MANAGEMENT'S DISCUSSION AND ANALYSIS

ALTICE INTERNATIONAL GROUP

FOR THE YEAR ENDED DECEMBER 31, 2017

Contents

Basis of Presentation

The discussion and analysis for each of the periods presented is based on the financial information derived from the audited consolidated financial statements as of and for the year ended December 31, 2017.

Please refer to the Glossary for a definition of the key financial terms discussed and analysed in this document.

Geographic Segments

We discuss the results of operations for our business based on the following geographic segments:

- Portugal (which includes PT Portugal and its subsidiaries),
- Israel (which includes HOT and HOT Mobile),
- the Dominican Republic (which includes Altice Hispaniola and Tricom), and
- Others (which includes our fixed-based and mobile services in Belgium and Luxembourg (until the completion of the Coditel Disposal on June 19, 2017) and the French Overseas Territories as well as our datacenter operations in Switzerland (Green and Green Datacenter), our content production and distribution businesses (primarily through AENS), advertising, customer services, technical services and other activities that are not related to our core fixed-based or mobile business).

Please refer to Note 3 of consolidated financial statements as of and for the year ended December 31, 2017 for a complete overview of the changes in the scope of consolidation during the years ended December 31, 2107 and December 31, 2016. In addition, please refer to *Discussion and Analysis of Our Results of Operations—Year Ended December 31, 2017 compared to the Year ended December 31, 2016—Significant Events Affecting Historical Results*"

Disclaimers:

The following discussion and analysis is intended to assist in providing an understanding of the Group's financial condition, changes in financial condition and results of operations and should be read together with the consolidated financial statements of Altice International as of and for the year ended December 31, 2017, including the accompanying notes. Some of the information in this discussion and analysis includes forward-looking statements that involve risks and uncertainties.

Unless the context otherwise requires, when used in this section, the terms "we," "our," "Company," the "Group," and "us" refer to the business constituting the Group as of December 31, 2017, even though we may not have owned such business for the entire duration of the periods presented.

The Group applies International Financial Reporting Standards (IFRS) as endorsed in the European Union. Adjusted EBITDA and Capex are not defined in IFRS, they are "non-GAAP measures". Management believes that these measures are useful to readers of Altice's financial statements as they provide a measure of operating results excluding certain items that we believe are either outside of our recurring operating activities, or items that are non-cash. Excluding such items enables trends in our operating results and cash flow generation to be more easily observable. We use the non-GAAP measures internally to manage and assess the results of our operations, make decisions with respect to investments and allocation of resources, and assess the performance of management personnel. Such performance measures are also the de facto metrics used by investors and other members of the financial community to value other companies operating in our industry, and thus are a basis for comparability between us and our peers. Moreover, our debt covenants are based on Adjusted EBITDA and other associated metrics.

Key Factors Affecting Our Results of Operations

Our operations and the operating metrics discussed below have been, and may continue to be, affected by certain key factors as well as certain historical events and actions. The key factors affecting the ordinary course of our business and our results of operations include, among others, network upgrades, competition, acquisitions and integration of acquired businesses, disposals, macro-economic and political risks in the areas where we operate, our pricing and cost structure, churn and the introduction of new products and services, including multi-play services.

Acquisitions and Integration of Businesses

We have from time to time made significant direct and indirect equity investments in, and divestments of, several cable and telecommunication businesses and ancillary service providers in various jurisdictions. Due to the significant nature of certain of these acquisitions, the comparability of our results of operations based on the Historical Consolidated Financial Information may be affected.

Our revenues for the year ended December 31, 2017 increased by 9.3% to €4,933.3 million, from €4,513.8 million for the year ended December 31, 2016. Adjusted EBITDA increased by 4.0% to €2,223.3 million,from €2,138.3 million for the year ended December 31, 2016. The increases in revenues and Adjusted EBITDA were significantly impacted by such acquisitions and disposals. See "*—Discussion and Analysis of Our Results of Operations—Year Ended December 31, 2017 compared to the Year ended December 31, 2016—Significant Events Affecting Historical Results*".

At the core of Altice International's strategy is a return to revenue, profitability and cash flow growth and, as a result, deleveraging. Altice International 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, Altice International is advancing with its preparations for the disposal of non-core assets. Key elements of the Altice Europe growth and deleveraging strategy include:

- The operational and financial turnaround in Portugal under the leadership of the 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 Altice Europe's market position;
- Monetizing content investments through various pay TV models and growing advertising revenue, and;
- Execution of the non-core asset disposal program.

In the year ended December 31, 2017 and 2016, we incurred restructuring and other non-recurring costs of €118.8 million and €157.3 million, respectively, which primarily include costs with respect to renegotiations or termination of contractual arrangements, employee redundancies, fees paid to external counsel and other administrative expenses related to reorganization of existing or newly acquired businesses. In addition, we generally record goodwill relating to such acquisitions. As of December 31, 2017, the goodwill recorded on our balance sheet amounted to €3,256.2 million. Goodwill is subject to impairment reviews in accordance with IFRS and any impairment charge on goodwill would have a negative impact on operating profit/net operating income. For the year ended December 31, 2017, we did not incur any impairment losses.

Multi-Play Strategy

Across the jurisdictions in which we operate, we have implemented a business strategy focused on the provision and expansion of multi-play product offerings, including triple- and quad-play bundles. Customers who elect to subscribe for our multi-play bundles rather than our individual services realize comparative cost savings on their monthly bill. We believe that the enhanced value proposition associated with our bundled services enables us to meet our customers' communication and entertainment requirements while concurrently both increasing customer loyalty and attracting new customers. As a result of our focus on providing subscribers with multi-play bundles, we have experienced an increase in the number of cable/fiber customer relationships subscribing to our multi-play services, with the number of multi-play subscribers increasing from approximately 1,678,000 in the year ended December 31, 2016 to approximately 1,738,000 in the year ended December 31, 2017 (in each case after giving effect to the Cabovisão Disposal in 2016 and the Coditel Disposal and the FOT Disposal in 2017). We believe our bundled service offerings will be an important driver of our fixed-based services, partially offsetting the continued pressure on traditional fixed-based services.

Introduction of New Products and Services and Investment in Content

We have significantly expanded our presence and product and service offerings in the past. In Portugal, the launches of “M4O,” “M4O Light” and “M5O” in 2013 and 2014 have helped us increase our total cable/fiber RGUs to approximately 1.692 million as of September 30, 2017. HOT has been a leader in bringing fixed-based and mobile services to the Israeli market, having launched UMTS-based 3G mobile services in 2012 and 4G-LTE services in August 2015. The introduction of new products and services have impacted our result of operations in the periods presented by, among other things, opening new revenue streams (e.g. quad-play and our fiber roll-out plan in Portugal, which involves extending our fiber network to 600,000 additional homes per year between 2015 and 2020) and, in certain cases, increasing operating expenses and capital expenditures (e.g. UMTS and LTE network build-out costs and roaming costs in Israel relating to our 3G and 4G mobile services). We continue to make available advanced customer equipment in Israel. Over the course of 2015 we launched “Mini FiberBox,” a unit that interacts with FiberBox, in Israel and “Smartbox,” an integrated set-top box and cable router, in the Dominican Republic.

In addition, we regularly review and invest in the content that we offer to provide our subscribers with a flexible and diverse range of programming options, including high-quality local content and exclusive premium content. In addition to developing and offering content through our content distribution divisions at HOT and AENS, we have acquired the exclusive rights to broadcast and distribute various premium sporting events, including the English Premier League, French Basketball League and English Rugby Premiership, in multiple territories. Moreover, in May 2017, we successfully acquired the exclusive rights to broadcast UEFA Champions League and UEFA Europa League fixtures in France These rights cover the period from August 2018 to May 2021. Sports events are broadcasted in France by the Altice France Group through channels packaged and distributed by AENS. In 2016, the Altice France Group and AENS entered into a distribution agreement regarding a package of sports and news channels. In June 2017, we entered into a multi-year partnership with Netflix to deliver Netflix’s range of critically acclaimed series, movies, documentaries, stand-up comedy and children’s programming to our customers in Portugal, Israel and the Dominican Republic. We intend to continue to selectively invest in local and value-added premium content as well as sports broadcasting and distribution rights in the future to enrich our differentiated and convergent communication services from those of our competitors. We believe that such efforts will reduce our customer churn and increase ARPU.

