

# Altice Europe

## Q3 2020 Results

November 19, 2020



# Disclaimer

## FORWARD-LOOKING STATEMENTS

Certain statements in this presentation constitute forward-looking statements. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this presentation, including, without limitation, those regarding our intentions, beliefs or current expectations concerning, among other things: our future financial conditions and performance, results of operations and liquidity; our strategy, plans, objectives, prospects, growth, goals and targets; and future developments in the markets in which we participate or are seeking to participate. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believe”, “could”, “estimate”, “expect”, “forecast”, “intend”, “may”, “plan”, “project” or “will” or, in each case, their negative, or other variations or comparable terminology. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will be achieved or accomplished. To the extent that statements in this presentation are not recitations of historical fact, such statements constitute forward-looking statements, which, by definition, involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements including risks referred to in our annual and quarterly reports.

## FINANCIAL MEASURES

This presentation contains measures and ratios (the “Non-GAAP Measures”), including Adjusted EBITDA, Capital Expenditure (“Capex”) and Operating Free Cash Flow, that are not required by, or presented in accordance with, IFRS or any other generally accepted accounting standards. We present Non-GAAP Measures because we believe that they are of interest to the investors and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. The Non-GAAP Measures may not be comparable to similarly titled measures of other companies or have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our, or any of our subsidiaries’, operating results as reported under IFRS or other generally accepted accounting standards. Non-GAAP measures such as Adjusted EBITDA are not measurements of our, or any of our subsidiaries’, performance or liquidity under IFRS or any other generally accepted accounting principles, including U.S. GAAP. In particular, you should not consider Adjusted EBITDA as an alternative to (a) operating profit or profit for the period (as determined in accordance with IFRS) as a measure of our, or any of our operating entities’, operating performance, (b) cash flows from operating, investing and financing activities as a measure of our, or any of our subsidiaries’, ability to meet its cash needs or (c) any other measures of performance under IFRS or other generally accepted accounting standards. In addition, these measures may also be defined and calculated differently than the corresponding or similar terms under the terms governing our existing debt.

Adjusted EBITDA is defined as operating income before depreciation and amortization, other expenses and income (capital gains, non-recurring litigation, restructuring costs) and share-based expenses and after operating lease expenses. 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 this measure do ultimately affect the operating results, which is also presented within the annual consolidated financial statements in accordance with IAS 1 - Presentation of Financial Statements.

Capital expenditure (Capex), while measured in accordance with IFRS principles, is not a term that is defined in IFRS. However, Altice’s management believe it is an important indicator for the Group 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: Mainly related to costs incurred in acquiring content rights.

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. It is simply a calculation of the two above mentioned non-GAAP measures.

Adjusted EBITDA and similar measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. You should exercise caution in comparing Adjusted EBITDA as reported by us to Adjusted EBITDA of other companies. Adjusted EBITDA as presented herein differs from the definition of “Consolidated Combined Adjusted EBITDA” for purposes of any of the indebtedness of the Altice Group. The financial information presented in this presentation including but not limited to the quarterly financial information, pro forma financial information as well as Adjusted EBITDA and OpFCF is unaudited. In addition, the presentation of these measures is not intended to and does not comply with the reporting requirements of the U.S. Securities and Exchange Commission (the “SEC”) and will not be subject to review by the SEC; compliance with its requirements would require us to make changes to the presentation of this information.

# Altice Europe Q3 2020 Summary

Total revenue grew by +3.2% and total EBITDA grew by +5.1% with higher EBITDA margin YoY

Subscriber net gains in main geographies and segments

Issued €900 million Senior Notes at Altice France to repay Altice Corporate Financing facility

Capital structure further simplified with two independent silos: Altice France and Altice International

€3.5 billion liquidity, no material maturities before 2025, €1.4 billion debt repaid since April 2020

## Maintain:

- FY 2020 Revenue and EBITDA guidance
- Target leverage of 4.0x to 4.5x
- Mid term FCF > €1 billion

