



Acquisition of Portugal Telecom

January 2015

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Transaction Overview

Acquisition of Portuguese operating business of Portugal Telecom from Oi

Enterprise value of €7.4bn on a cash and debt-free basis, which includes:

- €500m earnout related to future revenue generation of PT¹; and
- €1.3bn of purchase price adjustment (including net post-retirement liabilities and other non-financial debt purchase price adjustments)

Resulting in €5.6bn cash consideration

Cash consideration financed by:

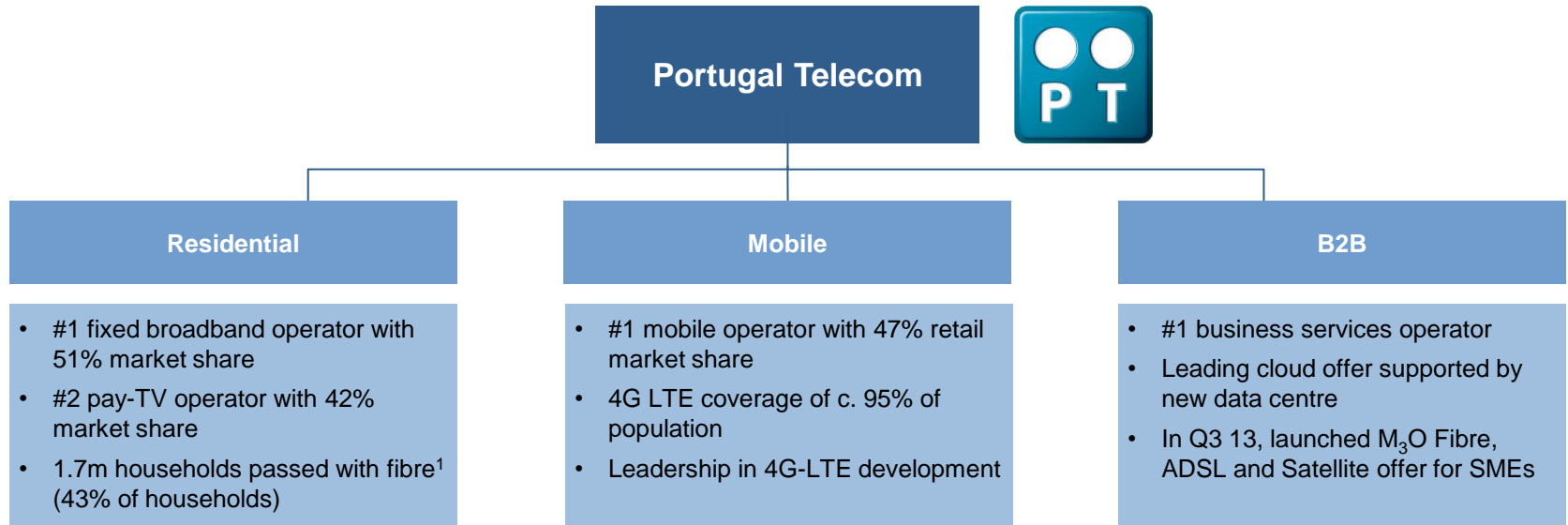
€3.7bn new debt at Altice International

€2.0bn new debt at Altice S.A.

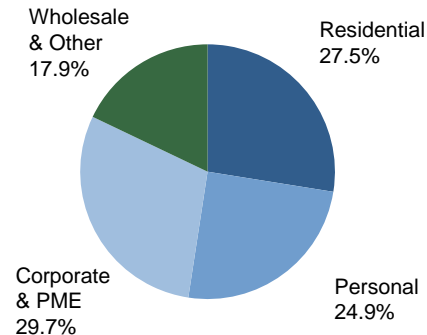
PT will become part of Altice International

¹ €500 million earn-out related to a specified future revenue target generation of Portugal Telecom, which represents a material outperformance compared to the growth of the best-in-class telecom incumbents in Europe

Portugal Telecom – Leading Integrated Service Provider



Diversified Revenue Base (LTM Sep-14)



Source: Company information, Anacom

Note:

¹ In July 2014 Portugal Telecom and Vodafone Portugal signed an agreement to deploy and share fibre networks reaching 900,000 homes in Portugal. The agreement, which commences in December 2014 will enable each company to offer high-speed data services to an additional 450,000 homes and businesses in Portugal.

Portugal Telecom – A Unique Opportunity to Unlock Value

1

State-of-the-art infrastructure with fully invested FTTH network, national DTH coverage and leading LTE coverage

2

Highly successful multi-play operator and leader in converged services

3

Leading operator across products and services

4

Best-in class innovative offering

5

Diversified revenue base

6

Altice's best-in-class expertise to drive efficiencies and margin expansion

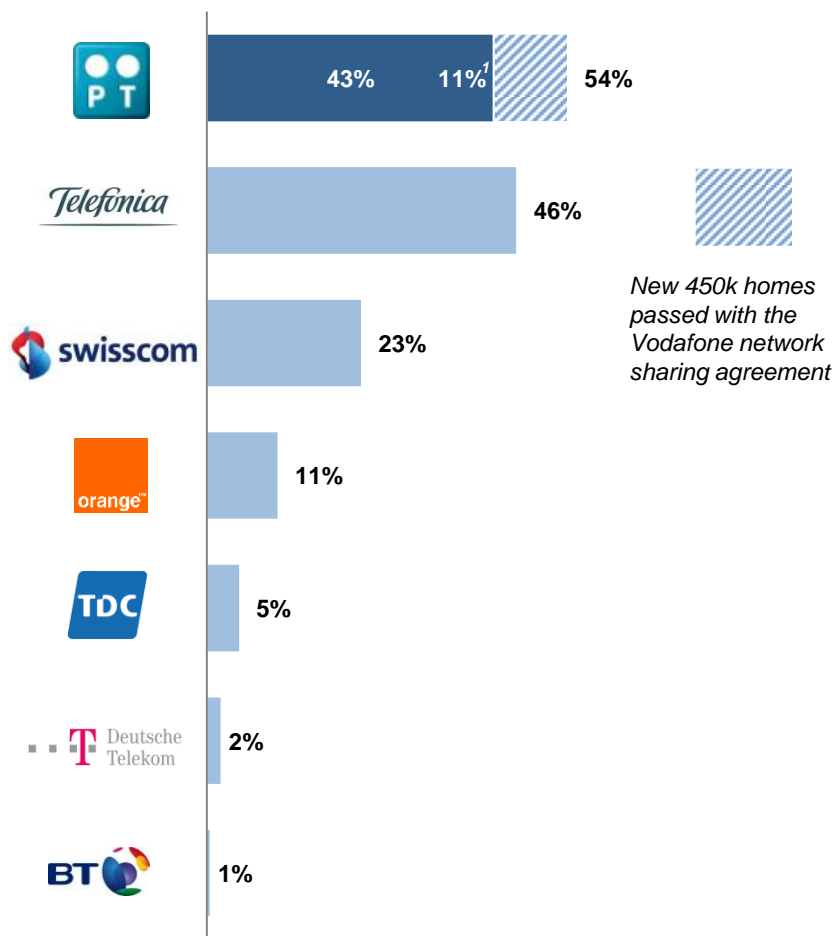
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Investment in a market that Altice understands very well

