

Altice Luxembourg S.A.



Condensed Interim Consolidated Financial Statements

**As of and for the three month period ended
March 31, 2019**

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| Consolidated Statement of Income | Notes | Three months ended March 31, 2019 | Three months ended March 31, 2018 |
|---|-------|--------------------------------------|--------------------------------------|
| (€m) | | | |
| Revenues | 4 | 3,510.4 | 3,599.8 |
| Purchasing and subcontracting costs | 4 | (880.2) | (1,115.5) |
| Other operating expenses | 4 | (719.7) | (863.8) |
| Staff costs and employee benefits | 4 | (373.3) | (355.5) |
| Depreciation, amortization and impairment | 4 | (1,137.5) | (948.3) |
| Other expenses and income | 4 | 2,863.4 | 12.9 |
| Operating profit | | 3,263.1 | 329.6 |
| Interest relative to gross financial debt | 14 | (436.2) | (432.7) |
| Other financial expenses | 14 | (81.8) | (93.7) |
| Finance income | 14 | 23.1 | 2.7 |
| Finance costs, net | | (494.9) | (523.7) |
| Share of earnings of associates | | (2.2) | 1.2 |
| Profit/(loss) before income tax from continuing operations | | 2,766.0 | (192.9) |
| Income tax benefit | 11 | 52.0 | 70.6 |
| Profit/(loss) for the period from continuing operations | | 2,818.0 | (122.3) |
| <i>Attributable to equity holders of the parent</i> | | 2,512.5 | (97.0) |
| <i>Attributable to non-controlling interests</i> | | 305.6 | (25.3) |

| Consolidated Statement of Other Comprehensive Income | | Three months ended March 31, 2019 | Three months ended March 31, 2018 |
|---|--|--------------------------------------|--------------------------------------|
| (€m) | | | |
| Profit/(loss) for the period | | 2,818.0 | (122.3) |
| Other comprehensive income/(loss) | | | |
| Items that are reclassified to profit or loss | | | |
| Exchange differences on translating foreign operations | | (12.4) | 24.0 |
| Gain/(loss) on cash flow hedge, net of taxes | | 46.5 | (78.7) |
| Item that is not reclassified to profit or loss | | | |
| Fair value of financial assets through OCI, net taxes | | (1.1) | (1.4) |
| Actuarial (loss)/gain, net of taxes | | (18.8) | 9.7 |
| Total other comprehensive profit/(loss) | | 14.2 | (46.4) |
| Total comprehensive profit/(loss) for the period | | 2,832.3 | (168.7) |
| <i>Attributable to equity holders of the parent</i> | | 2,523.0 | (135.2) |
| <i>Attributable to non-controlling interests</i> | | 309.3 | (33.5) |

The accompanying notes on pages 7 to 31 form an integral part of these condensed interim consolidated financial statements.

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| Consolidated Statement of Financial Position (€m) | Notes | As of March 31, 2019 | As of December 31, 2018 |
|--|------------|-------------------------|----------------------------|
| Non-current assets | | | |
| Goodwill | 5.1 | 15,784.9 | 15,746.7 |
| Intangible assets | 5.4 | 7,543.0 | 7,675.8 |
| Property, plant & equipment | | 9,931.6 | 10,004.7 |
| Right-of-use assets ¹ | 5.5 | 3,984.5 | - |
| Contract costs | | 255.2 | 252.5 |
| Investment in associates | 6 | 1,841.7 | 154.1 |
| Financial assets ² | 10 | 2,122.7 | 2,331.8 |
| Deferred tax assets | | 253.4 | 153.7 |
| Other non-current assets | | 403.1 | 423.7 |
| Total non-current assets | | 42,120.1 | 36,743.0 |
| Current assets | | | |
| Inventories | | 454.9 | 422.2 |
| Contract assets | | 253.6 | 265.7 |
| Trade and other receivables | | 4,614.9 | 4,440.8 |
| Current tax assets | | 147.9 | 119.0 |
| Financial assets ² | | 486.5 | 53.4 |
| Cash and cash equivalents | 7 | 2,253.1 | 1,666.0 |
| Restricted cash | 7 | 35.5 | 35.9 |
| Total current assets | | 8,246.4 | 7,003.0 |
| <i>Assets classified as held for sale</i> | <i>3.4</i> | <i>15.9</i> | <i>537.8</i> |
| Total assets | | 50,382.4 | 44,283.8 |
| Equity | | | |
| Issued capital | 8.1 | 2.5 | 2.5 |
| Additional paid in capital | 8.2 | 1,907.3 | 1,922.7 |
| Other reserves | 8.3 | (520.4) | (530.7) |
| Accumulated losses | 8 | (1,062.1) | (3,611.7) |
| Equity attributable to owners of the Company | | 327.4 | (2,217.2) |
| Non-controlling interests | 3.3 | 922.9 | 612.9 |
| Total equity | | 1,250.3 | (1,604.3) |
| Non-current liabilities | | | |
| Long term borrowings, financial liabilities and related hedging instruments | 9 | 32,512.0 | 32,534.1 |
| Other financial liabilities | 9.6 | 712.4 | 815.5 |
| Non-current lease liabilities ¹ | 9.6 | 3,258.2 | - |
| Provisions | | 1,365.5 | 1,178.7 |
| Deferred tax liabilities | | 276.1 | 255.8 |
| Non-current contract liabilities | | 576.0 | 564.1 |
| Other non-current liabilities | | 75.2 | 84.7 |
| Total non-current liabilities | | 38,775.4 | 35,432.9 |
| Current liabilities | | | |
| Short-term borrowings, financial liabilities | 9 | 105.4 | 102.3 |
| Other financial liabilities | 9.6 | 1,718.1 | 2,021.2 |
| Current lease liabilities ¹ | 9.6 | 727.0 | - |
| Trade and other payables | | 6,438.0 | 6,756.4 |
| Contract liabilities | | 612.4 | 610.7 |
| Current tax liabilities | | 326.1 | 246.6 |
| Provisions | | 299.1 | 330.2 |
| Other current liabilities | | 130.6 | 188.4 |
| Total current liabilities | | 10,356.7 | 10,255.8 |
| <i>Liabilities directly associated with assets classified as held for sale</i> | <i>3.4</i> | <i>-</i> | <i>199.4</i> |
| Total liabilities | | 49,132.1 | 45,888.1 |
| Total equity and liabilities | | 50,382.4 | 44,283.8 |

1 Following the adoption of IFRS 16 *Leases* as of January 1, 2019, Right-of-use assets and Current and Non-current lease liabilities captions have been included in the Consolidated Statement of Financial Position. Please refer to note 2.1.1.1.

2 The increase in current financial assets as of March 31, 2019 compared to December 31, 2018 was mainly due to a reclassification of derivative financial assets from non-current financial assets to current financial assets of €384.2 million.

The accompanying notes on pages 7 to 31 form an integral part of these condensed interim consolidated financial statements.

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| Consolidated Statement of Changes in Equity | Number of shares on issue | Share capital | Additional paid in capital | Accumulated losses | Currency translation reserve | Cash flow hedge reserve | Fair value through OCI | Employee benefits | Total equity attributable to equity holders of the parent | Non-controlling interests | Total equity |
|--|---------------------------|---------------|----------------------------|--------------------|------------------------------|-------------------------|------------------------|-------------------|---|---------------------------|------------------|
| Equity at January 1, 2019 | 251,050,186 | 2.5 | 1,922.7 | (3,611.7) | (45.5) | (460.7) | 2.6 | (27.2) | (2,217.2) | 612.9 | (1,604.3) |
| IFRS 16 transition impact | - | - | - | 36.3 | - | - | - | - | 36.3 | 3.7 | 40.0 |
| Equity at January 1, 2019¹ | 251,050,186 | 2.5 | 1,922.7 | (3,575.4) | (45.5) | (460.7) | 2.6 | (27.2) | (2,181.0) | 616.7 | (1,564.3) |
| Gain/(loss) for the period | - | - | - | 2,512.5 | - | - | - | - | 2,512.5 | 305.6 | 2,818.1 |
| Other comprehensive profit/(loss) | - | - | - | - | (13.3) | 43.7 | (1.1) | (18.8) | 10.5 | 3.7 | 14.2 |
| Comprehensive profit/(loss) | - | - | - | 2,512.5 | (13.3) | 43.7 | (1.1) | (18.8) | 2,523.0 | 309.3 | 2,832.3 |
| Share based payments | - | - | - | 0.6 | - | - | - | - | 0.6 | 0.1 | 0.7 |
| Transactions with non-controlling interests | - | - | (4.3) | - | - | - | - | - | (4.3) | (0.3) | (4.6) |
| Transactions with Altice shareholder | - | - | (11.1) | - | - | - | - | - | (11.1) | - | (11.1) |
| Dividends | - | - | - | - | - | - | - | - | - | (2.7) | (2.7) |
| Other | - | - | - | 0.3 | - | - | - | - | 0.3 | (0.2) | 0.1 |
| Equity at March 31, 2019 | 251,050,186 | 2.5 | 1,907.3 | (1,062.1) | (58.8) | (417.0) | 1.5 | (46.0) | 327.4 | 922.9 | 1,250.3 |

1 Equity as at January 1, 2019 includes the impact from the adoption of IFRS 16 *Leases* as of January 1, 2019 by the Group. Please refer to note 2.1.1.1.

| Consolidated Statement of Changes in Equity | Number of shares on issue | Share capital | Additional paid in capital | Accumulated losses | Currency translation reserve | Cash flow hedge reserve | Fair value through OCI | Employee benefits | Total equity attributable to equity holders of the parent | Non-controlling interests | Total equity |
|--|---------------------------|---------------|----------------------------|--------------------|------------------------------|-------------------------|------------------------|-------------------|---|---------------------------|------------------|
| Equity at January 1, 2018 | 251,050,186 | 2.5 | 1,194.3 | (3,520.0) | 56.4 | (521.4) | 3.5 | (55.5) | (2,840.3) | 157.4 | (2,683.0) |
| IFRS 9 transition impact | - | - | - | (2.2) | - | - | - | - | (2.2) | 2.0 | (0.2) |
| Equity at January 1, 2018¹ | 251,050,186 | 2.5 | 1,194.3 | (3,522.2) | 56.4 | (521.4) | 3.5 | (55.5) | (2,842.6) | 159.3 | (2,683.1) |
| Loss for the period | - | - | - | (97.0) | - | - | - | - | (97.0) | (25.3) | (122.3) |
| Other comprehensive profit/(loss) | - | - | - | - | 25.0 | (71.5) | (1.4) | 9.7 | (38.2) | (8.2) | (46.4) |
| Comprehensive profit/(loss) | - | - | - | (97.0) | 25.0 | (71.5) | (1.4) | 9.7 | (135.2) | (33.5) | (168.7) |
| Transaction with Altice Shareholder's | - | - | - | (234.3) | - | - | - | - | (234.3) | - | (234.3) |
| Transactions with non-controlling interests ¹ | - | - | (42.5) | - | - | - | - | - | (42.5) | (4.7) | (47.2) |
| Other | - | - | - | 4.6 | - | - | - | - | 4.6 | (0.2) | 4.4 |
| Equity at March 31, 2018 | 251,050,186 | 2.5 | 1,151.8 | (3,848.8) | 81.4 | (592.9) | 2.1 | (45.8) | (3,249.7) | 120.9 | (3,128.8) |

1 Previously published information has been revised to take into account the impact following the adoption of IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial instruments*.

The accompanying notes on pages 7 to 31 form an integral part of these condensed interim consolidated financial statements.

