Altice International S.à r.l

Condensed Interim Consolidated Financial Statements

As of and for the nine month period ended September 30, 2017

Table of Contents

Condensed Consolidated Statement of Income (€m)	**Notes**	**Nine months ended September 30, 2017**	**Nine months ended September 30, 2016 (revised*)**
Revenues	4	**3,979.5**	**3,330.6**
Purchasing and subcontracting costs	4	(1,070.6)	(750.6)
Other operating expenses	4	(734.2)	(664.0)
Staff costs and employee benefits	4	(512.7)	(350.2)
Depreciation, amortization and impairment	4	(1,063.4)	(1,085.3)
Other expenses and income	4	(41.6)	(55.2)
Operating profit	4	**557.0**	**425.3**
Interest relative to gross financial debt		(591.9)	(487.4)
Other financial expenses		(44.4)	(30.8)
Finance income		32.8	89.3
Net result on extinguishment of a financial liability	8	(36.2)	(88.0)
Finance costs, net		**(639.7)**	**(516.9)**
Net result on disposal of business		-	112.6
Share of earnings of associates		4.9	1.3
(Loss)/profit before income tax		**(77.8)**	**22.3**
Income tax benefit	10	(30.9)	(33.6)
Loss for the period		**(108.7)**	**(11.3)**
Attributable to equity holders of the parent		(120.6)	1.2
Attributable to non-controlling interests		11.9	(12.5)

Condensed Consolidated Statement of Other Comprehensive Income (€m)	**Notes**	**Nine months ended September 30, 2017**	**Nine months ended September 30, 2016 (revised*)**
Loss for the period		**(108.7)**	**(11.3)**
Other comprehensive income/(loss)			
Exchange differences on translating foreign operations		21.6	11.0
Revaluation of available for sale financial assets, net of taxes		0.5	0.2
Gain/(loss) on cash flow hedge, net of taxes	8.3.1	47.5	(49.4)
Actuarial gain/(loss), net of taxes		11.9	(35.5)
Total other comprehensive income/(loss)		**81.5**	**(73.6)**
Total comprehensive loss for the period		**(27.2)**	**(84.9)**
Attributable to equity holders of the parent		(36.9)	(72.8)
Attributable to non-controlling interests		9.7	(12.1)

* Previously published information has been revised for the impact of the purchase price allocations of Group entities acquired during the 2016 financial year. For the details of the revision see note 16.

The accompanying notes on pages 7 to 25 form an integral part of these condensed interim consolidated financial statements.

Condensed Consolidated Statement of Financial Position (€m)	**Notes**	**As of September 30, 2017**	**As of December 31, 2016**
Non-current assets			
Goodwill	5	3,803.2	3,642.3
Intangible assets	5	2,608.7	2,927.6
Property, plant & equipment		3,950.7	4,164.5
Investment in associates	3	31.2	14.1
Financial assets	9	118.4	170.8
Deferred tax assets		133.7	91.8
Other non-current assets	11	254.5	135.4
Total non-current assets		**10,900.4**	**11,146.5**
Current assets			
Inventories		201.4	158.1
Trade and other receivables		1,381.6	1,291.5
Current tax assets		39.9	16.9
Financial assets	9	900.4	571.5
Cash and cash equivalents	6	373.3	266.0
Restricted cash	6	34.0	19.4
Total current assets		**2,930.6**	**2,323.4**
Assets classified as held for sale	*3.1.1*	-	416.7
Total assets		**13,831.0**	**13,886.6**
Issued capital	7.1	309.3	309.3
Additional paid in capital	7.2	207.2	311.6
Other reserves	7.3	536.9	453.2
Accumulated losses		(1,175.8)	(1,072.6)
Equity attributable to owners of the Company		**(122.4)**	**1.5**
Non-controlling interests	3.4	31.9	26.9
Total equity		**(90.5)**	**28.4**
Non-current liabilities			
Long term borrowings, financial liabilities and related hedging instruments	8	7,891.3	8,295.1
Other financial liabilities	8	1,000.5	964.5
Provisions		836.0	945.4
Deferred tax liabilities		93.9	103.4
Other non-current liabilities		97.6	165.4
Total non-current liabilities		**9,919.3**	**10,473.8**
Current liabilities			
Short-term borrowings, financial liabilities	8	1,033.0	351.7
Other financial liabilities	8	531.4	643.9
Trade and other payables		1,761.6	1,831.8
Current tax liabilities		81.5	87.2
Provisions		70.5	82.3
Other current liabilities	3.1.3	524.2	344.6
Total current liabilities		**4,002.2**	**3,341.5**
Liabilities directly associated with assets classified as held for sale	*3.1.1*	-	42.9
Total liabilities		**13,921.5**	**13,858.2**
Total equity and liabilities		**13,831.0**	**13,886.6**

The accompanying notes on pages 7 to 25 form an integral part of these condensed interim consolidated financial statements.

Condensed Consolidated Statement of Changes in Equity	**Number of issued shares ('000)**	**Share capital**	**Additional paid in capital**	**Accumulated losses**	**Currency translation reserve**	**Cash Flow hedge reserve**	**Available for sale**	**Employee Benefits**	**Other reserves**	**Total equity attributable to equity holders of the parent**	**Non-controlling interests**	**Total equity**
Equity at January 1, 2017	**30,925,700**	**309.3**	**311.6**	**(1,072.6)**	**68.4**	**(221.5)**	**2.8**	**(42.8)**	**646.3**	**1.5**	**26.9**	**28.4**
Loss for the period		-	-	(120.6)	-	-	-	-	-	**(120.6)**	11.9	**(108.7)**
Other comprehensive profit/(loss)		-	-	-	23.8	47.5	0.5	11.9	-	**83.7**	(2.2)	**81.5**
Comprehensive profit/(loss)		**-**	**-**	**(120.6)**	**23.8**	**47.5**	**0.5**	**11.9**	**-**	**(36.9)**	**9.7**	**(27.2)**
Share based payments		-	-	21.3	-	-	-	-	-	**21.3**	-	**21.3**
Transactions with non-controlling interests		-	(104.4)	-	-	-	-	-	-	**(104.4)**	7.4	**(97.0)**
Dividends		-	-	-	-	-	-	-	-	**-**	(2.0)	**(2.0)**
Other		-	-	(3.9)	-	-	-	-	-	**(3.9)**	(10.0)	**(13.7)**
Equity at September 30, 2017	**30,925,700**	**309.3**	**207.2**	**(1,175.8)**	**92.2**	**(174.0)**	**3.3**	**(31.0)**	**646.3**	**(122.4)**	**31.9**	**(90.5)**

Condensed Consolidated Statement of Changes in Equity	**Number of issued shares ('000)**	**Share capital**	**Additional paid in capital**	**Accumulated losses**	**Currency translation reserve**	**Cash Flow hedge reserve**	**Available for sale**	**Employee Benefits**	**Other reserves**	**Total equity attributable to equity holders of the parent**	**Non-controlling interests**	**Total equity**
Equity at January 1, 2016 (revised *)	**30,925,700**	**309.3**	**311.6**	**(777.8)**	**47.5**	**(80.7)**	**2.4**	**(6.6)**	**646.3**	**451.8**	**(5.8)**	**446.1**
Loss for the period		-	-	1.2	-	-	-	-	-	**1.2**	(12.5)	**(11.3)**
Other comprehensive profit/(loss)		-	-	-	10.7	(49.4)	0.2	(35.5)	-	**(74.0)**	0.4	**(73.6)**
Comprehensive profit/(loss)		**-**	**-**	**1.2**	**10.7**	**(49.4)**	**0.2**	**(35.5)**	**-**	**(72.8)**	**(12.1)**	**(84.9)**
Share based payments		-	-	-	-	-	-	-	-	-	-	-
Transactions with non-controlling interests		-	-	(19.8)	-	-	-	-	-	**(19.8)**	6.8	**(13.0)**
Other		-	-	(0.6)	-	-	-	-	-	**(0.6)**	1.4	**0.7**
Equity at September 30, 2016	**30,925,700**	**309.3**	**311.6**	**(797.0)**	**58.1**	**(130.2)**	**2.6**	**(42.1)**	**646.3**	**358.6**	**(9.8)**	**348.9**

* Previously published information has been revised for the impact of the purchase price allocations of Group entities acquired during the 2016 financial years. For the details of the revision see note 16.