Superior Fibre Infrastructure Position Comparable to Cable

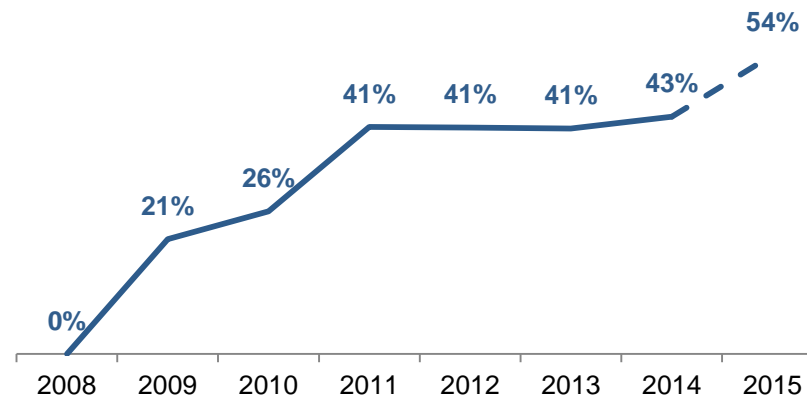
International Comparison²

FTTH Coverage (FTTH homes / Total Households)



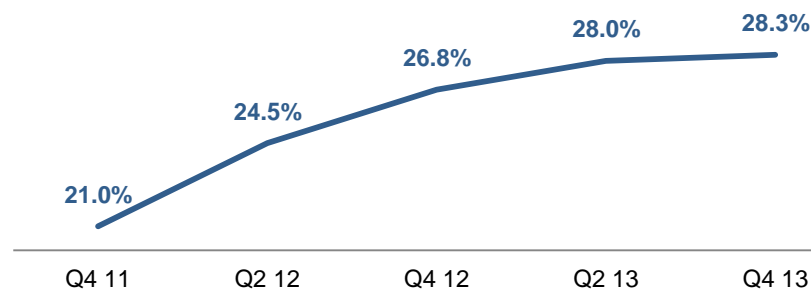
Highly Successful PT FTTH Roll-Out...

Homes Connected / Homes Available (%)



...Supporting PT Pay-TV Performance

Weight of FTTH in Pay-TV Customers (%)



Source: Company information

Note:

¹ In July 2014 Portugal Telecom and Vodafone Portugal signed an agreement to deploy and share fibre networks reaching 900,000 homes in Portugal. The agreement, which commences in December 2014, will enable each company to offer high-speed data services to an additional 450,000 homes and businesses, ² Based on the latest reported figures. Based on the key country of operations (Telefonica: Spain; Swisscom: Switzerland; Orange: France; TDC: Denmark; Deutsche Telekom: Germany; BT: UK).

State-of-the-Art LTE Network to Exploit Data and Convergence Opportunities

Leader in LTE Coverage

Population Covered with 4G-LTE (%)



At the time of the launch in 2012, Vodafone's 4G network served a significant area of Lisbon & Porto and other district capitals as well as in Funchal & Ponta Delgada. Coverage is being progressively extended to the rest of the country

