MANAGEMENT'S DISCUSSION AND ANALYSIS

ALTICE EUROPE N.V.

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

Contents

1. Overview

1.1. Group Business

The Group is a multinational group operating across three sectors: (i) telecom (broadband and mobile communications), (ii) content and media and (iii) advertising. The Group operates in Western Europe (comprising France and Portugal), Israel, the Dominican Republic and the French overseas territories (comprising Guadeloupe, Martinique, French Guiana, La Réunion and Mayotte (the "French Overseas Territories")). The parent company of the Group is Altice Europe N.V. (the "Company").

On January 8, 2018, the Company announced that its Board had approved plans for the separation of Altice USA, Inc. ("Altice USA") from the Company (the "Separation"). The Group had entered the US market through the acquisition of Suddenlink and Cablevision in December 2015 and June 2016 respectively. On May 18, 2018, the annual General Meeting of the Company approved the Separation. On June 8, 2018, the Company effected the Separation by way of a special distribution in kind of its 67.2% interest in Altice USA to the Company's shareholders out of the Company's share premium reserve (the "Distribution"). At the same time, the Company was renamed "Altice Europe". After the Separation, the Company reorganized its structure comprising Altice France, Altice International and a newly formed Altice TV division. Altice Europe bundled Altice Europe's premium content activities into one separately funded operating unit with its own Profit & Loss statement and integrated the Group's support service businesses into their respective markets. The Company's stakes in Altice Technical Services US and in the i24 channels were transferred to Altice USA prior to completion of the Separation.

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

As part of its innovative strategy, the Group is focusing on investment in its proprietary best-in-class infrastructure, both in fiber and mobile, commensurate with the Group's position as a number one or number two operator in each market. In the first nine months of 2019, the Group further improved its competitiveness in the fixed-mobile convergence, with the leading footprint in high-speed homes passed and a leading number of 4G sites in its two biggest assets (France and Portugal). The Group has continued to focus on improving customer experience, reflected in strong commercial momentum.

Finally, the Group is accelerating the monetization of its content investments through various pay-TV models and is growing advertising revenue further. The Group continued to increase its edge in the convergence between telecom and media, notably in France.

Thanks to the acquisition of Teads in 2017, the Group also expanded in the targeted advertising sector. Teads is a leading digital video advertising business which empowers the best publishers in the world to connect advertisers 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 B2C and B2B 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 cable- and fiber-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. For example, on a blended basis, as of September 30, 2019, the Group's high-speed broadband services passed 22.0 million fiber/cable homes, with 4.9 million fiber / cable unique customers. The Group offers xDSL/DSL/DTH services, with 9.2 million fixed B2C unique customers as at September 30, 2019. The Group also offers mobile services in the geographies in which it operates, through 2G, 3G and 4G Long-Term-Evolution ("LTE") technology (with 1 Gbps achieved in the second quarter of 2019), and, on a blended basis, as of September 30, 2019, the Group had 26.3 million mobile B2C customers (of which 19.0 million were post-paid customers).

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 cable, fiber and mobile technologies enable it to offer premium digital services, attractive interactive features (such as its '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. 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 its B2C customers bundled double- and triple-play services, which comprises paying for a combination of TV, broadband Internet access and fixed line telephony services 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 mobile services, as well.

The Group is focused on strategically developing content to complement its fixed and mobile services with exclusive or high-quality content offerings on its own networks and to external partners. In 2018, the Group began to broadcast the UEFA Champions League and Europa League in France for which Altice TV owns exclusive broadcast rights for three seasons from 2018/2019 to 2020/2021. The Group continues to broadcast and distribute various sports events in selected countries, including the English Premier League, the French National Basketball League, winter extreme X-Game events, Rugby Premier League fixtures, French Athletics Federation events, Diamond League, World Gymnastics Championships and World Series of Boxing events. Leveraging the rights acquired for these national and international sports events, the Group has consolidated its strategic positioning in France with the launch of a bundle of five channels entirely dedicated to sports.

The Group continues to strengthen its TV competitive advantage: (i) the Group still benefits from exclusive channels (in France) linked to a partnership with Discovery Communications and a strategic agreement with NBCUniversal (Investigation Discovery, Discovery Family, Discovery Channel, Discovery Science, 13ème rue, Syfy, and E! Entertainment Television); and (ii) 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, on top of its terrestrial TV channels (notably BFMTV, the leader of news TV channels in France).

The Group also takes full benefit from Teads (acquired in June 2017) to embrace the full convergence of telecom, media and advertising. This global media platform 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 the following brands: 'SFR' and 'RED' in France; 'HOT' in Israel; 'MEO' and 'M4O' in Portugal; 'Altice' in the Dominican Republic, and, in each case, several associated trademarks.

Through its Altice TV division, the Group produces and broadcasts a diverse range of content and offers such content as part of its pay-TV packages in several of its geographies and on its SVOD platform, SFR Play. In addition, the Group owns NextRadioTV, a leading French media company which owns several TV and radio channels, and SFR Presse S.A.S., a French media group which publishes newspapers such as Libération.

The Group's portfolio included the United States until the Separation was effective June 8, 2018.

1.3. Activities

The Group tracks the performance of its business by geography and further analyses its revenues by activity. The Group has identified the following activities: Residential – Fixed, Residential – Mobile, Business Services and Media.

1.3.1. Residential - Fixed

The Group offers a variety of Residential - fixed services, primarily as part of multi-play packages, with available offerings depending on the bandwidth capacity of its cable and fiber networks in a particular geography, which consist of FTTH, hybrid fiber coaxial ("HFC") and DSL (copper line).

The Group has a high-quality cable- and fiber-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 HFC networks are DOCSIS 3.0-enabled, which the Group believes allows it to offer attractive and competitive services in terms of picture quality, speed and connection reliability. The Group believes that with its HFC and FTTH technologies, it is well positioned for future technological developments, including the ability to upgrade to the upcoming DOCSIS 3.1 standard or evolve to GPON / FTTH at a very competitive price point. This makes it possible for the Group to increase broadband Internet download and upload speeds exceeding those offered by competing technologies and without making significant additional investments.

The Group provides broadband Internet access and fixed line telephony services across its cable, fiber (and in certain areas xDSL) footprint. Large portions of its networks that are DOCSIS 3.0-enabled or FTTH-enabled can offer download speeds of up to 10 Gbps with limited network and customer premises equipment upgrades given the existing technological capability of its networks. This technological capability can be realized with relatively low levels of capital expenditures and will enable it to better meet the needs of its residential and corporate 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 September 30, 2019, the Group provides broadband Internet to 9.2 million B2Ccustomers (over its cable- and fiber-based network infrastructure) 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 intends 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 Residential -fixed 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, the only box on the French market equipped with the latest generation WiFi (WiFi 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.

1.3.2. Residential - Mobile

The Group owns and operates mobile infrastructure in most of its geographies, including France, Portugal and Israel. The Group primarily services the post-paid subscriptions market, which represented approximately 72,5% of the Group's mobile customer base as of September 30, 2019, and, to a less extent, the prepaid market. Depending on geography and network technology deployed, the Group offers 2G, 3G and/or 4G services on a variety of plans, from 'no frills' offers with no commitment or handset, to premium mobile telephony offers with varying voice and data limits, if any, at attractive prices.

As of September 30, 2019, on a blended basis across the geographies where the Group is active, it offered mobile services to 26.3 million B2C customers. In Israel, due to current regulations, the Group offers its mobile services only on a stand-alone basis and in a bundle with ISP services and not as part of a multi-play cable offering.

1.3.3. Business Services

B2B services

The Group offers focused fixed B2B services to large, medium, small and very small B2B customers in France, Portugal, the Dominican Republic and other geographies. In Israel, the Group's B2B services primarily consist of enhanced versions of the Group's B2C products, which are adapted to meet the needs of its B2B customers. The Group also offers focused mobile B2B services to large, medium, small and very small B2B customers. The Group's B2B mobile 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.

Wholesale services

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

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

R&D services

The Group has implemented the 'Altice Labs' initiative, which is the Group's state-of-the-art research and development center 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 and loT.

Altice Labs has more specifically developed advanced collaborative unified communications, zero-touch provisioning systems and fiber 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 and service usage. The strong relationship with universities sustains a reliable innovation ecosystem to transform knowledge into value to customers in a unique way.

Other services

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

The Business Services segment includes the Altice Technical Services entities. For Altice Technical Services France, this includes the exclusive outsourcing contract for roll-out, B2C and B2B end-user connections and maintenance for SFR FTTH, securing additional long-term revenues.

1.3.4. Media

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. To ensure the Group caters to local demand for content, it tailors both its basic and additional channel offerings to each country of operation according to culture, demographics, programming preferences and local regulation.

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 and Europa League, the English Premier League, the French National Basketball League, winter extreme X-Game events, Rugby Premier League fixtures, French Athletics Federation events, Diamond League, World Gymnastics Championships and World Series of Boxing 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 2018, Altice TV began the broadcast of premium sport contents, i.e. the exclusive rights of UEFA Champions League and Europa League in France for seasons 2018 through 2021. In 2018, Altice France launched RMC Sport, with the broadcasting of the first Champions League matches in September 2018 for SFR customers through telecom bundles as well for those that subscribed to the RMC Sport OTT offer. Altice TV reached a wholesale deal with Canal+ in September 2018 to allow Canal+ pay-TV satellite clients to watch RMC Sport content.

Separately, the Group had formed a partnership with Discovery Communications and NBCUniversal to distribute exclusive channels in France, dedicated to cinema and series, which broadcast the NBCUniversal catalogue and other French and European productions.

The Group offers the distributed channels as part of its pay-TV packages in several of its geographies and also distributes them to third party service providers. The Group also continues to develop and offer content in Israel through its 'HOT 3'and 'HOT HBO' channels.

The Group has 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). 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.

Press

The Company owns well-established papers in France with renowned websites: the daily newspaper Liberation and the weekly press magazine L'Express. On July 19, 2019, the Board of the Group approved the sale of 51% equity stake in L'Express. The sale closed on July 30, 2019.

Targeted advertising (Teads)

The Group acquired Teads in June 2017. Teads, founded in 2011, 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. Teads, a highly complementary strategic asset to the Group, can leverage data from the Group's telecom businesses to deliver anonymous people-based targeting solutions, including set top box viewing data information, enriched by consumer data, allowing the Group to track buying behaviour. 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 the first nine months of 2019, Teads signed global advertising partnerships with several of the top 100 global ad spenders for video, display and performance ad campaigns. Growth in the second half year of 2019 is partially driven by further adoption of the company's full-funnel advertising solutions.

