

# **Altice International Q1 2023 results**

**May 10, 2023**



# 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 profit before depreciation, amortization and impairment, other expenses and income (capital gains, non-recurring litigation, restructuring costs), 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 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*. All references to EBITDA in this presentation are to Adjusted EBITDA, as defined in this paragraph.

Capital expenditure (Capex), while measured in accordance with IFRS principles, is not a term that is defined in IFRS. However, management believes it is an important indicator 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 Altice International. 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.

Net financial debt is a non-GAAP measure which is useful to the readers of this presentation as they provide meaningful information regarding the financial position of the Group and its ability to pay its financial debt obligations compared to its liquid assets.

# Q1 2023 Summary

Revenue growth across all telecoms supporting total revenue, EBITDA and OpFCF growth in Q1 2023:

- Total revenue grew by +7.5% YoY on a reported basis (+8.0% constant currency)
- Total EBITDA grew by +6.4% YoY on a reported basis (+6.6% constant currency)
- Total OpFCF grew by +3.9% YoY on a reported basis (+3.2% constant currency)

€0.55 billion liquidity, no debt maturity before 2025 and 79% of debt at fixed interest rate

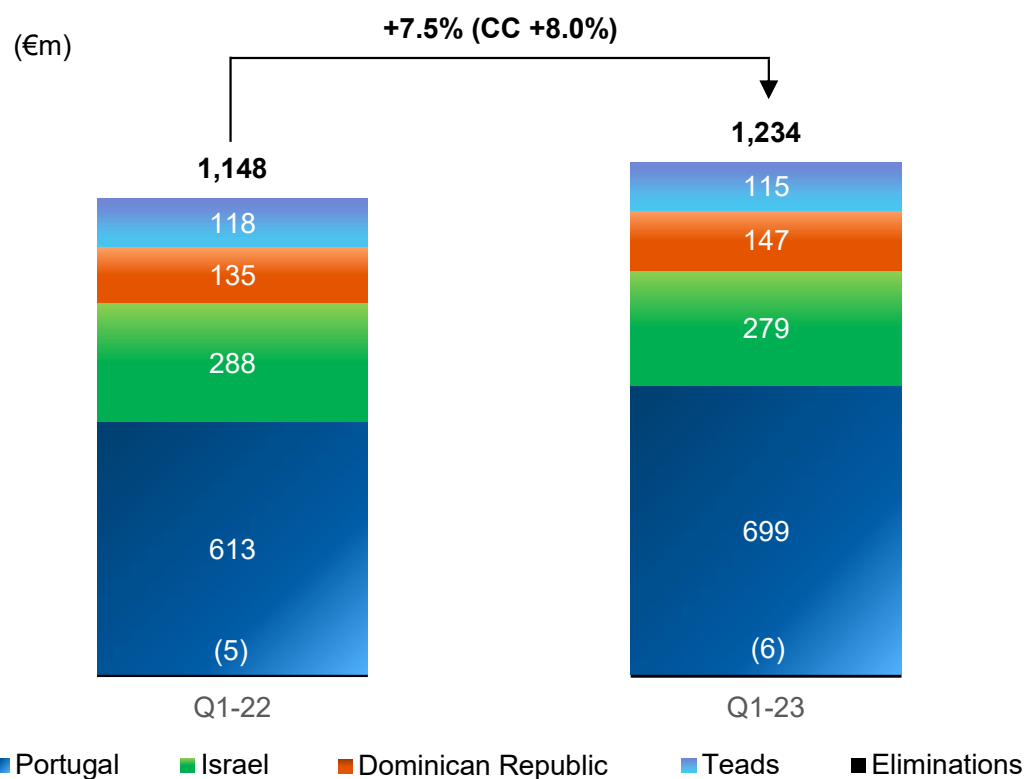
Net leverage of 4.6x on an L2QA basis at the end of Q1 2023

Guidance reiterated:

- FY 2023: revenue, EBITDA and OpFCF growth YoY
- Mid-term: absolute OpFCF in excess of €1 billion, underpinned mainly by EBITDA growth
- Target leverage of 4.0x to 4.5x net debt to EBITDA