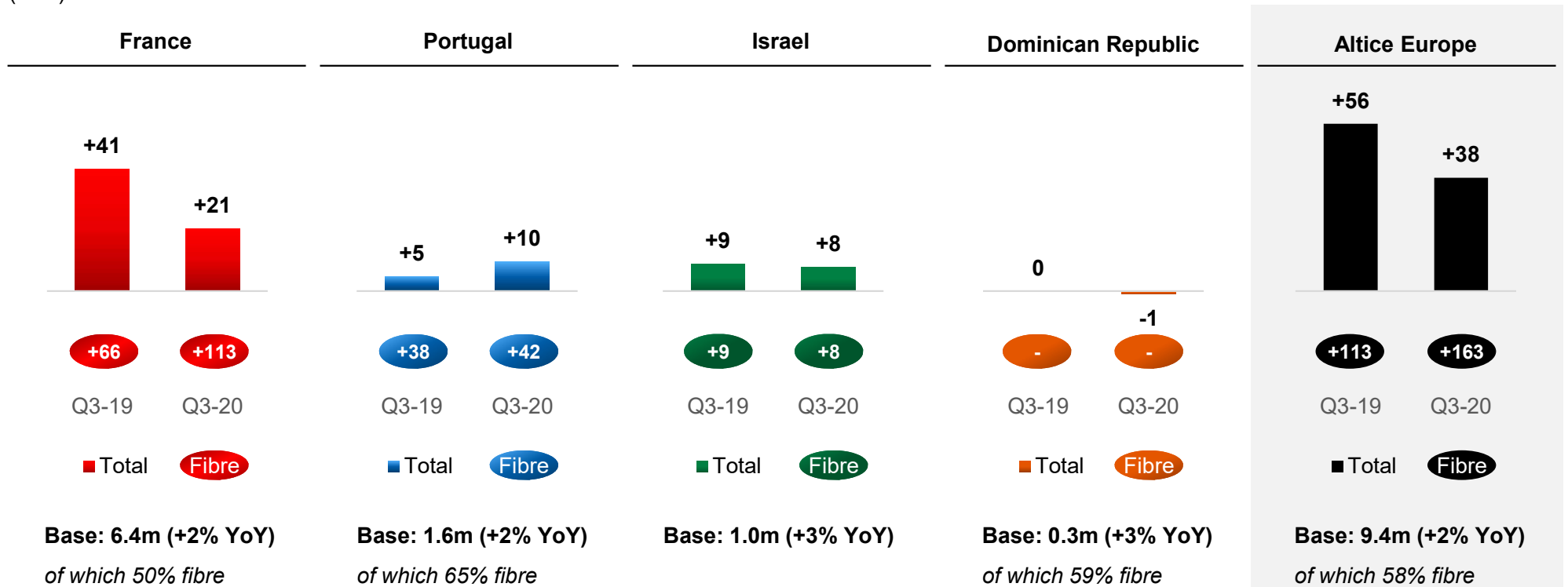
For footnotes see slide 22

# Telecom Commercial Performance – Residential Fixed

Fibre conversion continues to grow in France & Portugal

## Residential fixed net adds

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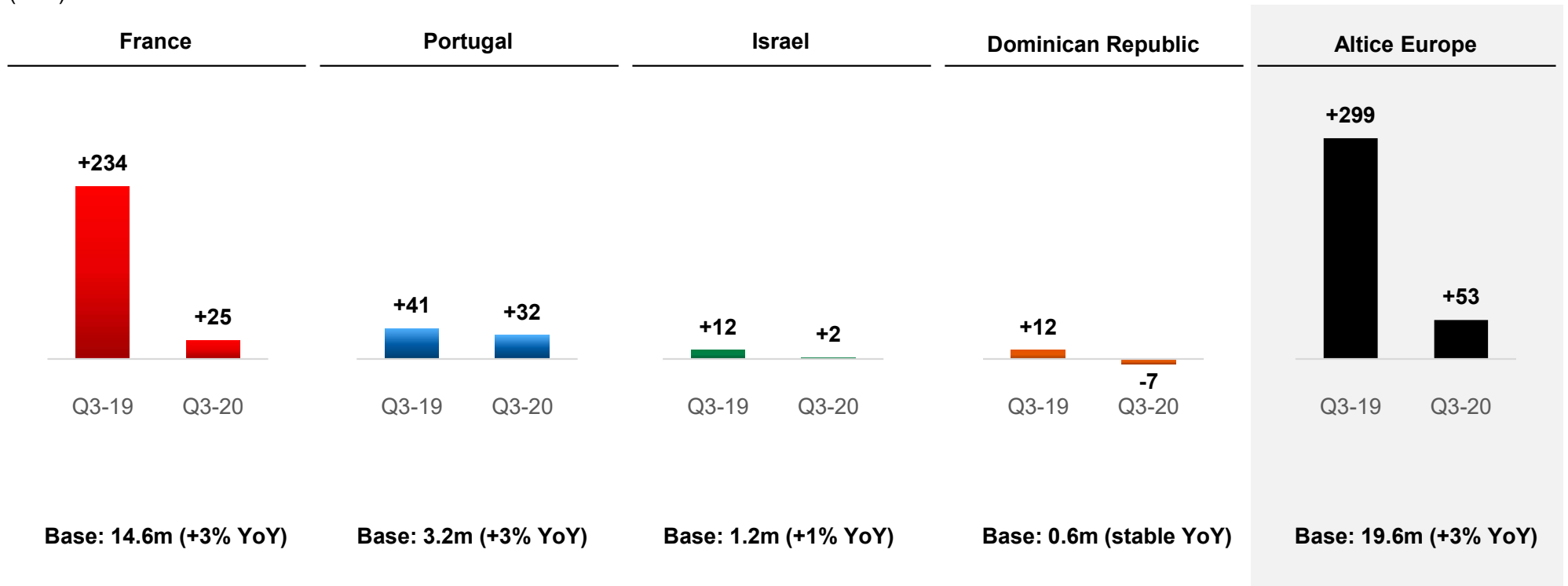


# Telecom Commercial Performance – Residential Mobile

Positive subscriber trends maintained

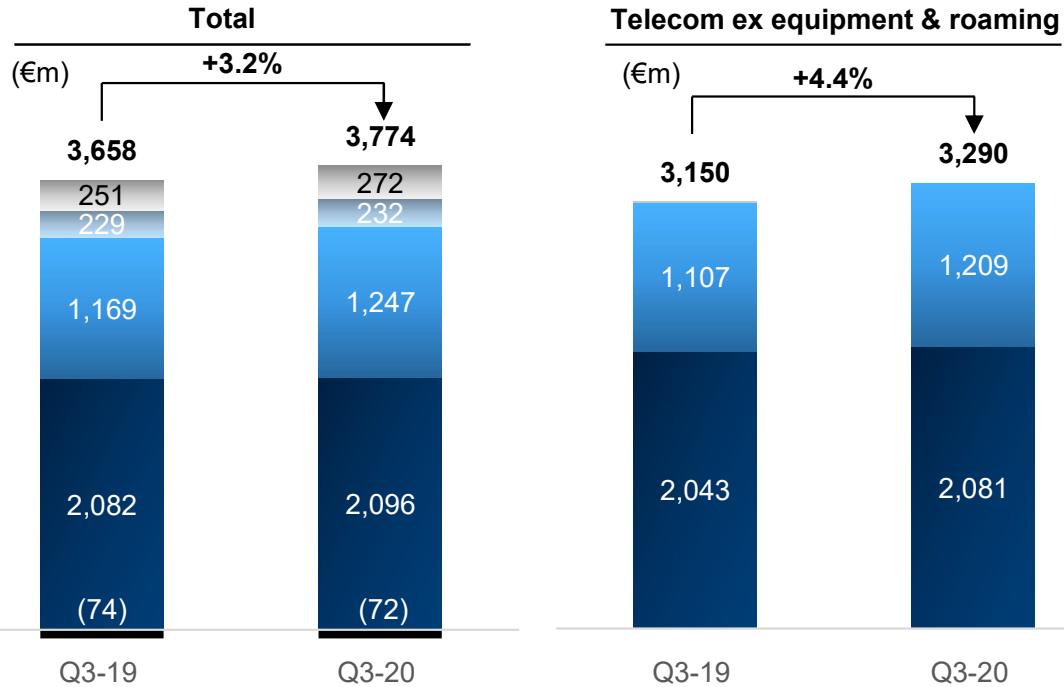
## Residential postpaid mobile net adds

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# Altice Europe Revenue Trends