Starting 2018, Teads diversified its product offering by scaling innovative and viewable display and performance advertising solutions, which, on a combined basis, now represent above 30% of its revenue. Teads saw significant adoption of its Ad Manager, a self-serve programmatic interface allowing buyers to buy media on a guaranteed outcome basis, such as video view completion. Teads Ad Manager is currently being used by several of the largest agency holding companies including IPG, DentsuAegis and Havas. Finally, Teads developed an audience suite allowing marketers to combine Teads' first party data with their own data and with curated third-party data segments in order to improve campaign targeting, optimisation and reporting capabilities.

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 B2B 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 continuously evaluates its marketing channels, to allocate its resources most efficiently.

The Group's marketing strategy is based on increasing the penetration of multi-play services within its customer 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 highlights its multi-play offerings in its marketing efforts and focuses on transitioning its analogue and digital video-only customers to multi-play packages. The Group believes customers who subscribe for more than one service from it are significantly more loyal. The Group's marketing and sales efforts are always geared towards demonstrating the high-quality and speed of its networks.

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

1.5. Customers

1.5.1. Customer contracts and billing

The Group typically enters into standard form contracts with its B2C 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 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 B2C and B2B 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 offered through locally and internationally operated service centers and personnel. The Group has vertically integrated one of its main historical customer care suppliers, Intelcia Group, as well as one of its main historical suppliers in the area of the network deployment and maintenance, Parilis, in order to have more end-to-end control over processes and to optimize its operational risks and costs. The integration of Intelcia Group and Parilis enhanced the Group's expertise in these areas and ensure further quality of service improvements to its customers. The Group has also launched and started to implement initiatives aimed at improving its customers' experience, including enhanced customer relationship management systems, which allow 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. In order to pro-actively address proper churn prevention, a dedicated task force was put in place in 2018, composed of top managers from different services (marketing, network, call center, etc.). For the nine months ended September 30, 2019, the Group has benefitted from an improved revenue trend as well as lower costs, underpinned by better quality of services and lower churn, particularly in Altice France.

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 very mature markets, with a limited number of new customers entering the market. Moreover, the Group's products and services are subject to increasing competition from alternative new technologies or improvements in existing technologies.

With respect to its B2C activities, the competition that the Group faces from telephone companies and other providers of DSL, VDSL2 and fiber 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. Connected or 'smart' TVs facilitate 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 been 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 B2B 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

The Group faces significant competition and competitive pressures in the French market. Moreover, its products and services are subject to increasing competition from alternative new technologies or improvements in existing technologies.

With respect to the B2C activities, The Group faces competition from telephone companies and other providers of DSL, VDSL2 and fiber network connections. 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 over-the-top ("OTT") programs on a broadband network, such as Internet competitors Amazon, Apple, Google and Netflix, are expected to grow stronger in the future. Connected or 'smart' TVs facilitate the use of these services. With respect to the fixed line and mobile telephony markets, the industry has experienced a shift in usage from fixed line telephony to mobile telephony and the Group faces intensive competition from established telephone companies, mobile virtual network operators ("MVNOs") and providers of new technologies such as VoIP.

In the French pay TV market, the Group competes with providers of premium television packages such as CanalSat, DSL 3P and/or 4P operators such as Orange, Free and Bouygues Telecom, which provide internet Protocol TV ("IPTV"), and providers of pay digital terrestrial television ("DTT"). In the broadband market, the Group competes primarily with xDSL, though increasingly with fiber providers such as Orange (the leading DSL provider in France), Free and Bouygues Telecom. The Group's competitors continue to invest in fiber network technology which has resulted in additional competition to its fiber-based services. In the French mobile telephony 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.

In particular, price competition is significant since entry into the market by Free in early 2012 with low-priced no frills packages. Moreover, the competition in the fixed market has deteriorated recently with more aggressive promotions from competitors for longer periods, particularly at the low end of the market. Moreover, while the acceleration of the Group's fiber deployment in France, notably expanding FTTH coverage in low-density and rural areas, could support better fiber customer trends as the addressable market for very high-speed broadband services expands, FTTH deployment by the Group's competitors could accelerate and the share of FTTH on the high-speed internet market could grow significantly thereby eliminating or reducing the Group's fixed network advantage. In the wholesale market, the Group competes with established players (the incumbent Orange mainly), and with local operators (including Covage, and Altitude Telecom, among others)

In the competitive B2B data services market, price pressure has been 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 more and more 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 have a broader and denser network. In recent years, the B2B market has experienced a structural change marked by a move from traditional switched voice services to VoIP services.

Portugal

In Portugal, the Group has experienced pressure from its competitors to reduce monthly subscription fees. The competitive landscape has changed significantly as a result of the merger in 2013 of ZON Multimédia—Serviços de Telecomunicações e Multimédia, SGPS, S.A. ("ZON"), the largest cable operator at that time, and Optimus SGPS, S.A. ("Optimus"), the third largest mobile operator at that time, to create NOS SGPS, S.A. ("NOS"), an integrated telecommunications operator in Portugal. The Group expects to face competition from Cabovisão, which the Group disposed of in January 2016, under its new ownership. In broadband, the Group competes with Vodafone Portugal, which is expanding its FTTH footprint, as well as NOS whose high-speed broadband coverage is greater than that of the Group. In the fixed telephony market, the Group has experienced, and may continue to experience, erosion of market share of both access lines and of outgoing domestic and international traffic as result of the trend toward the use of mobile services instead of fixed telephone services. Additionally, all mobile players have launched fixed telephony services based on their mobile networks, which are directly competing for the same customers. Competition is intensified by mobile operators NOS and Vodafone with large mobile operations but a limited (although growing) fixed-line network, particularly in light of their recently announced partnership relating to the reciprocal sharing of fiber and mobile towers across Portugal. The new network sharing agreement between NOS and Vodafone took effect from the beginning of 2018 and contemplates the development and sharing of dark fiber in fixed infrastructure at a national level. This agreement was subsequently extended to the mobile infrastructure, covering mobile towers. These new developments could have a material adverse effect on the Group's business, financial condition and results of operations. Mobile operators can bypass the Group's international wireline network by interconnecting directly with fixed-line and mobile networks either in its domestic network or abroad. Competition is also forcing down the prices of fixed-line voice services for long distance and international calls, as operators have been offering unlimited voice communications for all national and several international fixed destinations. Lowering international call prices has caused a decline in the Group's revenues from international fixed-line voice services. The Group expects competition from operators with services based on VoIP to also place increasing price pressure on voice tariffs. At the retail level, the Group's existing Portuguese mobile competitors, Vodafone and NOS, will continue to market their services aggressively, resulting in similarly priced offers for all major mobile players in the market.

Israel

In Israel, in the multi-channel television market, the Group's main competitor is D.B.S. Satellite Services (1998) Ltd, a subsidiary of Bezeq, which provides satellite technology based multi-channel television services under the brand "YES." As of December 2014, Cellcom also began to offer broadcast services to customers and, as of July 2017, Partner Communications Company Ltd. ("Partner") launched its broadcasting offer to customers. Other factors that have a material impact on competition in the market include the availability of free-to-air DTT channels and the increasing availability of video content and services that may be offered via the internet. In addition, the Group believes that the implementation of certain regulatory changes may have an impact on competition in the market, including the expansion in the number of free-to-air DTT channels, the 'narrow' television package and the increased scope of special broadcasting licenses pursuant to which the Group is required to broadcast television channels owned by special broadcasting license holders on its network under certain terms. the Group's high speed broadband internet infrastructure access service competes primarily with Bezeq, which provides high speed broadband internet access over DSL, holds the highest market share in broadband internet infrastructure access in Israel, and offers a range of products with different download speeds, data transfer limits and other value added services. Continued upgrades to the quality of Bezeq's DSL based broadband internet infrastructure access service to VDSL and potentially even faster DSL variants and the possibility of widespread FTTX installations which it has announced could have a negative impact on the Group's competitive position in the broadband internet infrastructure market and may also require the Group to revise its marketing strategy and make potentially significant capital expenditures. The regulatory changes since 2015, requiring Bezeq and the Group to provide certain wholesale services to serve providers with a view to create a market for broadband infrastructure access and fixed telephony services, may also result in increased competition from other service providers such as ISPs and IPTV providers who utilize the Group's cable networks to provide internet services. These regulatory changes may have a negative impact on the Group's business, financial condition and results of operations. Competition has also increased following the creation of a public-private joint venture in June 2013 between the government owned Israeli Electric Corporation ("IEC") and a private company ("IBC"), which proposes to use the electric transmission and distribution network in Israel owned by IEC to provide wholesale products to telecommunication services providers via optical fiber, and thus compete with the Group and Bezeq in the wholesale market as well as providing such services directly to large business customers. To the best of the Group's knowledge, the joint venture has commenced the deployment of its optical network in different cities in Israel. In addition to Cellcom and IBC, Partner group has also commenced the deployment of an optical fiber-based network in several areas. In December 2018, the Israeli Ministry of Communications published a public hearing regarding the proposed regulatory principles for the policy regarding the deployment of ultra-broadband infrastructure in Israel in order to create a competitive environment and establish rules that will promote the deployment of fiber optic networks in Israel. Bezeq, the Group's principal competitor in the Israeli market and the largest provider of fixed-line telephony services, has an extensive fixed-line telephone network throughout Israel, strong market knowledge, high brand recognition and substantial capital resources. Other competitors provide fixed-line telephony services over broadband ("VoB"), among them Cellcom and Partner. In Israel, the Group's mobile service compete with several mobile network operators, including Cellcom, Partner Golan Telecom and Pelephone, who between them are estimated to directly represent approximately 85% of the total market for mobile services in Israel as of September 30, 2019 by number of mobile customers. The three principal mobile operators in Israel benefit from strong brand recognition even though the Group's HOT Mobile brand has been leading the Israeli mobile market in terms of subscriber acquisitions since January 2016. In April 2018, a new mobile operator 018 Xphone entered the Israeli market. This is a reflection of the increased brand recognition associated with the HOT Mobile brand resulting from the Group's extensive marketing activities and distribution capabilities. Competition in the provision of internet, data and voice products to business customers is intense, with Bezeq, several local telephony operators through VoB and several international telephony operators among the Group's competitors. In addition to competitive activity, the Group continues to see challenges in this segment of the market as a result of price erosion in existing products and the need to invest in new product development to satisfy the evolving preferences of prospective customers.