For footnotes see slide 14

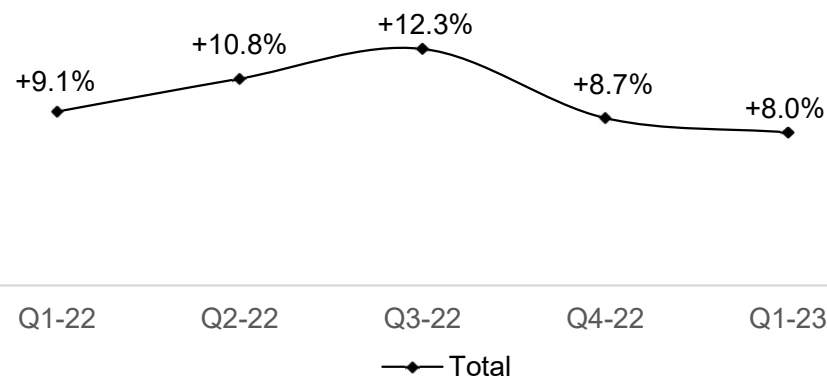
# Altice International Revenue Trends



## Q1 2023 revenue trends YoY

- Total: +7.5% (CC +8.0%)
  - Portugal: +14.2%
  - Israel: -2.9% (CC +2.6%)
  - Dominican Republic: +8.3% (CC +2.6%)
  - Teads: -2.1% (CC -4.2%)

