technical equipment	8,822.3	(5,268.1)	3,554.2	7,654.7	(4,367.5)	3,287.3
Assets under construction	370.0	(4.6)	365.5	456.8	(5.2)	451.7
Other tangible assets	3,156.5	(2,151.1)	1,005.3	2,744.0	(1,706.0)	1,038.0
Total	14,450.9	(8,127.8)	6,323.1	13,395.2	(7,063.9)	6,331.4

Buildings mainly consist of technical website hosting, constructed buildings and their respective amenities.

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Technical equipment include mainly network and transmission equipment.

Property, plant and equipment in progress consist of equipment and network infrastructures.

“Other” item include boxes (ADSL, fiber and cable).

14.2. Change in net property, plant and equipment

The following table presents the change in net property, plant and equipment:

Change in net Property, Plant and Equipment (€m)	December 31, 2019	December 31, 2018
Opening balance	6,331.4	6,424.2
Depreciations and amortizations	(1,314.3)	(1,189.4)
Additions	1,456.3	1,417.6
Disposals	(18.9)	(21.8)
Change in scope	(37.5)	72.6
Assets classified in "held for sale" (a)	-	(326.4)
IFRS 16 transition	(119.6)	-
Other	25.8	(45.4)
Closing balance	6,323.1	6,331.4

(a) In 2018, related to the planned sale of a part of Altice France fiber optics network to SFR FTTH (Refer to Note 4 – *Significant events of the period*).

14.3. Breakdown of amortizations and depreciations

The following table presents the breakdown of amortizations and depreciations:

Breakdown of Amortizations and Depreciations (€m)	December 31, 2019	December 31, 2018
Buildings	(116.9)	(145.5)
Technical equipment	(753.5)	(612.9)
Assets under construction	0.6	4.5
Other tangible assets	(444.5)	(435.4)
Total	(1,314.3)	(1,189.4)

15. Rights of use

15.1. Rights of use by type

The following table presents the breakdown of rights of use by type:

Rights of Use by Type (€m)	December 31, 2019			January 1 st , 2019		
	Gross	Amort. & dep.	Net	Gross	Amort. & dep.	Net
Lands and buildings	812.9	(182.4)	630.5	724.7	(85.7)	639.0
Technical installations	3,559.2	(814.7)	2,744.5	2,762.0	(198.3)	2,563.7
Other	90.7	(47.1)	43.6	56.4	(26.0)	30.4
Total	4,462.8	(1,044.3)	3,418.6	3,543.1	(310.1)	3,233.1

15.2. Change in net rights of use

The following table presents the change in net rights of use:

Change in Net Rights of Use (€m)	December 31, 2019
Application of IFRS 16 on January 1st, 2019	3,233.1
Depreciations and amortizations	(758.8)
Additions	1,150.7
Contract modifications/terminations	(196.3)
Other	(10.1)
Closing balance	3,418.6

15.3. Breakdown of amortizations and depreciations

The following table presents the breakdown of amortizations and depreciations:

Breakdown of Amortizations and Depreciations (€m)	December 31, 2019
Lands and buildings	(101.5)
Technical installations	(629.7)
Other	(27.6)
Total	(758.8)

16. Investments in associates and joint ventures

16.1. Main interests in associates and joint ventures

The following table presents a breakdown of investments in associates and joint ventures:

Main Interests in Associates and Joint Ventures (€m)	December 31, 2019	December 31, 2018
La Poste Telecom (a)	0.0	(0.0)
Synerail Construction (b)	8.1	8.1
Other associates	7.7	8.8
Associates	15.8	16.9
SFR FTTH (c)	1,531.7	-
Synerail (b)	3.4	2.1
Foncière Rimbaud	0.5	0.7
Joint ventures	1,535.6	2.8
Total	1,551.4	19.8

The main investments in associates and joint ventures are as follows:

- (a) In 2011, SFR and La Poste formed La Poste Telecom, of which they own 49% and 51%, respectively. This subsidiary is a virtual mobile operator in the retail mobile telephony market under the trademark La Poste Mobile. The negative value of the equity interests in La Poste Telecom was adjusted to zero by offsetting against provisions totaling €19.4 million for the year ended December 31, 2019.
- (b) On February 18, 2010, a group comprised of SFR, Vinci and AXA (30% each) and TDF (10%) signed a GSM-R public-private partnership contract with Réseau Ferré de France. This contract, worth a total of one billion euros over a 15-year term, is to finance, build, operate and maintain a digital telecommunications network. Synerail Construction, a subsidiary of Vinci (60%) and SFR (40%), is responsible for the construction of this network. The value of these equity-accounted securities is positive as shown in the table above.
- (c) SFR FTTH, created in 2019, is a partnership between Altice France and a consortium led by OMERS Infrastructure, AXA IM - Real Assets and Allianz Capital Partners, in order to develop the "fiber to the home" business within the framework of the private investment zone (AMII / AMEL areas). SFR FTTH is the largest alternative FTTH infrastructure wholesale operator in France with five million homes to be covered within the next four years and more to be franchised or acquired. SFR FTTH is specialized in the design, construction and operation of telecommunications networks and infrastructures for local authorities. The value of this equity-accounted security is positive as shown in the table above (Refer to Note 4.1 – *SFR FTTH*).

The shareholding percentages of these principal equity associates are indicated in Note 34 – *List of consolidated entities*.

16.2. Condensed financial information on equity associates and joint ventures

The following table presents the breakdown of the condensed financial information on significant equity associates and joint ventures:

Condensed Financial Information on Equity Associates and Joint ventures (€m)	La Poste Telecom		Synerail		Synerail Construction		SFR FTTH	
	2019	2018	2019	2018	2019	2018	2019	2018
Revenues	282.0	251.0	84.9	86.6	0.1	0.7	82.4	-
Net income (loss)	(53.0)	(36.0)	5.9	6.0	0.0	0.1	(51.7)	-
Equity	(76.0)	(63.0)	10.2	6.2	20.3	20.3	3,365.8	-
Cash (-) / Net debt (+)	50.7	46.0	334.4	390.4	(23.8)	(22.0)	643.7	-
Total Equity and Liabilities	64.0	61.0	414.4	461.2	23.8	24.0	4,981.8	-

These amounts may be subject to homogenization and consolidation restatements by the Group.

17. Other non-current assets

The following table presents the breakdown of other non-current assets:

Other Non-Current Assets (€m)	December 31, 2019	December 31, 2018
Derivative financial instruments (a)	629.3	1,017.5
Call options with non-controlling interests (b)	28.5	9.7
Loans and receivables (c)	258.3	-
Other	112.4	89.2
Non-current financial assets	1,028.5	1,116.3
Other non-current assets (d)	247.7	265.5
Other non-current assets	1,276.2	1,381.8

(a) Related to swaps (Refer to Note 24 – *Derivative instruments*).

(b) Related to ACS call option

(c) Concerns a loan to Altice Group Luxembourg SA.

(d) Includes mainly non-current prepaid expenses.

18. Inventories

Inventories (€m)	December 31, 2019	December 31, 2018
Inventories of terminals and accessories	278.9	263.4
Inventories and work in progress	79.4	54.7
Other	19.0	19.5
Inventories - gross value	377.3	337.5
Impairment	(28.8)	(33.5)
Inventories - net value	348.5	304.0

Inventories are primarily comprised of handsets (mobile and boxes) and accessories.

The handsets inventories at year-end consist of €847 million classified as inventories on deposit with distributors (classified as agents) compared with €88.2 million in 2018.

The inventories and work in progress relate to ATSF activity.

19. Trade and other receivables

Trade and other Receivables (€m)	December 31, 2019	December 31, 2018
Trade receivables (a)	2,644.1	2,818.9
Impairment of doubtful debts (b)	(760.6)	(733.1)
Trade receivables, net	1,883.5	2,085.7
Receivables from suppliers	544.2	465.0
Tax and social security receivables	725.7	769.4
Prepaid expenses	163.2	155.4
Non-operating other receivables	104.9	74.0
Trade and other receivables, net	3,421.5	3,549.6
Corporate tax (c)	48.8	110.8
Current tax receivables	48.8	110.9

- (a) The trade receivables disclosed above are measured at amortized cost. Due to their short-term maturity, fair value and amortized cost are an estimate for the nominal amount of trade receivables.
- (b) The Group considers that there is no significant risk of not recovering unprovisioned receivables due. The concentration of counterparty risk connected with trade receivables is limited as the Group's customer portfolio is highly diversified and not concentrated given the large number of customers, especially in B2C activities, with many millions of individual customers.
In the B2B segment, the twenty principal customers of the Group represent less than 3% of Group revenue.
In the wholesale business, revenue is more concentrated as the largest customers are the telecommunication operators (Orange, Bouygues Telecom, Free Mobile, etc.) for which the risk is moderate given the reciprocal interconnection flows.
- (c) Tax receivables represent the advances paid in 2019.

20. Assets (and liabilities) held for sale

On November 30, 2018, Altice France has entered into exclusivity agreement with Allianz Capital Partners ("ACP"), AXA Investment Managers – Real Assets on behalf of its clients ("AXA IM – Real Assets"), OMERS Infrastructure ("Omers"), regarding the sale of a minority equity stake of 49.99% in SFR FTTH (Refer to Note 4.15 – *Partnership around fiber business in Altice France of the Group's 2018 financial consolidated statements*). In accordance with IFRS 5 – *Non-current assets held for sale and discontinued operations*, the assets and liabilities were classified as held for sale as of December 31, 2018.

On March 27, 2019, the Group announced the closing of this transaction (Refer Note 4.1 – *SFR FTTH*). As a result, there is no more assets and liabilities classified as held for sale as of December 31, 2019.

The following table presents the details of the assets and liabilities held for sale as of December 31, 2018:

Disposals Held for Sale (€m)	December 31, 2018 revised (*)
Goodwill	407.9
Tangible and intangible assets	438.7
Other non-current assets	0.6
Currents assets	82.7
Total assets held for sale	929.8
Non-current liabilities	95.7
Current liabilities	103.7
Total liabilities related to assets held for sale	199.4

(*) During 2019, the Group has reassessed the paragraph IAS 36.86 with respect to goodwill allocation related to the SFR FTTH transaction, which was included in the segment Wholesale (now "Telecom"). The goodwill was measured on the basis of the relative values of the operation disposed of and the portion of the segment retained. As a consequence of this reassessment, based on the provisions of IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors*, the Group revised the Statement of financial position as of December 31, 2018 and reclassified the allocated goodwill to SFR FTTH from 'Goodwill' to 'Assets classified as held for sale' for an amount of €407.9 million without any impact on the total assets and profit and loss of the period.

21. Cash and cash equivalents

The following table presents the breakdown of the cash and cash equivalents:

Cash and Cash Equivalent (€m)	December 31, 2019	December 31, 2018
Cash	501.5	741.8
Cash equivalents (a)	55.2	326.6
Cash and cash equivalents	556.8	1,068.5

(a) Cash equivalents mainly consists of money-market funds.

22. Equity

As of December 31, 2019, Altice France's share capital amounts 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 year ended December 31, 2019.

The Group does not hold treasury shares.

The Shareholder's Meeting of May 7, 2019 approved an exceptional dividend distribution at €1.85 per share, for an aggregate amount of €820 million, which was deducted from the "Additional paid-in capital" caption.

The Shareholder's Meeting of August 14, 2019 approved an exceptional dividend distribution at €2.37 per share, for an aggregate amount of €1,050.0 million, which was deducted from the "Additional paid-in capital" caption.

The Board of December 19, 2019 approved an interim dividend distribution at €1.13 per share, for an aggregate amount of €501.4 million, which was deducted from the "Reserves" caption.

The Group did not pay dividends to its shareholders during the fiscal years 2016, 2017 and 2018.

23. Financial liabilities

23.1. Financial liabilities breakdown

The following table presents the breakdown of financial liabilities:

Financial Liabilities breakdown (€m)	Current		Non-current		Total	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Bonds	257.2	278.5	9,677.4	9,474.4	9,934.6	9,752.9
Loans from financial institutions	169.4	81.4	7,203.3	7,167.3	7,372.7	7,248.7
Derivative financial instruments	-	-	455.8	794.1	455.8	794.1
Borrowings, financial liabilities and related hedging instruments	426.7	359.9	17,336.5	17,435.8	17,763.2	17,795.8
Finance lease liabilities *	24.3	22.9	42.5	56.4	66.8	79.3
Operating lease liabilities	651.3	-	2,761.8	-	3,413.2	-
Lease liabilities	675.6	22.9	2,804.3	56.4	3,479.9	79.3
Perpetual subordinated notes ("TSDI")	-	-	56.8	53.0	56.8	53.0
Deposits received from customers	33.9	37.2	166.9	162.4	200.8	199.6
Bank overdrafts	6.2	39.2	-	-	6.2	39.2
Securitization	152.9	229.5	-	-	152.9	229.5
Reverse factoring	601.2	600.0	-	-	601.2	600.0
Commercial paper	149.0	107.0	-	-	149.0	107.0
Other (a)	226.8	50.3	88.4	95.6	315.2	145.9
Other financial liabilities	1,170.1	1,063.1	312.0	310.9	1,482.1	1,374.1
Financial liabilities	2,272.3	1,445.9	20,452.9	17,803.2	22,725.2	19,249.1

* As of December 31, 2018, the opening balances of finance lease liabilities were reclassified from "Other financial liabilities" to "Finance lease liabilities".