Pricing

We focus our product offerings on multi-play offers. Due to the highly competitive market in Portugal, we price our multi-play offers at competitive levels. In Israel, we believe that our ability to offer triple-play services provides us with a competitive price advantage. The cost of a multi-play subscription package generally depends on market conditions, our competitors’ pricing of similar offerings and the content and add-ons available on each platform. In general, the greater the optionality, content and usage time included in the offering, the higher the price of the multi-play package. In Portugal, a trend of steadily decreasing B2C call prices has emerged in recent years. This has had a negative effect on our B2C revenues. Our strategy to overcome this trend has been to aggressively market a variety of price plans to promote customer loyalty in a competitive market. As result, we have seen a decrease in our fixed and mobile telephony traffic revenues, and therefore ARPU, for our price plans offering flat rate calls. Our ability to increase or maintain the prices for our fixed-based and mobile services, and therefore our ARPU, is also limited by regulatory factors in each of the regions in which we operate. In Portugal, for example, the imposition by ANACOM of price controls on interconnection charges as well as the continuous reduction of mobile termination rates have caused interconnection costs for fixed-line and mobile telephony to steadily decline, although this has been partially offset by the lower interconnection costs we incur. The prices of B2B contracts are negotiated individually with each customer. The B2B market for voice services is extremely price-sensitive and entails very low margins as voice services are highly commoditized, involving sophisticated customers and relatively short-term contracts. The B2B market for data services is less price-sensitive, as data services require more customization and involve service level agreements. In both markets, price competition is strongest in the large corporate and public-sector segments, whereas customer-adapted solutions are an important competitive focus in the medium and small business segments. We have tailored our targeted pricing strategy to account for these dynamics in Portugal.

Cost Structure

We generally work towards achieving satisfactory operating margins in our businesses and focus on revenue-enhancing measures once we have achieved such margins. We continuously work towards optimizing our cost base by implementing the Altice Way to improve our cost structure across the various regions in which we operate. We have implemented the Altice Way across our organization to streamline processes and service offerings and to improve productivity by centralizing our business functions, reorganizing our procurement process, eliminating duplicative management functions and overhead, terminating lower-return projects and non-essential consulting and third-party service agreements, and investing in our employee relations and our culture. We are implementing common technological platforms across our networks to gain economies of scale, notably with respect to billing systems, network improvements and customer premises equipment and are investing in sales, marketing and innovation, including brand-building, enhancing our sales channels and automating provisioning and installation processes. We have also achieved, and expect to continue to achieve, substantial reductions in our operating expenses as we implement uniform best practice operational processes across our organization. We have simplified the services we offer, insourced our historical suppliers around technical services and call centres to better control quality and reduced costs through the negotiation of attractive interconnection rates and television content pricing. As a result, we have generally managed to achieve growth in the Adjusted EBITDA, profitability and operating cash flow of businesses that we have acquired.

We make expansion-related capital expenditure decisions by applying strict investment return and payback criteria. We incurred capital expenditure of €1,131.7 million in the year ended December 31, 2016 and €986.9 million in the year ended December 31, 2017.

We have recently incurred significant capital expenditures related to the build-out of our LTE network in Portugal and our UMTS network in Israel. In Portugal, we have incurred, and will continue to incur, significant capital expenditure related to our goal of fibre coverage of 5.3 million homes by 2020. In Israel, we entered into a network sharing agreement with Partner in 2013 pursuant to which HOT Mobile and Partner each own equal shares of a newly formed limited partnership which aims to hold, develop and operate an advanced shared mobile network for both companies. This agreement enables HOT Mobile and Partner to share antennas and frequencies and facilitate optimum utilization of the spectrum. We expect that it will result in savings related to network and maintenance expenses and will optimize capital expenditures incurred in relation to the mandatory build-out of our UMTS network. In August 2015, following the completion of the tender process of the 1.8 GHz spectrum, the Israeli Ministry of Communication allocated HOT Mobile a frequency bandwidth of 2 x 5MHz in the 1.8 GHz spectrum. As a result, HOT Mobile launched the LTE service to its customers. After we entered into the network sharing agreement, we invested alongside Partner to maintain, operate and develop the advanced shared network.

Network Upgrades

Our ability to provide new or enhanced fixed-based services, including HDTV and VoD television services, broadband internet network access at increasing speeds and fixed-line telephony services as well as UMTS, 3G and 4G mobile services to additional subscribers depends in part on our ability to upgrade our (i) cable and DSL networks by extending the fiber portion of our network, reducing the number of nodes per home passed and upgrading technical components of our network and (ii) mobile networks by building-out our UMTS-network and investing in LTE as well as maintaining agreements with third parties to share mobile networks. During 2015, 2016 and 2017, we have increased our fiber deployment and upgraded a substantial part of our cable networks. For example, as of December 31, 2017, our cable networks are largely DOCSIS 3.0 enabled, which allows us to offer our customers high broadband internet access speeds and better HDTV services across our regions, excluding the Dominican Republic. We also implemented our fibre (FTTH) roll-out strategy in Portugal pursuant to which we rolled out over 700,000 new fibre homes passed in 2016 and over 904,000 in 2017, reaching 4,027 million homes as of December 31, 2017, which we believe leaves us well-positioned to reach our target of 5.3 million fibre homes passed by 2020. For our fixed-based and mobile services, we made investments of €986.9 million for the year ended December 31, 2017 related to our cable network and construction. We continue to evaluate the need to upgrade our cable networks, for advancements in technologies such as DOCSIS

3.1 and for the deployment of additional fibre, and our mobile networks, for advancements in LTE technology, on an ongoing basis. For example, in August 2015, following the completion of the tender process related to the allocation of 1.8 GHz spectrum rights, the Israeli Ministry of Communications allocated HOT Mobile a frequency bandwidth of 2 x 5MHz in the 1.8 GHz spectrum, enabling HOT Mobile to provide 4G LTE services to its customers. Pursuant to its network sharing agreement with Partner, HOT has committed to share the investment costs associated with the upgrade of 4G network infrastructure with Partner. Our ability to provide LTE mobile services to complement our existing mobile services in Portugal and Israel will depend in part on our ability to upgrade our mobile network and roll-out an LTE network in these countries. Such further investments would involve additional capital expenditure.

Competition

In each of the geographies and industries in which the Group operates, the Group faces significant competition and competitive pressures. 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 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 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, 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 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:

Portugal

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

Israel

In Israel, in the pay TV market, the Group's main competitor is D.B.S. Satellite Services (1998) Ltd, a subsidiary of Bezeq, which provides satellite technology-based television services under the brand "YES". The Group's high-speed broadband Internet infrastructure access service competes primarily with Bezeq, which provides high speed broadband Internet access over DSL and holds the highest market share in broadband Internet infrastructure access in Israel. Bezeq is also the Group's main competitor in the fixed-line telephony market as the largest provider of fixed line telephony services. The Group's Israeli mobile service, HOT Mobile, competes with several principal mobile network operators, including Cellcom, Partner, Pelephone and Golan Telecom, and MVNOs.

Dominican Republic

In the Dominican Republic, the Group's key competitors in the pay TV business are Claro, cable operator Aster and Wind Telecom. In the broadband Internet and fixed line telephony markets, Altice Dominicana is the second largest provider next to the incumbent Claro, the Group's main competitor, with national market shares of approximately 25.0% and 21.9%, respectively, as of December 31, 2017, according to the local regulator's statistics (Indotel). In the mobile market, Altice Dominicana's key competitor is Claro and to a lesser extent Viva which has recently launched a new mobile network.

Macroeconomic and Political Developments

Our operations are subject to macroeconomic and political risks that are outside of our control. For example, high levels of sovereign debt in certain European countries and countries in the Middle East, combined with weak growth and high unemployment, could lead to low consumer demand, fiscal reforms (including austerity measures), sovereign debt restructurings, currency instability, increased counterparty credit risk, high levels of volatility and, potentially, disruptions in the credit and equity markets, as well as other outcomes that might adversely impact our financial condition. For example, our results of operations in the periods under review have been affected by adverse economic conditions and austerity measures in Portugal which had a negative effect on consumer confidence. Moreover, in Israel, we are subject to the inherent risks associated with political and military conditions and the potential for armed conflicts with Israel's neighbours.

