altice

MANAGEMENT'S DISCUSSION AND ANALYSIS

ALTICE INTERNATIONAL S.À R.L.

FOR THE YEAR ENDED DECEMBER 31, 2019

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1. Overview

1.1. Group business

The Group (Altice International S.à r.l. (the "Company") and its Group companies) is a multinational group operating across two sectors: (i) telecom (broadband and mobile communications) and (ii) content and media. The Group operates in Portugal, Israel and the Dominican Republic. The Group also has a global presence through its online advertising business Teads. The parent company of the Group is Altice International S.à r.l.

The Group had expanded internationally in previous years through several acquisitions of telecommunications businesses, including MEO in Portugal; HOT in Israel; and Altice Hispaniola and Tricom in the Dominican Republic. The Group's acquisition strategy has allowed it to target cable, FTTH or mobile operators with what it believes to be high-quality networks in markets the Group finds attractive from an economic, competitive and regulatory perspective. Furthermore, the Group is focused on growing the businesses that it acquired organically, by focusing on cost optimization, increasing economies of scale and operational synergies and improving quality of its network and services.

As part of its innovative strategy, the Group is focusing on investment in its proprietary best-in-class infrastructure, both in fibre and mobile, commensurate with the Group's position as a number one or number two operator in each market. The Group continues to improve its competitiveness in fixed-mobile convergence and maintains its focus on improving customer experience, reflected in a sustained commercial momentum achieved in 2019.

Teads, the digital advertising business acquired in 2017, continues to be a leading player in its space, empowering the most renowned publishers in the world to connect to an audience of 1.5 billion people every month. 1.2 Products, services and brands Through its various Group Companies, the Group provides fixed services, mobile telephony services and media and advertising services to residential and business customers in all the geographies in which it operates. In addition, the Group offers a variety of wholesale and other services across its footprint. The Group also invests in specific content to supplement and enrich the services the Group provides.

The Group's fixed services (high-quality pay-TV, broadband Internet and fixed-line telephony) are mainly provided over its proprietary fibre- and cable-based network infrastructure which are either FTTH, FTTB, DOCSIS 3.1 or DOCSIS 3.0 enabled, offering download speeds of between 30 Mbps and 10 Gbps depending on geography. On a blended basis, as of December 31, 2019, the Group's high-speed broadband services passed 7.8 million fibre/cable homes, with 2.2 million fibre unique customers. The Group offers xDSL/DSL/DTH services, with 2.9 million residential fixed unique customers for the year ended December 31, 2019. The Group also offers mobile services in the geographies in which it operates, through 2G, 3G and 4G Long-Term-Evolution ("LTE") technology (with 1 Gbps achieved in the second quarter of 2019). On a blended basis, as of December 31, 2019, the Group had 10.5 million residential mobile subscribers (of which 4.9 million were post-paid subscribers).

The Group is focused on the convergence of fixed and mobile services by cross-selling and up-selling its offerings to further increase its multi-play penetration (except for Israel, where the regulator does not allow it). The Group's fibre and mobile technologies enable it to offer premium digital services, attractive interactive features (e.g., 'MEO Go!' offering in Portugal) and local content (e.g., local content through its 'HOT 3' channel in Israel and various sports events in selected countries) to its customers. The Group has leveraged its network advantage to drive its multi-play strategy and offer an attractive combination of content, speed and functionality. The Group offers to its residential customers bundled double- and triple-play fixed services, which comprises paying for a combination of TV, broadband Internet access and fixed-line telephony services together with customer premise equipment at what the Group believes are attractive prices. The Group believes the demand for its multi-play packages is primarily driven by the inherent quality of the various products included within them, which the Group believes are among the best available in the markets in which it operates. Although the Group is convinced its products offer the best value for money and cost-savings for customers when purchased as part of multi-play packages, the Group also offers most of these services on a stand-alone basis in most of its geographies. In some markets, such as Portugal, the Group offers quad-play bundles including both fixed and mobile services.

Teads (acquired in June 2017) is a leading digital video advertising business and distributes ads to over 1.5 billion people every month. Teads solutions combine high-quality inventory with smart uses of data, along creative artificial intelligence. This makes marketing more precise and more efficient, whilst enabling brands to deliver the optimal advertising experience personalized to the user.

The Group markets its products and services under multiple brands, including but not limited to the following brands: ‘HOT’ in Israel; ‘MEO’ and ‘MOCHE’ in Portugal; ‘Altice’ in the Dominican Republic, and, in each case, several associated trademarks.

1.2. Products, services and brands

The Group tracks the performance of its business by geography and further analyses its revenues by activity. The Group has identified the following activities: residential services, business services and media (TV and content, press and targeted advertising).

1.2.1. Residential services

1.2.1.1. *Fixed residential services*

The Group offers a variety of fixed residential services, primarily as part of multi-play packages, with available offerings depending on the bandwidth capacity of its cable and fibre networks in a particular geography, which consist of FTTH, hybrid fibre coaxial (“HFC”) and copper line (“xDSL”). The Group has a high-quality fibre- and cable-based network infrastructure across the geographies in which it operates. The Group has already rolled-out and secured plugs in FTTH in Portugal. The Group’s fixed services (high-quality pay-TV, broadband Internet and fixed-line telephony) are mainly provided over its proprietary fibre- and cable-based network infrastructure which are either FTTH, FTTB, DOCSIS 3.1 or DOCSIS 3.0 enabled.

Broadband Internet access and fixed-line telephony

The Group provides broadband Internet access and fixed-line telephony services across its fibre (and in certain areas xDSL) and cable footprint. Large portions of its networks that are FTTH-enabled or DOCSIS 3.1 enabled can offer download speeds of up to 10 Gbps with limited network and customer premise equipment upgrades given the existing technological capability of its networks. This technological capability can be realized with relatively low levels of capital expenditure and will enable it to better meet the needs of its residential customers who demand higher download speeds. Across Portugal, the Group is upgrading its networks for next generation FTTH technology which will deliver more download speeds in the mid-term as well as reducing operating costs of running and maintaining its networks and services. As of December 31, 2019, the Group provides broadband Internet to 2.9 million residential customers across its geographies.

The Group’s fixed-line telephony services are based on either PacketCable or Voice-over-Internet-Protocol (“VoIP”) technologies. The Group offers a wide range of telephony packages and its triple-play offers tend to include flat-rate telephony packages with a significant number of minutes of use included in the price. The Group provides national and international connectivity to its customers either through its own interconnection capabilities or through its partners. The Group continues to phase out stand-alone telephony packages as its strategy is to offer fixed-line telephony as an add-on product in its multi-play packages.

In its fixed residential business, the Group believes advanced customer premise equipment is playing an increasingly crucial role as it enhances customer experience by facilitating access to a wide range of user-friendly features, offers a reliable channel for selling add-on and on-demand services, allows for multi-screen television viewing and broadband Internet usage by multiple parties. Furthermore, when set-top boxes, modems and other customer premise equipment are combined in one box, it allows cable operators to significantly reduce customer service expenses

1.2.1.2. *Mobile residential services*

The Group owns and operates mobile infrastructure in most of its geographies, including Portugal, Israel and the Dominican Republic. The Group primarily services the post-paid subscriptions market, which represented approximately 46% of the Group’s mobile subscriber base as of December 31, 2019, and, to a less extent, the prepaid market. Depending on geography and network technology deployed, the Group offers 2G, 3G and/or 4G services in each market in which it operates, on a variety of plans, from ‘no frills’ offers with no commitment or handset, to premium mobile telephony offers with varying voice and data limits, if any, at attractive prices.

As of December 31, 2019, on a blended basis across the geographies where the Group is active, it offered mobile services to 10.5 million residential customers. In Israel, due to current regulations, the Group offers its mobile services only on a stand-alone basis and in a bundle with ISP services and not as part of a multi-play cable offering.

1.2.2. *Business services*

1.2.2.1. *Fixed business services*

The Group offers focused fixed business services to large, medium, small and very small business customers in Portugal and the Dominican Republic. In Israel, the Group's business services primarily consist of enhanced versions of the Group's residential products, which are adapted to meet the needs of its business customers.

1.2.2.2. *Mobile business services*

The Group offers focused mobile business services to large, medium, small and very small business customers in all its geographies. The Group's mobile business services products often include professional telephony services (such as business directory services, fleet management customer areas, usage alerts and financial management solutions) with devices chosen to respond to the needs of professionals and 24-hour on-site exchange service.

1.2.2.3. *Wholesale services*

The Group offers wholesale services across its geographies, including interconnection services to other operators, and sells wholesale fibre, cable and xDSL services as well as wholesale mobile services to other telecommunications operators who resell such services under their own brands.

In addition, the Group offers original channels, which include premium sport rights, exclusive or original films and series, to other telecommunications operators or third parties like Canal+, therefore becoming a wholesale player in both telecom infrastructure and content.

1.2.2.4. *R&D services*

The Group has implemented the 'Altice Labs' initiative, which is the Group's state-of-the-art research and development centre that aims to centralize and streamline innovative technological solutions development for the entire Group ("Altice Labs"). Under this initiative, the Group's R&D teams across all of the jurisdictions in which the Group operates (i) creates products and technology to facilitate the build-out of its fixed and mobile network, (ii) develops systems to improve customer experience and handle disturbances and outages with speed and precision allowing for a near uninterrupted usage of the Group's services and (iii) creates user friendly and high quality customer interfaces and products, including new generation set-top boxes, portals, loT, artificial intelligence and data monetization.

Altice Labs has more specifically developed advanced collaborative unified communications, zero-touch provisioning and monitoring systems, online charging systems, data policy enforcement, optical fibre central office equipment and cable and fibre gateways with the most advanced connectivity and Wi-Fi home routing technologies, which have been deployed across geographies improving customer experience. Altice Labs has been a valuable tool to create differentiation on network performance, service usage and customer experience. The strong relationship with universities and start-ups sustains a reliable innovation ecosystem to transform knowledge into value to customers in a unique way.

1.2.2.5. *Other services*

The Group offers a number of other services, depending on geography, such as bulk services to housing associations and multiple-dwelling unit managers, cloud storage such as on-demand IaaS services, computer security services and storage and backup solutions. In various jurisdictions in which the Group operates, it also generates revenues from selling advertising time to national, regional and local customers.

1.2.3. Media

1.2.3.1. *Targeted advertising (Teads)*

The Group acquired Teads in June 2017. Founded in 2011, Teads is a global media platform and leading digital video advertising business. Publishers use Teads' technology to create engaging video and display advertising experiences on their website and in their Apps. Those publishers can monetize the advertising inventory through their own sales force or Teads' salesforce. As a global media platform, Teads unites and empowers the best publishers in the world to connect advertisers to an audience of over 1.5 billion people every month. Teads' madefor-mobile ad experiences deliver attention and guaranteed outcomes across the marketing funnel. Through its end-to-end platform, Teads provides demand-side, sell-side and creative technology to deliver better media effectiveness for brands, better monetization solutions for publishers, and better experiences for consumers.

In 2019, supported by its positioning as a leading strategic partner for top-tier publishers, Teads signed global advertising partnerships with several of the top 100 global ad spenders. A number of new initiatives were introduced in 2019 including the successful launch of an enterprise suite for publishers, which will continue to position Teads as a strategic partner for top-tier publishers, as well as inRead Social, a new product which easily allows brands and agencies to repurpose campaign assets for distribution via the Teads platform. During 2019, Teads continued to invest in various cookie-less targeting solutions, including contextual and machine learning based solutions.

