

# **Altice International Q4 & FY 2022 results**

February 28, 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.

Teads revenue is presented after discounts (consistent with Teads revenue as recognized in the Altice International consolidated financial statements).

# Q4 & FY 2022 Summary

**FY 2022 guidance achieved: Altice International revenue, EBITDA and OpFCF growth on a reported basis**

- Total residential revenue grew by +9.6% YoY on a reported basis (+3.9% constant currency)
- Total revenue grew by +15.0% YoY on a reported basis (+10.2% constant currency)
- Total EBITDA grew by +8.9% YoY on a reported basis (+4.5% constant currency)
- Total OpFCF grew by +11.0% YoY on a reported basis (+7.2% constant currency)

**Subscriber net additions across all geographies and segments in FY 2022**

**€1.7 billion (equivalent) of 2025 and 2026 Term Loan maturities extended to October 2027**

**Net leverage of 4.2x on an L2QA basis at the end of Q4 2022, €1.05 billion liquidity, no debt maturity before 2025 and 82% of debt at fixed interest rate**




**Guidance:**

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




For footnotes see slide 19

# Operational Update – Telecom (Portugal, Israel, Dominican Republic)

## Fixed – Update on FTTH

			
Coverage	Nationwide	~50%	~15%
FTTH gross adds as % of fixed adds	90%	30%	15%
Churn	7%	n.m.	11%

## Mobile – Update on 5G

			
Spectrum secured	✓	✓	✓
% Population coverage	90%	55%	Launched Feb-22

For footnotes see slide 19

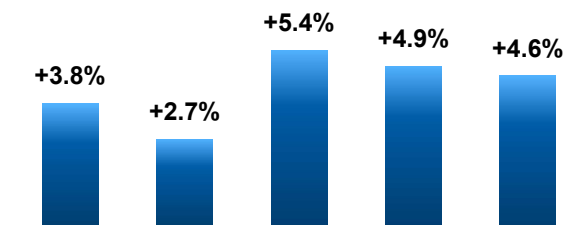
# Telecom Residential Trends YoY

Portugal



B2C fixed base: 1.7m +2% YoY

B2C mobile postpaid base: 2.9m +5% YoY



Q4-21 Q1-22 Q2-22 Q3-22 Q4-22

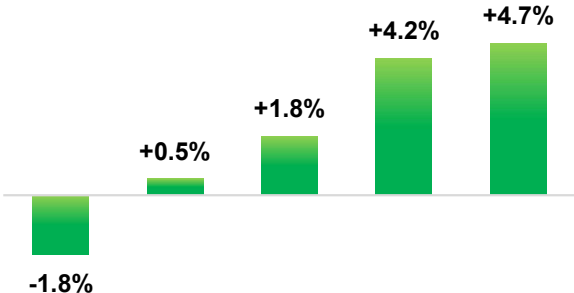
■ Residential Revenue Growth YoY

Israel



B2C fixed base: 1.0m +2% YoY

B2C mobile postpaid base: 1.3m +5% YoY



Q4-21 Q1-22 Q2-22 Q3-22 Q4-22

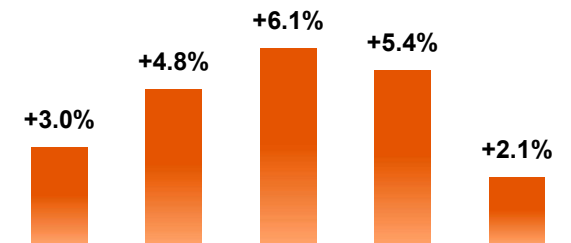
■ Residential Revenue Growth YoY (CC)

Dominican Republic



B2C fixed base: 0.4m +1% YoY

B2C total mobile base: 3.1m +4% YoY



Q4-21 Q1-22 Q2-22 Q3-22 Q4-22

■ Residential Revenue Growth YoY (CC)

For footnotes see slide 19

# Operational Update – AdTech (Teads)

## Q4 2022 Key Highlights

### Unique combination of scale, growth and profitability continues to deliver

- ✓ Teads offers solutions for 2.8k advertisers globally

### Continued product investment to fuel product portfolio and growth

- ✓ Significant investment in R&D headcount to execute on the development of a full-funnel and omni-channel product portfolio