Strongly Positioned for Mobile Data and Convergence Growth

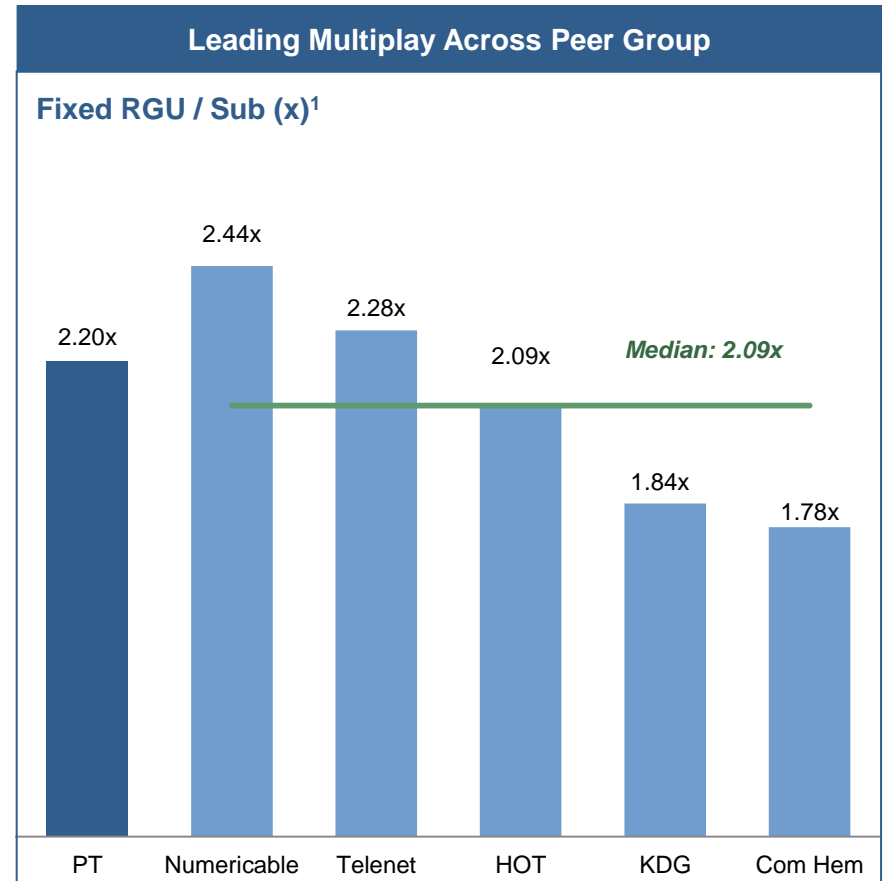
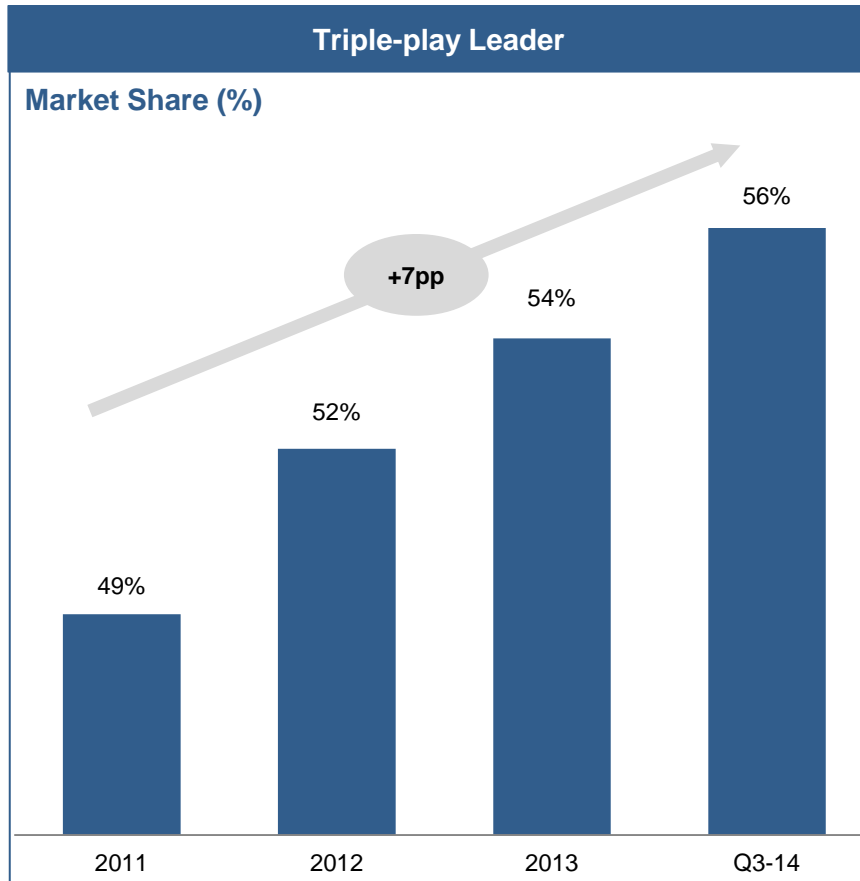
- Leadership in 4G-LTE development
- Complementing best-in-class fixed line infrastructure
- At forefront of quadplay / converged services
- Best 2G / 3G / 4G national coverage
- Upgrade capex cycle largely completed

4G Network Coverage¹

	Covered Area (%)	Covered Population (%)
Continental Portugal	76.1%	95.3%
Madeira	61.4%	93.1%
Açores	50.2%	79.0%
Total	75.3%	94.8%

Source: Company information, websites
¹ As of end of 2014.