Fluctuations in Currency Exchange Rates and Interest Rates

Our reporting currency is Euros but a significant portion of our revenue and expenses are currently earned or incurred in other currencies. In Israel, which accounted for approximately 21.0% of the total revenue of the Group, after eliminations, in the year ended December 31, 2017, a substantial portion of our revenue is in NIS while a portion of our operational expenses and capital expenditures are incurred in other currencies, including the U.S. dollar. In the year ended December 31, 2017, approximately 12.0% of our total operating expenses and approximately 36.0% of our total capital expenditures in Israel were incurred in currencies other than NIS. Our borrowings are denominated in NIS, euros and U.S. dollars but do not necessarily correspond to the portion of revenue we earn in such currencies. In the Dominican Republic, which accounted for approximately 14.0% of the total revenue of the Group in the year ended December 31, 2017, a substantial portion of our revenue is in Dominican pesos while a portion of our operational expenses and capital expenditures are incurred in other currencies, including the U.S. dollar. In the year ended December 31, 2017, respectively, approximately 39.0% of our total operating expenses and approximately 51.0% of our total capital expenditures in the Dominican Republic were incurred in currencies other than the Dominican peso. The exchange rate between U.S. dollars and NIS, the Euro and NIS and U.S. dollars and Dominican pesos has been volatile in the past and may continue to be so in the future. Although we attempt to mitigate currency risk through hedging, sharp changes in the exchange rate could have a material effect on our results of operations. We are also exposed to translation foreign currency exchange risk arising from the consolidation of the financial results of our operations in Israel the Dominican Republic.

Discussion and Analysis of Our Results of Operations

For the year ended December 31, 2017 compared to the year ended December 31, 2016

The below table sets forth our consolidated statement of income for the year ended December 31, 2016 and 2017, in millions of Euros and as a percentage of revenues for the periods in question:

Consolidated Statement of Income (€m)	**Year ended December 31, 2017**	**Year ended December 31, 2016**	**Change**
Revenues	**4,933.3**	**4,513.8**	**9.3%**
Purchasing and subcontracting costs	(1,262.4)	(1,025.7)	23.1%
Other operating expenses	(953.7)	(890.6)	7.1%
Staff costs and employee benefits	(493.8)	(459.0)	7.6%
Depreciation, amortization and impairment	(1,508.5)	(1,471.5)	2.5%
Other expenses and income	(243.3)	(157.3)	54.6%
Operating profit	**471.6**	**509.7**	**-7.5%**
Interest relative to gross financial debt	(744.5)	(654.1)	13.8%
Other financial expenses	(65.5)	(80.5)	-18.6%
Finance income	42.6	86.6	-50.9%
Net result on extinguishment of a financial liability	(87.2)	(88.0)	-0.9%
Finance costs, net	**(854.6)**	**(736.0)**	**16.1%**
Net result on disposal of business	-	112.6	-100.0%
Share of earnings of associates	(6.0)	2.5	-341.4%
Loss before income tax from continuing operations	**(389.0)**	**(111.2)**	**249.8%**
Income tax benefit	(25.5)	(131.6)	-80.7%
Loss for the year from continuing operations	**(414.5)**	**(242.8)**	**70.8%**
Discontinued operations			
Profit/loss after tax for the year from discontinued operations	(7.9)	-	
Loss for the period	**(422.4)**	**(242.8)**	74.0%
Attributable to equity holders of the parent	(438.2)	(231.1)	89.6%
Attributable to non-controlling interests	15.8	(11.7)	-235.1%

Significant Events Affecting Historical Results

Our results of operations as of and for the year ended December 31, 2017 and the year ended December 31, 2016 were significantly impacted by the following events:

- As part of the regulatory conditions relating to the PT Portugal Acquisition, the Group completed the Cabovisão Disposal on January 20, 2016. The disposed assets in aggregate contributed €140.3 million to our revenues and €52.0 million to Adjusted EBITDA for the year ended December 31, 2015.

- On May 12, 2016, the Group disposed of its 49% minority stake in NextRadioTV, previously held through the joint venture Groupe News Participations ("GNP") with Alain Weill, to the Altice France Group. The Altice France Group's interest in NextRadioTV was acquired at a cost relative to the original purchase price paid by the Group. GNP contributed €71.6 million to the Group's revenue and €13.3 million to Adjusted EBITDA for the year ended December 31, 2016.

- On November 25, 2016, the Group acquired a 51% stake in its supplier, Parilis S.A., an all-round technical services company offering, among other things, network deployment, upgrade and maintenance services. The Group retains an option to purchase the remaining 49% for two years post-closing at the initial price plus interest.

- On December 22, 2016, the Group acquired an 88.87% stake in another of its suppliers, Intelcia Group S.A. On January 30, 2017, it acquired the remaining 11.13%. Certain managers of Intelcia Group S.A. subsequently reinvested part of their proceeds in the business and currently hold a 35% stake in Altice Customer Services (the entity holding 100% of Intelcia Group S.A.). The Group has the option to purchase, and the managers have the option to sell, such 35% interest in case of termination of their offices or as of the sixth anniversary of the closing date, provided that such options may be exercised in part before such date (on 50% of their stake as of the fourth anniversary of the closing date and on the remaining 50% as of the fifth anniversary of the closing date).

- On December 30, 2016, Altice Luxembourg sold its participation in AMI, a Swiss company, to the Group. AMI provides management services to Group entities and other affiliates of the Group, including services related to the Altice Way. This transaction is a transaction under common control as and, as such, is not in the scope of IFRS 3 Business Combination. The assets and liabilities of AMI were transferred at their net book value.

In addition, the Group entered into the following transactions in the year ended December 31, 2017:

- On February 24, 2017, PT OpCo acquired a 25% stake in the capital of SPORT TV for €12.3 million. SPORT TV is a sports broadcaster based in Portugal. SPORT TV's current shareholders are PT OpCo, NOS, Olivedesportos and Vodafone, each of which holds a 25% stake.

- On June 19, 2017, the Group completed the sale of Coditel Belgium and Coditel Luxembourg, its telecommunications businesses in Belgium and Luxembourg, to Telenet Group BVBA, a direct subsidiary of Telenet Group Holding N.V. The Group received €302.8 million in connection with the sale, where the purchase price is subject to customary final post-closing price adjustments, and recognized a loss after transaction costs of €24.0 million.

- On June 22, 2017, the Group completed the Teads Acquisition. The Group retains a 98.5% financial interest in Teads, with the remaining 1.5% attributable to the managers of Teads. Teads is a major online video advertising marketplace with an audience of more than 1.2 billion unique visitors. The acquisition valued Teads at an enterprise value of €285 million on a cash and debt-free basis. 75% of the acquisition purchase price was due on closing and an earn-out for the remaining 25% stake, payable in 2018, remains contingent on Teads' revenue performance in year ending December 31, 2017.

- On July 14, 2017, the Group entered into a definitive agreement to acquire a 94.7% stake in Media Capital, a leading Portuguese media group with positions in both TV and radio. Media Capital, which also owns Plural (one of the largest Portuguese content producers), reported revenues of €174.0 million and EBITDA of €41.5 million as of and for the year ended December 31, 2016. On September 19, 2017, ANACOM issued an opinion opposing the transaction in its current form. The opinion issued by ANACOM is not binding and the merger control proceedings carried out by Autoridade da Concorrência remain ongoing in accordance with the relevant terms of procedure. The mandatory takeover offer that we preliminarily announced over the share capital of Media Capital also remains ongoing, with registration and launch being subject to the approval of regulatory conditions set out in the preliminary announcement.

- On November 2, 2017, Altice Caribbean entered into a term sheet with SFR Group to sell 100% of the share capital of Altice Blue Two (the holding company of the telecom business in the French Overseas Territory). The closing of the transaction is expected to occur in Q2 2018 with the transfer of the French Overseas Territory assets from the Altice International restricted group to the SFR restricted group.

- On December 1, 2017, the Group signed an agreement 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 values the business at an enterprise value of approximately 214 million CHF (9.9x LTM Adjusted EBITDA). On February 12, 2018, the Group has closed the transaction. As a result, green.ch AG and Green Datacenter AG is classified as a disposal group held for sale, in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations. The business, part of the "Other" segment, was classified under two separate lines in the statement of financial position which are "Assets classified as held for sale" and "Liabilities directly associated with assets classified as held for sale".

