MANAGEMENT’S DISCUSSION AND ANALYSIS

ALTICE EUROPE N.V.

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

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1 OVERVIEW

1.1 Overview of the Group's business

The Group is a multinational group operating across two sectors: (i) telecom (broadband and mobile communications) and (ii) content and media. The Group operates in France, 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 Europe N.V. (the "Company"), which succeeded Altice S.A. pursuant to a cross-border merger completed on August 9, 2015 (the "Merger").

The Group had expanded internationally in previous years through several acquisitions of telecommunications businesses, including: SFR and MEO in Western Europe; HOT in Israel; and Orange Dominicana 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 its businesses 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.

The Group continues to monetize its content investments and drive convergence between telecom and media. RMC Sport successfully entered its second Champions League season (2019-2020), with a greater audience in 2020 compared to 2019. The COVID-19 pandemic has however interrupted the European football in March 2020, resulting in the suspension of the Champions League for the end of the first quarter and duration of the second quarter of 2020. The revised schedule to conclude this season's Champions League competition will resume in August, as a straight knockout tournament played behind closed doors. The Group will continue to assess the impact of this development.

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 June 30, 2020, the Group's high-speed broadband services passed 25.7 million fibre/cable homes, with 5.3 million fibre unique customers. The Group offers xDSL/DSL/DTH services, with 9.4 million residential fixed unique customers as of June 30, 2020. 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 June 30, 2020, the Group had 25.9 million residential mobile subscribers (of which 19.5 million were postpaid 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., through its 'HOT 3' channel in Israel) to its customers, including premium football rights in France ('RMC Sport' channels in France). 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 (e.g., through its new set-top box SFR Box 8 offering in France) 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 France and Portugal, the Group offers quad-play bundles including both fixed and mobile services.

The Group is focused on strategically developing content to complement its fixed and mobile services with high-quality content offerings on its own networks and to external partners. The Group owns the exclusive broadcast rights for the UEFA Champions League and Europa League for the three seasons from 2018/2019 to 2020/2021. In 2019 and 2020, the Group broadcasted in France the UEFA Champions League and Europa League for the second year. The Group continues to broadcast and distribute various sports events in selected countries, including, in addition to the UEFA Champions League and the Europa League, the English Premier League, the Portuguese Liga, the French National Basketball, the English rugby and boxing, extreme sports and combat sports events.

Teads 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: ‘SFR’ and ‘RED’ in France; ‘HOT’ in Israel; ‘MEO’ and ‘MOCHE’ in Portugal; ‘Altice’ in the Dominican Republic, and, in each case, several associated trademarks.

1.3 Activities

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

1.3.1 Residential services

1.3.1.1. *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 its key countries (France and 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 France and 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 June 30, 2020, the Group provides broadband Internet to 9.4 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. In July 2019, Altice France unveiled its new set-top box SFR Box 8, one of the only set-top boxes in the French market equipped with the latest generation Wi-Fi (Wi-Fi 6) along with cinema-like sound and image standard (boasting 4K HDR with Dolby Vision® and Dolby Atmos®). The box incorporates all the new features users expect such as the voice assistant and an innovative multi-screen interface bringing an unprecedented experience into the home.

1.3.1.2. *Mobile residential services*

The Group owns and operates mobile infrastructure in most of its geographies, including France, Portugal, Israel and the Dominican Republic. The Group primarily services the postpaid subscriptions market, which represented approximately 75.3% of the Group's mobile subscriber base as of June 30, 2020, and, to a lesser 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. Because of the COVID-19 pandemic the 5G auction in France was postponed but will start between September 20 and September 30, 2020. In Israel, the 5G auction is now scheduled for August 2020, while in Portugal, ANACOM announced that it expects to start the 5G auction in October 2020 and the allocation of rights is scheduled for early 2021.

As of June 30, 2020, the Group offered mobile services to 25.9 million residential customers on a blended basis, across the geographies where it is active. 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.

1.3.2 Business services

1.3.2.1. *Fixed business services*

The Group offers focused fixed business services to large, medium, small and very small business customers in France, 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.

1.3.2.2. *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.

1.3.2.3. *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.

1.3.2.4. *Construction services*

Altice France sells technical services to SFR FTTH for the construction and maintenance of its FTTH network. As a result, Altice France started to benefit in the first quarter of 2019 from new streams of revenue for the construction and maintenance of the FTTH network for SFR FTTH.

1.3.2.5. *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.

1.3.2.6. *Other services*

The Group offers several 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 revenue from selling advertising time to national, regional and local customers.

1.3.3 Media

1.3.3.1. *Pay-TV*

The Group is focused on strategically developing content to complement its fixed and mobile services with exclusive or high-quality content offerings. The Group produces and broadcasts a diverse range of content including live broadcasts of sports events and other sports- and lifestyle-related programs as well as the sports programming for which the Group has acquired broadcasting rights, including the UEFA Champions League, the Europa League, the English Premier League, the Portuguese Liga, the French National Basketball, the English rugby and boxing, extreme sports and combat sports events. Leveraging the rights acquired to these national and international sports events, the Group consolidated its strategic positioning in France with the launch of a bundle of five channels entirely dedicated to sports.

In 2020, the Group continued to broadcast premium sport content, including successfully entering its second Champions League season (2019-2020), as the holder of exclusive rights for the UEFA Champions League and Europa League in France for seasons 2018 / 2019 through 2020 / 2021. Altice France continued to broadcast the Champions League matches for SFR customers through telecom bundles as well for those that subscribed to the RMC Sport OTT offer. In 2020, Canal+ pay-TV satellite clients were able to continue watching RMC Sport content as a result of the wholesale deal between Altice TV and Canal+. In March 2020, the COVID-19 pandemic has resulted in the suspension of European football for the end of the first quarter and duration of the second quarter of 2020. The revised schedule to conclude this season's Champions League competition will resume in August, as a straight knockout tournament played behind closed doors. The Group will continue to assess the impact of this development.

1.3.3.2. *Terrestrial TV channels*

Across its geographies, the Group offers digital television services which include basic and premium programming, and, in most markets, incremental product and service offerings such as VoD, and, in some cases, exclusive content. The Group's pay-TV offerings include content and channels purchased from a variety of local and foreign producers and the Group continues to focus on broadcasting high-quality content over all of its networks as well as producing its own original content.

Altice France has consolidated its position as the third largest private broadcasting group in France. The Group broadened its media presence with the acquisition of NextRadioTV in 2016 (which owns flagship TV channels like BFMTV, the leader of news TV channels in France, RMC, the first sport-talk-news radio in France and RMC Découverte and RMC Story, two TV channels specialized in documentaries). In addition, the Group acquired a local TV channel in January 2019 (Télé Lyon Métropole), two years after the launch of BFM Paris, in order to pursue its ambitious policy of deploying regional news channels. Télé Lyon Métropole was renamed BFM Lyon and started broadcasting its programmes on September 3, 2019. The Group also bought a minority stake in the Lille and Haut de France regional news channel and launched BFM Grand Lille and BFM Grand Littoral on February 3, 2020. The Group intends to pursue its strategy in other cities and regions in France for the remainder of 2020.

1.3.3.3. *Press*

On May 14, 2020, Altice France announced that it would transfer Libération, the daily newspaper, to Presse Indépendante SAS, a management and holding company mainly owned by a non-profit organization (Fonds de Dotation pour une Presse Indépendante "FDPI"). As part of the project, Altice France will make an initial donation to FDPI, which FDPI can then use to invest into Presse Indépendante. The closing of the sale is expected in the third quarter of 2020. Please refer to note 3.4. to the condensed interim consolidated financial statements for further details.

1.3.3.4. *Targeted advertising (Teads)*

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' made-for-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. Teads significant pace of growth at the start of 2020 was interrupted at the end of the first quarter of 2020 due to the COVID-19 pandemic, which continued to impact the second quarter of 2020, as a result of the global downturn in advertising. The Group will continue to carefully assess this development.

1.4 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 telesales and its websites.

1.5 Customers

1.5.1 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 co-operation with third party collection agencies, and pursuit of legal remedies in certain cases.

1.5.2 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 and 2019 achievements, further improved customer service resulted in the reduction of churn during 2019 within the Group's key geographies, which continued in 2020. 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 and 2019.

1.6 Competition

In each of the geographies and industries in which the Group operates, the Group faces significant competition and competitive pressures. Certain markets, such as France, are 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 telecommunication 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:

France: In the broadband market, the Group competes with fibre and xDSL service providers such as Orange (the former incumbent and leading DSL provider in France), Free and Bouygues Telecom. The acceleration of the Group's fibre deployment in France, notably expanding FTTH coverage in low-density and rural areas, will support better fibre subscriber trends as the addressable market for very high-speed broadband services expands.