(a) As of December 31, 2019, this amount includes:

- €182.2 million related to a current account with Alice Luxembourg
- €50.1 million of liabilities related to the acquisition of the non-controlling interests (of ERT Luxembourg for €41.1 million and Icart €9.0 million), compared to €67.1 million as of December 31, 2018 (of ERT Luxembourg for €52.1 million and Icart €15.0 million).
- €40.0 million related to ACS put option compared to €28 million as of December 31, 2018.

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Financial liabilities issued in US dollars are converted at the following closing rate:

- As of December 31, 2019: €1 = 1.1229 USD;
- As of December 31, 2018: €1 = 1.1452 USD.

For the year ended December 31, 2019, changes 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 an \$840 million fully subscribed by Altice Luxembourg S.A. bearing a semi annual coupon of 10.5% (5.8572% swapped into euros). The proceeds from which were used to partially redeem the 2024 Notes.
- On September 27, 2019, the Group issued the following new bonds for an aggregate euro equivalent amount of €2,545 million:
 - €550 million Notes due in 2025 and bearing a coupon of 2.5%;
 - €1,000 million Notes due in 2028 and bearing a coupon of 3.375%;
 - \$1,100 million Notes due in 2028 and bearing a coupon of 5.5%.

All the Notes were issued at par with an issuance fee of 0.5% per instrument.

- On September 27, 2019, the Group used a portion of the new debt to:
 - Fully redeem the \$840 million Notes (including accrued interest from the date of issuance) for an aggregate amount of \$866.95 million (€792.8 million equivalent);
 - Pay an accrued dividend of €175 million (portion of the €1,050 million dividend approved by the General Assembly of the Group in August 2019);
 - Make a new upstream loan of €92.5 million to Altice Luxembourg S.A.

On October 15 and 16 2019, the Group redeemed the remaining outstanding balance of its 2024 USD and EUR notes.

As the Group has determined that the refinancing was treated as an extinguishment of debt, the call premia associated with the redemption, as well as unamortised deferred financing costs were fully recorded in the statement of income. For the year ended December 31, 2019, and including the impact of the partial redemption of the 2024 Notes in June 2019, the Group recorded €79.1 million as costs of extinguishment of debt (of which €74 million pertaining to call premia and €5.1 million related to the accelerated amortization of deferred financing costs).

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 \$1,100 million debt in accordance with its risk management strategy (Refer to Note 24 – *Derivative instruments*).

23.2. Bonds

The following table presents the breakdown of bonds:

Bonds			Outstanding amount at ⁽¹⁾	
			(€m)	
Original currency	Maturity	Coupon in foreign currency	December 31, 2019	December 31, 2018
EUR	May 2024 ²	5.625%	-	1,250.0
EUR	January 2025	2.500%	550.0	-
EUR	February 2027	5.875%	1,000.0	1,000.0
EUR	January 2028	3.375%	1,000.0	-
USD	May 2024 ²	6.250%	-	1,200.7
USD	May 2026	7.375%	4,622.0	4,532.0
USD	February 2027	8.125%	1,558.5	1,528.1
USD	January 2028	5.500%	979.6	-
Total			9,710.0	9,510.7

(1) Amounts expressed exclude accrued interest (€252.6 million as of December 31, 2019 and €284.8 million as of December 31, 2018) and exclude the impact of the effective interest rate (€(38) million as of December 31, 2019 and €(42.6) million as of December 31, 2018). Including accrued interest and impact of EIR, the total bond borrowings amounts to €9,934.6 million as of December 31, 2019 and €9,752.9 million as of December 31, 2018.

(2) The 2024 USD and EUR Notes were redeemed in 2019 using the early repayment clause per the documentation.

23.3. Bank borrowings

The following table presents the breakdown of bank borrowings:

Bank borrowings				Margin	Outstanding amount at ⁽²⁾ (€m)	
Currency	Tranche	Maturity	Reference interest rate	in foreign currency ⁽¹⁾	December 31, 2019	December 31, 2018
EUR	B11	July 2025	Euribor 3M	3.000%	1,116.4	1,127.8
EUR	B12	July 2025	Euribor 3M	3.000%	980.0	990.0
USD	B11	January 2026	Libor 3M	2.750%	1,233.0	1,221.4
USD	B12	January 2026	Libor 3M	3.000%	1,876.4	1,858.6
USD	B13	August 2026	Libor 3M	4.000%	2,204.1	2,183.0
Revolving Credit Facility (RCF)					90.0	-
Total					7,499.8	7,380.8

(1) Interest is payable quarterly at the end of January, April, July and October.

(2) Amounts expressed exclude accrued interest (€21.1 million as of December 31, 2019 and €24.1 million as of December 31, 2018) and exclude the impact of the effective interest rate (€(159.7) million as of December 31, 2019 and €(177.1) million as of December 31, 2018). Including accrued interest and impact of EIR, total bank borrowings amounts to €7,361.3 million as of December 31, 2019 and €7,227.9 million as of December 31, 2018. These amounts do not include the bank loan raised by NextRadioTV (€11.4 million as of December 31, 2019 and €20.9 million as of December 31, 2018).

Refer to Note 4 – *Significant events of the period* for refinancing occurred during the fiscal year 2019.

As of December 31, 2019, the Revolving Credit Facility (“RCF”) was drawn for an amount of €90 million.

Bank loans, excluding the RCF, will all be repaid at the rate of 0.25% of the nominal amount each quarter.

23.4. Net financial debt

The following table presents the breakdown of the net financial debt as defined and utilized by the Group:

Net Financial Debt (€m)	December 31, 2019	December 31, 2018
Bonds	9,710.0	9,510.7
Loans from financial institutions	7,499.8	7,380.8
Finance lease liabilities	66.8	79.3
Commercial paper	149.0	107.0
Bank overdrafts	6.2	39.2
Other	68.6	87.1
Financial Liabilities contributing to net financial debt (a)	17,500.5	17,204.1
Cash and cash equivalents	556.8	1,068.5
Net derivative instruments - currency translation impact	755.3	976.7
Financial Assets contributing to net financial debt (b)	1,312.0	2,045.2
Net financial debt (a) – (b)	16,188.5	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 23.6 – *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 (€755.3 million as of December 31, 2019 and €976.7 million as of December 31, 2018). The fair value of derivatives related to the interest rate impacts €(581.8) million as of December 31, 2019 and €(753) million as of December 31, 2018 is not included.

23.5. Senior secured debt liquidity risk

The following table breakdowns, for the Group’s senior secured debt (bonds, bank loans and RCF) the future undiscounted cash flows (interest payments and repayment of the nominal amount):

(million items)	2020	2021	2022	2023	2024	2025 and beyond	Total
USD bonds	396.3	133.8	483.4	459.1	399.2	8,276.6	10,148.3
USD term loans	223.5	146.0	265.1	173.9	307.8	5,431.5	6,547.8
EUR bonds	108.6	106.3	106.3	106.3	106.3	2,810.0	3,343.6
EUR term loans	85.1	84.3	83.8	82.9	82.4	2,049.5	2,468.2
RCF	104.4	13.6	12.1	8.4	-	-	138.5
Total	917.9	483.9	950.7	830.5	895.8	18,567.7	22,646.4

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The main assumptions used in this schedule are as follows:

- US dollar amounts are translated to euros at the closing rate (€1=\$1.1229) and flows on USD Bonds and USD Term loans also include flows on derivative instruments (Refer to the specific assumptions for debts denominated in US dollars as described in Note 24.4 – *Liquidity risk on foreign currency debt*).
- Calculations of interest are based on the Euribor and Libor rates as of December 31, 2019 (which leads at that date to the application of the floor to floating rate loans in euros but not to floating rate loans in US dollars).
- The maturity dates of bonds and loans are positioned at the contractual maturity date (no early repayment is planned).

23.6. Reconciliation between net financial liabilities and net financial debt

In compliance with IAS 7 amendments, the following table presents 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)	December 31, 2019	December 31, 2018
Financial liabilities	22,725.2	19,249.1
Cash and cash equivalents	(556.8)	(1,068.5)
Derivative instruments classified as asset (a)	(629.3)	(1,017.5)
Net financial debt - consolidated statement of financial position	21,539.2	17,163.2
<i>Reconciliation:</i>		
Lease liabilities	(3,413.2)	-
Net derivative instruments - rate impact	(581.8)	(753.4)
Accrued interest	(288.9)	(316.3)
EIR	197.6	219.7
Perpetual subordinated notes ("TSDI")	(56.8)	(53.0)
Deposits received from customers	(200.8)	(199.6)
Securitization	(152.9)	(229.5)
Reverse factoring	(601.2)	(600.0)
Debt on share purchase	(60.0)	(45.1)
Dividend to pay	(1.9)	(1.9)
Current accounts (b)	(182.4)	(0.9)
Other	(8.5)	(24.3)
Net financial debt	16,188.5	15,159.0

(a) Excluding the fair value of ACS call option (Refer to Note 17 – *Other non-current assets*).

(b) Of which a current account with Altice Luxembourg SA for €182.2 million.

23.7. Reconciliation between change on financial liabilities and flows related to financing

In accordance with the amendment to IAS 7 applicable from January 1, 2017, this table presents the reconciliation between change on financial liabilities and flows related to financing as presented in the consolidated statement of cash flows.

Reconciliation between Change on Financial Liabilities and Flows related to Financing (€m)	December 31, 2018	Consolidated statement of cash flows		Other flows - non cash	December 31, 2019
		Net cash flow - financing activities	Other flows		
Borrowings, financial liabilities and relating hedging instruments	17,435.8	210.7	-	(310.0) ⁽³⁾	17,336.5
Lease liabilities	56.4	(57.4)	-	2,805.3 ⁽¹⁾	2,804.3
Other financial liabilities	310.9	(17.3)	0.1 ⁽²⁾	18.3	312.0
Non-current financial liabilities	17,803.2	136.0	0.1	2,513.6	20,452.9
Borrowings and financial liabilities	359.9	85.6	-	(18.8)	426.7
Lease liabilities	22.9	(645.9)	-	1,298.6 ⁽¹⁾	675.6
Other financial liabilities	1,063.1	102.1	6.6 ⁽²⁾	(1.8)	1,170.1
Current financial liabilities	1,445.9	(458.2)	6.6	1,278.0	2,272.3
Financial liabilities	19,249.1	(322.2)	6.7	3,791.5	22,725.2

(1) IFRS 16 impacts.

(2) Variation of the debt related to acquisition of share (investing activities in Consolidated Statement of Cash Flows)

(3) Includes mainly the change in fair value of derivative instruments for €(338.3) million.

Reconciliation to financing cash flow

Financing activities - Reconciliation of change in borrowings and other financial liabilities		(322.2)
Interest paid on debt		(846.6)
Other interests paid		(58.5)
Lease payment (interest) related to ROU		(117.9)
Dividends paid		(2,419.1)
Advance to Altice Group Luxembourg S.A.		(258.3)
Restructuring of swap instruments		257.8
Redemption fees		(73.8)
Other		(82.4)
Financing activities - Consolidated Statement of Cash Flows		(3,921.0)

24. Derivative instruments

24.1. Fair value of derivative instruments

The following table presents the derivative instruments fair value:

Note	Type (€m)	Underlying element	December 31, 2019	December 31, 2018
23.2	Cross-currency Swaps	2024 USD bonds	-	116.5
		2026 USD bonds	240.7	88.6
		2027 USD bonds	120.8	165.1
		2028 USD bonds	3.6	-
		January 2026 USD term loan	(2.2)	(31.6)
		July 2025 USD term loan	167.9	132.2
		August 2026 USD term loan	(29.1)	(49.6)
23.3		Fixed rate - Floating rate USD	(291.4)	(160.7)
	Interest rate swaps	Fixed rate - EURIBOR 3 months	(10.7)	(11.1)
		Swap EURIBOR 1 month - EURIBOR 3 months	(26.1)	(26.1)
17		Derivative instruments classified as assets	629.3	1,017.5
23.1		Derivative instruments classified as liabilities	(455.8)	(794.1)
		Net Derivative instruments	173.5	223.3
		<i>O/w currency effect</i>	755.3	976.7
		<i>O/w interest rate effect</i>	(581.8)	(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 using a simplified model derived from Basel II for calculating exposure risk and using market data to determine the probability of default.

For the year ended December 31, 2019, the following changes were made to the Group’s derivative instruments: 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 \$840 million 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 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 receiving rate of 10.5% and a euro paying rate 7.86%.
- New CCS with a nominal of \$76 million/€69 million with a USD receiving rate of 7.75% and a euro paying rate 4.52%.

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On September 27, 2019, following the issuance of the new 2028 USD Notes (\$1,100 million), intended for the full redemption of the remaining 2024 USD Notes (\$815 million), the Group completely restructured the cross currency swaps associated with the 2024 USD Notes. The details are given below:

- CCS with certain counterparties were terminated with a nominal exchange. The Group received \$496.9 million and paid euros €365.9 million. The Group recognized an exchange gain of €88.4 million (€80.3 million net of break fees).
- CCS for a nominal amount of \$878.1 million were reset to market conditions and reallocated to the 2028 Notes with a monetization of the latent capital gain. The Group received €116.3 million as part of this restructuring.
- The new CCS with a nominal of \$76 million referenced above was restructured as well and allocated to the 2028 Notes with a USD receiving rate of 5.5% and a euro paying rate of 2.99%.
- A new CCS with Altice Luxembourg S.A., with a received/paid nominal of €175 million/\$200 million with a USD paying rate of 10.5% and a euro receiving rate of 7.86%.
- Two new CCS were executed and allocated to the 2028 USD Notes:
 - Nominal of \$66.3 million/€59.8 million with a USD receiving rate of 5.5% and a Euro paying rate of 3.35%;
 - Nominal of \$79.6 million/€72.0 million with a USD receiving rate of 5.5% and a Euro paying rate of 3.335%.