### Teads maintains leadership among critical digital advertising initiatives

- ✓ Initiatives such as carbon footprint measurement service and the Teads Attention Program helping clients achieve business outcomes regardless of their priorities

### Building momentum on CTV launch as part of omni-channel strategy

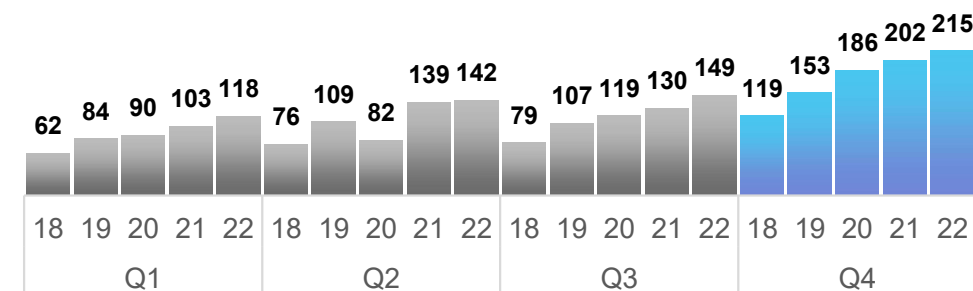
- ✓ Teads is live in US and LatAm with new markets to follow; new Connected TV supply integrations further drive Teads' commercial opportunity

### Geographic diversification as well as product breadth

- ✓ Provides stability in period of economic uncertainty

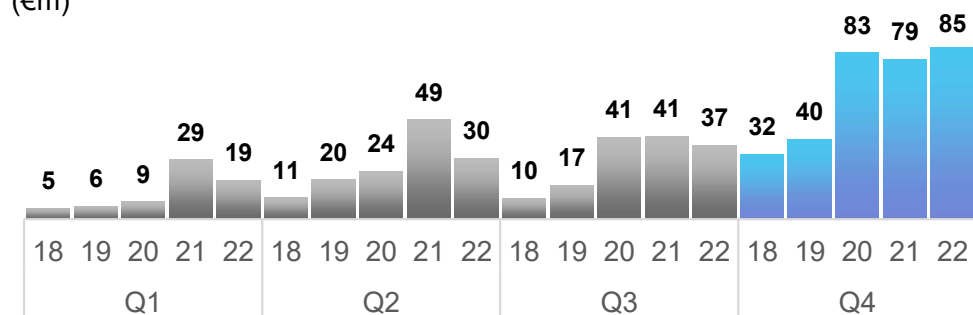
## Revenue

(€m)