In the mobile market, the Group competes with well-established mobile network operators such as Orange, Bouygues Telecom and Free, as well as other MVNOs such as La Poste Mobile or Euro-Information Telecom (NRJ Mobile, Crédit Mutuel, etc.).

In the French pay-TV segment, the Group competes with providers of premium television packages such as CanalSat, BeIN, DSL triple-play and/or quad-play operators such as Orange, Free and Bouygues Telecom, which provide Internet Protocol TV ("IPTV"), and providers of pay digital terrestrial television ("DTT").

In the wholesale market, the Group competes with established players (the incumbent Orange mainly), and with local operators such as Altitude Telecom.

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.

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 the first half of 2020 there was a very high level of promotions in the market. This included significant competition within the TV "skinny bundle" segment 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. This resulted in a strong market position with high customer loyalty in the first quarter of 2020, which has continued in the second quarter of 2020.

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 35% 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 and driving growth through reinvestment in its proprietary infrastructure. 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, following the implementation of the separation of Altice USA, Inc. from the Company, through multiple factors. The operational and financial turnaround in France and 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 closed the disposal of a 49.99% equity stake in SFR FTTH. On December 12, 2019, PT Portugal entered into an agreement with Morgan Stanley Infrastructure Partners regarding the sale of a 49.99% interest in the Portuguese fibre business to be carved-out into a dedicated wholesale vehicle. On April 17, 2020, the transaction was closed and the Group received €1,573.1 million of proceeds from this transaction.

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.

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

- the operational and financial turnaround in France and 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 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 condensed interim consolidated financial statements of the Company as of and for the three and six-month periods ended June 30, 2020.

Please refer to the key statement of income items in section 13 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 condensed interim consolidated financial statements for the three and six-month periods ended June 30, 2020, including the accompanying notes.

The below table sets forth the Group's consolidated statement of income for the six-month periods ended June 30, 2020 and June 30, 2019.

Consolidated Statement of Income **(€m)**	**For the six-month period ended June 30, 2020**	**For the six-month period ended June 30, 2019**	**% Change**
Revenues	**7,165.5**	**7,104.3**	**0.9%**
Purchasing and subcontracting costs	(1,883.7)	(1,878.0)	0.3%
Other operating expenses	(1,337.9)	(1,320.5)	1.3%
Staff costs and employee benefits	(712.5)	(754.8)	-5.6%
Depreciation, amortization and impairment	(2,463.8)	(2,627.5)	-6.2%
Other expenses and income	(33.2)	1,769.2	-101.9%
Operating profit	**734.4**	**2,292.7**	**-68.0%**
Interest relative to gross financial debt	(873.7)	(1,043.9)	-16.3%
Realized and unrealized gains on derivative instruments	339.9	432.1	-21.3%
Other financial expenses	(327.3)	(568.8)	-42.5%
Finance income	4.2	14.4	-70.8%
Net result on extinguishment of a financial liability	(200.3)	(127.8)	56.7%
Finance costs, net	**(1,057.2)**	**(1,294.0)**	**-18.3%**
Share of losses of associates	(129.0)	(69.0)	87.0%
Profit (Loss) before income tax	**(451.8)**	**929.7**	**-148.6%**
Income tax (loss) benefit	(131.6)	58.7	-324.2%
Profit (Loss) for the year	**(583.4)**	**988.4**	**-159.0%**
Attributable to equity holders of the parent	(626.4)	*961.6*	-165.1%
Attributable to non-controlling interests	*43.0*	*26.9*	59.9%

The Group has 7 reportable segments for which the results of operations of the business will be discussed:

France: The Group controls Altice France S.A. ("Altice France"), the second largest telecom operator in France, which provides residential, business, mobile and high-speed internet services using SFR and the associated brands. Additionally, the media division of Altice France includes NextRadioTV and SFR Presse companies, which cover audio-visual and press activities in France, respectively. This segment also comprises of the French Overseas Territories ("FOT"), ATS France and Altice Customer Services S.à r.l. ("ACS").

Portugal: The Group owns Portugal Telecom ("PT Portugal"), the largest telecom operator in Portugal. PT Portugal caters to fixed residential, mobile residential and business services clients using the MEO brand. 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. 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. 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.

Others: Corporate entities are reported under "Others".

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.

4.2 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 months in the countries in which the Group operates, the Group activated a response program in order to minimize the impact of the COVID-19 pandemic (please refer to note 35.9 of the annual consolidated financial statements for further detail).

The COVID-19 pandemic had a limited impact on the condensed interim consolidated financial statements of the Group as of June 30, 2020 and for the three and six-month periods then ended. Indeed, the Group has been impacted by a decline in handsets sales (low margin activity) in the context of the closure of the shops in many countries where the Group operates, a decrease in roaming revenue, some delays in the construction of FTTH homes passed in France and a decline in the advertising businesses (Teads and NextRadioTV). The impact has remained limited since the beginning of the crisis demonstrating the resilience of the Group's telecom business in the countries where the Group operates. Although the situation continues to evolve, the Company expects that the COVID-19 pandemic will have limited effects on the Group's operations and financial performance for future periods.

As part of economic measures meant to mitigate the impact of the COVID-19 pandemic on industry, the French State announced a series of measures, some of which the Group had recourse to during the mandatory stay at home period, especially partial unemployment. The Group decided to apply for partial unemployment for c. 4,200 employees whose jobs were directly impacted by the mandatory quarantine imposed by the French State. Thus, the State paid the concerned employees the equivalent of 84% of their fixed and variable pay per month and the Group paid the remaining 16%. There were no restrictions associated with using this measure. In other countries where the Group operates, the Group did not benefit from specific programs that required the compliance with particular conditions.

The Group has taken this situation into account in its estimates, notably those related to the non-current and current assets valuation (including goodwill). The valuation of the non-current and current assets has not been adjusted as of June 30, 2020 as a result of the COVID-19 outbreak.

Based on the above and information in note 17 to the condensed interim consolidated financial statements, the Group determined that the going concern assumption is still appropriate.

4.3 Significant events affecting historical results

A summary of the significant events that had a material impact on the condensed interim consolidated financial statements as of June 30, 2020 and June 30, 2019 is given below:

4.3.1 Transactions completed in the six-month period ended June 30, 2020

4.3.1.1. *Sale of a 25% equity stake in OMTEL*

On January 2, 2020, the Company announced the sale of the 25% equity interest held by PT Portugal in Belmont Infra Holding S.A. ("Belmont"), that owns 100% in a tower company OMTEL, to Cellnex Telecom S.A.. Total cash proceeds amounted to €201.0 million. The total capital gain recorded for the six-month period ended June 30, 2020 amounted to €97.7 million.

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.

4.3.1.2. *Closing of the partnership with Morgan Stanley Infrastructure Partners and the sale of 49.99% interest in Fastfiber (formerly known as Altice Portugal FTTH)*

On December 12, 2019, PT Portugal entered into an agreement with Morgan Stanley Infrastructure Partners regarding the sale of a 49.99% interest in the Portuguese fibre business to be carved-out into a dedicated wholesale vehicle, Fastfiber (formerly known as Altice Portugal FTTH), comprising of the fibre passive infrastructure assets and rights, related contracts and underlying agreements, thereby creating a nationwide fibre wholesaler in Portugal. On April 17, 2020, the transaction was closed and the Group received €1,573.1 million of proceeds from this transaction.

Fastfiber will sell wholesale services to all operators at the same financial terms. MEO will sell technical services to Fastfiber for the construction, the subscriber connection and the maintenance of its fibre network.

4.3.1.3. *Monetization of the Altice USA stake*

On June 22, 2020, the Company completed the sale of a large part of its remaining indirect stake in Altice USA, commensurate with its previously stated strategy. The Group sold 24.2 million Altice USA shares of Class A common stock over the period from June 4, 2020 until June 22, 2020, for a total consideration of approximately $583.0 million (€528.8 million). The Company retained approximately 0.3 million Altice USA shares of Class A common stock.

4.3.1.4. *Financing activities*

During the six-month period ended June 30, 2020, the following financing transactions have been closed.