1.3. Marketing and sales

The Group's marketing divisions use a combination of individual and segmented promotions and general brand marketing to attract and retain customers. It markets its business services to institutional customers and businesses such as large corporates, governmental and administrative agencies, small- and medium-sized businesses, nursing homes, hospitals and hotels. The Group's primary marketing channels are media advertising including commercial television, telemarketing, e-marketing, door-to-door marketing, billboards, newspaper advertising and targeted mail solicitation. The Group's marketing strategy is based on increasing the penetration of multi-play services within its subscriber base, increasing distribution of television-based value-added services and ensuring a high level of customer satisfaction in order to maintain a low churn rate. The Group's marketing and sales efforts are always geared towards demonstrating the high-quality and speed of its networks.

The Group uses a broad range of distribution channels to sell its products and services throughout its operations, including retail outlets owned and run by the Group, retail outlets owned and run by third parties, dedicated sales booths, counters and other types of shops, door-to-door sales agents, inbound and outbound tele-sales and its websites.

1.4. Customers

1.4.1. Customer contracts and billing

The Group typically enters into standard form contracts with its residential customers. The Group reviews the standard rates of its services on an on-going basis. In certain geographies, in addition to the monthly fees the Group charges, customers generally pay an installation fee upon connection or re-connection to the Group's fibre/cable network. The terms and conditions of the Group's contracts, including duration, termination rights, the ability to charge early exit fees, and the ability to increase prices during the life of the contract, differ across the Group's operations primarily due to the different regulatory regimes it is subject to in each of the jurisdictions in which it operates.

The Group monitors payments and the debt collection process internally. The Group performs credit evaluation of its residential and business customers and undertakes a wide range of bad debt management activities to control its bad debt levels, including direct collections executed by its employees, direct collections executed in cooperation with third party collection agencies, and pursuit of legal remedies in certain cases.

1.4.2. Customer service

The Group's customer service strategy is to increase customer satisfaction and decrease churn with high product quality and dedicated service. Building on 2018 achievements, further improved customer service resulted in the reduction of churn during 2019 within the Group's key geographies. The Group has continued to improve its customers' experience, including enhanced customer relationship management systems, which have allowed the

Group to better manage new customers, identify customers at risk of churning, handle complex customer issues, offer special retention offers to potential churners and repayment plans to insolvent customers. The Group aimed to integrate operations and centralize functions in order to optimize processes and to correlate sales incentives to churn, net promoter score ("NPS") and average revenue per user ("ARPU") as opposed to more traditional criteria of new sales, in order to refocus the organization away from churn retention to churn prevention. The Group has remained disciplined and focused on further improving customer service in all markets. This has resulted in ongoing churn reduction across products, building on the significant progress that was already made in 2018.

1.5. Competition

In each of the geographies and industries in which the Group operates, the Group faces significant competition and competitive pressures. Certain markets, are very mature markets, with a limited number of new customers entering the market. Moreover, the Group's products and services are subject to increasing competition from alternative new technologies or improvements in existing technologies. With respect to its residential activities, the competition that the Group faces from telephone companies and other providers of DSL, VDSL2 and fibre network connections varies between geographies in which the Group offers its services. With respect to pay-TV services, the Group is faced with growing competition from alternative methods for broadcasting television services other than through traditional cable networks. For example, online content aggregators which broadcast OTT programs on a broadband network, such as Internet competitors Amazon, Apple, Google and Netflix, are expected to grow stronger in the future, with connected or 'smart' TVs facilitating the use of these services. With respect to the fixed-line and mobile telephony markets, the Group experiences a shift from fixed-line telephony to mobile telephony and faces intensive competition from established telephone companies, mobile virtual network operators ("MVNOs") and providers of new technologies such as VoIP.

In the competitive B2B data services market, pricing pressure has remained strong. Conversely, the use of data transmission services has significantly increased. The Group is currently facing competition from software providers and other IT providers of data and network solutions, and the line between them and the suppliers of data infrastructure and solutions like the Group has become increasingly blurred. Partnerships between IT providers and infrastructure providers are becoming increasingly common and are an additional source of competition but also an opportunity. Being able to face the competition efficiently depends in part on the density of the network, and certain competitors of the Group have a broader and denser network. In recent years, the business services market has experienced a structural change marked by a move from traditional switched voice services to VoIP services.

The following is an overview of the competitive landscape in certain key geographies in which the Group operates:

Portugal: In the broadband and mobile market, the Group faces competition from Vodafone, NOS and Nowo (formerly known as Cabovisão-Televisão por Cabo, S.A. and which the Group disposed of in January 2016). In the fixed telephony market, the Group faces an erosion of market share of both access lines and outgoing domestic and international traffic due to the trend towards the use of mobile services instead of fixed telephone services. Competition in the fixed telephony market is intensified by mobile operators such as NOS and Vodafone who can bypass PT Portugal's international wireline network by interconnecting directly with fixed-line and mobile networks either in its domestic network or abroad. In the business services market, competitors such as Vodafone and NOS are taking market share from PT Portugal in traditional connectivity services, partly offset by PT Portugal introducing new ICT services to its business customers.

Israel: In the broadband market, the Group competes primarily with Bezeq, which provides high speed broadband Internet access over DSL and holds the highest market share in broadband Internet infrastructure access in Israel. In the pay-TV market, the Group's main competitor is D.B.S. Satellite Services (1998) Ltd, a subsidiary of Bezeq, which provides satellite technology-based television services under the brand "YES". Bezeq is also the Group's main competitor in the fixed-line telephony market as the largest provider of fixed-line telephony services.

The Group's Israeli mobile service, HOT Mobile, competes with several principal mobile network operators, including Cellcom, Partner, Pelephone and Golan Telecom, and MVNOs. The telecom market in Israel has changed significantly in recent years to become more fragmented, including 9 players in the mobile market, underlying an increase of competition. In 2019, there was a very high level of promotions in the market. This included significant competition within the TV "skinny bundle" segment in particular, with aggressively priced residential offers. HOT remains a premium brand in the market, supported by its superior fixed network infrastructure, premium content packages, and superior customer service.

Dominican Republic: The Group's key competitors in the fixed market are Claro (America Movil) and **-** to a lesser extent **-** local players such as Viva and Aster. Altice Dominicana has approximately 34% market share in mobile and 26% in fixed Internet. In the mobile market, Altice Dominicana mainly competes with Claro (with which it shares a comparable spectrum range and 4G-LTE population coverage), and with Viva in the low-end segment. Altice Dominicana also competes with niche actors: Wind and Sky. In the pay-TV segment, the market is still deeply fragmented with several regional cable operators.

2. Strategy and performance

2.1. Objectives

The Group's key objective is to improve its operating and financial performance by increasing operational efficiencies of its existing businesses, driving growth through reinvestment, and integrating its acquired businesses utilizing the Group's operational expertise, scale and investment support. Furthermore, the Group aims to deliver to its customers the best quality services and the best content on proprietary state-of-the-art mobile and fixed infrastructure, by investing in best-in-class technology, insourcing its historical suppliers in the area of technical services and call centres in order to better control quality, and developing a tailor-made approach, based on the analysis of data collected from its customers, in order to service them in an individualized manner, propose them targeted offers, dedicated content and custom-made advertising and provide them with a unique and sophisticated customer experience. The Group aims to create long-term shareholder value through exceptional operating and financial performance, mainly driven by its focus and investments to provide a superior customer experience at lower cost levels.

The Group has contributed to long-term value creation in the past financial years through multiple factors. The operational and financial turnaround in Portugal was achieved under the leadership of new local management teams put in place in 2018. The Group has delivered sustained investment at an accelerated pace into upgrading its fixed and mobile networks for better quality services to improve the customer experience and drive future growth. In addition, the Group has successfully executed on the monetization of part of the Group Companies' infrastructure at attractive valuations. The Group intends to further strengthen its balance sheet and accelerate the deleveraging of the Group towards its stated leverage target. In 2019, the Group announced an agreement with Morgan Stanley Infrastructure Partners to create a nationwide fibre wholesaler in Portugal, in which its subsidiary PT Portugal will sell a minority equity stake of 49.99% at a very attractive valuation.

2.2. Strategy of the Group

At the core of the Group's strategy is customer, revenue, profitability and cash flow growth and, as a result, deleveraging. The Group benefits from a unique asset base which is fully convergent, fibre rich, active across consumers and businesses and holds number one or number two positions in each of its markets with nationwide coverage. The reinforced operational focus offers significant value creation potential. In parallel, the Group is progressing with the disposal of its non-core assets and the value crystallization of its infrastructure.

Key elements of the Group's growth and deleveraging strategy include:

- the operational and financial turnaround in Portugal under the leadership of new local management teams put in place in 2018;
- optimizing the performance in each market with a particular focus on customer services;
- continuing to invest in best-in-class infrastructure commensurate with the Group's market position;
- monetizing content investments and growing advertising revenue; and
- the execution of non-core asset disposal program, the potential monetization of part of the Group companies' infrastructure at attractive valuations and the mutualization of selected network assets.

3. Basis of presentation

The discussion and analysis for each of the periods presented is based on the financial information derived from the consolidated financial statements of the Company as of and for the year ended December 31, 2019 (the "Consolidated Financial Statements").

Please refer to the Key Income Statement Items in section 14 for a definition of the key financial terms discussed and analysed in this document.

4. Group financial review

4.1. General

The following discussion and analysis is intended to assist in providing an understanding of the Group's financial condition, changes in financial condition and results of operations and should be read together with the Consolidated Financial Statements for the year ended December 31, 2019, including the accompanying notes.

The below table sets forth the Group's consolidated statement of income for the years ended December 31, 2019 and December 31, 2018, presented in millions of euros.

Consolidated Statement of Income (€m)	**For the year ended December 31, 2019**	**For the year ended December 31, 2018**	**Change**
Revenues	**4,083.5**	**4,184.7**	**-2.4%**
Purchasing and subcontracting costs	(1,000.5)	(1,104.4)	-9.4%
Other operating expenses	(933.0)	(985.5)	-5.3%
Staff costs and employee benefits	(469.5)	(478.9)	-2.0%
Depreciation, amortization and impairment	(1,256.4)	(1,141.3)	10.1%
Other expenses and income	(367.1)	982.5	-137.4%
Operating profit	**57.0**	**1,457.2**	**-96.1%**
Interest relative to gross financial debt	(606.0)	(604.2)	0.3%
Realized and unrealized gains on derivative instruments	146.6	196.3	-25.3%
Other financial expenses	(112.6)	(241.2)	-53.3%
Finance income	209.2	264.9	-21.0%
Net result on extinguishment of a financial liability	(9.6)	-	nm
Finance costs, net	**(372.4)**	**(384.2)**	**-3.1%**
Share of losses of associates	(7.0)	5.2	-234.0%
Profit (Loss) before income tax from continuing operations	**(322.4)**	**1,078.2**	**-129.9%**
Income tax benefit (loss)	(116.5)	(194.2)	-40.0%
Profit (Loss) for the year from continuing operations	**(438.9)**	**884.0**	**-149.6%**
Discontinued operations			
Profit after tax for the year from discontinued operations	-	18.7	-100.0%
Profit (Loss) for the year	**(438.9)**	**902.7**	**-148.6%**
Attributable to equity holders of the parent	*(438.8)*	*891.2*	*-149.2%*
Attributable to non-controlling interests	*(0.1)*	*11.6*	*-100.7%*

The Group has 6 reportable segments for which the results of operations of the business will be discussed:

Portugal: Altice owns PT Portugal, the largest telecom operator in Portugal. PT Portugal caters to fixed residential, mobile residential and business services clients using the MEO brand. As of 2018, this segment also includes the Altice Technical Services entities in Portugal.