The accompanying notes on pages 7 to 25 form an integral part of these condensed interim consolidated financial statements.

Condensed Consolidated Statement of Cash Flows (€m)	Notes	Nine months ended September 30, 2017	Nine months ended September 30, 2016 (revised*)
Net (loss) including non-controlling interests		**(108.7)**	**(11.3)**
Adjustments for:			
Depreciation, amortization and impairment		1,063.4	1,085.3
Share in income of associates		(4.9)	(1.3)
Gains and losses on disposals		0.9	(112.6)
Expenses related to share based payment	4	21.3	-
Other non-cash operating (losses)/gains, net[1]		(20.4)	(4.7)
Pension liability payments		(93.5)	(98.8)
Finance costs recognized in the statement of income		639.7	516.9
Income tax credit recognized in the statement of income	10	30.9	33.6
Income tax paid		(60.2)	(45.9)
Changes in working capital		(15.0)	(120.9)
Net cash provided by operating activities		**1,453.4**	**1,240.4**
Payments to acquire tangible and intangible assets	4	(760.5)	(766.6)
Prepayments for content rights	12	(70.5)	(11.4)
Proceeds from disposal of businesses	3	302.8	754.1
Payments to acquires interests in associates	3	(12.3)	(359.8)
Payment to acquire subsidiaries, net	3	(146.0)	18.6
Other investing cash flows (net)		(6.9)	-
Net cash used in investing activities		**(693.4)**	**(365.2)**
Proceeds from issuance of debts	8	1,896.9	3,022.0
Transaction with non-controlling interests		-	(10.8)
Payments to redeem debt instruments	8	(1,538.5)	(3,236.4)
Advances to Altice Luxembourg		(499.1)	(251.8)
Interest paid		(481.9)	(478.6)
Other cash provided by financing activities		(19.5)	22.7
Net cash (used)/generated in financing activities		**(642.0)**	**(932.8)**
Effects of exchange rate changes on the balance of cash held in foreign currencies		(10.6)	(0.7)
Net change in cash and cash equivalents		**107.3**	**(58.3)**
Cash and cash equivalents at beginning of period	6	266.0	266.0
Cash and cash equivalents at end of the period	6	**373.3**	**207.7**

1 Other non-cash operating gains and losses mainly include allowances and writebacks for provisions (including those for restructuring), and gains and losses recorded on the disposal of tangible and intangible assets.

* Previously published information has been revised for the impact of the purchase price allocations of Group entities acquired during the 2016 financial year. For the details of the revision see note 16.

The accompanying notes on pages 7 to 25 form an integral part of these condensed interim consolidated financial statements.

1. About Altice International and the Altice Group

Altice International S.à r.l. (the “Company”, the “Group”) is a private limited liability company (“*société à responsabilitė limitėe*”) 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 Luxembourg S.A., which holds 100% of the share capital, and is itself ultimately controlled by Altice N.V. (“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 N.V. The controlling shareholder of Altice N.V. is Next Alt S.à r.l. (“Next Alt”), which holds 59.93% of the share capital, and is controlled by Mr. Patrick Drahi.

Founded in 2001 by entrepreneur Patrick Drahi, Altice is a convergent global leader in telecom, content, media, entertainment and advertising. Altice delivers innovative, customer-centric products and solutions that connect and unlock the limitless potential of its over 50 million customers over fiber networks and mobile broadband. The Group enables millions of 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 millions of customers to enjoy the most well-known media and entertainment. Altice innovates with technology in its Altice labs across the world. Altice links leading brands to audiences through premium advertising solutions. Altice is also a global provider of enterprise digital solutions to millions of business customers.

2. Accounting policies

2.1. Basis of preparation

These condensed interim consolidated financial statements of the Group as of September 30, 2017 and for the nine month period then ended were approved by the Board of Managers and authorized for issue on November 29, 2017.

These condensed interim consolidated financial statements of the Group as of September 30, 2017 and for the nine 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* as adopted in the European Union. 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, 2016 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 September 30, 2017 do not differ from those applied in the annual consolidated financial statements as of and for the year ended December 31, 2016.

2.1.1. *Standards applicable for the reporting period*

The following standards have mandatory application for periods beginning on or after January 1, 2017 as described in note 1.3 to the annual consolidated financial statements.

- Amendments to IAS 7 Disclosure Initiative. The amendments will require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including non-cash changes and changes arising from cash flows;
- Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12). The amendments clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value; and
- Annual improvements cycle 2014-2016.

These standards and interpretations, other than the annual improvements cycle, were endorsed by the European Union on November 9, 2017. The application of these amendments had no impact on the amounts recognised in the annual consolidated financial statements and had no impact on the disclosures in these condensed interim consolidated financial statements.

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, 2017 and that may impact the amounts reported.

- IFRS 15 *Revenue from Contracts with Customers*, effective on January 1, 2018;
- IFRS 9 *Financial Instruments*, effective on January 1, 2018;
- IFRS 16 *Leases*, effective on January 1, 2019;
- Amendments to IFRS 2: *Classification and Measurement of Share Based Payment Transactions,* applicable on January 2018;
- IFRIC 22: *Foreign Currency Transactions and Advance Consideration*. The interpretation is applicable for annual periods beginning on January 1, 2018 with earlier application permitted;
- Annual improvements cycle 2014-2016, effective on January 1, 2018;
- IFRIC 23: *Uncertainty over Income Tax Treatments*, applicable for annual periods beginning on January 1, 2019.

The effects of implementing the new standards, and amendments to standards, are being analysed by the Group. Details on IFRS 9, IFRS 15 and IFRS 16 are provided below. It is not practicable to provide a reasonable estimate of the quantitative effects until the projects have been completed.

2.1.3. *IFRS 15 Revenue from Contracts with Customers*

In May 2014, the IASB issued IFRS 15 which establishes a single comprehensive 5-step model to account for revenue arising from contracts with customers. IFRS 15 will supersede all current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group has implemented a comprehensive project across all geographies to determine the potential differences with current revenue recognition. The issue identification phase is complete and the implementation plan is in progress. Please refer to the annual consolidated financial statements for more detailed information on the issues identified. The Group decided to adopt the standard based on the full retrospective approach. Although no reliable quantified information is yet available, the Group anticipates that the impact of the standard will not lead to a significant impact on the income statement.

The impacts to revenue will be primarily driven by the mobile business. The allocation of revenue from multiple arrangement contracts, including the handset and the services, will be based on respective standalone selling prices, whereas under IAS 18, handset revenue is capped at the amount paid by the customer. This will lead to the transfer of a portion of revenue from service revenue to equipment revenue and a change in the timing of revenue recognition as handset revenue will be recognized upon delivery of the handset. The aggregated mobile revenue is not expected to be materially impacted. The impact on other revenue is not expected to be material. The retrospective application of the standard is likely to lead to a significant increase in equity (on the opening balance sheet of the comparative year) mainly due to the allocation of bundle contracts in the mobile business and the scope of capitalized reseller commissions being broadened as compared to the current treatment, along with a change in their depreciation pattern.