Following the restructurings described above, the 2028 USD Notes were fully hedged with new CCS with the details given below:

- Nominal of \$1,100 million/€995.6 million (with an average USD/EUR rate of 1.1049) with a USD receiving rate of 5.5% and an average EUR paying rate of 3.3219%.

The Group has chosen not to qualify the new CCS allocated to the 2028 Notes as cash flow hedges. The change in the fair value of these instruments was hence recorded through the statement of income for the year ended December 31, 2019.

24.2. Cross currency swaps

Cross currency swaps subscribed by the Group are intended to neutralize the exchange rate impacting future financial flows (nominal amount, coupons) or to convert the LIBOR exposure for drawdowns in US dollars for the Term Loan into EURIBOR exposure.

The following table details the hedges established:

(in items millions)	Notional		Fixed rate / Margin		Initial exchange date	Final exchange date ¹
	USD	EUR	USD	EUR		
2026 bonds	1,989.0	1,467.8	7.375%	6.677%	none	July 15, 2024
2026 bonds	2,349.1	2,069.6	7.375%	5.759%	April 11, 2016	April 15, 2024
2026 bonds	851.9	768.4	7.375%	5.744%	July 15, 2019	May 1, 2026
2027 bonds	653.6	588.4	8.125%	5.776%	none	Feb. 1, 2027
2027 bonds	1,081.9	846.9	8.125%	6.406%	none	Feb. 1, 2027
2028 bonds	1,100.0	995.6	5.500%	3.323%	Sept. 27, 2019	Jan. 15, 2028
2025 term loan	1,424.7	1,104.0	L+4.250%	E+4.463%	none	Jan. 15, 2024
2026 A term loan	550.0	498.0	L+3.250%	E+2.730%	August 3, 2015	July 31, 2022
2026 A term loan	1,240.0	1,095.6	L+4.000%	E+4.150%	Nov. 10, 2015	Jan. 31, 2023
2026 A term loan	350.0	298.1	L+3.000%	E+2.76%	Oct. 31, 2017	Jan. 15, 2026
2026 B term loan	2,514.5	2,072.9	L+4.000%	5.501%	April 30, 2015	August 15, 2026
Total	14,104.7	11,805.4				

¹ Banks benefit from a five-year termination clause in their favor:

- In July and November 2020 and October 2022 for 2026 Bonds;
- In July, August and September 2023 for 2027 Bonds;
- In September 2024 for 2028 bonds;
- In April 2021 and April 2022 for the 2025 Loan;
- In May and July 2022 and January, June, July and August 2023 for the 2026 A Loans;
- In May and July 2022 and January, June, July and August 2023 for the 2026 B Loans.

Banks may thus unilaterally terminate the hedging agreement and have Altice France pay, or pay the balance under the agreement to Altice France (depending on the market conditions at such time).

As part of the redemption of the 2024 USD notes, the Group restructured the swaps associated with the 2024 notes and issued new swaps related to the new 2028 USD Notes. The details of the restructuring are provided in Note 24.1 - *Fair value of derivative instruments* above.

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In addition to the above, the Group also restructured the cross currency swaps associated with the 2026 and 2027 USD notes and monetized a portion of the latent capital gain for an aggregate amount of €258 million. The following changes were made:

- 2026 USD Notes: an aggregate amount of \$1,100/€865 million (receive/pay) was restructured to \$1,100/€977 million (receive/pay), with the receiving and paying rates (USD pay/EUR receive) restructured to 7.375%/5.7892% from 7.375%/6.3015%. The Group received a cash payment of €112 million as part of this restructure;
- 2027 USD Notes: an aggregate amount of \$831/€601 million (receive/pay) was restructured to \$831/€747 million (receive/pay), with the receiving and paying rates (USD pay/EUR receive) restructured to 8.125%/5.7853% from 8.125%/6.6598%. The Group received a cash payment of €146 million as part of this restructure.

24.3. Interest rate swaps

As of December 31, 2019, the interest rate swap listed below was still active:

- Principal: €4,000.0 million;
- Altice France pays a negative fixed rate of 0.121% against floating three-month Euribor;
- Maturity: January 2023;
- Frequency of swaps: quarterly (January, April, July, and October).

This swap has an early termination option (held by counterparty) starting from January 2021. As this swap did not qualify for hedge accounting, the change in its fair value is recognized directly in profit and loss.

During the year, the Group set up three new interest rate swaps in order to match the one month interest's period of the term loans TLB 11, TLB 12 and TLB 13 in US dollars.

Hedge transactions are detailed in the table below:

Hedged items	Currency	Notional (€m)	Fixed rate / Margin		Initial exchange date	Final exchange date
			Pay USD	Receive USD		
TLB 11	USD	1,392	L3M -0.1025%	L1M	April 30, 2019	April 30, 2020
TLB 12	USD	2,118	L3M -0.105%	L1M	April 16, 2019	April 16, 2020
TLB 13	USD	2,481	L3M	L1M +0.14%	August 15, 2019	August 17, 2020
Total		5,991				

As those swaps are not qualified for hedge accounting, the change in their fair value is recognized directly in profit and loss.

24.4. Liquidity risk on foreign currency debts

The following table breakdown, for the bonds and loans denominated in dollars, the future undiscounted cash flows (interest payments and repayment of the nominal amount).

(€m)	2020	2021	2022	2023	2024	2025 and beyond	Total
USD Bonds (a)	396.3	133.8	483.4	459.1	399.2	8,276.6	10,148.3
Flows in USD	524.1	521.4	521.4	521.4	521.4	8,276.6	10,886.2
Swap - Flows in USD	(523.2)	(3,961.2)	(222.0)	(890.4)	(3,053.5)	-	(8,650.2)
Swap - Flows in EUR	395.4	3,573.5	184.0	828.1	2,931.4	-	7,912.3
USD Term loans (b)	223.5	146.0	265.1	173.9	307.8	5,431.5	6,547.8
Flows in USD	293.5	338.7	337.5	332.4	330.2	5,431.5	7,063.9
Swap - Flows in USD	(999.6)	(1,825.5)	(1,453.5)	(1,751.3)	(117.3)	-	(6,147.2)
Swap - Flows in EUR	929.6	1,632.7	1,381.2	1,592.8	94.9	-	5,631.2
Total = (a)+(b)	619.7	279.7	748.5	633.0	707.1	13,708.1	16,696.1

The main assumptions used in this schedule are as follows:

- Amounts in dollars are translated to euros at the closing rate (€1 = \$1.1229).
- Calculations of interest are based on the EURIBOR and LIBOR rates as of December 31, 2019 (which leads at that date to applying the floor on variable rate loans).
- The maturity dates of bonds and loans are positioned at the contractual maturity date (no early repayment is planned).
- The final trade date for the swaps was scheduled for the closer of (i) the final trade date provided for in the swap agreement and, where applicable, (ii) the date on which the banks have the option to terminate the agreement early.

24.5. Credit risk and counterparty risk

Altice France is exposed to bank counterparty risk in its investments and derivatives; Altice France therefore uses strict criteria when selecting public, financial or industrial institutions in which to invest or contract derivatives, in particular in terms of their financial rating.

25. Obligations under leases

25.1. Lessee

Following the adoption of IFRS 16 - *Leases*, the Group recognises right-of-use assets and lease liabilities for contract that contains a lease.

The following table presents, for the lessee, the contractual undiscounted cash flows related to lease payments:

Lease liabilities maturity (€m)	December 31, 2019		December 31, 2018
	Operating leases	Finance leases	Finance leases
Less than one year	753.8	26.2	24.5
Between one and two years	686.3	35.9	21.4
Between two and three years	652.4	5.6	11.8
Between three and four years	626.3	1.3	10.7
Five years and beyond	1,138.3	1.9	16.2
Total future payments	3,857.2	70.8	84.5
Future finance expenses	(444.1)	(4.0)	(5.2)
Discounted value of contracts	3,413.2	66.8	79.3
Included in the financial liabilities breakdown:			
- <i>Lease liabilities current</i>	651.3	24.3	22.9
- <i>Lease liabilities non current</i>	2,761.8	42.5	56.4

25.2. Lessor

The following table presents, for the lessor, the contractual undiscounted cash flows related to lease income:

Lessor - Maturity (€m)	December 31, 2019
	Operating leases
Less than one year	43.7
Between one and two years	36.3
Between two and three years	34.4
Between three and four years	32.3
Five years and beyond	214.9
Total future payments	361.6

The amount of lease income recognized in the income statement amounts to €47.6 million for the year ended December 31, 2019.

26. Provisions

The following table presents the breakdown of provisions:

Provisions	December 31, 2019					
	Opening	Addition	Utilization	Reversal and changes of accounting estimates	Other (c)	Closing
(€m)						
Employee benefit provisions	131.9	13.0	(1.0)	(0.4)	21.2	164.7
Restructuring charges	24.6	3.0	(13.5)	(7.4)	0.0	6.7
Technical site restoration (a)	88.3	2.5	(4.0)	(0.0)	3.8	90.6
Litigation and other (b)	448.0	168.6	(85.3)	(49.2)	(134.7)	347.5
Provisions	692.9	187.0	(103.8)	(57.0)	(109.7)	609.5
<i>Current</i>	<i>216.5</i>	<i>46.2</i>	<i>(48.1)</i>	<i>(25.7)</i>	<i>(39.5)</i>	<i>149.5</i>
<i>Non-current</i>	<i>476.4</i>	<i>140.9</i>	<i>(55.7)</i>	<i>(31.3)</i>	<i>(70.2)</i>	<i>460.0</i>

- (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 (Refer to Note 33 – *Litigation*). All provisioned disputes are currently awaiting hearing or motions in a court. The unused portion of provisions recognized 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.
- (c) Of which the impact of a decrease in the discount rate on employee benefit provision, the reclassification of provisions for onerous contract to a right of use impairment following the adoption of IFRS 16 and the reclassification of provisions for tax risk to deferred tax liabilities and current tax payables following the adoption of IFRIC 23 - *Uncertainty over Income Tax Treatments*.

The table for fiscal year 2018 is presented below:

Provisions	December 31, 2018					
	Opening	Addition	Utilization	Reversal and changes of accounting estimates	Other	Closing
(€m)						
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
<i>Current provisions</i>	<i>349.6</i>	<i>83.1</i>	<i>(83.0)</i>	<i>(148.6)</i>	<i>15.3</i>	<i>216.5</i>
<i>Non-current provisions</i>	<i>476.3</i>	<i>83.1</i>	<i>(34.8)</i>	<i>(40.8)</i>	<i>(7.4)</i>	<i>476.4</i>

27. Post-employment benefits

All Group employees benefit from severance packages upon retirement based on the collective bargaining agreement with the company to which they are attached.

The rights to conventional retirement benefits vested by employees were evaluated individually, based on various parameters and assumptions such as the employee's age, position, length of service in the Group and salary, according to the terms of their employment agreement.

27.1. Assumptions used for defined-benefit plans

Assumptions used for defined-benefit plans	December 31, 2019	December 31, 2018
Discount rate	0.60%	1.60%
Expected salary increase rate	2.00%	2.00%
Inflation rate	2.00%	2.00%

Demographic assumptions are specific to each company.

27.2. Change in commitments

Change in commitments (€m)	December 31, 2019	December 31, 2018
Benefit obligation - opening balance	131.9	124.1
Service cost	10.5	10.7
Interest cost	2.0	1.8
Actuarial loss (gain)	24.2	(10.5)
Benefit paid	(1.0)	(0.6)
Business combinations	(2.3)	11.3
Restructuring	(0.0)	(3.3)
Reclassification to liabilities directly associated to assets held for sale	(0.6)	(1.5)
Benefit obligation - closing balance	164.7	131.9

The Group had no plan assets as of December 31, 2019 and as of December 31, 2018.

27.3. Breakdown of recognized expense in the consolidated statement of income

Breakdown of recognized expense in the Consolidated statement of income (€m)	December 31, 2019	December 31, 2018
Service cost	10.5	10.7
Interest cost	2.0	1.8
Restructuring	(0.0)	(3.3)
Benefit paid	(1.0)	(0.6)
Net period expense of post-employment benefits	11.5	8.6

27.4. Actuarial gains and losses recognized in comprehensive income

Actuarial gains and losses recognized in comprehensive income (€m)	December 31, 2019	December 31, 2018
Actuarial losses (losses)/gain from experience	(0.5)	(0.6)
Actuarial losses (losses)/gain from changes of assumptions	(23.7)	(9.9)
Actuarial losses (gains) recognized in comprehensive income	(24.2)	(10.5)
<i>Actuarial losses (gains) cumulated in comprehensive income (OCI)</i>	<i>(23.4)</i>	<i>0.8</i>

27.5. Sensitivities

The following table presents the impact of a change in discount rate within more or less 0.25 point for the actuarial liability:

Sensitivities (€m)	December 31, 2019	December 31, 2018
Benefit obligation at 0.35%	171.6	138.0
Benefit obligation at 0.60%	164.7	131.9
Benefit obligation at 0.85%	158.1	118.4

27.6. Maturity of post-employment benefits

The estimated amount (in nominal value) of the benefits to be paid in the next ten years is as follows:

Maturity of post-employment benefits (€m)	Total	Under one year	Two to five years	Six to ten years
Estimated benefits payable	59.1	1.4	6.8	50.9

28. Other non-current liabilities

The following table presents the breakdown of other non-current liabilities:

Other Non-Current Liabilities (€m)	December 31, 2019	December 31, 2018
Licenses	1.0	36.8
Other	23.8	13.6
Other non-current liabilities	24.8	50.4

29. Trade payables and other current liabilities

Trade Payables and Other Current Liabilities (€m)	December 31, 2019	December 31, 2018
Trade payables	2,767.9	3,178.2
Payables from purchase of intangible and tangible assets	634.8	529.5
Advances and deposits from customers, credit customers	283.4	599.4
Tax liabilities	761.0	676.3
Social security liabilities (a)	381.5	574.6
Other current liabilities	87.2	42.9
Trade payables and other current liabilities	4,915.8	5,600.9

(a) These amounts include €19.6 million of liabilities related to the voluntary departure plan (compared to €116.0 million in December 2018).