Dominican Republic

The Group faces significant competition from market incumbents, including Claro which has the largest market share in each of the residential mobile, residential fixed and business services segments, and new competitors. For the Group's fixed-based services, its competitors include, but are not limited to, providers of television, broadband internet, fixed-line telephony and B2B services using xDSL or fiber connections, providers of TV services using technologies such as IPTV and satellite, DTT providers, mobile network operators providing fixed wireless broadband access services, providers of emerging digital entertainment technologies, mobile voice and other providers of wholesale services. For the Group's mobile services, it faces competition from other mobile operators who own and operate a mobile network as well as from providers of VoIP. For the Group's wholesale services its key competitors include, but are not limited to, wholesale providers of voice, data and fiber services. While competition in the telecommunications market in the Dominican Republic is relatively highly concentrated, competition in certain segments of the market, such as pay TV, remains fragmented. Mergers, joint ventures and alliances among franchised, wireless or private cable operators, satellite providers, local exchange carriers and other telecommunication service providers may provide additional benefits to some of the Group's competitors, for example via access to financing, resources, efficiencies of scale or the ability to provide multiple services in direct competition with the Group. Public private joint ventures may also increase competition. The competitive landscape in the Dominican Republic is generally characterized by increasing competition, tiered offerings that include lower priced entry-level products and in the fixed-line segment, a focus on multi-play offerings, including special promotions and discounts for customers who subscribe for multi-play services. The Group expects additional competitive pressure from media and telecommunications industries that seek to offer packages of fixed-based and mobile voice, internet and video broadcast services. In addition, the Group expects competition to increase as a result of changes to the regulatory regimes in the Dominican Republic, such as those attempting to increase competition by allowing third party access to fixed networks that are considered an essential facility and the obligation to share access to passive elements of mobile networks with other operators.

2. Strategy and performance

2.1. Objectives

The Group's key objective is to improve its operating and financial performance by increasing operational efficiencies of its existing businesses, driving growth through reinvestment, and integrating its acquired businesses utilizing the Group's operational expertise, scale and investment support. Furthermore, the Group aims to deliver to its customers the best quality services and exclusive 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 year through the implementation of the Separation and continued 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.

The Group intends to pursue its plan to strengthen its balance sheet. The Group will continue to review its infrastructure in its footprint, in line with the transformational agreements already reached with renowned infrastructure investors. In 2018, the Group closed the tower transactions in France, Portugal and the Dominican Republic at very attractive valuations and for a total sale proceeds of more than €2.5 billion. The Group retained a controlling 50.01% stake in the French tower portfolio as well as a 25% stake in the Portuguese tower portfolio. In addition, Altice France has entered into a partnership with infrastructure investors, becoming its partners and committing large resources to build the leading FTTH wholesaler in Europe. On March 27, 2019, Altice France sold of a 49.99% equity stake in SFR FTTH for a total cash consideration of €1.7 billion, based on €3.4 billion equity value at closing.

Through these transactions, the Group will deleverage. The Group has started to see an increase of content-related revenues, namely monetization of the UEFA Champions League rights: The Group has continued to benefit from an important wholesale deal with Canal+ for their satellite customers, on top of new OTT clients and SFR clients taking content bundles.

2.2. Strategy of the Company

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

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

- the operational and financial turnaround in France and Portugal under the leadership of new local management teams;

- optimizing the performance in each market with a particular focus on customer services;

- continuing to invest in best-in-class infrastructure commensurate with the Company's market position;
- monetizing content investments through various pay-TV models and growing advertising revenue; and
- the execution of non-core asset disposal program and the potential monetization of part of the Group Companies' fiber infrastructure.

Furthermore, to increase accountability and transparency, the Company has been, since the Separation was effected on June 8, 2018, structured in three reporting groups with new perimeters:

- Altice France: Altice France includes SFR Telecom, SFR Media (NextRadioTV and press), the French Overseas Territories, Altice Technical Services France and Altice Customer Services;
- Altice International: Altice International includes MEO in Portugal, HOT in Israel, Altice Dominicana in the Dominican Republic, Teads and Altice Technical Services in Portugal, Israel and the Dominican Republic; and
- Altice TV division: the newly formed Altice TV division includes Altice Entertainment, Altice Picture major sports rights (including the UEFA Champions League and the English Premier League) and other premium content rights (including Discovery Communications and NBCUniversal).

3. Key Factors Affecting the Group's Results of Operations

The Group's future performance is dependent, to a large extent, on the impact of direct competition, general economic conditions (including capital and credit market conditions), its ability to manage its businesses effectively, and its relative strength and leverage in the marketplace, both with suppliers and customers. The Group operates in a highly competitive, consumer and technology driven and rapidly changing business that is affected by government regulation and economic, strategic, technological, political and social conditions. Various factors could adversely affect the Group's operations, business or financial results in the future and cause its actual results to differ materially from those contained in the forward‑looking statements. In addition, important factors that could cause the Group's actual results to differ materially from those in the forward‑looking statements include:

- the Group's substantial leverage and debt service obligations;
- the Group's ability to generate sufficient cash flow to service its debt and to control and finance its capital expenditures and operations;
- restrictions and limitations contained in the agreements governing the Group's indebtedness;
- the Group's ability to raise additional financing or refinance its existing indebtedness;
- fluctuations in currency exchange rates, inflation and interest rates;
- negative changes to the Group's credit rating;
- risks associated with the Group's structure and its other indebtedness;
- the competitive environment and downward price pressure in the broadband internet communications, television sector, fixed line telephony, mobile telephony and B2B sectors in the countries in which the Group operates;
- economic and business conditions and trends in the industries in which the Group and the entities in which it has interests operate;
- changes in the political, judicial, economic or security environment in the countries in which the Group operates or will operate in the future;

- changes in consumer demand for cable-based, mobile and media products as well as the demand for bundled services and offerings;
- development of telecommunications networks and services and dependence on third parties for access to certain parts of the Group's network;
- the Group's ability to introduce new technologies or services and its ability to respond to technological developments;
- deployment of fiber and/or VDSL2 networks and/or new generation mobile networks by the Group's competitors;
- perceived or actual health risks and other environmental requirements relating to the Group's mobile operations;
- the Group's ability to maintain favorable roaming or network sharing agreements;
- the Group's ability to achieve cost savings from network sharing agreements for its mobile services in the jurisdictions in which it operates;
- the ability of telecommunications providers to provide consistent services without disruption;
- the ability of third-party suppliers and vendors to timely deliver products, network infrastructure, equipment, software and services;
- the availability of attractive content for the Group's digital video services or necessary equipment at reasonable costs;
- risks related to royalty payments and the Group's licenses;
- technical failures, equipment defects, physical or electronic break-ins to the services, computer viruses and similar problems;
- any negative impact on the Group's reputation, including due to product quality issues;
- customer churn;
- the Group's ability to integrate acquired businesses and realize planned synergy benefits from past or future acquisitions;
- the Group's ability to maintain adequate managerial controls and procedures as the business grows;
- the Group's inability to provide high levels of customer service;
- the declining revenue from certain of the Group's services and its ability to offset such declines;
- any disruptions in the credit and equity markets which could affect the Group's credit instruments and cash investments;
- the Group's ability to protect its intellectual property rights and avoid any infringement of any third party's intellectual property rights;
- the Group's ability to maintain customer data and comply with data privacy laws;
- the outcome of any pending legal, administrative and regulatory proceedings;
- the Group's significant post retirement and healthcare benefit obligations (both funded and unfunded);

- changes in laws or treaties relating to taxation in the countries in which the Group operates, or the interpretation thereof;
- the regulatory environment in the countries in which the Group operates and changes in, or a failure or an inability to comply with, government regulations and adverse outcomes from regulatory proceedings;
- local business risks in the jurisdictions in which the Group operates;
- the Group's ability to manage its brands;
- the Group's inability to completely control the prices it charges to customers or the programming it provides;
- the Group's ability to obtain building and environmental permits for the building and upgrading of its networks and to comply generally with city planning laws;
- the loss of key employees and the availability of qualified personnel and a deterioration of the relationship with employee representatives;
- events that are outside of the Group's control, such as political unrest in international markets, terrorist attacks, natural disasters, pandemics and other similar events; and
- other factors described in more detail under "Key Risks" in paragraph 2.7.1. of the 2018 Annual Report of Altice Europe N.V.

4. 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 Altice Europe N.V.as of and for the nine months ended September 30, 2019.

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

5. Group financial review

5.1. 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 nine months ended September 30, 2019, including the accompanying notes.

The condensed interim consolidated financial statements of the Group as of September 30, 2019 and for the nine months then ended, are presented in millions of Euros, except as otherwise stated, and have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. They should be read in conjunction with the annual consolidated financial statements of the Group and the notes thereto as of and for the year ended December 31, 2018 which were prepared in accordance with International Financial Reporting Standards as adopted in the European Union ("IFRS") (the "annual consolidated financial statements").

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

The below table sets forth the Group's consolidated statement of income for the nine months ended September 30, 2019 and September 30, 2018, in euros.

Consolidated Statement of Income	For the nine months ended September 30, 2019	For the nine months ended September 30, 2018	Change
(€m)			
Revenues	**10,763.8**	**10,634.1**	**1.2%**
Purchasing and subcontracting costs	(2,828.4)	(3,276.2)	-13.7%
Other operating expenses	(2,043.3)	(2,381.3)	-14.2%
Staff costs and employee benefits	(1,131.6)	(1,126.5)	0.5%
Depreciation, amortization and impairment	(3,798.6)	(2,972.4)	27.8%
Other expenses and income	2,772.4	546.5	407.3%
Operating profit	**3,734.3**	**1,424.4**	**162.2%**
Interest relative to gross financial debt	(1,530.4)	(1,491.1)	2.6%
Realized and unrealized gains on derivative instruments	679.2	107.4	532.5%
Other financial expenses	(800.9)	(247.9)	223.1%
Finance income	35.0	19.9	76.1%
Net result on extinguishment of a financial liability	(206.2)	(145.2)	nm
Finance costs, net	**(1,823.4)**	**(1,756.9)**	**3.8%**
Share of losses of associates	(123.3)	(5.9)	1994.5%
Profit (Loss) before income tax from continuing operations	**1,787.6**	**(338.4)**	**-628.2%**
Income tax benefit (loss)	59.2	(226.8)	-126.1%
Profit (Loss) for the period from continuing operations	**1,846.8**	**(565.2)**	**-426.7%**
Discontinued operations			
Profit after tax for the year from discontinued operations	-	708.5	-100.0%
Profit (Loss) for the period	**1,846.8**	**143.2**	**1189.3%**
Attributable to equity holders of the parent	*1,809.3*	*24.5*	*7290.6%*
Attributable to non-controlling interests	*37.5*	*118.8*	*-68.4%*

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. As of 2018, this segment also comprises of the French Overseas Territories ("FOT"), Altice Technical Services France S.à r.l. ("ATS France") and Altice Customer Services ("ACS").