Israel: Fixed and mobile services are provided using the HOT telecom, HOT mobile and HOT net brands to residential and business services clients. HOT also produces award winning exclusive content that it distributes using its fixed network, as well as content application called Next and OTT services through Next Plus. As of 2018, this segment also includes the Altice Technical Services entity in Israel.

Dominican Republic: The Group provides fixed residential, mobile residential and business services using the Altice brand. As of 2018, this segment also includes the Altice Technical Services entity in the Dominican Republic.

Teads: Provides digital advertising solutions.

Altice TV: Content business from the use of content rights. Altice TV was no longer part of the Group following the sale to Altice Group Lux S.à r.l. ("Altice Group Lux") that was closed on May 15, 2018.

Others: This segment includes all corporate entities. The Board of Managers believes that these corporate operations are not substantial enough to require a separate reporting segment, and so are reported under "Others". In 2018, this segment also included the French Overses Terrotories ("FOT"). FOT, which consists of Guadeloupe, Martinique, French Guiana, La Réunion and Mayotte, is no longer part of the Group since October 31, 2018 following the sale to Altice France.

When analysing the financial health of these geographical segments, the Group uses measures and ratios - in particular Adjusted EBITDA - that are not required by or presented in accordance with IFRS or any other generally accepted accounting standards. The Group presents Adjusted EBITDA because it believes that it is of interest for the shareholders and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity.

The below tables show the Adjusted EBITDA and operating profit for the years indicated, respectively by geographical segments.

For the year ended December 31, 2019 (€m)	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Altice TV**	**Others**	**Inter-segment elimination**	**Total**
Revenues	**2,110.2**	**961.8**	**560.7**	**453.0**	**-**	**1.7**	**(3.9)**	**4,083.5**
Purchasing and subcontracting costs	(562.0)	(298.9)	(141.3)	-	-	(0.5)	2.2	(1,000.5)
Other operating expenses	(379.1)	(198.1)	(86.4)	(266.2)	-	(4.5)	1.3	(933.0)
Staff costs and employee benefits	(265.2)	(71.1)	(32.3)	(100.3)	-	(0.5)	0.0	(469.5)
Total	**903.8**	**393.7**	**300.8**	**86.5**	**-**	**(3.8)**	**(0.4)**	**1,680.7**
Share-based expense	-	0.1	-	-	-	-	-	0.1
Rental expense operating lease	(71.7)	(34.5)	(22.6)	(4.0)	-	-	-	(132.8)
Adjusted EBITDA	**832.1**	**359.2**	**278.2**	**82.5**	**-**	**(3.8)**	**(0.4)**	**1,547.7**
Depreciation, amortisation and impairment	(735.3)	(368.2)	(132.0)	(20.9)	-	-	-	(1,256.4)
Share-based expense	-	(0.1)	-	-	-	-	-	(0.1)
Other expenses and income	(334.6)	(14.4)	(3.1)	(9.6)	-	(5.4)	(0.1)	(367.1)
Rental expense operating lease	71.7	34.5	22.6	4.0	-	-	-	132.8
Operating profit/(loss)	**(166.0)**	**11.1**	**165.7**	**56.0**	**-**	**(9.2)**	**(0.5)**	**57.0**

For the year ended December 31, 2018 (€m)	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Altice TV**	**Others**	**Inter-segment elimination**	**Total**
Revenues	**2,109.5**	**941.2**	**590.2**	**342.1**	**28.6**	**179.8**	**(6.7)**	**4,184.7**
Purchasing and subcontracting costs	(545.0)	(257.2)	(166.0)	-	(99.0)	(44.2)	7.0	(1,104.4)
Other operating expenses	(418.3)	(214.5)	(102.9)	(197.3)	(3.2)	(51.0)	1.6	(985.5)
Staff costs and employee benefits	(276.5)	(64.0)	(27.4)	(84.5)	(1.5)	(24.9)	0.0	(478.9)
Total	**869.8**	**405.5**	**293.9**	**60.2**	**(75.1)**	**59.7**	**1.8**	**1,615.9**
Share-based expense	-	0.2	0.0	-	-	-	-	**0.2**
Rental expense operating lease	-	-	-	-	-	-	-	-
Adjusted EBITDA	**869.8**	**405.7**	**293.9**	**60.2**	**(75.1)**	**59.7**	**1.8**	**1,616.1**
Depreciation, amortisation and impairment	(680.2)	(319.1)	(125.5)	(16.4)	-	(0.0)	-	**(1,141.3)**
Share-based expense	-	(0.2)	-	-	-	-	-	**(0.2)**
Other expenses and income	532.7	(7.4)	12.9	(1.1)	300.0	151.1	(5.6)	**982.5**
Rental expense operating lease	-	-	-	-	-	-	-	-
Operating profit/(loss)	**722.3**	**79.0**	**181.3**	**42.7**	**224.9**	**210.8**	**(3.8)**	**1,457.2**

4.2. Significant events affecting historical results

Many significant events had an impact on the results of the Group's operations for the year ended December 31, 2019 and December 31, 2018.

4.2.1. Transactions completed in the current period

4.2.1.1. *Change in consolidation method in PHI*

In January 2019, HOT Mobile and Partner signed an amendment to the Network Sharing Agreement with respect to the governance of the company PHI, effective on January 1, 2019. Following this amendment, the parties have joint control over PHI (compared to significant influence before the amendment); accordingly, PHI is accounted under the provisions of IFRS 11 *Joint Arrangements* as joint operation (recognition of HOT Mobile's interests of 50% in PHI's assets, liabilities, revenues and expenses) instead of equity method.

4.2.1.2. *Sale of SIRESP by PT Portugal*

At the end of June 2019, PT Portugal entered into an agreement with the Portuguese State to transfer the ownership of its shares in SIRESP's share capital in December 2019. The transfer of ownership was completed on December 1, 2019. The capital gain recorded for the year ended December 31, 2019 amounted to €1.4 million. The proceeds received amounted to €6.0 million.

4.2.2. Transactions completed in the prior period

4.2.2.1. *Sale of telecommunications solutions business and data centre operations in Switzerland*

On February 12, 2018, the Company announced the closing of the transaction to sell its telecommunications solutions business and data centre operations in Switzerland, green.ch AG and Green Datacenter AG, to InfraVia Capital Partners. The transaction valued the business at an enterprise value of approximately 214 million CHF.

The capital gain recorded during the year ended December 31, 2018 amounted to €88.8 million, net of tax. The total proceeds received related to the sale amounted to €156.4 million.

4.2.2.2. *Sale of Altice Management International ("AMI") to Altice Group Lux..*

During November and December 2017, the Board of Directors of Altice Europe N.V. decided the transfer of shares of AMI to Altice Group Lux. The sale was completed on January 31, 2018 with a transaction value of 1 CHF. The capital gain recorded in shareholders equity within the transaction with Altice shareholders during the year amounted to €4.6 million, net of tax.

4.2.2.3. *Exercise of the ATS call option*

In April 2018, the Group exercised the call option for the acquisition of the remaining 49% in Altice Technical Services ("ATS") for a price determined on acquisition of ATS of €147 million, bearing interests at an annual rate of EURIBOR 1 month plus 3.5%. The total amount of €156.3 million was paid on November 26, 2018. As a result of the exercise of the call option, the Group's ownership in ATS increased to 100%. The ATS entities in France were then sold to Altice France.

4.2.2.4. *Closing of the sale of Altice Content to Altice Group Lux*

During November and December 2017, the Board of Directors of Altice Europe N.V. decided to transfer the shares of Altice Content to Altice Group Lux (the indirect parent company of the Company). The transaction was closed on May 15, 2018. The capital loss was recorded in shareholders' equity (within the transaction with Altice's shareholder) for an amount of €172.2 million, net of tax. The consideration received was €1.

In accordance with IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations*, non-current assets classified as held for sale shall be measured at the lower of its carrying amount and fair value less costs to sell. For Altice Content, the Group had recorded an impairment loss through equity of €51.1 million as at December 31, 2017.

4.2.2.5. *Closing of the sale of Altice Technical Services France to Altice France*

During December 2017, the Board of Directors of Altice Europe N.V. decided to transfer the shares of Altice Technical Service France ("ATSF) to Altice France. As of December 31, 2017, ATSF was treated as discontinued operations and the assets and liabilities were classified as held for sale. The transaction was closed on May 16, 2018. The capital gain recorded in equity amounted to €24.7 million, net of tax.

4.2.2.6. *Closing of the sale of Altice Customer Service to Altice France*

During December 2017, the Board of Directors of Altice Europe N.V. decided to transfer the shares of Altice Customer Services ("ACS") to Altice France. As of December 31, 2017, ACS was treated as discontinued operations and the assets and liabilities were classified as held for sale. The transaction was closed on May 16, 2018. The capital gain recorded in equity amounted to €3.4 million, net of tax.

4.2.2.7. *Share capital increase in Altice Teads S.A.*

On July 3, 2018, following an earn-out payment of Teads, the former owners of Teads reinvested a part of the earn-out payment into the shares of Altice Teads S.A. The share capital of Altice Teads S.A increased by €5.2 million as a result of an issuance of 43,546 new Class B Shares having a nominal value of €1 each, and the balance related to the payment of Share Premium B. As of July 3, 2018, the Group's interest in Altice Teads S.A. decreased from 98.5% to 96.2%.

4.2.2.8. *Sale of international wholesale business*

On July 18, 2018, two Sale and Purchase Agreements had been separately signed by Altice Dominicana and MEO with Tofane Global related to the sale of the international wholesale voice carrier business in the Dominican Republic and Portugal, respectively. The transaction closed on September 6, 2018. The total capital gain recorded for the year ended December 31, 2018 was €7.5 million. The total consideration received was €13.7 million.

4.2.2.9. *Sale of towers of Portugal*

On July 18, 2018, PT Portugal reached an agreement with a consortium including Morgan Stanley Infrastructure Partners and Horizon Equity Partners for the sale of the newly formed tower company called OMTEL, that comprises 2,961 sites operated by Altice Portugal, and an acquisition of 25% of the stake in OMTEL by PT Portugal. The transaction closed on September 4, 2018.

The capital gain for the year ended December 31, 2018 amounted to €601.6 million, which consisted of:

- capital gain of €611.7 million that corresponds to the difference between the purchase price of €648 million (including a cash consideration €539.5 million and the acquisition of 25% stake in OMTEL measured at fair value of €108.8 million) and the carrying value of the net assets transferred, amounting to €37 million, including mainly the towers, prepaid rents and asset retirement obligations; and

- €10.1 million of deferred capital gain.

4.2.2.10. *Closing of transaction to sell telecommunication towers in the Dominican Republic*

On October 3, 2018, Altice Europe N.V. announced the closing of the transaction to sell 100% in the tower company Teletorres del Caribe, which comprises 1,039 sites formerly operated by its subsidiary Altice Dominicana, to Phoenix Tower International, a portfolio company of Blackstone. The capital gain recorded for the year ended December 31, 2018 amounted to €88.1 million. The consideration received was $168.0 million (€148.6 million).

4.2.2.11. *PT Portugal acquired the shares of SIRESP*

On October 31, 2018, PT Móveis ("PT – Móveis – Serviços de Telecomunicações, SGPS, S.A."), a subsidiary of PT Portugal, purchased the shares of SIRESP and thus became majority stakeholder with 52.1% ownership. The number of shares purchased was 4,775 shares (equal to 9.55% share capital of SIRESP) from Datacomp S.A. for the price of

€0.8 million and 6,000 shares (equal to 12% share capital of SIRESP) from Esegur S.A. for the price of €1.0 million.