4.3.1.5. *Redemption and repurchase 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;
- On February 18, 2020, Altice Financing redeemed in full the outstanding 2015 Altice Financing Senior Secured Notes, in an aggregate principal amount of €2,400.0 million equivalent, in accordance with the 2015 Altice Financing Senior Secured Notes Indenture;
- On February 24, 2020 and March 9, 2020, Altice Luxembourg redeemed in full the outstanding 2015 Altice Luxembourg Senior Notes, in two parts, in an aggregate principal amount of €2,108.0 million equivalent, in accordance with the 2015 Altice Luxembourg Senior Notes Indenture;
- On March 6, 2020, Altice Luxembourg redeemed in full the outstanding 2019 Altice Luxembourg Euro Senior Notes, in an aggregate principal amount of €82.6 million, in accordance with the 2019 Altice Luxembourg Senior Notes Indenture; and
- On March 6, 2020, Altice Luxembourg redeemed in full the outstanding 2019 Altice Luxembourg Dollar Senior Notes, in an aggregate principal amount of $38.0 million, in accordance with the 2019 Altice Luxembourg Senior Notes Indenture.

In addition, over the period from June 4, 2020 until June 30, 2020, Altice Financing repurchased and cancelled $156.7 million of its 7.5% 2026 notes.

4.3.1.6. *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 (together, the "2020 Altice Financing Senior Secured Notes").

4.3.1.7. *Exchange offer completed by Ypso Finance Bis*

As part of this transaction, on January 24, 2020, the Company announced that it would significantly simplify the Group's capital structure through the removal of Altice Luxembourg HoldCo, a long-standing objective for the Group. Following an exchange offer and the Automatic Exchange (please also refer to paragraph 4.3.1.13), this resulted in a Group's capital structure with direct access to cashflows from two distinct, diversified funding pools.

On January 24, 2020, Ypso Finance Bis, a subsidiary of the Group, commenced an exchange offer to noteholders of Altice Luxembourg's (i) 2019 Altice Luxembourg Dollar Senior Notes and (ii) 2019 Altice Luxembourg Euro Senior Notes, to exchange the 2019 Altice Luxembourg Dollar Senior Notes for an equal aggregate principal amount of corresponding dollar denominated 10.500% senior notes due 2027 issued by Ypso Finance Bis (the "Ypso Finance Bis Exchange Dollar Notes") and the 2019 Altice Luxembourg Euro Senior Notes for an equal aggregate principal amount of corresponding euro denominated 8.000% senior notes due 2027 issued by Ypso Finance Bis (the "Ypso Finance Bis Exchange Euro Notes").

At the expiration of the exchange offer, a total of $1,562 million (accounting for 97.63% of the outstanding aggregate principal) of the 2019 Altice Luxembourg Dollar Senior Notes and €1,317 million (accounting for 94.10% of the outstanding aggregate principal) of the 2019 Altice Luxembourg Euro Senior Notes were tendered and accepted. On February 27, 2020, $1,562 million of Ypso Finance Bis Exchange Dollar Notes and €1,317 million of Ypso Finance Bis Exchange Euro Notes were issued by Ypso Finance Bis.

On March 6, 2020, Altice Luxembourg redeemed the remaining €82.6 million aggregate principal amount of the 2019 Altice Luxembourg Euro Senior Notes and the remaining $38.0 million aggregate principal amount of the 2019 Altice Luxembourg Dollar Senior Notes, in each case not tendered in and exchanged in connection with the exchange offer.

4.3.1.8. *Issuance of the 2020 Altice France Senior Secured Notes*

On February 6, 2020, Altice France issued €500 million aggregate principal amount of its euro denominated 2.125% Senior Secured Notes due February 15, 2025.

4.3.1.9. *Issuance of the 2020 Ypso Finance Bis Senior Notes*

On February 6, 2020, Ypso Finance Bis issued $1,225 million aggregate principal amount of its dollar denominated 6.000% Senior Notes due February 15, 2028 (the "2020 Ypso Finance Bis Dollar Senior Notes") and €500 million aggregate principal amount of its euro denominated 4.000% Senior Notes due February 15, 2028 (the "2020 Ypso Finance Bis Euro Senior Notes" and, together with the 2020 Ypso Finance Bis Dollar Senior Notes, the "2020 Ypso Finance Bis Senior Notes").

4.3.1.10. *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.

4.3.1.11. *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"). 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 (March 5, 2020) and the maturity date of the 2020 Altice Finco Bridge Credit Facility (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 were used to fund in part the redemption of the 2015 Altice Luxembourg Senior Notes. On April 17, 2020, Altice Finco fully repaid the 2020 Altice Finco Bridge Credit Facility.

4.3.1.12.*New revolving credit facility at Altice France Holding*

On March 26, 2020, all of the lenders under the 2014 Altice Luxembourg Revolving Credit Facility Agreement agreed to amend and restate the 2014 Altice Luxembourg Revolving Credit Facility Agreement to replace Altice Luxembourg as borrower thereunder with Altice France Holding, and make certain other related changes.

4.3.1.13.*Automatic Exchange*

On March 26, 2020, upon satisfaction of certain conditions, comprising full discharge, cancellation and/or redemption of the 2019 Altice Luxembourg Senior Notes and the 2015 Altice Luxembourg Senior Notes, (i) the Ypso Finance Bis Exchange Dollar Notes were automatically exchanged for an equal aggregate principal amount of dollar-denominated 10.500% senior notes due 2027 issued by Altice France Holding, (ii) the Ypso Finance Exchange Euro Notes were automatically exchanged for an equal aggregate principal amount of euro-denominated 8.000% senior notes due 2027 issued by Altice France Holding, (iii) the 2020 Ypso Finance Bis Dollar Senior Notes were automatically exchanged for an equal aggregate principal amount of dollar-denominated 6.000% senior notes due 2028 issued by Altice France Holding and (iv) the 2020 Ypso Finance Bis Euro Senior Notes were automatically exchanged for an equal aggregate principal amount of euro-denominated 4.000% senior notes due 2028 issued by Altice France Holding (the actions described in sub-clauses (i)-(iv) collectively, the “Automatic Exchange”).

After the Automatic Exchange, the Altice Luxembourg group does not hold any third party debentures or loans from lenders and therefore does not have any reporting requirements towards lenders anymore.

4.3.1.14.*Partial repayment and extension of the maturity of the Altice Corporate Financing facility*

On May 19, 2020, the Company announced the extension of the maturity and a partial repayment of the Altice Corporate Financing (“ACF”) facility. The Company repaid €668 million of the ACF facility with cash available on balance sheet. After this repayment, the ACF facility has been reduced from €1,728 million to €1,060 million. The coupon has been reduced from 6.85% to 6.625%. The maturity of the remaining facility has been extended from June 30, 2021 to June 30, 2023.

4.3.2 Transactions completed in the six-month period ended June 30, 2019

4.3.2.1. *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 in PHI's assets, liabilities, revenue and expenses) instead of equity method.

4.3.2.2. *Closing of the sale of 49.99% in SFR FTTH*

On November 30, 2018, Altice France entered into an exclusivity agreement with Allianz Capital Partners, AXA Investment Managers - Real Assets, acting on behalf of its clients and OMERS Infrastructure (together the “Partners”) regarding the sale of a 49.99% equity stake in SFR FTTH.

The transaction closed on March 27, 2019. The consideration received was €1.7 billion, based on a €3.4 billion equity value. The total capital gain recorded for the six-month period ended June 30, 2019 was €2,085.6 million. This partnership created the leading FTTH infrastructure wholesaler in France and brought an additional €1.7 billion of cash to Altice France. Following the closing of the transaction, Altice France lost exclusive control over SFR FTTH as Altice France and the Partners have joint control over the new entity based on the provisions of IFRS 11 *Joint Arrangements*. Furthermore, as SFR FTTH is a joint venture (joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement), SFR FTTH is accounted for under the equity method based on the provisions of IAS 28 *Investments in Associates and Joint Ventures.*

5 REVENUE

5.1 Group

For the six-month period ended June 30, 2020, the Group generated total revenue of €7,165.5 million, a 0.9% increase compared to €7,104.3 million for the six-month period ended June 30, 2019.

This increase in revenue was recorded in residential fixed, residential mobile and business services, but partially offset by decreases in residential equipment and in media. This increase in revenue was also impacted by a favourable development of the foreign currency rate for the Israeli Shekel, which average exchange rate increased by 5.5%. However, this favourable foreign currency impact was partially mitigated by the adverse development of the average exchange rate of the Dominican Peso, which decreased by 10.3%.