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

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

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

Teads: Provides digital advertising solutions.

Altice TV: Content business from the use of content rights.

Others: This segment includes all corporate entities. The Board of Directors believes that these operations are not substantial enough to require a separate reporting segment, and so are reported under "Others". In 2018, this segment also included i24 US LLC. i24 US LLC, which was as a subsidiary of i24 US Corp., was no longer part of the Group as from April 23, 2018.

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

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

For the nine months ended September 30, 2019 €m	France	Portugal	Israel	Dominican Republic	Teads	Altice TV	Others	Inter-segment elimination	Total
Revenues	**7,811.1**	**1,566.7**	**712.2**	**419.7**	**300.2**	**174.2**	**0.6**	**(220.9)**	**10,763.8**
Purchasing and subcontracting costs	(2,072.7)	(403.6)	(217.5)	(104.9)	-	(245.5)	-	215.9	**(2,828.4)**
Other operating expenses	(1,357.2)	(275.2)	(150.5)	(61.9)	(179.3)	(3.2)	(14.8)	(1.3)	**(2,043.3)**
Staff costs and employee benefits	(745.9)	(198.4)	(51.6)	(23.1)	(75.1)	(1.6)	(36.2)	0.3	**(1,131.6)**
Total	**3,635.4**	**689.6**	**292.6**	**229.8**	**45.8**	**(76.2)**	**(50.5)**	**(6.0)**	**4,760.4**
Share-based expense	2.9	-	-	-	-	-	30.9	-	**33.8**
Rental expense operating lease	(558.4)	(54.1)	(25.2)	(18.7)	(3.0)	-	-	-	(659.2)
Adjusted EBITDA	**3,080.0**	**635.5**	**267.4**	**211.1**	**42.8**	**(76.2)**	**(19.6)**	**(6.0)**	**4,135.0**
Depreciation, amortisation and impairment	(2,523.4)	(535.7)	(272.6)	(94.6)	(15.0)	(357.2)	(0.1)	-	(3,798.6)
Share-based expense	(2.9)	-	-	-	-	-	(30.9)	-	(33.8)
Other expenses and income	3,050.6	(287.0)	(6.4)	(5.4)	(0.2)	0.0	20.9	(0.1)	2,772.4
Rental expense operating lease	558.4	54.1	25.2	18.7	3.0	-	-	-	659.2
Operating profit/(loss)	**4,162.5**	**(133.1)**	**13.5**	**129.9**	**30.6**	**(433.4)**	**(29.7)**	**(6.2)**	**3,734.3**

For the nine months ended September 30, 2018 €m	France	Portugal	Israel	Dominican Republic	Teads	Altice TV	Others	Inter-segment elimination	Total
Revenues	**7,713.9**	**1,583.3**	**714.4**	**447.0**	**235.5**	**69.8**	**4.4**	**(134.2)**	**10,634.1**
Purchasing and subcontracting costs	(2,432.9)	(409.1)	(194.0)	(126.9)	0.3	(233.2)	(0.9)	120.6	(3,276.2)
Other operating expenses	(1,685.3)	(296.3)	(160.9)	(70.2)	(148.7)	(6.0)	(18.4)	4.4	(2,381.3)
Staff costs and employee benefits	(742.4)	(206.8)	(47.5)	(19.8)	(60.2)	(4.5)	(45.6)	0.3	(1,126.5)
Total	**2,853.3**	**671.0**	**312.0**	**230.1**	**26.9**	**(173.8)**	**(60.4)**	**(9.0)**	**3,850.2**
Share-based expense	0.2	-	0.1	-	-	-	27.2	-	**27.5**
Rental expense operating lease	-	-	-	-	-	-	-	-	-
Adjusted EBITDA	**2,853.5**	**671.0**	**312.1**	**230.1**	**26.9**	**(173.8)**	**(33.1)**	**(9.0)**	**3,877.7**
Depreciation, amortisation and impairment	(1,995.0)	(495.6)	(236.7)	(95.0)	(12.3)	(140.7)	2.9	-	**(2,972.4)**
Share-based expense	(0.2)	-	(0.1)	-	-	-	(27.2)	-	**(27.5)**
Other expenses and income	(293.0)	551.8	(10.2)	1.2	(0.2)	300.2	(4.1)	0.9	**546.5**
Rental expense operating lease	-	-	-	-	-	-	-	-	-
Operating profit/(loss)	**565.3**	**727.2**	**65.1**	**136.3**	**14.4**	**(14.4)**	**(61.5)**	**(8.1)**	**1,424.4**

5.2. Significant events affecting historical results

Many significant events had an impact on the results of the Group's operations for the nine months ended September 30, 2019.

Summary of the significant events that took place in the nine months ended September 30, 2019:

5.2.1. 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, revenues and expenses) instead of equity method.

5.2.2. Closing of the sale of 49.99% in SFR Fiber to the Home (SFR FTTH)

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

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 nine months ended September 30, 2019 was €3,203.8 million. This partnership creates the leading FTTH infrastructure wholesaler in France and brings an additional €1.7 billion of cash to Altice France. Following the closing of the transaction, Altice France lost exclusive control over SFR FTTH as Altice France and the Partners have joint control over the new entity 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.*

5.2.3. Altice Luxembourg refinancing and repayment of debt

On May 6, 2019, Altice Luxembourg S.A. priced €2.8 billion equivalent of new 8-year Senior Notes at an all-inclusive cost of 7.9% (fully euro swapped). The Group repaid €1.5 billion of debt from cash on hand to reduce gross leverage. In June 2019, the proceeds from this transaction, together with €500 million cash from Altice France and swap monetization proceeds of €435 million have been used by Altice Luxembourg S.A. to partially repay its existing $2,900 million and €2,075 million 2022 Notes. As a result, there is approximately €1.0 billion equivalent remaining outstanding of the 2022 Altice Luxembourg Notes.

Furthermore, in June 2019, the Group used €1.0 billion of cash on balance sheet at Altice France to partially redeem the existing €1,250 million and $1,375 million 2024 Altice France Notes on a pro rata basis.

5.2.4. The sale of a majority stake in Groupe L'Express S.A.

On February 12, 2019, Altice France and Groupe L'Express S.A. ("L'Express") announced the potential sale by Altice France to News Participations S.A.S, a company controlled by Alain Weill, of a majority stake in L'Express. On July 19, 2019, the Board approved the sale of a 51% equity stake to News Participations S.A.S., the remaining 49% of the share capital of L'Express being held by Altice Group Lux S.à r.l..

The sale closed on July 30, 2019. News Participations paid a nominal consideration of €18,890 for the subscription to 1,889,000 preference shares B, granting 51% of the financial interests in L'Express. Following the closing of the transaction, the Group lost control over L'Express and the remaining 49% equity stake held by Altice Group Lux S.à r.l. is accounted for under the equity method in accordance with IAS 28 *Investments in Associates and Joint Ventures* in the Group's financial statements. The capital loss recorded in the statement of income for the nine months ended September 30, 2019 was €67.7 million in the caption Other expenses and income.

5.2.5. Altice France refinancing

On September 16, 2019 Altice France priced and allocated €2.55 billion (equivalent) of new Senior Secured Notes, €2.0 billion (equivalent) of 8.25-year euro and dollar Senior Secured Notes maturing in January 2028 with a weighted average cost on a fully euro swapped basis of 3.375% and €550 million of 5.25-year euro Senior Secured Notes maturing in January 2025 with a cost of 2.50%.

The proceeds from this transaction have been used by Altice France to redeem in full its existing €750 million and $815 million 2024 Senior Secured Notes and by Altice Luxembourg to redeem in full its existing €445 million and $636 million 2022 Senior Notes.

The existing Altice France $815 million 2024 Senior Secured Notes and the Altice Luxembourg $636 million 2022 Senior Notes were repaid on October 14, 2019. The existing Altice France €750 million 2024 Senior Secured Notes and the Altice Luxembourg €445 million 2022 Senior Notes were repaid on October 16, 2019. Please also refer to note 13.2 in this document.

Summary of the significant events that took place in the nine months ended September 30, 2018:

5.2.6. Sale of telecommunications solutions business and data center operations in Switzerland

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

The capital gain recorded during the nine months ended September 30, 2018 amounted to €88.8 million, net of tax. The total proceeds received amounted to €156.4 million.

5.2.7. Acquisition by Altice France of the minority stake held by News Participations in Altice Content Luxembourg

On April 5, 2018, Altice France acquired the minority stake held by News Participations (NP) in Altice Content Luxembourg (ACL) for the amount of €100 million by exercising the call option it held on NP's 25% stake in ACL. On May 31, 2018, Altice France increased its ownership in NextRadioTV S.A. via conversion of convertible bonds into equity. Following the transactions described above, the Group's ownership in NextRadioTV S.A. and its subsidiaries increased to 99.7%.

5.2.8. Exercise of the ATS call option

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

5.2.9. Altice USA separation from the Company

On June 8, 2018, the Company and Altice USA announced that the planned separation of Altice USA from the Company (the "Separation") had been implemented. In the context of the Separation, the corporate name of the Company was changed from Altice N.V. to Altice Europe N.V.

The Separation took place by way of a special distribution in kind by the Company of its 67.2% interest in Altice USA to the Company's shareholders out of the Company's share premium reserve (the "Distribution"). The Distribution excluded the shares of Altice USA indirectly owned by the Company through Neptune Holding US LP. The Company instructed its agent to transfer to each of its shareholders 0.4163 shares of Altice USA common stock for every share held by such shareholder in the Company's capital on the Distribution record date.