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| Consolidated Statement of Cash Flows | Three months ended March 31, 2019 | Three months ended March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
| (€m) | | |
| Net profit/(loss) including non-controlling interests | 2,818.0 | (122.3) |
| Adjustments for: | | |
| Depreciation, amortization and impairment | 1,137.5 | 948.3 |
| Share in income of associates | 2.2 | (1.2) |
| Gain on disposals of business | (3,174.1) | (72.2) |
| Expenses related to share based payment | 0.8 | - |
| Other non-cash operating gains/(losses) net ¹ | 168.1 | (53.5) |
| Pension liability payments | (23.7) | (6.5) |
| Finance costs recognized in the statement of income | 494.9 | 523.7 |
| Income tax credit recognized in the statement of income | (52.0) | (70.6) |
| Income tax paid | (20.2) | (41.0) |
| Changes in working capital ² | (357.9) | (234.8) |
| Net cash provided by operating activities | 993.6 | 869.9 |
| Payments to acquire tangible and intangible assets | (763.5) | (821.6) |
| Payments to acquire financial assets ³ | (205.9) | (5.6) |
| Proceeds from disposal of businesses ⁴ | 1,618.5 | 157.4 |
| Proceeds from disposal of tangible, intangible and financial assets | 3.0 | 2.3 |
| Payments to acquire interests in associates | - | (19.6) |
| Payment to acquire subsidiaries, net | (1.3) | (0.7) |
| Net cash provided by/(used in) investing activities | 650.8 | (687.8) |
| Proceeds from issuance of debts | 250.0 | 730.2 |
| Transactions with non-controlling interests ⁵ | (11.1) | - |
| Payments to redeem debt instruments | (273.9) | (258.0) |
| Repayment of lease liabilities ⁶ | (235.5) | - |
| Advances to group companies | (99.6) | - |
| Dividends paid | (2.7) | - |
| Interest paid | (670.8) | (635.0) |
| Other cash (used in)/provided by financing activities ⁷ | (16.1) | 35.9 |
| Net cash used in financing activities | (1,059.7) | (127.0) |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | 2.3 | (4.1) |
| Net change in cash and cash equivalents | 587.1 | 51.0 |
| Cash and cash equivalents at beginning of period | 1,666.0 | 753.2 |
| Cash and cash equivalents at end of the period | 2,253.1 | 804.2 |

- 1 Other non-cash operating gains and losses mainly include allowances and writebacks for provisions (including those for restructuring plans in PT Portugal for €252.7 million), and gains and losses recorded on the disposal of tangible and intangible assets.
- 2 Changes in working capital relate to payments and receipts related to inventories, trade and other receivables and trade and other payables.
- 3 Payments to acquire financial assets include €175.0 million of cash which has been received for the sale of SFR Fiber to the Home (“SFR FTTH”), but which is held in escrow, and net payments of €31.3 million for bank guarantees, to a large extent related to new real estate contracts.
- 4 Proceeds from the disposal of businesses relate to the cash received for the sale of a 49.99% equity stake in SFR FTTH, amounting to €1,709.5 million, less cash transferred to SFR FTTH upon the completion of the transaction.
- 5 Transactions with non-controlling interest relate to payments made to former minority shareholders of ERT Luxembourg S.A. Please also refer to note 9.6.8.
- 6 Repayment of lease liabilities (IFRS 16 lease payment and the interest related to right-of-use (“ROU”)) are reported under financing activities upon adoption of IFRS 16 Leases. During the three months ended March 31, 2018, operating lease payments were included in net cash provided by operating activities. Please refer also to notes 2.1.1.1 and 2.1.1.2.
- 7 Other cash used in financing activities include net repayments of €38.8 million for factoring and securitization, which was partially offset by net receipts of €16.2 million for financing related expenses and €6.5 million of net receipts from the issuance of commercial paper.

The accompanying notes on pages 7 to 31 form an integral part of these condensed interim consolidated financial statements.

1. About Altice Luxembourg and Altice Group

Altice Luxembourg S.A. (the “Company”, the “Group”) is a public limited liability company (“*société anonyme*”) incorporated in Luxembourg, headquartered at 5, rue Eugène Ruppert, L-2453, Luxembourg, in the Grand Duchy of Luxembourg.

The direct controlling shareholder of the Company is Altice Group Luxembourg S.à r.l., which holds 100% of the share capital, and is itself controlled by Altice Europe N.V. (“Altice” or “the Altice Group”), headquartered at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands. The financial statements of the Company are consolidated into the financial statements of Altice Europe N.V.. The controlling shareholder of Altice Europe N.V. is Next Alt S.à r.l. (“Next Alt”), which holds 67.53% of the share capital as of March 31, 2019 and is controlled by Mr. Patrick Drahi.

Altice is a convergent leader in telecoms, content, media, entertainment and advertising. Altice delivers innovative, customer-centric products and solutions that connect and unlock the limitless potential of its over 30 million customers over fiber networks and mobile broadband. Altice is also a provider of enterprise digital solutions to millions of business customers. The Altice Group innovates with technology, research and development and enables people to live out their passions by providing original content, high-quality and compelling TV shows, and international, national and local news channels. Altice delivers live broadcast premium sports events and enables its customers to enjoy the most well-known media and entertainment.

2. Accounting policies

2.1. Basis of preparation

These condensed interim consolidated financial statements of the Group as of March 31, 2019 and for the three month period then ended were approved by the Board of Directors and authorized for issue on May 27, 2019.

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

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

2.1.1. Standards applicable for the reporting period

The following standards have mandatory application for periods beginning on or after January 1, 2019 as described in note 1.3.2 to the annual consolidated financial statements.

- IFRS 16 *Leases*, effective on January 1, 2019;
- Annual improvements cycle 2015-2017, effective on or after January 1, 2019;
- IFRS Interpretation Committee (“IFRIC”) 23: *Uncertainty over Income Tax Treatments*, applicable for annual periods beginning on or after January 1, 2019;
- Amendments to IFRS 9: *Prepayments features with Negative Compensation*, effective on or after January 1, 2019;
- Amendments to IAS 28: *Long term interests in Associates and Joint ventures*, effective on or after January 1, 2019;
- Amendments to IAS 19: *Plan Amendment, Curtailment or Settlement*, effective on or after January 1, 2019.

The application of amendments to IAS 19, IAS 28, IFRS 9, annual improvements cycle 2015-2017 and IFRIC 23 had no material impact on the amounts recognised in the annual consolidated financial statements and had no material impact on the disclosures in these condensed interim consolidated financial statements.

Below are described the impact of the first adoption of IFRS 16 *Leases* and the main changes in the Group’s accounting policies relating to the first time application of IFRS 16 *Leases*.

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2.1.1.1. Adoption of IFRS 16 Leases

IFRS 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

The change of definition of a lease mainly relates to the conception of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange of consideration.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. Therefore, the annual consolidated financial statements were not restated under the new standard.

The effect of adoption IFRS 16 as at January 1, 2019 is as follows:

| Effect of adoption IFRS 16 (€m) | January 1, 2019 |
|--|----------------------------|
| Intangible assets | (1.4) |
| Property, plant & equipment | (138.8) |
| Right-of-use assets | 4,135.1 |
| Trade and other receivables | (40.2) |
| Total assets | 3,954.7 |
| Equity | 40.0 |
| Provision - non-current | (40.0) |
| Deferred tax liabilities | 18.9 |
| Other financial liabilities - non-current | (92.9) |
| Lease liability - non-current | 3,406.7 |
| Other financial liabilities - current | (40.5) |
| Lease liability - current | 742.7 |
| Provision - current | (20.0) |
| Trade and other payables | (60.2) |
| Total liabilities | 3,954.7 |

The Group has lease contracts related to mobile sites (land, space in cell towers or rooftop, agreement with towers company), network infrastructure (including local loop unbundling), buildings used for administrative or technical purposes and other assets (vehicles). Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease.

Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability.

In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in the statement of Income on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Trade and other receivables and Trade and other payables, respectively.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases that it is the lessee. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group:

- Right-of-use assets are reported separately in the statement of financial position.
- The recognition, measurement and disclosure requirements of IFRS 16 are also applied in full to short-term leases and leases of low-value assets.

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- A distinction is made in leases that contain both lease components and non-lease components except for agreements for which the separation is impracticable (master service agreements with towers company).
- Application of the portfolio approach for the recognition and measurements of certain asset categories with similar characteristics (same residual value, same economic environment), mainly for local loop unbundling.
- Application of the standard to contracts that were previously identified as finance leases under IAS 17 / IFRIC 4 at the transition date (carry forward of existing finance lease liabilities).
- Calculate outstanding liability for existing operating leases using the incremental borrowing rate at date of transition.
- IFRS 16 is not applied to leases for intangible assets.
- The Group chooses to apply the relief option, which allows it to adjust the right-of-use asset by the amount of any provision for onerous leases recognised in the balance sheet immediately before the date of initial application.

Based on the aforementioned, as at January 1, 2019:

- Right-of-use assets of €4,135.1 million were recognised and presented separately in the statement of financial position. This includes the lease assets recognised previously under finance leases of €140.2 million that were reclassified from Property, plant and equipment and Intangible assets.
- Additional lease liabilities of €4,149.4 million (current and non-current) were recognised (including the reclassification of finance lease liabilities already recorded as of December 31, 2018 of €133.3 million).
- Trade and other receivables of €40.2 million and Trade and other payables of €60.2 million related to previous operating leases were derecognised.
- Deferred tax liabilities increased by €18.9 million because of the deferred tax impact of the changes in assets and liabilities.
- Provision for onerous contract (current and non-current) was reclassified in reduction on right-of-use assets for €60.0 million.
- The net effect of these adjustments had been adjusted to equity for €40.0 million.

In addition, the Group is assessing the impact of the current discussions at the IFRIC relating to subsurfacing rights that can change the IFRS 16 impacts presented above.

The lease liabilities as at January 1, 2019 can be reconciled to the operating lease commitments as of December 31, 2018 as follows:

| Reconciliation of lease liabilities (€m) | January 1, 2019 |
|---|----------------------------|
| Operating lease obligations as at December 31, 2018 | 3,592.8 |
| Period revised for IFRS 16 ¹ | 1,589.4 |
| Other ² | 75.1 |
| Gross lease liability under IFRS as at January 1, 2019 | 5,257.3 |
| Discounting effect | (1,241.2) |
| Lease liability as at January 1, 2019 | 4,016.1 |
| <i>Long term</i> | <i>3,313.9</i> |
| <i>Short term</i> | <i>702.2</i> |
| Finance lease debt | 133.3 |
| Total Lease liabilities as of January 1, 2019 | 4,149.4 |
| <i>Long term</i> | <i>3,406.7</i> |
| <i>Short term</i> | <i>742.7</i> |

1 This line includes mainly the effect of renewal options not taken in the minimum lease payments as well as the unbundling local loop rental costs that were not included in the minimum lease payments.

2 This line includes mainly the effect of the change in scope of PHI that is consolidated as of January 1, 2019 (please refer to note 3.1.1).

The weighted average incremental borrowing rate as at January 1, 2019 is 4.4%.

2.1.1.2. Summary of new accounting policies upon adoption of IFRS 16

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount

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of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases, to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal.

After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy). The Group included the renewal period as part of the lease term for leases of technical sites due to the significance of these assets to its operations.

2.1.2. Standards and interpretations not applicable as of reporting date

The Group has not early adopted the following standards and interpretations, for which application is not mandatory for period started from January 1, 2019 and that may impact the amounts reported:

- Amendments to IAS 1 and IAS 8: *Definition of Material*, effective on or after January 1, 2020;
- Amendments to IFRS 3: *Definition of a Business*, effective on or after January 1, 2020;
- Amendments to References to the Conceptual Framework in IFRS Standards, effective on or after January 1, 2020.

The Board of Directors anticipates that the application of those amendments will not have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities.

2.1.3. Significant accounting judgments and estimates

In the application of the Group's accounting policies, the Board of Directors is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

These key areas of judgments and estimates, as disclosed in the annual consolidated financial statements are:

- Estimations of provisions for claims and restructuring plans;
- Measurement of post-employments benefits;
- Revenue recognition;
- Fair value measurement of financial instruments;
- Measurement of deferred taxes;
- Impairment of goodwill;
- Estimation of useful lives of intangible assets and property, plant and equipment, and
- Estimation of impairment losses for trade and other receivables.

As of March 31, 2019, there were no changes in the key areas of judgements and estimates except that, following the application of IFRS 16 *Leases*, judgement and estimates are made for the determination of lease terms and the discount rate:

- For the lease term, the Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.
- The discount rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

3. Scope of consolidation

The following changes occurred during the three month period ended March 31, 2019, which impacted the scope of consolidation compared to that presented in the annual consolidated financial statements.

3.1. Transactions completed in the current period

3.1.1. Change in consolidation method in PHI

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

3.1.2. Closing of the sale of 49.99% in SFR Fibre to the Home ("SFR FTTH")

On November 30, 2018, the Company announced that its subsidiary, Altice France, had entered into an exclusivity agreement with Allianz Capital Partners, AXA Investment Managers - Real Assets, acting on behalf of its clients and OMERS Infrastructure (together the "Partners") regarding the sale of a 49.99% equity stake in SFR FTTH for a total cash consideration of €1.8 billion, based on an estimated €3.6 billion equity value at closing. As a consequence, the related assets and liabilities were classified as held for sale as of December 31, 2018 (please refer to note 3.4).