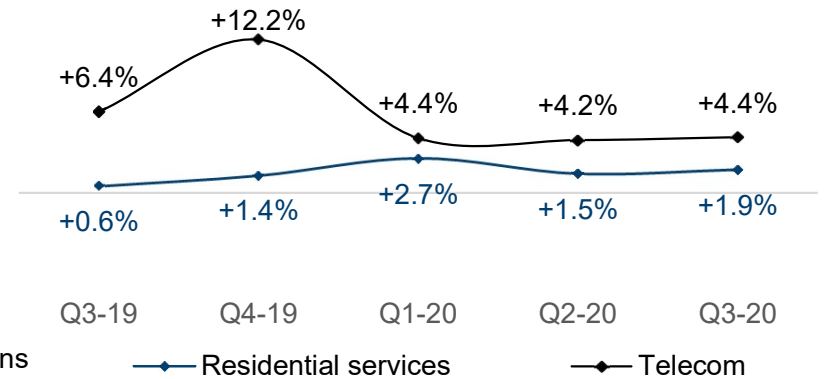
## Residential service revenue growth



### Components of Q3 2020 revenue trends YoY

- Telecom ex equipment and roaming: +4.4%
- Residential services: +1.9%
- Business services: +9.2%
- Equipment sales: +1.0%
- Media: +8.2%

### Revenue ex equipment and roaming growth evolution YoY



■ Residential services ■ Business services ■ Equipment sales ■ Media ■ Eliminations

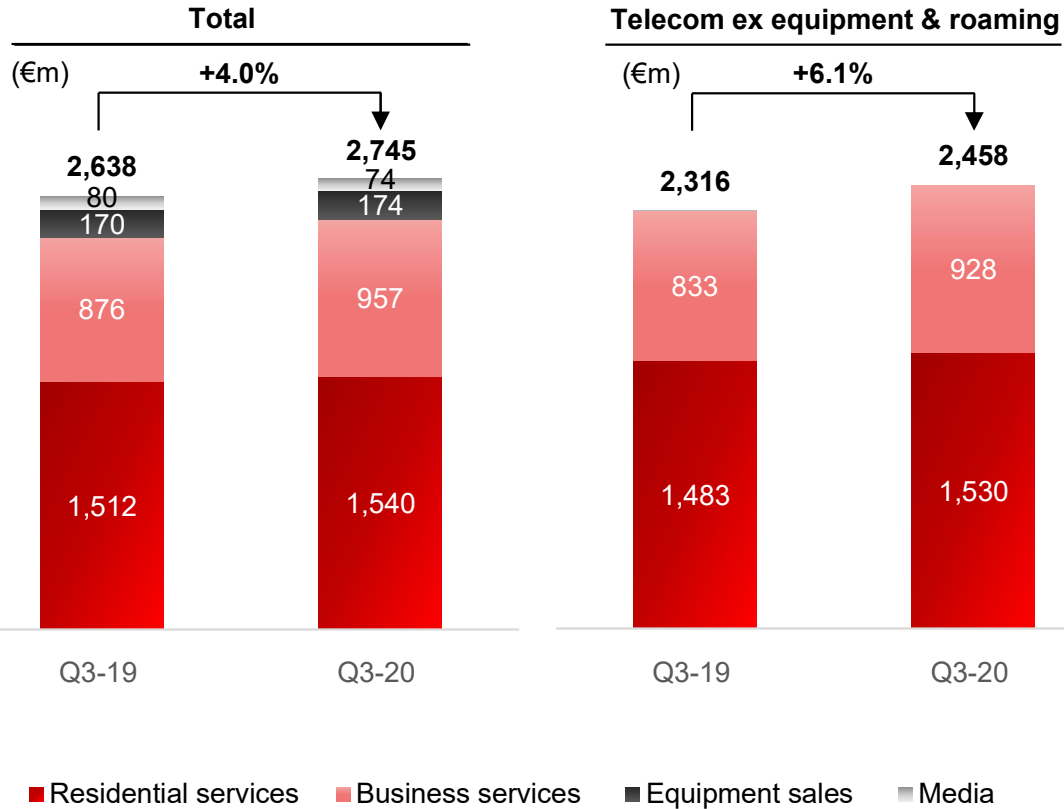
◆ Residential services

◆ Telecom

For footnotes see slide 22

# Altice France Revenue Trends

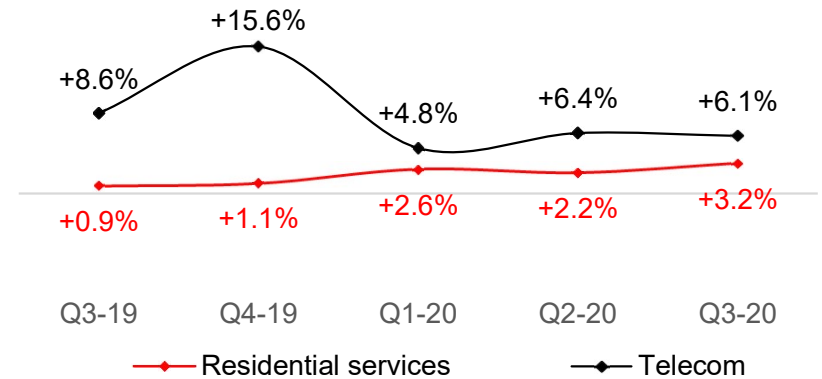
Residential service revenue continues to grow



## Components of Q3 2020 revenue trends YoY

- Telecom ex equipment and roaming: +6.1%
- Residential services: +3.2%
- Business services: +11.4%
- Equipment sales: +2.4%
- Media: -7.6%