Highly Successful Multiplay Operator



Leadership in converged services: successful launch of quadplay service M₄O

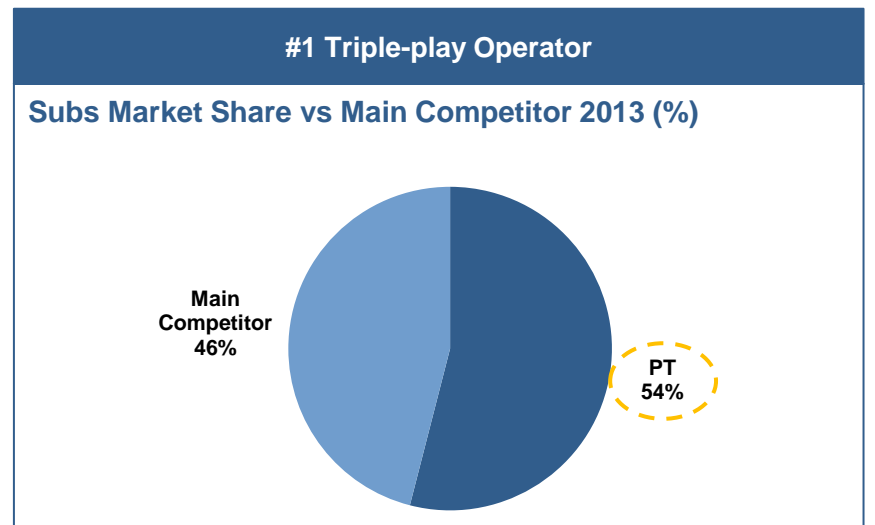
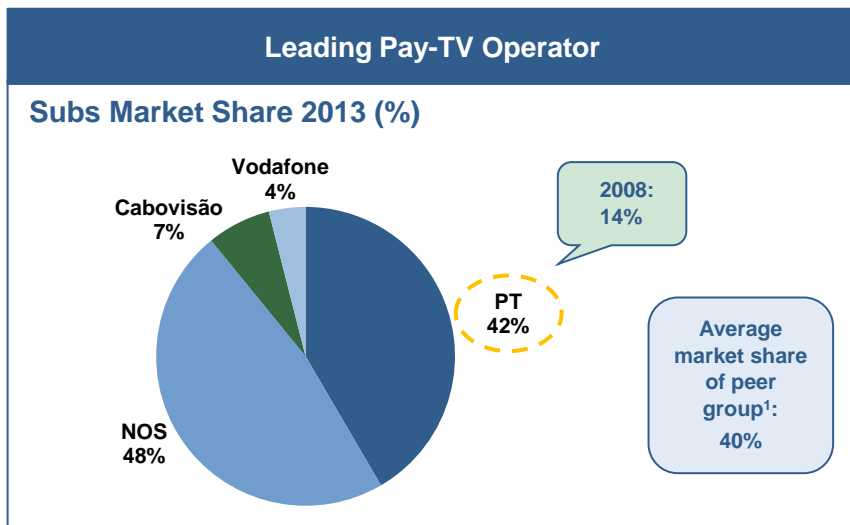
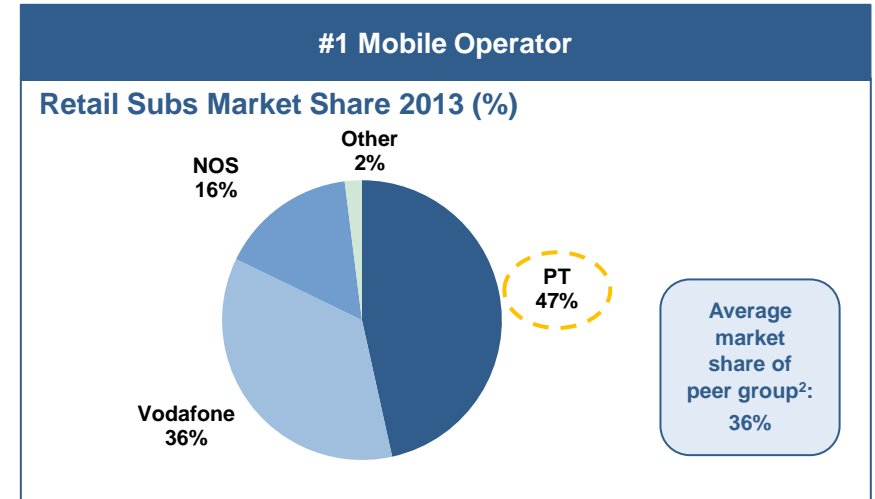
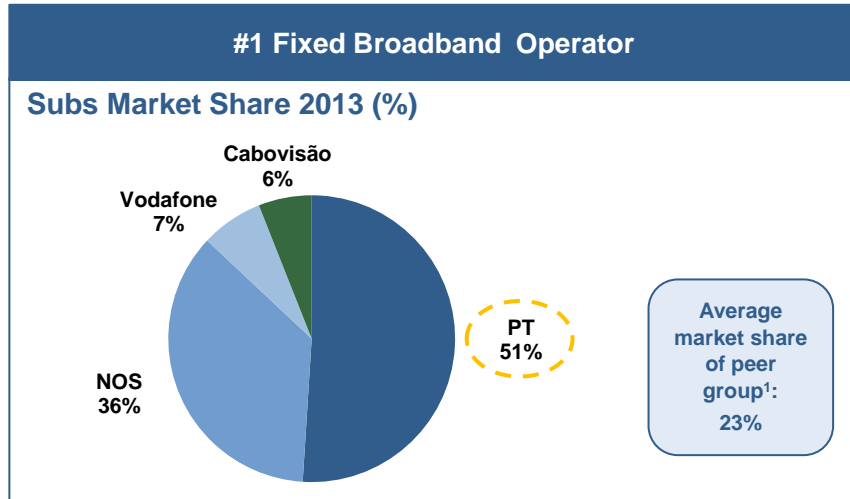
- 2.9m RGUs as at September 30, 2014 (following launch in January 2013)
- M₄O customers with 2 SIM cards: 58%, 3 SIM cards: 22%, 4 SIM cards: 20% (Q2 14)

Source: Company information

Note:

¹ Fixed RGU / Sub: Fixed RGUs (Pay-TV, Broadband, Fixed telephony) / Unique fixed subscribers for residential business; PT figure as reported at Q3 14.

Leading Operator Across Products and Services



Sources: Company information, ANACOM, OVUM

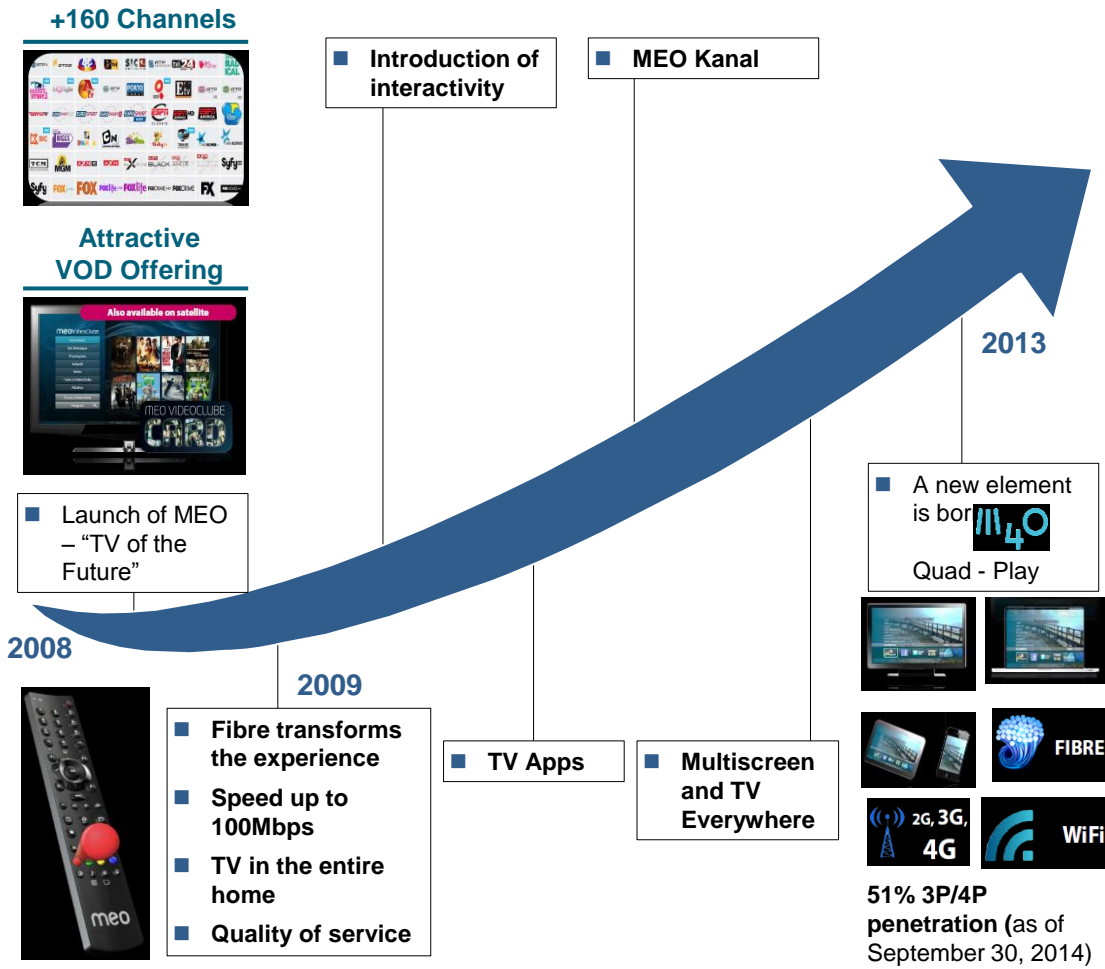
Notes:

¹ Peer group for Pay-TV and Broadband includes Virgin Media, Telenet, Com Hem, Ono, Ziggo, KDG and HOT (2013 Market shares in their respective main country of operation).