- In addition, in December 2017, the Board of Directors decided to sell the Group's International Wholesale business. The scope of the sale is the transits and international outgoing traffic in Portugal and Dominican Republic. As a result, the working capital related to this business was classified as a disposal group held for sale as of December 31, 2017, in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations. The results from these operations are included in the respective segments mentioned above.

Revenue

For the year ended December 31, 2017, we generated total revenues of €4,933.3 million, a 9.3% increase compared to €4,513.8 million for the year ended December 31, 2016. This increase in revenues was mainly due to the acquisitions of Altice Technical Services (“ATS”) and Altice Customer Service (“ACS”) in late 2016. These entities render certain centralized functions relating to technical services and customer services to the operational segments of the Altice Group. In addition, the Group acquired sports content rights in the third quarter of 2016 and recognised revenues from the sale of sport channels to the Altice France Group from this point forward.

The tables below set forth the Group’s revenue by lines of activity in the various geographical segments in which the Group operates for the years ended December 31, 2017 and December 31, 2016, respectively:

			Year ended December 31, 2017		
Revenue (€m)	**Portugal**	**Israel**	**Dominican Republic**	**Others**	**Total**
Revenue Fixed - B2C	658.4	657.6	108.9	95.1	**1,520.0**
Revenue Mobile - B2C	570.0	242.3	398.9	87.3	**1,298.6**
B2B and wholesale	887.6	136.2	164.1	30.6	**1,218.5**
Other revenue	133.4	-	20.8	1,078.0	**1,232.2**
Total standalone revenues	**2,249.4**	**1,036.1**	**692.7**	**1,291.0**	**5,269.2**
Intersegment eliminations	(10.9)	(.6)	(2.6)	(321.8)	**(335.9)**
Total consolidated revenues	**2,238.5**	**1,035.5**	**690.1**	**969.2**	**4,933.3**

Year ended December 31, 2016			**Year ended December 31, 2016**		
Revenue (€m)	**Portugal**	**Israel**	**Dominican Republic**	**Others**	**Total**
Fixed - B2C	684.4	642.5	109.6	136.2	**1,572.7**
Mobile - B2C	584.9	185.5	425.3	83.0	**1,278.7**
B2B and wholesale	925.7	127.5	160.7	44.5	**1,258.4**
Other	116.4	-	21.9	300.7	**439.1**
Total standalone revenues	**2,311.5**	**955.5**	**717.5**	**564.4**	**4,548.9**
Intersegment eliminations	(7.9)	-	(1.8)	(25.5)	**(35.1)**
Total consolidated revenues	**2,303.7**	**955.5**	**715.7**	**538.9**	**4,513.8**

Revenues for the Group’s fixed services decreased from €1,572.7 million for the year ended December 31, 2016 to €1,520.0 million for the year ended December 31, 2017, a 3.4% decrease compared to the year ended December 31, 2016. This decrease was driven primarily by growing competition and resulting impact on subscriber numbers and pricing pressure.

The Group’s mobile services revenue increased to €1,298.6 million for the year ended December 31, 2017, a 1.6% increase compared to €1,278.7 million for the year ended December 31, 2016, mainly due to an increase in mobile revenues in Israel.

The Group’s B2B and Wholesale services revenue decreased to €1,218.5 million for the year ended December 31, 2017, a 3.2% decrease compared to €1,258.4 million for the year ended December 31, 2016, mainly due to decreases in Portugal, partly offset by increases in B2B and wholesale revenues in the Dominican Republic and Israel.

Revenues from the Group’s other activities totalled €1,232.2 million for the year ended December 31, 2017, a 180.6% increase as compared to €439.1 million for the year ended December 31, 2016. The increase in other revenues was mainly due to a higher level of technical and customer services and content sales to Group Companies.

Geographical segments

Portugal. For the year ended December 31, 2017, the Group generated revenues in Portugal of €2,238.5 million, a 2.8% decrease compared to €2,303.7 million for the year ended December 31, 2016. This decrease was mainly due to a decline in the international wholesale business.

Israel. For the year ended December 31, 2017, the Group generated revenue in Israel of €1,035.5 million, a 8.4% increase compared to €955.0 million for the year ended December 31, 2016. On a constant currency basis, revenues increased by 3.6%. This was mainly due to an increase in mobile B2C revenues due to an increased mobile subscriber base and increase in the ARPU, partly offset by a decrease in fixed B2C revenues as a result of a minor decrease in subscriber base following high competition in the fixed sector.

Dominican Republic. For the year ended December 31, 2017, the Group generated total revenue of €690.1 million, a 3.6% decrease compared to €715.7 million for the year ended December 31, 2016. On a constant currency basis, revenues increased by 1.8%. This was mainly due to a decrease in mobile B2C revenues.

Others. For the year ended December 31, 2017, the Group generated total revenue in Others (which comprises of the Group's fixed- and mobile services in the French Overseas Territories as well as its datacentre operations in France and its content production and distribution businesses (including its Content Distribution Division) of €969.2 million, a 79.8% increase compared to €538.9 million for the year ended December 31, 2016. This increase can be attributed mainly to the full year revenue contributions of Parilis and Intelcia Group, which were acquired during 2016 and the revenue contribution of Teads, which was acquired on June 22, 2017. In addition, the Group acquired sports content rights in the third quarter of 2016 and recognised revenues from the sale of sport channels to the Altice France Group from this point forward.

Adjusted EBITDA

For the year ended December 31, 2017, our Adjusted EBITDA was €2,251.8 million, an increase of 5.3% compared to the year ended December 31, 2016 (€2,138.4 million). This increase can be attributed to higher revenue, as explain above, partially offset by increased expenses, primarily attributable to the inclusion of our technical services and customer services functions following the acquisitions of ATS and ACS in December 2016.

- Purchasing and subcontracting costs increased by 23.1%, from €1,025.7 million in the year ended December 31, 2016 to €1,262.4 million in the year ended December 31, 2017.

- Other operating expenses increased by 7.1% to €953.7 million in the year ended December 31, 2017 from €890.6 million in the year ended December 31, 2016.

- Staff costs and employee benefit expenses increased by 7.6%, from €459.0 million in the year ended December 31, 2016 to €493.8 million in the year ended December 31, 2017.

	Year ended December 31, 2017					
(€m)	Portugal	Israel	Dominican Republic	Others	Inter-segment elimination	Total
Revenues	**2,249.4**	**1,036.1**	**692.7**	**1,291.0**	**(335.9)**	**4,933.3**
Purchasing and subcontracting costs	(574.7)	(272.4)	(152.7)	(443.2)	180.6	**(1,262.4)**
Other operating expenses	(390.4)	(228.8)	(163.8)	(275.4)	104.6	**(953.7)**
Staff costs and employee benefits	(275.8)	(63.7)	(26.7)	(136.1)	8.6	**(493.8)**
Total	**1,008.5**	**471.2**	**349.5**	**436.2**	**(42.1)**	**2,223.3**
Stock option expense	-	-	-	28.6	-	**28.6**
Adjusted EBITDA	**1,008.5**	**471.2**	**349.5**	**464.8**	**(42.1)**	**2,251.8**
Depreciation, amortisation and impairment	(825.7)	(333.5)	(131.9)	(217.3)	-	**(1,508.5)**
Stock option expense	-	-	-	(28.6)	-	**(28.6)**
Other expenses and income	(241.1)	(15.6)	(28.1)	41.6	-	**(243.3)**
Operating profit	**(58.3)**	**122.1**	**189.5**	**260.6**	**(42.1)**	**471.8**

	Year ended December 31, 2016					
(€m)	Portugal	Israel	Dominican Republic	Others	Inter-segment elimination	Total
Revenues	**2,311.5**	**955.5**	**717.5**	**564.4**	**(35.1)**	**4,513.8**
Purchasing and subcontracting costs	(526.0)	(234.5)	(146.9)	(137.0)	18.6	**(1,025.7)**
Other operating expenses	(413.0)	(223.3)	(164.6)	(96.7)	6.9	**(890.6)**
Staff costs and employee benefits	(284.1)	(66.9)	(30.0)	(80.0)	1.8	**(459.0)**
Total	1,088.5	430.9	376.1	250.7	(7.8)	**2,138.4**
Stock option expense	-	-	-	-	-	-
Adjusted EBITDA	**1,088.5**	**430.9**	**376.1**	**250.7**	**(7.8)**	**2,138.4**
Depreciation, amortisation and impairment	(770.5)	(331.2)	(165.1)	(204.8)	-	**(1,471.5)**
Stock option expense	-	-	-	-	-	-
Other expenses and income	(100.3)	(37.1)	(24.6)	4.7	-	**(157.3)**
Operating profit/(loss)	**217.7**	**62.6**	**186.5**	**50.7**	**(7.8)**	**509.7**

Geographical segments

Portugal. For the year ended December 31, 2017, the Group's Adjusted EBITDA in Portugal was €1,008.5 million, a decrease of 7.4% from €1,088.5 million compared to the year ended December 31, 2016. This decrease is attributable to a decline in the international wholesale business, in addition to an increase in sport-related content costs following the agreements entered into during 2015 and 2016 for the acquisition of broadcasting rights.