30. Financial instruments

30.1. Fair value of financial instruments

The following table presents the net carrying amount per category and the fair value of the Group's financial instruments at December 31 of each year:

Fair values of assets and liabilities (€m)	Note	December 31, 2019		December 31, 2018	
		Carrying value	Fair value	Carrying value	Fair value
Cash and cash equivalents	21	556.8	556.8	1,068.5	1,068.5
Other financial assets		24.1	24.1	2.2	2.2
Current assets		580.8	580.8	1,070.7	1,070.7
Derivatives		629.3	629.3	1,017.5	1,017.5
Call options on non-controlling interests		28.5	28.5	9.7	9.7
Other financial assets		370.7	370.7	89.2	89.2
Non-current assets	17	1,028.5	1,028.5	1,116.3	1,116.3
Short term borrowings and financial liabilities		426.7	426.7	359.9	359.9
Lease liabilities		675.6	675.6	22.9	22.9
Reverse factoring and securitisation		754.1	754.1	829.4	829.4
Accrued interest		5.2	5.2	7.4	7.4
Commercial paper		149.0	149.0	107.0	107.0
Other financial liabilities		261.8	261.8	119.3	119.3
Current liabilities	23.1	2,272.3	2,272.3	1,445.9	1,445.9
Long term borrowings and financial liabilities		16,880.7	17,623.0	16,641.7	16,095.1
Put options with non-controlling interests		40.0	40.0	28.0	28.0
Derivatives		455.8	455.8	794.1	794.1
Lease liabilities		2,804.3	2,804.3	56.4	56.4
Other financial liabilities		272.0	272.0	282.9	282.9
Non-current liabilities	23.1	20,452.9	21,195.2	17,803.2	17,256.5

During the year, there were no transfers of asset or liabilities between levels of the fair value hierarchy. The Group's trade and other receivables and trade and other payables are not shown in the table above as their carrying amounts approximate their fair values.

With the exception of derivatives, loans and other short-term and long-term financial debts, and other current and non-current financial liabilities are measured at their amortized cost, which corresponds to the estimated value of the financial liability when initially recognized, minus repayments of principal, and plus or minus cumulative amortization, measured using the effective interest rate method.

Derivatives are measured at fair value through the income statement, or through other items of comprehensive income,

for the effective portion of the change in fair value of derivatives qualifying as cash flow hedges.

Fair value measurement through the Consolidated statement of financial position

Fair value is calculated using market prices. When market prices are not available, an analysis of discounted cash flow is carried out or a business model applied.

The following table provides information on the fair values of financial assets and financial liabilities, their valuation technique, and the fair value hierarchy of the instrument given the inputs used in the valuation method.

Fair value measurement (€m)	Fair value hierarchy	Valuation technique	December 31, 2019	December 31, 2018
Financial Liabilities				
Derivative financial instruments	Level 2	Discounted cash flows	455.8	794.1
Minority Put Option - Intelcia	Level 3	Discounted cash flows	40.0	28.0
Financial Assets				
Derivative financial instruments	Level 2	Discounted cash flows	629.3	1,017.5
Minority Call option - Intelcia	Level 3	Black and Scholes model	28.5	9.7

30.2. Financial risk management and derivative instruments

The Group's treasury department provides services, coordinates access to national and international financial markets, measures and manages the financial risks connected with the Group's activities. These risks include market risks (mainly exchange rate and interest rate risks), credit risks and liquidity risks. The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures.

30.3. Currency risk

The Group's exchange rate risk relates to bond issues and bank borrowings denominated in US dollars.

The Group's borrowings arranged in US dollars are fully hedged by derivative instruments in the form of cross currency swaps.

The following table presents the impact of hedging on the initial debt (at the debt issue date), before and after hedging.

Original amount, expressed in millions	Currency	Initial position		Hedging instrument		Final position	
		In foreign currency	In euros	In foreign currency	In euros	In foreign currency	In euros
2026 Bonds	USD	(5,190.0)	-	5,190.0	(4,194.0)	-	(4,194.0)
2027 Bonds	USD	(1,750.0)	-	1,750.0	(1,300.3)	-	(1,300.3)
2028 Bonds	USD	(1,100.0)	-	1,100.0	(995.5)	-	(995.5)
2025 Term Loan	USD	(1,398.7)	-	1,391.7	(1,011.5)	(7.0)	(1,011.5)
2026 A Term Loan	USD	(2,128.5)	-	2,117.9	(1,881.7)	(10.6)	(1,881.7)
2026 B Term Loan	USD	(2,500.0)	-	2,500.0	(2,061.0)	-	(2,061.0)
Total		(14,067.2)	-	14,049.6	(11,444.0)	(17.6)	(11,444.0)

The following table presents the impact of hedging on the residual debt as of December 31, 2018 before and after hedging:

Amounts as of December 31, 2018 expressed in millions	Currency	Initial position		Hedging instrument		Final position	
		In foreign currency	In euros	In foreign currency	In euros	In foreign currency	In euros
2024 Bonds	USD	(1,375.0)	-	1,375.0	(1,028.0)	-	(1,028.0)
2026 Bonds	USD	(5,190.0)	-	5,190.0	(4,194.0)	-	(4,194.0)
2027 Bonds	USD	(1,750.0)	-	1,750.0	(1,300.3)	-	(1,300.3)
2025 Term Loan	USD	(1,420.0)	-	1,425.0	(1,100.0)	5.0	(1,100.0)
2026 A Term Loan	USD	(2,150.0)	-	2,140.0	(1,892.0)	(10.0)	(1,892.0)
2026 B Term Loan	USD	(2,500.0)	-	2,500.0	(2,061.0)	-	(2,061.0)
Total		(14,385.0)	-	14,380.0	(11,575.3)	(5.0)	(11,575.3)

As of December 31, 2019, a sudden 10% change in value of the euro against the US dollar would have, given the assets and liabilities on the consolidated statement of financial position, an immaterial impact on the Group's currency translation results given the hedging instruments set up by the Group. For the purposes of this analysis, all other variables, in particular interest rates, are assumed to remain unchanged.

30.4. Rate risk

Interest rate risk

The Group is exposed to interest rate risks mainly on bank borrowings on a variable interest rate basis. The Group limits such risks, when it considers appropriate, through interest rate swaps and interest rate caps.

Interest rate sensitivity analysis

The analysis of sensitivity to interest rate fluctuations for instruments at variable rates takes into accounts all variable flows of financial instruments. The analysis assumes that the liabilities and financial instruments on the consolidated statement of financial position as of December 31, 2019 remain unchanged over the year. For the purposes of this analysis, all other variables, in particular exchange rates, are assumed to remain unchanged.

A 50 basis point rise (fall) in the EURIBOR at the period-end date would not have material impact on the cost of gross debt.

30.5. Liquidity risk management

The Group manages liquidity risk by maintaining adequate levels of cash, cash equivalents and lines of credit, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Cash position including cash equivalents

As of December 31, 2019, Altice France's cash position more than covered the repayment schedules of its current financial debt:

Liquidity Risk Management	December 31,
(€m)	2019
Cash	501.5
Cash equivalents	55.2
Amount available for drawing from lines of credit (a)	1,315.0
Cash position	1,871.8

(a) Of which €1,025 million of undrawn RCF at Altice France and €290 million of undrawn RCF at Hivory. Hivory has a total credit facility of €300 million which can be used for general corporate purposes or for financing its working capital.

30.6. Management of credit risk and counterparty risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. Financial instruments that could increase credit risk are mainly trade receivables, cash investments and derivative instruments.

Trade receivables

The Group considers that it has extremely limited exposure to concentrations of credit risk with respect to trade accounts receivable due to its large and diverse customer base (residential and public institutions) operating in numerous industries across France.

Cash investments and derivative instruments

Altice France is exposed to bank counterparty risk in its investments and derivatives, and therefore uses strict criteria when selecting public, financial or industrial institutions in which to invest or contract derivatives, in particular in terms of their financial rating.

31. 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 consolidated financial statements. Details of transactions between the Group and other related parties are disclosed below.

31.1. Senior executive compensation

The Group's senior executives include members of Altice France's Executive Committee.

The following table presents the compensation allocated to individuals who were, at period-end, or had been in previous years, members of the Executive Committee:

Senior Executive Compensation (€m)	December 31, 2019	December 31, 2018
Short-term benefits (a)	10.4	5.5
Share-based compensation (b)	27.1	-
Executive compensation	37.5	5.5

(a) Includes gross salaries (fixed component and variable component), profit-sharing as well as benefits in kind recognized during the year. In 2019, includes the accrual of an expense for an amount of €5.4 million related to a long term incentive plan allocated to the senior management of the Group, related to the years 2018 and 2019. The expense related to 2019 amounts to €2.7 million.

(b) Re-invoicing of the expense related to free preference shares allotted to the CEO of Altice France by Altice Europe. This expense was directly invoiced as management fees for the year ended December 31, 2018 (€21.5 million) and thus included in the €59 million amount booked as management fees.

31.2. Associates and joint ventures

Associates and joint ventures, measured through equity, are presented in Note 16 – *Investments in associates*.

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) 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)	December 31, 2019	December 31, 2018
Assets	225.0	64.0
Non-current assets	10.4	12.7
Current assets	214.6	51.3
Liabilities	106.2	2.8
Current liabilities	106.2	2.8
Off balance-sheet commitments	58.7	61.0
Financial	45.1	46.1
Pledges	13.6	14.9

Associates and Joint Ventures (€m)	December 31, 2019	December 31, 2018
Statement of income	833.7	105.1
Revenue	870.5	132.9
Operating expenses	37.3	27.9
Financial income	0.4	0.1

31.3. Shareholders

As of December 31, 2019, the overview of these transactions are as follows:

Related Parties Transactions - Shareholders (€m)	December 31, 2019	December 31, 2018
Assets	792.5	65.0
Non-current financial assets	290.5	-
Non-current operating assets (a)	439.1	-
Current financial assets	10.7	-
Current operating assets	52.2	65.0
Liabilities	703.2	166.9
Non-current financial liabilities (b)	426.8	10.0
Current financial liabilities (b)	218.0	-
Operating liabilities	58.4	156.9

(a) Right of use – Assets (€439.1 million);

(b) Of which Lease Liabilities (€449,1 million) and a current account with Altice Luxembourg S.A(€182.2 million)

The amounts related to right of use concern the transaction with SCI Quadrans (which is majority owned by the Company's controlling shareholder). These transactions are now recorded under IFRS 16 – *Leases*.

Related Parties Transactions - Shareholders (€m)	December 31, 2019	December 31, 2018
Operating income	102.6	89.5
Operating expenses	247.0	498.6
Financial expenses (c)	38.2	5.4
Net income (loss)	(182.5)	(414.5)

(c) Interests on right of use liabilities (€20.7 million).

These transactions are carried out as part of the Group's activity, mainly with the following entities:

- Hot, Portugal Telecom: telecommunication services;
- Altice Entertainment News and Sport: television royalties and content;
- Altice Management International: customer services;
- SCI Quadrans: rental of real estate.

As of December 31, 2019, the significant changes in the statement of income concern:

- Decrease in purchase of customer services from Altice Management International and Intelcia (consolidated since May 2018): €38.2 million.
- Decrease in purchase of TV channels programs, including sports channel (related to the restructuring of sports content contracts with Altice Entertainment News and Sports - Refer to Note 4 – *Significant events of the period of 2018 consolidated financial statements*): €151.6 million.

These expenses include management fees from Altice Europe for €18.2 million as of December 31, 2019 compared €59.0 million as of December 31, 2019.

Investments made amount to €24.1 million as of December 31, 2019 compared to €138.4 million as of December 31, 2018. The decrease in investments is mainly due to the fully consolidation of ATSF entities since May 2018; these entities invoice construction and deployment of network to Altice France telecom entities.

The commitments given to Altice Europe and its related parties amount to €100.0 million as of December 31, 2019 compared to €855.7 million as of December 31, 2018. The main change concerns the lease now recorded under IFRS 16 - *Lease*.

31.4. Management

On September 26, 2019, Altice Content Luxembourg S.A. acquired a 0.35% minority stake in Groupe News Participations S.A.S. to a holding company controlled by Alain Weill for an amount of €1.0 million. Following this acquisition, the Group's ownership in NextRadioTV S.A. and its subsidiaries increased to 100%.

32. Commitments and contractual obligations

The significant contractual commitments undertaken or received by the Group are disclosed below.