² Peer group for Mobile includes Deutsche Telekom, Telefonica, Telecom Italia, KPN and Vodafone (2013 Market shares in their respective main country of operation).

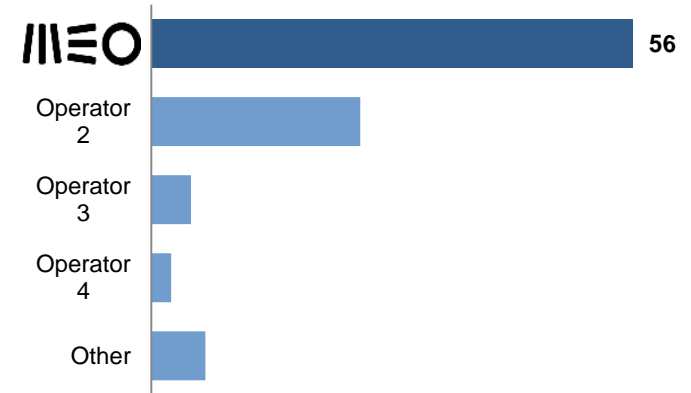
Best in Class, Most Innovative Offering

Strong Track Record of Innovation...



...Leading to High Brand Awareness

%, Average 2013

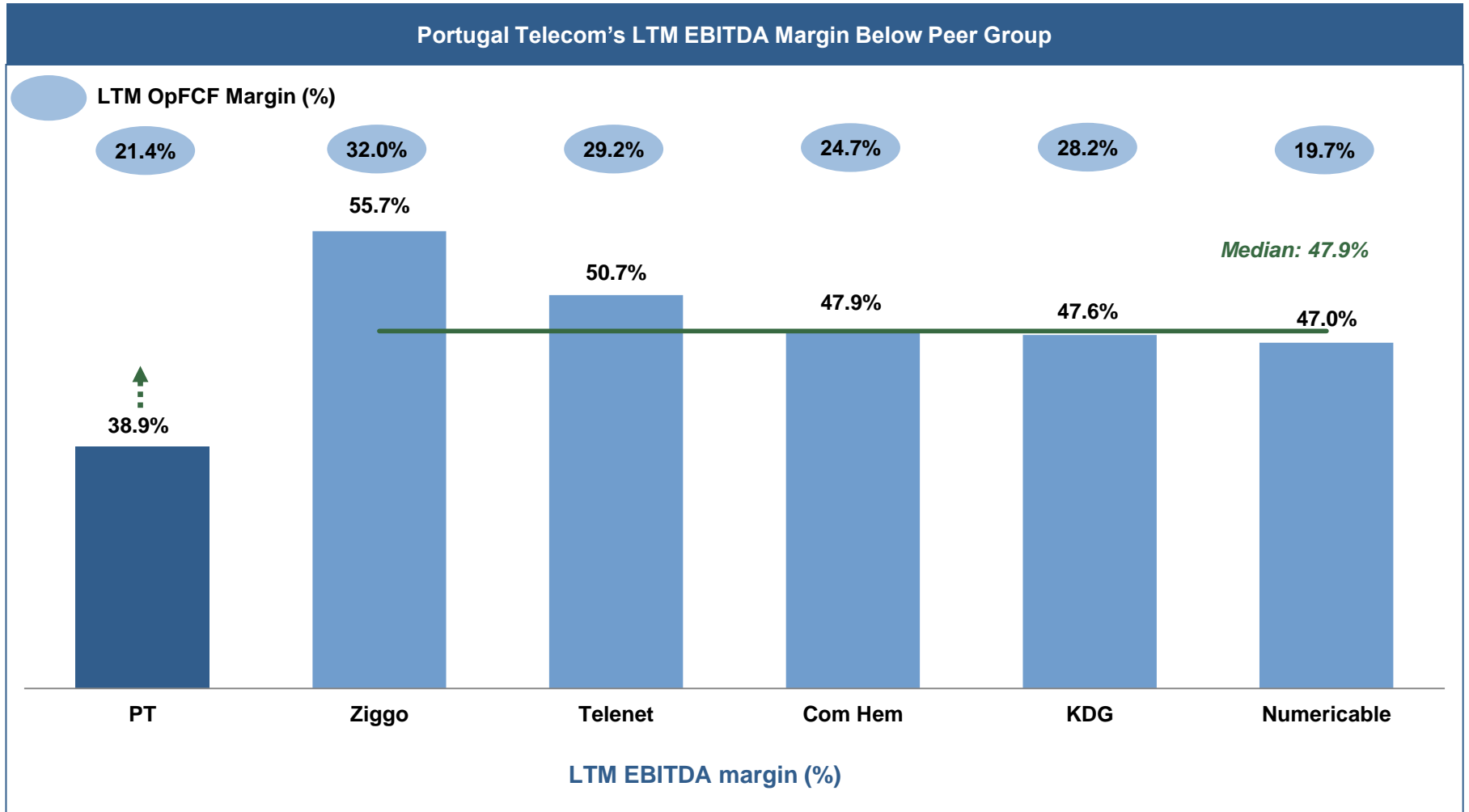


... and Growing Market Share

	2008 Market Share	2013 Market Share
Pay TV	14%	42%
Broadband	42%	51%
Mobile	40% ¹	47%

Source: Company Information, Ovum Research, Anacom
¹ Mobile market share shown for 2012 pre-introduction of quad-play.