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 six-month periods ended June 30, 2020 and June 30, 2019, respectively:

For the six-month period ended June 30, 2020 (€m)	France	Portugal	Israel	Dominican Republic	Teads	Altice TV	Others	Total
Fixed	1,274.4	304.4	291.9	48.5	-	-	-	**1,919.2**
Mobile	1,766.5	230.8	108.2	141.5	-	-	-	**2,246.9**
Residential service	3,040.9	535.1	400.1	190.0	-	-	-	**4,166.1**
Residential equipment	266.0	44.7	29.7	17.2	-	-	-	**357.6**
Total Residential	3,306.8	579.7	429.8	207.3	-	-	-	**4,523.6**
Business services	1,779.3	442.1	62.3	43.3	-	-	0.4	**2,327.2**
Media	157.7	-	-	-	172.2	120.7	-	**450.7**
Total standalone revenues	**5,243.8**	**1,021.8**	**492.1**	**250.5**	**172.2**	**120.7**	**0.4**	**7,301.5**
Intersegment elimination	(23.1)	(33.8)	(0.1)	-	(0.9)	(78.0)	-	**(136.0)**
Total consolidated	**5,220.8**	**988.0**	**491.9**	**250.4**	**171.3**	**42.7**	**0.4**	**7,165.5**

For the six-month period ended June 30, 2019 (€m)	France	Portugal	Israel	Dominican Republic	Teads	Altice TV	Others	Total
Fixed	1,245.4	307.6	274.6	51.3	-	-	-	**1,879.0**
Mobile	1,748.2	231.5	94.4	152.9	-	-	-	**2,227.0**
Residential service	2,993.5	539.2	369.0	204.2	-	-	-	**4,105.9**
Residential equipment	314.3	42.0	35.5	22.3	-	-	-	**414.0**
Total Residential	3,307.8	581.2	404.5	226.4	-	-	-	**4,519.9**
Business services	1,624.1	449.4	62.1	53.0	-	-	0.4	**2,188.9**
Media	232.9	-	-	-	193.4	116.3	-	**542.5**
Total standalone revenues	**5,164.7**	**1,030.5**	**466.6**	**279.4**	**193.4**	**116.3**	**0.4**	**7,251.3**
Intersegment elimination	(40.7)	(27.7)	(0.1)	(0.3)	(1.4)	(76.7)	-	**(147.0)**
Total consolidated	**5,124.1**	**1,002.8**	**466.5**	**279.1**	**191.9**	**39.6**	**0.4**	**7,104.3**

Revenue for the Group's fixed residential service business increased to €1,919.2 million for the six-month period ended June 30, 2020, a 2.1% increase compared to €1,879.0 million for the six-month period ended June 30, 2019. This increase was driven primarily by France, reflecting the sustained contribution of positive net adds and improved ARPU trends. In Israel, the residential service revenue displayed a steady growth, reflecting the sustained contribution of positive net adds.

The Group's mobile residential service revenue increased to €2,246.9 million for the six-month period ended June 30, 2020, a 0.9% increase compared to €2,227.0 million for the six-month period ended June 30, 2019. This increase was driven primarily in France, reflecting the sustained contribution of positive net adds and the stabilization of market pricing, and Israel, reflecting the sustained contribution of positive net adds. Mobile residential service revenue for the six-month period ended June 30, 2020, was negatively impacted by a decrease in roaming out revenue year over year, as a result of decreased international travel due to the COVID-19 pandemic.

The Group's residential equipment revenue decreased by 13.6% to €357.6 million for the six-month period ended June 30, 2020, compared to €414.0 million for the six-month period ended June 30, 2019. This decrease was mainly driven by the closure of shops in the first half of 2020 due to the COVID-19 pandemic.

The Group's business services revenue increased to €2,327.2 million for the six-month period ended June 30, 2020, a 6.3% increase compared to €2,188.9 million for the six-month period ended June 30, 2019. This increase was mainly driven by France, largely resulting from the six-month contribution of the construction of the FTTH network for SFR FTTH in 2020. The SFR FTTH business started at the end of the first quarter of 2019, after the transaction closed on March 27, 2019. The construction business activity slowed down at the end of the first quarter of 2020 as a result of the COVID-19 pandemic, but has since returned to normal levels of activity during the second quarter of 2020.

Revenue from the Group's media activities totalled €450.7 million for the six-month period ended June 30, 2020, a 16.9% decrease compared to €542.5 million for the six-month period ended June 30, 2019. The decrease in media revenue in the second quarter of 2020 was largely due to the severe slowdown of the global advertising market.

5.2 Geographical segments

France: For the six-month period ended June 30, 2020, France generated external revenue of €5,220.8 million, a 1.9% increase compared to €5,124.1 million for the six-month period ended June 30, 2019.

Revenue from France's fixed residential service business increased by 2.3% from €1,245.4 million for the six-month period ended June 30, 2019 to €1,274.4 million for the six-month period ended June 30, 2020. This increase was mainly due to the impact of sustained net-adds for the B2C fixed business since the first quarter of 2018 and an improvement in ARPU trends by fibre conversions and the ongoing adoption of the new SFR Box 8, introduced in July 2019, which supports a monthly premium.

For the six-month period ended June 30, 2020, France added 43k new fixed residential customers (compared to 60k net-adds in 2019), with 142k fibre net adds in 2019 versus 172k fibre net adds in 2020. Fixed residential sales for France were impacted in part by the COVID-19 pandemic as a result of the closure of its shops in the second half of March 2020.

France's mobile residential service business increased by 1.0% from €1,748.2 million for the six-month period ended June 30, 2019 to €1,766.5 million for the six-month period ended June 30, 2020. This trend was driven primarily by the impact of consecutive quarters of positive net-adds in the residential mobile segment since the first quarter of 2018 and improved ARPU trends. For the six-month period ended June 30, 2020, France added 177k new mobile residential postpaid customers (compared to net adds of 221k for the six-month period ended June 30, 2019). This is a result of investments made in improving network quality and successful churn reduction measures implemented by France. Mobile residential sales in France were impacted in part by the COVID-19 pandemic as a result of the closure of its shops in the second half of March 2020 till mid May 2020.

France's residential equipment revenue decreased by 15.4% to €266.0 million for the six-month period ended June 30, 2020, compared to €314.3 million for the six-month period ended June 30, 2019, mainly as a result of the closure of shops due to the mandatory quarantine imposed as part of COVID-19 measures (from mid-March to mid-May), which erased the gains seen in equipment sales in the first quarter of 2020.

Revenue from France's business services increased by 9.6%, from €1,624.1 million for the six-month period ended June 30, 2019 to €1,779.3 million for the six-month period ended June 30, 2020. This revenue growth resulted from the six-month contribution construction of the FTTH network for SFR FTTH in 2020. The SFR FTTH business started at the end of the first quarter of 2019. Although the construction business activity slowed down at the end of the first quarter of 2020 as a result of the COVID-19 pandemic, it has returned to normal levels of activity during the second quarter of 2020.

Media revenue decreased from €232.9 million for the six-month period ended June 30, 2019 to €157.7 million for the six-month period ended June 30, 2020, a decrease of 32.3%. Media business revenue were significantly impacted by the loss of advertising revenue as a result of the COVID-19 pandemic in March 2020, after a strong start to the year in January and February. Media business revenue were also impacted by the disposal of the L'Express magazine in July 2019 (revenue included for the six-month period ended June 30, 2019 and nil for the six-month period ended June 30, 2020).

Portugal: For the six-month period ended June 30, 2020, Portugal generated revenue of €988.0 million, a 1.5% decrease compared to €1,002.8 million for the six-month period ended June 30, 2019.

Revenue from Portugal's fixed residential service business decreased by 1.1% from €307.6 million for the six-month period ended June 30, 2019 to €304.4 million for the six-month period ended June 30, 2020. Despite a further growth in the subscriber base, fixed residential service revenue were lower largely due to the free offering of SportTV premium channels until the end of May 2020.

Portugal's mobile residential service business reported a net revenue decrease of 0.3% from €231.5 million for the six-month period ended June 30, 2019, to €230.8 million for the six-month period ended June 30, 2020. Postpaid revenue increased in line with a continued increase in the customer base. However, this increase was offset by lower pre-paid service revenue, which were largely driven by the stay at home restriction and lower roaming revenue as a result of decreased international travel, both driven by the COVID-19 pandemic.

Portugal reported a residential equipment revenue increase of 6.4% from €42.0 million for the six-month period ended June 30, 2019, to €44.7 million for the six-month period ended June 30, 2020. This increase was driven by an increase in equipment sales due to sustained contribution of positive net adds despite the closing of the MEO shops from end of March 2020 until the beginning of May 2020 due to the COVID-19 pandemic.

Revenue from Portugal's business services decreased by 1.6% from €449.4 million for the six-month period ended June 30, 2019 to €442.1 million for the six-month period ended June 30, 2020. This decrease is mainly explained by a decrease in commercial activity in the second quarter of 2020 due to the COVID-19 pandemic.