2.1.3.1. *IFRS 16 Leases*

IFRS 16 Leases issued on January 13, 2016 is the IASB’s replacement of IAS 17 Leases. IFRS 16 specifies how to recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

The Board of Managers of the Company anticipate that the application of IFRS 16 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities, especially given the different operating lease arrangements of the Group. The effects are analysed as part of a Group-wide project for implementing this new standard.

The assessment phase is in progress and it is not yet practicable to provide a reasonable estimate of the quantitative effects until the projects have been completed.

2.1.3.2. *IFRS 9 Financial Instruments*

IFRS 9 Financial Instruments issued on July 24, 2014 is the IASB's replacement of IAS 39 Financial Instruments: Recognition and Measurement. The Standard includes requirements for recognition and measurement, impairment, de-recognition and general hedge accounting. The Board of Managers is assessing the impacts of the application of IFRS 9 on amounts reported in respect of the Group's financial assets and financial liabilities.

2.1.4. *Significant accounting judgments and estimates*

In the application of the Group's accounting policies, the Board of Managers of the Company 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 September 30, 2017, there were no changes in the key areas of judgements and estimates except that the Company has reduced the remaining useful lives of the trade names recognized as intangible assets, following the launch of the new Altice global brand (see note 5.4).

2.1.5. *Revised information*

The comparative information as of September 30, 2016 has been revised to reflect the impact of the finalization of the purchase price allocation of Groupe News Participations S.A.S. (“GNP”), acquired during the year ended December 31, 2016. Please refer to note 16 for the reconciliation to previously published results.

3. Scope of consolidation

The following changes occurred during the nine month period ended September 30, 2017, which impacted the scope of consolidation compared to that presented in the annual consolidated financial statements.

3.1. Acquisitions and disposals during the period

3.1.1. *Disposal of Coditel*

As at December 31, 2016, the Group had entered into an agreement to sell its Belgian and Luxembourg (Belux) telecommunication businesses, and accordingly classified the associated assets and liabilities as a disposal group held for sale in accordance with IFRS 5. On June 19, 2017, the Group completed the sale of Coditel Brabant SPRL and Coditel S.à r.l, to Telenet Group BVBA, a direct subsidiary of Telenet Group Holding N.V.. The Group received €302.8 million, where the purchase price is subject to customary final post-closing price adjustments, and recognised a loss on sale after transactions costs of €0.9 million.

3.1.2. *Acquisition of a stake in SPORT TV*

On February 24, 2017, PT Portugal acquired a 25% stake in the capital of SPORT TV for €12.3 million. SPORT TV is a sports broadcaster based in Portugal. Following this investment, SPORT TV's shareholders are PT Portugal, NOS, Olivedesportos and Vodafone, each of which with a 25% stake. This new structure benefits, above all, PT Portugal's customers and the Portuguese market, guaranteeing all the operators access to the sports content considered essential in fair and non-discriminatory market conditions.

3.1.3. *Acquisition of 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. Teads is the number one online video advertising marketplace in the world with an audience of more than 1.2 billion unique visitors. The acquisition values Teads at an enterprise value of up to €285 million on a cash and debt free basis. The acquisition purchase price is subject to Teads achieving certain revenue targets in 2017. The acquisition purchase price was due 75% at closing, with the remaining 25% earn-out subject to Teads obtaining defined revenue performance in 2017, and if so, becoming payable in 2018.

3.2. Transactions completed in the prior period

3.2.1. *Disposal of Cabovisão and ONI*

The net result on disposal of businesses recognised in the income statement for the nine months to September 30, 2016 of €107.5 million related to the sale of Cabovisão and its subsidiaries to Apax France, which was completed in January 2016. Total consideration received for the disposal amounted to €137.7 million (including purchase price adjustments), of which €63.9 million was for the shares of Cabovisão and its subsidiaries.

3.3. Controlled subsidiaries with material non-controlling interests

Non-controlling interests		**Financial interests held by non-controlling interests**		**Result allocated to non-controlling interests**		**Accumulated non-controlling interests**	
Name of subsidiary	**Place of incorporation**	**September 30, 2017**	**December 31, 2016**	**September 30, 2017**	**December 31, 2016**	**September 30, 2017**	**December 31, 2016**
Altice Technical Services	Luxembourg	49.00%	49.00%	14.4	5.7	51.8	51.0
Others	Various			(2.6)	(17.4)	(19.9)	(24.1)
Total				**11.9**	**(11.7)**	**31.9**	**26.9**

4. Segment reporting

The information provided below is specific information related to the segments included in the consolidation scope of the Group. This information is provided on a voluntary basis and cannot be considered as segment information based on IFRS 8 *Operating Segments*.

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 senior management team. This team 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 senior management team to track the Group's operational and financial performance. The reporting segments presented are consistent with the ones presented in the annual consolidated financial statements. The businesses that the Group owns and operates do not show significant seasonality, except for the mobile B2C and B2B segments, 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:

- **Portugal:** Altice owns Portugal Telecom ("PT Portugal"), the largest telecom operator in Portugal. PT Portugal caters to fixed and mobile B2C, B2B and wholesale clients using the Meo brand.
- **Israel:** Fixed and mobile services are provided using the HOT and HOT Mobile brands to B2C, B2B clients. HOT also produces award winning exclusive content that it distributes using its fixed network.

- **Dominican Republic**: The Group provides fixed and mobile services to B2C, B2B and wholesale clients using the Tricom (cable network) and Orange (under licence) brands.
- **Others**: This segment includes the operations in the French Overseas Territories, Belgium and Luxembourg (until June 2017), Switzerland, as well as the Content, Technical Service and Customer Service business, and all corporate entities. The Board of Managers believes that these operations are not substantial enough to require a separate reporting segment, and so are reported under "Other".

4.2. Financial Key Performance Indicators ("KPIs")

The Board of Managers 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 Managers 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.

The financial KPIs tracked by the Board of Managers 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.

4.2.1.1. *Adjusted EBITDA*

Adjusted EBITDA is defined as operating income before depreciation and amortization, non-recurring items (capital gains, non-recurring litigation, restructuring costs) and equity based compensation 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*.

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: 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*

Additional information on the revenue split is presented as follows:

- Fixed in the business to consumer market (B2C),
- Mobile in the business to consumer market (B2C),
- Wholesale and business to business (B2B) market, and
- Other.

Intersegment revenues represented 6.4% of total revenues for the nine months ended September 30, 2017, compared to 0.1% of total revenues for the nine months ended September 30, 2016 €274.3 million compared to €1.9 million). Intersegment revenues mainly relate to services rendered by certain centralized Group functions (relating to content production, technical services and customer services) to the operational segments of the Group.