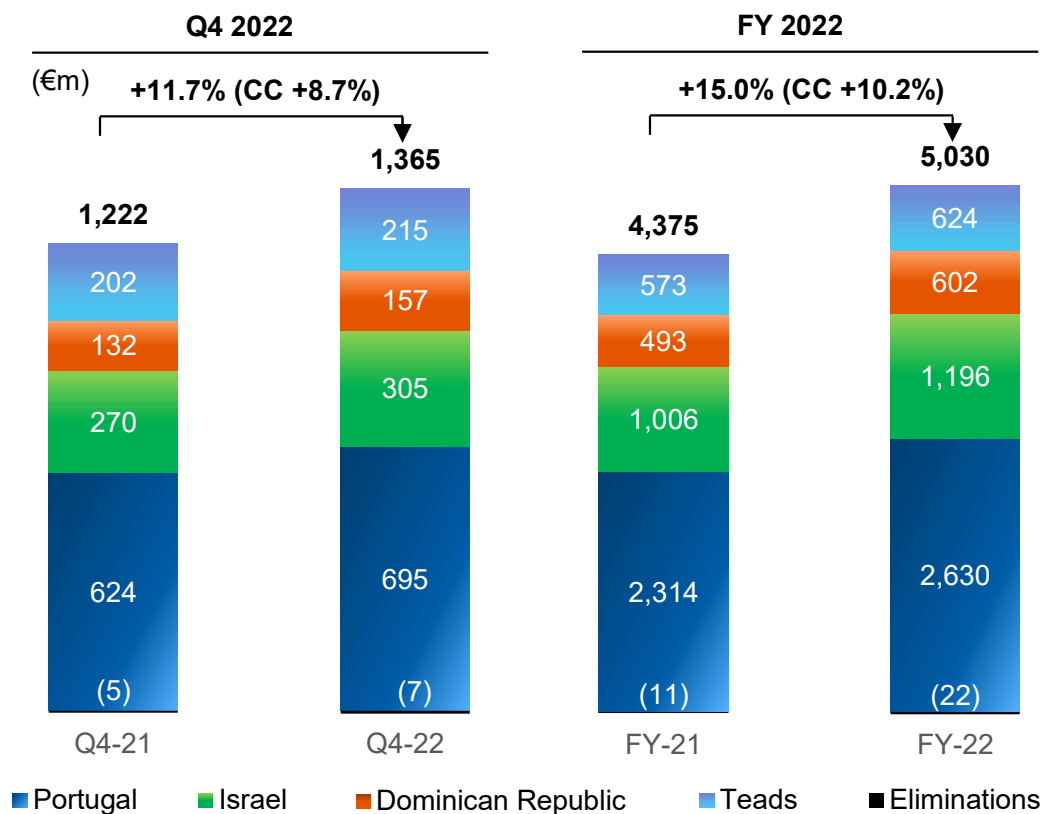
## EBITDA

(€m)



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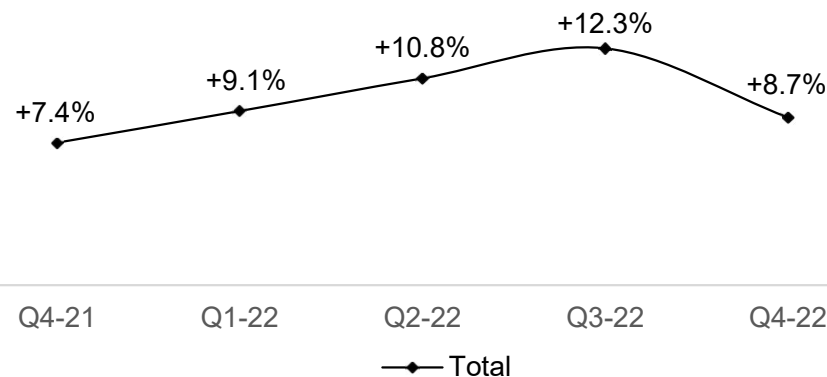
# Altice International Revenue Trends



## Q4 2022 revenue trends YoY

- Total: +11.7% (CC +8.7%)
  - Portugal: +11.3%
  - Israel: +13.2% (CC +11.2%)
  - Dominican Republic: +19.1% (CC +2.6%)
  - Teads: +6.8% (CC +2.3%)

## Revenue growth evolution YoY (CC)



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# Altice International Financials