## Revenue growth evolution YoY (CC)



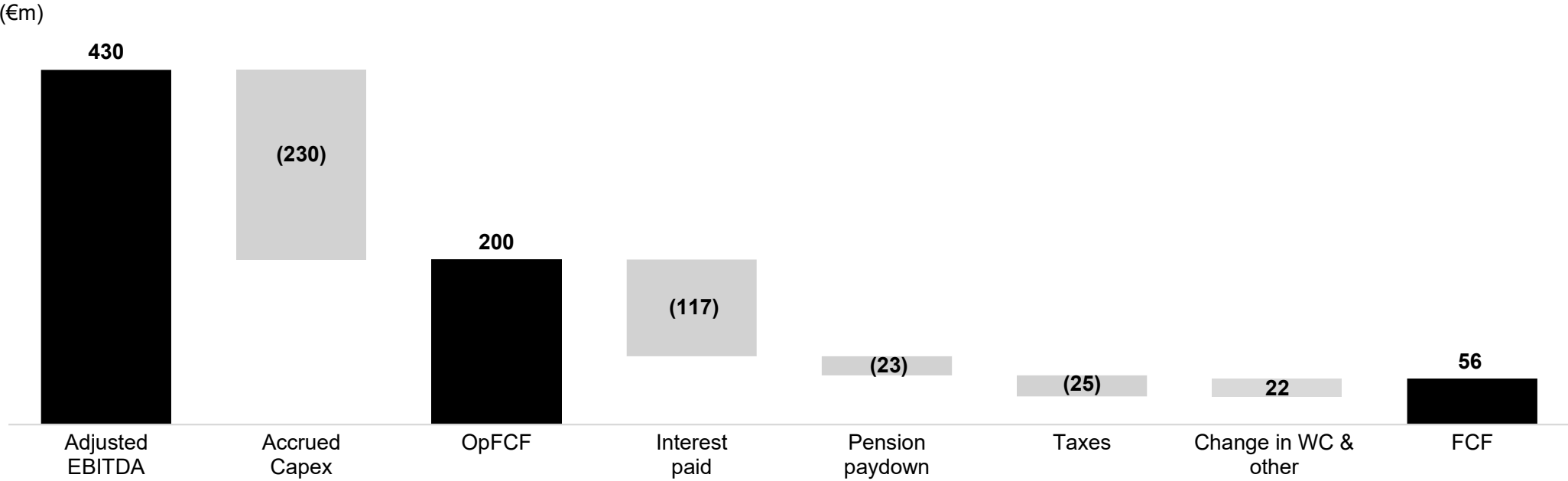
For footnotes see slide 14

# Altice International Financials

€m	Q1-22	Q1-23	Growth YoY Reported	Growth YoY Constant FX
Portugal	613	699	+14.2%	+14.2%
Israel	288	279	-2.9%	+2.6%
Dominican Republic	135	147	+8.3%	+2.6%
Teads	118	115	-2.1%	-4.2%
Eliminations & other	-5	-6	-	-
<b>Revenue</b>	<b>1,148</b>	<b>1,234</b>	<b>+7.5%</b>	<b>+8.0%</b>
Portugal	222	245	+10.5%	+10.5%
Israel	94	93	-1.8%	+3.8%
Dominican Republic	71	78	+10.6%	+4.8%
Teads	19	16	-15.0%	-14.6%
Eliminations & other	-2	-2	-	-
<b>Adjusted EBITDA</b>	<b>405</b>	<b>430</b>	<b>+6.4%</b>	<b>+6.6%</b>
Portugal	103	111	+7.7%	+7.7%
Israel	81	81	+0.5%	+6.2%
Dominican Republic	28	37	+31.2%	+24.3%
Teads	3	3	-	-
Eliminations & other	-2	-2	-	-
<b>Accrued Capex</b>	<b>212</b>	<b>230</b>	<b>+8.6%</b>	<b>+9.8%</b>
Portugal	119	134	+12.9%	+12.9%
Israel	13	11	-15.6%	-10.8%
Dominican Republic	43	41	-2.8%	-7.9%
Teads	17	13	-21.1%	-20.4%
Eliminations & other	1	-0	-	-
<b>Total OpFCF</b>	<b>193</b>	<b>200</b>	<b>+3.9%</b>	<b>+3.2%</b>

For footnotes see slide 14

# Q1 2023 Free Cash Flow



For footnotes see slide 14

# Capital Structure and Debt Maturity

## Restricted Group

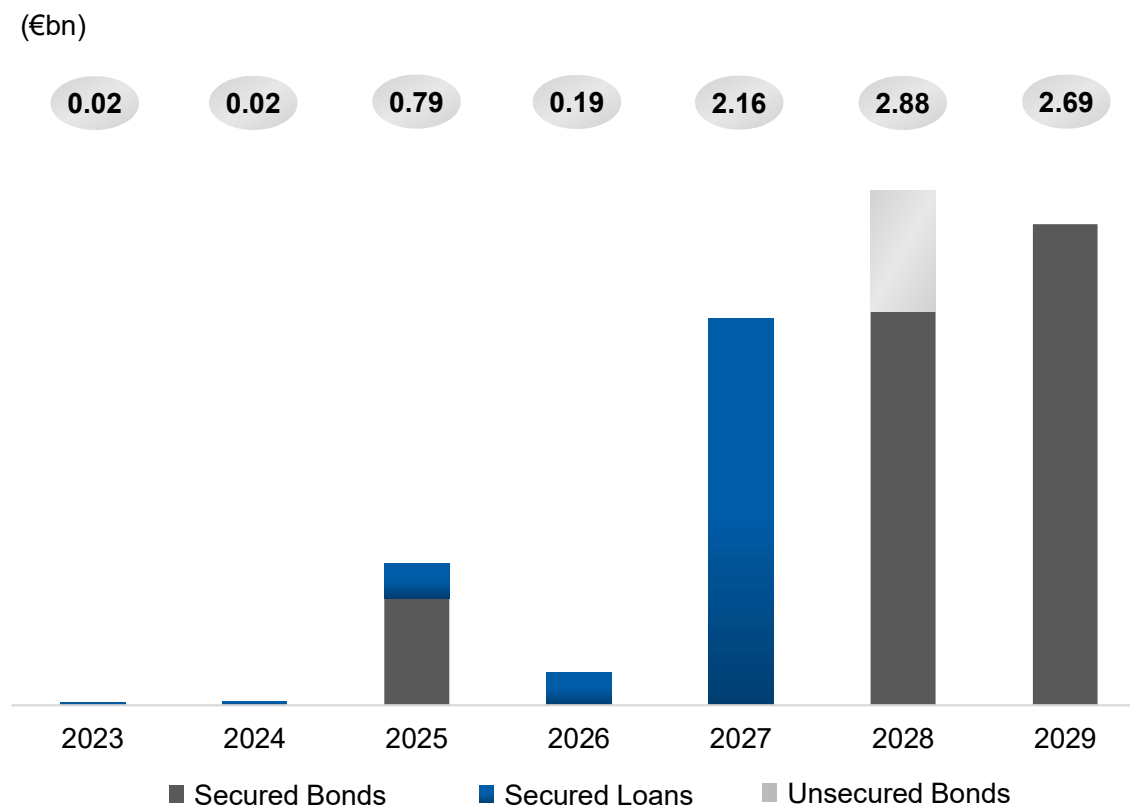
Net debt	€8,523m
WAL	4.9 years
WACD	5.1%
Fixed interest	79%
Net leverage	4.6x
Liquidity	€0.55bn