Israel: For the six-month period ended June 30, 2020, Israel generated revenue of €491.9 million, a 5.4% increase compared to €466.5 million for the six-month period ended June 30, 2019. On a local currency basis, revenue decreased by 0.4%. On a local currency basis, the fixed residential service revenue increased by 0.4%, which was largely driven by a growth in the subscriber base, despite strong competition in the fixed market. Mobile residential service revenue increased by 8.2% due to an increase in the mobile subscriber base, a modest increase in ARPU and increased use of telecommunication services due to the COVID-19 pandemic, despite the high price pressure due to the intense competition. Israel's residential equipment revenue decreased by 20.9% largely due to the closure of shops and booths at shopping malls due to the COVID-19 pandemic. Business revenue decreased by 5.3%, mainly due to loss of B2B roaming revenue due to the COVID-19 pandemic and loss of iDEN revenue as the iDEN technology was decommissioned by the end of 2019. The increase in revenue was also partially driven by the favourable development of the foreign currency rate for the Israeli Shekel.

Dominican Republic: For the six-month period ended June 30, 2020, the Dominican Republic generated total revenue of €250.4 million, a 10.3% decrease compared to €279.1 million for the six-month period ended June 30, 2019. On a local currency basis, revenue decreased by 5.2%. On a local currency basis, fixed residential service revenue, despite a growth in the subscriber base, remained flat due to a decrease in reconnection and late payment fees as a result of government regulations. Mobile residential service revenue decreased by 2.2% due to a decrease in prepaid consumption and a decrease in the postpaid subscriber base due to the closing of shops due to the COVID-19 pandemic. The Dominican Republic's residential equipment revenue decreased by 18.2%, largely due to the closure of shops due to the COVID-19 pandemic. Business revenue decreased by 13.6%, largely in wholesale revenue, mainly due to lower international voice traffic and pricing. The decrease in revenue was also partially driven by the unfavourable development of the foreign currency rate for the Dominican Peso.

Teads: For the six-month period ended June 30, 2020, Teads generated revenue of €171.3 million, compared to €191.9 million for the six-month period ended June 30, 2019. This decrease in revenue was driven by the decrease in advertising activity due to the COVID-19 pandemic.

Altice TV: For the six-month period ended June 30, 2020, Altice TV generated total revenue of €42.7 million, compared to €39.6 million for the six-month period ended June 30, 2019.

6 ADJUSTED EBITDA

6.1 Group

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

For the six-month period ended June 30, 2020 €m	France	Portugal	Israel	Dominican Republic	Teads	Altice TV	Others	Inter-segment elimination	Total
Revenues	**5,243.8**	**1,021.8**	**492.1**	**250.5**	**172.2**	**120.7**	**0.4**	**(136.0)**	**7,165.5**
Purchasing and subcontracting costs	(1,401.7)	(255.7)	(153.2)	(58.9)	-	(145.6)	-	131.4	**(1,883.7)**
Other operating expenses	(912.7)	(184.6)	(99.9)	(39.8)	(94.5)	(0.4)	(7.8)	1.9	**(1,337.9)**
Staff costs and employee benefit expenses	(476.9)	(135.3)	(36.7)	(15.4)	(42.6)	(0.3)	(5.4)	0.1	**(712.5)**
Total	**2,452.6**	**446.2**	**202.2**	**136.5**	**35.1**	**(25.6)**	**(12.9)**	**(2.6)**	**3,231.4**
Share-based expense	(22.5)	0.3	0.0	0.2	-	-	(2.0)	-	**(23.9)**
Rental expense operating lease[1]	(391.9)	(35.1)	(16.2)	(11.4)	(2.6)	-	-	-	**(457.1)**
Adjusted EBITDA	**2,038.2**	**411.4**	**186.0**	**125.3**	**32.5**	**(25.6)**	**(14.9)**	**(2.6)**	**2,750.4**
Depreciation, amortisation and impairment	(1,672.6)	(362.6)	(167.0)	(67.7)	(11.1)	(182.8)	-	-	**(2,463.8)**
Share-based expense	22.5	(0.3)	(0.0)	(0.2)	-	-	2.0	-	**23.9**
Other expenses and income	(70.6)	75.1	(8.1)	0.3	(0.2)	(10.4)	(19.3)	-	**(33.2)**
Rental expense operating lease[1]	391.9	35.1	16.2	11.4	2.6	-	-	-	**457.1**
Operating profit/(loss)	**709.4**	**158.7**	**27.1**	**69.1**	**23.7**	**(218.8)**	**(32.1)**	**(2.6)**	**734.4**

For the six-month period ended June 30, 2019 €m	France	Portugal	Israel	Dominican Republic	Teads	Altice TV	Others	Inter-segment elimination	Total
Revenues	**5,164.7**	**1,030.5**	**466.6**	**279.4**	**193.4**	**116.3**	**0.4**	**(147.0)**	**7,104.3**
Purchasing and subcontracting costs	(1,389.9)	(260.8)	(143.0)	(70.3)	-	(157.5)	-	143.5	**(1,878.0)**
Other operating expenses	(873.0)	(179.7)	(98.9)	(41.0)	(115.1)	(2.3)	(10.3)	(0.2)	**(1,320.5)**
Staff costs and employee benefit expenses	(495.9)	(134.0)	(33.3)	(15.0)	(50.2)	(1.3)	(25.3)	0.2	**(754.8)**
Total	**2,405.9**	**456.0**	**191.4**	**153.1**	**28.1**	**(44.8)**	**(35.2)**	**(3.5)**	**3,151.0**
Share-based expense	2.2	-	-	-	-	-	22.3	-	**24.5**
Rental expense operating lease[1]	(380.1)	(36.1)	(16.9)	(12.5)	(2.0)	-	-	-	**(447.6)**
Adjusted EBITDA	**2,028.0**	**419.9**	**174.5**	**140.6**	**26.1**	**(44.8)**	**(12.9)**	**(3.5)**	**2,727.9**
Depreciation, amortisation and impairment	(1,731.4)	(358.5)	(179.7)	(63.4)	(9.8)	(284.6)	(0.1)	-	**(2,627.5)**
Share-based expense	(2.2)	-	-	-	-	-	(22.3)	-	**(24.5)**
Other expenses and income	2,031.9	(283.3)	(3.5)	(5.3)	(0.9)	-	30.5	(0.2)	**1,769.2**
Rental expense operating lease[1]	380.1	36.1	16.9	12.5	2.0	-	-	-	**447.6**
Operating profit/(loss)	**2,706.4**	**(185.8)**	**8.2**	**84.4**	**17.4**	**(329.4)**	**(4.8)**	**(3.7)**	**2,292.7**

1 This line corresponds to the operating lease expenses which impacts are included in Adjusted EBITDA following the definition stated in note 4.2.1.1 to the condensed interim consolidated financial statements.

For the six-month period ended June 30, 2020, the Group's Adjusted EBITDA amounted to €2,750.4 million, an increase of 0.8% compared to the six-month period ended June 30, 2019 (€2,727.9 million). This increase can be attributed to higher revenue, as explained in the previous section, which were partially offset by higher operating expenses.

6.2 Geographical segments

France: For the six-month period ended June 30, 2020, France's Adjusted EBITDA was €2,038.2 million, an increase of 0.5% from €2,028.0 million for the six-month period ended June 30, 2019. This increase was mainly due to an increase in revenue as explained above, which was largely offset by an increase in expenses. The increase in expenses is explained by an increase in direct costs in line with the increase in revenue, increases in maintenance costs related to higher network usage as part of the COVID 19 pandemic. These increases in expenses were partially offset by a decrease in staff costs and employee benefits due to the COVID-19 pandemic, and decreases in sales and marketing costs, customer service and general and administrative expenses as a result of lower activity as from March 2020 due to the COVID 19 pandemic.

Portugal: For the six-month period ended June 30, 2020, the Adjusted EBITDA in Portugal was €411.4 million, a decrease of 2.0% from €419.9 million for the six-month period ended June 30, 2019. The decrease in Adjusted

EBITDA is largely attributable to a decrease in revenue in addition to higher operating expenses, which were partially offset by lower purchasing and contracting. The decrease in purchasing and contracting, mainly related to costs of goods sold, are in line with the lower revenue.

Israel: For the six-month period ended June 30, 2020, the Adjusted EBITDA in Israel was €186.0 million, an increase of 6.6% compared to €174.5 million for the six-month period ended June 30, 2019. Adjusted EBITDA on a local currency basis increased by 0.7% compared to 2019, mainly supported by cost savings in general and administrative expenses and sales and marketing expenses.