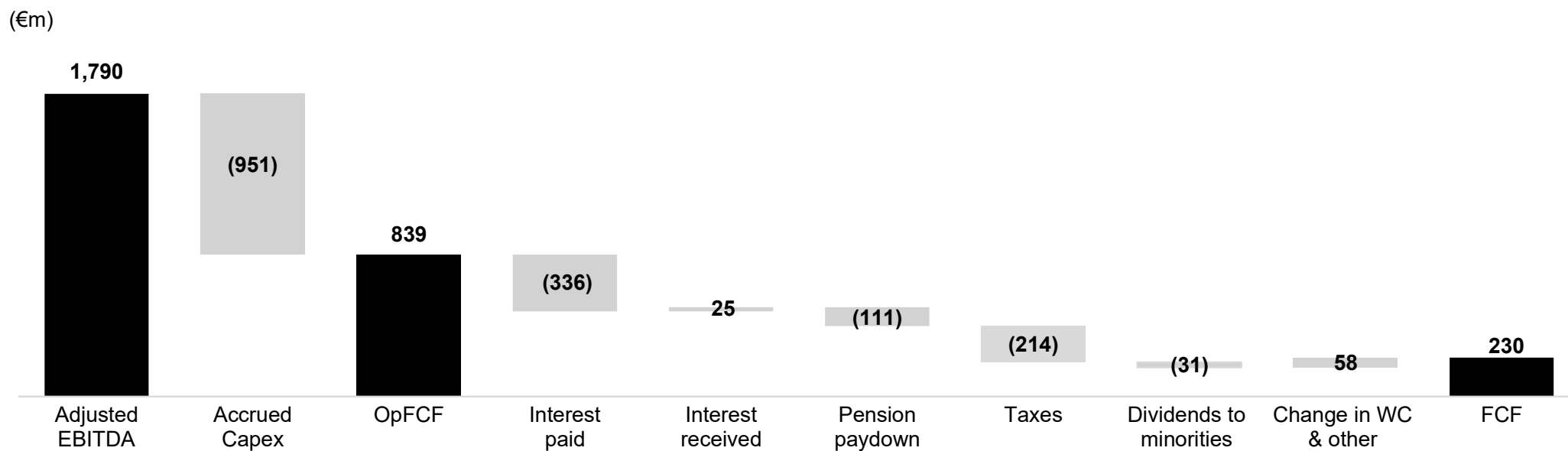
€m	Q4-21	Q4-22	Growth YoY Reported	Growth YoY Constant FX	FY-21	FY-22	Growth YoY Reported	Growth YoY Constant FX
Portugal	624	695	+11.3%	+11.3%	2,314	2,630	+13.7%	+13.7%
Israel	270	305	+13.2%	+11.2%	1,006	1,196	+19.0%	+10.0%
Dominican Republic	132	157	+19.1%	+2.6%	493	602	+22.0%	+4.6%
Teads	202	215	+6.8%	+2.3%	573	624	+8.8%	+3.2%
Eliminations & Other	-5	-7	-	-	-11	-22	-	-
<b>Revenue</b>	<b>1,222</b>	<b>1,365</b>	<b>+11.7%</b>	<b>+8.7%</b>	<b>4,375</b>	<b>5,030</b>	<b>+15.0%</b>	<b>+10.2%</b>
Portugal	214	218	+2.1%	+2.1%	853	906	+6.2%	+6.2%
Israel	101	108	+6.7%	+4.5%	344	409	+18.8%	+9.8%
Dominican Republic	67	81	+22.1%	+5.1%	253	312	+23.3%	+5.7%
Teads	79	85	+7.2%	+7.1%	199	172	-14.0%	-12.8%
Eliminations & Other	-1	-2	-	-	-6	-8	-	-
<b>Adjusted EBITDA</b>	<b>460</b>	<b>490</b>	<b>+6.7%</b>	<b>+3.7%</b>	<b>1,644</b>	<b>1,790</b>	<b>+8.9%</b>	<b>+4.5%</b>
Portugal	149	143	-3.6%	-3.6%	487	483	-0.8%	-0.8%
Israel	96	81	-16.1%	-17.5%	284	321	+13.2%	+4.6%
Dominican Republic	31	35	+13.4%	-2.4%	112	140	+25.1%	+7.2%
Teads	2	8	-	-	8	14	-	-
Eliminations & Other	-1	2	-	-	-2	-6	-	-
<b>Accrued Capex</b>	<b>277</b>	<b>268</b>	<b>-3.3%</b>	<b>-5.5%</b>	<b>888</b>	<b>951</b>	<b>+7.2%</b>	<b>+2.2%</b>
Portugal	66	75	+15.0%	+15.0%	366	424	+15.6%	+15.6%
Israel	5	27	n.m.	n.m.	60	87	+45.0%	+34.1%
Dominican Republic	36	46	+29.7%	+11.7%	141	172	+21.8%	+4.5%
Teads	77	78	n.m.	n.m.	191	158	-17.6%	-16.5%
Eliminations & Other	-1	-4	-	-	-4	-2	-	-
<b>Total OpFCF</b>	<b>182</b>	<b>222</b>	<b>+21.8%</b>	<b>+17.8%</b>	<b>756</b>	<b>839</b>	<b>+11.0%</b>	<b>+7.2%</b>