32.1. Commitments related to bonds and term loans

In May 2014, the Group issued bonds and set up term loans to refinance its historic debt and fund a portion of the SFR acquisition. In July 2015, in the form of an additional facility under the same legal documentation as the loans taken out in May 2014, the Group set up new term loan for the purpose of refinancing its revolving credit lines. Then, in order to fund a portion of the December 2015 distribution, the Group took out a term loan in October 2015. The latter was also structured as an additional tranche under the existing documentation. In April 2016, the Group set up new bonds and term loans for the purpose to refinance a portion of the loans raised in 2014. In October 2016, the Group set up new term loan tranches. The loans setting up in 2016 were structured as additional debt under the existing documentation. In April and October 2017, the Group refinanced some of its term loans and were structured as additional debt under the existing documentation. In July and August 2018, the Group refinanced bonds in euros and dollars with a maturity at 2022. In September 2019, the Group refinanced its USD and EUR notes due in 2024. Those Bonds have been structured as additional debt under the existing documentation.

As part of these various loans, established under the same financial documentation, a certain number of Group subsidiaries (Altice France, SFR, Ypso France, Altice B2B France, SFR Fibre, Numericable US LLC, Numericable US SAS, Completel, Ypso Finance, SFR Presse Distribution and SFR Presse) pledged certain assets to banks (equity instruments of Group companies, bank accounts intercompany loans, trademarks and goodwill).

Additionally, in the event of a change in control (should a company other than Altice Europe or an affiliate of Altice Europe come to hold more than 51% of Altice France), the Group would have to offer to repay its debt for an amount equal to 101% of the amount outstanding on that debt.

Term loans and Bonds issued also include certain restrictions that limit the Group's ability to:

- Incur or guarantee any additional debt, subject to a consolidated net debt leverage ratio (4.5x for total debt and 3.25x for bonds);
- Draw the RCF line subject to a consolidated net debt leverage ratio of 4.5x;
- Make investments or other payments that are subject to restrictions (including dividends);
- Grant sureties;
- Dispose of subsidiaries' assets and equity instruments;
- Conclude certain transactions with its affiliates;
- Enter into agreements limiting the ability of its subsidiaries to pay it dividends or repay intercompany loans and advances; and
- Carry out mergers or consolidations.

32.2. Commitments assumed by Altice France towards the French Competition Authority under its concentration operation and the monitoring of these commitments

On October 30, 2014, the French Competition Authority authorized exclusive control of SFR by the Altice Group, the parent company of Altice France, subject to compliance with several commitments (Decision No. 14.DCC-160 of October 30, 2014 by the Competition Authority). In compliance with this decision, Altice France is implementing the respective commitments.

On October 28, 2019, the French Competition Authority considers that the actual situation of the analysed market in 2014 doesn't justify that the commitments entered into an initial period of five years, by Altice France in compliance with the 2014 authorisation decision, are extended for a new period of five years. The commitments have been released.

32.3. Commitments related to assets (excluding network sharing)

The contractual commitments to acquire intangible assets and property, plant and equipment amount to €677.3 million as of December 31, 2019. The amount includes commitments related to the use of telecommunications systems.

The following table presents the commitment schedule:

Investment Commitments (€m)	Minimum future payments 2019	Maturity			December 31, 2018
		Less than one year	Two to five years	More than five years	
Commitments related to Delegated Public Services	5.9	5.9	-	-	631.9
Commitments related to Less Dense Areas ZMD (a)	58.0	31.5	26.5	-	6.9
<i>of which commitments given</i>	58.0	31.5	26.5	-	164.6
<i>of which commitments received</i>	-	-	-	-	(157.7)
Other investment	613.4	605.6	7.8	0.0	649.8
Total net investment commitments	677.3	642.9	34.4	0.0	1,288.5

(a) Commitments related to the deployment of FTTH (Fiber To The Home) in less densely populated areas (ZMD).

The change is mainly due to the transfer of assets by SFR to SFR FTTH.

32.4. Agreement to share part of SFR's mobile network

On January 31, 2014, SFR and Bouygues Telecom signed a strategic agreement to share their mobile networks. They will deploy a new shared-access mobile network in an area covering 57% of the population. The agreement allows the two operators to improve their mobile coverage and to achieve significant savings over time.

The agreement is based on two principles:

- Create a special purpose joint venture (Infracos) to manage the shared assets of the radio sites, i.e., the passive infrastructures and geographical sites where the telecom infrastructures and equipment are deployed. SFR and Bouygues Telecom each retain full ownership of their own telecom equipment assets and frequencies.
- Set up a RAN-sharing service that 2G, 3G and 4G operators can use in the shared territory. Each operator is responsible for the part of the shared territory in which it designs, deploys, operates and maintains the RAN-sharing service.

The sharing agreement is similar to many mechanisms set up in other European countries. Each operator retains its own independent innovation capacity and total commercial and pricing independence. The first deliveries of cell plans were on April 30, 2014. On that occasion, each operator was informed of its partner's deployment plans, as exchanges of technical information about the sites when developing the sharing agreement had been prohibited by ARCEP. This exchange of information led on October 24, 2014 to the agreement being adjusted, in particular regarding certain engineering choices that had been made at a time when the negotiating parties did not have full access to relevant data about each other's networks. The target network completion date was pushed back to December 31, 2020, to take into account previous deployment delays encountered.

The first roll-outs of the RAN sharing coverage were in September 2015, and 11,916 sites were rolled out the end of December 31, 2019. SFR estimates that as of late December 2019, this agreement corresponds to approximately €1,158.0 million in commitments given, and approximately €1,607.0 million in commitments received, for a net commitment of approximately €449.0 million, covering the entire long-term agreement.

32.5. Intangible assets and property, plant and equipment related to SFR telecommunication activities

SFR is the holder of operating authorizations for its networks and the provision of its telecommunications services on the French territory, as presented below:

Band	Technology	Decisions	Start	End
700 MHz	4G (2 × 5 MHz)	ARCEP Dec. n° 15-1569	December 8, 2015	December 8, 2035
800 MHz	4G (2 × 10 MHz)	ARCEP Dec. n° 12-0039	January 17, 2012	January 17, 2032
900 MHz	2G/3G/4G (2 × 10 MHz)	ARCEP Dec. n° 06-0140	March 25, 2006	March 25, 2021
		ARCEP Dec. n° 18-0683		
	2G/3G/4G (2 × 8.7 MHz)	ARCEP Dec. n° 18-1393	March 25, 2021	March 25, 2031
1800 MHz	2G/4G (2 × 20 MHz)	ARCEP Dec. n° 15-0976	May 25, 2016	March 25, 2021
	2G/3G/4G (2 × 20 MHz)	ARCEP Dec. n° 18-1393	March 25, 2021	March 25, 2031
2.1 GHz	3G (2 × 14.8 MHz)	Dec. Issued on July 18, 2001	August 21, 2001	August 21, 2021
	3G (2 × 5 MHz)	ARCEP Dec. n° 10-0633	June 8, 2010	June 8, 2030
	2G/3G/4G (2 × 9.8 MHz)	ARCEP Dec. n° 18-1393	August 21, 2021	August 20, 2031
2.6 GHz	4G (2 × 15 MHz)	ARCEP Dec. n° 11-1171	October 11, 2011	October 11, 2031

The applicable financial terms are as follows:

- For the license in 900 MHz and 1800 MHz bands granted from March 25, 2006: annual payments for 15 years which are broken down each year into two parts: a fixed component amounting to €25 million per year (this discounted amount was capitalized as €278 million in 2006) and a variable component corresponding to 1% of the annual revenue generated by the use of those frequencies.
- For the license in the 2.1 GHz band granted from August 21, 2001: the fixed component paid in 2001, i.e., €619 million, was recognized in intangible assets and the variable component of the royalty amounted to 1% of the annual revenue generated by the use of this frequency. Additionally, under this license, SFR acquired new frequencies for €300 million in June 2010, for a 20-year period.
- For the licenses in the 2.6 GHz, 800 MHz and 700 MHz bands: the fixed components paid in October 2011 (€150 million) and January 2012 (€1,065 million) were recognized in intangible assets on the license allocation dates respectively in 2.6 GHz, 800 MHz and 700 MHz bands. SFR acquired new frequencies in December 2015 in the 700 MHz band, for €466 million, payable in four installments. The variable portion of the royalty is 1% of the annual revenue generated by the use of those frequencies. The variable component of these license fees, which cannot be reliably measured in advance, are not recorded on the consolidated statement of financial position but are recognized under expenses for the period in which they are incurred.

- For the license in 900 MHz and 1800 MHz bands granted from March 25, 2021: the fixed part of the annual license fee amounts to €1068 per kHz duplex allocated in the 900 MHz and €571 per kHz duplex allocated in the 1800 MHz band. The variable component corresponding to 1% of the annual revenue by the use of those frequencies.
- For the license in 2.1 GHz band granted from August 21, 2021: the fixed part of the annual license fee amounts to €571 per kHz duplex allocated. The variable component corresponding to 1% of the annual revenue by the use of those frequencies.

Furthermore, SFR is paying a contribution to the spectrum development fund for frequency bands which were thus developed, as decided by the French Prime Minister (700 MHz, 800 MHz, 2.1 GHz and 2.6 GHz,) as well as a tax to the National Frequencies Agency intended to cover the complete costs incurred by this establishment for the collection and treatment of claims of users of audiovisual communications services related to interference caused by the start-up of radio-electric stations (700 MHz and 800 MHz).

32.6. Coverage commitments related to SFR telecommunication licenses

As part of the allocation of the first block of LTE frequencies in October 2011 (2.6 GHz), SFR undertook to provide coverage for 25% of France's metropolitan population by October 11, 2015, 60% by October 11, 2019, and 75% by October 11, 2023.

As part of the allocation of the second block of 4G frequencies in January 2012 (800 MHz), SFR undertook to meet the following obligations:

- (i) SFR must provide the following very-high-speed mobile services:
 - 98% of France's metropolitan population by January 2024 and 99.6% by January 2027;
 - Coverage in the primary deployment area (approximately 18% of the metropolitan population and 63% geographically): SFR must cover 40% of the population in this primary deployment area by January 2017 and 90% by January 2022 (this obligation is to comply using 800 MHz frequencies);
 - Coverage at a departmental level: SFR must cover 90% of the population of each department by January 2024 and 95% by January 2027;
 - Coverage of high-priority roads (about 50,000 kilometers): SFR must cover 100% of these axes by January 2027 (this obligation is to comply using 800 MHz frequencies).
- (ii) SFR and Bouygues Telecom have a joint obligation to pool networks or share frequencies in the primary deployment area.
- (iii) SFR has an obligation to allow roaming for Free Mobile in the primary deployment area once Free Mobile covers 25% of France's population with its own 2.6 GHz network and if it has not signed a national roaming agreement with another operator.
- (iv) SFR must, jointly with the other holders of 800 MHz band licenses, cover the city centers identified by the public authorities in the "Zones blanches" program (more than 98% of the population) within no more than 15 years.

As part of the allocation of the third block of LTE frequencies in December 2015 (700 MHz), SFR undertook to comply with the following deployment obligation in very-high-speed mobile networks:

- Coverage of the primary deployment area: SFR must cover 50% of the population in this area by January 2022, 92% by January 2027 and 97.7% by December 2030 (this obligation is to comply using 700 MHz frequencies);
- Coverage of high-priority roads (about 50,000 kilometers): SFR must cover 100% of these axes by December 2030 (this obligation is to comply using 700 MHz frequencies);
- Coverage of regional railway network (at national level): at national level, SFR must comply with a 60% coverage rate of regional railway network by January 2022, 80% by January 2027 and 90% by December 2030;
- Coverage of regional railway network (at regional level): in each region, SFR must comply with a 60%;
- Coverage rate of regional railway network by January 2027 and 80% by December 2030.

In the context of the change of its current frequency authorizations in the 900 MHz, 1800 MHz and 2.1 GHz bands (and in exchange for the lifting of technological limitation of frequency use in the 900 MHz band), SFR undertook to respect the following obligations:

- Participation in the targeted coverage to increase coverage of the metropolitan area;
- Widespread access to very high speed mobile access from all sites in its network in December 2020 (and by exception 75% of existing "Zones blanches" sites as of July 1, 2018);
- Coverage of priority roads outside the vehicles in December 2020;
- On-demand coverage inside buildings;
- Provide a fixed Internet access service on its very high speed mobile network;
- Participation in the extension of the "4G fixed" coverage.

On November 15, 2018, ARCEP adopted the decision related to the result of the allocation procedure in the 900 MHz band and the four decisions authorizing the use of frequencies in the 900 MHz, 1800 MHz and 2.1 GHz bands allocated to the winners selected on October 23, 2018.

The new authorization for the use of frequencies delivered to SFR is part of the New Deal mobile, occurred between the Government, ARCEP and operators in January 2018. This authorization is granted from March 25, 2021 until March 24, 2031. It is accompanied by ambitious obligations for the digital development of the territory. In particular, SFR is committed to:

- Improve reception's quality in all the territory, especially in rural areas. The new standard of requirement applied to operators' obligations is the one of a good coverage.
- Increase the pace of targeted programs to improve coverage and in this context build at least 5,000 new sites in all the territory, sometimes pooled, which will now go beyond the "Zones blanches" and whose charge is now fully taken by the operators.
- Generalize reception in 4G which implies for the operators to cover more than one million French people out of 10,000 communes, by equipping in 4G all the mobile sites.
- Accelerate the coverage of transport routes, in order that the main roads and railways are covered in 4G;
- Generalize telephone coverage inside buildings, especially by offering its customers equipped with a compatible terminal the voice by Wi-Fi.