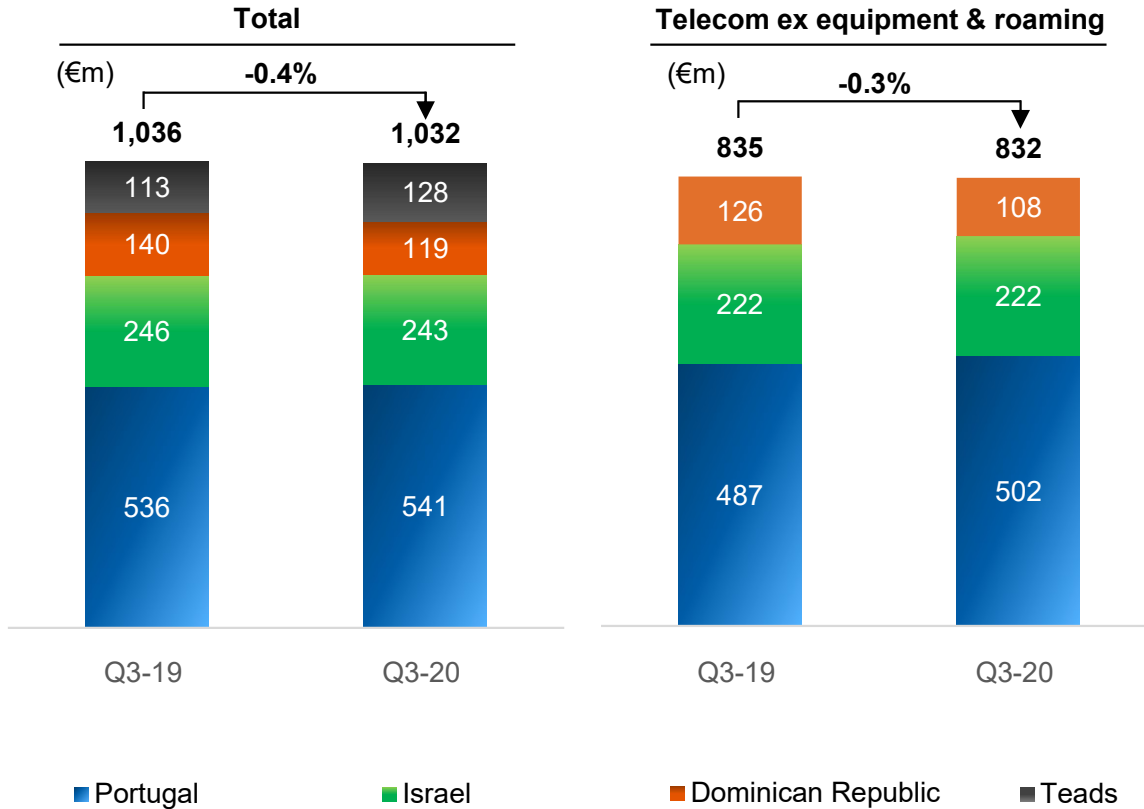
## Revenue ex equipment and roaming growth evolution YoY



For footnotes see slide 22

# Altice International Revenue Trends

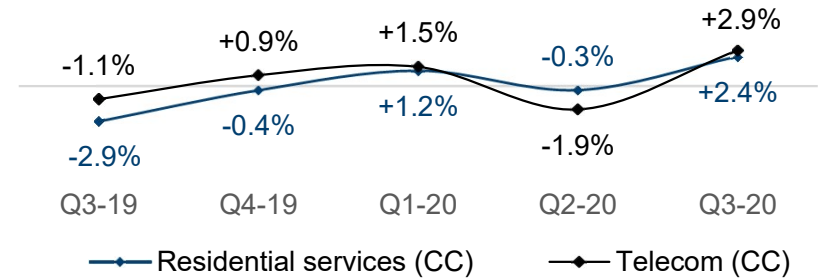
Negative FX impact, growth in constant currency



## Components of Q3 2020 revenue trends YoY

- Telecom ex equipment and roaming: -0.3% (CC +2.9%)
  - Portugal: +3.1%
  - Israel: +0.2% (CC +2.2%)
  - Dominican Republic: -14.2% (CC +3.6%)
- Teads: +12.7% (CC +15.3%)