As announced by the Company and Altice USA on June 7, 2018, the total number of shares of Altice USA Class A common stock and Altice USA Class B common stock that have been distributed were:

- Altice USA Class A common stock: 247,683,489
- Altice USA Class B common stock: 247,683,443

Following the Distribution, there were 489,384,523 shares of Altice USA Class A common stock and 247,684,443 shares of Altice USA Class B common stock outstanding.

As part of the Separation, on June 6, 2018, Altice USA paid a $1.5 billion of cash dividend to its shareholders, including $1.1 billion to the Company.

In connection with the Separation, on March 19, 2018, the Group sold the 30% interest held in Altice Technical Services US LLC (“ATS US”) to CSC Holdings LLC, which was a US indirect subsidiary of the Company, for the price of $1. On April 23, 2018, the Group completed the sale of i24news and i24 US Corp. (international 24-hour news and current affairs television channel) to Altice USA for a total consideration of $10.1 million (€8.3 million).

5.2.10. Sale of international wholesale business

On July 18, 2018, three Sale and Purchase Agreements were signed by Altice France, Altice Dominicana and MEO with Tofane Global related to the sale of the international wholesale voice carrier business in France, the Dominican Republic and Portugal, respectively. The transaction closed on September 6, 2018. The total consideration received was €33.0 million. The capital gain recorded for the nine months ended September 30, 2018 was €9.9 million.

5.2.11. Sale and purchase agreements signed for the purchase by Altice Technical Services France S.à r.l. of the minority interests in ERT Luxembourg S.A.

On August 29, 2018, Altice Technical Services France S.à r.l. ("ATS France") signed sale and purchase agreements with each of the five minority shareholders of ERT Luxembourg S.A. ("ERT Lux") in order to acquire 253 shares of ERT Lux for a total price of €42.0 million. Four of the five sale and purchase agreements contemplated a transfer of the ERT Lux shares to ATS France upon signing. As a result, on the date thereof, ATS France owned 84.3 % of the share capital of ERT Lux. Upon completion of the sale under the fifth sale and purchase agreement, which occurred on January 31, 2019, ATS France owned 100% of the share capital of ERT Lux. The payment of this acquisition will be made in several instalments until January 2023, of which €11.1 million has been paid during the nine months ended September 30, 2019.

5.2.12. Altice France acquired the minority interest in Diversité TV Holding

On September 1, 2018, NextRadioTV S.A., a subsidiary of Altice France, acquired the renmaining 49% minority interest in Diversité TV Holding (“DTV”), previously known as Pho Holding SASU, for a total consideration of €32.7 million. Following this acquisition and the take-over of DTV in the third quarter of 2017, the ownership of NextRadioTV in DTV and its subsidiary Diversité TV France SAS became 100%.

5.2.13. Sale of towers of Portugal

On July 18, 2018, PT Portugal reached an agreement with a consortium including Morgan Stanley Infrastructure Partners and Horizon Equity Partners for the sale of the newly formed tower company called OMTEL, that comprised 2,961 sites operated by Altice Portugal, and an acquisition of 25% of the stake of OMTEL by PT Portugal. The transaction closed on September 4, 2018, and the total consideration received was €539.5 million.

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

- capital gain of €611.7 million that corresponds to the difference between the purchase price of €648 million (including a cash consideration €539.5 million and the acquisition of 25% stake in OMTEL measured at fair value of €108 million) and the carrying value of the net assets transferred, amounting to €37 million, including mainly the towers, prepaid rents and asset retirement obligations; and

- €10.1 million of deferred capital gain.

6. Revenue

6.1. Group

For the nine months ended September 30, 2019, the Group generated total revenues of €10,763.8 million, a 1.2% increase compared to €10,634.1 million for the nine months ended September 30, 2018. This increase in revenues was recorded in Business Services and Media, but partially offset by decreases in Residential fixed and Residential mobile services, in general as a result of increased competition and the associated impact on the customer base and ARPU. These increase in revenue was also partially driven by a favourable development of the foreign currency rates for the Dominican Peso and the Israeli Shekel, which, based on the average exchange rate, increased by 2.4% and 5.2% respectively.

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 nine months ended September 30, 2019 and September 30, 2018, respectively:

	For the nine months ended September 30, 2019							
Revenue (€m)	**France**	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Altice TV**	**Others**	**Total**
Residential - Fixed	1,868.6	463.0	418.2	77.3	-	-	-	2,827.1
Residential - Mobile	3,121.7	418.3	200.9	263.4	-	-	-	4,004.4
Business services	2,500.1	685.4	93.1	78.9	-	-	0.6	3,358.1
Media	320.7	-	-	-	300.2	174.2	-	795.1
Total standalone revenues	**7,811.1**	**1,566.7**	**712.2**	**419.7**	**300.2**	**174.2**	**0.6**	**10,984.7**
Intersegment eliminations	(56.8)	(47.3)	(0.2)	(0.4)	(1.5)	(114.7)	-	(220.9)
Total consolidated revenues	**7,754.3**	**1,519.4**	**712.0**	**419.3**	**298.7**	**59.5**	**0.6**	**10,763.8**

	For the nine months ended September 30, 2018							
Revenue (€m)	**France**	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Altice TV**	**Others**	**Total**
Residential - Fixed	1,940.5	463.9	442.7	75.3	-	-	-	2,922.4
Residential - Mobile	3,161.2	417.9	183.1	262.6	-	-	-	4,024.8
Business services	2,286.1	701.5	88.5	109.0	-	-	4.4	3,189.6
Media	326.0	-	-	-	235.5	69.8	-	631.3
Total standalone revenues	**7,713.9**	**1,583.3**	**714.4**	**447.0**	**235.5**	**69.8**	**4.4**	**10,768.3**
Intersegment eliminations	(39.9)	(36.9)	(0.4)	(0.7)	(1.1)	(52.6)	(2.6)	(134.2)
Total consolidated revenues	**7,674.0**	**1,546.4**	**713.9**	**446.3**	**234.4**	**17.2**	**1.8**	**10,634.1**

Revenues for the Group's Residential fixed business decreased from €2,922.4 million for the nine months ended September 30, 2018 to €2,827.1 million for the nine months ended September 30, 2019, a 3.3% decrease compared to nine months ended September 30, 2018. This decrease was driven primarily by growing competition and the associated pricing pressure. Residential fixed revenue was also impacted by the loss of favourable VAT treatment in France on telecom/press bundles, which ended in March 2018.

The Group's Residential mobile business revenue decreased to €4,004.4 million for the nine months ended September 30, 2019, a 0.5% decrease compared to €4,024.8 million for the nine months ended September 30, 2018. This decrease was driven primarily by continued pricing pressure on mobile offers, partly due to the end of certain subsidised mobile offers in the nine months ended September 30, 2019, leading to a slowdown in higher value mobile uptake. Residential mobile revenue was also impacted by the loss of favourable VAT treatment in France on telecom/press bundles, which ended in March 2018.

The Group's Business services revenue increased to €3,358.1 million for the nine months ended September 30, 2019, a 5.3% increase compared to €3,189.6 million for the nine months ended September 30, 2018. This increase was to a large extent driven by increases in France resulting from the adoption of new pricing and customer retention strategies, with better cross-selling between the fixed and mobile segments and an increased contribution from the major MVNO operators in France.

Revenues from the Group's Media activities totalled €795,1 million for the nine months ended September 30, 2019, an 25.9% increase compared to €631.3 million for the nine months ended September 30, 2018. The increase in Media revenues was mainly due to increases in Teads resulting from higher sales and increases in Altice TV driven by higher OTT revenues, the contribution as from the fourth quarter of 2018 of the wholesale deal signed with Canal+ and an increased contribution from the annual minimum guarantee with Altice France.

6.2. . Geographical segments

France: For the nine months ended September 30, 2019, the Group generated external revenue in France of €7,754.3 million, a 1.0% increase compared to €7,674.0 million for the nine months ended September 30, 2018. This increase is attributable to an increase in Business services revenue, but which is partially offset by decreases in Residential fixed, Residential mobile service and Media revenues.

Revenues from the Group's Residential fixed business decreased by 3.7% from €1,940.5 million for the nine months ended September 30, 2018 to €1,868.6 million for the nine months ended September 30, 2019. This decrease is explained by a reduction in ARPU following more intense market competition after SFR's successful churn reduction and more proactive retention activity. B2C fixed revenue was also impacted by the loss of favourable value added tax ("VAT") treatment on telecom/press bundles, which ended in March 2018.

The Group's Residential mobile business posted a net revenue decrease of 1.3% from €3,161.2 million for the nine months ended September 30, 2018 to €3,121.7 million for the nine months ended September 30, 2019. This decrease was driven primarily by continued pricing pressure on mobile offers, partly due to the end of certain subsidised mobile offers in the nine months ended September 30, 2019 and leading to a slowdown in higher value mobile uptake. Residential mobile revenue was also impacted by the loss of favourable VAT treatment on telecom/press bundles, which ended in March 2018.

Revenues from the Group's Business services increased by 9.4%, from €2,286.1 million for the nine months ended September 30, 2018 to €2,500.1 million for the nine months ended September 30, 2019. This revenue growth was mainly resulting from the construction of the FTTH network for SFR FTTH.

Media revenues decreased from €326.0 million for the nine months ended September 30, 2018 to €320.7 million for the nine months ended September 30, 2019, a decrease of 1.0%. This decrease was driven by the continued growth of radio/television business, but which was offset by a decline in the printed press business, mainly due to the sale of L'Express on July 30, 2019 and magazine Point de Vue (nine months revenues reported in the nine months ended September 30, 2018, but nil in the nine months ended September 30, 2019).

Portugal: For the nine months ended September 30, 2019, the Group generated revenues in Portugal of €1,519.4 million, a 1.7% decrease compared to €1,564.4 million for the nine months ended September 30, 2018. This decrease is largely related to a decline in the Business services revenues, which is explained by the sale of the international wholesale voice carrier business, a transaction which closed on September 6, 2018, and lower international voice traffic.

Revenues from the Group's Residential fixed business decreased marginally by 0.2% from €463.99 million for the nine months ended September 30, 2018 to €463.0 million for the nine months ended September 30, 2019. This decrease is explained by the year on year decline in fixed ARPU due to competitive pressure, which is partially offset by higher net adds reported compared to the same period of last year.