For footnotes see slide 19





# FY 2022 Free Cash Flow



For footnotes see slide 19

# Capital Structure and Debt Maturity

## Restricted Group

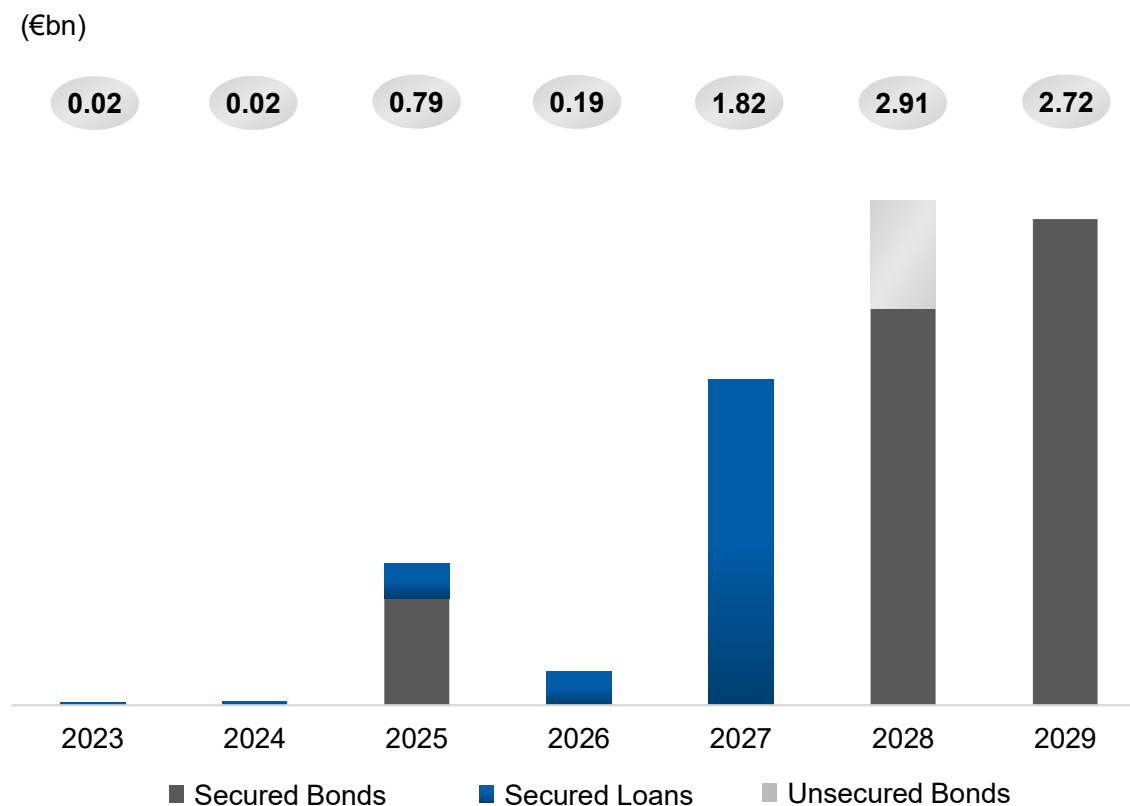
Net debt	€8,040m
WAL	5.2 years
WACD	4.8%
Fixed interest	82%
Net leverage	4.2x
Net leverage adjusted for Altice UK investment	3.9x
Liquidity	€1.05bn

## Unsecured

Net debt	€675m
WAL	5.0 years
WACD	4.8%

## Secured

Net debt	€7,365m
WAL	5.2 years
WACD	4.8%



Altice International continues to evaluate alternatives and monitor the bond and loan markets to opportunistically refinance its outstanding indebtedness  
For footnotes see slide 19

# Guidance

## 2022 Achievements

- **Total revenue growth of +15.0% YoY on a reported basis** (*constant currency +10.2%*)
- **Total EBITDA growth of +8.9% YoY on a reported basis** (*constant currency +4.5%*)
- **OpFCF growth of +11.0% YoY on a reported basis** (*constant currency +7.2%*)
- **Ending net leverage of 4.2x** (*3.9x adjusted for Altice UK investment*)