## Revenue ex equipment and roaming growth evolution YoY



For footnotes see slide 22

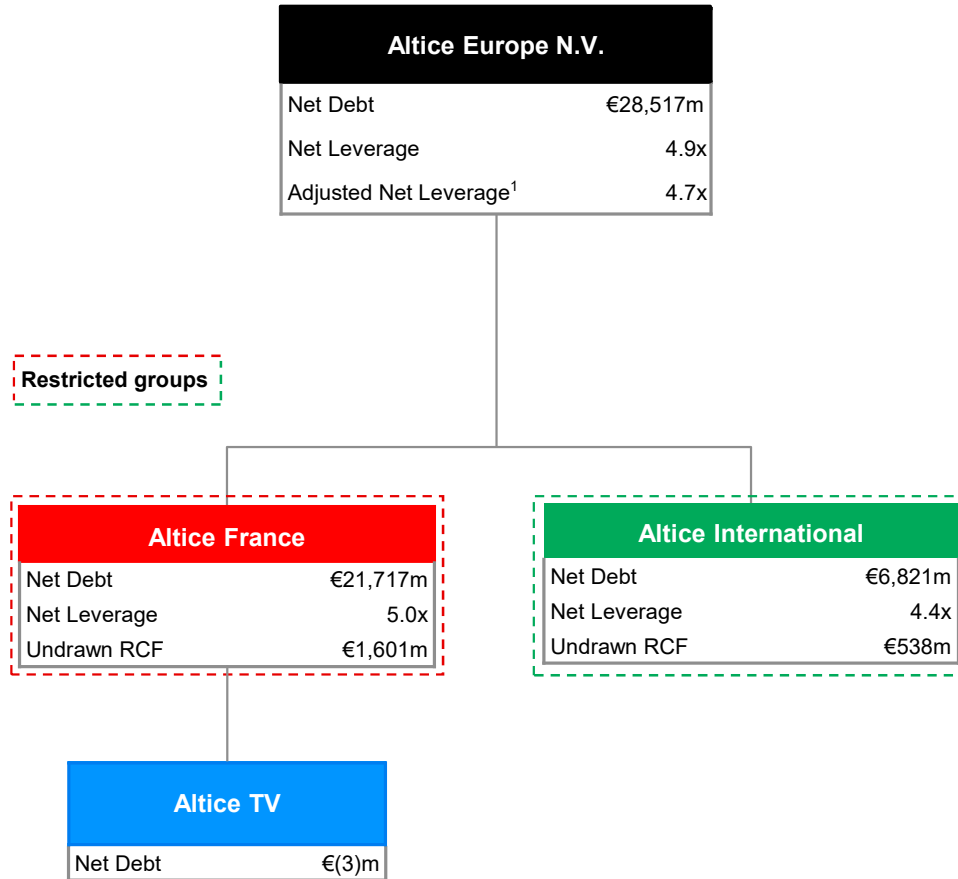


# Altice Europe Financials

€m	Q3-19	Q3-20	Growth YoY Reported	Growth YoY Constant FX
France	2,638	2,745	+4.0%	+4.0%
Altice International	1,036	1,032	-0.4%	+2.7%
Altice TV	58	70	+21.0%	+21.0%
Corporate and Other, Eliminations	-74	-72	-	-
<b>Total Revenue</b>	<b>3,658</b>	<b>3,774</b>	<b>+3.2%</b>	<b>+4.1%</b>
<i>Telecom Revenue</i>	<i>3,481</i>	<i>3,575</i>	<i>+2.7%</i>	<i>+3.5%</i>
France	1,054	1,084	+2.8%	+2.8%
Altice International	396	396	+0.0%	+3.6%
Altice TV	-31	7	-	-
Corporate and Other, Eliminations	-9	-5	-	-
<b>Total EBITDA</b>	<b>1,409</b>	<b>1,482</b>	<b>+5.1%</b>	<b>+6.1%</b>
<i>Telecom EBITDA</i>	<i>1,418</i>	<i>1,426</i>	<i>+0.7%</i>	<i>+1.7%</i>
France	525	476	-9.3%	-9.3%
Altice International	200	189	-5.7%	-2.9%
Altice TV	-31	4	-	-
Corporate and Other, Eliminations	-7	-5	-	-
<b>Total OpFCF</b>	<b>687</b>	<b>663</b>	<b>-3.5%</b>	<b>-2.6%</b>
<i>Telecom OpFCF</i>	<i>711</i>	<i>621</i>	<i>-12.5%</i>	<i>-11.4%</i>

For footnotes see slide 22

# Pro Forma Capital Structure

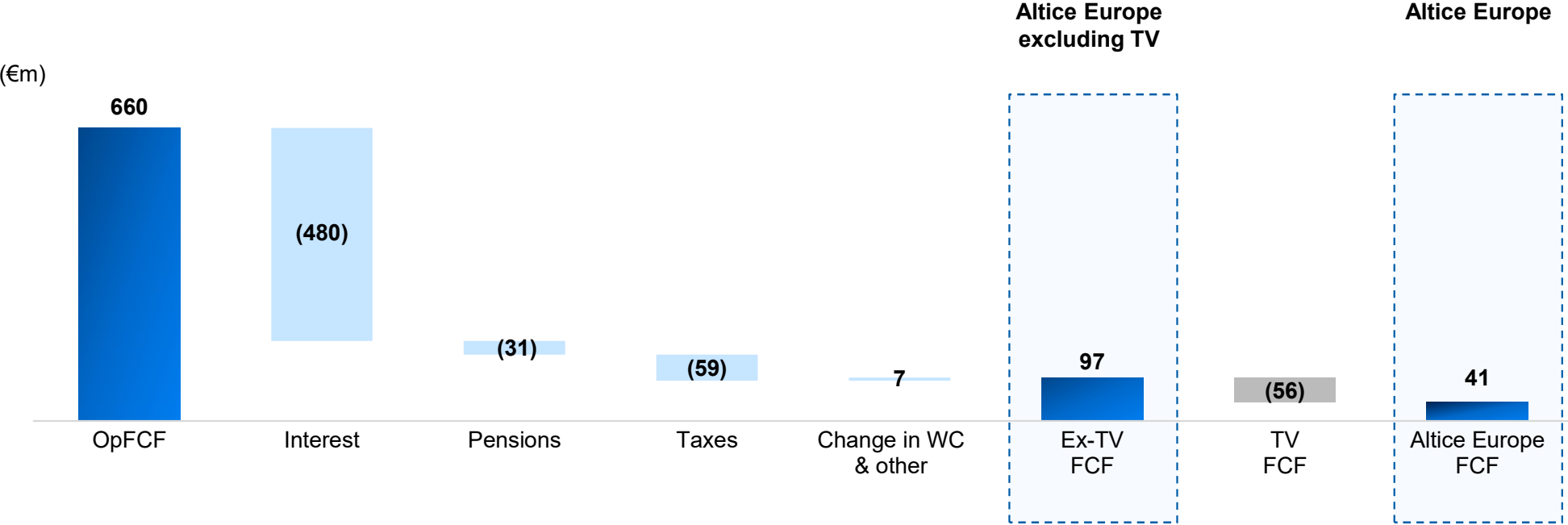


- ✓ Capital structure further simplified and direct access to free cash flow
- ✓ No significant debt maturities until 2025, WAL of 6.0 years
- ✓ Significant liquidity of €3.5 billion<sup>2</sup>
- ✓ Reduced WACD from 5.0% to 4.5% since year-end 2019
- ✓ 89% of debt at fixed interest rate
- ✓ Additional opportunities to further decrease interest costs

1. Adjusted net leverage on a like for like basis with Telecom Perimeter net leverage as presented at Q2 2020 results (Group net debt excluding €1,059 million of the Altice Corporate Financing facility repaid on September 21, 2020, cash excluding €21 million at Altice Europe and other subsidiaries outside debt silos and L2QA EBITDA excluding -€8 million at TV, Corporate and Other)  
 2. Pro forma for the the €375 million earn-out to be received in December 2021 (not including the €375 million earn-out to be received in December 2026) related to the sale of 49.99% of Fastfiber  
 For additional footnotes see slide 22