4.3. Segment results

4.3.1. *Operating profit by segment*

For the nine months ended September 30, 2017 €m	**Portugal**	**Israel**	**Dominican Republic**	**Others**	**Inter-segment elimination**	**Total**
Revenues	**1,714.7**	**779.2**	**529.2**	**1,230.7**	(274.3)	**3,979.5**
Purchasing and subcontracting costs	(427.6)	(203.1)	(116.3)	(455.1)	131.5	**(1,070.6)**
Other operating expenses	(293.9)	(173.4)	(121.4)	(230.8)	85.3	**(734.2)**
Staff costs and employee benefits	(210.0)	(49.0)	(20.8)	(239.4)	6.5	**(512.7)**
Total	**783.2**	**353.7**	**270.7**	**305.4**	**(51.0)**	**1,662.0**
Stock option expense	-	-	-	21.3	-	**21.3**
Adjusted EBITDA	**783.2**	**353.7**	**270.7**	**326.7**	**(51.0)**	**1,683.2**
Depreciation, amortisation and impairment	(565.0)	(251.3)	(101.0)	(146.0)	-	**(1,063.4)**
Stock option expense	-	-	-	(21.3)	-	**(21.3)**
Other expenses and income	(74.5)	(13.1)	(19.5)	65.5	-	**(41.6)**
Operating profit	**143.7**	**89.3**	**150.2**	**224.8**	**(51.0)**	**557.0**

For the nine months ended September 30, 2016 (revised*) €m	**Portugal**	**Israel**	**Dominican Republic**	**Others**	**Inter-segment elimination**	**Total**
Revenues	**1,731.5**	**707.1**	**528.7**	**365.2**	(1.9)	**3,330.6**
Purchasing and subcontracting costs	(379.1)	(171.6)	(104.5)	(93.4)	(2.0)	**(750.6)**
Other operating expenses	(310.4)	(163.2)	(124.0)	(70.1)	3.7	**(664.0)**
Staff costs and employee benefits	(218.1)	(49.5)	(22.9)	(59.9)	0.1	**(350.2)**
Total	**823.9**	**322.8**	**277.4**	**141.8**	**-**	**1,565.9**
Stock option expense	-	-	-	-	-	-
Adjusted EBITDA	**823.9**	**322.8**	**277.4**	**141.8**	**-**	**1,565.9**
Depreciation, amortisation and impairment	(593.8)	(243.6)	(123.4)	(124.5)	-	**(1,085.3)**
Stock option expense	-	-	-	-	-	-
Other expenses and income	(44.5)	(26.5)	(5.6)	21.3	-	**(55.2)**
Operating profit/(loss)	**185.7**	**52.8**	**148.4**	**38.6**	**-**	**425.3**

* Please refer to note 16 for details about the revised information

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 nine month period ended September 30, 2017 and 2016 are provided in the following table.

Other expenses and income (€m)	**Nine months ended September 30, 2017**	**Nine months ended September 30, 2016**
Stock option expense	21.3	-
Items excluded from adjusted EBITDA	**21.3**	**-**
Restructuring costs	31.3	30.4
Loss on disposals of assets	12.1	(0.8)
Gain on sale of consolidated entities	0.9	-
Management fees	(20.7)	1.2
Deal fees	0.5	-
Other expenses and income (net)	17.4	24.4
Other expenses and income	**41.6**	**55.2**

4.3.2.1. *Stock Option Expense*

Under the Long Term Incentive Plan ("LTIP") and stock option plan ("SOP"), as described in the annual consolidated financial statements, the main changes were new options granted to Next Alt. The stock option expense is recharged to Altice Internationl, and the options granted to Next Alt are a related party transactions (please refer to note 13). During the nine month period ended September 30, 2017, the Group incurred stock option expenses of €21.3 million.

4.3.2.2. *Restructuring costs*

Restructuring costs mainly include costs related to provisions for employee redundancies and contract termination fees at PT-Portugal.

4.3.2.3. *Management fees*

Altice USA incurred management fees of $22.5 million (€20.7 million), due to Altice International, during the nine months ended September 30, 2017.

4.3.3. *Revenues by activity*

For the nine months ended September 30, 2017 €m	**Portugal**	**Israel**	**Dominican Republic**	**Others[1]**	**Total**
Revenue Fixed - B2C	500.1	499.6	82.2	79.0	**1,160.8**
Revenue Mobile - B2C	428.3	176.4	302.0	64.3	**971.1**
B2B and wholesale	674.2	103.2	130.0	29.8	**937.3**
Other revenue	112.0	-	14.9	1,057.6	**1,184.6**
Total standalone revenues	**1,714.7**	**779.2**	**529.2**	**1,230.7**	**4,253.7**
Intersegment eliminations	(21.7)	(0.4)	(1.0)	(251.1)	**(274.3)**
Total consolidated revenues	**1,693.0**	**778.8**	**528.1**	**979.6**	**3,979.5**

For the nine months ended September 30, 2016 €m	**Portugal**	**Israel**	**Dominican Republic**	**Others**	**Total**
Fixed - B2C	515.3	475.5	81.4	103.7	**1,175.9**
Mobile - B2C	435.2	135.1	305.9	61.5	**937.7**
B2B and wholesale	695.2	96.5	124.2	33.1	**949.0**
Other	85.7	-	17.3	166.8	**269.8**
Total standalone revenues	**1,731.5**	**707.1**	**528.7**	**365.2**	**3,332.5**
Intersegment eliminations	(0.6)	-	0.5	(1.7)	**(1.9)**
Total consolidated revenues	**1,730.9**	**707.1**	**529.2**	**363.4**	**3,330.6**

1 Other revenue in the Others segment includes the revenues from transactions with SFR Group (please refer to note 13).

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 nine months ended September 30, 2017 €m	**Portugal**	**Israel**	**Dominican Republic**	**Others**	**Eliminations**	**Total**
Capital expenditure (accrued)	335.0	196.6	78.4	107.6	(54.5)	**663.1**
Capital expenditure - working capital items	13.6	7.9	(7.6)	83.5	-	**97.4**
Payments to acquire tangible and intangible assets	**348.6**	**204.6**	**70.8**	**191.1**	**(54.5)**	**760.5**

For the nine months ended September 30, 2016 €m	**Portugal[1]**	**Israel**	**Dominican Republic**	**Others**	**Eliminations**	**Total**
Capital expenditure (accrued)	317.1	234.6	95.2	529.6	-	**1,176.4**
Capital expenditure - working capital items	(37.5)	(42.6)	-	(329.8)	-	**(409.9)**
Payments to acquire tangible and intangible assets	**279.6**	**192.0**	**95.2**	**199.8**	**-**	**766.6**

1 Includes €44.0m of capitalized exclusive content costs in Portugal for multi-year contracts.

4.3.4.1. *Content rights*

During 2016, the Group secured exclusive content rights to broadcast certain sports (English Premier League Football, French Basketball League and English Rugby Premiership) in France and other territories; the rights are for periods of between three and six years. The content rights were capitalised in accordance IAS 38- *Intangible Assets* and are amortised over their respective useful lives. When extending beyond one year, the nominal cash flows are discounted to their present value on initial recognition of the asset. The total amortization recorded for these sports rights during the nine month period ended September 30, 2017 was €94.2 million (€24.2 million in the nine month period to September 30, 2016).

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 Managers. This measure is used as an indicator of the Group's financial performance as the Board 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 nine months ended September 30, 2017 €m	**Portugal**	**Israel**	**Dominican Republic**	**Others**	**Eliminations**	**Total**
Adjusted EBITDA	783.2	353.7	270.7	326.7	(51.0)	**1,683.2**
Capital expenditure (accrued)	(335.0)	(196.6)	(78.4)	(107.6)	54.5	**(663.1)**
Operating free cash flow (OpFCF)	**448.2**	**157.1**	**192.3**	**219.1**	**3.5**	**1,020.1**

For the nine months ended September 30, 2016 €m	**Portugal**	**Israel**	**Dominican Republic**	**Others**	**Eliminations**	**Total**
Adjusted EBITDA	823.9	322.8	277.4	141.8	-	**1,565.9**
Capital expenditure (accrued)	(317.1)	(234.6)	(95.2)	(529.6)	-	**(1,176.4)**
Operating free cash flow (OpFCF)	**506.9**	**88.2**	**182.2**	**(387.8)**	**-**	**389.4**