## Unsecured

Net debt	€675m
WAL	4.8 years
WACD	4.8%

## Secured

Net debt	€7,848m
WAL	4.9 years
WACD	5.1%



Altice International continues to evaluate alternatives and monitor the bond and loan markets to opportunistically refinance its outstanding indebtedness  
For footnotes see slide 14

# Guidance

**FY 2023**

**Revenue, EBITDA and OpFCF growth YoY**

**Mid-term**

**Mid-term: absolute OpFCF in excess of €1 billion**

*Underpinned by EBITDA growth, supporting significant expansion in Free Cash Flow*

**Target leverage of 4.0 to 4.5x net debt to EBITDA**

For footnotes see slide 14

# Q&A

# Appendix

# Reconciliation to Swap Adjusted Debt as of March 31, 2023

€m	Actual
<b>Total Debenture and Loans from Financial Institutions</b>	<b>8,674</b>
Value of debenture and loans from financial Institutions in foreign currency converted at closing FX rate	-6,629
Value of debenture and loans from financial institutions in foreign currency converted at hedged rate	6,703
Transaction costs	74
<b>Total Swap Adjusted Value of Debenture and Loans from Financial Institutions</b>	<b>8,822</b>
Finance lease liabilities and other debt	35
<b>Gross Debt Consolidated</b>	<b>8,857</b>
Cash	-334
<b>Net Debt Consolidated</b>	<b>8,523</b>

For footnotes see slide 14

# Leverage Reconciliation

€m	Actual
<b>Gross Debt Consolidated</b>	<b>8,857</b>
Cash	-334
<b>Net Debt Consolidated</b>	<b>8,523</b>
<b>LTM EBITDA Consolidated</b>	<b>1,816</b>
Net Leverage	4.7x
Net Leverage adjusted for Altice UK investment	4.4x
<b>L2QA EBITDA Consolidated</b>	<b>1,841</b>
Net Leverage	4.6x
Net leverage adjusted for Altice UK investment	4.3x

For footnotes see slide 14

# Non-GAAP Reconciliation to Unaudited GAAP Measures

€m	Q1-23
<b>Revenue - Financial Statements</b>	<b>1,234</b>
Purchasing and subcontracting costs	-333
Other operating expenses	-245
Staff costs and employee benefits	-184
<b>Total</b>	<b>472</b>
Rental expense operating lease	-41
<b>Adjusted EBITDA - Financial Statements &amp; Investor Presentation</b>	<b>430</b>
Depreciation, amortisation and impairment	-282
Other expenses and income	-2
Rental expense operating lease	41
<b>Operating profit/(loss)</b>	<b>188</b>
<b>Capital expenditure (accrued) - Financial Statements</b>	<b>283</b>
IRU (Israel)	-53
<b>Capital expenditure (accrued) - Investor Presentation</b>	<b>230</b>
<b>Operating free cash flow (OpFCF) - Investor Presentation</b>	<b>200</b>

# Footnotes

€0.55 billion liquidity includes €0.22 billion of undrawn revolvers and €0.33 billion of cash. Total cash of €334 million includes restricted cash for an amount of €44 million	Slides 3, 7
Accrued Capex for Israel excludes accruals related to the acquisition of an additional tranche of the indefeasible right of use ("IRU") signed with IBC for an amount of €53 million	Slides 3, 5, 6, 13
Net debt excludes operating lease liabilities recognized under IFRS 16	Slides 3, 7, 11, 12
FCF excludes spectrum and significant litigation paid and received	Slide 6
Maturity profile and gross debt as shown exclude other debt and leases of €35 million and are shown unswapped	Slide 7
Net leverage adjusted for the Altice UK investment as presented is calculated by reducing net debt as shown by the amount of the Q4 2021 Altice International investment in Altice UK (through granting a loan of €581 million)	Slide 12