# Q3 2020 Free Cash Flow



**Altice Europe mid-term full-year organic FCF target<sup>1</sup>: > €1 billion**

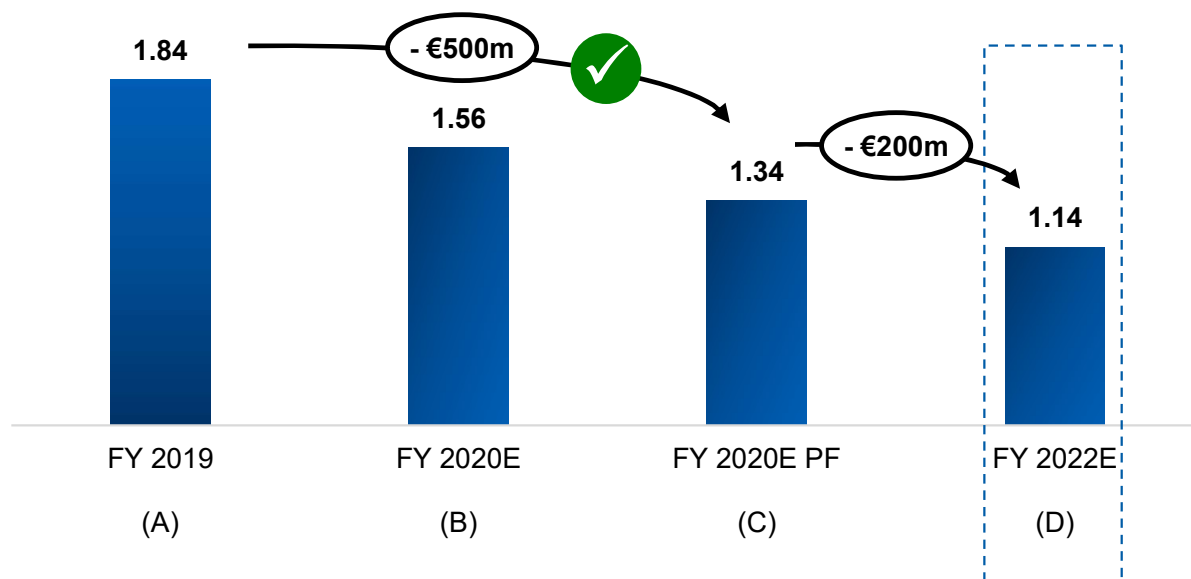
1. Excluding spectrum and significant litigation



# Update on Cash Interest Savings Program

## Altice Europe interest cost evolution

(€bn)



## Components of lower interest costs

- **FY 2019 (A)**
  - Accrued interest starting point for FY 2019
- **FY 2020E (B)**
  - Cash interest expected for FY 2020
- **FY 2020E Pro Forma (C)**
  - €422m savings locked in from refinancing activity in 2019 and significant refinancing and swaps restructuring in January 2020
  - €48m savings locked in from ACF extension in May 2020
  - €33m savings locked in from refinancing in September 2020
- **FY 2022E (D)**
  - Target to achieve overall €700m interest savings

For footnotes see slide 22

# Outlook Update

<b>FY 2020 Revenue</b>	<b>Accelerate residential service revenue growth in our key geographies</b> <i>(+1.2% year to date)</i> <b>Grow Group revenue</b> <i>(+1.8% year to date)</i>	<b>The Group continues to assess the COVID-19 pandemic carefully, especially the impacts on roaming and advertising as well as the gradual economic recovery</b>
<b>FY 2020 EBITDA</b>	<b>Grow Group EBITDA</b> <i>(+2.1% year to date)</i>	
<b>Leverage</b>	<b>Further delever (Group target leverage of 4.0x to 4.5x net debt to EBITDA)</b>	

# Q&A

# Appendix

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# Detailed Financials

€m	Q3-19	Q3-20	Growth YoY Reported	Growth YoY Constant FX
France	2,639	2,745	+4.0%	+4.0%
Portugal	536	541	+0.9%	+0.9%
Israel	245	243	-0.9%	+0.9%
Dominican Republic	140	119	-15.0%	+2.5%
Teads	113	128	+12.7%	+15.3%
Altice TV	58	70	+21.0%	+21.0%
Corporate and Other, Eliminations	-74	-72		
<b>Total Revenue</b>	<b>3,658</b>	<b>3,774</b>	<b>+3.2%</b>	<b>+4.1%</b>
France	1,054	1,084	+2.8%	+2.8%
Portugal	216	217	+0.5%	+0.5%
Israel	93	81	-12.9%	-10.7%
Dominican Republic	70	58	-18.2%	-1.1%
Teads	17	41	+143.5%	+142.0%
Altice TV	-31	7		
Corporate and Other, Eliminations	-9	-5		
<b>Total EBITDA</b>	<b>1,409</b>	<b>1,482</b>	<b>+5.1%</b>	<b>+6.1%</b>
France	525	476	-9.3%	-9.3%
Portugal	117	97	-17.1%	-17.1%
Israel	31	15	-51.6%	-48.7%
Dominican Republic	38	38	-0.1%	+19.0%
Teads	15	39	+168.5%	+167.0%
Altice TV	-31	4		
Corporate and Other, Eliminations	-7	-5		
<b>Total OpFCF</b>	<b>687</b>	<b>663</b>	<b>-3.5%</b>	<b>-2.6%</b>