Dominican Republic: For the six-month period ended June 30, 2020, the Adjusted EBITDA in the Dominican Republic decreased by 10.9% from €140.6 million for the six-month period ended June 30, 2019 to €125.3 million for the six-month period ended June 30, 2020 (a decrease of 5.8% on a local currency basis). On a local currency basis, the decrease in Adjusted EBITDA is attributable to the reduction in revenue, which was partially offset by lower cost of sales in line with the lower revenue.

Teads: For the six-month period ended June 30, 2020, the Adjusted EBITDA for Teads amounted to €32.5 million, compared to €26.1 million for the six-month period ended June 30, 2019, an increase of 24.6%. The increase is explained by a reduction in operating expenses due to lower marketing costs, travel and entertainment expenses and staff costs and employee benefits, largely due the COVID-19 pandemic, which compensated for the decrease in revenue.

Altice TV: For the six-month period ended June 30, 2020, the Adjusted EBITDA for Altice TV decreased from a negative Adjusted EBITDA of €44.8 million for the six-month period ended June 30, 2019 to a negative Adjusted EBITDA of €25.6 million for the six-month period ended June 30, 2020. This positive change in the Adjusted EBITDA is largely attributable to lower content costs, in addition to higher revenue.

7 OPERATING PROFIT OF THE GROUP

7.1 Depreciation, amortization and impairment

For the six-month period ended June 30, 2020, depreciation, amortization and impairment totalled €2,463.8 million, a 6.2% decrease compared to €2,627.2 million for the six-month period ended June 30, 2019. The decrease in depreciation and amortization expenses is largely driven by lower amortization of sports rights as the COVID-19 pandemic suspended all sports events, lower depreciation due to a lower level of capital expenditure during the six-month period ended June 30, 2020 due to the COVID-19 pandemic and lower depreciation related to certain cable assets which were fully depreciated by the end of 2019. This decrease was partially offset by higher amortization expenses related to IFRS 16 *Leases*, mainly due to an increase of lease liabilities and additional depreciation charges related to the transfer of Libération, the daily newspaper, to a non-profit foundation.

7.2 Other expenses and income

For the six-month period ended June 30, 2020, the Group's other expenses totalled €33.2 million compared to other income of €1,769.2 million for the six-month period ended June 30, 2019. A detailed breakdown of other expenses and income is provided below:

Other expenses and income (€m)	**For the six-month period ended June 30, 2020**	**For the six-month period ended June 30, 2019**	**% Change**
Restructuring costs	6.1	264.8	-97.7%
Disputes and litigation	14.8	12.1	22.0%
Net gain on sale of interest in associates	(97.7)	-	nm
Net loss (gain) on sale of consolidated entities	62.3	(2,083.8)	-103.0%
Other, net	47.7	37.7	26.5%
Other expenses and income	**33.2**	**(1,769.2)**	**-101.9%**

7.2.1. Restructuring costs

For the six-month period ended June 30, 2020, restructuring costs related to France amounted to €3.3 million and in PT Portugal to €2.8 million. Restructuring costs for the six-month period ended June 30, 2019 mainly related to the restructuring plans in PT Portugal for which a €254.7 million provision fully tax deductible 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.

7.2.2. Net gain on sale of interests in associates

For the six-month period ended June 30, 2020, the net gain on sale of interests in associated is related to the capital gain of €97.7 million from the sale of Portugal's 25% equity stake in Belmont.

7.2.3. Net gain on sale of consolidated entities

For the six-month period ended June 20, 2020, the loss resulted from the sale of Milibris SAS and Libération. For the six-month period ended June 30, 2019, the gain related to the capital gain from the sale of a 49.99% equity stake in SFR FTTH and the remeasurement at fair value of residual interest in SFR FTTH of €2,085.6 million.

7.2.4. Operating profit

As a result of the above-mentioned factors, for the six-month period ended June 30, 2020, the Group recorded an operating profit of €734.4 million, a 68.4% decrease compared to €2,292.7 million for the six-month period ended June 30, 2019.

8 RESULT FOR THE GROUP – ITEMS BELOW OPERATING EXPENSES

8.1 Finance costs (net)

Net finance costs amounted to €1,057.2 million for the six-month period ended June 30, 2020 compared to €1,294.0 million for the six-month period ended June 30, 2019. A detailed breakdown of finance costs (net) is provided below:

Net finance costs (€m)	For the six-month period ended June 30, 2020	For the six-month period ended June 30, 2019	% change
Interest relative to gross financial debt	**(873.7)**	**(1,043.9)**	**-16.3%**
Realized and unrealized gains on derivative instruments linked to financial debt	**339.9**	**432.1**	**-21.3%**
Interest on lease liabilities	(87.6)	(93.7)	-6.5%
Net foreign exchange losses	(179.3)	(406.0)	-55.8%
Impairment of available for sale financial assets	(3.7)	(3.2)	15.6%
Other	(56.7)	(65.9)	-14.0%
Other financial expenses	**(327.3)**	**(568.8)**	**-42.5%**
Interest income	4.2	14.4	-70.8%
Finance income	**4.2**	**14.4**	**-70.8%**
Net result on extinguishment of financial liabilities	**(200.3)**	**(127.8)**	**56.7%**
Finance costs, net	**(1,057.2)**	**(1,294.0)**	**-18.3%**

8.1.1 Interest relative to gross financial debt

For the six-month period ended June 30, 2020, the Group's interest relative to gross financial debt totalled €873.7 million, a 16.3% decrease compared to €1,043.9 million for the six-month period ended June 30, 2019. The decrease is mainly explained by lower interest at the Altice France and Altice International restricted groups following the refinancing activities in 2019 and in the first quarter of 2020.

8.1.2 Realized and unrealized gains on derivative instruments

For the six-month period ended June 30, 2020, the Group's realized and unrealized gains on derivative instruments totalled €339.9 million compared to €432.1 million for the six-month period ended June 30, 2019, mainly driven by the variation in the mark to market of the Group's derivative financial instruments in Altice Financing and Altice France.

8.1.3 Other financial expenses

For the six-month period ended June 30, 2020, the Group's other financial expenses totalled €327.3 million, a 42.5% decrease compared to €568.8 million for the six-month period ended June 30, 2019. The change in other financial expenses is largely driven by a decrease of €226.7 million of net foreign exchange losses, mainly in Altice Luxembourg, which was partially offset by increases in foreign exchange losses in Altice Financing and the Dominican Republic.

8.1.4 Net result on extinguishment of a financial liability

For the six-month period ended June 30, 2020, the Group's net result on extinguishment of a financial liability amounted to €200.3 million related to the refinancing activities which occurred in the six-month period ended June 30, 2020, compared to a net result on extinguishment of a financial liability of €127.8 million for the six-month period ended June 30, 2019.

8.2 Share of (losses) / gains of associates

For the six-month period ended June 30, 2020, the Group's share of loss of associates totalled €129.0 million compared to a loss of €69.0 million for the six-month period ended June 30, 2019. This increase is mainly explained by SFR

FTTH, a transaction which closed on March 27, 2019, and which is accounted for under the equity method based on the provisions of IAS 28 Investments in Associates and Joint Ventures.

8.3 Income tax (expense) benefit

The Group recorded an income tax expense of €131.6 million for the six-month period ended June 30, 2020, reflecting an effective tax rate of 39% compared to an income tax benefit of €58.7 million for the six-month period ended June 30, 2019, reflecting a negative effective tax rate of 6%. Without the effect of the capital gain in France related to the disposal of a 49.99% equity stake in SFR FTTH on March 27, 2019, the effective tax rate for the six-month period ended June 30, 2019 would have been an effective tax rate of 6.5%.

8.4 Profit (Loss) after tax for the period

For the six-month period ended June 30, 2020, the loss after tax totalled €583.4 million compared to a profit after tax of €988.4 million for the six-month period ended June 30, 2019. The reasons for this decrease are enumerated in the sections above.

9 LIQUIDITY AND CAPITAL RESOURCES

9.1 General

On January 24, 2020, Ypso Finance Bis, a subsidiary of the Group, commenced an exchange offer to noteholders of Altice Luxembourg's (i) 2019 Altice Luxembourg Dollar Senior Notes and (ii) 2019 Altice Luxembourg Euro Senior Notes, to exchange the 2019 Altice Luxembourg Dollar Senior Notes for an equal aggregate principal amount of corresponding dollar denominated 10.500% senior notes due 2027 issued by Ypso Finance Bis (the "Ypso Finance Bis Exchange Dollar Notes") and the 2019 Altice Luxembourg Euro Senior Notes for an equal aggregate principal amount of corresponding euro denominated 8.000% senior notes due 2027 issued by Ypso Finance Bis (the "Ypso Finance Bis Exchange Euro Notes" and, together with the Ypso Finance Exchange Dollar Notes, the "Ypso Finance Bis Exchange Notes"). For more details about the exchange offer and the Automatic Exchange, please refer to paragraphs 4.3.1.4 and 4.3.1.10 of this document.