The transaction closed on March 27, 2019. The consideration received was €1.7 billion, based on a €3.4 billion equity value. The total capital gain recorded for the three month period ended March 31, 2019, was €3,174.1 million (please refer to note 4.3.2.5). This partnership creates the leading FTTH infrastructure wholesaler in France and brings an additional €1.7 billion of cash to Altice France. Following the closing of the transaction, Altice France lost exclusive control over SFR FTTH as Altice France and the Partners have joint control over the new entity based on the provisions of IFRS 11 *Joint Arrangements*. Furthermore, as SFR FTTH is a joint venture (joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement), SFR FTTH is accounted for under the equity method based on the provisions of IAS 28 *Investments in Associates and Joint Ventures*.

3.2. Transactions completed in the prior period

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

On February 12, 2018, the Company announced the closing of the transaction to sell its telecommunications solutions business and data center operations in Switzerland, green.ch AG and Green Datacenter AG, to InfraVia

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Capital Partners. The transaction valued the business at an enterprise value of approximately 214 million CHF.

The capital gain recorded during the three month period ended March 31, 2018 amounted to €88.8 million, net of tax. The total proceeds received amounted to €156.4 million.

3.2.2. Sale of Altice Management International (“AMI”) to Altice Group Lux S.à r.l.

During November and December 2017, the Board of Directors of Altice N.V. decided the transfer of shares of AMI to Altice Group Lux S.à r.l. The sale was completed on January 31, 2018. The capital gain recorded for the three month ended March 31, 2018 amounted to €3.5 million.

3.3. Variations in non-controlling interests

| Variations in non-controlling interests (€m) | Altice France | Hivory ¹ | Altice Technical Services | Other | Group |
|--|---------------|---------------------|---------------------------|---------------|---------------|
| Opening balance at January 1, 2018 | 161.0 | - | 24.9 | (28.5) | 157.4 |
| IFRS 9 | 2.0 | - | - | - | 2.0 |
| Opening balance at January 1, 2018 (*revised) | 163.0 | - | 24.9 | (28.5) | 159.4 |
| Net income | (42.5) | 3.4 | (4.3) | 4.2 | (39.1) |
| Other comprehensive income | 2.5 | - | 0.3 | 0.3 | 3.2 |
| Dividends | (4.4) | - | (16.3) | - | (20.7) |
| Acquisition of ATSF and ACS | 16.8 | - | (18.4) | 0.9 | (0.7) |
| Sale of i24News | (2.6) | - | - | - | (2.6) |
| Acquisition of MCS | (1.4) | - | - | - | (1.4) |
| Transaction with NCI in ACL and GNP | 128.7 | - | - | - | 128.7 |
| Transaction with NCI in DTV Holding | 12.3 | - | - | - | 12.3 |
| Transaction with NCI in ERT Luxembourg | (11.4) | - | - | - | (11.4) |
| Acquisition of Deficom instruments | - | - | - | 35.6 | 35.6 |
| Disposal of Hivory's minority stake | - | 361.1 | - | - | 361.1 |
| Consolidation of SIRESP | - | - | - | 5.0 | 5.0 |
| Other | (16.2) | - | - | (0.3) | (16.5) |
| Closing at December 31, 2018 | 244.8 | 364.5 | (13.8) | 17.3 | 612.9 |
| IFRS 16 | 3.7 | - | - | - | 3.7 |
| Opening balance at January 1, 2019 | 248.6 | 364.5 | (13.8) | 17.3 | 616.6 |
| Net income | 296.9 | 10.3 | (0.8) | (0.8) | 305.6 |
| Other comprehensive income | 2.9 | - | 0.7 | 0.1 | 3.7 |
| Share based payment | 0.1 | - | - | - | 0.1 |
| Transactions with NCI | (0.2) | - | - | (0.1) | (0.3) |
| Dividends | (2.7) | - | - | - | (2.7) |
| Other | - | - | - | (0.2) | (0.2) |
| Closing at March 31, 2019 | 545.6 | 374.8 | (13.9) | 16.3 | 922.9 |

1 This column presents the impact of the sale by Altice France of a minority stake in Hivory (an entity created by Altice France to which Altice France contributed some of its telecommunication towers) that was closed on December 18, 2018. Following the closing of the sale, Altice France keeps an exclusive control on Hivory which is consolidated in Altice France.

The main change in non-controlling interests (“NCI”) as at March 31, 2019 was mainly due to:

- net income attributable to the non-controlling interest for the three month period ended March 31, 2019 of €305.6 million, mainly related to the net income in Altice France; and
- dividend payments, reducing NCI by €2.7 million.

3.4. Assets held for sale

During 2018, PT Portugal classified real estate properties as held for sale with a book value of €15.9 million as at December 31, 2018, following the signature of promise of sale agreements entered with the entity Almost Future, S.A., for a total consideration of €17.7 million. As of March 31, 2019, the real estate deeds were not yet entered into, and the assets were not derecognised.

On November 30, 2018, the Company announced that its subsidiary, Altice France, had entered into an exclusivity agreement with Allianz Capital Partners, AXA Investment Managers - Real Assets, acting on behalf of its clients and OMERS Infrastructure, regarding the sale of a 49.99% equity stake in SFR FTTH for a total cash consideration of €1.8 billion. based on an estimated €3.6 billion equity value at closing. As a consequence, the related assets and liabilities were classified as held for sale as of December 31, 2018. The transaction closed on March 27, 2019. The final cash consideration at closing was €1.7 billion, based on a €3.4 billion equity value. This partnership creates the leading FTTH infrastructure wholesaler in France and brings an additional €1.7 billion of cash to Altice France. Please refer to note 3.1.2.

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Table below provides the details of assets and liabilities classified as held for sale as of March 31, 2019 and December 31, 2018:

| Disposal groups held for sale (€m) | March 31, 2019 | | December 31, 2018 | | |
|--|----------------|-------------|-------------------|--------------|----------------|
| | Other | Total | SFR FTTH | Other | Total |
| Tangible and intangible assets | 15.9 | 15.9 | 438.7 | 15.9 | 454.6 |
| Other non-current assets | - | - | 0.6 | 0.1 | 0.7 |
| Currents assets | - | - | 82.7 | - | 82.7 |
| Total assets held for sale | 15.9 | 15.9 | 521.9 | 16.0 | 538.0 |
| Non-current liabilities | - | - | (95.7) | (0.1) | (95.8) |
| Current liabilities | - | - | (103.7) | - | (103.7) |
| Total liabilities related to assets held for sale | - | - | (199.4) | (0.1) | (199.5) |

4. Segment reporting

4.1. Definition of segments

Given the geographical spread of the entities within the Group, analysis by geographical area is fundamental in determining the Group's strategy and managing its different businesses. The Group's chief operating decision maker is the Board of Directors. The Board of Directors analyses the Group's results across geographies, and certain key areas by activity. The presentation of the segments here is consistent with the reporting used internally by the Board of Directors to track the Group's operational and financial performance. The businesses that the Group owns and operates do not show significant seasonality, except for the mobile B2C and B2B business, which can show significant changes in sales at the year end and at the end of the summer season (the "back to school" period). The B2B business is also impacted by the timing of preparation of the annual budgets of public and private sector companies. The accounting policies of the reportable segments are the same as the Group's accounting policies.

The segments that are presented are detailed below:

- **France:** The Group controls Altice France S.A. ("Altice France"), the second largest telecom operator in France, which provides residential, business, mobile and high-speed internet services using SFR and the associated brands. Additionally, the media division of Altice France includes NextRadioTV and SFR Presse companies, which cover audiovisual and press activities in France, respectively. As of 2018, this segment also comprises of the French Overseas Territories ("FOT"), Altice Technical Services France S.à r.l. ("ATS France") and Altice Customer Services ("ACS").
- **Portugal:** Altice owns Portugal Telecom ("PT Portugal"), the largest telecom operator in Portugal. PT Portugal caters to residential fixed, residential mobile and business services clients using the MEO brand. As of 2018, this segment also includes the Altice Technical Services entities in Portugal.
- **Israel:** Fixed and mobile services are provided using the HOT telecom, HOT mobile and HOT net brands to residential and business services clients. HOT also produces award winning exclusive content that it distributes using its fixed network, as well as content application called Next and OTT services through Next Plus. As of 2018, this segment also includes the Altice Technical Services entity in Israel.
- **Dominican Republic:** The Group provides residential fixed, residential mobile and business services using the Altice brand. As of 2018, this segment also includes the Altice Technical Services entity in the Dominican Republic.
- **Teads:** Provides digital advertising solutions.
- **Altice TV:** Content business from the use of content rights. Altice TV was no longer part of the Group following the sale to Altice Group Lux S.à r.l. that was closed on May 15, 2018.
- **Others:** This segment includes all corporate entities. The Board of Directors believed that these operations are not substantial enough to require a separate reporting segment, and so are reported under "Others".

4.2. Financial Key Performance Indicators ("KPIs")

The Board of Directors has defined certain financial KPIs that are tracked and reported by each operating segment every month to the senior executives of the Company. The Board of Directors believes that these indicators offer them the best view of the operational and financial efficiency of each segment and this follows best practices in the rest of the industry, thus providing investors and other analysts a suitable base to perform their analysis of the Group's results.

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The financial KPIs tracked by the Board of Directors are:

- Adjusted EBITDA: by segment,
- Revenues: by segment and in terms of activity,
- Capital expenditure (“Capex”): by segment, and
- Operating free cash flow (“OpFCF”): by segment.

4.2.1. *Non-GAAP measures*

Adjusted EBITDA, Capex and OpFCF are non-GAAP measures. These measures are useful to readers of Altice’s financial statements as they provide a measure of operating results excluding certain items that Altice’s management believe are either outside of its recurring operating activities, or items that are non-cash. Excluding such items enables trends in the Group’s operating results and cash flow generation to be more easily observable. The non-GAAP measures are used by the Group internally to manage and assess the results of its 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 the same industry as the Group and thus are a basis for comparability between the Group and its peers. Moreover, the debt covenants of the Group are based on the Adjusted EBITDA and other associated metrics. The definition of Adjusted EBITDA used in the covenant has not changed with the adoption of IFRS 15 *Revenue from Contracts with Customers* and IFRS 16 *Leases* by the Group.

4.2.1.1. *Adjusted EBITDA*

Following the application of IFRS 16 *Leases*, Adjusted EBITDA is defined as operating income before depreciation and amortization, non-recurring items (capital gains, non-recurring litigation, restructuring costs) and share-based expenses and after operating lease expenses (i.e., straight-line recognition of the rent expense over the lease term as performed under IAS 17 *Leases* for operating leases). This may not be comparable to similarly titled measures used by other entities. Further, this measure should not be considered as an alternative for operating income as the effects of depreciation, amortization and impairment, excluded from Adjusted EBITDA, do ultimately affect the operating results. Operating results presented in the annual consolidated financial statements are in accordance with IAS 1 *Presentation of Financial Statements*.

4.2.1.2. *Capex*

Capex is an important indicator to follow, as the profile varies greatly between activities:

- The fixed business has fixed Capex requirements that are mainly discretionary (network, platforms, general), and variable capex requirements related to the connection of new customers and the purchase of Customer Premise Equipment (TV decoder, modem, etc).
- Mobile Capex is mainly driven by investment in new mobile sites, upgrade to new mobile technology and licenses to operate; once engaged and operational, there are limited further Capex requirements.
- Other Capex is mainly related to costs incurred in acquiring content rights.

4.2.1.3. *Operating free cash flow*

OpFCF is defined as Adjusted EBITDA less Capex. This may not be comparable to similarly titled measures used by other entities. Further, this measure should not be considered as an alternative for operating cash flow as presented in the consolidated statement of cash flows in accordance with IAS 1 *Presentation of Financial Statements*.

4.2.2. *Revenues*

As of January 1, 2019, additional information on the revenue split is presented as follows:

- Residential – Fixed: revenues from fixed business to B2C customers.
- Residential – Mobile: revenues from mobiles services and equipment business to B2C customers.
- Business services: revenues from B2B customers, wholesale and other revenues.
- Media: media, content and advertisement revenues in Altice France and Teads. In 2018, Media revenues also included revenues in Altice TV.

The comparative information for the three month period ended March 31, 2018 has been revised to reflect the change in revenue split (please refer to note 4.3.3).