Israel. For the year ended December 31, 2017, the Group's Adjusted EBITDA in Israel was €471.2 million, an increase of 9.4% compared to €430.9 million for the year ended December 31, 2016. Adjusted EBITDA on a constant currency basis increased by 4.5% compared to 2016, mainly due to an increase in revenues, partly offset by higher content costs for sports channels and cost of sales for the mobile.

Dominican Republic. For the year ended December 31, 2017, the Group's Adjusted EBITDA in the Dominican Republic decreased by 7.1% from €376.1 million in 2016 to €349.5 million (2.7% on a constant currency basis). This decrease is mainly due to a decrease in mobile B2C revenues.

Others. For the year ended December 31, 2017, the Group's Adjusted EBITDA in Others was €464.8 million, an increase of 85.4% from €238.2 million compared to the year ended December 31, 2016. This increase can be attributed mainly to the full year Adjusted EBITDA contributions of Parilis and Intelcia Group, which were acquired during 2016 and the contribution of Teads, which was acquired on June 22, 2017. In addition, the higher content sales contributed to the increase in Adjusted EBITDA

Depreciation and Amortization and Impairment

For the year ended December 31, 2017, depreciation and amortization totalled €1,508.5 million, a 2.5% increase compared to €1,471.5 million for the year ended December 31, 2016.

Other expenses and income

For the year ended December 31, 2017, our other expenses and income totalled €243.3 million, a 54.7% increase compared to €157.3 million for the year ended December 31, 2016. A detailed breakdown of other expenses income is provided below:

Details of Other expenses and income (€m)	**Year ended December 31, 2017**	**Year ended December 31, 2016**	**Change**
Restructuring costs	48.2	43.7	10.4%
Onerous contracts	1.0	4.1	-76.1%
Loss/(gain) on disposals of assets	10.3	(1.7)	-700.8%
Disputes and litigation	(1.4)	3.3	-142.3%
Management fees	32.3	67.0	-51.8%
Stock option expense	28.6	-	
Penalties	124.5	-	
Loss on sale of consolidated entities	24.0	-	
Deal fees	11.3	6.1	86.1%
Other expenses and income (net)	(35.6)	34.8	-202.2%
Other expenses and income	**243.3**	**157.3**	**54.7%**

Total other expenses and income as at December 31, 2017 mainly consisted of:

- restructuring costs, which mainly include costs related to provisions for employee redundancies and contract termination fees of €35.1 million at PT Portugal related to the curtailment of outsourced services and an insourcing plan;
- loss on sales of consolidated entities, which is related to the sale of the Belux business of €24 million;
- management fees, which consist of the fees payable to other companies of the Altice Luxembourg Group as part of the implementation of the "Altice Way";
- stock option expense, which relate to the Long-Term Incentive Plan ("LTIP") and stock option plan ("SOP"). The Group incurred stock option expenses of €28.6 million during the full year ended December 31, 2017;
- penalties relating 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, please refer to note 30.1.1. for more details. The €124.5 million fine was recorded in the Portugal segment;
- management fees incurred in other companies in the Altice USA due to the Group are reported under Other expenses and income (net). This amounted to a gain of €25.6 million as at December 31, 2017.

Finance costs (net)

Net finance costs amounted to €854.7 million for the year ended December 31, 2017, registering an increase of 16.1% compared to €736.0 million for the year ended December 31, 2016. A detailed breakdown of Finance costs (net) is provided below:

Finance costs, (net) (€m)	**Year ended December 31, 2017**	**Year ended December 31, 2016**	**Change**
Interest relative to gross financial debt	(744.5)	(654.1)	13.8%
Other financial expenses	(61.8)	(80.5)	-23.2%
Finance income	38.8	86.6	-55.2%
Net result on extinguishment of a financial liability	(87.2)	(88.0)	-0.9%
Finance costs, net	**(854.7)**	**(736.0)**	**16.1%**

Interest relative to gross financial debt

For the year ended December 31, 2017, our interest relative to gross financial debt totalled €744.5 million, a 13.8% increase compared to €654.1 million for the year ended December 31, 2016. Interest relative to gross financial debt includes the variation in the mark to market of our derivative financial instruments, which was the main driver of the variation in this line item from the year ended December 31, 2017.

Other financial expenses

For the year ended December 31, 2017, our other financial expenses totalled €61.8 million, a 23.2% decrease compared to €80.5 million for the year ended December 31, 2016.

Finance Income

For the year ended December 31, 2017, our Finance income totalled €38.8 million, a 0.9% decrease compared to €86.6 million for the year ended December 31, 2016.

Net result on extinguishment of a financial liability

For the year ended December 31, 2017, our Net result on extinguishment of a financial liability totalled €87.2 million, a 23.2% decrease compared to €88.0 million for the year ended December 31, 2016.

Net result on disposal of businesses

For the year ended December 31, 2016, we recognized €112.6 million relating to the Cabovisão Disposal, which was completed on January 20, 2016. As of and for the year ended December 31, 2017, the net result on the disposal of businesses is presented under other expenses and income.

Share of earnings of associates

For the year ended December 31, 2017, our share of loss of associates totalled €6.0 million compared to a profit of €1.3 million in the year ended December 31, 2016.

Profit/loss after tax for the year from discontinued operations

For the year ended December 31, 2017, the Group recorded a net loss of €7.9 million from discontinued operations. In 2016 no operations were classified as discontinued operations.

Capital Expenditures

For the year ended December 31, 2017, our total capital expenditures were €986.9 million (representing 20.0% of revenue), a 12.3% decrease compared to €1,125.9 million (representing 24.9% of revenue) for the year ended December 31, 2016.

	Year ended December 31, 2017					
Capital expenditures **(€m)**	**Portugal**	**Israel**	**Dominican Republic**	**Others**	**Eliminations**	**Total**
Capital expenditure (accrued)	469.4	262.5	116.6	112.4	(41.5)	**919.4**
Capital expenditure - working capital items	(16.1)	(7.2)	(5.5)	96.4	-	**67.6**
Payments to acquire tangible and intangible assets	**453.3**	**255.2**	**111.1**	**208.8**	**(41.5)**	**986.9**

	Year ended December 31, 2016					
Capital expenditures **(€m)**	**Portugal** (1)	**Israel** (2)	**Dominican Republic**	**Others** (3)(4)	**Eliminations**	**Total**
Capital expenditure (accrued)	443.3	314.0	123.1	582.9	(5.8)	**1,457.6**
Capital expenditure - working capital items	(56.1)	1.9	12.3	(289.9)	-	**(331.7)**
Payments to acquire tangible and intangible assets	**387.3**	**315.9**	**135.5**	**293.0**	**(5.8)**	**1,125.9**

Portugal: For the year ended December 31, 2017, PT Portugal's total capital expenditures were €453.3 million (representing 33.0% of revenue in Portugal), a 17.1% increase compared to €387.3 million for the year ended December 31, 2016 (representing 16.6% of revenue in Portugal).

For the year ended December 31, 2017, our capital expenditures related to fixed-based services increased due to the heightened pace of our fiber roll-out program and increased CPE's-related capital expenditures, while our capital expenditures related to mobile services increased because of our investment in single-RAN technology which started in the second half of 2016. Our other capital expenditures decreased compared to the year ended December 31, 2016, primarily reflecting the capital expenditure recorded in 2016 associated with the multi-year contract which we entered relating to our €44 million acquisition of the exclusive broadcasting rights of the 'Porto' television channel.

Israel: Capital expenditure in Israel decreased by 19.2%, from €315.9 million (representing 33.2% of our revenue in Israel) in the year ended December 31, 2016 to €255.2 million (representing 24.7% of our revenue in Israel) in the year ended December 31, 2017. For the year ended December 31, 2017, capital expenditures related to fixed-based services decreased due to a decrease in network investment and local production investment, offset by an increase in CPEs investments. Our capital expenditures related to mobile services also decreased, mainly due to a decrease in our investments relating to our network sharing agreement with Partner.