32.7. Commitments related to the deployment of Fiber in AMII zones

To meet the expectations of French government, Altice France as made a commitment, based upon the article L.33-13 of the French Postal and Electronic Communications to deploy 2.55 million fiber homes passed in the AMII zone.

By the end of 2020, the Group will deploy and connect at least 92% of the homes and business premises of the 641 listed cities in the appendix of the commitment letter, representing 2.35 million homes passed.

32.8. Commitment related to long-term contracts

The commitments related to operating leases excluded from the scope IFRS 16 – *Leases* are now included into long-term contracts.

Long Term Contracts Commitments (€m)	Minimum future payments 2019	Maturity			December 31, 2018
		Less than one year	Two to five years	More than five years	
Commitments given	543.0	287.2	231.7	24.1	740.0
Commitments received	(134.7)	(37.9)	(60.0)	(36.7)	(126.4)
Total net commitments	408.4	249.3	171.7	(12.6)	613.6

The change in commitments related to long-term contracts concerns mainly related parties of the Group (Refer to Note 31 – *Related party transactions*).

32.9. Other commitments

Other Commitments (€m)	2019	Maturity			2018
		Less than one year	Two to five years	More than five years	
Bank security guarantee GSM-R (a)	36.0	-	-	36.0	36.0
Bank guarantees GSM-R (a)	2.3	-	-	2.3	2.3
Other bank security deposits and guarantees (b)	30.8	6.8	5.1	18.9	53.5
Commitments to purchase securities (c)	11.2	0.8	5.4	5.0	13.3
Pledges (d)	16.2	-	-	16.2	17.0
Commitments given	96.5	7.6	10.5	78.4	122.1

(a) Public-Private Partnerships (PPP) between the SFR, Vinci Construction groups and SNCF Réseau (Ex Réseau Ferré de France).

(b) This amount includes mainly commitments given for Altice France subsidiaries in order to carry out their activities.

(c) The Group has made unilateral promises to buy out non-controlling interests of a financial partner in certain entities. Such promises can be made only in the event that the Group's entities do not meet the contractual commitments made when signing the related shareholders' agreements.

(d) This amount does not include the pledges granted for Senior secured debt requirements.

33. Litigation

The Group is involved in legal and administrative proceedings that have arisen in the ordinary course of business.

A provision is recorded by the Group when there is sufficient probability that such disputes will lead to costs that the Group will bear and when the amount of these costs can be reasonably estimated. Certain Group companies are involved

in some disputes related to the ordinary activities of the Group. Only the most significant litigation and proceedings in which the Group is involved are described below.

The Group is not aware of any governmental, legal or arbitration proceedings (including any proceedings of which the Group is aware that are pending or threatened) other than those described below in this section that may have or have had in the last twelve months significant effects on the financial position or profitability of the Group.

33.1. Tax disputes

Altice France estimated the probable tax contingencies arising from tax audit carried out by the French Tax authorities on various Group companies and recognised the appropriate amount of provision in its accounts according to the risk assessment as of December 31, 2019. The provision covers risks related to the following topics:

VAT

The French Tax authorities have conducted various audits since 2005 with respect mainly to the VAT rates applicable to the Group's multi-play offerings, and to a lesser extent to the tax on telecommunication services. Pursuant to the French tax code, television services are subject to a reduced VAT rate at 10%, and press services are subject to a reduced VAT rate of 2.1%, whereas internet and telecommunication services are subject to the normal VAT rate at 20%. French tax authorities have reassessed the application of VAT rates on certain multi-play offerings for fiscal years 2011 to 2016. Finally, Group companies are subject to a tax audit for fiscal year 2017.

Tax on Television Services ("TST")

The CNC ("Centre National du Cinéma") has conducted an audit on the tax on television services ("TST") for 2014 to 2017, which led to a reassessment related to the scope of such tax, which should include, according to the Tax authorities, all services included in an offer and not only those allowing the access to a television service.

Income Tax

Tax authorities have conducted an audit on the taxable income of the tax group of Altice France for fiscal years 2014 to 2016. Main proposed tax reassessments relate to the amount of the fiscal losses inherited from previous tax groups pursuant to the mechanism of imputation on a broad base ("mécanisme d'imputation sur une base élargie"). In addition, Tax authorities have conducted an audit on deduction of foreign tax credits on foreign dividends, deduction of bad debts and deduction of certain intra-group charges on fiscal years 2011 to 2016 and an audit on deduction of financial charges on fiscal years 2012 to 2018.

For all these litigations, Group companies are disputing all proposed reassessments and have filed appeals and litigation at various levels depending on fiscal years adjusted and have recognized the appropriate amount of provision in their accounts according to their risk assessments as of December 31, 2019.

Globally, the total amount of tax reassessment proposed by the Tax Authorities amounted €451 million

33.2. Civil and commercial disputes

Litigation in progress

Complaint by Bouygues Telecom against SFR and Orange

The French Competition Council received a complaint from Bouygues Telecom against SFR and Orange claiming that the latter were engaged in anticompetitive practices in the mobile call termination and mobile telephony markets. On May 15, 2009, the French Competition Authority decided to postpone its decision and remanded the case for further investigation. On August 18, 2011, SFR received a complaint claiming unfair pricing. On December 13, 2012, the Competition Authority fined SFR €66 million for abuse of dominant position, which SFR has paid.

SFR appealed the decision. The case was heard by the Paris Court of Appeal on February 20, 2014. The Paris Court of Appeal rendered its judgment on June 19, 2014, dismissing SFR's appeal (the judgment was appealed to the Court of Cassation, the French Supreme Court, by SFR on July 9, 2014; on October 6, 2015, the Court of Cassation rejected SFR's appeal) and asked the European Commission to provide an Amicus Curiae to shed light on the economic and legal issues raised by the case. The Court of Appeal postponed ruling on the merits of the case pending the Commission's opinion. The Commission rendered its opinion on December 1st, 2014, which went against SFR. The Court of Appeal issued its ruling on May 19, 2016; it granted a 20% fine rebate to SFR due to the new nature of the infraction. The French treasury (Trésor Public) returned €13.1 million to SFR. SFR appealed on a point of law on June 20, 2016.

As a result of the French Competition Authority's decision of December 13, 2012, Bouygues Telecom, Omea Telecom and EI Telecom (NRJ Mobile) brought suit against SFR in the Commercial Court for damages. In accordance with the transaction between SFR and Bouygues Telecom in June 2014, the closing hearing of the conciliation proceedings was held on December 5, 2014. The motion for discontinuance granted on September 11, 2014 ended the legal action between the two companies. With respect to the claim by Omea Telecom and EI Telecom, SFR applied for stay on a ruling pending the decision of the Paris Court of Appeal, and obtained it. Omea Telecom withdrew its claim on May

24, 2016. EI Telecom decided to recommence its legal proceedings and updated the amount of its claim. The procedure is pending.

eBizzcuss.com against Virgin

eBizzcuss.com filed a complaint against Virgin on April 11, 2012 before the French Competition Authority regarding an anticompetitive vertical agreement between Apple and its wholesale distributors (including Virgin). The case is pending.

Complaint against Orange to the Competition Authority regarding the market in mobile telephony services for businesses

On August 9, 2010, SFR filed a complaint against Orange with the Competition Authority for anticompetitive practices in the business mobile telephony services market.

On March 5, 2015 the Competition Authority sent a notice of complaints to Orange. Four complaints were filed against Orange. On December 17, 2015, the Authority ordered Orange to pay a fine of €350 million.

On June 18, 2015, SFR filed suit against Orange in the Commercial Court and is seeking €2.4 billion in damages subject to adjustment as remedy for the loss suffered as a result of the practices in question in the proceedings with the Competition Authority.

A hearing on the merits of the case was held in February 2020 regarding in particular the fault committed by Orange and the causal link between such fault and the damages suffered by SFR. A second hearing was held in March 2020 regarding the quantum of the prejudice claimed by SFR. A last hearing is scheduled for April 29, 2020 regarding the potential indexation of the prejudice suffered by SFR.

Potential failure to meet commitments made by Altice France as part of the takeover of exclusive control of SFR relating to the agreement signed by SFR and Bouygues Telecom on November 9, 2010 (Faber)

Following a complaint from Bouygues Telecom, the Competition Authority officially opened an inquiry on October 5, 2015 to examine the conditions under which Altice France performs its commitments relating to the joint investment agreement entered into with Bouygues Telecom to roll out fiber optics in very densely populated areas. A session before the Competition Authority board was held on November 22, and then on December 7, 2016. On March 8, 2017, the Competition Authority imposed a financial sanction of €40 million against Altice and Altice France, for not having respected the commitments set out in the “Faber Agreement” at the time of the SFR acquisition by NC Numéricable (now SFR Fibre). This amount was recognized in the consolidated financial statements as of March 31, 2017 and was paid during the second quarter of 2017. The Competition Authority also imposed injunctions (new schedule including levels of achievement, with progressive penalty, in order to supply all the outstanding access points).

A summary was lodged on April 13, 2017 before the Council of State. The judge in chambers of the Council of State said there is no matter to be referred. On September 28, 2017, the Council of State rejected the application for cancellation of the decision of the Competition Authority requested by Altice Europe and Altice France Group.

The French Competition authority withdrew all of SFR's commitments for the future On October 28, 2019. The control by the French Competition Authority of SFR commitments for the past is still ongoing. As of December 31, 2019, the Group considers that the risk is difficult to estimate reliably and is hence considered to be a contingent liability under IAS 37– *Provision, Contingent Liabilities and Contingent Assets*.

SFR against Orange: abuse of dominant position in the second homes market

On April 24, 2012, SFR filed a complaint against Orange with the Paris Commercial Court for practices abusing its dominant position in the retail market for mobile telephony services for non-residential customers.

On February 12, 2014, the Paris Commercial Court ordered Orange to pay to SFR €51 million for abuse of dominant position in the second homes market.

On April 2, 2014, Orange appealed the decision of the Commercial Court on the merits. On October 8, 2014, the Paris Court of Appeals overturned the Paris Commercial Court's ruling of February 12, 2014 and dismissed SFR's requests. The Court of Appeals ruled that it had not been proven that a pertinent market limited to second homes actually exists. In the absence of such a market, there was no exclusion claim to answer, due to the small number of homes concerned. On October 13, 2014 SFR received notification of the judgment of the Paris Court of Appeals of October 8, 2014 and repaid the €51 million to Orange in November 2014. On November 19, 2014, SFR appealed the ruling.

On April 12, 2016, the French Supreme Court overturned the Court of Appeal's decision and referred the case back to the Paris Court of Appeal. Orange returned €52.7 million to SFR on May 31, 2016. Orange refilled the case before the Paris Court of Appeal on August 30, 2016.

On June 8, 2018, the Paris Court of Appeal rejected Orange's appeal. On December 24, 2018, Orange refiled an appeal with the Supreme Court. SFR filed its conclusions in defence on February 15, 2019. The case is still pending.

SCT against SFR

On October 11, 2017, SCT summoned SFR before the Paris Commercial Court for some supposed dysfunctions and multiple failings in the delivery of its fixed services, such as the loss of final clients as part of the supply of mobile services (MVNO).

For this reason, SCT asks, on various grounds, for an amount around €48 million.

This case was subject to a conciliation proceeding between the parties. After the failure of this proceeding, the case was sent on the merits and the procedure is pending.

Free against SFR: unfair practices for non-compliance with consumer credit provisions in a subsidized offer

On May 21, 2012, Free filed a complaint against SFR in the Paris Commercial Court. Free challenged the subsidy used in SFR's "Carrés" offers sold over the web between June 2011 and December 2012, claiming that it constituted a form of consumer credit and, as such, SFR was guilty of unfair practices by not complying with the consumer credit provisions, in particular in terms of prior information to customers. Free asked the Paris Commercial Court to require SFR to inform its customers and to order it to pay €29 million in damages.

On January 15, 2013, the Commercial Court dismissed all of Free's requests and granted SFR €0.3 million in damages. On January 31, 2013, Free appealed the decision.

On March 9, 2016, the Paris Court of Appeal confirmed the Paris Commercial Court's ruling and denied all claims filed by Free. The amount of damages payable by Free to SFR was increased from €0.3 million to €0.5 million. On May 6, 2016, Free filed an appeal.

The court of cassation rendered a decision on March 7, 2018. This decision overturned and partially cancelled the decision rendered by the Court of Appeal and referred the case back to the Court of Appeal. The Court of Cassation considered that the Paris Court of Appeal had based its prior judgment on improper motives to exclude the mobile subsidy provided by SFR on its subscriptions from the scope of consumer credit. In addition, the Court of Cassation reaffirmed the sentencing for Free mobile to pay €0.5 million for the defamation suffered by SFR.

On April 24, 2019, the Court of Appeal considered that disputed "Carrés" offers have to be considered as consumer credit and that SFR is consequently liable for unfair commercial practices during the litigation period. However, the Court dismissed Free from its other claims and an expertise has been requested by the Court to determine the damage suffered by Free. This expertise is pending.

SFR against Iliad, Free and Free mobile: unfair competition by disparagement

On May 27, 2014, SFR filed a complaint against Iliad, Free and Free Mobile in the Paris Commercial Court for unfair competition claiming that when Free Mobile was launched and afterwards, Iliad, Free and Free Mobile were guilty of disparaging SFR services. SFR claimed €493 million in damages.

On September 9, 2016 by pleadings on counterclaims, Free requested the court to judge that SFR denigrated their capacities and services and claimed €475 million in damages. The Paris Commercial Court rendered its judgment on January 29, 2018. The Court sentenced Free Mobile to pay to SFR €20 million as moral damage as a result of unfair competition made by disparagement.