For footnotes see slide 22

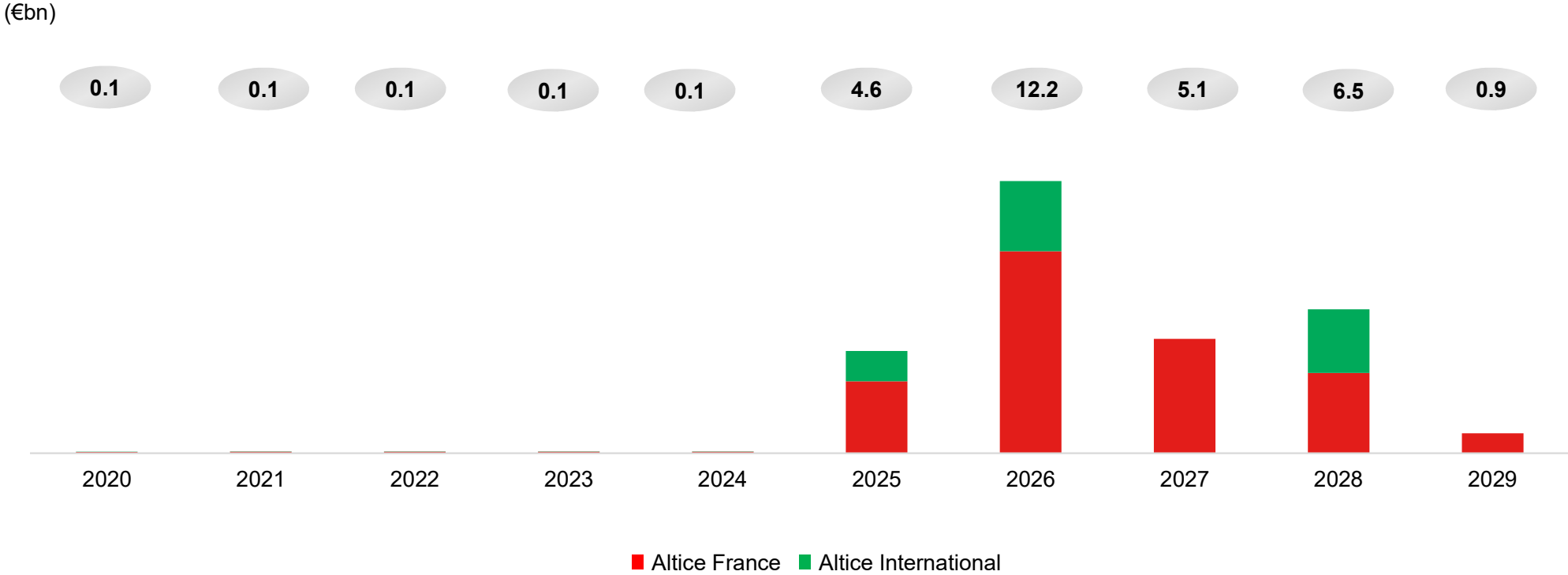


# Non-GAAP Reconciliation to Unaudited GAAP Measures

€m	For the nine months ended September 30, 2020 (unaudited)
<b>Revenue</b>	<b>10,930.6</b>
Purchasing and subcontracting costs	-2,903.1
Other operating expenses	-1,976.7
Staff costs and employee benefits	-1,103.7
<b>Total</b>	<b>4,947.1</b>
Share-based expense	-20.3
Rental expense operating lease	-694.9
<b>Adjusted EBITDA</b>	<b>4,231.9</b>
Depreciation, amortisation and impairment	-3,722.5
Share-based expense	20.3
Other expenses and income	-113.1
Rental expense operating lease	694.9
<b>Operating profit/(loss)</b>	<b>1,131.3</b>
<b>Capital expenditure (accrued)</b>	<b>2,203.7</b>
Capital expenditure - working capital items	271.3
<b>Payments to acquire tangible and intangible assets</b>	<b>2,475.0</b>
<b>Operating free cash flow (OpFCF)</b>	<b>2,028.2</b>

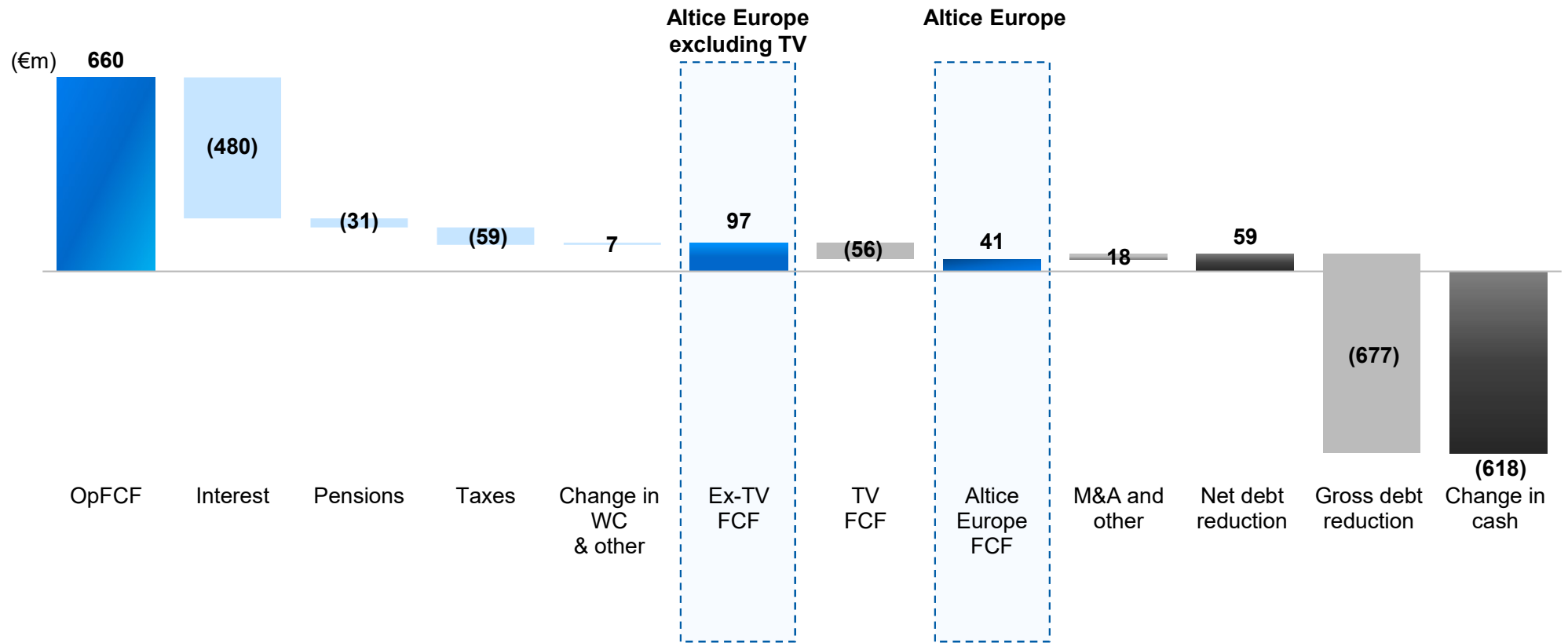
For footnotes see slide 22

# Altice Europe Debt Maturity Profile<sup>1</sup>



1. Maturity profile excluding leases/other debt (c. €128 million)

# Q3 2020 Free Cash Flow



# Pro Forma Net Debt Reconciliation as of September 30, 2020

€m	Actual	Pro Forma
<b>Altice Europe Reconciliation to Swap Adjusted Debt</b>		
<b>Total Debenture and Loans from Financial Institutions</b>	<b>29,184</b>	<b>29,184</b>
Value of debenture and loans from financial Institutions in foreign currency converted at closing FX rate	-40,410	-40,410
Value of debenture and loans from financial institutions in foreign currency converted at hedged rate	40,653	40,653
Transaction costs	253	253
<b>Total Swap Adjusted Value of Debenture and Loans from Financial Institutions</b>	<b>29,679</b>	<b>29,679</b>
Commercial Paper	40	40
Overdraft	8	8
Other debt and leases	120	120
<b>Gross Debt Consolidated</b>	<b>29,847</b>	<b>29,847</b>