Dominican Republic: For the year ended December 31, 2017, our total capital expenditures were €111.1 million (representing 16.1% of our revenue in the Dominican Republic), a 18.0% decrease compared to €135.5 million for the year ended December 31, 2016 (representing 18.8% of revenue in the Dominican Republic). Capital expenditure in the Dominican Republic was driven by our single-RAN project for network efficiency and 4G capacity as well as our fiber roll-out to cover data growth. Our capital expenditures related to fixed-based services decreased in the year ended December 31, 2017 compared to the year ended December 31, 2016 due to an evolution in our network strategy, moving from our HFC roll-out to a new DTH service, which requires a lower level of investment. For the year ended December 31, 2017, our other capital expenditures increased, primarily due to purchases of equipment and services for single-RAN and our fiber roll-out.

Others: For the year ended December 31, 2017, our total capital expenditures were €208.8 million (representing 21.5% of our revenue in Others), a 28.8% decrease compared to €293.0 million for the year ended December 31, 2016 (representing 54.5% of revenue in Others), primarily a result of the acquisition of content rights by AENS in 2016.

Liquidity and Capital Resources

Cash and Debt Profile

As of December 31, 2017, our consolidated cash and cash equivalents amounted to €253.2 million on an actual basis. Each of our operating subsidiaries maintains cash and cash equivalents to fund their day-to-day requirements.

Our most significant financial obligations are our debt obligations. As a result of the various acquisitions we have made since 2013 and the financing transactions that we entered into to fund such acquisitions, our financing profile has undergone a substantial change in this period. Our total third-party debt (excluding certain other long term and short-term liabilities, finance leases, of the Group, any intercompany loans among the Group and preferred equity certificates issued to certain minority shareholders of our subsidiaries) as of December 31, 2017 was €8,149.4 million, including drawings under the Existing Revolving Credit Facilities. As of December 31, 2017, we have €120.0 million drawn and outstanding under the Existing Revolving Credit Facilities and can borrow a further €791.0 million in aggregate thereunder. The following table presents the maturity profile of the Group's debt.

Maturity of loans from financial institutions and debentures (€m)	**Less than one year**	**One year or more**	**December 31, 2017**	**December 31, 2016**
Altice Financing (including RCF)	135.1	6,231.5	6,366.5	6,857.9
Altice Finco	-	1,562.7	1,562.7	1,382.9
HOT Telecom	199.0	-	199.0	235.9
Others	3.3	17.9	21.2	63.3
Total	**337.4**	**7,812.1**	**8,149.4**	**8,540.0**

The terms of our debt instruments contain certain restrictions, including covenants that restrict our ability to incur additional debt. As a result, additional debt financing is only a potential source of liquidity if the incurrence of any new debt is permitted by the terms of our existing debt instruments.

Sources of Liquidity

Our principal source of liquidity is expected to be the operating cash flows of our operating subsidiaries and, if required, borrowings under the Existing Revolving Credit Facilities. As of December 31, 2017, our drawings under the Existing Revolving Credit Facilities amounted to €120.0 million. We expect 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 availability of borrowings under the Existing Revolving Credit Facilities is conditioned upon compliance with specified leverage ratios. Our ability to generate cash from our operations will depend on our 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 our control. We believe that our cash and cash equivalents, the cash provided from the operations of our operating subsidiaries and any available borrowings under the Existing Revolving Credit Facilities will be sufficient to fund our currently anticipated working capital needs, capital expenditures, and debt service requirements during the next 12 months, although no assurance can be given that this will be the case. However, as our debt matures in later years, we anticipate that we will seek to refinance or otherwise extend our debt maturities. No assurance can be given that we will be able to complete the Refinancing Transactions or otherwise extend our debt maturities. In this regard, it is not possible to predict how economic conditions, sovereign debt concerns and/or any adverse regulatory developments could impact the credit markets we access and accordingly, our future liquidity and financial position. In addition, sustained or increased competition, particularly in combination with adverse economic or regulatory developments, could have an unfavourable impact on our cash flows and liquidity.

We are required to maintain compliance with the leverage ratios specified therein. Such leverage ratios are tested at the end of each fiscal quarter. The Existing HOT Unsecured Notes contain certain financial covenants which require HOT to maintain compliance with a maximum consolidated leverage ratio of 6.0 (calculated on a net debt basis) and minimum equity of NIS 300 million. Further, HOT may only distribute dividends if its consolidated leverage ratio (calculated on a net debt basis) is 5.5 or less. Our ability to maintain compliance with our financial covenants is dependent primarily on our or the relevant operating subsidiaries' ability to maintain or increase EBITDA and to achieve adequate returns on our capital expenditures and acquisitions. In addition, our ability to obtain additional debt financing is limited by the incurrence leverage covenants contained in our various debt instruments. Further, if our EBITDA were to decline, we could be required to repay or limit borrowings under the Existing HOT Unsecured Notes to maintain compliance with applicable covenants. No assurance can be given that we would have sufficient sources of liquidity, or that any external funding would be available on favorable terms, or at all, to fund any such required repayment.

The Issuer is a holding company with no direct source of operating income. Therefore, the Issuer will be dependent on dividends and other payments from its operating subsidiaries to meet its liquidity requirements.

Working Capital

As of December 31, 2017, the Group had a net current liability position of €1,318.2 million (mainly due to trade payables amounting to €1,227.9 million) and a negative working capital of €155.2 million. The negative working capital position is structural and follows industry norms. Customers generally pay subscription revenues early or mid-month, with short days of sales outstanding, and suppliers are paid in the beginning of the following month, thus generating a negative working capital. Payables due the following month are generally covered by operating cash flow. We expect that our operating cash flows and, if required, available borrowings under the Existing Revolving Credit Facilities will be sufficient to meet our working capital requirements during the next 12 months.

Net Cash Flows **(€m)**	**For the year ended December 31, 2017**	**For the year ended December 31, 2016**
Net cash flow from operating activities	1,623.0	1,571.2
Net cash flow from investing activities	(955.4)	(781.1)
Net cash flow from financing activities	(605.8)	(792.2)
Changes in cash and cash equivalents	**61.8**	**(2.1)**
Classification of cash as held for sale	(64.1)	**(.9)**
Effects of exchange rate changes on cash held in foreign currencies	(10.6)	3.2
Net changes in cash and cash equivalents	**(12.9)**	-

Net cash provided by operating activities

Net cash provided by operating activities increased by 3.3% to €1,623.0 million for the year ended December 31, 2017 compared to €1,571.2 million for the year ended December 31, 2016. The increase in net cash provided by operations was mainly related to positive change in working capital.

Net cash used in investing activities

Net cash used in investing activities increased by 22.3% to €955.4 million for the year ended December 31, 2017 compared to €781.1 million for the year ended December 31, 2016. The increase in the year ended December 31, 2017 can be attributed to the scale of the investments and divestments made by the Group.

Net cash provided by (used in) financing activities

Net cash used in financing activities decreased by 23.5% to €605.8 million for the year ended December 31, 2017 compared to €792.2 million for the year ended December 31, 2016. The decrease can primarily be attributed to the change in debt issuance and repayments in the respective periods.

Key Operating Measures

We use several key operating measures, including number of homes passed, Cable/Fiber Customer Relationships, RGUs, RGUs per Cable/Fiber Customer Relationship and ARPUs to track the financial and operating performance of our 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 our internal operating and financial systems. As defined by our management, these terms may not be directly comparable to similar terms used by competitors or other companies.