The Group's Residential mobile business posted a net revenue increase of 0.1% from €417.9 million for the nine months ended September 30, 2018 compared to €418.3 million for the nine months ended September 30, 2019. This increase was driven by an increase in post-paid customer base, which was largely offset by a loss of prepaid customers in the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018.

Revenues from the Group's Business services decreased by 2.3%, from €701.5 million for the nine months ended September 30, 2018 to €685.4 million for the nine months ended September 30, 2019. This decrease was mainly explained by the sale of the international wholesale voice carrier business, a transaction which closed on September 6, 2018, and lower international voice traffic.

Israel: For the nine months ended September 30, 2019, the Group generated revenue in Israel of €712.0 million, a 0.3% decrease compared to €713.9 million for the nine months ended September 30, 2018. On a constant currency basis, revenues decreased by 3.9%, mainly due to a decrease in Residential fixed revenues as a result of a strong competition in the TV and broadband market, despite an increase in cable customer base in the first nine months of 2019. This decrease was partly offset by mainly an increase in Residential mobile revenues due to higher equipment sales and an increase in the mobile customer base while the market is still under price pressure. Business services revenues were negatively impacted by the decommissioning of the IDEN technology by the end of 2018.

Dominican Republic: For the nine months ended September 30, 2019, the Group generated total revenue of €419.3 million, a 6.1% decrease compared to €446.3 million for the nine months ended September 30, 2018. On a constant currency basis, revenues decreased by 8.2%. On a constant currency basis, this was largely driven by a decrease in Business service revenues, mainly due to the sale of the international wholesale voice carrier business, a transaction which closed on September 6, 2018, and lower international voice traffic.

Teads: For the nine months ended September 30, 2019, the Group generated revenue in Teads of €298.7 million, compared to €234.4 million for the nine months ended September 30, 2018. This increase in revenues is largely explained by the performance of the Admanager service and the growing contribution of Display and Performance formats.

Altice TV: For the nine months ended September 30, 2019, the Group generated total revenue in Altice TV of €59.5 million, compared to €17.2 million for the nine months ended September 30, 2018. This increase is mainly driven by the revenues realised with third parties through wholesale deals and by higher OTT sales.

Others: For the nine months ended September 30, 2019, the Group generated total revenue in Others (which comprises of the Group's corporate entities) of €0.6 million, compared to €1.8 million for the nine months ended September 30, 2018.

7. Adjusted EBITDA

7.1. Group

For the nine months ended September 30, 2019, the Group's Adjusted EBITDA was €4,135.0 million, an increase of 6.6% compared to nine months ended September 30, 2018 (€3,877.7 million). This increase can be attributed to higher revenues, as explained above, and lower operating expenses.

7.2. Geographical segments

France: For the nine months ended September 30, 2019, the Group's Adjusted EBITDA in France was €3,080.0 million, an increase of 7.9% from €2,853.5 million for the nine months ended September 30, 2018. This increase was mainly due to a decrease in purchasing and subcontracting costs and other operating expenses, in addition to an increase in revenues, as explained above, which was partially offset by an increase in staff costs and employee benefits. The decrease in other operating expenses is explained by a decrease in customer service expenses (related to the insourcing of Altice Customer Services) and sales and marketing expenses (lower commercial activity driven by a relative stability in market prices).

Portugal: For the nine months ended September 30, 2019, the Group's Adjusted EBITDA in Portugal was €635.5 million, a decrease of 5.3% from €671.0 million for the nine months ended September 30, 2018. This decrease in Adjusted EBITDA is largely attributable to the reduction in Business services revenues, mainly explained by the sale of the international wholesale voice carrier business, a transaction which closed on September 6, 2018, and lower international voice traffic. In addition expenses increased due to higher costs of goods sold related to mobile handsets, in line with the higher revenues, higher programming costs, mainly as a result of the football-related broadcasting rights which were acquired in 2016 but which started to be broadcasted as from the 2018/2019 football season and an increase in infrastructure rental expenses due to the sale of the tower business and subsequent lease of towers. The negative impact of these drivers on Adjusted EBITDA was only partially offset by lower international voice traffic costs, in line with the decline in associated Business services revenues, lower customer service expenses for billing and call-center activities and lower staff costs and employee benefits due to the favourable impact related to employees who terminated their employment agreements in March 2019 under the voluntary employee reduction program.

Israel: For the nine months ended September 30, 2019, the Group's Adjusted EBITDA in Israel was €267.4 million, a decrease of 14.3% compared to €312.1 million for the nine months ended September 30, 2018. Adjusted EBITDA on a constant currency basis decreased by 17.4% compared to 2018. On a constant currency basis, this decrease is mainly due to a decrease in fixed revenues in addition to an increase purchasing and contracting costs, mainly due to an increase in the cost of sale of mobile handsets associated to an increase in mobile revenues and an increase in content expense.

Dominican Republic: For the nine months ended September 30, 2019, the Group's Adjusted EBITDA in the Dominican Republic decreased by 8.3% from €230.1 million for the nine months ended September 30, 2018 to €211.1 million for the nine months ended September 30, 2019. Adjusted EBITDA on a constant currency basis decreased by 10.4%, which is attributable to the reduction in Business services revenues, mainly explained by the sale of the international wholesale voice carrier business, a transaction which closed on September 6, 2018, and lower international voice traffic. In addition, network operating costs increased due to network growth and due to the sale of the tower business and subsequent lease of towers, and staff costs and employee benefits increased due to the increase in the average number of FTE's due to additional sales and retention staff. These decreases in the Adjusted EBITDA were partly offset by lower cost of sales related to the international wholesale voice carrier business, which was sold on September 6, 2018, lower and international voice traffic.

Teads: For the nine months ended September 30, 2019, the Group's Adjusted EBITDA for Teads amounted to €42.8 million, compared to €26.9 million for the nine months ended September 30, 2018, an increase of 59.2%. The increase is explained by higher revenues, as described above, but which were partly offset by higher other operating expenses and salary costs and employee benefits.

Altice TV: For the nine months ended September 30, 2019, the Group's Adjusted EBITDA for Altice TV improved by 56.2% from a negative Adjusted EBITDA of €173.8 million for the nine months ended September 30, 2018 to a negative Adjusted EBITDA of €76.2 million. This increase is mainly attributable to higher revenues as described above.

Others: For the nine months ended September 30, 2019, the Group's Adjusted EBITDA in Others was a negative amount of €19.6 million, compared to a negative Adjusted EBITDA of €33.1 million for the nine months ended September 30, 2018.

8. Operating profit of the Group

8.1. Depreciation, amortization and impairment

For the nine months ended September 30, 2019, depreciation and amortization totalled €3,798.6 million, a 27.8% increase compared to €2,972.4 million for the nine months ended September 30, 2018. The increase is largely explained by the impact of the adoption of IFRS 16 as of January 1, 2019, which resulted in additional amortisation expenses relating to ROU in an amount of €600.3 million. In addition, amortization expenses increased due to the amortisation impact of customer acquisition cost assets created as part of the application of IFRS 15. For the nine months ended September 30, 2018, due to the first-time application of IFRS 15 and the adoption of IFRS 16 as from January 1, 2019, there was no such amortisation.

8.2. Share-based expense

The Group has several share-based compensation plans across its various entities comprising of mainly the Long-Term Incentive Plan ("LTIP"), the Share Option Plan ("SOP"), the options granted to Next Alt and the preference shares granted to the Company's CEO, Mr. Alain Weill. During the nine months ended September 30, 2019, the Group incurred share-based expenses of €33.8 million, an increase of €6.3 million compared to the nine months ended September 30, 2018. The increase was mainly related to the share-based expenses of the Company's CEO.

8.3. Other expenses and income

For the nine months ended September 30, 2019, the Group's other income totalled €2,772.4 million compared to an expense of €546.5 million for the nine months ended September 30, 2018. A detailed breakdown of other expenses income is provided below:

Other expenses and income (€m)	For the nine months ended September 30, 2019	For the nine months ended September 30, 2018	Change
Restructuring costs	262.2	12.7	249.5
Net (gain)/loss on disposal of assets	11.2	(14.7)	25.9
Disputes and litigation	6.3	(82.1)	88.4
Penalties	-	124.5	(124.5)
Net gain on sale of consolidated entities	(3,132.5)	(699.5)	(2,433.0)
Deal fees	8.6	23.3	(14.8)
Other expenses and income (net)	71.9	89.3	(17.4)
Other expenses and income	**(2,772.4)**	**(546.5)**	**(2,225.8)**

8.3.1. Restructuring costs

For the nine months ended September 30, 2019, restructuring costs mainly related to restructuring plans in PT Portugal for which a €255.3 million fully tax deductible expense was recorded in connection with the voluntary employee reduction program undertaken at the end of the first quarter of 2019, covering approximately 800 employees (mainly in support functions) in order to improve operational flexibility of PT Portugal. These employees will enter a new pre-retirement scheme under which they will receive approximately 80% of their salary every year until retirement date. The expected cash out is approximately €20 million in 2019 and the payments made up to September 30, 2019 amounted approximately to €13 million. For the nine months ended September 30, 2018, restructuring costs mainly related to a restructuring plan in PT Portugal.

8.3.2. Net loss/(gain) on disposal of assets

For the nine months ended September 30, 2019, the loss on disposal of assets was primarily related to the loss on scrapped assets in Altice France (€8.3 million) and in PT Portugal (€2.9 million). For the nine months ended September 30, 2018, the gain on disposal of assets was primarily related to the gain on scrapped assets in Altice France (€19.2 million). This was offset by losses on scrapped property, plant and equipment, assets in PT Portugal due to forest fires damages (€1.7 million) and other disposed tangible assets (€2.8 million).

8.3.3. Disputes and litigation

For the nine months ended September 30, 2019, disputes and litigation mainly related to the provisions recorded in PT Portugal of €14.1 million for labour and tax litigations, in Altice Portugal of €2.9 million and in the Dominican Republic of €1.8 million. This was partially offset by provisions released in Altice France of €14.4 million.

For the nine months ended September 30, 2018, disputes and litigation mainly related to the release of Altice France litigation provisions with Orange of €122.0 million which was offset by €5.0 million of compensation to Free. Additionally, a €20.0 million litigation provision was recorded in PT Portugal.