4.2.2.12. *Sale of Altice Blue Two ("AB2") to Altice France and Altice Group Lux*

On October 31, 2018, the Group completed the sale of Altice Blue Two to Altice France and Altice Group Lux. This acquisition was part of the restructuring announced by Altice Europe N.V. in January 2018. Altice Blue Two includes the telecom operations of Outremer Telecom, a fixed and mobile operator present in the French Overseas Territories. The total consideration received for the year ended December 31, 2018 amounted to €480.5 million in cash. The capital gain recorded in shareholders equity within the transactions with Altice Shareholders for the year ended December 31, 2018 was €63.2 million. As of October 31, 2018, Altice France S.A. and its subsidiary, OMT Ocean 3 S.A.S, have a combined 94.9% ownership in AB2 whilst Altice Group Lux owns the remaining 5.01%.

4.2.2.13.*Altice West Europe purchased shares and preferred equity certificates of Deficom Invest S.à r.l.*

On November 2, 2018, a sale and purchase agreement was signed by Altice West Europe and Deficom Invest S.à r.l. to acquire 44,793 shares held by Deficom Invest in Deficom Telecom and 20,756,575 preferred equity certificates ("PEC"). The total transaction value was €22.5 million. As a result of the purchase, Altice West Europe's ownership in Deficom Telecom increased to 100%. On December 27, 2018, Deficom Telecom was dissolved.

5. **Revenue**

5.1. Group

For the year ended December 31, 2019, the Group generated total revenues of €4,083.5 million, a 2.4% increase compared to €4,184.7 million for the year ended December 31, 2018.

The tables below set forth the Group's revenue by lines of activity in the various geographical segments in which the Group operates for the years ended December 31, 2019 and December 31, 2018, respectively:

	For the year ended December 31, 2019						
Revenue (€m)	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Altice TV**	**Others**	**Total**
Residential - Fixed	621.6	564.2	103.9	-	-	-	1,289.7
Residential - Mobile	569.3	268.6	353.2	-	-	-	1,191.1
Total Residential	**1,190.9**	**832.8**	**457.1**	**-**	**-**	**-**	**2,480.8**
Business services	919.3	128.9	103.6	-	-	1.7	1,153.6
Media	-	-	-	453.0	-	-	453.0
Total standalone revenues	**2,110.2**	**961.8**	**560.7**	**453.0**	**-**	**1.7**	**4,087.4**
Intersegment eliminations	(2.9)	-	-	(1.0)	-	-	(3.9)
Total consolidated revenues	**2,107.3**	**961.8**	**560.7**	**452.0**	**-**	**1.7**	**4,083.5**

	For the year ended December 31, 2018						
Revenue (€m)	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Altice TV**	**Others**	**Total**
Residential - Fixed	618.4	580.6	100.7	-	-	42.1	1,341.8
Residential - Mobile	561.7	243.3	354.1	-	-	84.4	1,243.6
Total Residential	**1,180.1**	**823.9**	**454.8**	**-**	**-**	**126.6**	**2,585.4**
Business services	929.4	117.3	135.4	-	-	53.3	1,235.4
Media	-	-	-	342.1	28.6	-	370.6
Total standalone revenues	**2,109.5**	**941.2**	**590.2**	**342.1**	**28.6**	**179.8**	**4,191.4**
Intersegment eliminations	(1.7)	(0.3)	(0.7)	(0.8)	(3.5)	0.4	(6.7)
Total consolidated revenues	**2,107.8**	**940.9**	**589.4**	**341.3**	**25.1**	**180.2**	**4,184.7**

Revenues for the Group's fixed residential business decreased from €1,341.8 million for the year ended December 31, 2018 to €1,289.7 million for the year ended December 31, 2019, a 3.9% decrease compared to the year ended December 31, 2018. This decrease was driven primarily by growing competition and the associated pricing pressure in Israel and the sale of the French Overseas Territories to Altice France on October 31, 2018..

The Group's mobile residential business revenue decreased to €1,191.1 million for the year ended December 31, 2019, a 4.2% decrease compared to €1,243.6 million for the year ended December 31, 2018. This decrease was driven by the sale of the French Overseas Territories to Altice France on October 31, 2018 but partially offset by an increase in mobile residential revenues in Israel due to higher equipment sales and an increase in the mobile subscriber base and a favourable foreign exchange impact, and in Portugal by an increase in post-paid customer base, although this was partly offset by a loss of prepaid customers.

The Group's business services revenue decreased to €1,153.6 million for the year ended December 31, 2019, a 6.6% decrease compared to €1,235.4 million for the year ended December 31, 2018. This decrease was driven by the sale of the French Overseas Territories to Altice France on October 31, 2018, in addition to decreases in Portugal and the Dominican Republic due to the sale of the international wholesale voice carrier business, a transaction which closed on September 6, 2018, and lower international voice traffic.

Revenues from the Group's media activities totalled €453.0 million for the year ended December 31, 2019, a 22.2% increase compared to €370.6 million for the year ended December 31, 2018. The increase in Media revenues was mainly due to increases in Teads resulting from higher sales, which was partially offset by a reduction in revenues due to the sale of Altice TV, which is no longer part of the Group following the sale to Altice Group Lux on May 15, 2018.

The decrease in revenue was partially offset by a favourable development of the foreign currency rates for the Israeli Shekel and the Dominican Peso, which, based on the average exchange rate, increased by 5.9% and 1.7% respectively.

5.2. Geographical segments

Portugal: For the year ended December 31, 2019, the Group generated revenues in Portugal of €2,107.3 million, a marginal decrease compared to €2,107.8 million for the year ended December 31, 2018.

Revenues from the Group's fixed residential business increased by 0.5% from €618.4 million for the year ended December 31, 2018 to €621.6 million for the year ended December 31, 2019. This increase is explained by the positive net adds reported during 2019, as compared to negative net adds during the same period of last year, which was largely offset by a decline in fixed ARPU due to competitive pressure.

The Group's mobile residential business posted a net revenue increase of 1.3% from €561.7 million for the year ended December 31, 2018 compared to €569.3 million for the year ended December 31, 2019. This increase was driven by an increase in postpaid customer base, which was partially offset by a higher loss of prepaid subscribers in the year ended December 31, 2019 compared to the year ended December 31, 2018.

Revenues from the Group's business services decreased by 1.1% from €929.4 million for the year ended December 31, 2018 to €919.3 million for the year ended December 31, 2019. This decrease was mainly explained by the sale of the international wholesale voice carrier business, a transaction which closed on September 6, 2018, and lower international voice traffic.

Israel: For the year ended December 31, 2019, the Group generated revenue in Israel of €961.8 million, a 2.2% increase compared to €940.9 million for the year ended December 31, 2018, which is partially explained by the favourable development of the foreign currency rate for the Israeli Shekel, which, based on the average exchange rate, increased by 5.9%. On a constant currency basis, revenues decreased by 3.9%, mainly due to a decrease in fixed residential revenues as a result of a strong competition in the fixed market, despite an increase in cable customer base in 2019. The decrease in the fixed market was partly offset by mainly an increase in residential mobile revenues due to higher equipment sales and an increase in the mobile subscriber base while the market is still under price pressure. Business services continues to demonstrate high performance and steady growth in revenues, showing an increase of 2.7% in 2019 compared to 2018 and an increase of 11.9% excluding IDEN revenues, which was decommissioned by the end of 2018.

Dominican Republic: For the year ended December 31, 2019, the Group generated total revenue of €560.7 million, a 4.9% decrease compared to €589.4 million for the year ended December 31, 2018. The decrease was partially mitigated by the favourable development of the foreign currency rate for the Dominican Peso, which, based on the average exchange rate, increased by 1.7%. On a constant currency basis, revenues decreased by 7.1%, which was largely driven by a decrease in mobile residential revenues as a result of voice erosion, and a decrease in wholesale revenues, mainly due to the sale of the international wholesale voice carrier business, a transaction which closed on September 6, 2018, and lower international voice traffic.

Teads: For the year ended December 31, 2019, the Group generated revenue in Teads of €452.0 million, compared to €341.3 million for the year ended December 31, 2018. This increase in revenues is explained by the commercial success of newly introduced services and product formats, as well as the continued growth in the United States and Asia-Pacific regions.

Altice TV: For the year ended December 31, 2019, the Group generated total revenue in Altice TV of nil, compared to €25.1 million for the year ended December 31, 2018. This decrease is explained by the sale of Altice TV, which is no longer part of the Group following the sale to Altice Group Lux S.à r.l. on May 15, 2018.

Others: For the year ended December 31, 2019, the Group generated total revenue in Others (which comprises of the Group's corporate entities) of €1.7 million, compared to €180.2 million for the year ended December 31, 2018. This decrease is mainly explained by the sale of the French Overseas Territories to Altice France on October 31, 2018.

6. **Adjusted EBITDA**

6.1. Group

For the year ended December 31, 2019, the Group's Adjusted EBITDA was €1,547.7 million, a decrease of 4.2% compared to the year ended December 31, 2018 (€1,616.1 million). This decrease can be attributed to lower revenues, which were partially offset by lower operating expenses. To an extent these movements were driven by the sale of Altice TV, which is no longer part of the Group following the sale to Altice Group Lux S.à r.l. on May 15, 2018 and the sale of the French Overseas Territories to Altice France on October 31, 2018.

6.2. Geographical segments

Portugal: For the year ended December 31, 2019, the Group's Adjusted EBITDA in Portugal was €832.1 million, a decrease of 4.3% from €869.8 million for the year ended December 31, 2018. The decrease in Adjusted EBITDA is largely attributable to an increase in expenses due to higher programming costs, mainly as a result of the football-related broadcasting rights which were acquired in 2016 but which started to be broadcasted as from the 2018/2019 football season, higher costs of goods sold related to mobile handsets, which are in line with the higher revenues, and an increase in infrastructure rental expenses due to the sale of the tower business and subsequent lease of towers. The negative impact of these drivers on Adjusted EBITDA was only partially offset by (i) lower international voice traffic costs, in line with the decline in associated business services revenues, (ii) lower customer service expenses related to bad debt and billing expenses due to electronic invoice penetration and callcentre activities and (iii) lower staff costs and employee benefits due to the favourable impact related to employees who terminated their employment agreements in March 2019 under the voluntary employee reduction program.

Israel: For the year ended December 31, 2019, the Group's Adjusted EBITDA in Israel was €359.2 million, a decrease of 11.4% compared to €405.7 million for the year ended December 31, 2018. Adjusted EBITDA on a constant currency basis decreased by 16.7% compared to 2018, mainly due to a decrease in fixed residential revenues in addition to an increase in purchasing and sub-contracting costs, mainly due to an increase in the cost of sale of mobile handsets associated to an increase in mobile revenues, an increase in sport channel content expense, and an increase in staff costs as a result of a new agreement with the labour unions.

Dominican Republic: For the year ended December 31, 2019, the Group's Adjusted EBITDA in the Dominican Republic decreased by 5.4% from €293.9 million for the year ended December 31, 2018 to €278.2 million for the year ended December 31, 2019 (a decrease of 7.5% on a constant currency basis). On a constant currency basis, the decrease in Adjusted EBITDA is attributable to the reduction in business services revenues, mainly explained by the sale of the international wholesale voice carrier business, a transaction which closed on September 6, 2018, and lower international voice traffic. In addition, network operating costs increased due to network growth and due to the sale of the tower business and subsequent lease of towers. Staff costs and employee benefits increased due to the increase in the average number of FTEs due to additional sales and retention staff. These decreases in the Adjusted EBITDA were partly offset by lower cost of sales related to the international wholesale voice carrier business and lower international voice traffic.