After the Automatic Exchange, the Altice Luxembourg Group does not hold any third-party debentures or loans from financial institutions and therefore does not have any reporting requirements towards lenders.

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 June 30, 2020, Altice International's restricted group had an aggregate of €7,923.2 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 June 30, 2020; and the Altice France restricted group had an aggregate of €21,636.4 million (equivalent) available borrowings under the Altice France and Hivory Revolving Credit Facility Agreements, of which nil was drawn as at June 30, 2020.

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 (net) for the six-month periods ended June 30, 2020 and June 30, 2019 respectively. Please refer to the consolidated statement of cash flows in the condensed interim consolidated financial statements of the Company for additional details.

Net Cash Flows **(€m)**	**For the six-month period ended June 30, 2020**	**For the six-month period ended June 30, 2019**	**% change**
Net cash flow from operating activities	2,726.2	2,421.1	12.6%
Net cash flow from investing activities	(905.4)	(243.2)	272.3%
Net cash flow from financing activities	(1,261.5)	(3,061.0)	-58.8%
Changes in cash and cash equivalents	**559.3**	**(883.1)**	**-163.3%**
Classification of cash as held for sale	-	(10.2)	-100.0%
Effects of exchange rate changes on cash held in foreign currencies	(8.1)	1.8	-550.9%
Net changes in cash and cash equivalents	**551.2**	**(891.5)**	**-161.8%**

The Group recorded a net increase of €551.2 million in cash and cash equivalents for the six-month period ended June 30, 2020, compared to a net decrease of €891.5 million for the six-month period ended June 30, 2019.

9.2.1 Net cash provided by operating activities

Net cash provided by operating activities increased by 12.6% to €2,726.2 million for the six-month period ended June 30, 2020 compared to €2,421.1 million for the six-month period ended June 30, 2019. The increase in net cash provided by operating activities is mainly explained by the significant decrease in negative working capital changes, largely related to France, which reported a significant negative working capital changes during the six-month period ended June 30, 2019 due to settlements paid related to the departure plan and the decrease of accrued payables.

9.2.2 Net cash provided (used) in investing activities

Net cash used by investing activities decreased to net cash used of €905.4 million for the six-month period ended June 30, 2020 compared to net cash used by investing activities of €243.2 million for the six-month period ended June 30, 2019. This increase in cash used by investing activities is largely explained by the proceeds of €1,479.8 million, net of cash in escrow, received from the disposal of the SFR FTTH business during the six-month period ended June 30, 2019. During the six-month period ended June 30, 2020, the Group received proceeds from the sale of Altice USA shares of €528.8 million and an amount of €201.0 million for the sale of PT Portugal's 25% equity interest in the tower company OMTEL. In addition, restricted cash related to the Altice Corporate Financing facility was released for an amount of €84.1 million.

9.2.3 Net cash used in financing activities

Net cash used in financing activities decreased to net cash used of €1,261.5 million for the six-month period ended June 30, 2020, compared to net cash used of €3,061.0 million for the six-month period ended June 30, 2019.

The decrease in net cash used in financing activities can be attributed to refinancing activities, proceeds from the sale of minority stakes and a decrease in interest paid. During the six-month period ended June 30, 2020, refinancing activities resulted in a net outflow of cash of €1,434.2 million, whereas for the six-month period ended June 30, 2019 a net cash outflow of €1,819.8 million was recorded. In addition, funds increased due to the proceeds related to the sale of the 49.99% interest in the Portuguese FTTH business to Morgan Stanley Infrastructure Partners of €1,573.1 million. A further reduction in cash used for financing activities is explained by a decrease in interest paid due to the interest savings realized from the refinancing activities which occurred during 2019 and the six-month period ended June 30, 2020.

The reduction in the cash used for financing activities as explained above was partially offset by an increase in payments for call premia, related to the refinancing activities which occurred during the six-month period ended June 30, 2020 and lower proceeds related to the monetization of swaps.

10 CAPITAL EXPENDITURES

10.1 General

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. In addition to continued investment in its infrastructure, the Group will continue to strategically invest in content across its geographic segments to enrich its differentiated and convergent communication services as well as to reduce churn and increase ARPU. The Group expects to finance principal investments described below, to the extent they have not been completed, with cash flow from its operations.

The table below sets forth the Group's capital expenditures for the six-month periods ended June 30, 2020 and 2019, respectively, for each of the Group's geographical segments:

For the six-month period ended June 30, 2020 (€m)	**France**	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Altice TV**	**Others**	**Eliminations**	**Total**
Capital expenditure (accrued)	978.5	218.2	130.2	57.2	3.7	-	-	(2.6)	**1,385.3**
Capital expenditure - working capital items	119.3	14.7	(2.9)	(5.3)	-	175.7	-	0.4	**301.9**
Payments to acquire tangible and intangible assets	**1,097.8**	**232.9**	**127.3**	**52.0**	**3.7**	**175.7**	**-**	**(2.3)**	**1,687.1**
As percentage of revenue	21.0%	23.6%	25.9%	20.7%	2.2%	411.1%		0.0%	23.5%

For the six-month period ended June 30, 2019 (€m)	**France**	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Altice TV**	**Others**	**Eliminations**	**Total**
Capital expenditure (accrued)	1,147.2	196.4	117.7	59.4	2.1	7.5	-	(3.7)	**1,526.5**
Capital expenditure - working capital items	(43.5)	12.1	2.7	(5.3)	-	184.1	-	-	**150.2**
Payments to acquire tangible and intangible assets	**1,103.8**	**208.5**	**120.4**	**54.1**	**2.1**	**191.6**	**-**	**(3.7)**	**1,676.8**
As percentage of revenue	21.5%	20.8%	25.8%	19.4%	1.1%	484.1%		0.0%	23.6%

10.2 Geographical segments

France: For the six-month period ended June 30, 2020, total capital expenditures in France were €1,097.8 million (representing 21.0% of revenue in France), a 0.5% decrease compared to €1,103.8 million for the six-month period ended June 30, 2019 (representing 21.5% of revenue in France). The decrease is largely explained by lower accrued capital expenditures in the six-month period ended June 30, 2020, due to the COVID-19 pandemic, but which was offset by changes in capital expenditures related working capital.

Portugal: For the six-month period ended June 30, 2020, Portugal's total capital expenditures were €232.9 million (representing 23.6% of revenue in Portugal), a 11.7% increase compared to €208.5 million for the six-month period ended June 30, 2019 (representing 20.8% of revenue in Portugal). The increase in capital expenditures is explained by an increase in network-related capital expenditures due to the fibre roll-out program.

Israel: Capital expenditures in Israel increased by 5.8%, from €120.4 million (representing 25.8% of revenue in Israel) for the six-month period ended June 30, 2019 to €127.3 million (representing 25.9% of revenue in Israel) in the six-month period ended June 30, 2020. On a local currency basis, capital expenditures remained stable, which was mainly driven by the upgrade of Internet headend equipment during the second quarter 2020 partly offset by the change in working capital.

Dominican Republic: For the six-month period ended June 30, 2020, the total capital expenditures were €52.0 million (representing 20.7% of revenue in the Dominican Republic), a 4.0% decrease compared to €54.1 million for the six-month period ended June 30, 2019 (representing 19.4% of revenue in the Dominican Republic). On a local currency basis, the capital expenditures increased by 1.4%, mainly due investments in mobile technology.

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

Altice TV: For the six-month period ended June 30, 2020, the total capital expenditures were €175.7 million, a 8.3% decrease compared to €191.6 million for the six-month period ended June 30, 2019. This decrease is largely explained by lower content investments and payments made during the six-month period ended June 30, 2020 for content rights.

11 KEY OPERATING MEASURES

The Group uses several key operating measures, such as number of fibre homes passed, fibre unique customers, fixed B2C unique customers, prepaid and postpaid mobile B2C subscribers and mobile B2C subscribers, to track the financial and operating performance of its 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 Company's management, these terms may not be directly comparable to similar terms used by competitors or other companies.