In addition, the court sentenced SFR to pay to Free Mobile €25 million as moral and material damage as a result of unfair competition made by disparagement.

Accordingly, the court sentenced, as compensation, SFR to pay to Free Mobile €5 million as damages. This decision was executed and the Group paid the €5 million net amount to Free Mobile in June 2018. SFR appealed this decision. The case is still pending.

Disputes regarding the transfer of customer call centres from Toulouse, Lyon and Poitiers

Following the transfer of customer call centres from Toulouse and Lyon to the company Infomobile and the Poitiers call centres to a subsidiary of the Bertelsmann Group, the former employees at those sites filed legal actions at Labor Tribunals in each city to penalize what they claim were unfair employment contracts constituting fraud under Article L. 1224-1 of the French Labour Code and also contravening the legal provisions regarding dismissal for economic reasons. The rulings in 2013 were mixed as the Toulouse Court of Appeal penalized SFR and Téléperformance in half of the cases while the Lyon and Poitiers courts ruled in favor of SFR. The cases are now at different stages of proceedings: Labour Tribunal, Court of Appeals and Court of Cassation.

Litigation over distribution in the independent network (Consumer market and SFR Business Team)

SFR, like companies operating an indirect distribution model, faces complaints from a certain number of its distributors and almost routinely from former distributors. Such recurring complaints revolve around claims of sudden breach of contractual relations, abuse of economic dependency and/or demands for requalification as a sales agent as well as, more recently, demands for requalification as a contractual branch manager and requalification as SFR contracted point of sale staff.

Free against SFR

In July 2015, Free filed suit against SFR in order to stop it from using the word "Fibre" claiming that the solution marketed by SFR is not a fibre to the home (FTTH) solution. Free considers SFR's communication to be deceptive about substantial qualities and, on that basis, is asking the court to find there is parasitism and unfair competition.

On January 19, 2018, the court rendered a decision. The decision condemned SFR to:

- €1 million as moral damages;
- Communicate, within 90 days following the date of the judgment notification, to each client having subscribed to SFR or SFR Fibre, of an offer including the term « fibre » (excluding FTTH offers) on IT support and paper support information relating to: i) the precise nature of its connection to optical fibre ii) the number of subscribers sharing coaxial connection and iii) the average connection speed at peak hours and off-peak hours.
- Inform, within 90 days following the date of the judgment notification, each client having subscribed to SFR or SFR Fibre to an offer including the term « fibre » (excluding FTTH offers) that they benefit from a possibility of immediate termination to default of previous information about the exact characteristics of the offer.
- €0.1 million as article 700 of the Civil Proceedings Code.

The court considered having made a material error in failing to mention provisional enforcement in the judgment. Accordingly, the court decided, by the judgment dated February 12, 2018, the provisional enforcement for all convictions in this case.

Despite its appeal before the Court of Appeal of Paris, SFR was obliged to execute the judgment.

Free challenged SFR's proper execution of the judgment and referred the matter to the enforcement judge, which confirmed the proper execution of the ruling by SFR. Free decided to appeal this judgment and the proceedings are still pending.

In-depth inquiry of the European Commission into the assignment of cable infrastructures by certain local authorities

On July 17, 2013, the European Commission signalled that it had decided to open an investigation to verify whether the transfer of public cable infrastructure between 2003 and 2006 by several French municipalities to SFR Fibre was consistent with European Union government aid rules. In announcing the opening of this in-depth investigation, the European Commission indicated that it believes that the sale of public assets to a private company without proper compensation gives the latter an economic advantage not enjoyed by its competitors, and that it therefore constitutes government aid within the meaning of the rules of the European Union and that the free-of-charge transfer of the cable networks and ducts by 33 French municipalities to SFR Fibre, they have argued, confers a benefit of this type and, as such, is government aid. The Group strongly denies the existence of any governmental aids.

Action by Colt, Free and Orange in the General Court of the European Union concerning the DSP 92 project

Colt, Free and Orange, in three separate motions filed against the European Commission before the General Court of the European Union seeking to annul the European Commission's final decision of September 30, 2009 (Decision C (2009) 7426), which held that the compensation of €59 million granted for the establishment and operation of a high-speed electronic communications network in the department of Hauts-de-Seine does not constitute government aid within the meaning of the rules of the European Union. The Group is not party to this proceeding. Its subsidiary Sequalum is acting as the civil party, as well as the French government and the department of Hauts-de-Seine. In three rulings dated September 16, 2013, the General Court of the European Union rejected the requests of the three applicants and confirmed the aforementioned decision of the European Commission. Free and Orange have appealed to the Court of Justice of the European Union. The procedure is pending.

Litigation between Sequalum and CG 92 regarding DSP 92

A disagreement arose between the Hauts-de-Seine General Council ("CG92") and Sequalum regarding the terms of performance of a utilities public service concession contract ("THD Seine") signed on March 13, 2006 between Sequalum, a subsidiary of the Group, and the Hauts-de-Seine General Council; the purpose of this delegation was to create a very-high-speed fibre optic network in the Hauts-de-Seine region. The Hauts-de-Seine General Council meeting of October 17, 2014 decided to terminate the public service delegation agreement signed with Sequalum "for misconduct by the delegatee for whom it is solely responsible". Pursuant to two decisions rendered on March 16, 2017, the Administrative Court of Cergy Pontoise rejected the actions brought by Sequalum against two enforcement measures issued by the department of Hauts-de-Seine in respect of penalties, for amounts of €51.6 million and €5.1 million. Sequalum appealed the two decisions before the Administrative Court of Versailles, but paid the amount of €97 million over the month of July 2017. Sequalum claims that the termination was unlawful and continued to perform the contract, subject to any demands that the delegator may impose. Should the competent courts confirm this interpretation of unlawful termination, Sequalum may primarily have (i) to repay the public subsidies received for the DSP 92 project, normally the outstanding component of the subsidies (the company received €25 million in subsidies from the General Council), (ii) to reimburse any deferred income (estimated at €32 million by the Department) and (iii) to compensate the Department for any losses suffered (amount estimated by the Department of €212 million). In turn, the department of Hauts-de-Seine received the returnable assets of the DSP on July 1, 2015. Furthermore, the General Council will have to pay compensation to Sequalum, which essentially corresponds to the net value of the assets. On October 16, 2014, Sequalum filed a motion in the Administrative Court of Cergy Pontoise requesting the termination of the public service concession because of *force majeure* residing in the irreversible disruption of the structure of the contract, with the resulting payment of compensation in Sequalum's favour. At December 31, 2015, the assets were removed from

Sequalum's accounts in the amount of €116 million. Income receivable in the amount of €139 million related to the expected indemnification was also recognized, an amount fully depreciated given the situation.

On July 11, 2016, the department of Hauts-de-Seine established a breakdown of all amounts due (in its opinion) by each Party for the various disputes, and issued demands based on said breakdown. Each amount was subject to a decision by the public accountant dated July 13, 2016 (final amount established by the latter for a net amount of €181.6 million, taking into account the carrying amount due in his opinion to Sequalum). This breakdown, the various demands and the compensation decision were subject to applications for annulment filed by Sequalum with the Administrative Court of Cergy Pontoise on September 10, 12 and 14, 2016. These applications remain pending, except for the application for annulment relating to the breakdown (the court having considered that the breakdown was not a measure which could be appealed. Sequalum appealed this decision before the Versailles Administrative Court of Appeals). Altice France outlined that it had its own optical fiber in the Haut-de-Seine department enabling it to serve its customers.

In September 2017, the department issued three revenue orders (*titres de recette*) in order to minimize the balance due to Sequalum at the time of counting. These demands were contested:

- Order of an amount of €23.2 million for the unamortized portion of the subsidies: SFR's appeal dismissed;
- Order of an amount of €31.9 million for deferred income: successful appeal for SFR;
- Order of an amount of €5.7 million for amounts received as prepayment for connections: SFR's appeal dismissed.

The Department issued a revenue order of €212 million for damages suffered as a result of the faults based on which the contract was terminated. The judgment was rendered on February 15, 2018. It reduces the indemnity by €187 million and reduces, correlatively, the amount of the revenue order to €26 million. The department appealed this judgment; the judgment rendered on July 5, 2018 granted Sequalum's request for cancellation of the compensation. On the other hand, the request for repayment was rejected. This rejection was appealed.

Claim from Free concerning the acquisition of Virgin Mobile by the Group

On April 5, 2019, Altice France and Altice Luxembourg, *inter alios*, received a claim from Free stating that the practices sanctioned by the French Competition Authority in November 2016 in the SFR Fibre/SFR/Virgin Mobile gun jumping case caused said Free to lose the tender process for the acquisition of Virgin Mobile. Free is now seeking €216 million in monetary damages.

Altice France is now expected to produce its conclusions in defence on May 15, 2020. Altice France requested from the judge to require from Free some of documents that will help Altice France to understand the damages suffered and the amount claimed by Free. At this stage, the Group strongly challenges the merits of this claim.

Litigation arising from the voluntary redundancy plan of 2017

In the context of the voluntary redundancy plan initiated in 2017 by the Group, certain former employees have introduced claims before the "*Conseils de Prud'hommes*" (labour law ombudsman) based on the breach of the legal provisions in the French Labour code applicable to lay-off for economic reasons. The Group contested the foundation of these claims and decisions were rendered in favour of the Group. Several cases are still pending.

Closed litigation

Dispute with Orange concerning certain IRUs

The Group signed four non-exclusive IRUs with Orange on May 6, 1999, May 18, 2001, July 2, 2004 and December 21, 2004, in connection with the Group's acquisition of certain companies operating cable networks built by Orange. These cable networks, accessible only through the civil engineering installations of Orange (mainly its ducts), are made available to the Group by Orange through these non-exclusive IRUs. Each of these IRUs covers a different geographic area and was signed for a term of 20 years.

Following ARCEP's Decision 2008-0835 of July 24, 2008, Orange published, on September 15, 2008, a technical and commercial offer made to telecommunication operators allowing them access to the civil engineering infrastructures of the local wire-based network, pursuant to which the operators can roll out their own fiber networks in Orange's ducts. The terms of this mandatory technical and commercial offer are more restrictive than the terms that the Group enjoys under the Orange IRUs.

As a result, in December 2011, SFR Fibre and Orange signed amendments to the IRUs in order to comply with the November 4, 2010 ARCEP decision and to align the operating procedures set out in the IRUs with the procedures set out in the Orange general technical and commercial offer.

Lastly, SFR Fibre initiated parallel proceedings against Orange before the Commercial Court of Paris on October 7, 2010 claiming damages of €2.7 billion for breach and modification of the IRUs by Orange. On April 23, 2012, the Commercial Court of Paris ruled in favor of Orange and dismissed the Group's claims for damages, ruling that there were no material differences between the original operational procedures and the new operational procedures imposed on SFR Fibre by Orange under the terms of its general technical and commercial offer, published on September 15, 2008. SFR Fibre appealed this decision before the Paris Court of Appeals and claimed the same amount of damages as it had before the Paris Commercial Court. Orange, in turn, claims that this proceeding materially

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impaired its brand and image, and is seeking an order to make SFR Fibre pay damages of €50 million. In a ruling dated June 20, 2014, the Paris Court of Appeals dismissed SFR Fibre's appeal, which was referred to the Court of Cassation on August 14, 2014. On February 2, 2015, the Court of Cassation set aside the ruling of the Paris Court of Appeals except in that it recognized SFR Fibre's interest in acting and referred the case back to the Paris Court of Appeals. The Paris Court of Appeal, in its judgment of 16 June 2017, rejected SFR Fibre's claims. This judgment was confirmed by the Court of Cassation in a judgment of 27 March 2019, thus putting a definitive end to this case.

Tracotel and Intermobility against SFR: Velib

In May 2017, Tracotel and Intermobility sued SFR before the "Tribunal de Commerce de Paris" in order to obtain compensation for the damage allegedly suffered by the two contracting parties in the context of the response to the tender procedure of the Vélib DSP. They accuse SFR of not having filed the joint offer and are asking for the sentencing of SFR to the tune of €76.7 million for loss of tender. To date, the Group is challenging the merits of these claims.

In November 2018, at the time of the submission of summary conclusions, Tracotel and Intermobility requested that, in the event of rejection of their principal claim, the Group will be ordered to pay a minimum of €2.5 million.

The judgment was delivered on December 16, 2019 and ordered SFR to pay €0.4 million with a provisional execution of the judgment ordered. Tracotel and Intermobility did not appeal the judgment within the appeal period. This case is therefore definitively closed.