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Intersegment revenues represented 0.3% of total revenues for the three month period ended March 31, 2019, compared to 1.1% of total revenues for the three month period ended March 31, 2018 (€11.6 million compared to €40.3 million). Intersegment revenues mainly relate to services rendered by certain centralized Group functions (relating to content production, content distribution and centralized research and development) to the operational segments of the Group.

4.3. Segment results

4.3.1. Operating profit by segment

| For the three months ended March 31, 2019 €m | France | Portugal | Israel | Dominican Republic | Teads ¹ | Altice TV | Others | Inter- segment elimination | Total |
|--|----------------|----------------|--------------|-----------------------|--------------------|-----------|--------------|----------------------------------|----------------|
| Revenues | 2,558.4 | 508.9 | 231.7 | 138.9 | 84.1 | - | 0.1 | (11.6) | 3,510.4 |
| Purchasing and subcontracting costs | (654.7) | (126.9) | (74.1) | (34.0) | - | - | - | 9.5 | (880.2) |
| Other operating expenses | (509.8) | (88.0) | (48.8) | (20.4) | (51.8) | - | (2.2) | 1.3 | (719.7) |
| Staff costs and employee benefits | (255.3) | (69.5) | (16.1) | (7.5) | (24.8) | - | (0.2) | - | (373.3) |
| Total | 1,138.6 | 224.5 | 92.7 | 77.0 | 7.4 | - | (2.3) | (0.8) | 1,537.2 |
| Share-based expenses | 0.8 | - | - | - | - | - | - | - | 0.8 |
| Rental expense operating lease ² | (183.7) | (18.0) | (8.2) | (6.2) | (0.9) | - | - | - | (217.1) |
| Adjusted EBITDA | 955.7 | 206.5 | 84.5 | 70.8 | 6.5 | - | (2.3) | (0.8) | 1,320.9 |
| Depreciation, amortisation and impairment | (833.2) | (178.5) | (90.5) | (30.3) | (5.1) | - | - | - | (1,137.5) |
| Share-based expenses | (0.8) | - | - | - | - | - | - | - | (0.8) |
| Other expenses and income | 3,141.9 | (272.2) | (1.1) | (4.3) | - | - | (0.7) | (0.2) | 2,863.4 |
| Rental expense operating lease | 183.7 | 18.0 | 8.2 | 6.2 | 0.9 | - | - | - | 217.1 |
| Operating profit/(loss) | 3,447.4 | (226.2) | 1.1 | 42.4 | 2.4 | - | (3.0) | (1.0) | 3,263.1 |

| For the three months ended March 31, 2018 €m | France | Portugal | Israel | Dominican Republic | Teads | Altice TV | Others | Inter- segment elimination | Total |
|--|----------------|--------------|--------------|-----------------------|-------------|---------------|--------------|----------------------------------|----------------|
| Revenues | 2,641.7 | 521.1 | 241.5 | 147.4 | 67.7 | 20.3 | 0.3 | (40.3) | 3,599.8 |
| Purchasing and subcontracting costs | (837.8) | (136.3) | (64.0) | (41.3) | - | (72.4) | - | 36.3 | (1,115.5) |
| Other operating expenses | (641.6) | (96.4) | (54.7) | (23.5) | (44.2) | (2.7) | (2.3) | 1.6 | (863.8) |
| Staff costs and employee benefits | (245.8) | (67.2) | (15.7) | (6.5) | (18.1) | (1.2) | (1.2) | 0.1 | (355.5) |
| Total | 916.6 | 221.2 | 107.1 | 76.2 | 5.4 | (56.0) | (3.2) | (2.3) | 1,265.0 |
| Share-based expenses | - | - | - | - | - | - | - | - | - |
| Adjusted EBITDA | 916.6 | 221.2 | 107.1 | 76.2 | 5.4 | (56.0) | (3.2) | (2.3) | 1,265.0 |
| Depreciation, amortisation and impairment | (671.4) | (164.4) | (78.2) | (28.3) | (4.1) | - | (2.0) | - | (948.3) |
| Share-based expenses | - | - | - | - | - | - | - | - | - |
| Other expenses and income | (340.6) | (7.2) | (4.8) | (2.0) | - | 300.0 | 67.5 | - | 12.9 |
| Operating profit/(loss) | (95.4) | 49.6 | 24.1 | 45.9 | 1.3 | 244.0 | 62.3 | (2.3) | 329.6 |

1 The standalone revenues of Teads for the three month period ended March 31, 2019 disclosed in the condensed interim consolidated financial statements of €84.1 million are based on revenues net of discounts. The standalone revenues disclosed in the first quarter 2019 earnings release and presentations of €88.1 million correspond to gross revenues excluding discounts.

2 This line corresponds to the operating lease expenses which impacts are included in Adjusted EBITDA following the definition stated in note 4.2.1.1.

Regarding the share-based expenses, the Group has several share-based compensation plans across its various entities comprising of mainly the Long-Term Incentive Plan (“LTIP”), the Share Option Plan (“SOP”). During the three month period ended March 31, 2019, the Group incurred share-based expenses of €0.8 million, an increase of €0.8 million compared to the three month period ended March 31, 2018.

4.3.2. Other expenses and income

Other expenses and income mainly relate to provisions for ongoing and announced restructuring, transaction costs related to acquisitions, and other non-cash expenses (gains and losses on disposal of assets, provisions for litigation, etc.).

Details of costs incurred during the three months ended March 31, 2019 and 2018 are provided in the following table:

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| Other expenses and income (€m) | For the three months ended March 31, 2019 | For the three months ended March 31, 2018 |
|---|--|--|
| Restructuring costs | 260.5 | 2.9 |
| Onerous contracts | 0.8 | 11.0 |
| Net loss on disposals of assets | 4.2 | 1.9 |
| Disputes and litigation | 13.0 | (0.9) |
| Net gain on sale of consolidated entities | (3,174.1) | (72.2) |
| Deal fees | 3.2 | 3.2 |
| Management fees | 20.2 | 5.8 |
| Other expenses and income (net) | 8.9 | 35.4 |
| Other expenses and income | (2,863.4) | (12.9) |

4.3.2.1. Restructuring costs

Restructuring costs for the three month period ended March 31, 2019 mainly related to the restructuring plans in PT Portugal, for which €252.7 million of provision fully tax deductible was recorded, in connection with the voluntary employee reduction program undertaken at the end of the first quarter of 2019 that covers approximately 800 employees (mainly in support functions) in order to improve operational flexibility of PT Portugal. These employees will enter a new pre-retirement scheme under which they will receive approximately 80% of their salary every year until retirement date (expected cash out of approximately €23 million in 2019). For the three month period ended March 31, 2018, restructuring costs mainly related to a restructuring plan in PT Portugal.

4.3.2.2. Onerous contracts

For the three month period ended March 31, 2019, the expenses recognised for onerous contracts mainly relate to the double rent for Quadrans of €0.4 million. For the three month period ended March 31, 2018, the onerous contracts expenses mainly related to the expected vacancy of the current Altice France campus in Saint Denis, following the move to the new Altice campus in Paris for €5.2 million and double rent for Quadrans (Nord & Ouest) of €4.7 million.

4.3.2.3. Net loss on disposal of assets

For the three month period ended March 31, 2019, the loss on disposal of assets was primarily related to the loss on scrapped assets in Altice France (€3.3 million) and in PT Portugal (€0.9 million). For the three month period ended March 31, 2018, the loss on disposal of asset primarily related to losses on scrapped property, plant and equipment, assets related to France (€0.6 million) and in PT Portugal due to forest fires damages (€1.3 million).

4.3.2.4. Disputes and litigation

For the three month period ended March 31, 2019, disputes and litigation mainly relate to the provisions recorded in PT Portugal of €13.7 million for labour and tax litigations. This was partially offset by provision released in Altice France, the Dominican Republic and Israel, totalling €0.7 million.

4.3.2.5. Net gain on sale of consolidated entities

For the three month period ended March 31, 2019, this relates to the capital gain from the sale of a 49.99% equity stake in SFR FTTH and the remeasurement at fair value of residual interest in SFR FTTH of €3,174.1 million in total (please refer to note 3.1.2). For the three month period ended March 31, 2018, the gain related to the capital gain from the sale of telecommunications solutions business and data center operations in Switzerland, green.ch AG and Green Datacenter AG (please refer to note 3.2.1).

4.3.2.6. Deal fees

For the three month period ended March 31, 2019, deal fees consisted mainly of €2.1 million deal fees in Altice France related to the transaction in relation to tower and fibre businesses and €1.1 million expenses in PT Portugal for the deal fees for the sale of the international wholesale business and tower business.

4.3.2.7. Management fees

For the three month period ended March 31, 2019, management fee expense amounted to €20.2 million payable to Altice Group Lux.

Management fee for the three month period ended March 31, 2018 was €5.8 million, which mainly related to fees incurred by Altice Luxembourg group due to Altice Management International following the sale of AMI to Altice Group S.à r.l on January 31, 2018 (please refer to note 3.2.2).

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4.3.2.8. Other expenses and incomes (net)

For the three month period ended March 31, 2019, other expenses and incomes consisted mainly of expenses in Altice France of €5.4 million for network claims and €2.9 million in the Dominican Republic related to penalty and compensation for network shutdown that lasted two days in end of March 2019, which was caused by a failure of the electricity company.

For the three month period ended March 31, 2018, it consisted mainly of expenses in Altice France related to settlements of operational litigation with Orange of €15 million and €7.0 million of indemnity expense to ACS. Additionally, Altice Holdings recorded €13.0 million of shares settlement with management team of Altice Blue Two (part of FOT), PT Portugal recorded €1.6 million related to penalty under the termination of a real estate rental agreement.

4.3.3. Revenues by activity

In previously published information in 2018, the revenues of French Overseas Territories (FOT) were reclassified to Other revenue caption within the France segment. Following the change in the way the management looks at the business, the sale of FOT to Altice France in October 2018 and to maintain comparability over the years, the revenues of FOT for the three month period ended March 31, 2018 presented in this note were reclassified according to the revenue split per activity defined in note 4.2.2 and in line with 2019 classification.

The tables below provide the split of revenues by activity as defined in note 4.2.2.

| For the three months ended March 31, 2019 €m | France | Portugal | Israel | Dominican Republic | Teads ¹ | Altice TV | Others | Total |
|--|----------------|--------------|--------------|-----------------------|--------------------|-----------|------------|----------------|
| Residential - Fixed | 627.7 | 153.6 | 139.5 | 25.3 | - | - | - | 946.2 |
| Residential - Mobile | 1,011.7 | 136.0 | 63.7 | 87.1 | - | - | - | 1,298.4 |
| Business services | 806.8 | 219.3 | 28.4 | 26.5 | - | - | 0.1 | 1,081.1 |
| Media | 112.2 | - | - | - | 84.1 | - | - | 196.3 |
| Total standalone revenues | 2,558.4 | 508.9 | 231.7 | 138.9 | 84.1 | - | 0.1 | 3,522.0 |
| Intersegment eliminations | (0.7) | (10.2) | - | (0.0) | (0.8) | - | (0.0) | (11.6) |
| Total consolidated revenues | 2,557.7 | 498.7 | 231.7 | 138.9 | 83.3 | - | 0.1 | 3,510.4 |

| For the three months ended March 31, 2018 €m | France | Portugal | Israel | Dominican Republic | Teads | Altice TV | Others | Total |
|--|----------------|--------------|--------------|-----------------------|-------------|-------------|--------------|----------------|
| Residential - Fixed | 678.3 | 155.3 | 150.2 | 24.4 | - | - | - | 1,008.2 |
| Residential - Mobile | 1,080.4 | 134.9 | 61.8 | 86.0 | - | - | - | 1,363.1 |
| Business services | 772.4 | 231.0 | 29.6 | 37.0 | - | - | 0.3 | 1,070.3 |
| Media | 110.6 | - | - | - | 67.7 | 20.3 | - | 198.6 |
| Total standalone revenues | 2,641.7 | 521.1 | 241.5 | 147.4 | 67.7 | 20.3 | 0.3 | 3,640.1 |
| Intersegment eliminations | (11.2) | (11.8) | (0.2) | (0.3) | (0.5) | (15.8) | (0.5) | (40.3) |
| Total consolidated revenues | 2,630.6 | 509.3 | 241.4 | 147.1 | 67.3 | 4.5 | (0.2) | 3,599.8 |

¹ The standalone revenues of Teads for the three month period ended March 31, 2019 disclosed in the condensed interim consolidated financial statements of €84.1 million are based on revenues net of discounts. The standalone revenues disclosed in the first quarter 2019 earnings release and presentations of €88.1 million correspond to gross revenues excluding discounts.