5. Goodwill and Intangible 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.

Goodwill (€m)	December 31, 2016	Recognized on business combination	Changes in foreign currency translation	Held for sale	Other	September 30, 2017
Portugal	1,706.2	-	-	-	-	1,706.2
Israel	732.3	-	(21.2)	-	-	711.1
Dominican Republic	891.2	-	(92.3)	-	-	798.9
Others	468.6	257.7	12.3	-	-	738.6
Gross value	**3,798.3**	**257.7**	**(101.2)**	**-**	**-**	**3,954.8**
Portugal	-	-	-	-	-	-
Israel	(151.3)	-	4.4	-	-	(146.9)
Dominican Republic	-	-	-	-	-	-
Others	(4.6)	-	-	-	-	(4.6)
Cumulative impairment	**(155.9)**	**-**	**4.4**	**-**	**-**	**(151.6)**
Portugal	1,706.2	-	-	-	-	1,706.2
Israel	581.0	-	(16.8)	-	-	564.2
Dominican Republic	891.2	-	(92.3)	-	-	798.9
Others	464.0	257.7	12.3	-	-	733.9
Net book value	**3,642.3**	**257.7**	**(96.8)**	**-**	**-**	**3,803.2**

Goodwill (€m)	December 31, 2015	Recognized on business combination	Changes in foreign currency translation	Held for sale	Other	December 31, 2016
Portugal	1,706.2	-	-	-	-	1,706.2
Israel	697.8	-	34.5	-	-	732.3
Dominican Republic	858.9	-	32.3	-	-	891.2
Others	594.9	169.2	-	(295.5)	-	468.6
Gross value	**3,857.7**	**169.2**	**66.9**	**(295.5)**	**-**	**3,798.3**
Portugal	-	-	-	-	-	-
Israel	(144.1)	-	(7.2)	-	-	(151.3)
Dominican Republic	-	-	-	-	-	-
Others	(4.6)	-	-	-	-	(4.6)
Cumulative impairment	**(148.7)**	**-**	**(7.2)**	**-**	**-**	**(155.9)**
Portugal	1,706.2	-	-	-	-	1,706.2
Israel	553.7	-	27.3	-	-	581.0
Dominican Republic	858.9	-	32.3	-	-	891.2
Others	590.3	169.2	-	(295.5)	-	464.0
Net book value	**3,709.1**	**169.2**	**59.6**	**(295.5)**	**-**	**3,642.3**

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, 2016. 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 key assumptions for the value in use calculations are the pre-tax discount rates, the terminal growth rate and the EBIT margin during the period. The senior management team has 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 nine months ended September 30, 2017.

5.3. Business combinations

The Group has concluded several acquisitions during the past 12 months. In all acquisitions, the Group 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 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*

5.3.1.1. *Groupe News Participations (NextRadioTV)*

The fair value of the assets and liabilities acquired was finalised during the period, with no change to the amounts disclosed in the annual consolidated financial statements.

5.3.2. *Acquisitions where the purchase price allocations are not yet finalized*

5.3.2.1. *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 is subject to Teads achieving certain revenue targets in 2017. 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. Management determined that there was a high probability that the earnout would be met, therefore in determining the initial goodwill, the purchase price included 100% of the deferred acquisition price. Following the preliminary purchase price allocation, a summary of the allocation between the different classes of assets and liabilities is provided below.

	€m
Total consideration transferred	302.3
Fair value of identifiable assets, liabilities and contingent liabilities	44.6
Preliminary goodwill	257.7

The values of the assets and liabilities assumed have been determined on a provisional basis as being equivalent to the book values in the accounting records of Teads. Due to the proximity of the date of acquisition to the balance sheet date, the Group is yet to assess the fair value of the identifiable assets and liabilities. The exercise will be completed within the measurement period as defined by IFRS 3.

5.3.2.2. *Altice Customer Services (ACS)*

On December 22, 2016, the Group finalized the acquisition of 100% of the share capital of ACS. Certain managers in ACS subsequently reinvested part of their proceeds to acquire a 35% stake. Total consideration transferred to the vendors amounted to €27.7 million (excluding purchase price adjustments) on a cash free debt free basis. Following the preliminary purchase price allocation, a summary of the allocation between the different classes of assets and liabilities is provided below.

	€m
Total consideration transferred	27.7
Fair value of identifiable assets, liabilities and contingent liabilities	(2.1)
Preliminary goodwill	29.8

The Group is continuously evaluating the fair value of acquired assets and liabilities and expects to complete the final purchase price allocation within the measurement period as defined by IFRS 3.

5.3.2.3. *Altice Technical Services (ATS)*

On November 25, 2016, the Group finalized the 51% acquisition of Parilis SA. Total consideration transferred to the vendors amounted to €158.1 million (excluding purchase price adjustments) on a cash free debt free basis. Following the preliminary purchase price allocation, a summary of the allocation between the different classes of assets and liabilities is provided below:

	€m
Total consideration transferred	158.1
Allocation to minority interests	45.0
Fair value of identifiable assets, liabilities and contingent liabilities	59.4
Preliminary goodwill	143.7

The Group is continuously evaluating the fair value of acquired assets and liabilities and expects to complete the final purchase price allocation within the measurement period as defined by IFRS 3.

5.4. Intangible Assets

The following table summarizes information relating to the Company's acquired intangible assets as of September 30, 2017 and December 31, 2016:

Intangible Assets (€m)	September 30, 2017 Gross carrying amount	Accumulated amortization	Net carrying amount
Customer relationships	1,796.8	(700.1)	1,096.7
Trade names	315.2	(164.9)	150.3
Franchise & patents	507.8	(193.7)	314.1
Software & licenses	700.7	(487.3)	213.4
Other amortizable intangibles	3,490.1	(2,655.9)	834.2
Total	**6,810.6**	**(4,201.9)**	**2,608.7**

Intangible Assets (€m)	December 31, 2016 Gross carrying amount	Accumulated amortization	Net carrying amount
Customer relationships	1,822.9	(596.6)	1,226.4
Trade names	318.9	(86.8)	232.1
Franchise & patents	451.4	(98.5)	353.0
Software & licenses	714.9	(462.1)	252.7
Other amortizable intangibles	3,427.4	(2,563.9)	863.5
Total	**6,735.5**	**(3,807.9)**	**2,927.6**

On May 23, 2017, the Group announced the adoption of a global brand which will replace the local brands in the future (except for the media brands), reducing the remaining useful lives of these trade name intangibles. The Altice Group has estimated the remaining useful lives to be one year from the date of adoption, which reflects the remaining period the asset is in use, and two further years if applicable where this is a defensive asset. Amortization expense is calculated on an accelerated basis based on the Company's estimate of the intangible asset during the in-use period. The remaning estimated value of the defensive asset once it is no longer in use will be amortized over the defensive period. The acceleration in amortization expense that was recorded in the nine months to September 30, 2017 was €67.0 million.

The total amortization expense for the nine months ended September 30, 2017 and 2016 was €511.7 million and €406.4 million, respectively, an increase of €105.3 million. The increase from the prior year is primarily related to the accelerated amortization as noted earlier.

6. Cash and cash equivalents and restricted cash

Cash balances (€m)	September 30, 2017	December 31, 2016
Term deposits	40.5	98.6
Bank balances	332.8	167.4
Cash and cash equivalents	**373.3**	**266.0**
Restricted cash	34.0	19.4
Total	**407.3**	**285.4**

The restricted cash balance at September 30, 2017 included €33.5 million related to the Teads acquisition held in an escrow account to be released in June 2018.

7. Shareholders' Equity

7.1. Issued capital

There were no changes in the issued capital of the Group during the period; total issued capital of the Company as at September 30, 2017 remains €309.3 million, comprising 30,925,700,000 outstanding ordinary shares, with a nominal value of € 0.01 each.