Teads: For the year ended December 31, 2019, the Group's Adjusted EBITDA for Teads amounted to €82.5 million, compared to €60.2 million for the year ended December 31, 2018, an increase of 37.1%. The increase is explained by higher revenues, as described above, but which were partly offset by higher other operating expenses, staff costs and employee benefits.

Altice TV: For the year ended December 31, 2019, the Group's Adjusted EBITDA for Altice TV is nil, compared to a negative Adjusted EBITDA of €75.1 million for the year ended December 31, 2018. The change is explained by the sale of Altice TV, which is no longer part of the Group following the sale to Altice Group Lux S.à.r.l. on May 15, 2018.

Others: For the year ended December 31, 2019, the Group's Adjusted EBITDA in Others was a negative amount of €3.8 million, compared to a Adjusted EBITDA of €59.7 million for the year ended December 31, 2018. This decrease is mainly explained by the sale of the French Overseas Territories to Altice France on October 31, 2018.

7. Operating profit of the Group

7.1. Depreciation, amortization and impairment

For the year ended December 31, 2019, depreciation and amortization totalled €1,256.4 million, a 10.1% increase compared to €1,141.3 million for the year ended December 31, 2018. The increase is largely explained by the impact of the adoption of IFRS 16 *Leases* as of January 1, 2019, which resulted in additional amortisation expenses relating to right-of-use assets in an amount of €99.6 million. In addition, amortization expenses increased due to the amortisation impact of customer acquisition cost assets created as part of the application of IFRS 15 *Revenue from Contracts with Customers*.

7.2. Other expenses and income

For the year ended December 31, 2019, the Group's other expenses totalled €367.1 million, a 137.4% decrease compared to other income of €982.5 million for the year ended December 31, 2018. A detailed breakdown of other expenses and income is provided below:

Other expenses and income (€m)	**For the year ended December 31, 2019**	**For the year ended December 31, 2018**	**Change**
Restructuring costs	292.8	10.6	282.3
Net (gain)/loss on disposal of assets	4.4	5.4	(1.0)
Disputes and litigation	26.9	27.0	(0.1)
Net gain on sale of consolidated entities	0.5	(785.8)	786.3
Deal fees	15.3	9.7	5.6
Break-up fee	-	(300.0)	300.0
Management fees	7.4	16.2	(8.8)
Other expenses and income (net)	19.8	34.5	(14.7)
Other expenses and income	**367.1**	**(982.5)**	**1,349.6**

7.2.1. Restructuring costs

For the year ended December 31, 2019, restructuring costs mainly related to restructuring plans in PT Portugal for which a €292.5 million fully tax deductible expense was recorded in connection with the voluntary employee reduction program undertaken in 2019, covering approximately 850 employees (mainly in support functions) in order to improve operational flexibility of PT Portugal. The payments made up to December 31, 2019 amounted approximately to €20 million.

7.2.2. Disputes and litigation

For the year ended December 31, 2019, disputes and litigation mainly related to the provisions recorded in PT Portugal for labour and tax litigations. For the year ended December 31, 2018, disputes and litigation mainly related to €24.7 million litigation provision recorded in PT Portugal.

7.2.3. Net gain on sale of consolidated entities

For the year ended December 31, 2019, this mainly related to the capital loss due to an adjustment in the purchase price adjustment in PT Portugal of €2.0 million and the loss related to the sale of the international wholesale voice carrier business to Tofane Global, which was partially offset by the gain from the sale of SIRESP of €1.4 million.

For the year ended December 31, 2018, this mainly related to the gain on the sale of the tower business in PT Portugal of €601.6 million, the sale of telecommunications solutions business and data centre operations in Switzerland, green.ch AG and Green Datacenter AG and the sale of the wholesale business.

7.2.4. Breakup fee

For the year ended December 31, 2018, breakup fees of €300.0 million related to the breakup fees income from Altice France payable to the Group as part of the content activities of the Group in 2018.

7.2.5. Management fees

For the year ended December 31, 2019, management fee expense amounted to €7.4 million payable to Altice Luxembourg (2018: €16.2 million).

7.2.6. Other expenses and income (net)

For the year ended December 31, 2019, other expenses and income consisted mainly of expenses recorded in Teads of €9.6 million for bonus expenses and PT Portugal of €4.9 million for donations granted under social programs.

For the year ended December 31, 2018, it consisted mainly of expenses in Altice Holdings of €13.0 million related to a share settlement with the management team of Altice Blue Two (part of FOT) and fines in PT Portugal of €3.4 million (mostly related to the termination fee of a real estate rental agreement of €2.4 million).

7.3. Operating profit

As a result of the above-mentioned factors, for the year ended December 31, 2019, the Group recorded an operating profit of €57.0 million, a 96.1% decrease compared to an operating profit of €1,457.2 million for the year ended December 31, 2018.

8. Result for the Group – items below operating expenses

8.1. Finance costs (net)

Net finance costs amounted to €372.4 million for the year ended December 31, 2019 compared to €384.2 million for the year ended December 31, 2018. A detailed breakdown of finance costs (net) is provided below:

Finance costs, net **(€m)**	**For the year ended December 31, 2019**	**For the year ended December 31, 2018**	**Change**
Interest relative to gross financial debt	(606.0)	(604.2)	0.3%
Realized and unrealized gains on derivative instruments	146.6	196.3	-25.3%
Other financial expenses	(112.6)	(241.2)	-53.3%
Finance income (expense)	209.2	264.9	-21.0%
Net result on extinguishment of a financial liability	(9.6)	-	nm
Finance costs, net	**(372.4)**	**(384.2)**	**-3.1%**

8.1.1. Interest relative to gross financial debt

For the year ended December 31, 2019, the Group's interest relative to gross financial debt totalled €606.0 million, a 0.3% increase compared to €604.2 million for the year ended December 31, 2018.

8.1.2. Realized and unrealized gains on derivative instruments

For the year ended December 31, 2019, the Group's realized and unrealized gains on derivative instruments totalled €146.6 million, a 25.3% decrease compared to €196.3 million for the year ended December 31, 2018, mainly driven by the variation in the mark to market of the Group's derivative financial instruments.

8.1.3. Other financial expenses

For the year ended December 31, 2019, the Group's other financial expenses totalled €112.6 million, a 53.3% decrease compared to €241.2 million for the year ended December 31, 2018. The change in other financial expenses is largely driven by a decrease in foreign exchange losses (foreign exchange losses of nil for the year ended December 31, 2019, compared to a foreign exchange loss of €161.9 million loss for the year ended December 31, 2018). This decrease was partially offset by interest expenses related to lease liabilities following the adoption of IFRS 16 Leases, which amounted to €74.2 million for the year ended December 31, 219 (2018: nil).

8.1.4. Net result on extinguishment of a financial liability:

For the year ended December 31, 2019, the Group's net result on extinguishment of a financial liability amounted to €9.6 million, , compared to a Net result on extinguishment of a financial liability of nil for the year ended December 31, 2018. The extinguishment of financial liabilities of €9.6 million related to the full redemption of the outstanding 2013 Altice Finco Euro Senior Notes in an aggregate principal amount of €250 million that occurred on January 13, 2020. As part of the redemption, Altice Finco recorded €9.6 million as costs of extinguishment of debt, of which €7.5 million pertaining to call premia and €2.1 million related to accelerated amortization of transaction costs

8.2. Share of losses (gains) of associates

For the year ended December 31, 2019, the Group's share of loss of associates totalled €7.0 million compared to a gain of €5.2 million for the year ended December 31, 2018.

8.3. Income tax (expense) / benefit

For the year ended December 31, 2019, the income tax loss totalled €116.5 million compared to an income tax loss of €194.2 million in the year ended December 31, 2018 (please refer to Note 23 to the Consolidated Financial Statements for additional details).

8.4. Profit (Loss) after tax for the year from continuing operations

For the year ended December 31, 2019, the loss after tax from continuing operations totalled €438.9 million compared to a profit after tax from continuing operations of €902.7 million in the year ended December 31, 2018.

9. Liquidity and capital resources

9.1. General

The Group's principal sources of liquidity are (i) operating cash flow generated by the Group's subsidiaries, (ii) various revolving credit facilities and guarantee facilities that are available at each of the Group's restricted groups, as applicable, for any requirements not covered by the operating cash flow generated and (iii) various liquid stakes in securities and other assets.

As of December 31, 2019, the Company's restricted group had an aggregate of €581.0 million (equivalent) available borrowings under the Guarantee Facility Agreements, the 2014 Altice Financing Revolving Credit Facility Agreement and the 2015 Altice Financing Revolving Credit Facility Agreement, of which nil was drawn as at December 31, 2019. Please also refer to chapter 15 Defined Terms.

The Group expects to use these sources of liquidity to fund operating expenses, working capital requirements, capital expenditures, debt service requirements and other liquidity requirements that may arise from time to time. The Group's ability to generate cash from the Group's operations will depend on the Group's future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond the Group's control. As the Group's debt matures in later years, the Group anticipates that it will seek to refinance or otherwise extend the Group's debt maturities from time to time.

9.2. Cash flow

The following table presents primary components of the Group's cash flows of continuing operations and cash flows of discontinued operations (net) for each of the years indicated. Please refer to the consolidated statement of cash flows in the Consolidated Financial Statements for additional details.

Net Cash Flows	**For the year ended December 31, 2019**	**For the year ended December 31, 2018**	**% change**
(€m)			
Net cash flow from operating activities of continuing operations	1,363.6	1,345.1	1.4%
Net cash flow from investing activities of continuing operations	(795.4)	595.3	-233.6%
Net cash flow from financing activities of continuing operations	(757.5)	(1,590.8)	-52.4%
Changes in cash and cash equivalents of continuing operations	**(189.3)**	**349.7**	**-154.1%**
Classification of cash as held for sale	(12.1)	(6.4)	88.9%
Effects of exchange rate changes on cash held in foreign currencies	(.4)	1.0	-143.7%
Net changes in cash and cash equivalents	**(201.9)**	**344.3**	**-158.6%**

The Group recorded a net decrease of €201.9 million in cash and cash equivalents for the year ended December 31, 2019, compared to a net increase of €344.3 million for the year ended December 31, 2018.

9.2.1. Net cash provided by operating activities:

Net cash provided by operating activities increased by 1.4% to €1,363.6 million for the year ended December 31, 2019 compared to €1,345.1 million for the year ended December 31, 2018. The decrease in net cash provided by operating activities is explained by the decrease in the operating profit for the year ended December 31, 2019 compared to the operating profit for the year ended December 31, 2018, and an increase in payment for pension liabilities and income taxes. This decrease was partially offset by a positive change in working capital and other non-cash items.

9.2.2. Net cash provided (used) in investing activities:

Net cash used in investing activities decreased to €795.4 million for the year ended December 31, 2019 compared to net cash provided by investing activities of €595.3 million for the year ended December 31, 2018. The increase in the cash used by investing activities is mainly attributed to the proceeds received from the disposal of businesses during 2018. During the year ended December 31, 2018, proceeds from the disposal of businesses include €539.5 million related to the sale of the tower business in Portugal, €157.1 million regarding the sale of the telecommunications solutions business and data centre operations in Switzerland, €145.5 million regarding the sale of the tower business in the Dominican Republic and €11.7 million regarding the sale of the wholesale business in Portugal and the

Dominican Republic. In addition it includes the proceeds for the sales of ATSF, ACS and Altice Blue Two to Altice France for €178.1 million, €65.7 million and €480.5 million respectively. The increase in cash used in investing activities due to these proceeds from the disposal of businesses were only partially offset by lower payments to acquire interests in associates.