Altice International Key Operating Measures	FOT	Portugal	Israel	Dominican Republic	Total
Homes passed	**178**	**5,046**	**2,497**	**786**	**8,507**
Fiber / cable homes passed	172	4,027	2,497	748	7,444
FIXED B2C					
Fiber / cable unique customers	**59**	**620**	**1,001**	**204**	**1,882**
Fiber / cable customer net adds	(0)	142	(16)	(1)	124
Total DSL / non-fiber unique customers	**24**	**935**	**-**	**120**	**1,079**
DSL / non-Fiber customer net adds	(5)	(186)	-	5	(187)
Total fixed B2C unique customers	**82**	**1,555**	**1,001**	**323**	**2,961**
Fixed ARPU (€/month)	€ 45.9	€ 33.8	€ 56.6	€ 28.3	-
MOBILE B2C					
Postpaid subscribers	**191**	**2,817**	**1,152**	**536**	**4,696**
Postpaid net adds	29	95	70	(29)	165
Prepaid subscribers	55	3,658	145	2,717	6,575
Total mobile B2C subscribers	**246**	**6,476**	**1,296**	**3,252**	**11,271** -
Mobile ARPU (€/month)	€ 32.3	€ 6.3	€ 12.5	€ 8.5	

Altice International Key Operating Measures	As at and for the year ended December 31, 2016				
	FOT	Portugal	Israel	Dominican Republic	Total
Homes passed	**178**	**4,985**	**2,454**	**739**	**8,357**
Fiber / cable homes passed	171	3,123	2,454	640	6,389
FIXED B2C					
Fiber / cable unique customers	**59**	**478**	**1,017**	**205**	**1,758**
Fiber / cable customer net adds	4	74	(10)	33	100
Total DSL / non-fiber unique customers	**29**	**1,122**	**-**	**115**	**1,266**
DSL / non-Fiber customer net adds	(22)	(155)	-	(18)	(196)
Total fixed B2C unique customers	**88**	**1,599**	**1,017**	**320**	**3,024**
Fixed ARPU (€/month)	€ 45.4	€ 33.8	€ 56.6	€ 29.2	-
MOBILE B2C					
Postpaid subscribers	**162**	**2,722**	**1,081**	**565**	**4,531**
Postpaid net adds	14	46	114	(15)	159
Prepaid subscribers	61	3,447	105	2,946	6,559
Total mobile B2C subscribers	**223**	**6,169**	**1,187**	**3,511**	**11,090**
Mobile ARPU (€/month)	€ 32.3	€ 6.9	€ 11.2	€ 8.8	-

Notes to Group KPIs tables

(1) Portugal total homes passed includes DSL homes enabled for IPTV outside of PT Portugal's fiber footprint. Dominican Republic total homes passed includes DSL homes outside of Altice Hispaniola's and Tricom's fiber footprint. In Israel, the total number of homes passed is equal to the total number of Israeli homes.

(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 premises basis. The total number of fiber / cable customers does not include subscribers to either the Group's mobile or ISP services. For Israel, it refers to the total number of unique customer relationships, including both B2C and B2B.

(3) ARPU is an average monthly measure that the Group uses to evaluate how effectively the Group is realizing revenue from subscribers. ARPU is calculated by dividing the revenue for the service provided after certain deductions for non-customer related revenue (such as hosting fees paid by channels) for the respective period by the average number of customer relationships for that period and further by the number of months in the period. The average number of customer relationships is calculated as the number of customer relationships on the first day in the respective period plus the number of customer relationships on the last day of the respective period, divided by two. For Israel and the Dominican Republic, ARPU has been calculated by using the following exchange rates: average rate for the year ended December 31, 2017, €1.00 = ILS 4.0607, €1.00 = 53.6481 DOP, average rate for the year ended December 31, 2016, €1.00 = ILS 4.2488, €1.00 = 50.8876 DOP.

(4) Mobile subscribers is equal to the net number of lines or SIM cards that have been activated on the Group's mobile networks. In Israel, the split between iDEN and UMTS (B2C only, including prepaid) services as follows: 8,000 iDEN and 1,289,000 UMTS as of December 31, 2017, and 10,000 iDEN and 1,177,000 UMTS as of December 31, 2016.

Other disclosures

Unrecognized Contractual Commitments

We have other contractual obligations incurred in the ordinary course of business, including commitments relating to building or upgrading network infrastructure, purchase of set-top boxes, modems, mobile handsets and other end-user equipment and various maintenance and support contracts primarily relating to the maintenance and support of network infrastructure and equipment, purchase commitments for content, royalty payments to regulatory authorities and authors' rights to societies and commitments under interconnection contracts. See Note 28 to the audited consolidated financial statements of Altice International as of and for the year ended December 31, 2017.

The Group did not enter into any significant contractual obligations and commercial commitments in the periods under review, other than on May 11, 2017, the Group announced that it had successfully acquired the exclusive rights to broadcast the UEFA Champions League and UEFA Europa League in France. The rights were acquired by Altice Picture and cover the period from August 2018 to May 2021. During the second quarter of 2017, the Group prepaid the first instalment of €70.2 million for the UEFA Champions League and UEFA Europa League. In relation to these rights, the Group has executed a new €350 million bank guarantee, of which €316.0 million was drawn at December 31, 2017. The rights include exclusive broadcast coverage across free-TV, pay-TV, mobile, internet, over-the-top and digital terrestrial television coverage in France and non-exclusive rights in French in Luxembourg, Switzerland and Monaco.

Following the new and amended agreements, the total commitments of the Group increased by €1.211.0 million.

Defined Benefit and Defined Contribution Pension Plans

In addition, we have obligations under defined benefit and defined contribution pension plans. Our cash outflow relating to these obligations will vary depending on many factors. In the case of defined benefit plans, we have recognized a liability regarding employee benefits in the statement of financial position of Altice International which represents the present value of the defined benefits liability less the fair value of the plan assets, and the past service costs. The liability in respect of defined benefit plans is determined using actuarial valuations. The actuarial valuation involves making assumptions with regards to, among others, discount rates, expected rates of return on assets, future salary increases and mortality rates. Due to the long-term nature of these plans, such estimates are subject to uncertainty. Actuarial gains and losses are reflected in the statement of income and statement of other comprehensive income in the period in which they arise, as part of the salary costs. Deposits in a defined contribution plan in respect of severance pay or in respect of emoluments are recognized as an expense at the time of the deposit in the plan, in parallel to the receipt of the labour services from the employee and no additional provision is recognized in the financial statements. As of December 31, 2017, our total defined benefit plans liabilities were €763.7 million. See Note 15 to the audited consolidated financial statements of Altice International as of and for the year ended December 31, 2017.

Post-Balance Sheet Date Events

The following is an overview of key transactions since December 31, 2017 which may have a significant impact on the Group's financial condition and results of operations.

- On February 12, 2018, the Group completed the sale of its telecommunications solutions business and data center operations in Switzerland, green.ch AG and Green Datacenter AG, to InfraVia Capital Partners.

- On March 12, 2018, the Company announced that it had entered into exclusivity with Tofane Global, a Paris-based telecommunications and digital player specializing in international carrier services, for the sale of its international wholesale voice carrier business in France, Portugal and the Dominican Republic.

- On April 24, 2018, the European Commission has notified the Group of its decision to impose upon it a fine for an amount of €124.5 million. The Commission found that the Group infringed the prior notification obligation of a concentration under Article 4(1) of the EU Merger Regulation, and the stand-still obligation under Article 7(1) of the EU Merger Regulation. The Group fully disagrees with the Commission's decision and will file an appeal against the Commission's decision before the EU

General Court to request that the decision as a whole be annulled or, at the very least, that the sanction be significantly reduced.

- In April 2018, the Group has exercised the call option for the acquisition of 49% in ATS for a fixed price of €147 million, carrying interest at an annual rate of EURIBOR 1 month plus 3.5%. This amount will be paid in November 2018. As a result of the exercise of the call option, the company ownership in ATS increased to 100%.

Related Party Transactions

Other than as disclosed in the consolidated financial statements of Altice International as of and for the year ended December 31, 2017, the Group did not have any material transactions with related parties during the year ended December 31, 2017. See Note 27 to the audited consolidated financial statements of Altice International as of and for the year ended December 31, 2017.

Off Balance Sheet Arrangements

We are not party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditure or capital resources, other than the contractual commitments relating to purchase of property plant, and equipment, operating leases or as disclosed below or in the audited consolidated financial statements of Altice International as of and for the year ended December 31, 2017.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risks relating to fluctuations in interest rates and foreign exchange rates, primarily as between the U.S. dollar, Euro, New Israeli Shekels and the Dominican peso, and use financial instruments to manage our exposure to interest rate and foreign exchange rate fluctuations.

Credit Risk

The Group does not have significant concentrations of credit risk. Credit risk may arise from the exposures of commitments under a number of financial instruments with one counterparty or as the result of commitments with a number of groups of debtors with similar economic characteristics, whose ability to meet their commitments could be similarly affected by economic or other changes.