## 2023 & Mid-term

- **FY 2023: revenue, EBITDA and OpFCF growth YoY**
- **Mid-term: absolute OpFCF of > €1 billion** (*underpinned by EBITDA growth, supporting significant expansion in Free Cash Flow*)
- **Target leverage of 4.0x to 4.5x net debt to EBITDA**

# Q&A

# Appendix

# ESG Key Highlights

## 2022 Achievements

- Stakeholder consultation and materiality analysis process carried out in 2022
- 60% of energy consumption from renewable sources in Portugal
- Strengthening of measures to improve diversity, inclusion, and non-discrimination
- Promotion of digital inclusion through expansion of high-speed connectivity throughout geographies
- In Portugal, 90% of new suppliers selected taking into account environmental criteria

## Commitments

- Reduce greenhouse gas emissions in each geography
- Altice Portugal committed to reducing greenhouse gas (GHG) emissions by joining the Science Based Targets (SBTi) initiative
- Protection of most vulnerable groups regarding digital content access, privacy and safety
- Further promote digital inclusion through expansion of high-speed connectivity

## Ambitions

- Net zero emissions target by 2050 throughout geographies. By 2030 Altice Portugal undertakes a 90% reduction in carbon emissions compared to 2019
- Altice Portugal has national target for gender equality of 40% of women in top management and first-line management positions by 2030
- Continued guarantee of high quality service through investments in very high speed communication networks (e.g. FastFiber and IBC)
- Promote gender equality and equal opportunities

# Reconciliation to Swap Adjusted Debt as of December 31, 2022

€m	Actual
<b>Total Debenture and Loans from Financial Institutions</b>	<b>8,383</b>
Value of debenture and loans from financial Institutions in foreign currency converted at closing FX rate	-6,698
Value of debenture and loans from financial institutions in foreign currency converted at hedged rate	6,722
Transaction costs	76
<b>Total Swap Adjusted Value of Debenture and Loans from Financial Institutions</b>	<b>8,482</b>
Finance lease liabilities and other debt	28
<b>Gross Debt Consolidated</b>	<b>8,510</b>
Cash	-470
<b>Net Debt Consolidated</b>	<b>8,040</b>

For footnotes see slide 19

# Leverage Reconciliation

€m	Actual
<b>Gross Debt Consolidated</b>	<b>8,510</b>
Cash	-470
<b>Net Debt Consolidated</b>	<b>8,040</b>
<b>LTM EBITDA Consolidated</b>	<b>1,790</b>
Gross Leverage	4.8x
Net Leverage	4.5x
Net Leverage adjusted for Altice UK investment	4.2x
<b>L2QA EBITDA Consolidated</b>	<b>1,897</b>
Gross Leverage	4.5x
Net Leverage	4.2x
Net leverage adjusted for Altice UK investment	3.9x