7.2. Additional paid in capital

The changes in additional paid in capital of the Group for the nine month period ended September 30, 2017 amounted to a reduction of €104.4 million, primarily attributed to the put option recognized as part of the acquisition of Teads; bringing total additional paid-in capital of the Group to €207.2 million.

7.3. Other reserves

The tax effect of the Group's currency, available for sale, cash flow hedge and employee benefits reserves is provided below:

Other reserves	September 30, 2017			December 31, 2016		
(€m)	Pre-tax amount	Tax effect	Net amount	Pre-tax amount	Tax effect	Net amount
Actuarial gains and losses	(40.2)	9.2	(31.0)	(56.7)	13.9	(42.8)
Items not reclassified to profit or loss	**(40.2)**	**9.2**	**(31.0)**	**(56.7)**	**13.9**	**(42.8)**
Available for sale reserve	3.3	-	3.3	2.8	-	2.8
Currency translation reserve	92.2	-	92.2	68.4	-	68.4
Cash flow hedge reserve	(248.7)	74.7	(174.0)	(312.9)	91.4	(221.5)
Items potentially reclassified to profit or loss	**(153.1)**	**74.7**	**(78.4)**	**(241.7)**	**91.4**	**(150.3)**
Total	**(193.3)**	**83.9**	**(109.4)**	**(298.4)**	**105.3**	**(193.1)**

8. Borrowings and other financial liabilities

Borrowings and other financial liabilities (€m)	Notes	September 30, 2017	December 31, 2016
Long term borrowings, financial liabilities and related hedging instruments		**7,891.3**	**8,295.1**
- Debentures	*8.1*	*6,476.9*	*7,696.9*
- Loans from financial institutions	*8.1*	*804.3*	*491.5*
- Derivative financial instruments	*8.3*	*610.1*	*106.7*
Other non-current financial liabilities	*8.6*	**1,000.5**	**964.5**
- Finance leases		*68.4*	*78.4*
- Other financial liabilities		*932.1*	*886.1*
Non-current liabilities		**8,891.8**	**9,259.6**
Short term borrowing, financial liabilities and related hedge instruments		**1,033.0**	**351.7**
- Debentures	*8.1*	*214.2*	*31.1*
- Loans from financial institutions	*8.1*	*689.1*	*320.5*
- Derivative financial instruments	*8.3*	*129.6*	-
Other financial liabilities	*8.6*	**531.4**	**643.9**
- Other financial liabilities		*352.1*	*371.5*
- Bank overdraft		*4.3*	*7.5*
- Accrued interests		*158.1*	*243.4*
- Finance leases		*16.9*	*21.5*
Current liabilities		**1,564.4**	**995.6**
Total		**10,456.2**	**10,255.2**

8.1. Debentures and loans from financial institutions

Debentures and loans from financial institutions (€m)	Notes	September 30, 2017	December 31, 2016
Debentures	8.1.1	6,691.1	7,728.0
Loans from financial institutions	8.1.2	1,493.4	812.0
Total		**8,184.6**	**8,540.1**

During the nine month period ended September 30, 2017, the Group successfully negotiated the refinancing of some of its existing debt, please refer to note 8.2 for further details.

8.1.1. *Debentures*

Maturity of debentures (€m)	Less than one year	One year or more	September 30, 2017	December 31, 2016
Altice Financing	-	5,575.5	5,575.5	6,109.2
Altice Finco	-	901.4	901.4	1,382.9
HOT Telecom	214.2	-	214.2	235.9
Total	**214.2**	**6,476.9**	**6,691.1**	**7,728.0**

8.1.2. *Loans from financial institutions*

Maturity of loans from financial institutions (€m)	Less than one year	One year or more	September 30, 2017	December 31, 2016
Altice Financing (including RCF)	682.7	756.8	1,439.6	748.7
Others	6.4	47.4	53.8	63.3
Total	**689.1**	**804.3**	**1,493.4**	**812.0**

8.2. Refinancing activities

During the nine month period ended September 30, 2017, the Group successfully repriced some of its debt. Further details of the refinancing activities are provided below.

On March 23, 2017, the Group announced that it successfully priced $910 million of 8.25-year term loan B at Altice Financing with a margin of 275 basis point over Libor.

The refinancing closed on April 18, 2017 and the proceeds of the term loans were used to refinance:

- €446 million term loans at Altice Financing due in July 2023, and
- redeem the entire $425 million of the 2012 Senior Notes at Altice Financing.

The refinancing extended the average maturity of the group's debt from 6.7 to 7 years and reduced the weighted average cost of its debt from 6.2% to 5.9%. Altice Financing recognised a loss on extinguishment of debt of €36.2 million in the condensed consolidated statement of income related to these transactions.

8.3. 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.

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).

8.3.1. *CCIRS*

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

Entity Maturit	**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 Financing S.A.					
December 2017 [1]	USD 200	ILS 767	9.88%	3m TELBOR+9.00%	FVPL
December 2017 [1]	USD 225	ILS 863	7.88%	3m TELBOR+6.93%	FVPL
December 2017 [1]	EUR 100	ILS 495	8.00%	3m TELBOR+5.78%	FVPL
December 2017 [1]	ILS 767	USD 200	3m TELBOR+9.00%	9.88%	FVPL
December 2017 [1]	ILS 863	USD 225	3m TELBOR+6.93%	7.88%	FVPL
December 2017 [1]	ILS 495	EUR 100	3m TELBOR+5.78%	8.00%	FVPL
July - Nov 2018	USD 293	ILS 1,077	3m LIBOR+4.50%	3m TELBOR+5.33%	FVPL
February 2020	USD 2,060	EUR 1,821	6.63%	5.30%	CFH
July 2025	USD 485 [2]	EUR 449	3m LIBOR+2.75%	3m EURIBOR+2.55%	FVPL
May 2026	USD 930 [3]	EUR 853	7.50%	7.40%	CFH
February 2022 - July 2024	USD 1,820	EUR 1,544	7.50%	6.02%	CFH
Altice Finco S.A.					
February 2025	USD 385	EUR 340	7.63%	6.25%	CFH

1. These cross-currency swaps do not involve the exchange of notional amounts at maturity of the contracts. Accordingly the only cash flows associated with these contracts are interest payments and receipts.
2. This is a new swap executed during the period to partially hedge the new $910 million term loan that replaced the €446 million term loan maturing in July 2023 (as disclosed in note 8.2).
3. A new $930 million swap was executed during April, which hedges a portion of the $2,750 million senior notes. The swap is recognized in a cash flow hedge relationship.

The change in fair value of all derivative instruments designated as cash flow hedges was recorded in other comprehensive income for the nine month period ended September 30, 2017. Before the impact of taxes, losses of €64.2 million were recorded in other comprehensive income (€47.5 million net of taxes).

8.3.2. *Interest rate swaps*

The Group enters interest rate swaps to cover its interest rate exposure in line with its treasury policy. These swaps cover the Group's debt portfolio and do not necessarily relate to specific debt issued by the Group.

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

Entity Maturit	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 Financing S.A.					
May 2026	USD 720	USD 720	1.81%	6m LIBOR	FVPL
January 2023	EUR 750	EUR 750	3m EURIBOR	-0.13%	FVPL

8.4. 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)	September 30, 2017	December 31, 2016
Debentures and loans from financial institutions	**8,184.6**	**8,540.1**
Transaction costs	81.2	100.5
Fair value adjustments	(4.6)	-
Total (excluding transaction costs and fair value adjustments)	**8,261.2**	**8,640.6**
Conversion of debentures and loans in foreign currency (at closing spot rate)	(8,128.0)	(5,072.6)
Conversion of debentures and loans in foreign currency (at hedged rates)	8,324.0	4,775.5
Total swap adjusted value	**8,457.2**	**8,343.5**

8.5. Available credit facilities

Available credit facilities (€m)	Total facility	Drawn
Altice Financing S.A.	978.8	675.0
Revolving credit facilities	**978.8**	**675.0**

The facility at Altice Financing was drawn €310.0 million as at December 31, 2016. Following net repayments of €10.0 million up to June 30, 2017, an additional €375 million was drawn during the third quarter for various purposes. Subsequent to period end the drawn facilities were fully repaid following the issuance of a new bond, please refer to note 15 for further details.