34. List of consolidated entities

Entity	Country Registered office	Group interest		Method ⁽¹⁾	
		2019	2018	2019	2018
Altice France SA	France	100%	100%	Parent company	
Altice B2B France SAS	France	100%	100%	FC	FC
Ariège Telecom SAS	France	100%	100%	FC	FC
Cap Connexion SAS	France	100%	100%	FC	FC
CID SA	France	100%	100%	FC	FC
Completel SAS	France	100%	100%	FC	FC
FOD SNC	France	100%	100%	FC	FC
Foncière Velizy SCI	France	100%	100%	FC	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
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
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 Business Distribution SA	France	100%	100%	FC	FC
SFR Business Solutions Morocco SA	Morocco	100%	100%	FC	FC
SFR Développement SAS	France	100%	100%	FC	FC
SFR Distribution SA	France	100%	100%	FC	FC
SFR Fibre SAS	France	100%	100%	FC	FC
SFR Participation	France	100%	100%	FC	FC
SFR Presse Distribution SAS	France	100%	100%	FC	FC
SFR SA	France	100%	100%	FC	FC
SHD SA	France	100%	100%	FC	FC
SNC Les Manguiers	France	100%	100%	FC	FC
SRR SCS	France	100%	100%	FC	FC

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Entity	Country Registered office	Group interest		Method ⁽¹⁾	
		2019	2018	2019	2018
TME France SA	France	100%	100%	FC	FC
Ypso Finance SARL	Luxembourg	100%	100%	FC	FC
Ypso France SAS	France	100%	100%	FC	FC
Alsace Connexia SAS	France	70%	70%	FC	FC
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
Hivory SAS	France	50%	50%	FC	FC
SFR FTTH SAS (7)	France	50%	-	EM	-
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
La Poste Telecom SAS	France	49%	49%	EM	EM
Synerail Construction 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
LTBR SA (2)	France	-	100%	-	FC
VOD Factory SAS (5)	France	-	40%	-	EM
Agglo La Rochelle THD SAS (8)	France	-	100%	-	FC
B3G International BV (4)	Netherlands	-	100%	-	FC
Connect 76 SAS (8)	France	-	100%	-	FC
Corsica Fibra SAS (8)	France	-	100%	-	FC
Debitex Telecom SAS (8)	France	-	100%	-	FC
Eure et Loir THD SAS (8)	France	-	100%	-	FC
Gard Fibre SAS (8)	France	-	100%	-	FC
Gravelines Network SAS (8)	France	-	100%	-	FC
Isère fibre SAS (8)	France	-	100%	-	FC
Loiret THD SAS (8)	France	-	100%	-	FC
Martinique THD SAS (8)	France	-	100%	-	FC
Mobius SAS (2)	France	-	95%	-	FC
Oise Numérique SAS (8)	France	-	100%	-	FC
SFR Collectivités SA (2)	France	-	100%	-	FC
Valofibre SAS (8)	France	-	100%	-	FC
Altice Customer Services SARL	Luxembourg	65%	65%	FC	FC
Emashore SA	Morocco	65%	65%	FC	FC
Inovendys SA	Morocco	65%	65%	FC	FC
Intelcia Cote d'Ivoire SAS	Ivory Coast	65%	65%	FC	FC
Intelcia France SAS	France	65%	65%	FC	FC
ATEXO SA (7)	Morocco	65%	-	FC	-
Intelcia IT Solutions SA (7)	Morocco	65%	-	FC	-
Intelcia Maroc Offshore SA (7)	Morocco	65%	-	FC	-
Intelcia Management International SARL (7)	Morocco	65%	-	FC	-

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Entity	Country Registered office	Group interest		Method ⁽¹⁾	
		2019	2018	2019	2018
MeilleurTX Maroc SA (7)	Morocco	65%	-	FC	-
Intelcia Group SA	Morocco	65%	65%	FC	FC
Intelcia Maroc Inshore SA	Morocco	65%	65%	FC	FC
Intelcia Maroc SA	Morocco	65%	65%	FC	FC
Intelcia Portugal SARL (7)	Portugal	65%	-	FC	-
Intelcia Senegal SAS	Senegal	65%	65%	FC	FC
IT Rabat SARL	Morocco	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
Intelcia Cameroun SA	Cameroun	46%	46%	FC	FC
Intelcia Service Client SA (2)	France	-	65%	-	FC
ATS France SARL	Luxembourg	100%	100%	FC	FC
ERT Holding SAS	France	100%	100%	FC	FC
Eos Telecom SAS (7)	France	70%	-	FC	-
ERT Luxembourg SA	Luxembourg	100%	84%	FC	FC
ERT Technologies SAS	France	100%	100%	FC	FC
ICART SAS	France	100%	100%	FC	FC
TRC Belgium SPRL	Belgium	100%	100%	FC	FC
Sudtel France SAS (7)	France	70%	-	FC	-
Rhôn Telecom SAS	France	60%	60%	FC	FC
Altice Blue Two SAS	France	100%	95%	FC	FC
World Satellite Guadeloupe SAS	France	100%	95%	FC	FC
Martinique TV Câble SAS	France	100%	95%	FC	FC
OPS SAS	France	100%	95%	FC	FC
Outremer Telecom SAS	France	100%	95%	FC	FC
Informatique Télématique Océan Indien SARL	France	51%	48%	FC	FC
City Call Ltd	Mauritius	100%	95%	FC	FC
Intelcia (Maurice) Ltee (ex Outremer-Telecom Maurice Ltee)	Mauritius	100%	95%	FC	FC
Intelcia Madagascar SA (ex Outremer Telecom Madagascar SA)	Madagascar	100%	95%	FC	FC
OMT Invest SAS (2)	France	-	95%	-	FC
Groupe Outremer Telecom SAS (2)	France	-	95%	-	FC
OMT OCEAN 1 SAS (2)	France	-	95%	-	FC
OMT OCEAN 2 SAS (2)	France	-	95%	-	FC
OMT OCEAN 3 SAS (2)	France	-	100%	-	FC
Altice Content Luxembourg SA	Luxembourg	100%	100%	FC	FC
Groupe News Participations SAS	France	100%	100%	FC	FC
WMC SAS	France	100%	100%	FC	FC
NextRadioTV SA	France	100%	100%	FC	FC
A nous Paris SAS	France	100%	100%	FC	FC
Altice France IO SAS (7)	France	100%	-	FC	-
Altice Media Events SAS	France	100%	100%	FC	FC
Altice Media Publicité SAS	France	100%	100%	FC	FC
BFM Publicité SASU (7)	France	100%	-	FC	-
BFM Régions SAS (7)	France	100%	-	FC	-
Libération SARL	France	100%	100%	FC	FC
Media Consumer Group SA	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
T2MP SAS (7)	France	100%	-	FC	-
BFM Business TV SASU	France	100%	100%	FC	FC
BFM Paris SASU (ex.CBFM SASU)	France	100%	100%	FC	FC
BFM Radio SASU (ex. Newco G SASU)	France	100%	100%	FC	FC
BFM TV SASU	France	100%	100%	FC	FC

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Entity	Country Registered office	Group interest		Method ⁽¹⁾	
		2019	2018	2019	2018
Business FM SASU	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
Groupe Tests Holding SASU	France	100%	100%	FC	FC
Le Studio Next SASU (ex.RMC BFM Production SASU)	France	100%	100%	FC	FC
MCS SA	France	100%	100%	FC	FC
Newco B SASU	France	100%	100%	FC	FC
Newco C SASU	France	100%	100%	FC	FC
Newco E SASU	France	100%	100%	FC	FC
Next Media Solutions SASU (ex.NextRégie SASU)	France	100%	100%	FC	FC
Next Pictures SASU (ex.NextRadioTV Production SASU)	France	100%	100%	FC	FC
NEXTDEV SASU	France	100%	100%	FC	FC
NextInteractive SASU	France	100%	100%	FC	FC
NEXTPROD SAS	France	100%	100%	FC	FC
RMC BFM Edition SASU	France	100%	100%	FC	FC
RMC Découverte SAS	France	100%	100%	FC	FC
RMC SA Monégasque	France	100%	100%	FC	FC
RMC Sport News SASU (ex. BFM Sport SASU)	France	100%	100%	FC	FC
RMC Sport SASU	France	100%	100%	FC	FC
SPORTSCOTV SASU	France	100%	100%	FC	FC
BFM Lyon Métropole SA (ex SALT SA (TLM) (7)	France	95%	-	FC	-
Audience Square SAS	France	18%	18%	EM	EM
La Banque Audiovisuelle SASU (2)	France	-	100%	-	FC
01 net Mag SAS (ex.Newsco Mag SAS) (5)	France	-	100%	-	FC
Groupe L'Express SA (5)	France	-	100%	-	FC
L'express Ventures SAS (5)	France	-	69%	-	FC
Libération Medias SARL (2)	France	-	100%	-	FC
Prelude & Fugue SAS (5)	France	-	100%	-	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) Companies 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 (SFR FTTH).

35. 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.

36. Subsequent events

Issuance of New Senior and Senior Secured Debt

On January 24, 2020, Altice France issued €500 million aggregate principal amount of its euro denominated 2.125% Senior Secured Notes due February 15, 2025 (the “2025 Altice France Senior Secured Notes”).

On January 24, 2020, Ypso Finance Bis issued \$1,225 million aggregate principal amount of its dollar denominated 6.000% Senior Notes due February 15, 2028 (the “2028 Ypso Finance Bis Dollar Senior Notes”) and €500 million aggregate principal amount of its euro denominated 4.000% Senior Notes due February 15, 2028 (the “2028 Ypso Finance Bis Euro Senior Notes”) and, together with the 2028 Ypso Finance Bis Dollar Senior Notes, the “2028 Ypso Finance Bis Senior Notes”).

Exchange offer completed by Ypso Finance Bis and automatic exchange

On January 24, 2020, Ypso Finance Bis commenced an exchange offer to noteholders of Altice Luxembourg’s (i) 2019 Altice Luxembourg Dollar Senior Notes and (ii) 2019 Altice Luxembourg Euro Senior Notes, to exchange the 2019 Altice Luxembourg Dollar Senior Notes for an equal aggregate principal amount of corresponding dollar denominated

10.500% senior notes due 2027 issued by Ypso Finance Bis (the “Ypso Finance Bis Exchange Dollar Notes”) and the 2019 Altice Luxembourg Euro Senior Notes for an equal aggregate principal amount of corresponding euro denominated 8.000% senior notes due 2027 issued by Ypso Finance Bis (the “Ypso Finance Bis Exchange Euro Notes”) and, together with the Ypso Finance Exchange Dollar Notes, the “Ypso Finance Bis Exchange Notes”). At the expiration of the exchange offer, a total of \$1,562 million (accounting for 97.63% of the outstanding aggregate principal) of the 2019 Altice Luxembourg Dollar Senior Notes and €1,317 million (accounting for 94.10% of the outstanding aggregate principal) of the 2019 Altice Luxembourg Euro Senior Notes were tendered and accepted. On February 27, 2020, \$1,562 million of Ypso Finance Bis Exchange Dollar Notes and €1,317 million of Ypso Finance Exchange Bis Euro Notes were issued by Ypso Finance Bis.

Upon satisfaction of certain conditions, comprising full discharge, cancellation and/or redemption of 2019 Altice Luxembourg Senior Notes and 2019 Altice Luxembourg Senior Notes, at the discretion of Ypso Finance Bis (i) the Ypso Finance Exchange Dollar Notes were automatically exchanged for an equal aggregate principal amount of dollar-denominated 10.500% % senior notes due 2027 to be issued by Altice France Holding, (ii) the Ypso Finance Exchange Euro Notes were automatically exchanged for an equal aggregate principal amount of euro-denominated 8.000% senior notes due 2027 to be issued by Altice France Holding, (iii) the 2028 Ypso Finance Bis Dollar Senior Notes were automatically exchanged for an equal aggregate principal amount of dollar-denominated 6.000% senior notes due 2028 to be issued by Altice France Holding and (iv) the 2028 Ypso Finance Bis Euro Senior Notes were automatically exchanged for an equal aggregate principal amount of euro-denominated 4.000% senior notes due 2028 to be issued by Altice France Holding (the actions described in sub-clauses (i)-(iv) collectively, the “Automatic Exchange”).

COVID-19 Pandemic

On March 11, 2020, the COVID-19 outbreak was declared by the World Health Organization (WHO) as a global pandemic, highlighting the health risks of the disease. In this context and following regulatory requirements published by governments over the last weeks in countries in which the Group operates, the Group continues to assess conditions in order to adapt to the business and social environment in which it operates.

The COVID-19 pandemic can have an adverse effect on the Group’s business, financial condition and results of operations, depending on the nature and period of governmental measures in the countries in which the Group operates. Impacts may include:

- The slowdown of the production capabilities of China or other affected countries may have a negative impact on hardware, software and other providers of outsourced services that the Group relies on to provide its services, and the global reach of the pandemic may lead to a situation where there are no clear or cost effective alternatives;
- Delay in infrastructural projects;
- Productivity of the workforce may decline due to an increase in sick leaves, quarantine procedures and work or travel restrictions;
- Habits and financial situation of customers may change due to the economic slowdown and possibility of a worldwide recession, e.g., postponing purchase decisions, breaking contracts and personal or corporate bankruptcies.

The Group has activated a response program in order to minimize the impact of this risk, by protecting employees, securing the supply chain, and continuously monitoring the situation and leveraging at the same time the Group’s services that may help in the virus containment efforts, such as videoconferencing and online classes. In addition, networks play a key role in keeping people connected and the Group is monitoring its network usage and assessing its policies and procedures to best support its customers.

As of the date of issuance of the Consolidated Financial Statements, the Group is facing a decline in handsets sales (low margin activity) in the context of the closure of its shops, some delays in the construction of FTTH homes passed and a decline in the advertising businesses (NextRadioTV); but the impact has been limited since the crisis only began at the beginning of March 2020.

The situation continues to evolve, including further regulatory requirements published by governments, and it is difficult to predict the effect on the Group’s operations and financial performance. Based on the information above, the Group considers that the assessment of the going concern assumption for the Group is not impacted.

37. Auditors fees

The fees of the Altice France auditors and the members of their networks recognized as expenses in the Group consolidated financial statements at December 31, 2019 are presented in the table below:

Auditors Fees (€m)	KPMG	Deloitte	Total
Audit Services	1.3	2.0	3.3
Other assurance services	0.3	0.3	0.6
Total	1.6	2.3	3.9