The table below provides the standalone and consolidated revenues in accordance to IFRS 15 *Revenue from Contracts with Customers* for the three month periods ended March 31, 2019 and 2018.

| Revenues split IFRS 15 (€m) | March 31, 2019 | March 31, 2018 |
|---|----------------|----------------|
| Residential - Fixed | 946.2 | 1,008.2 |
| Residential - Mobile | 1,115.8 | 1,154.9 |
| Business services | 1,044.1 | 1,034.6 |
| Total telecom excluding mobile equipment sales | 3,106.1 | 3,197.7 |
| Mobile equipment sales | 219.7 | 243.9 |
| Media | 196.3 | 198.6 |
| Total stand-alone revenues | 3,522.0 | 3,640.1 |
| Intersegment elimination | (11.6) | (40.3) |
| Total consolidated | 3,510.4 | 3,599.8 |

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4.3.4. *Capital expenditure*

The table below details capital expenditure by segment and reconciles to the payments to acquire capital items (tangible and intangible assets) as presented in the consolidated statement of cash flows.

| For the three months ended March 31, 2019 | France | Portugal | Israel | Dominican Republic | Teads | Altice TV | Eliminations | Total |
|---|---------------|-----------------|---------------|-------------------------------|--------------|------------------|---------------------|--------------|
| €m | | | | | | | | |
| Capital expenditure (accrued) | 581.4 | 100.5 | 57.7 | 28.2 | 0.6 | - | (0.9) | 767.4 |
| Capital expenditure - working capital items | (5.4) | 7.9 | (0.4) | (6.0) | - | - | - | (3.9) |
| Payments to acquire tangible and intangible assets | 576.0 | 108.3 | 57.3 | 22.2 | 0.6 | - | (0.9) | 763.5 |

| For the three months ended March 31, 2018 | France | Portugal | Israel | Dominican Republic | Teads | Altice TV | Eliminations | Total |
|---|---------------|-----------------|---------------|-------------------------------|--------------|------------------|---------------------|--------------|
| €m | | | | | | | | |
| Capital expenditure (accrued) | 568.8 | 104.7 | 58.1 | 27.6 | - | 3.8 | (2.3) | 760.7 |
| Capital expenditure - working capital items | 48.7 | 13.8 | 4.6 | (10.7) | - | 4.5 | - | 60.9 |
| Payments to acquire tangible and intangible assets | 617.5 | 118.5 | 62.7 | 16.9 | - | 8.3 | (2.3) | 821.6 |

4.3.5. *Adjusted EBITDA less accrued Capex*

The table below details the calculation of Adjusted EBITDA less accrued Capex or operating free cash flows (“OpFCF”), as presented to the Board of Directors. This measure is used as an indicator of the Group's financial performance as the Board of Directors believes it is one of several benchmarks used by investors, analysts and peers for comparison of performance in the Group's industry, although it may not be directly comparable to similar measures reported by other companies. Adjusted EBITDA and accrued Capex are both reconciled to GAAP reported figures in this note; this measure is a calculation using these two non-GAAP figures, therefore no further reconciliation is provided.

| For the three months ended March 31, 2019 | France | Portugal | Israel | Dominican Republic | Teads | Altice TV | Others | Eliminations | Total |
|--|---------------|-----------------|---------------|-------------------------------|--------------|------------------|---------------|---------------------|----------------|
| €m | | | | | | | | | |
| Adjusted EBITDA | 955.7 | 206.5 | 84.5 | 70.8 | 6.5 | - | (2.3) | (0.8) | 1,320.9 |
| Capital expenditure (accrued) | (581.4) | (100.5) | (57.7) | (28.2) | (0.6) | - | - | 0.9 | (767.4) |
| Operating free cash flow (OpFCF) | 374.3 | 106.0 | 26.8 | 42.6 | 5.9 | - | (2.3) | 0.2 | 553.5 |

| For the three months ended March 31, 2018 | France | Portugal | Israel | Dominican Republic | Teads | Altice TV | Others | Eliminations | Total |
|--|---------------|-----------------|---------------|-------------------------------|--------------|------------------|---------------|---------------------|----------------|
| €m | | | | | | | | | |
| Adjusted EBITDA | 916.6 | 221.2 | 107.1 | 76.2 | 5.4 | (56.0) | (3.2) | (2.3) | 1,265.0 |
| Capital expenditure (accrued) | (568.8) | (104.7) | (58.1) | (27.6) | - | (3.8) | - | 2.3 | (760.7) |
| Operating free cash flow (OpFCF) | 347.8 | 116.5 | 49.1 | 48.6 | 5.4 | (59.8) | (3.2) | - | 504.4 |

5. Goodwill, intangible assets and right-of-use assets

5.1. Goodwill

Goodwill recorded in the consolidated statement of financial position was allocated to the different groups of cash generating units (“GCGU” or “CGU” for cash generating units) as defined by the Group. In the table below, the goodwill of Teads and other corporate entities in 2019 and 2018 were aggregated in caption Others.

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| Goodwill | December 31, 2018 | Recognized on business combination | Changes in foreign currency translation | Held for sale | Other | March 31, 2019 |
|------------------------------|--------------------------|---|--|----------------------|--------------|-----------------------|
| (€m) | | | | | | |
| France | 12,547.0 | 1.6 | - | - | - | 12,548.6 |
| Portugal | 1,727.4 | - | - | - | - | 1,727.4 |
| Israel | 727.0 | - | 36.2 | - | - | 763.2 |
| Dominican Republic | 694.4 | - | 7.7 | - | - | 702.1 |
| Others | 202.4 | - | - | - | - | 202.4 |
| Gross value | 15,898.0 | 1.6 | 43.9 | - | - | 15,943.5 |
| France | (8.6) | - | - | - | - | (8.6) |
| Portugal | - | - | - | - | - | - |
| Israel | (142.6) | - | (7.5) | - | - | (150.1) |
| Dominican Republic | - | - | - | - | - | - |
| Others | - | - | - | - | - | - |
| Cumulative impairment | (151.2) | - | (7.5) | - | - | (158.6) |
| France | 12,538.4 | 1.6 | - | - | - | 12,540.0 |
| Portugal | 1,727.4 | - | - | - | - | 1,727.4 |
| Israel | 584.2 | - | 28.7 | - | - | 613.0 |
| Dominican Republic | 694.4 | - | 7.7 | - | - | 702.1 |
| Others | 202.4 | - | - | - | - | 202.4 |
| Net book value | 15,746.7 | 1.6 | 36.4 | - | - | 15,784.9 |

| Goodwill | December 31, 2017 | Recognized on business combination | Changes in foreign currency translation | Held for sale | Other | December 31, 2018 |
|------------------------------|--------------------------|---|--|----------------------|---------------|--------------------------|
| (€m) | | | | | | |
| France | 12,594.3 | - | 0.2 | - | (47.6) | 12,547.0 |
| Portugal | 1,727.4 | - | - | - | - | 1,727.4 |
| Israel | 746.4 | - | (19.6) | - | - | 727.0 |
| Dominican Republic | 800.2 | - | (105.8) | - | - | 694.4 |
| Others | 202.4 | - | - | - | - | 202.4 |
| Gross value | 16,070.9 | - | (125.2) | - | (47.6) | 15,898.0 |
| France | (8.6) | - | - | - | - | (8.6) |
| Portugal | - | - | - | - | - | - |
| Israel | (146.7) | - | 4.0 | - | - | (142.6) |
| Dominican Republic | - | - | - | - | - | - |
| Others | - | - | - | - | - | - |
| Cumulative impairment | (155.2) | - | 4.0 | - | - | (151.2) |
| France | 12,585.8 | - | 0.2 | - | (47.6) | 12,538.4 |
| Portugal | 1,727.4 | - | - | - | - | 1,727.4 |
| Israel | 599.8 | - | (15.6) | - | - | 584.2 |
| Dominican Republic | 800.2 | - | (105.8) | - | - | 694.4 |
| Others | 202.4 | - | - | - | - | 202.4 |
| Net book value | 15,915.7 | - | (121.2) | - | (47.6) | 15,746.7 |

5.2. Impairment of goodwill

Goodwill is reviewed at the level of each GCGU or CGU annually for impairment and whenever changes in circumstances indicate that its carrying amount may not be recoverable. Goodwill was tested at the CGU/GCGU level for impairment as of December 31, 2018. The CGU/GCGU is at the country level where the subsidiaries operate. The recoverable amounts of the GCGUs are determined based on their value in use. The Group determined to calculate value in use for purposes of its impairment testing and, accordingly, did not determine the fair value of the GCGUs. The key assumptions for the value in use calculations are primarily the post-tax discount rates, the terminal growth rate, capital expenditures and the Earnings before Interests and Taxes (EBIT) margin during the period. EBIT is equal to EBITDA less depreciation and amortization expenses.

The Board of Directors and the Group's senior executives have determined that there have not been any changes in circumstances indicating that the carrying amount of goodwill may not be recoverable. In addition, there were no significant changes in assets or liabilities in any CGU/GCGU, while the recoverable amounts continue to significantly exceed the carrying amounts. Therefore, no updated impairment testing was performed, nor any impairment recorded, for the three months ended March 31, 2019.

5.3. Business combinations

The Group has not concluded any acquisition during the past 12 months. When the Group acquires an entity, it records the provisional value of the assets and liabilities as being equivalent to the book values in the accounting records of the entity being acquired. The Group then identifies the assets and liabilities to which the purchase price

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needs to be allocated. The fair value is determined by an independent external appraiser based on a business plan prepared as of the date of the acquisition.

5.3.1. *Acquisitions where the purchase price allocations have been finalized during 2018*

5.3.1.1. *Diversité TV Holding (previously known as Pho Holding)*

On July 26, 2017, Altice France obtained approval for the take-over of Pho Holding, owner of the Numero 23 channel, by NextRadioTV. Following the take-over, the consolidation method changed as of September 30, 2017 (from equity accounted to full consolidation) and fair value adjustment was booked for €8.9 million gain and recorded in the Other expenses and income caption in the statement of income in 2017. The purchase price allocation was finalized. The total additional goodwill resulted from the take-over was €53.4 million.

On September 1, 2018, Altice France acquired the remaining 49% interest in Diversité TV Holding, the new name of Pho Holding, and there was no change in fair value adjustment.

5.3.1.2. *Teads*

On June 22, 2017, Altice Teads (a company which the Group has 98.5% of the financial interest, with 1.5% attributable to the managers of Teads) closed the acquisition of Teads. The acquisition purchase price was €302.3 million, with 75% due at closing, and the remaining 25% earn-out subject to Teads obtaining defined revenue performance in 2017, which targets have been met. As the defined revenue targets for 2017 were met, an earn-out payment of €48.6 million was made to the former owners of Teads during the second quarter of 2018, with an additional earn-out payment of €13.1 million made on July 3, 2018.

5.4. Intangible assets

The following table summarizes information relating to the Company's acquired intangible assets as of March 31, 2019 and December 31, 2018:

| Intangible Assets (€m) | March 31, 2019 | | |
|-------------------------------|-----------------------|--------------------------|---------------------|
| | Gross carrying amount | Accumulated amortization | Net carrying amount |
| Customer relations | 4,779.8 | (2,624.8) | 2,154.9 |
| Brand names | 1,546.5 | (1,045.2) | 501.3 |
| Licenses and franchises | 2,700.7 | (881.8) | 1,818.9 |
| Software | 3,530.1 | (2,287.9) | 1,242.2 |
| Other amortizable intangibles | 3,574.9 | (1,749.2) | 1,825.7 |
| Total | 16,132.0 | (8,589.1) | 7,543.0 |

| Intangible Assets (€m) | December 31, 2018 | | |
|-------------------------------|-----------------------|--------------------------|---------------------|
| | Gross carrying amount | Accumulated amortization | Net carrying amount |
| Customer relations | 4,761.2 | (2,481.7) | 2,279.5 |
| Brand names | 1,544.8 | (1,013.2) | 531.6 |
| Licenses and franchises | 2,664.3 | (838.5) | 1,825.8 |
| Software | 3,454.7 | (2,153.9) | 1,300.8 |
| Other amortizable intangibles | 3,407.5 | (1,669.4) | 1,738.1 |
| Total | 15,832.5 | (8,156.9) | 7,675.8 |

The total amortization expense for the three months ended March 31, 2019 and 2018 was €469.7 million and €490.6 million, respectively, a decrease of €20.9 million.