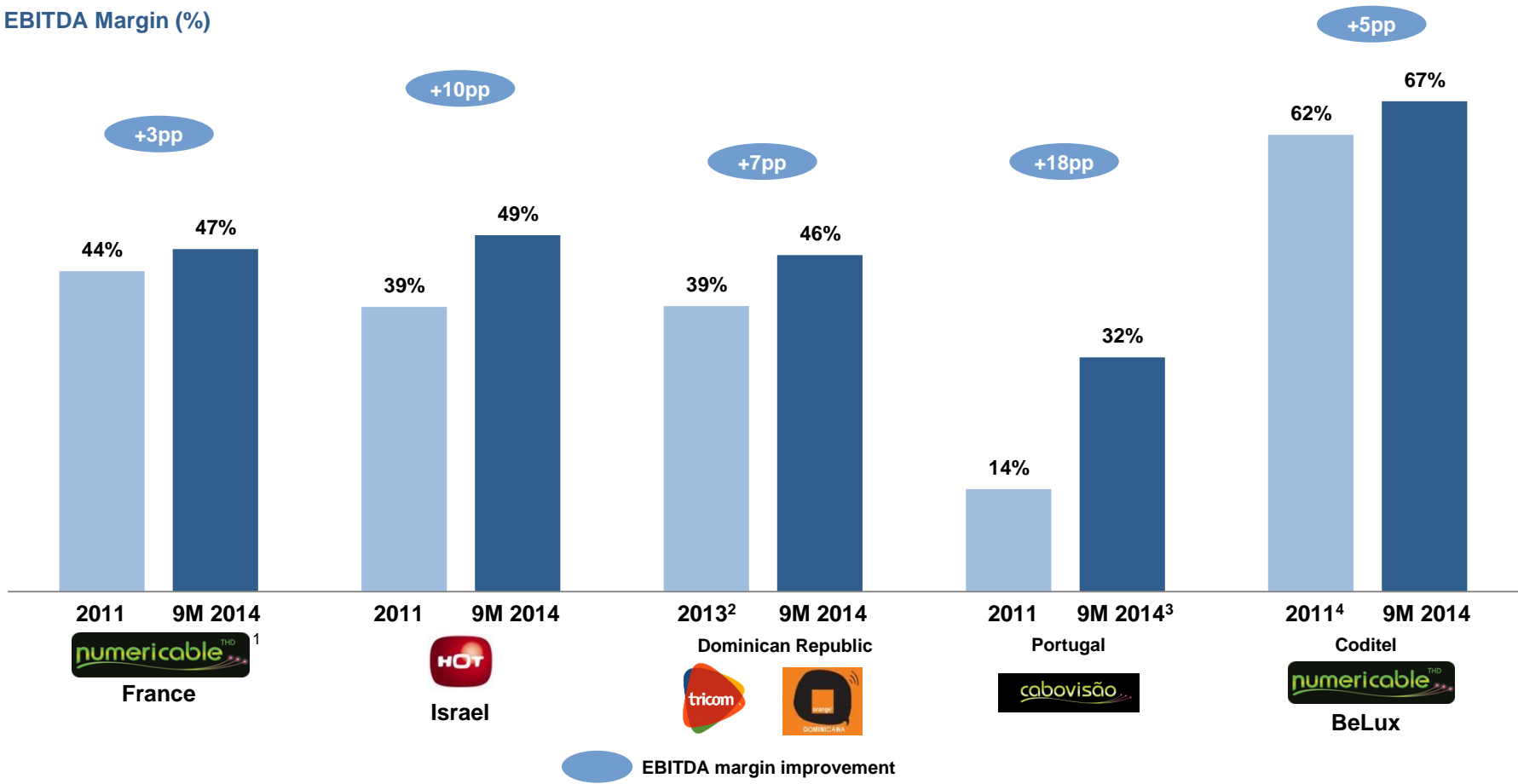
Altice Best-in-Class Expertise to Drive Margin Expansion



Fully-integrated and invested platform with fully owned fibre, DTH and mobile should deliver best-in-class margins

Altice's Proven Track Record of Unlocking Value through Operational Excellence...

EBITDA Margin (%)



Source: Company information

Notes:

¹ Corresponds to adjusted EBITDA margin as per Numericable reporting; adjusted for debt-refinancing or amendment related advisory fees, acquisition-related restructuring costs, provisions / costs for tax and social security audits, CVAE, accelerated depreciation of equipment, penalties and Coditel continuing activities (in 2010 only). ² 2013 is excluding Tricom. ³ Including ONI. ⁴ Aggregated financial information.

...Based on a Highly-Focused Management Approach

Altice expects to be in a position to realise substantial cost savings

Areas of Cost Improvements

COGS / OPEX

- Adoption of Altice's best practices of cost management:
 - subcontractor rationalisation
 - increased buying power through combined procurement
 - reduction in international content costs brought to the level of Altice Group's benchmarks
 - reduction in interconnection costs through re-routing to Altice's international backbone
 - renegotiation of price lists with suppliers
 - reduction in IT spending
 - simplification of operating practices
 - outsourcing of customer care

Capex

- Benefits of scale in procurement
- Adoption of Altice best practices in capital expenditure planning
- Efficiency savings in network spend

Pro Forma Sources and Uses

Pro Forma Sources and Uses at Altice International

Sources	€m	\$m	Uses	€m	\$m
New Senior Secured Term Loans	825	975	Cash Consideration for PT Portugal	5,604	6,622
New Senior Secured Notes	2,243	2,651	Transaction Fees	122	144
Use of New Super Senior RCF	330	390			
New Senior Notes	326	385			
Altice S.A. Contribution	2,002	2,366			
Total Sources	5,726	6,767	Total Uses	5,726	6,767

Pro Forma Sources and Uses at Altice S.A.

Sources	€m	\$m	Uses	€m	\$m
New Senior Notes	2,002	2,366	Contribution to Altice International	2,002	2,366
Total Sources	2,002	2,366	Total Uses	2,002	2,366

Key Highlights

- Total EV of €7,400m¹ including:
 - €500m earnout related to future revenue generation of PT¹
 - €1,296m of purchase price adjustment, based on:
 - €957m of tax adjusted net post-retirement benefits
 - €339m of other non-financial debt related items (including working capital adjustments)
- Resulting in a cash consideration of €5,604m
- Implied EV / LTM Sep 2014 EBITDA of 6.9x based on Sep 2014 LTM EBITDA for PT of €997m (excluding earnout)

¹ Earn-out of €500m payable if the revenues generated by the PT Portugal Group for any financial year between 2015 to 2019 achieve a specified target. In order for PT Portugal to exceed such specified revenue target by the end of the specified period, its revenue growth will need to materially exceed the best-in-class compound annual revenue growth rate currently expected by the market from incumbent telecommunications companies in Europe.