9.2.3. Net cash used in financing activities:

Net cash used in financing activities decreased by 52.4% to net cash used of €757.5 million for the year ended December 31, 2019 compared to net cash used of €1,590.8 million for the year ended December 31, 2018. The decrease in net cash used in financing activities can largely be attributed to lower advances to Group companies and transactions with non-controlling interests during the year ended December 31, 2019, and refinancing activities. During the year ended December 31, 2019, refinancing activities resulted in a net outflow of cash of €19.2 million, whereas for the year ended December 31, 2018 there was a net outflow of cash of €338.3 million. These decreases in cash outflows were partially offset by increases in cash paid for lease liabilities. The adoption of *IFRS 16 Leases* as per January 1, 2019, resulted in lease payment and the interest related payments for right-of-use ("ROU") of €158.7 million. During the year ended December 31, 2018, operating lease payments were included in net cash provided by operating activities.

10. **Capital expenditures**

10.1. General

The Group classifies its capital expenditures in the following categories.

Fixed services (including wholesale): Includes capital expenditures related to (i) connection of customer premises and investment in hardware, which is directly linked to RGU growth ('CPEs and installation related'); (ii) investment in improving or expanding the Group's cable network, investments in the television and fixed-line platforms and investments in network capacity and (iii) other capital expenditures related to the Group's fixed business.

Mobile services: Includes capital expenditures related to improving or expanding the Group's mobile networks and platforms and other investments relating to the Group's mobile business.

Others: Includes capital expenditures relating to the Group's non-core fixed or mobile activities.

The Group has made substantial investments and will continue to make capital expenditures in the geographies in which it operates to expand its footprint and enhance its product and service offerings. The Group expects to finance principal investments described below, to the extent they have not been completed, with cash flow from its operations.

The Group has made new investment commitments since December 31, 2019. For information on contractual obligations and commercial commitments the Group has acquired in the year ended December 31, 2019, please see Note 31 to the Consolidated Financial Statements.

The table below sets forth the Group's capital expenditure on an accrued basis for the years ended December 31, 2019 and 2018, respectively, for each of the Group's geographical segments:

For the year ended December 31, 2019 (€m)	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Altice TV**	**Others**	**Eliminations**	**Total**
Capital expenditure (accrued)	435.6	245.1	114.5	7.5	-	-	(.5)	802.3
Capital expenditure - working capital items	(5.8)	6.3	1.4	-	-	-	-	2.0
Payments to acquire tangible and intangible assets	**429.9**	**251.4**	**115.9**	**7.5**	**-**	**-**	**(.5)**	**804.2**
As percentage of revenue	*20.4%*	*26.1%*	*20.7%*	*1.7%*	*nm*	*0.0%*	*0.0%*	*19.7%*

For the year ended December 31, 2018 (€m)	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Altice TV**	**Others**	**Eliminations**	**Total**
Capital expenditure (accrued)	423.3	234.1	115.2	1.4	3.8	34.3	(.7)	811.4
Capital expenditure - working capital items	36.3	(3.5)	(3.5)	-	4.5	2.1	-	48.0
Payments to acquire tangible and intangible assets	**459.6**	**242.8**	**111.7**	**1.4**	**8.3**	**36.4**	**(.7)**	**859.4**
As percentage of revenue	*21.8%*	*25.8%*	*18.9%*	*0.4%*	*33.1%*	*20.2%*	*0.0%*	*20.5%*

10.2. Geographical segments

Portugal: For the year ended December 31, 2019, PT Portugal's total capital expenditures were €429.9 million (representing 20.4% of revenue in Portugal), a 6.5% decrease compared to €459.6 million for the year ended December 31, 2018 (representing 21.8% of revenue in Portugal). The accrued capital expenditures increased due to higher network investments, but which was more than offset by lower mobile network related capital expenditures due to the completion of the Mobile Access Network Transformation Project - Single RAN during 2018 and a decrease in capital expenditures related working capital.

Israel: Capital expenditure in Israel increased by 3.6%, from €242.8 million (representing 25.8% of revenue in Israel) in the year ended December 31, 2018 to €251.4 million (representing 26.1% of revenue in Israel) in the year ended December 31, 2019. On a constant currency basis, capital expenditure decreased by 2.6%, which was mainly driven by a decrease in network and call centre investments and local content production, which was partially offset by higher capitalization of commissions and changes in capital expenditures related working capital.

Dominican Republic: For the year ended December 31, 2019, the total capital expenditures were €115.9 million (representing 20.7% of revenue in the Dominican Republic), a 3.8% increase compared to €111.7 million for the year ended December 31, 2018 (representing 18.9% of revenue in the Dominican Republic). On a constant currency basis, accrued capital expenditures increased by 1.4%, mainly due to higher CPE and installation spend, which was partially offset by changes in capital expenditures related working capital.

Teads: In general, Teads has limited capital expenditures due to the nature of its business.

Altice TV: For the year ended December 31, 2019, the total capital expenditures were nil, compared to €8.3 million for the year ended December 31, 2018. This decrease is explained the sale of Altice TV, which is no longer part of the Group following the sale to Altice Group Lux on May 15, 2018.

Others: For the year ended December 31, 2019, the total capital expenditures were nil, compared to €36.4 million for the year ended December 31, 2018. This decrease is mainly explained by the sale of the French Overseas Territories to Altice France on October 31, 2018.

11. Discussion and analysis of the financial condition of the Group

Condensed Consolidated Statement of Financial Position (€m)	As of December 31, 2019	As of December 31, 2018	% change
Non-current assets			
Goodwill	3,247.9	3,207.7	1.3%
Intangible assets	1,438.1	1,756.9	-18.1%
Property, plant & equipment	3,521.3	3,520.5	0.0%
Right-of-use assets	871.3	-	n/m
Contract costs	104.2	95.6	9.0%
Investment in associates and joint ventures	16.0	134.3	-88.1%
Financial assets	1,805.7	1,804.7	0.1%
Deferred tax assets	67.2	139.9	-52.0%
Other non-current assets	191.8	158.2	21.3%
Total non-current assets	**11,263.5**	**10,817.8**	**4.1%**
Current assets			
Inventories	130.9	118.2	10.7%
Contract assets	36.7	38.9	-5.8%
Trade and other receivables	1,023.6	943.6	8.5%
Current tax assets	50.9	8.1	526.9%
Financial assets	38.6	76.4	-49.5%
Cash and cash equivalents	395.5	597.3	-33.8%
Restricted cash	37.5	35.9	4.4%
Assets classified as held for sale	118.9	15.9	647.4%
Total current assets	**1,832.4**	**1,834.3**	**-0.1%**
Total assets	**13,095.9**	**12,652.1**	**3.5%**
Issued capital	309.3	309.3	0.0%
Other reserves	(255.9)	(159.4)	60.5%
Accumulated losses	(583.1)	(128.7)	352.9%
Equity attributable to owners of the Company	**(529.8)**	**21.0**	**-2620.6%**
Non-controlling interests	(12.3)	4.0	-410.2%
Total equity	**(542.1)**	**25.0**	**-2268.3%**
Non-current liabilities			
Long term borrowings, financial liabilities and related hedging instruments	8,155.8	8,478.7	-3.8%
Other financial liabilities	690.3	831.3	-17.0%
Non-current lease liabilities	840.3	-	n/m
Provisions	977.5	702.3	39.2%
Deferred tax liabilities	86.2	76.4	12.8%
Non-current contract liabilities	61.6	61.3	0.5%
Other non-current liabilities	31.9	34.3	-7.0%
Total non-current liabilities	**10,843.6**	**10,184.3**	**6.5%**
Current liabilities			
Short-term borrowings, financial liabilities	288.4	24.5	1078.8%
Other financial liabilities	676.5	671.6	0.7%
Current lease liabilities	82.8	-	n/m
Trade and other payables	1,412.7	1,210.8	16.7%
Contract liabilities	117.5	133.5	-12.0%
Current tax liabilities	115.5	130.8	-11.7%
Provisions	78.4	113.7	-31.0%
Other current liabilities	22.4	157.9	-85.8%
Liabilities directly associated with assets classified as held for sale	0.2	-	n/m
Total current liabilities	**2,794.4**	**2,442.7**	**14.4%**
Total liabilities	**13,638.0**	**12,627.0**	**8.0%**
Total equity and liabilities	**13,095.9**	**12,652.1**	**3.5%**

For the year ended December 31, 2019, the Group had a total asset position of €13,095.9 million and a net negative equity position of €542.1 million. The major contributors to the total asset position of the Group are PT Portugal and its subsidiaries.

Non-current assets

As of December 31, 2019, the Group had a non-current asset position of €11,263.5 million, a 4.1% increase as compared to €10,817.8 million as of December 31, 2018.

Goodwill: The net book value of goodwill increased from €3,207.7 million as at December 31, 2018 to €3,247.9 million as at December 31, 2019. The increase in goodwill is mainly resulting from foreign exchange impact due to exchange rate fluctuations of the Dominican Peso and the Israeli Shekel.

Intangible assets: The net book value of intangible assets amounted to €1,438.1 million as at December 31, 2019 compared to €1,756.9 million as at December 31, 2018. The decrease is mainly explained by the impact of amortization of €393.7 million, partly offset by additions of €87.0 million and other immaterial movements.

Property, plant and equipment ("PPE"): The Group includes companies that have substantial PPE relating to their telecommunications network, which are required to enable them to run their business. The net book value of such assets (classified under the property, plant and equipment caption) amounted to €3,521.3 million as of December 31, 2019 compared to €3,520.5 million at December 31, 2018. The decrease is mainly explained by the impact of depreciation of €646.1 million, which was largely offset by additions of €619.4 million and other immaterial movements.

Right-of-use assets ("ROU"): Following the adoption of IFRS 16 *Leases* as of January 1, 2019, assets arising from lease arrangements are recognised in non-current and current Right-of-use assets.

Investments in associates and joint ventures: The investments in associates decreased from €134.3 million as at December 31, 2018 to €16.0 million as at December 31, 2019. The decrease in investment in associates and joint ventures as of December 31, 2019 compared to December 31, 2018 was mainly related to a decrease in the value of associates in PT Portugal. In 2018, PT Portugal acquired a 25% stake in the capital of Belmont Infra Holding, S.A. and the carrying amount of invested equity was €107.5 million as of December 31, 2018. Belmont Infra Holding, S.A. is an entity that holds 100% of BIH - Belmont Infrastructure Holding, S.A., which in turn holds a 100% interest in OMTEL. As of December 31, 2019, this investment was classified as assets held for sale, as a result of the sale by PT Portugal of its 25% stake to Cellnex Telecom S.A. on January 2, 2020.

Non-current financial assets: Financial assets amounted to €1,805.7 million as at December 31, 2019, an increase compared to €1,804.7 million as at December 31, 2018. This increase is mainly related to the increase in the value of derivative assets and Call options with non-controlling interests, which was largely offset by a decrease in loans and receivables.

Deferred tax assets: Deferred tax assets amounted to €67.2 million as of December 31, 2019, a decrease of 52.0% compared to €139.9 million as at December 31, 2018. For information on the changes in the deferred tax assets, please see Note 23 to the Consolidated Financial Statements.