5.5. Right-of-use assets

The following table provides the summary of right-of-use assets as of March 31, 2019:

| Right-of-use assets (€m) | March 31, 2019 | | | |
|-----------------------------|---------------------|-------------------------|-------------|----------------|
| | Lands and buildings | Technical installations | Other | Total |
| Gross carrying value | 1,365.7 | 3,079.9 | 122.7 | 4,568.3 |
| Accumulated amortisation | (90.7) | (423.8) | (69.3) | (583.8) |
| Net carrying amount | 1,275.0 | 2,656.1 | 53.4 | 3,984.5 |

6. Investment in associates

| Investments in associates (€m) | Three months ended March 31, 2019 | Year ended December 31, 2018 |
|-----------------------------------|--------------------------------------|---------------------------------|
| Associates of Altice France | 1,706.1 | 19.8 |
| Associates of PT Portugal | 135.6 | 134.0 |
| Other | - | 0.3 |
| Total | 1,841.7 | 154.1 |

The increase in investment in associates as of March 31, 2019 compared to December 31, 2018 was mainly related to the increase in Altice France following the sale of a 49.99% equity stake in SFR FTTH. Following the closing of the sale, the carrying value of investment in SFR FTTH as at March 31, 2019 was €1.7 billion. Please refer to note 3.1.2.

7. Cash and cash equivalents and restricted cash

| Cash balances (€m) | March 31, 2019 | December 31, 2018 |
|----------------------------------|-------------------|----------------------|
| Term deposits | 1,107.5 | 333.6 |
| Bank balances | 1,145.6 | 1,332.4 |
| Cash and cash equivalents | 2,253.1 | 1,666.0 |
| Restricted cash | 35.5 | 35.9 |
| Total | 2,288.6 | 1,701.9 |

The restricted cash balance at March 31, 2019 included:

- €31.1 million in Altice Financing S.A. as collateral for a bank guarantee; and
- €4.4 million in HOT for various purposes.

8. Shareholders' equity

| Equity attributable to owners of the Company (€m) | Notes | As of March 31, 2019 | As of December 31, 2018 |
|--|-------|-------------------------|----------------------------|
| Issued capital | 8.1 | 2.5 | 2.5 |
| Additional paid in capital | 8.2 | 1,907.3 | 1,922.7 |
| Other reserves | 8.3 | (520.4) | (530.7) |
| Accumulated losses | | (1,062.1) | (3,611.7) |
| Total | | 327.4 | (2,217.2) |

8.1. Issued capital

As at March 31, 2019, the issued share capital of the Company amounted to €2.5 million and was composed of 251,050,186 common shares with a value of €0.01 each.

8.2. Additional paid in capital

| Changes in additional paid in capital (€m) | March 31, 2019 | December 31, 2018 |
|---|----------------|-------------------|
| Opening balance | 1,922.7 | 1,143.2 |
| Transactions with Altice shareholders ¹ | (11.1) | (163.3) |
| Transactions with non-controlling interests of NextRadioTV | - | (249.7) |
| Transactions with non-controlling interests | (2.1) | (150.3) |
| Recognition of put option for non-controlling interest in Teads | (2.2) | 27.4 |
| Hivory | - | 1,390.6 |
| AB2 settlements | - | (43.4) |
| Other | - | (32.0) |
| Total | 1,907.3 | 1,922.7 |

¹ Transactions with Altice shareholders relate to the interests on loan and advances granted to entities in the Altice Group which reduced additional paid in capital by €11.1 million.

8.3. Other reserves

The tax effects of the Group's currency, fair value through OCI, cash flow hedge and employee benefits reserves are provided below:

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| Other reserves (€m) | March 31, 2019 | | | December 31, 2018 | | |
|---|----------------|--------------|----------------|-------------------|--------------|----------------|
| | Pre-tax amount | Tax effect | Net amount | Pre-tax amount | Tax effect | Net amount |
| Actuarial gains and losses | (61.5) | 15.4 | (46.0) | (34.0) | 6.8 | (27.2) |
| Items not reclassified to profit or loss | (61.5) | 15.4 | (46.0) | (34.0) | 6.8 | (27.2) |
| Fair value through OCI | 1.5 | - | 1.5 | 2.6 | - | 2.6 |
| Currency translation reserve | (58.8) | - | (58.8) | (45.5) | - | (45.5) |
| Cash flow hedge reserve | (623.5) | 206.5 | (417.0) | (687.2) | 226.5 | (460.7) |
| Items potentially reclassified to profit or loss | (680.8) | 206.5 | (474.3) | (730.1) | 226.5 | (503.6) |
| Total | (742.3) | 221.9 | (520.4) | (764.1) | 233.3 | (530.7) |

9. Borrowings, other financial liabilities and lease liabilities

| Borrowings, other financial liabilities and lease liabilities (€m) | Notes | March 31, 2019 | December 31, 2018 |
|--|-------|-------------------|----------------------|
| Long term borrowings, financial liabilities and related hedging instruments | | 32,512.0 | 32,534.1 |
| - <i>Debentures</i> | 9.1 | 22,644.9 | 22,287.4 |
| - <i>Loans from financial institutions</i> | 9.1 | 9,076.8 | 8,976.7 |
| - <i>Derivative financial instruments</i> | 9.3 | 790.2 | 1,270.0 |
| Other non-current financial liabilities | 9.6 | 712.4 | 815.5 |
| - <i>Finance leases¹</i> | | - | 92.9 |
| - <i>Other financial liabilities</i> | | 712.4 | 722.6 |
| Lease liabilities non-current^{2,3} | | 3,258.2 | - |
| Non-current liabilities | | 36,482.6 | 33,349.5 |
| Short term borrowing, financial liabilities and related hedge instruments | | 105.4 | 102.3 |
| - <i>Debentures</i> | 9.1 | - | - |
| - <i>Loans from financial institutions</i> | 9.1 | 99.3 | 101.1 |
| - <i>Derivative financial instruments</i> | 9.3 | 6.1 | 1.2 |
| Other financial liabilities | 9.6 | 1,718.1 | 2,021.2 |
| - <i>Other financial liabilities</i> | | 1,268.3 | 1,297.8 |
| - <i>Bank overdraft</i> | | 35.3 | 39.2 |
| - <i>Accrued interests</i> | | 414.5 | 643.7 |
| - <i>Finance leases¹</i> | | - | 40.4 |
| Lease liabilities current^{2,3} | | 727.0 | - |
| Current liabilities | | 2,550.5 | 2,123.5 |
| Total | | 39,033.1 | 35,473.1 |

1 Following the adoption of IFRS 16 *Leases* as of January 1, 2019, Finance leases non-current and current have been reclassified to Lease liabilities non-current and current, respectively. Please refer to note 2.1.1.1.

2 Following the adoption of IFRS 16 *Leases* as of January 1, 2019, liabilities arising from leases are recognized in Lease liabilities non-current and current. Please refer to note 2.1.1.1.

3 As of March 31, 2019, the amounts of finance lease non-current and current existing under IAS 17 *Leases* (before the adoption of IFRS 16 *Leases*) were €79.3 million and €40.3 million, respectively.

9.1. Debentures and loans from financial institutions

| Debentures and loans from financial institutions (€m) | Notes | March 31, 2019 | December 31, 2018 |
|--|-------|-------------------|----------------------|
| Debentures | 9.1.1 | 22,644.9 | 22,287.4 |
| Loans from financial institutions | 9.1.2 | 9,176.1 | 9,077.8 |
| Total | | 31,821.0 | 31,365.2 |

9.1.1. Debentures

| Maturity of debentures (€m) | Less than one year | One year or more | March 31, 2019 | December 31, 2018 |
|--------------------------------|-----------------------|---------------------|-------------------|----------------------|
| Altice France | - | 9,619.0 | 9,619.0 | 9,447.5 |
| Altice Luxembourg | - | 6,665.7 | 6,665.7 | 6,582.5 |
| Altice Financing | - | 4,748.5 | 4,748.5 | 4,660.3 |
| Altice Finco | - | 1,611.8 | 1,611.8 | 1,597.0 |
| Total | - | 22,644.9 | 22,644.9 | 22,287.4 |

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9.1.2. *Loans from financial institutions*

| Maturity of loans from financial institutions (€m) | Less than one year | One year or more | March 31, 2019 | December 31, 2018 |
|---|-------------------------------|-----------------------------|---------------------------|------------------------------|
| Altice France (including RCF)** | 75.6 | 7,219.4 | 7,295.0 | 7,224.3 |
| Altice Financing (including RCF)** | 19.1 | 1,857.0 | 1,876.1 | 1,848.5 |
| Others | 4.6 | 0.4 | 5.0 | 4.9 |
| Total | 99.3 | 9,076.8 | 9,176.1 | 9,077.8 |

** RCF amounts have been classified as amounts which mature in less than one year, but can be extended till the maturity date of the RCF agreement. Please refer to note 9.5 for further details regarding the credit facilities.

9.2. Refinancing activities

During the three month periods ended March 31, 2018 and March 31, 2019, the Group did not refinance any of its debt.

9.3. Derivatives and hedge accounting

As part of its financial risk management strategy, the Group enters certain hedging operations. The main instruments used are fixed to fixed or fixed to floating cross-currency and interest rate swaps (“CCIRS”) that cover against foreign currency and interest rate risk related to the Group’s debt obligations. The Group applies hedge accounting for the operations that meet the eligibility criteria as defined by IAS 39 *Financial Instruments: Recognition and Measurement* (the Group continues to apply the requirement of IAS 39 related to hedge accounting, as allowed under IFRS 9 *Financial Instruments*).

9.3.1. *CCIRS*

The following table provides a summary of the Group’s CCIRS.

| Entity Maturity | Notional amount due from counterparty (millions) | Notional amount due to counterparty (millions) | Interest rate due from counterparty | Interest rate due to counterparty | Accounting treatment¹ |
|-------------------------------|---|---|--|--|---|
| Altice France S.A. | | | | | |
| February 2027 | USD 1,750 | EUR 1,300 | 8.13% | 6.60% | CFH / FVPL |
| August 2026 | USD 2,500 | EUR 2,061 | LIBOR +4.00% | 5.50% | CFH / FVPL |
| July 2022 | USD 550 | EUR 498 | 3m LIBOR+3.25% | 3m EURIBOR+2.73% | FVPL |
| January 2023 | USD 1,240 | EUR 1,096 | 3m LIBOR+4.00% | 3m EURIBOR+4.15% | FVPL |
| January 2024 | USD 1,425 | EUR 1,104 | 3m LIBOR+4.25% | 3m EURIBOR+4.45% | FVPL |
| May 2024 | USD 1,375 | EUR 1,028 | 6.25% | 5.36% | CFH |
| April 2024 | USD 2,790 | EUR 2,458 | 7.38% | 5.75% | CFH |
| July 2024 | USD 2,400 | EUR 1,736 | 7.38% | 6.78% | CFH |
| January 2026 | USD 350 | EUR 298 | 3m LIBOR+3.00% | 3m EURIBOR+2.76% | CFH |
| Altice Luxembourg S.A. | | | | | |
| May 2022 | USD 2,900 | EUR 2,097 | 7.75% | 7.38% | CFH |
| February 2023 | USD 1,480 | EUR 1,308 | 7.63% | 6.50% | CFH |
| Altice Financing S.A. | | | | | |
| May 2022 | USD 1,700 | EUR 1,485 | 0.075% | 5.25% | FVPL |
| May 2026 | USD 1,700 | EUR 1,485 | 6m LIBOR | 6m EURIBOR -0.085% | FVPL |
| February 2023 | USD 2,060 | EUR 1,821 | 6.63% | 5.30% | CFH |
| May 2026 | USD 930 | EUR 853 | 7.50% | 7.40% | FVPL |
| July 2025 | USD 485 | EUR 449 | 3m LIBOR+2.75% | 3m EURIBOR+2.55% | FVPL |
| July 2024 | USD 500 | EUR 442 | 7.50% | 6.03% | FVPL |
| July 2024 | USD 1,320 | EUR 1,102 | 7.50% | 6.02% | CFH |
| Altice Finco S.A. | | | | | |
| February 2025 | USD 385 | EUR 340 | 7.63% | 6.25% | CFH |

¹ The derivatives are all measured at fair value. The change in fair value of derivatives classified as cash flow hedges (“CFH”) in accordance with IAS 39 is recognized in the cash flow hedge reserve. The derivatives not hedge accounted have the change in fair value recognised immediately in profit or loss (“FVPL”).