8.3.4. Penalties

For the nine-month ended September 30, 2018, penalties corresponded to the fine imposed to the Group following the European Commission's investigation on gun jumping during the acquisition of PT Portugal by the Group. The €124.5 million fine was recorded in Portugal segment in 2018 (2019: nil).

8.3.5. Net gain on sale of consolidated entities

For the nine months ended September 30, 2019, this 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 €3,203.8 million , the capital loss from the sale of a majority stake in Groupe L'Express S.A. of €67.7 million and an adjustment in the purchase price adjustment in PT Portugal of €2.0 million loss related to the sale of the international wholesale voice carrier business to Tofane Global.

For the nine months ended September 30, 2018, this related to the gain on the sale of the tower business in PT Portugal of €601.6 million (please refer to note 3.2.8), the sale of telecommunications solutions business and data center operations in Switzerland, green.ch AG and Green Datacenter AG, the capital gain generated by the sale of the wholesale business recorded in France (€2.0 million), Dominican Republic (€5.4 million) and PT Portugal (€2.5 million).

8.3.6. Deal fees

For the nine months ended September 30, 2019, deal fees consisted mainly of €3.6 million deal fees in Altice France related to the transaction in relation to the tower and fiber businesses and €2.2 million expenses in PT Portugal related to the deal fees for the sale project of the fiber business.

For the nine months ended September 30, 2018, it consisted mainly of €10.6 million deal fees in Altice France, €6.8 million expenses in PT Portugal for the financial and legal advisory fees in the ongoing sale of the tower business and €4.0 million of advisory fees related to the Separation of Altice USA from the Company.

8.3.7. Other expenses and incomes (net)

For the nine months ended September 30, 2019, other expenses and income consisted mainly of expenses in Altice France of €47.0 million of termination payment and rental charges related to St. Denis, €6.2 million of bonuses related to former managers of SFR FTTH and other indemnities, and €6.4 million for network buybacks at SFR Fiber.

For the nine months ended September 30, 2018, it consisted mainly of expenses in Altice Holdings amounted to €13.0 million of shares settlement with the management team of Altice Blue Two (part of FOT), PT Portugal recorded €3.3 million of fines (mostly related to the termination fee of a real estate rental agreement of €2.4 million). Management fee income for the nine months ended September 30, 2018 was €11.0 million, which corresponded to the corporate costs charged by Altice Management International to Altice USA.

8.4. Operating profit

As a result of the above-mentioned factors, for the nine months ended September 30, 2019, the Group recorded an operating profit of €3,734.3 million, a 162.2% increase compared to €1,424.4 million for the nine months ended September 30, 2018.

9. Result for the Group – items below operating expenses

9.1. Finance costs (net)

Net finance costs amounted to €1,823.4 million for the nine months ended September 30, 2019, registering an increase of 3.8% compared to €1,756,9 million for the nine months ended September 30, 2018. A detailed breakdown of finance costs (net) is provided below:

Finance costs, net **(€m)**	**For the nine months ended September 30, 2019**	**For the nine months ended September 30, 2018**	**Change**
Interest relative to gross financial debt	(1,530.4)	(1,491.1)	2.6%
Realized and unrealized gains on derivative instruments	679.2	107.4	532.5%
Other financial expenses	(800.9)	(247.9)	223.1%
Finance income (expense)	35.0	19.9	76.1%
Net result on extinguishment of a financial liability	(206.2)	(145.2)	42.0%
Finance costs, net	**(1,823.4)**	**(1,756.9)**	**3.8%**

9.1.1. Interest relative to gross financial debt

For the nine months ended September 30, 2019, the Group's interest relative to gross financial debt totalled €1,530.4 million, a 2.6% increase compared to €1,491.1 million for the nine months ended September 30, 2018. The increase in interest relative to gross financial debt is mainly explained by a higher cost of debt related to the refinancing in July and August 2018 in Altice France.

9.1.2. Realized and unrealized gains on derivative instruments

For the nine months ended September 30, 2019, the Group's realized and unrealized gains on derivative instruments totaled €679.2 million, a 532.5% increase compared to €107.4 million for the nine months ended September 30, 2018, mainly driven by the variation in the mark to market of the Group's derivative financial instruments.

9.1.3. Other financial expenses

For the nine months ended September 30, 2019, the Group's other financial expenses totalled €800.9 million, compared to €247.9 million for the nine months ended September 30, 2018. The change in other financial expenses is largely driven by an increase of €383.0 million of net foreign exchange losses. In addition, during the nine months ended September 30, 2019, interest expenses related to lease liabilities following the adoption of IFRS 16 *Leases* amounted to €138.5 million (2018: nil).

9.1.4. Finance income

For the nine months ended September 30, 2019, the Group's finance income totalled €35.0 million compared to finance income of €19.9 million for the nine months ended September 30, 2018. The increase in finance income is driven by various other financial income items, which are not significant on an individual basis.

9.1.5. Net result on extinguishment of a financial liability

For the nine months ended September 30, 2019, the Group's net result on extinguishment of a financial liability totalled €206.2 million compared to €145.2 million for the nine months ended September 30, 2018. The increase in the net result on extinguishment is a result of the refinancing activities which happened in 2019 and 2018.

9.2. Share of (losses) / gains of associates

For the nine months ended September 30, 2019, the Group's share of loss of associates totalled €123.3 million compared to a loss of €5.9 million for the nine months ended September 30, 2018. This increase is mainly related to the margin realised on downstream transactions between Altice France to SFR FTTH, which is eliminated in the statement of income up to Altice France's share in SFR FTTH. In the absence of precise IFRS guidance related to the geography of the margin elimination in the statement of income, the Group elects to eliminate the margin in the caption Share of earnings of associates in the consolidated statement of income in counterpart of the caption Investment in associates in the statement of financial position.

9.3. Income tax (expense) / benefit

For the nine months ended September 30, 2019, the income tax benefit totalled €59.2 million, reflecting a negative effective tax rate of 3%, compared to an income tax loss of €226.8 million in the nine months ended September 30, 2018, which reflects a negative effective tax rate of 68%. Please also refer to Note 12 to the condensed interim consolidated financial statements.

9.4. Profit (Loss) after tax for the period from continuing operations

For the nine months ended September 30, 2019, the profit after tax from continuing operations totalled €1,846.8 million compared to a loss after tax from continuing operations of €565.2 million in nine months ended September 30, 2018. The reasons for this decrease are enumerated in the sections above.

10. Liquidity and capital resources

10.1. General

The Group's principle 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 September 30, 2019, Altice Luxembourg had an aggregate of €186.0 million available borrowings under the 2014 Altice Luxembourg Revolving Credit Facility Agreement; Altice International's restricted group had an aggregate of €831.0 million (equivalent) available borrowings under the Guarantee Facility Agreements, the 2014 Altice Financing Revolving Credit Facility Agreement and the 2015 Altice Financing Revolving Credit Facility Agreement, of which nil was drawn as at September 30, 2019; and the Altice France restricted group had an aggregate of €1,214.0 million (equivalent) available borrowings under the Altice France and Hivory Revolving Credit Facility Agreements, of which €260.0 was drawn as at September 30, 2019.

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.

10.2. Cash flow

The following table presents primary components of the Group's cash flows (net) for the nine months ended September 30, 2019 and September 30, 2018 respectively. Please refer to the consolidated statement of cash flows in the condensed interim consolidated financial statements for additional details.

Net Cash Flows **(€m)**	**For the nine months ended September 30, 2019**	**For the nine months ended September 30, 2018**	**Change**
Net cash flow from operating activities	3,798.7	3,158.9	20.3%
Net cash flow from investing activities	(1,156.4)	(1,970.3)	-41.3%
Net cash flow from financing activities	(1,099.6)	(1,400.4)	-21.5%
Changes in cash and cash equivalents	**1,542.7**	**(211.7)**	**-828.8%**
Classification of cash as held for sale	(10.2)	(274.4)	-96.3%
Effects of exchange rate changes on cash held in foreign currencies	5.4	5.4	-0.8%
Net changes in cash and cash equivalents	**1,537.9**	**(480.8)**	**-419.9%**

The Group recorded a net increase of €1,537.9 million in cash and cash equivalents for the nine months ended September 30, 2019, compared to a net decrease of €480.8 million for the nine months ended September 30, 2018.

10.2.1. Net cash provided by operating activities:

Net cash provided by operating activities increased by 20.3% to €3,798.8 million for the nine months ended September 30, 2019 compared to €3,158.9 million for the nine months ended September 30, 2018. The increase in net cash provided by operating activities is mainly explained by the increase in the operating profit for the nine months ended September 30, 2019 compared to the operating profit for the nine months ended September 30, 2018. This increase was partially offset by a negative change in working capital, to a large extent in France and an increase in income taxes paid.

10.2.2. Net cash used in investing activities:

Net cash used by investing activities decreased by 41.3% to €1,156.4 million for the nine months ended September 30, 2019 compared to net cash used by investing activities of €1,970.3 million for the nine months ended September 30, 2018. The decrease in the nine months ended September 30, 2019 is mainly attributed to the higher proceeds received from the disposal of the SFR FTTH business during the nine months ended September 30, 2019. During the nine months ended September 30, 2018 proceeds from the disposal of businesses, mainly the Group's telecommunications solutions business and data center operations in Switzerland, green.ch AG and Green Datacenter AG, the international wholesale business and the sale of the newly formed tower company called OMTEL in Portugal amounted to €730.7 million. In addition to the increase in cash received from sale of businesses, cash paid for acquisitions decreased in the first nine months ended September 30, 2019. The above increases in cash received from investing activities were partially offset by higher capital expenditures and lower proceeds from the sale of property, plant and equipment in the nine months ended September 30, 2019.

10.2.3. Net cash used in financing activities:

Net cash from financing activities decreased by 21.5% to net cash used of €1,099.6 million for the nine months ended September 30, 2019 compared to net cash used of €1,400.4 million for the nine months ended September 30, 2018. The decrease in net cash used in financing activities can primarily be attributed to refinancing activities. During the nine months ended September 30, 2019, refinancing activities resulted in a net inflow of cash of €887.4 million, whereas for the nine months ended September 30, 2018 there was a net outflow of cash of €488.8 million. In addition, funds increased due to an increase of swap proceeds of €673.0 million. A further reduction in cash used for financing activities is explained by a decrease in cash paid to acquire non-controlling interests in the nine months ended September 2019 compared to the nine months ended September 30, 2018.