Key Strengths of Altice S.A.

1 One of the leading cable-based communication groups with significant diversification

2 Operates in attractive markets with favourable competitive dynamics

3 Leverages own cable and FTTH networks to realise growth in fixed-line, mobile and B2B

4 Benefits from a network advantage in fixed and mobile markets where it operates

5 Operates a multi-play strategy underpinned by a strong offering

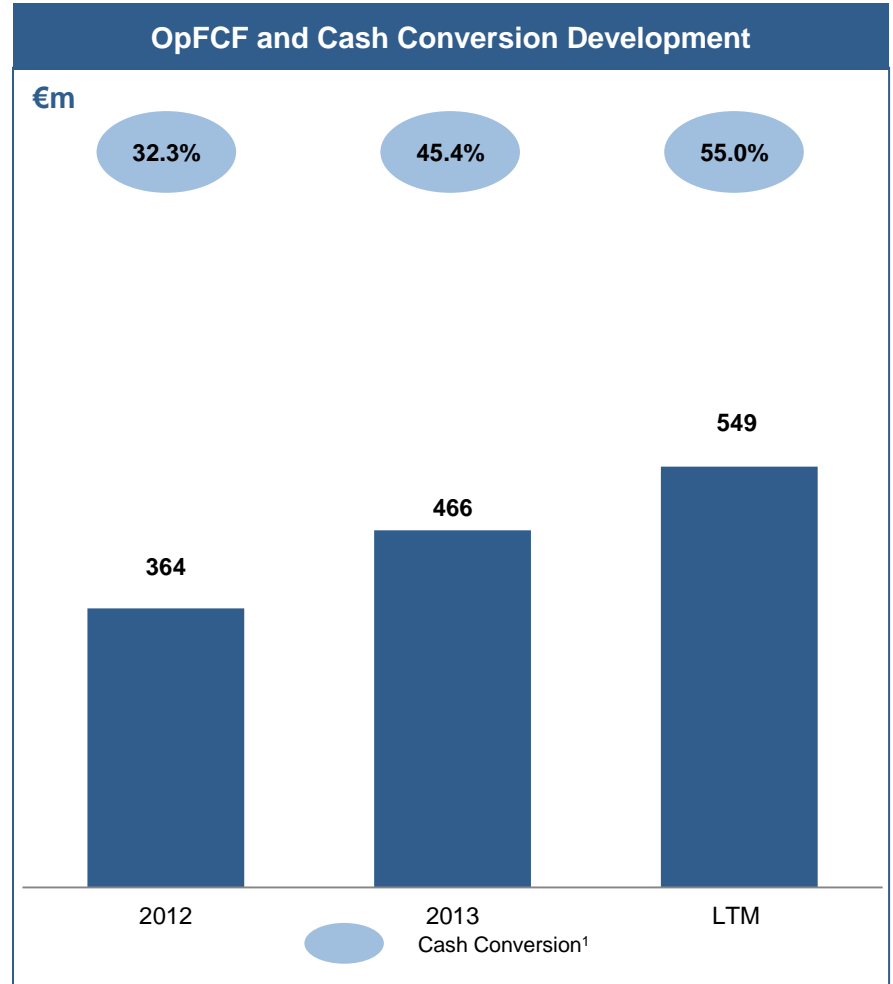
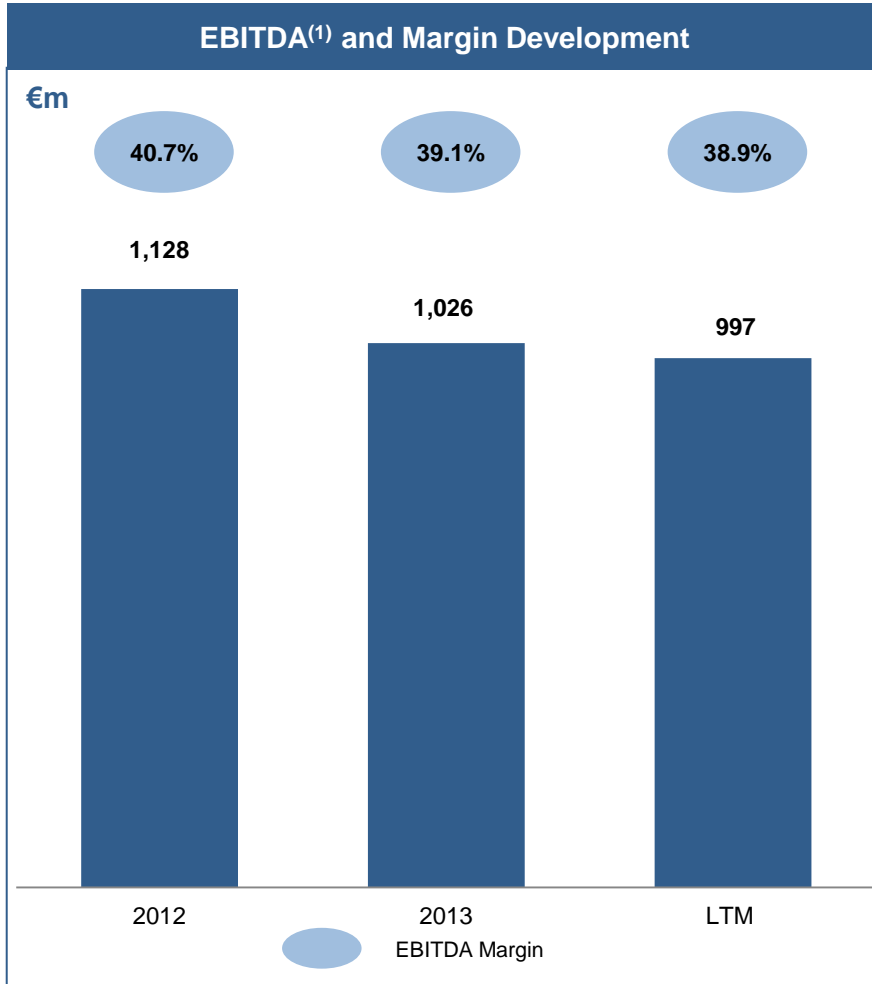
6 Proven track record of operating and integrating businesses to deliver strong value creation