The change in fair value of all derivative instruments designated as cash flow hedges was recorded in other comprehensive income for the three month period ended March 31, 2019. Before the impact of taxes, gains of €63.8 million were recorded in other comprehensive income (€43.7 million net of taxes).

9.3.2. *Interest rate swaps*

The Group enters interest rate swaps to cover its interest rate exposure in line with its treasury policy. These swaps

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cover the Group's debt portfolio and do not necessarily relate to specific debt issued by the Group.

In April 2019, interest rate swaps with a maturity date of April 2019 in Altice France S.A. and Altice Financing S.A. matured. Subsequently the Group entered into new one year interest rate swaps which replaced the interest rate swaps with a maturity date of April 2019.

The details of the instruments are provided in the following table.

| Entity Maturity | Notional amount due from counterparty (millions) | Notional amount due to counterparty (millions) | Interest rate due from counterparty | Interest rate due to counterparty | Accounting treatment |
|------------------------------|---|---|--|--------------------------------------|-------------------------|
| Altice France S.A. | | | | | |
| April 2019 | USD 1,406 | USD 1,406 | 1m LIBOR+2.75% | 3m LIBOR+2.55% | FVPL |
| April 2019 | USD 2,139 | USD 2,139 | 1m LIBOR | 3m LIBOR-0.15% | FVPL |
| August 2019 | USD 2,500 | USD 2,500 | 1m LIBOR+4.00% | 3m LIBOR+3.90% | FVPL |
| January 2023 | EUR 4,000 | EUR 4,000 | 3m EURIBOR | -0.12% | FVPL |
| Altice Financing S.A. | | | | | |
| April 2019 | USD 901 | USD 901 | 1m LIBOR | 3m LIBOR -0.15% | FVPL |
| April 2019 | USD 896 | USD 896 | 1m LIBOR | 3m LIBOR -0.15% | FVPL |
| May 2026 | USD 720 | USD 720 | 1.81% | 6m LIBOR | FVPL |
| January 2023 | EUR 750 | EUR 750 | 3m EURIBOR | -0.13% | FVPL |

9.4. Reconciliation to swap adjusted debt

The various hedge transactions mitigate interest and foreign exchange risks on the debt instruments issued by the Group. Such instruments cover both the principal and the interest due. A reconciliation from the carrying amount of the debt as per the statement of financial position and the due amount of the debt, considering the effect of the hedge operations (i.e., the "swap adjusted debt"), is provided below:

| Reconciliation to swap adjusted debt (€m) | March 31, 2019 | December 31, 2018 |
|---|-------------------|----------------------|
| Debentures and loans from financial institutions | 31,821.0 | 31,365.2 |
| Transaction costs | 339.4 | 349.2 |
| Fair value adjustments | - | - |
| Total (excluding transaction costs and fair value adjustments) | 32,160.4 | 31,714.4 |
| Conversion of debentures and loans in foreign currency (at closing spot rate) | (35,960.4) | (35,351.1) |
| Conversion of debentures and loans in foreign currency (at hedged rates) | 34,173.6 | 34,003.7 |
| Total swap adjusted value | 30,373.6 | 30,367.0 |

9.5. Available credit facilities

| Available credit facilities (€m) | Total facility | Drawn |
|-------------------------------------|----------------|-------------|
| Altice France S.A. | 1,425.0 | 10.0 |
| Altice Financing S.A. | 831.0 | - |
| Altice Luxembourg S.A. | 200.0 | - |
| Revolving credit facilities | 2,456.0 | 10.0 |

9.6. Other financial liabilities and lease liabilities

| Other financial liabilities and lease liabilities (€m) | March 31, 2019 | | | December 31, 2018 | | |
|---|----------------|----------------|----------------|-------------------|--------------|----------------|
| | Current | Non-current | Total | Current | Non-current | Total |
| Lease liabilities | 727.0 | 3,258.2 | 3,985.3 | - | - | - |
| Finance leases | - | - | - | 40.4 | 92.9 | 133.3 |
| Reverse factoring and securitisation | 1,054.3 | - | 1,054.3 | 1,100.6 | - | 1,100.6 |
| Accrued interest | 414.5 | - | 414.5 | 643.7 | - | 643.7 |
| Put options with non-controlling interests | - | 165.5 | 165.5 | - | 161.6 | 161.6 |
| Deposits received | 35.0 | 163.5 | 198.5 | 37.2 | 162.7 | 200.0 |
| Bank overdraft | 35.3 | - | 35.3 | 39.2 | - | 39.2 |
| Commercial paper | 113.5 | - | 113.5 | 107.0 | - | 107.0 |
| Buy out minority interest ERT | 11.1 | 30.0 | 41.1 | 8.1 | 29.1 | 37.2 |
| Other debts and liabilities with Altice group companies | - | 264.0 | 264.0 | - | 262.9 | 262.9 |
| Perpetual subordinated notes ("TSDI") - Altice France | - | 55.0 | 55.0 | - | 50.0 | 50.0 |
| Other | 54.4 | 34.4 | 88.7 | 44.9 | 56.3 | 101.2 |
| Total | 2,445.1 | 3,970.6 | 6,415.7 | 2,021.2 | 815.5 | 2,836.7 |

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The current portion amounted to €2,445.1 million as at March 31, 2019, an increase of €423.9 million compared to the current portion of €2,021.2 million as at December 31, 2018. The non-current portion increased by €3,155.1 million to €3,970.6 million as at March 31, 2019 compared to €815.5 million as at December 31, 2018. Details of the main items within the caption, and the movements from the prior period, are detailed below.

9.6.1. *Leases*

The increase in current and non-current lease liabilities recorded as at March 31, 2019 is mainly explained by the impact of the adoption of IFRS 16 *Leases* as at January 1, 2019. The amount of finance lease existing under IAS 17 *Leases* as at December 31, 2018 have been reclassified under the caption lease liabilities in the statement of financial position and amounts to €119.6 million as of March 31, 2019 compared to €133.3 million as at December 31, 2018. The amounts of non-current and current finance lease existing under IAS 17 *Leases* (before the adoption of IFRS 16 *Leases*) as at March 31, 2019 were €79.3 million and €40.3 million, respectively. Please also refer to notes 2.1.1.1 and 2.1.1.2 for more details on IFRS 16 *Leases*.

9.6.2. *Reverse factoring and securitisation*

Through the use of reverse factoring structures, the Group improves the financial efficiency of its supply chain by reducing requirements for working capital. The decrease in reverse factoring and securitisation as at March 31, 2019 compared to December 31, 2018 is due to the combination of an increase in spending with existing suppliers and new suppliers having joined the various reverse factoring programmes that the Group maintains and a reduction of secured B2B receivables due to Altice France.

9.6.3. *Accrued interest*

The decrease of the accrued interest is largely explained by Altice France due to the timing of the interest payments as certain interest payments are either due on quarterly basis or on semi-annual basis.

9.6.4. *Put options with non-controlling interests*

The Group executes agreements with the non-controlling interests in certain acquisitions whereby the non-controlling interests have the option to sell their non-controlling interests to the Group. These instruments are measured at their fair value at the balance sheet date (please refer to note 10.1.2 for further information).

9.6.5. *Deposits received*

Altice France receives deposits from customers largely in relation to equipment that it provides customers that Altice France retains ownership of.

9.6.6. *Bank overdrafts*

Bank overdrafts consist of temporary overdrafts on bank accounts

9.6.7. *Commercial paper*

During the three-month period ended March 31, 2019, Altice France made additional borrowings under its commercial paper program.

9.6.8. *Buyout of minority interest in ERT Luxembourg S.A.*

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

9.6.9. *Other debts and liabilities with Altice group companies*

Other debts and liabilities with Altice group companies relate to debts and liabilities which Altice Luxembourg

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has with Altice group companies outside of the Altice Luxembourg consolidation.

9.6.10. *Perpetual subordinated Notes – Altice France*

Related to the liability for the perpetual subordinated notes (“TSDI”) recorded in Altice France.

9.6.11. *Other*

Other consists mainly of various other debts and liabilities recorded by Group companies.

10. Fair value of financial assets and liabilities

10.1. Fair value of assets and liabilities

The table below shows the carrying value compared to fair value of financial assets and liabilities.

| Fair values of assets and liabilities (€m) | March 31, 2019 | | December 31, 2018 | |
|---|-----------------|-----------------|-------------------|-----------------|
| | Carrying value | Fair value | Carrying value | Fair value |
| Cash and cash equivalents | 2,253.1 | 2,253.1 | 1,666.0 | 1,666.0 |
| Restricted cash | 35.5 | 35.5 | 35.9 | 35.9 |
| Derivatives | 462.0 | 462.0 | 38.1 | 38.1 |
| Other financial assets | 24.5 | 24.5 | 15.4 | 15.4 |
| Current assets | 2,775.0 | 2,775.0 | 1,755.4 | 1,755.4 |
| Derivatives | 946.7 | 946.7 | 1,427.8 | 1,427.8 |
| Call options on non-controlling interests | 53.0 | 53.0 | 63.5 | 63.5 |
| Equity instruments at fair value through OCI | 4.4 | 4.4 | 5.5 | 5.5 |
| Other financial assets | 1,118.6 | 1,118.6 | 835.0 | 835.0 |
| Non-current assets | 2,122.7 | 2,122.7 | 2,331.8 | 2,331.8 |
| Short term borrowings and financial liabilities | 99.3 | 99.3 | 101.1 | 101.1 |
| Derivatives | 6.1 | 6.1 | 1.2 | 1.2 |
| Lease liabilities | 727.0 | 727.0 | 40.4 | 40.4 |
| Reverse factoring and securitisation | 1,054.3 | 1,054.3 | 1,100.6 | 1,100.6 |
| Deposits received | 35.0 | 35.0 | 37.2 | 37.2 |
| Accrued interest | 414.5 | 414.5 | 643.7 | 643.7 |
| Commercial paper | 113.5 | 113.5 | 107.0 | 107.0 |
| Other financial liabilities | 100.7 | 100.7 | 92.3 | 92.3 |
| Current liabilities | 2,550.5 | 2,550.5 | 2,123.5 | 2,123.5 |
| Long term borrowings and financial liabilities | 31,721.7 | 31,333.9 | 31,264.1 | 29,153.1 |
| Put options with non-controlling interests | 165.5 | 165.5 | 161.6 | 161.6 |
| Derivatives | 790.2 | 790.2 | 1,270.0 | 1,270.0 |
| Lease liabilities | 3,258.2 | 3,258.2 | 92.9 | 92.9 |
| Other financial liabilities | 546.9 | 546.9 | 561.0 | 561.0 |
| Non-current liabilities | 36,482.6 | 36,094.8 | 33,349.5 | 31,238.5 |

During the three month period ended March 31, 2019, there were no transfers of assets or liabilities between levels of the fair value hierarchy. There are no non-recurring fair value measurements. The Group’s trade and other receivables and trade and other payables are not shown in the table above as their carrying amounts approximate their fair values.

10.1.1. *New put and call options*

During the three-month period ended March 31, 2019, the Group entered into a new call option contract as part of the SFR FTTH transaction. This call option has been valued at nil and is therefore not disclosed in the fair value hierarchy below.

10.1.2. *Fair value hierarchy*

The following table provides information about the fair values of the Group’s financial assets and liabilities and which level in the fair value hierarchy they are classified.