Altice Europe (Actual)	Altice France	Altice International	AENV & Other	Altice Europe Consolidated
<b>Gross Debt Consolidated</b>	<b>22,385</b>	<b>7,463</b>	-	<b>29,847</b>
Cash	-668	-267	-21	-955
<b>Net Debt Consolidated</b>	<b>21,717</b>	<b>7,196</b>	-21	<b>28,892</b>

Altice Europe (Pro Forma)	Altice France	Altice International	AENV & Other	Altice Europe Consolidated
<b>Gross Debt Consolidated</b>	<b>22,385</b>	<b>7,463</b>	-	<b>29,847</b>
Cash	-668	-642	-21	-1,330
<b>Net Debt Consolidated</b>	<b>21,717</b>	<b>6,821</b>	-21	<b>28,517</b>

For footnotes see slide 22

# Pro Forma Net Leverage Reconciliation as of September 30, 2020

€m	Altice France	Altice International	AENV & Others	Intra-Group Eliminations	Altice Europe Consolidated
<b>Altice Europe (Pro Forma)</b>					
<b>Gross Debt Consolidated</b>	<b>22,385</b>	<b>7,463</b>	-	-	<b>29,847</b>
Cash	-668	-642	-21	-	-1,330
<b>Net Debt Consolidated</b>	<b>21,717</b>	<b>6,821</b>	<b>-21</b>	-	<b>28,517</b>
LTM Standalone	4,242	1,546	-103	-	5,685
Eliminations	-	-1	-	-4	-5
Corporate Costs	-	-2	2	-	-
<b>LTM EBITDA Consolidated</b>	<b>4,242</b>	<b>1,543</b>	<b>-101</b>	<b>-4</b>	<b>5,680</b>
Pro Forma L'Express / Libération	8	-	-	-	8
<b>LTM EBITDA Consolidated Pro Forma</b>	<b>4,249</b>	<b>1,543</b>	<b>-101</b>	<b>-4</b>	<b>5,688</b>
Gross Leverage (LTM EBITDA)	5.3x	4.8x			5.2x
Net Leverage (LTM EBITDA)	5.1x	4.4x			5.0x
<b>L2QA EBITDA Consolidated Pro Forma</b>	<b>4,302</b>	<b>1,548</b>	<b>-6</b>	<b>-2</b>	<b>5,841</b>
Gross Leverage (L2QA EBITDA)	5.2x	4.8x			5.1x
Net Leverage (L2QA EBITDA)	5.0x	4.4x			4.9x

For footnotes see slide 22

# Additional Footnotes

Telecom revenue excludes eliminations	Pages 3, 6
Debt repaid since April 2020 consists of the full repayment of the Altice Corporate facility (€668 million on May 19, 2020 and €1,060m on September 21, 2020), the repayment of the Altice Finco S.A. \$385m 7.625%, 2025 notes on July 22, 2020 (€342m of principal and €13m of call premium) and partial repayment of the \$2,750m 7.500%, 2026 Senior Secured Notes at Altice International (€244 million). It also includes the issuance of €900 million 8.25-year Senior Secured Notes at Altice France for the partial repayment of the ACF.	Page 3
€3.5 billion liquidity includes €2.1 billion of undrawn revolvers and €1.3 billion of cash. The €1.3 billion of cash is including the €375 million earn-out to be received in December 2021 (not including the €375 million earn-out to be received in December 2026) and excludes funding of the Covage acquisition expected in Q4 2020 and any associated construction-related EBITDA	Pages 3, 10
Financials are shown on a pro forma standalone reporting basis and Group figures are shown on a pro forma consolidated basis and are shown under IFRS 15 accounting standard. Financials exclude press magazine Groupe L'Express (following disposal on July 30, 2019) and daily newspaper Libération (following disposal on September 3, 2020) from 1/1/19	Pages 6, 7, 8, 9, 16
Equipment sales refers to residential equipment sales only	Pages 6, 7, 8
Teads gross revenue is presented before discounts (net revenue after discounts is recognised in the consolidated financial statements)	Pages 8, 16
Leverage is shown on an L2QA basis Group net debt is pro forma for the €375 million earn-out in December 2021 related to the sale of 49.99% of Fastfiber and includes €21 million of cash at Altice Europe and other subsidiaries outside debt silos Altice Europe net debt excludes operating lease liabilities recognized under IFRS 16 Altice France net debt includes €4.3 billion equivalent of Senior Notes issued at Altice France Holding Altice France RCF is undrawn, Altice France Ivory OpCo RCF is undrawn, Altice France Holding RCF is undrawn, Altice International RCF is undrawn	Pages 10, 21
Includes interest savings pro forma for debt reduction expected to be made with proceeds from recent disposals and cash available on balance sheet	Page 12
The difference in consolidated revenue as reported for Altice Europe in the Non-GAAP Reconciliation to GAAP measures as of September 30, 2020 year to date and the Pro Forma Financial Information for Altice Europe as disclosed in this presentation is mainly due to Teads gross revenue which are presented before discounts in this presentation (net revenue after discounts are recognised in the financial statements)	Page 17
The €1.3 billion of cash is including the €375 million earn-out to be received in December 2021 (not including the €375 million earn-out to be received in December 2026) and excludes funding of the Covage acquisition expected in Q4 2020 and any associated construction-related EBITDA	Pages 20, 21