7 Delivers strong cash flow growth through operational excellence and group synergies

8 Substantial equity cushion and strong liquidity

Appendix

PT Portugal Historical Financials

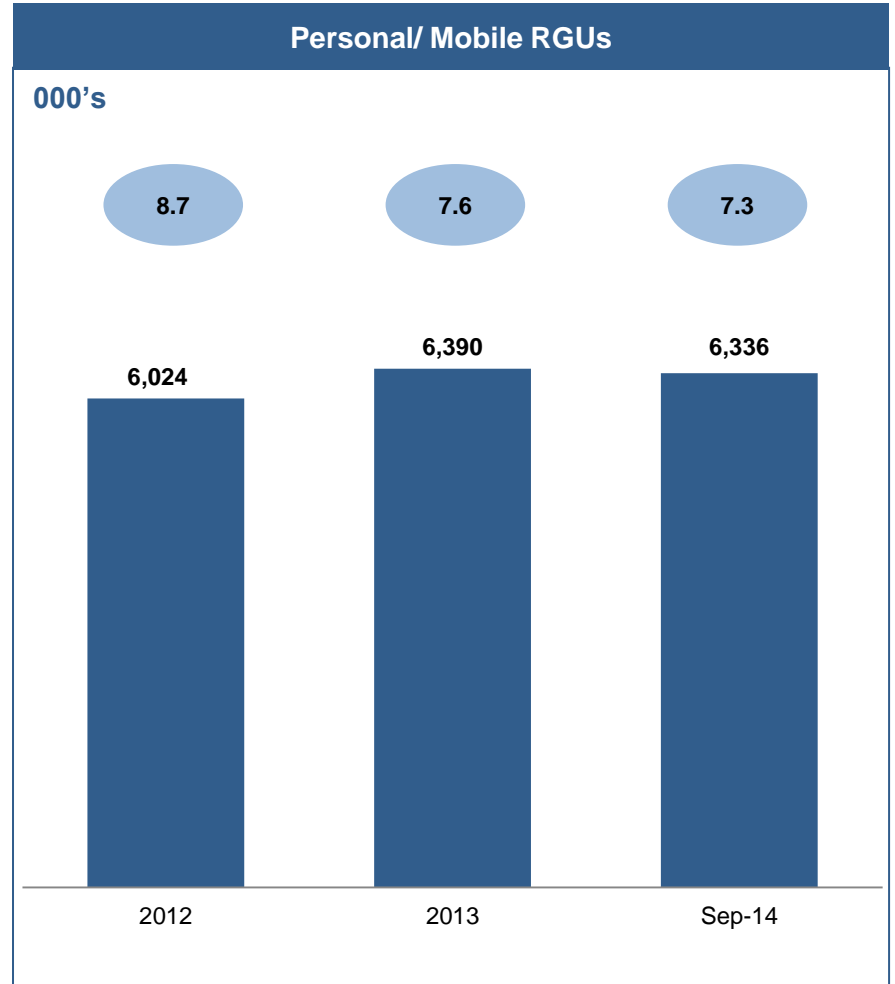
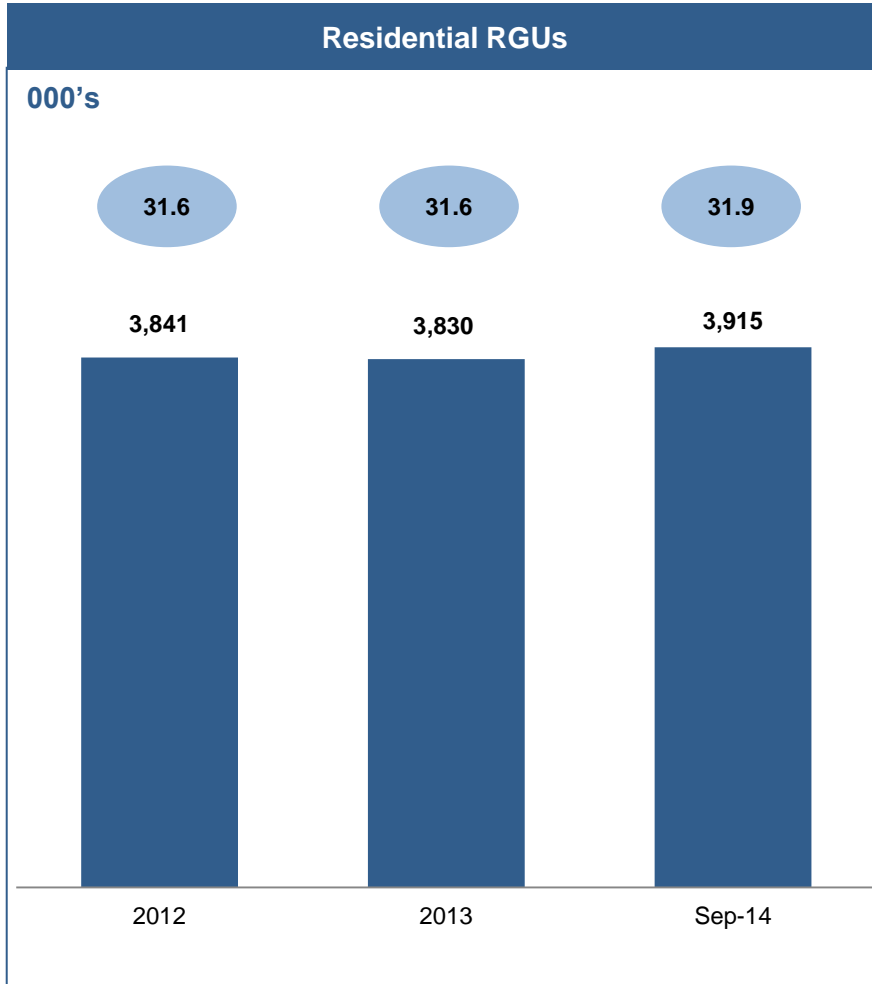


Source: Company Information

Note: LTM is defined as last twelve months ended September 30, 2014. Capex is based on Gross Cash Capex. OpFCF is defined as EBITDA - Capex

¹ Cash conversion defined as $(EBITDA - Capex) / EBITDA$.

PT Portugal Historical KPIs



● ARPU (€/month)