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| Fair value measurement (€m) | Fair value hierarchy | Valuation technique | March 31, 2019 | December 31, 2018 |
|--|----------------------|-------------------------|----------------|-------------------|
| Financial Liabilities | | | | |
| Derivative financial instruments | Level 2 | Discounted cash flows | 796.4 | 1,271.1 |
| Minority Put Option - Teads | Level 3 | Discounted cash flows | 135.9 | 133.6 |
| Minority Put Option - Intelcia | Level 3 | Discounted cash flows | 29.6 | 28.0 |
| Financial Assets | | | | |
| Derivative financial instruments | Level 2 | Discounted cash flows | 1,408.7 | 1,465.9 |
| Minority Call option - Teads | Level 3 | Black and Scholes model | 44.0 | 53.8 |
| Minority Call option - Intelcia | Level 3 | Black and Scholes model | 9.0 | 9.7 |
| Equity instruments at FVOCI - Partner Co. Ltd. | Level 1 | Quoted share price | 4.4 | 5.5 |

10.2. Level 3 financial instruments

| Change in fair value of level 3 instruments (€m) | Available for sale unlisted shares | Minority put options | Minority call options | March 31, 2019 |
|--|------------------------------------|----------------------|-----------------------|----------------|
| Opening balance | - | (161.6) | 63.5 | (98.1) |
| Change in value of minority put options recorded in equity | - | (3.9) | - | (3.9) |
| Gains or losses recognised in profit or loss | - | - | (10.5) | (10.5) |
| Closing balance | - | (165.5) | 53.0 | (112.5) |

| Change in fair value of level 3 instruments (€m) | Available for sale unlisted shares | Minority put options | Minority call options | December 31, 2018 |
|--|------------------------------------|----------------------|-----------------------|-------------------|
| Opening balance | 1.2 | (329.5) | 50.6 | (277.7) |
| Exercises | - | 127.8 | (18.8) | 109.0 |
| Change in value of minority put options recorded in equity | - | 40.0 | 31.7 | 71.7 |
| Gains or losses recognised in profit or loss | (1.2) | - | - | (1.2) |
| Closing balance | - | (161.6) | 63.5 | (98.1) |

11. Taxation

| Tax expense (€m) | Three months ended March 31, 2019 | Three months ended March 31, 2018 |
|---|-----------------------------------|-----------------------------------|
| Profit/(loss) before income tax and share of earnings of associates | 2,768.2 | (194.0) |
| Income tax benefit | 52.0 | 70.6 |
| Effective tax rate | -2% | 36% |

The Group is required to use an estimated annual effective tax rate to measure the income tax benefit or expense recognized in an interim period.

The Group recorded an income tax benefit of €52.0 million for the three month period ended March 31, 2019, reflecting a negative effective tax rate of 2% compared to an income tax benefit of €70.6 million for the three month period ended March 31, 2018, reflecting an effective tax rate of 36%. Without the effect of the taxable capital gain in France related to the disposal of a 49.99% equity stake in SFR FTTH on March 27, 2019 (please refer to note 3.1.2), the effective tax rate for the three month period ended March 31, 2019 would have been an effective tax rate of 15%. Non-deductible financial expenses and provisions as well as non-recognition of tax losses as deferred tax assets had the impact of lowering the Group's effective tax rate for the three month periods ended March 31, 2019 and 2018.

11.1. Income tax litigation

There was no significant development in existing tax litigations since the publication of the annual consolidated financial statements that have had, or that may have, a significant effect on the financial position of the Group.

12. Contractual obligations and commercial commitments

During the three month period ended March 31, 2019, no significant contractual obligations and commercial commitments have been signed as compared to the year ended December 31, 2018.

13. Litigation

In the normal course of its activities, the Group is accused in a certain number of governmental, arbitration and administrative lawsuits. Provisions are recognised by the Group when management believe that it is more likely than not that such lawsuits will result in an expense being recognized by the Group, and the magnitude of the expenses can be reliably estimated. The magnitude of the provisions recognised is based on the best estimate of

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the level of risk on a case-by-case basis, considering that the occurrence of events during the legal action involves constant re-estimation of this risk.

The Group is not aware of other disputes, arbitration, governmental or legal action or exceptional fact (including any legal action of which the Group is aware, which is outstanding or by which it is threatened) that may have been, or is in, progress during the last months and that has a significant effect on the financial position, the earnings, the activity and the assets of the Company and the Group, other than those described below.

This note describes the new proceedings and developments in existing litigations that have occurred since the publication of the annual consolidated financial statements as of December 31, 2018 and that have had or that may have a significant effect on the financial position of the Group.

13.1. Portugal

13.1.1. European Commission Investigation

After having approved the acquisition of PT Portugal by the Group on April 20, 2015, the European Commission initiated an investigation into infringement by the Group of the obligation of prior notification of concentrations under Article 4(1) of the Merger Regulation and/or of the stand-still obligation laid down in Article 7(1) of the Merger Regulation. The European Commission issued a statement of objections on May 18, 2017, informing the Group of the objections raised against it.

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 in particular, it considers that this case differs entirely from the French Numéricable/SFR/Virgin Mobile gun jumping case, in which the Group had agreed not to challenge the allegations brought against it. In the Group's opinion, the Commission's decision relies on a wrongful definition of the notion of "implementation" of a concentration. Further, the transaction agreement governing the management of the target during the pre-closing period provided the Group with a consultation right on certain exceptional matters relating to PT Portugal aimed at preserving the value and integrity of the target prior to closing and was in accordance with well-established M&A market practice.

In any event, the Group considers that the elements in the Commission's file do not establish the exercise of influence, as alleged by the Commission, by the Group over PT Portugal's business conduct neither prior to the merger notification to the Commission nor prior to the Commission's clearance.

On July 5, 2018, the Group filed a request for annulment 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. The Commission's decision does not affect the approval granted by the European Commission on April 20, 2015 for the acquisition of PT Portugal by the Group.

On November 6, 2018, the Council of the European Union filed an Application to intervene in the case before the EU General Court. Both Altice Europe N.V. and the European Commission confirmed they had no observations to the Council's Application to intervene. The Council requested an extension of the time-limit to file its Statement of intervention. The Court granted that extension until February 25, 2019.

On November 30, 2018 the European Commission filed its defence requesting the Court (1) to dismiss Altice Europe N.V.'s Application and (2) to order Altice Europe N.V. to pay the costs. The said defence was notified to Altice Europe N.V. on December 14, 2018. On December 20, 2018, Altice Europe N.V. requested an extension of one month to lodge its reply. The extension was granted on January 4, 2019, until February 25, 2019.

On February 25, 2019, Altice Europe N.V. filed its Reply to the Commission's defence adhering to the conclusions and orders sought in its application for annulment.

On March 15, 2019, Altice Europe N.V. filed its observations on the Statement of intervention of the Council of the European Union, which essentially mirror the corresponding allegations in Altice Europe N.V.'s Application and reply to the Commission's defence.

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On March 18, 2019, Altice Europe N.V. received the copy of the Commission's observations on the Statement of intervention of the Council of the European Union, which merely state it does not have any observations, as its position and that of the Council of the European Union are aligned.

After an extension of the deadline, the Commission filed its Rejoinder to the Group's reply on May 10, 2019.

Once the written phase of the procedure is closed, the President will fix a date on which the Judge-Rapporteur is to present a preliminary report to the General Court. The preliminary report shall contain an analysis of the relevant issues of fact and of law raised by the action, proposals as to whether measures of organization of procedure or measures of inquiry should be undertaken, whether there should be an oral part of the procedure and whether the case should be referred to the Grand Chamber or to a Chamber sitting with a different number of Judges.

A hearing may be arranged, either on the General Court's own initiative or at the request of one of the parties. Altice Europe N.V. intends to request a hearing.

As of March 31, 2019, a liability of €124.5 million is recorded at Altice Portugal, as it is the acquiring entity of PT Portugal. On July 25, 2018, the Group issued a bank guarantee to the European Commission.

14. Net finance cost

| Net finance cost (€m) | Three months ended March 31, 2019 | Three months ended March 31, 2018 |
|---|--------------------------------------|--------------------------------------|
| Interest relative to gross financial debt | (436.2) | (432.7) |
| Other financial expenses | (81.8) | (93.7) |
| Finance income | 23.1 | 2.7 |
| Finance costs, net | (494.9) | (523.7) |

The net finance costs for the three month period ended March 31, 2019 decreased to €(494.9) million compared to €(523.7) million for the same period in 2018. The decrease was mainly attributed to a higher net foreign exchange gain recorded in the three month period ended March 31, 2019, amounting to a €12.0 million gain, whilst a €59.0 million loss was recorded in the same period in 2018. This was partially offset by an increase in interest expenses related to lease liabilities that amounted to €48.4 million for the three month period ended March 31, 2019 following the adoption of IFRS 16 *Leases* (2018: nil).

15. Going concern

As at March 31, 2019, the Group had net current liability position of €2,110.3 million (mainly due to trade payables amounting to €6,438.0 million) and a negative working capital of €1,368.2 million. During the three-month period ended March 31, 2019, the Group registered a net profit of €2,818.0 million and generated cash flows of €993.6 million from operating activities.

As at March 31, 2019, the Group had a positive equity position of €1,250.3 million compared to negative equity position of €1,604.3 million as at December 31, 2018. The equity position increased from the prior period mainly due to the profit for the three month period ended March 31, 2019.

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 under standard commercial terms, thus generating a negative working capital. This is evidenced by the difference in the level of receivables and payables; €4,614.9 million compared to €6,438.0 million as at March 31, 2019, as compared to €4,440.8 million and €6,756.4 million as at December 31, 2018. Payables due the following month are covered by revenues and cash flows from operations (if needed).

As at March 31, 2019, the Group's short-term borrowings comprised mainly of loans from financial institutions for Altice France and Altice Financing for €75.6 million and €19.1 million respectively. As at December 31, 2018, the Group's short-term borrowings amounted to €101.1 million. The short-term obligations are expected to be covered by the operating cash flows of the operating subsidiaries. As at March 31, 2019, the revolving credit facility at Altice France was drawn in an aggregate of €10.0 million. A listing of available credit facilities by silo is provided in note 9.5 and the amounts available per segments are sufficient to cover the short-term debt and interest expense needs of each of these segments if needed.

Given the above, the Board of Directors has considered the following elements in determining that the use of the going concern assumption is appropriate:

- The Group's performance on Adjusted EBITDA and operating cash flows:
 - Adjusted EBITDA for the three-month period ended March 31, 2019 amounted to €1,320.9 million, an increase of 4.4% compared to the same period last year. This increase in Adjusted EBITDA is mainly linked to a better performance in the France segment, which was partially offset by a decrease in performance in the Portugal, Israel, the Dominican Republic segments.
 - Operating cash flows for the three months ended March 31, 2019 were €993.6 million.
- The Group had unrestricted cash reserves of €2,253.1 million as at March 31, 2019, compared to €1,666.0 million as at December 31, 2018, which would allow it to cover any urgent cash needs. The Group can move its cash from one segment to another under certain conditions as allowed by its debentures and debt covenants. Cash reserves in operating segments carrying debt obligations were as follows:
 - France: €1,623.2 million
 - Altice International: €555.4 million
- Additionally, as of March 31, 2019, the Group had access to revolving credit facilities of up to €2,456.0 million (of which €10.0 million was drawn as of March 31, 2019) and has access to an equity market where it can issue additional equity.

The Group's senior executives track operational KPIs on a weekly basis, thus tracking top line trends closely. This allows the Group's senior executives and local CEOs to ensure proper alignment with budget targets and respond with speed and flexibility to counter any unexpected events and help to ensure that the budgeted targets are met.

Based on the above, the Board of Directors is of the view that the Group will continue to act as a going concern for 12 months from the date of approval of these financial statements and has hence deemed it appropriate to prepare these condensed interim consolidated financial statements using the going concern assumption.

16. Events after the reporting period

16.1. Claim from a competitor concerning the acquisition of Virgin Mobile by the Group

On April 5, 2019, Altice France and Altice Luxembourg, *inter alios*, received a claim from a competitor stating that the practices sanctioned by the French Competition Authority in November 2016 in the Numéricable/SFR/Virgin Mobile gun jumping case caused said competitor to lose the tender process for the acquisition of Virgin Mobile. The competitor is now seeking monetary damages. The Group is in the process of assessing the merits of the claim and expects to challenge the claim in proceedings recently initiated by the competitor.

16.2. Altice Luxembourg refinancing and repayment of debt

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

Furthermore, in June 2019, the Group will use €1.0 billion of cash on balance sheet at Altice France to partially redeem the existing €1,250 million and \$1,375 million 2024 Altice France Notes on a pro rata basis. On May 9, 2019, a redemption notice was sent to the trustee for a repayment on June 9, 2019.

Pro forma for the refinancing transactions, the average maturity of the Group's debt capital structure has been extended by 0.5 years and the weighted average cost of the Group's debt remains at 5.7%.

16.3. Dividend and upstream loan

On May 8, 2019, the General Assembly of Altice France agreed to distribute a dividend of €820 million to its direct shareholders, Altice Luxembourg FR S.A., Altice Luxembourg FR bis S.à r.l. and Altice Europe N.V.. A portion of the dividend (€500 million) was paid in cash (from proceeds received from the Ivory and SFR FTTH stake sales), while an amount of €320 million was used to offset upstream loans made by Altice France to its

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indirect shareholders in January and February 2019.

At the same time, Altice France provided a short term upstream loan for an aggregate amount of €750 million. This loan has a maturity of less than one year and is remunerated at Eonia+30 bps.