Other non-current assets: Financial assets amounted to €191.8 million as at December 31, 2019, an increase of 21.3% compared to €158.2 million as at December 31, 2018. This increase is mainly explained by higher other receivables in PT Portugal due to the transfer of the long-term portion of receivables under instalments (€20.1 million) from current to non-current assets, and the increase in pension funds with surplus (€2.6 million).

Current assets

As at December 31, 2019, the Group had a current asset position of €1,832.4 million, a 0.1% decrease compared to €1,834.3 million as at December 31, 2018.

Current financial assets: Current financial assets amounted to €38.6 million as at December 31, 2019, a decrease of 49.5% compared to €76.4 million as at December 31, 2018. This decrease is mainly related to the decrease in the value of derivative assets.

Non-current liabilities

The Group's non-current liabilities are mainly composed of bonds and indebtedness obtained from banking institutions. The non-current liability position was €10,843.65 million as of December 31, 2019 compared to €10,184.3 million as of December 31, 2018.

The Company raises debt through its subsidiaries Altice Finco and Altice Financing.

Long term borrowings: As of December 31, 2019, debentures and bank loans issued by the Company amounted to €8,236.3 million (equivalent). In addition, the other loans from lenders amounted to €1.6 million (equivalent).

Other financial liabilities including non-current lease liabilities: Other financial liabilities amount to €1,530.5 million as at December 31, 2019, compared to €831.3 million as at December 31, 2018. This increase is largely explained by the non-current lease liabilities recorded as at December 31, 2019, following the adoption of IFRS 16 *Leases* as at January 1, 2019.

Non-current provisions: Non-current provisions increased to €977.5 million as at December 31, 2019 from €702.3 million as at December 31, 2018. For information on the changes in the provisions, please refer to Note 15 to the Consolidated Financial Statements.

Deferred tax liabilities: Deferred tax liabilities increased by 12.8% to reach €86.2 million as of December 31, 2019, compared to €76.4 million as of December 31, 2018. For information on the changes in the deferred tax liabilities, please refer to Note 23 to the Consolidated Financial Statements.

Non-current contract liabilities: Non-current contract liabilities increased to €61.6 million as at December 31, 2019 from €61.3 million as at December 31, 2018.

Other non-current liabilities: Non-current liabilities decreased to €31.9 million as at December 31, 2019 from €34.3 million as at December 31, 2018.

Current liabilities

The Group had a current liability position of €2,794.4 million as at December 31, 2019, an increase of 14.4% compared to €2,442.7 million as at December 31, 2018, mainly composed of trade and other payables and other financial liabilities.

Short term borrowings: The current portion of borrowings increased from €24.5 million as of December 31, 2018 to €288.4 million as of December 31, 2019. The balance as at December 31, 2019 primarily relates to €257.5 million of short-term debentures by Altice Finco which are payable to lenders and €19.1 million of loans from lenders for Altice Financing. The balance as at December 31, 2018 primarily relates to loans payable to lenders.

Other financial liabilities including current lease liabilities: Other financial liabilities including current lease liabilities increased by €87.8 million to €1,495.6 million as of December 31, 2019 compared to €1,210.8 million in the year ended December 31, 2018. This increase is largely explained by the current lease liabilities recorded as at December 31, 2019, following the adoption of IFRS 16 *Leases* as at January 1, 2019.

Trade and other payables: Trade and other payables amounted to €1,412.7 million for the year ended December 31, 2019, an increase of 16.7% compared to €1,210.8 million for the year ended December 31, 2018. The increase in trade payable was mainly due to a reclassification of liabilities related to the gun jumping litigation case in PT Portugal from Other current liabilities to Trade and other payables and higher trade payables in Portugal and Teads

The high level of trade payables is structural (i.e., related to the structure of the industry in general) and follows industry norms, as customers generally make payments in advance, based on their billing cycle, and suppliers are paid as per the standard payment terms prevalent in each country. The Group generates sufficient operating cash to respect its current debt and has access to revolving credit facilities to assist in meeting its current debt obligations.

Other current liabilities: Other current liabilities amounted to €22.4 million for the year ended December 31, 2019, a decrease of 85.8% compared to €157.9 million for the year ended December 31, 2018. This decrease was mainly due to due to a reclassification of liabilities related to the gun jumping litigation case in PT Portugal from Other current liabilities to Trade and other payables.

12. Key Operating Measures

The Group uses several key operating measures, including fibre / cable homes passed, fibre / cable unique customers, fixed B2C unique customers, post-paid and prepaid subscribers and mobile B2C subscribers to track the financial and operating performance of the Group's business. None of these terms are measures of financial performance under IFRS, nor have these measures been audited or reviewed by an auditor, consultant or expert. These measures are derived from the Group's internal operating and financial systems. As defined by the Group's management, these terms may not be directly comparable to similar terms used by competitors or other companies.

	As and for the year ended December 31, 2019			
	Portugal	Israel	Dominican Republic	Total
Fiber / cable homes passed	**4,915**	**2,164**	**764**	**7,844**
FIXED B2C				
Fiber / cable unique customers	**952**	**1,015**	**193**	**2,160**
Net adds	149	25	1	174
Total fixed B2C unique customers	**1,594**	**1,015**	**329**	**2,938**
Net adds	13	25	11	49
MOBILE B2C				
Postpaid subscribers	**3,081**	**1,169**	**622**	**4,872**
Net adds	147	29	54	230
Prepaid subscribers	**3,330**	**181**	**2,116**	**5,627**
Total mobile B2C subscribers	**6,411**	**1,350**	**2,737**	**10,499**

	As and for the year ended December 31, 2018			
	Portugal	Israel	Dominican Republic	Total
Fiber / cable homes passed	**4,490**	**2,128**	**755**	**7,373**
FIXED B2C				
Fiber / cable unique customers	**803**	**990**	**192**	**1,985**
Net adds	184	(11)	(11)	161
Total fixed B2C unique customers	**1,581**	**990**	**318**	**2,889**
Net adds	26	(11)	(5)	10
MOBILE B2C				
Postpaid subscribers	**2,959**	**1,140**	**568**	**4,667**
Net adds	141	(11)	32	162
Prepaid subscribers	**3,558**	**159**	**2,532**	**6,248**
Total mobile B2C subscribers	**6,516**	**1,299**	**3,100**	**10,915**

Notes to the Key Operating Measures:

1. Portugal fibre homes passed figures include homes where MEO has access through wholesale fibre operators.

2. Fibre unique customers represents the number of individual end users who have subscribed for one or more of the Group's fibre / cable-based services (including pay television, broadband or telephony), without regard to how many services to which the end user subscribed. It is calculated on a unique premises basis. For Israel, it refers to the total number of unique customer relationships, including both B2C and B2B.

3. Mobile subscribers are equal to the net number of lines or SIM cards that have been activated on the Group's mobile networks and excludes M2M.

13. Other disclosures

13.1. Related party transactions

For details regarding the Group's Related party transactions, please refer to Note 28 to the Consolidated Financial Statements.

13.2. Post-Balance Sheet Date Events

13.2.1. Sale of a 25% equity stake in OMTEL

On January 2, 2020, PT Portugal sold its 25% equity interest in the tower company OMTEL to Cellnex Telecom S.A. for total cash proceeds of approximately €200 million.

OMTEL is the first independent tower company in Portugal and operated approximately 3,000 tower sites in the country as at December 31, 2019. The sale by PT Portugal of its 25% equity interest in OMTEL is part of a larger transaction pursuant to which Cellnex Telecom S.A. acquired 100% of the share capital of OMTEL. In September 2018, at the time of its sale of OMTEL to a consortium including Morgan Stanley Infrastructure Partners and Horizon Equity Partners, PT Portugal had reinvested €108.8 million for a 25% equity interest in OMTEL.

13.2.2. Redemption of Notes

The Group has undertaken the following redemptions of notes since January 1, 2020:

- On January 13, 2020, Altice Finco redeemed in full the outstanding 2013 Altice Finco Euro Senior Notes, in an aggregate principal amount of €250 million, in accordance with the 2013 Altice Finco Euro Senior Notes Indenture;

- On February 10, 2020, Altice Finco redeemed in full the outstanding 2013 Altice Finco Dollar Senior Notes, in an aggregate principal amount of $400 million, in accordance with the 2013 Altice Finco Dollar Senior Notes Indenture; and

- On February 18, 2020, Altice Financing redeemed in full the outstanding 2015 Altice Financing Senior Secured Notes, in an aggregate principal amount of €2,334.5 million equivalent, in accordance with the 2015 Altice Financing Senior Secured Notes Indenture.

13.2.3. Issuance of the 2020 Altice Financing Senior Secured Notes

On January 22, 2020, Altice Financing issued $1,200 million aggregate principal amount of 5.000% Senior Secured Notes due January 15, 2028, €1,100 million aggregate principal amount of 3.000% Senior Secured Notes due January 15, 2028 and €600 million aggregate principal amount of 2.250% Senior Secured Notes due January 15, 2025.

13.2.4. Amendment of 2014 Altice Financing Revolving Credit Facility Agreement

On February 20, 2020, all of the lenders under the 2014 Altice Financing Revolving Credit Facility Agreement agreed to amend the 2014 Altice Financing Revolving Credit Facility Agreement to extend the maturity date to February 20, 2025, reduce the margin and make certain other changes.

13.2.5. Bridge facility

On March 3, 2020, Altice Finco entered into a term loan credit agreement providing for, among other things, a euro-denominated term loan in an aggregate principal amount of €500 million (the "2020 Altice Finco Bridge Credit Facility Agreement"). The term loan bears interest at a rate per annum equal to the weighted average rate of 2-month and 3-month EURIBOR for the period between the funding date of the 2020 Altice Finco Bridge Credit Facility Agreement (March 5, 2020) and the maturity date of the 2020 Altice Finco Bridge Credit Facility Agreement (May 29, 2020), plus the applicable margin of 2.5% per annum. The proceeds from the term loan borrowed under the 2020 Altice Finco

Bridge Credit Facility Agreement were used to fund in part the redemption of the 2015 Altice Luxembourg Senior Notes.

13.2.6. Update on the 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 the 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. Impact may include:

(i) 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;
(ii) delay in infrastructural projects;
(iii) productivity of the workforce may decline due to an increase in sick leaves, quarantine procedures and work or travel restrictions; and
(iv) 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 the shops in many countries where the Group operates and a decline in the advertising businesses (Teads) 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 above and information in note 31 to the Consolidated Financial Statements, the Group considers that the assessment of the going concern assumption for the Group is not impacted.

13.3. Contractual obligations and commercial commitments

For details regarding the Group's contractual obligations and commercial commitments, please refer to Note 29 to the Consolidated Financial Statements.

13.4. Critical Accounting Policies, Judgments and Estimates

For details regarding the Group's critical accounting policies, judgments and estimates, please refer to Note 2 to the Consolidated Financial Statements.

14. **Key Statement of income items**

14.1. Revenue

Revenue consists of income generated from the delivery of fixed-based and mobile services to the Group's residential customers, fixed, mobile and wholesale service and other revenues to its business customers and media service revenues. Revenue is recognized at the fair value of the consideration received or receivable net of value added tax, returns, rebates and discounts and after eliminating intercompany sales within the Group.

Residential—Fixed services: Revenue from residential fixed-based services consists of revenue from the Group's residential customers for pay TV services, including related services such as VoD, broadband internet, fixed-line telephony and ISP services. This primarily includes (i) recurring subscription revenue for pay TV services, broadband internet and fixed-line telephony (which are recognized in revenue on a straight-line basis over the subscription period), (ii) variable usage fees from VoD and fixed-line telephony calls (which are recognized in revenue when the service is rendered), (iii) installation fees (which are recognized in revenue when the service is rendered if consideration received is lower than the direct costs to acquire the contractual relationship) and (iv) interconnection revenue received for calls that terminate on the Group's cable network.