The reduction in the cash used for financing activities as explained above was partially offset by increases in cash paid for lease liabilities. The adoption of *IFRS 16 Leases* as per January 1, 2019, resulted in lease payment and the interest related payments for to right-of-use ("ROU") of €718.00 million. During the nine months ended September 30, 2018, operating lease payments were included in net cash provided by operating activities. In addition, further partially offsetting increases in the net cash used in financing activities in the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018 was the receipt of €894.3 of dividends received from Altice USA in June 2018 and higher cash outflows related to other financing activities in the nine months ended September 30, 2019, mainly due to repayments of call premium for the refinancing of the bonds in Altice Luxembourg, net repayments for issuance fees and redemption fees for the refinancing of the bonds in Altice France, and repayments related to factoring and securitization.

11. Capital expenditures

11.1. General

The Group classifies its capital expenditures in the following categories.

Fixed services (including wholesale): Includes capital expenditures related to (i) connection of customer premises and investment in hardware, 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 fixed business. This also includes capital expenditures relating to data centers, backbone network, connection fees of clients' 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 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 the Group's mobile business.

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

The Group has made substantial investments and will continue to make capital expenditures in the geographies in which it operates to expand its footprint and enhance its product and service offerings. 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.

During the nine months ended September 30, 2019, no significant contractual obligations and commercial commitments have been signed as compared to the year ended December 31, 2018.

The table below sets forth the Group's capital expenditures on an accrued basis for the nine months ended September 30, 2019 and 2018, respectively, for each of the Group's geographical segments:

For the nine months ended September 30, 2019 €m	**France**	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Altice TV**	**Others**	**Eliminations**	**Total**
Capital expenditure (accrued)	1,676.1	295.6	179.5	92.1	4.2	7.5	-	(6.2)	**2,248.8**
Capital expenditure - working capital items	62.6	10.9	7.1	(5.7)	-	353.0	-	-	**427.9**
Payments to acquire tangible and intangible assets	**1,738.6**	**306.6**	**186.7**	**86.4**	**4.2**	**360.5**	**-**	**(6.2)**	2,676.7
As percentage of revenue	*22.4%*	*20.2%*	*26.2%*	*20.6%*	*1.4%*	*605.4%*	*0.0%*	*0.0%*	*24.9%*

For the nine months ended September 30, 2018 €m	**France**	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Altice TV**	**Others**	**Eliminations**	**Total**
Capital expenditure (accrued)	1,677.4	303.3	170.4	83.9	-	1,021.2	-	(2.8)	**3,253.4**
Capital expenditure - working capital items	55.2	56.4	13.3	(4.0)	-	(758.4)	-	-	**(637.5)**
Payments to acquire tangible and intangible assets	**1,732.7**	**359.7**	**183.6**	**79.9**	**-**	**262.8**	**-**	**(2.8)**	2,615.9
As percentage of revenue	*22.6%*	*23.3%*	*25.7%*	*17.9%*	*0.0%*	*1525.6%*	*0.0%*	*0.0%*	*24.6%*

11.2. Geographical segments

France: For the nine months ended September 30, 2019, total capital expenditures in France were €1,738.6 million (representing 22.4% of revenue in France), an 0.8% increase compared to €1,738.6 million for the nine months ended September 30, 2018 (representing 22.6% of revenue in France). The increase is mainly explained by changes in capital expenditures related working capital.

Portugal: For the nine months ended September 30, 2019, PT Portugal's total capital expenditures were €306.6 million (representing 20.2% of revenue in Portugal), a 14.8% decrease compared to €359.7 million for the nine months ended September 30, 2018 (representing 23.3% of revenue in Portugal). The decrease in capital expenditures is explained by lower mobile network related capital expenditures due to the completion of the Mobile Access Network Transformation Project - Single RAN during 2018 and a decrease in capital expenditures related working capital.

Israel: Capital expenditures in Israel increased by 1.7%, from €183.6 million (representing 25.7% of revenue in Israel) in the nine months ended September 30, 2018 to €186.7 million (representing 26.2% of revenue in Israel) in the nine months ended September 30, 2019. On a constant currency basis, capital expenditures decreased by 2.0%, which was mainly driven by a decrease in network investments which was offset by changes in capital expenditures related working capital.

Dominican Republic: For the nine months ended September 30, 2019, the total capital expenditures were €86.4 million (representing 20.6% of revenue in the Dominican Republic), a 8.0% increase compared to €79.9 million for the nine months ended September 30, 2018 (representing 17.9% of revenue in the Dominican Republic). On a constant currency basis, the capital expenditures increased by 5.5% mainly due to higher CPE and installation spend, which was partially offset by changes in capital expenditures related working capital.

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

Altice TV: For the nine months ended September 30, 2019, the total capital expenditures were €360.5 million, a 37.2% increase compared to €262.8 million for the nine months ended September 30, 2018. This increase is largely explained by higher payments made during the nine months ended September 30, 2019 for the Champions League rights.

Others: For the nine months ended September 30, 2019, the total capital expenditures were nil, compared to capital expenditures of nil for the nine months ended September 30, 2018.

12. **Key Operating Measures**

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

	As of and for the nine months ended September 30, 2019				
	France	Portugal	Israel	Dominican Republic	Total
Fiber / cable homes passed	**14,207**	**4,839**	**2,155**	**763**	**21,964**
FIXED B2C					
Fiber / cable unique customers	**2,760**	**917**	**1,008**	**191**	**4,876**
Net adds	186	114	18	-1	317
Total fixed B2C unique customers	**6,312**	**1,591**	**1,008**	**326**	**9,238**
Net adds	160	10	18	8	189
MOBILE B2C					
Postpaid subscribers	**14,205**	**3,064**	**1,164**	**605**	**19,038**
Net adds	456	105	24	37	622
Prepaid subscribers	**1,464**	**3,402**	**185**	**2,183**	**7,234**
Total mobile B2C subscribers	**15,668**	**6,466**	**1,349**	**2,788**	**26,271**

	As of and for the nine months ended September 30, 2018				
	France	Portugal	Israel	Dominican Republic	Total
Fiber / cable homes passed	**12,037**	**4,372**	**2,113**	**753**	**19,275**
FIXED B2C					
Fiber / cable unique customers	**2,506**	**759**	**992**	**193**	**4,450**
Net adds	216	139	-8	-10	337
Total fixed B2C unique customers	**6,161**	**1,572**	**992**	**316**	**9,042**
Net adds	143	18	-8	-8	145
MOBILE B2C					
Postpaid subscribers	**13,555**	**2,927**	**1,133**	**544**	**18,159**
Net adds	856	109	-18	8	955
Prepaid subscribers	**1,602**	**3,634**	**158**	**2,569**	**7,963**
Total mobile B2C subscribers	**15,157**	**6,561**	**1,292**	**3,113**	**26,122**

Notes to the Key Operating Measures:

1. Portugal fiber homes passed figures include homes where MEO has access through wholesale fiber operators (c.0.5 million in Q3 2019).
2. Fiber / cable unique customers represents the number of individual end users who have subscribed for one or more of the Group's fiber / 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. Fiber / cable customers for France excludes white-label wholesale customers. For Israel, it refers to the total number of unique customer relationships, including both B2C and B2B.

3. Mobile subscribers are equal to the net number of lines or SIM cards that have been activated on the Group's mobile networks and excludes M2M. In Israel, the split between iDEN and UMTS (B2C only, including prepaid) services is as follows: 4k iDEN and 1,345k UMTS as of September 30, 2019, and 6k iDEN and 1,286k UMTS as of September 30, 2018.

13. Other disclosures

13.1. Related party transactions

Please note that for the nine months ended September 30, 2019, no transactions with related parties are disclosed in the condensed interim consolidated financial statements for the nine months ended September 30, 2019, except for the sale of a majority stake in Groupe L'Express S.A. Please also refer to paragraph 5.2.4 of this document.

13.2. Post-Balance Sheet Date Events

The following is an overview of key transactions since September 30, 2019 which may have a significant impact on the Group's financial condition and results of operations.

13.2.1. Redemption of 2024 Notes in Altice France and of 2022 Notes in Altice Luxembourg

On October 15, 2019, the existing Altice France $815 million 2024 Senior Secured Notes and the Altice Luxembourg $636 million 2022 Senior Notes were repaid. The existing Altice France €750 million 2024 Senior Secured Notes and the Altice Luxembourg €445 million 2022 Senior Notes were repaid on October 16, 2019. The redemption was financed using the proceed from the issuance of new debt in Altice France in September 2019 (please refer to note 10.2.2). As part of the early redemption, Altice France and Altice Luxembourg paid call premia of €44.5 million and €19.3 million, respectively.

13.3. Contractual obligations and commercial commitments

For details regarding the Group's Contractual obligations and commercial commitments, please refer to Note 14 to the consolidated financial statements of the Company as of and for the nine months ended September 30, 2019.

13.4. Critical Accounting Policies, Judgments and Estimates

For details regarding the Group's critical accounting policies, judgments and estimates, please refer to Note 2 to the consolidated financial statements of the Company as of and for the nine months ended September 30, 2019.

14. 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 revenues to its B2B customers and media service revenues. Revenue is recognized at the fair value of the consideration received or receivable net of value added tax, returns, rebates and discounts and after eliminating intercompany sales within the Group.

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

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

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

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

Impact of IFRS 15 (Revenue from Contracts with Customers)

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

Mobile Activities: The most significant impact is in the Group's B2C and B2B mobile activities as some arrangements include multiple elements that are bundled, such as a discounted handset sale coupled with a communication service component. In applying IFRS 15, the Group has identified such bundled items as separate performance obligations. Total revenue is allocated to both elements based on their standalone selling price, leading to more revenue being allocated to the handset up-front, even though total revenue would not change in most cases over the life of the contract. Other IFRS 15 impacts include (i) the capitalization of commissions which are broader than the current capitalization model, along with depreciation patterns which require estimates relating to contract duration in some instances and (ii) the impact of early termination and early renewals as well as contract modifications. Further, B2B transactions are affected by variable considerations such as bonuses and, in some instances, the identification of options for additional handsets at discounted prices.

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

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

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

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.

Other financial expenses

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

Financial income

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

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

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

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

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/fiber 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.