	As and for the six-month period ended June 30, 2020				
	France	Portugal	Israel	Dominican Republic	Total
Fiber / cable homes passed	**17,457**	**5,291**	**2,184**	**774**	**25,706**
FIXED B2C					
Fiber / cable unique customers	**3,070**	**1,015**	**1,036**	**196**	**5,317**
Net adds	172	63	21	4	259
Total fixed B2C unique customers	**6,401**	**1,606**	**1,036**	**335**	**9,378**
Net adds	45	13	21	6	85
MOBILE B2C					
Postpaid subscribers	**14,578**	**3,133**	**1,175**	**613**	**19,499**
Net adds	177	52	6	-8	227
Prepaid subscribers	**1,300**	**2,845**	**170**	**2,083**	**6,399**
Total mobile B2C subscribers	**15,877**	**5,978**	**1,346**	**2,697**	**25,897**

	As and for the six-month period ended June 30, 2019				
	France	Portugal	Israel	Dominican Republic	Total
Fiber / cable homes passed	**13,506**	**4,712**	**2,146**	**759**	**21,123**
FIXED B2C					
Fiber / cable unique customers	**2,760**	**879**	**999**	**191**	**4,829**
Net adds	142	76	9	-1	226
Total fixed B2C unique customers	**6,321**	**1,586**	**999**	**326**	**9,231**
Net adds	59	5	9	8	81
MOBILE B2C					
Postpaid subscribers	**13,970**	**3,023**	**1,152**	**593**	**18,739**
Net adds	221	64	12	25	323
Prepaid subscribers	**1,473**	**3,304**	**173**	**2,348**	**7,298**
Total mobile B2C subscribers	**15,444**	**6,327**	**1,326**	**2,941**	**26,037**

Notes to the Key Operating Measures:

- Portugal fibre homes passed figures include homes where MEO has access through wholesale fibre operators (c.0.5 million in the six-month period ended June 30, 2020).
- 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 premise basis. Fibre customers for France includes FTTH, FTTB and 4G Box customers and excludes white-label wholesale customers. For Israel, it refers to the total number of unique customer relationships, including both B2C and B2B.
- 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.

12 OTHER DISCLOSURES

12.1 Related party transactions

Please refer to note 14 to the condensed interim consolidated financial statements of the Company for the three and six-month periods ended June 30, 2020.

12.2 Post-balance sheet date events

The following is an overview of key transactions since June 30, 2020 which may have a significant impact on the Group's financial condition and results of operations.

12.2.1 Portuguese Competition Authority Investigation

On July 16, 2020, the Portuguese Competition Authority issued a Statement of Objections regarding its preliminary view that MEO, NOS – Comunicações, S.A. NOWO – Communications, S.A. and Vodafone Portugal – Comunicações Pessoas, S.A. were part of an agreement in accordance with which all those entities would not bid for certain key Google AdWords of the other operators, which according to the Portuguese Competition Authority is similar to an agreement to indirectly fix the acquisition price of certain Google AdWords related to the retail telecommunications market. The Portuguese Competition Authority concluded that telecommunications operators distorted competition of the Portuguese online search advertising, between 2010 and 2018 in the case of MEO. The maximum fine applicable for this kind of infraction corresponds to 10% of the turnover of each company in the specific markets that were impacted by the alleged illegal practices. In relation to MEO, such maximum fine amounts to approximately €136 million, based on the Portuguese Competition Authority's estimate of the relevant market for this purpose. MEO is expected to submit its written defense to the Statement of Objections in September, after which the Portuguese Competition Authority will decide whether to issue a final condemnatory action and in that case the amount of the fine. Due to the high level of uncertainty associated with the possible outcome of the fine to be decided by the Portuguese Competition Authority, little previous background of similar cases, as well as early stage of the process, management considers that the risk could not be reliably estimated and thus no provision was recognized as of June 30, 2020.

12.2.2 Redemption of the Altice Finco $385 million 2025 senior notes

On June 22, 2020, Altice Finco announced that it will fully redeem $385 million 7.63%, 2025 notes at call date on July 22, 2020. On July 22, 2020, Altice Finco redeemed in full the outstanding $385 million 7.63%, 2025 notes in an aggregate principal amount of $385 million (€332.6 million equivalent). The call premium paid on July 22, 2020 related to the redemption amounted to $14.7 million (€12.7 million equivalent).

12.2.3 Media restructuring

On May 19, 2020, NextRadioTV announced a restructuring plan to take into account the changing environment for the media industry in France and the impact of the COVID-19 pandemic on the advertising market. This plan, based on voluntary departures, aims at reducing the employee workforce by limiting the use of part time workers, freelancers and consultants. The details of the plan (the Livre 2) were shared with the workers' council in accordance with French law and will have to be consequently homologated by the French Labour Authorities ("DIRECCTE"). As the details had not been shared with the workers' council and the conditions of the departure plan were not yet final as of June 30, 2020, management considers that the conditions for recording a provision were not met as per IAS 37 - *Provisions, contingent liabilities and contingent assets* as at June 30, 2020.

On July 24, 2020, management of the Group presented the Livre 2, the document that outlines the restructuring plan announced in May 2020 to the workers' council. As per the document, the Group intends to introduce a voluntary departure plan aimed at reducing the workforce by around 228 full time employees. The plan is expected to start at the end of 2020 or in early 2021. Management has also committed not to undertake a compulsory employee redundancy plan before November 2021 in the event that the targeted redundancies are not met. Following the end of negotiations with the workers' council, the Livre 2 will be sent for homologation to the DIRECCTE.

12.2.4 Mediapro

On July 27, 2020, Altice Europe announced two agreements with Mediapro. Firstly, for the season 2020/21, Altice Europe will resell the UEFA rights to Mediapro in exchange for Altice Europe's right to resell Mediapro's TELEFOOT channel (including the main football matches for French Ligue 1 and Ligue 2). This will allow Mediapro to broadcast the UEFA Champions League and Europa League. Both the RMC Sport channel and Mediapro's TELEFOOT channel will broadcast the two competitions from October 2020. SFR will offer all of the football to its customers with RMC Sport, TELEFOOT, Canal+ and BeIN SPORTS. SFR will be the only operator in France to offer its subscribers all French (Ligue 1, Ligue 2) and European (UEFA Champions League, UEFA Europa League, English Premier League, Spanish and Italian championships) football. Secondly, for the seasons 2021/22, 2022/23 and 2023/24, Altice Europe entered into a distribution agreement with Mediapro to resell the TELEFOOT channel (including the main football matches for French Ligue 1 and Ligue 2) with a revenue share mechanism. This is expected to generate additional revenue for the Altice France residential segment. With this agreement, Altice Europe maintains the commitment to improve Altice TV cash flow trends, approaching break-even, while SFR customers will continue to benefit from the best football offer in France.

12.3 Contractual obligations and commercial commitments

During the six-month period ended June 30, 2020, no significant contractual obligations and commercial commitments have been signed as compared to the year ended December 31, 2019 except the additional commitments described below:

- In connection with the VAT contingencies related to the sale of credits, MEO has provided bank guarantees for an amount of €28.4 million;
- Teads and publishers' commitments under the Minimum Guarantee Agreements were suspended from March 17, 2020 to June 30, 2020 following the force majeure event caused by the global pandemic and triggered by the World Health Organizations declaration of global pandemic on March 11, 2020. The quarterly and annually commitments for the next periods are currently under renegotiation, both in terms of volume and pricing.

12.4 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 condensed interim consolidated financial statements of the Company for the three and six-month periods ended June 30, 2020.

13 KEY STATEMENT OF INCOME ITEMS

Revenue

Revenue consists of income generated from the delivery of fixed-based and mobile services to the Group's B2C customers, fixed, mobile and wholesale service and other revenue to its B2B customers and media service revenue. 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 B2C customers for pay TV services, including related services such as Video on Demand, 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 B2C customers primarily consists of (i) recurring subscription revenue for its postpaid 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 revenue in Altice France, Altice TV and Teads.

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.

Purchasing and subcontracting costs

Purchasing and subcontracting costs consist of direct costs associated with the delivery of fixed-based services to the Group's B2C and B2B customers, mobile services to its B2C and B2B 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 centers (subject to certain exceptions), (ii) utility costs related to the operation of data centers (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 and ATS France, 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 center 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.

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 centers, 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 center 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.

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.

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.

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.

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.

Realized and unrealized gains on derivative instruments

Realized and unrealized gains on derivative instruments include variations in the fair value of financial derivative instruments.

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, net exchange rate losses and other financial expenses.

Financial income

Financial income consists of gains from the disposal of financial assets, net exchange rate gains, and other financial income.

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.

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.

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.

Adjusted EBITDA

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 condensed interim consolidated financial statements of the Company 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.

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.