The Group's income mainly derives from customers in Portugal, Switzerland, Israel and the Dominican Republic. The Group regularly monitors its customers' debts and provisions for doubtful debts are recorded in the consolidated financial statements, which provide a fair value of the loss that is inherent to debts whose collection lies in doubt.

Liquidity Risk

Ultimate responsibility for liquidity risk management rests with the Board of Managers, which manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecasted and actual cash flows and by matching the maturity profiles of financial assets and liabilities. The Group has a strong track record of driving operating free cash flow generation and specializes in turning around struggling businesses and improving the cash generation of existing businesses. As all external debt is issued and managed centrally, the executive directors of the Group have a significant amount of control and visibility over the payments required to satisfy obligations under the different external debts.

Additionally, as of December 31, 2017, the Group has access to revolving credit facilities of up to €911.0 million (of which €120.0 million was drawn as of December 31, 2017) to cover any liquidity needs not met by operating cash flow generation.

Interest Rate and Related Risk

For fixed rate debt, changes in interest rates generally affect the fair value of the debt instrument, but not our earnings or cash flows. Accordingly, interest rate risk and changes in fair market value should not have a significant effect on the fixed rate debt until we would be required to refinance such debt at maturity or, with respect to the HOT Unsecured Notes, pursuant to amortization obligations. On a consolidated basis, taking into account our swap portfolio, our primary fixed rate debt obligations were in an amount equivalent to €8,296.2 million, while our primary floating rate debt obligations were equivalent to €2,129.4 million, see also the table below.

Interest structure of non-current financial debt (€m)	**December 31, 2017**	**December 31, 2016**
Financial debt at fixed rates	8,406.8	9,396.9
Financial debt at variable rates	2,018.7	979.3
Total	**10,425.6**	**10,376.2**

In addition, The Group has borrowed from banks and issued debentures that are linked to the changes in the Israeli CPI (Consumer Price Index). Also, the Group has deposits and gave loans that are linked to the changes in the Israeli CPI. The net amount of the financial instruments that are linked to the Israeli CPI and for which the Company is exposed to changes in the Israeli CPI amounted to approximately €111.6 million (465.6 million Israeli Shekel) as of December 31, 2017 (€129.7 million or 525 million Israeli Shekel as of December 31, 2016).

Foreign Currency Risk

Our business is exposed to fluctuations in currency exchange rates. See Note 17.3.3 to the audited consolidated financial statements of Altice International as of and for the year ended December 31, 2017. The HOT Group's primary transactional currency is the New Israeli Shekel. Altice Hispaniola's and Tricom's primary transactional currency is the Dominican peso. The primary transactional currency of Green is the Swiss Franc. The primary transactional currency of the Issuer and its other operating subsidiaries is the Euro. We conduct, and will continue to conduct, transactions in currencies other than such primary transactional currencies, particularly the U.S. dollar. Our existing debt is primarily denominated in U.S. dollars, euros and New Israeli Shekels although the amounts incurred in euros and New Israeli Shekels do not necessarily match the amount we earn in the corresponding currency. We seek to manage such transactional foreign currency exposures though our hedging policy in accordance with our specific business needs.

As part of its financial risk management strategy, the Group has entered into certain hedging operations. These are split mainly into either fixed to fixed or floating to floating cross-currency and interest rate swaps that cover against foreign currency and interest rate risk, FX forwards that cover against foreign exchange risk only, or interest rate swaps covering interest rate risk only. For details regarding the Group's outstanding derivative instruments to secure foreign currency liabilities and to reduce foreign currency exposure, see Note 16.3 and Note 17 to the audited consolidated financial statements of Altice International as of and for the year ended December 31, 2017.

Critical Accounting Policies, Judgments and Estimates

For details regarding the Group's critical accounting policies, judgments and estimates, see Note 2 to the audited consolidated financial statements of Altice International as of and for the year ended December 31, 2017.

For details regarding the Group's adoption of IFRS 15 and its impact on its revenue recognition, see Note 1.3.3 *IFRS 15 Revenue from Contracts with Customers*

Glossary

Key Income Statement Items

Revenue

Revenue consists of income generated from the delivery of fixed-based services to our B2C and B2B customers, mobile services to our B2C and B2B customers, wholesale and other services. 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.

Fixed-based B2C services: Revenue from fixed-based services consists of revenue from pay television services, including related services such as Video on Demand ("VoD"), broadband internet services, fixed-line telephony services and ISP services to our customers. This primarily includes (i) recurring subscription revenue for pay television 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 our cable network.

Mobile B2C services: Revenue from mobile telephony services primarily consists of (i) recurring subscription revenue for our post-paid mobile services (which are recognized in revenue on a straight-line basis over the subscription period), (ii) revenue from purchases of our pre-paid 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 our mobile network.

Wholesale and B2B fixed and mobile services: Revenue from wholesale services primarily consists of revenues derived from renting our network infrastructure services, including IRUs and bandwidth capacity on its network, to other telecommunications operators, including mobile virtual network operations ("MVNOs") as well as related maintenance services. Revenue from B2B services is the same as the above fixed and mobile services, but for the business sector.

Others: Revenue from our other services primarily consists of revenue from other businesses, such as (i) datacenter activities, (ii) content production and distribution, (iii) advertising, (iv) customer services, (v) technical services, and (vi) other activities that are not related to our core fixed or mobile businesses.

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 on Revenue Recognition

In May 2014, the International Accounting Standards Board issued IFRS 15, which establishes a single comprehensive 5-step model to account for revenue arising from contracts with customers. IFRS 15 will supersede 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.

The Group anticipates that the application of IFRS 15 may have a material impact on the amounts reported and the disclosures made in its consolidated financial statements. The assessment phase has now been completed and the implementation plan is in progress. The most significant anticipated effects of IFRS 15 on the Group's reporting are outlined below.

Mobile Activities: The most significant impact is expected in the Group's mobile activities (B2C and B2B transactions) 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 will be 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 will be broader than the current capitalization model, along with depreciation patterns which will 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 will be 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 will not be considered as distinct performance obligations. Additional services will be examined separately. Connection fees, related costs and the capitalization of commissions will also be 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 services

Purchasing and subcontracting services consist of direct costs associated with the delivery of fixed-based services to our B2C and B2B customers, mobile services to our B2C and B2B customers, wholesale and other services. We present purchasing and subcontracting services paid for the procurement of the following services:

Fixed-based services: Purchasing and subcontracting services 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 subscribers 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 services 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 services associated with wholesale primarily consist of costs associated with delivering wholesale services to other operators.

Others: Other purchasing and subcontracting services consist of the (i) cost of renting space for datacenters (subject to certain exceptions), (ii) utility costs related to the operation of datacenters (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) in our 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) direct costs related to our call center operations, such as service expenses, telecom consumption subscriptions and energy costs, in our 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 datacenter 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 and amortization

Depreciation and amortization includes depreciation of tangible assets related to production, sales and administrative functions and the amortization of intangible assets.

Impairment losses

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 includes 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 our subsidiaries. This line item is presented separately in the consolidated statement of income for the years ended December 31, 2015 and 2016 and for the year ended December 31, 2016. For the year ended December 31, 2017, the net result on disposal of businesses is booked under other expenses and income.

Share of profit of associates

Share of profit 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 income statement except when the underlying transaction is recognized in other comprehensive income, at which point the associated tax effect is also recognized under other comprehensive income or in equity.

Adjusted EBITDA

Adjusted EBITDA is defined as operating profit before depreciation and amortization, impairment and losses, other operating and non-recurring items and other adjustments (equity-based compensation expenses) in EBITDA. Adjusted EBITDA is unaudited and is not required by or presented in accordance with IFRS or any other generally accepted accounting standards. We believe that this measure is useful to readers of our financial as it provides them with a measure of the operating results which excludes certain items we consider outside of our recurring operating activities or that are non-cash, making trends more easily observable and providing information regarding our operating results and cash flow generation that allows investors to better identify trends in its financial performance. Adjusted EBITDA should not be considered as a substitute measure for operating income and may not be comparable to similarly titled measures used by other companies.

Capital expenditure

We classify our 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 our 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 our cable/fibre based business. This also includes capital expenditures relating to datacentres, backbone network, connection fees of client's premises, rental equipment to customers and other B2B operations as well as content related capital expenditures relating to our 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 our mobile networks and platforms and other investments relating to our mobile business.

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