8.6. Other financial liabilities

The non current portion of €1,000.5 million increased by €36.0 million while the current portion of €531.4 million decreased by €112.5 million compared to December 31, 2016. This decrease was mainly related to a decrease in accrued interest, following interest payments during the period (€85.4 million).

9. Fair value of financial assets and liabilities

9.1. 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)	Note	September 30, 2017 Carrying value	September 30, 2017 Fair value	December 31, 2016 Carrying value	December 31, 2016 Fair value
Financial assets		765.0	765.0	537.9	537.9
Derivatives		135.4	135.4	33.6	33.6
Cash and cash equivalents	6	373.3	373.3	266.0	266.0
Restricted cash	6	34.0	34.0	19.4	19.4
Current assets		**1,307.7**	**1,307.7**	**856.9**	**856.9**
Available for sale financial assets		7.2	7.2	7.2	7.2
Derivatives		34.7	34.7	86.7	86.7
Other financial assets		76.5	76.5	76.9	76.9
Non-current assets		**118.4**	**118.4**	**170.8**	**170.8**
Short term borrowings and financial liabilities	8.1	903.4	903.4	351.7	351.7
Derivatives	8.3	129.6	129.6	-	-
Other financial liabilities	8.6	531.4	531.4	643.9	643.9
Current liabilities		**1,564.4**	**1,564.4**	**995.6**	**995.6**
Long term borrowings and financial liabilities	8.1	7,281.2	7,678.7	8,188.4	8,740.9
Derivatives	8.3	610.1	610.1	106.7	106.7
Other financial liabilities	8.6	1,000.5	1,000.5	964.1	964.1
Non-current liabilities		**8,891.8**	**9,289.3**	**9,259.2**	**9,811.7**

During the nine month period ended September 30, 2017, 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.

9.2. 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.

Fair value measurement (€m)	Fair value hierarchy	Valuation technique	September 30, 2017	December 31, 2016
Financial Liabilities				
Derivative financial instruments	Level 2	Discounted cash flows	739.8	106.7
Minority Put Option - Teads	Level 3	Discounted cash flows	74.0	-
Minority Put Option - Intelcia	Level 3	Discounted cash flows	41.2	39.0
Financial Assets				
Derivative financial instruments	Level 2	Discounted cash flows	170.1	120.3
Minority Call option - Teads	Level 3	Black and Scholes model	0.7	-
Minority Call option - Parilis	Level 3	Black and Scholes model	6.5	20.2
Minority Call option - Intelcia	Level 3	Black and Scholes model	13.0	6.5
Available for sale assets - Wananchi	Level 3	Discounted cash flows	1.3	1.2
Available for sale assets - Partner Co. Ltd.	Level 1	Quoted share price	6.0	5.9

9.3. Level 3 financial instruments

Change in fair value of level 3 instruments (€m)	Available for sale unlisted shares	Minority put options	Minority call options	September 30, 2017
Opening balance	**1.2**	**(39.0)**	**26.7**	**(11.1)**
Additions/disposals	-	(74.4)	0.7	(73.7)
Change in value recognised during the period	-	(1.9)	-	(1.9)
Gains or losses recognised in profit or loss	0.1	-	(7.2)	(7.1)
Closing balance	**1.3**	**(115.2)**	**20.2**	**(93.7)**

Change in fair value of level 3 instruments (€m)	Available for sale unlisted shares	Minority put options	Minority call options	December 31, 2016
Opening balance	**1.3**	**-**	**-**	**1.3**
Additions	-	(39.0)	26.7	(12.3)
Change in value recognised during the period	-	-	-	-
Gains or losses recognised in profit or loss	(0.1)	-	-	(0.1)
Closing balance	**1.2**	**(39.0)**	**26.7**	**(11.1)**

10. Taxation

Tax expense (€m)	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Loss before income tax and share of earnings of associates	(82.8)	21.1
Income tax benefit	(30.9)	(33.6)
Effective tax rate	**-37%**	**160%**

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.

Total income tax for the nine months ended September 30, 2017 was a benefit of €30.9 million (€33.6 million for the same period in 2016). The variation in the income tax results mainly from consolidation of Altice Technical Services entities and Altice Management International (internal restructuring within Altice NV group) that were consolidated from December 2016.

The income tax for the nine months ended September 30, 2016 included the effect of the tax agreement reached with Dominican tax authorities on October 26, 2016 for an amount of €29 million. On October 26, 2016, the Group has reached an agreement with the Republic Dominican Tax Authorities about the level of deductibility of the financial interests related to financial liabilities. The agreement covered the 2014 to 2016 fiscal years and concluded on the deductibility ratio for each local company (Tricom S.A and Altice Hispaniola S.A).

10.1. 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.

11. Contractual obligations and commercial commitments

During the nine month period ended September 30, 2017, one significant contractual obligations and commercial commitments was signed; on May 11, 2017, the Group announced that it had successfully acquired the exclusive rights to broadcast the UEFA Champions League and UEFA Europa League in France. The rights were acquired by Altice Picture and cover the period from August 2018 to May 2021.

During the second quarter of 2017, the Group prepaid the first installment of €70.2 million for the UEFA Champions League and UEFA Europa League, recorded in other non-current assets in the Statement of Financial Position. In relation to these rights, the Group executed a €350 million bank guarantee, of which €316 million was drawn at September 30, 2017. The rights include exclusive broadcast coverage across free-TV, pay-TV, mobile, internet, over-the-top and digital terrestrial television coverage in France and non-exclusive rights, in French, in Luxembourg, Switzerland and Monaco. Following the new and amended agreements, the total commitments of the Group increased by approximately €1 billion.

12. Litigation

In the normal course of its activities, the Group is accused in a certain number of governmental, arbitration and administrative law suits. 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 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 and that have had or that may have a significant effect on the financial position of the Group.

12.1. Portugal

12.1.1. *European Commission Investigation*

After having approved the acquisition of PT Portugal by Altice on April 20, 2015, the European Commission initiated an investigation into infringement by Altice 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 Altice of the objections raised against it. The issuance of a statement of objections does not prejudge the outcome of the investigation, and does not affect the approval granted by the European Commission for the acquisition of PT Portugal by the Altice Group.

The Altice Group does not agree with the European Commission's preliminary conclusions and submitted on August 18, 2017 its answer to the statement of objections, in which it challenged each of the Commission's claims. A hearing took place in Brussels on September 21, 2017.

In the absence of any guidelines regarding the methodology applicable to the settings of fines with respect to gun jumping infringements and in the absence of any gun jumping precedent at European Union level, it is not possible at this early stage to provide any estimate of financial penalty, if any. No provision was recorded as of September 30, 2017.

12.1.2. *Optimus – Abuse of dominant position in the wholesale market*

In March 2011, Optimus filed a claim against MEO in the Judicial Court of Lisbon for the payment of approximately €11 million, because of an alleged abuse of dominant position by MEO in the wholesale offer. Optimus sustained its position by arguing that they suffered losses and damages because of MEO’s conduct. In 2016, the court decided entirely in favour of MEO and during the first quarter of 2017 MEO was informed that NOS/Optimus would not file an appeal regarding the matter that was under discussion.