Residential—Mobile services: Revenue from residential mobile services from the Group's residential customers primarily consists of (i) recurring subscription revenue for its post-paid mobile services (which are recognized in revenue on a straight-line basis over the subscription period), (ii) revenue from purchases of its prepaid mobile services (which are recognized in revenue when the service is rendered), (iii) variable usage fees for mobile telephony calls (which are recognized in revenue when the service is rendered), (iv) revenue from the sale of handsets (which are recognized on the date of transfer of ownership), and (v) interconnection revenue received for calls that terminate on its mobile network.

Business services: Revenue from business services primarily consists of (i) revenue from the same services as the above fixed and mobile services, but for the business sector, (ii) revenue from wholesale services derived from renting the Group's network infrastructure, including IRUs and bandwidth capacity on its network, to other telecommunications operators, including MVNOs as well as related maintenance services, and (iii) revenue from other services consisting of (a) data center activities, (b) content production and distribution, (c) advertising, (d) customer services, (e) technical services, (f) construction, and (g) other activities that are not related to the Group's core fixed or mobile businesses.

Media services: Revenue from media services consists of media, content and advertisement revenues in Teads. In 2018, Media revenues also included revenues in Altice TV prior to its disposal to Altice Group Lux in May 2018.

Intersegment eliminations: Intersegment costs, which primarily relate to services rendered by certain centralized Group functions (such content production and customer service) to the operational segments of the Group, are eliminated in consolidation.

Impact of IFRS 15 *Revenue from Contracts with Customers*

In May 2014, the International Accounting Standards Board issued IFRS 15 (Revenue from Contracts with Customers) ("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 when it becomes effective for annual periods on or after January 1, 2018. The Group is required to retrospectively apply IFRS 15 to all contracts that are not complete on the date of initial application and has the option to either (i) restate each prior period and recognize the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity at the beginning of the earliest period presented or (ii) retain prior period figures as reported under the previous standards and recognize the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity as at the date of initial application. The Group has decided to adopt IFRS 15 based on the full retrospective approach.

Mobile activities: The most significant impact is in the Group's residential and B2B mobile activities as some arrangements include multiple elements that are bundled, such as a discounted handset sale coupled with a communication service component. In applying IFRS 15, the Group has identified such bundled items as separate performance obligations. Total revenue is allocated to both elements based on their standalone selling price, leading to more revenue being allocated to the handset up-front, even though total revenue would not change in most cases over the life of the contract. Other IFRS 15 impacts include (i) the capitalization of commissions which are broader than the current capitalization model, along with depreciation patterns which require estimates relating to contract duration in some instances and (ii) the impact of early termination and early renewals as well as contract modifications. Further, B2B transactions are affected by variable considerations such as bonuses and, in some instances, the identification of options for additional handsets at discounted prices.

Fixed activities: In most cases, fixed services and equipment are not considered as distinct performance obligations. Additional services are examined separately. Connection fees, related costs and the capitalization of commissions are also affected, including the determination of the depreciation period for capitalized assets based on the length of contractual periods and any additional periods related to anticipated contracts that the Group can specifically identify.

Wholesale activities: No major impact has been identified except for the effect of any constraints on variable consideration.

Other activities: No major impact has been identified so far on the Group's other revenue streams, such as content and media.

14.2. Purchasing and subcontracting costs

Purchasing and subcontracting costs consist of direct costs associated with the delivery of fixed-based services to the Group's residential and business customers, mobile services to its residential and business customers, wholesale and other services. Purchasing and subcontracting costs consist of the following subcategories:

Fixed-based services: Purchasing and subcontracting costs associated with fixed-based services consist of all direct costs related to the (i) procurement of non-exclusive television content, royalties and licenses to broadcast, (ii) transmission of data services and (iii) interconnection costs related to fixed-line telephony. In addition, it includes costs incurred in providing VoD or other interactive services to customers and accounting variations arising from changes in inventories of customer premises equipment (such as modems, set-top boxes and decoders).

Mobile services: Purchasing and subcontracting costs associated with mobile services consist primarily of mobile interconnection fees, including roaming charges and accounting variations arising from the changes in inventories of mobile handsets.

Wholesale: Purchasing and subcontracting costs associated with wholesale primarily consist of costs associated with delivering wholesale services to other operators.

Others: Other purchasing and subcontracting costs consist of the (i) cost of renting space for data centres (subject to certain exceptions), (ii) utility costs related to the operation of data centres (such as power and water supply costs), (iii) in relation to the content activity of the Group, technical costs associated with the delivery of content, such as satellite rental costs, (iv) since the acquisition of ATS, in the Group's technical services business, the cost of raw materials used in the technical activities related to the construction and maintenance of the network, cables for customer connections, etc., and sub-contractor fees associated with the performance of basic field work and the supervision of such sub-contractors, and (v) since the acquisition of ACS, direct costs related to the Group's call centre operations, such as service expenses, telecom consumption subscriptions and energy costs, in its customer services functions.

Intersegment eliminations: Intersegment costs, which primarily relate to services rendered by certain centralized Group functions (such content production and customer service) to the operational segments of the Group, are eliminated in consolidation.

14.3. Other operating expenses

Other operating expenses mainly consist of the following subcategories:

Customer service costs: Customer service costs include all costs related to billing systems, bank commissions, external costs associated with operating call centres, allowances for bad customer debts and recovery costs associated therewith.

Technical and maintenance: Technical and maintenance costs include all costs related to infrastructure rental, equipment, equipment repair, costs of external subcontractors, maintenance of backbone equipment and data centre equipment, maintenance and upkeep of the fixed-based and mobile networks, costs of utilities to run network equipment and those costs related to customer installations that are not capitalized (such as service visits, disconnection and reconnection costs).

Business taxes: Business taxes include all costs related to payroll and professional taxes or fees.

General and administrative expenses: General and administrative expenses consist of office rent and maintenance, professional and legal advice, recruitment and placement, welfare and other administrative expenses.

Other sales and marketing expenses: Other sales and marketing expenses consist of advertising and sales promotion expenses, office rent and maintenance, commissions for marketers, external sales and storage and other expenses related to sales and marketing efforts.

14.4. Staff costs and employee benefits

Staff costs and employee benefits are comprised of all costs related to wages and salaries, bonuses, social security, pension contributions and other outlays paid to Group employees.

14.5. Depreciation, amortization and impairment

Depreciation and amortization include depreciation of tangible assets related to production, sales and administrative functions and the amortization of intangible assets. Impairment losses include the write-off of any goodwill or tangible and intangible assets that have been recognized on the acquisition of assets based upon a re-evaluation of the cash generating capacity of such assets compared to the initial valuation thereof.

14.6. Other expenses and income

Other expenses and income include any one-off or non-recurring income or expenses incurred during the on-going financial year. This includes deal fees paid to external consultants for merger and acquisition activities, restructuring and other non-recurring costs related to those acquisitions or the business in general, any non-cash operating gains or losses realized on the disposal of tangible and intangible assets and management fees paid to related parties.

14.7. Interest relative to gross financial debt

Interest relative to gross financial debt includes interest expenses recognized on third party debt (excluding other long-term liabilities, short term liabilities and other finance leases) incurred by the Group.

14.8. Other financial expenses

Other financial expenses include other financial expenses not related to the third-party debt (excluding other long-term liabilities and short-term liabilities, other than finance leases) incurred by the Group. Such expenses mainly include interest costs of finance leases, variations in the fair value of non-hedged derivative instruments and the inefficient portion of hedged derivative instruments.

14.9. Financial income

Financial income consists of changes in the net fair value of the financial derivatives, gains from the disposal of financial assets, net exchange rate differences, and other financial income.

14.10. Net result on disposal of businesses

Net result on disposal of businesses includes the gain/loss recognized on the disposal of the Group's subsidiaries.

14.11. Share of earnings of associates

Share of earnings of associates consists of the net result arising from activities that are accounted for using the equity method in the consolidation perimeter of the Group.

14.12. Income tax expenses

Income tax expenses are comprised of current tax and deferred tax. Taxes on income are recognized in the statement of income except when the underlying transaction is recognized in other comprehensive income, at which point the associated tax effect is also recognized under other comprehensive income or in equity.

14.13. Adjusted EBITDA

For periods prior to the application of IFRS 16, Adjusted EBITDA is defined as operating profit before depreciation and amortization, non-recurring items (capital gains, non-recurring litigation, restructuring costs) and share-based expenses. Following the application of IFRS 16, Adjusted EBITDA is defined as operating income before depreciation and amortization, non-recurring items (capital gains, non-recurring litigation, restructuring costs) and share-based expenses and after operating lease expenses (i.e., straight-line recognition of the rent expense over the lease term as performed under IAS 17 Leases for operating leases).

Adjusted EBITDA is unaudited and is not required by or presented in accordance with IFRS or any other generally accepted accounting standards. The Group believes that this measure is useful to readers of the Consolidated Financial Statements as it provides them with a measure of the operating results which excludes certain items the Group considers outside of its recurring operating activities or that are non-cash, making trends more easily observable and providing information regarding its operating results and cash flow generation that allows investors to better identify trends in the Group’s financial performance. Adjusted EBITDA should not be considered as a substitute measure for net income or loss, operating profit, cash flow or other combined income or cash flow data prepared in accordance with IFRS and may not be comparable to similarly titled measures used by other companies.

14.14. Capital expenditures

The Group classifies its capital expenditures in the following categories.

Fixed-based services (including wholesale): Includes capital expenditures related to (i) connection of customer premises and investment in hardware, such as set-top boxes, routers and other equipment, which is directly linked to RGU growth (“CPEs and installation related”); (ii) investment in improving or expanding the Group’s cable network, investments in the television and fixed-line platforms and investments in DOCSIS network capacity (“cable network and construction related”) and (iii) other capital expenditures related to the Group’s cable/fibre based business. This also includes capital expenditures relating to datacentres, backbone network, connection fees of client’s premises, rental equipment to customers and other B2B operations as well as content related capital expenditures relating to the Group’s subsidiaries that produce and distribute content. Capital expenditures relating to network and equipment that is common to the delivery of fixed-based or mobile services as well as in Others are reflected in cable capital expenditures or mobile capital expenditures as the case may be.

Mobile services: Includes capital expenditures related to improving or expanding the Group’s mobile networks and platforms and other investments relating to its mobile business.

Others: Includes capital expenditures relating to the Group’s content rights and other non-core fixed-based or mobile activities, such as capital expenditures relation to its datacentres and backbone network.

15. Defined terms

Guarantee Facility Agreements: The 2017 Guarantee Facility Agreement and the 2018 Guarantee Facility Agreements

2014 Altice Financing Revolving Credit Facility Agreement; The revolving credit facility agreement originally dated December 9, 2014, as amended, restated, supplemented or otherwise modified from time to time, among, inter alios, Altice Financing as borrower, the lenders from time to time party thereto, Citibank International Limited as facility agent and Citibank, N.A., London Branch as security agent.

2015 Altice Financing Revolving Credit Facility Agreement: The revolving credit facility agreement originally dated January 30, 2015, as amended, restated, supplemented or otherwise modified from time to time among, inter alios, Altice Financing as borrower, the lenders from time to time party thereto, Citibank International Limited as facility agent and Citibank, N.A., London Branch as security agent.