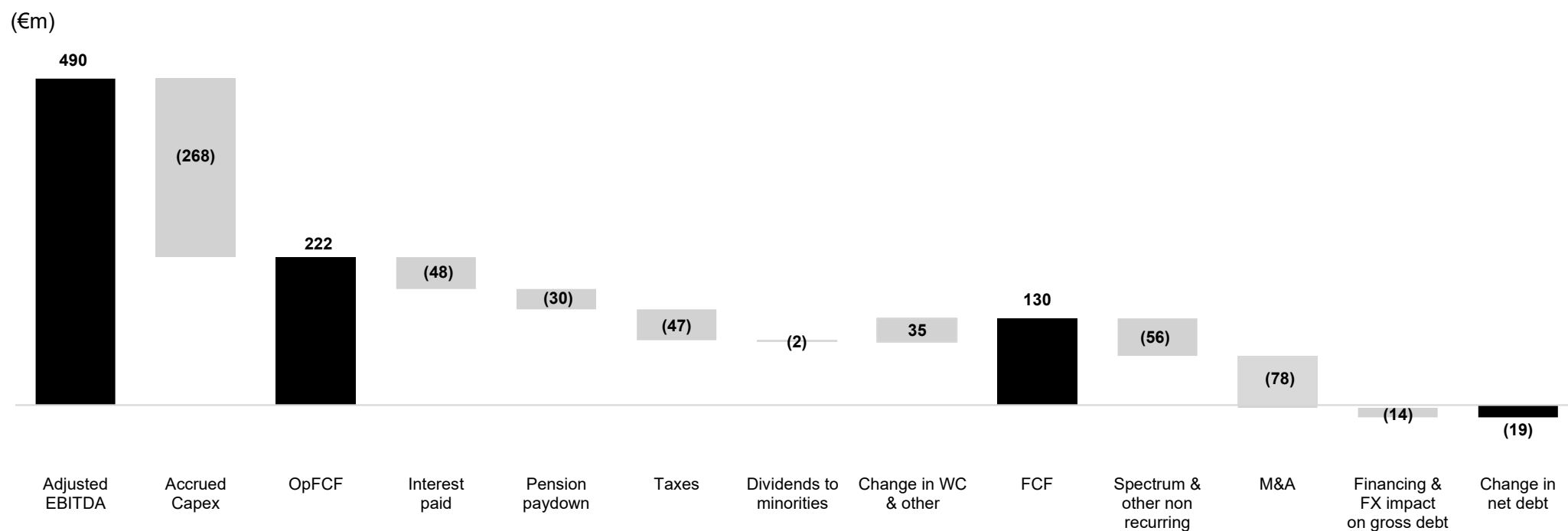
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# Non-GAAP Reconciliation to Unaudited GAAP Measures

€m	Q1-22	Q2-22	Q3-22	Q4-22
<b>Revenue - Financial Statements</b>	<b>1,148</b>	<b>1,221</b>	<b>1,296</b>	<b>1,365</b>
Purchasing and subcontracting costs	-298	-314	-351	-351
Other operating expenses	-243	-258	-266	-294
Staff costs and employee benefits	-163	-170	-179	-186
<b>Total</b>	<b>444</b>	<b>479</b>	<b>500</b>	<b>534</b>
Rental expense operating lease	-40	-42	-42	-44
<b>Adjusted EBITDA - Financial Statements &amp; Investor Presentation</b>	<b>405</b>	<b>437</b>	<b>458</b>	<b>490</b>
Depreciation, amortisation and impairment	-305	-301	-299	-267
Other expenses and income	20	-80	12	-7
Rental expense operating lease	40	42	42	44
<b>Operating profit/(loss)</b>	<b>160</b>	<b>98</b>	<b>213</b>	<b>260</b>
<b>Capital expenditure (accrued) - Financial Statements</b>	<b>262</b>	<b>252</b>	<b>253</b>	<b>283</b>
IRU (Israel)	-50	-14	-17	-15
Acquisition of customer base (Israel)	-	-	-2	1
<b>Capital expenditure (accrued) - Investor Presentation</b>	<b>212</b>	<b>238</b>	<b>233</b>	<b>268</b>
<b>Operating free cash flow (OpFCF) - Investor Presentation</b>	<b>193</b>	<b>199</b>	<b>225</b>	<b>222</b>

# Q4 2022 Free Cash Flow and Change in Net Debt



For footnotes see slide 19

# Footnotes

Portugal mobile base and year over year growth is pro forma for the mobile postpaid base clean-up of 502k SIM cards in Q4 2022, with no usage and zero associated revenue	Slides 3, 5
Teads revenue is presented after discounts (consistent with the revenue as recognized in the Altice International consolidated financial statements)	Slides 3, 6, 7, 8, 11
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 €15 million in Q4 2022 and €97 million for FY 2022	Slides 3, 7, 8, 9, 11, 18
€1.05 billion liquidity includes €0.58 billion of undrawn revolvers and €0.47 billion of cash, including €42 million of restricted cash. Undrawn revolver of €0.58 billion includes €25 million of new commitment with a relationship bank signed in December 2022	Slides 3, 10
Net debt excludes operating lease liabilities recognized under IFRS 16	Slides 3, 10, 11, 15, 16
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)	Slides 3, 10, 11, 16
FCF excludes spectrum and significant litigation paid and received	Slides 9, 18
Maturity profile and gross debt as shown exclude other debt and leases of €28 million and are shown unswapped	Slide 10