12.1.3. *TV Tel - Restricted access to the telecommunication ducts*

In March 2004, TV TEL Grande Porto - Comunicações, S.A. (“TVTEL”, subsequently acquired by NOS), a telecommunications company based in Oporto, filed a claim against PT Comunicações in the Lisbon Judicial Court. TV TEL alleged that, since 2001, PT Comunicações has unlawfully restricted and/or refused access to its telecommunication ducts in Oporto, thereby undermining and delaying the installation and development of TV TEL’s telecommunications network. TV TEL is claiming an amount of approximately €15 million from PT Comunicações for damages and losses allegedly caused and yet to be sustained by that company as a result of the delay in the installation of its telecommunications network in Oporto. PT Comunicações submitted its defence to these claims in June 2004, stating that (1) TV TEL did not have a general right to install its network in PT Comunicações’s ducts, (2) all of TV TEL’s requests were lawfully and timely responded to by PT Comunicações according to its general infra-structure management policy, and (3) TV TEL’s claims for damages and losses were not factually sustainable.

At the end of 2016, the Group was notified to present the list of witnesses, which it did and the witnesses were heard in the trial that took place during April and May 2017. In September 2017, the court ruled against the Group, ordering the payment of approximately €0.9 million. PT Comunicações will appeal the decision.

13. Related party transactions and balances

The following changes in related party relationships occurred compared to those disclosed in the annual consolidated financial statements:

- Altice USA incurred management fees of $22.5 million (€20.7 million) from Altice International during the nine months ended September 30, 2017.
- The Group made cash payments up to Altice Luxembourg amounting to €499.1 million.
- The Group had loans due from other Altice entities, not in the Altice International Group, of €764.3 million. The loans balance increased by €233 million compared to year-end mainly as a result of additional advances during the period.
- New put agreements were executed with the minority investors in Teads, amounting to €74.4 million on initial recognition and a favourable €0.4 million change in fair value at Septmebr 30, 2017.
- The Group exercised the put option with the minority interests in the Domincan Republic for a total cash payment of €37.7 million.

- The Group had transactions with SFR Group from sale of services for a total of €615.7 million (of which €270.8 million related to the sale of sports channels). In additional, the Group purchased €120.0 million of goods and services from SFR Group.

14. Going concern

As of September 30, 2017, the Group had net current liability position of €(1,071.6) million (mainly due to trade payables amounting to €1,761.6 million) and a negative working capital of €(178.6) million. During the nine month period ended September 30, 2017, the Group registered a net loss of €108.7 million and generated cash flows from operations of €1,453.4 million. As of September 30, 2017, the Group had a negative equity position of €(90.5) million compared to €28.4 million as at December 31, 2016. The decrease in equity can largely be attributed to the loss made by the Group in the period.

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; €1,381.6 million compared to €1,761.6 million for the nine month period ended September 30, 2017, as compared to €1,291.5 million and €1,831.8 million for the year ended December 31, 2016. Payables due the following month are covered by revenues and cash flows from operations (if needed).

As of September 30, 2017, the Group's short term borrowings mainly comprised of accrued interests of €158.1 million. These short-term obligations are expected to be covered by the operating cash flows of the operating subsidiaries. As of September 30, 2017, the revolving credit facilities Altice Financing S.A. were drawn in an aggregate of €675.0 million; these were subsequently paid following period end (please refer to note 15 for further details). A listing of available credit facilities by silo is provided in note 8.5 and the amounts available per segment 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 Managers has considered the following elements in determining that the use of the going concern assumption is appropriate:

- The Group has a strong track record of generating positive adjusted EBITDA and operating cash flows:
    - Adjusted EBITDA amounted to €1,683.2 million, an increase of 7.5% compared to the same period last year. This increase in adjusted EBITDA is mainly due to the integration of newly acquired entities (please refer to note 3).
    - Operating cash flows for the nine month period ended September 30, 2017 were €1,453.4 million, an increase of 17.2% compared to the nine month period ended September 30, 2016 (€1,240.4 million).
- The Group had unrestricted cash reserves €373.3 million as of September 30, 2017, compared to €266.0 million as of December 31, 2016, which would allow it to cover any urgent cash needs.
- Additionally, as of September 30, 2017, the Group had access to revolving credit and guarantee facilities as explained above.

The Group's senior management team tracks operational key performance indicators (KPIs) on a weekly basis, thus tracking top line trends closely. This allows the Board of Managers 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 Managers 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.

15. Events after the reporting period

15.1. Acquisition of Media Capital in Portugal

On July 14, 2017, the Group entered into a definitive agreement with Promotora de Informaciones, S.A ("Prisa") to acquire Prisa's 94.7% stake in Media Capital SGPS, SA ("Media Capital"). Media Capital is a leading Portuguese media group with audience leadership positions in both TV and radio. Media Capital, which also owns the Portuguese content producer Plural, reported in 2016 revenue of €174.0 million and EBITDA of €41.5 million. After the successful completion of the acquisition, Media Capital will ultimately be owned by Altice International. The transaction is subject to customary regulatory approval. As of the date of approval of these financial statements, the transaction is being analyzed by the Portuguese Competition Authority, further to the inability of ERC, the media regulator, to reach a consensus on the proposed acquisition of Media Capital.

15.2. Refinancing of a portion of existing debt

On October 9, 2017, Altice Financing S.A successfully priced €1,089 billion equivalent of new 8.25-year Term Loan B's. The proceeds were used to refinance the €300 million and $900 million 6.50% Senior Secured Notes due January 2022. Altice International successfully placed €675 million of 10.25-year Senior Notes with institutional investors. The proceeds were used to repay revolving credit facility drawings. Following the refinancing, the average maturity of Altice International's capital structure was extended from 6.3 to 7.3 years and the weighted average cost of its debt decreased from 5.8% to 5.5%. All average maturities are stated as at September 30, 2017.

15.3. Group reorganization

On November 9, 2017, the Group announced the reorganization of its management and governance in conjunction with the resignation of Michel Combes, Altice N.V. CEO, Altice N.V. Director, Altice USA Director and SFR Group Chairman and CEO. The new management and governance structure is designed to better implement Altice's strategy, create clearer accountability amongst management and improve the operational and financial performance of the business.

Patrick Drahi will be appointed as President of the Board of Altice N.V.. Key members of Altice N.V. management will report directly to Patrick:

- Dexter Goei will be appointed as CEO of Altice N.V. whilst continuing to focus on the successful activities in the US as CEO and Chairman of Altice USA. In addition, Dexter will assume responsibility for key central group functions. Dexter Goei remains Director of the Board of Altice N.V.
- Dennis Okhuijsen is appointed Altice Europe CEO in addition to serving as CFO of Altice N.V.
- Armando Pereira is appointed Altice Telecom COO in addition to his primary focus on France.
- Alain Weill, SFR Media CEO, is appointed SFR Group Chairman and CEO, and Altice Media COO. Alain will continue to lead the media business across the group and implement Altice's content and media convergence strategy in France together with Armando and his team.
- Alexandre Fonseca appointed CEO of PT Portugal, while Claudia Goya (previous CEO), will become the Chairwoman of PT Portugal.

16. Revised information

As per the provisions of IFRS 3 Business Combination, the impact of the recognition of the identifiable tangible and intangible assets GNP at their fair value was revised as of and for the nine months ended September 30, 2016. A total impact of €0.3 million increase in the loss for the period after tax was recorded as a prior period adjustment:

- €0.5 million increase in depreciation and amortization, and
- €0.2 million decrease in the income tax expense.