Altice N.V.

altice

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	**17,679.7**	**14,674.0**
Purchasing and subcontracting costs	4	(5,568.9)	(4,599.5)
Other operating expenses	4	(3,163.5)	(2,796.1)
Staff costs and employee benefits	4	(2,232.5)	(1,498.8)
Depreciation, amortization and impairment	4	(5,027.2)	(3,924.1)
Other expenses and income	4	(1,155.3)	(493.7)
Operating profit	4	**532.3**	**1,361.8**
Interest relative to gross financial debt		(2,682.4)	(2,519.7)
Other financial expenses		(236.1)	(142.0)
Finance income		218.5	121.7
Net result on extinguishment of a financial liability	9	(101.8)	(241.2)
Finance costs, net		**(2,801.8)**	**(2,781.2)**
Net result on disposal of business		-	104.5
Share of earnings of associates		(5.7)	(1.4)
Loss before income tax		**(2,275.2)**	**(1,316.3)**
Income tax benefit	11	400.3	144.5
Loss for the period		**(1,874.9)**	**(1,171.8)**
Attributable to equity holders of the parent		(1,661.7)	(954.6)
Attributable to non-controlling interests		(213.2)	(217.2)
Earnings per share (basic and diluted) (in €)	8	(1.42)	(0.88)

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		**(1,874.9)**	**(1,171.8)**
Other comprehensive income/(loss)			
Exchange differences on translating foreign operations		(255.1)	0.3
Revaluation of available for sale financial assets, net of taxes		0.5	0.2
Gain/(loss) on cash flow hedge, net of taxes	9.3.1	167.0	(163.6)
Actuarial gain/(loss), net of taxes		1.6	(32.4)
Total other comprehensive income		**(86.0)**	**(195.5)**
Total comprehensive loss for the period		**(1,960.9)**	**(1,367.3)**
Attributable to equity holders of the parent		(1,690.9)	(1,129.0)
Attributable to non-controlling interests		(270.0)	(238.3)

* Previously published information has been revised for the impact of the purchase price allocations of Group entities acquired during the 2015 and 2016 financial years. For the details of the revision see note 17.

The accompanying notes on pages 7 to 37 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	22,488.3	23,045.7
Intangible assets	5	25,565.1	29,412.1
Property, plant & equipment		15,227.8	16,256.8
Investment in associates	3	51.3	65.7
Financial assets	10	2,806.6	3,615.8
Deferred tax assets		172.7	113.6
Other non-current assets		286.4	182.4
Total non-current assets		**66,598.2**	**72,692.1**
Current assets			
Inventories		473.6	394.8
Trade and other receivables		4,724.1	4,600.5
Current tax assets		180.3	179.2
Financial assets	10	191.2	758.6
Cash and cash equivalents	6	1,664.0	1,109.1
Restricted cash	6	514.5	202.0
Total current assets		**7,747.7**	**7,244.2**
Assets classified as held for sale	*3.2.1*	-	476.0
Total assets		**74,345.9**	**80,412.3**
Issued capital	7.1	76.5	76.5
Treasury shares	7.2	(126.8)	-
Additional paid in capital	7.3	3,979.1	738.0
Other reserves	7.4	(594.0)	(564.8)
Accumulated losses		(4,504.8)	(2,779.5)
Equity attributable to owners of the Company		**(1,170.0)**	**(2,529.8)**
Non-controlling interests	3.4	(645.5)	190.2
Total equity		**(1,815.5)**	**(2,339.6)**
Non-current liabilities			
Long term borrowings, financial liabilities and related hedging instruments	9	49,603.3	52,826.3
Other financial liabilities	9	2,065.8	4,480.0
Provisions		1,773.1	1,876.2
Deferred tax liabilities		6,642.6	8,074.3
Other non-current liabilities		1,013.6	878.4
Total non-current liabilities		**61,098.4**	**68,135.2**
Current liabilities			
Short-term borrowings, financial liabilities	9	2,593.4	1,342.3
Other financial liabilities	9	2,971.4	3,491.9
Trade and other payables		7,555.6	7,713.4
Current tax liabilities		151.4	298.4
Provisions		729.9	658.8
Other current liabilities		1,061.3	1,022.7
Total current liabilities		**15,063.0**	**14,527.5**
Liabilities directly associated with assets classified as held for sale	*3.2.1*	-	89.2
Total liabilities		**76,161.4**	**82,751.9**
Total equity and liabilities		**74,345.9**	**80,412.3**

The accompanying notes on pages 7 to 37 form an integral part of these condensed interim consolidated financial statements.

Condensed Consolidated Statement of Changes in Equity	**Number of shares on issue** *Class A*	*Class B*	**Share capital**	**Treasury Shares**	**Additional paid in capital**	**Accumulated losses**	**Currency translation reserve**	**Cash Flow hedge reserve**	**Available for sale**	**Employee Benefits**	**Total equity attributable to equity holders of the parent**	**Non-controlling interests**	**Total equity**
Equity at January 1, 2017	**972,363,050**	**267,035,516**	**76.5**	**-**	**738.0**	**(2,779.5)**	**148.8**	**(671.8)**	**2.9**	**(44.6)**	**(2,529.7)**	**190.2**	**(2,339.5)**
Loss for the period			-	-	-	(1,661.7)	-	-	-	-	**(1,661.7)**	(213.2)	**(1,874.9)**
Other comprehensive profit/(loss)			-	-	-	-	(201.4)	167.0	0.5	4.7	**(29.2)**	(56.8)	**(86.0)**
Comprehensive profit/(loss)			**-**	**-**	**-**	**(1,661.7)**	**(201.4)**	**167.0**	**0.5**	**4.7**	**(1,690.9)**	**(269.9)**	**(1,960.8)**
Conversion common shares B to common shares A	382,175,100	(15,287,004)	-	-	-	-	-	-	-	-	-	-	-
Share based payments			-	-	-	(63.7)	-	-	-	-	**(63.7)**	(18.4)	**(82.1)**
Transactions with non-controlling interests			-	(126.8)	3,270.7	-	-	-	-	-	**3,144.0**	(257.0)	**2,887.0**
Dividends			-	-	-	-	-	-	-	-	-	(265.6)	**(265.6)**
Other			-	-	(29.7)	-	-	-	-	-	**(29.7)**	(24.7)	**(54.4)**
Equity at September 30, 2017	**1,354,538,150**	**251,748,512**	**76.5**	**(126.8)**	**3,979.1**	**(4,504.8)**	**(52.6)**	**(504.8)**	**3.4**	**(39.9)**	**(1,170.1)**	**(645.5)**	**(1,815.5)**

Condensed Consolidated Statement of Changes in Equity	**Number of shares on issue** *Class A*	*Class B*	**Share capital**	**Treasury Shares**	**Additional paid in capital**	**Accumulated losses**	**Currency translation reserve**	**Cash Flow hedge reserve**	**Available for sale**	**Employee Benefits**	**Total equity attributable to equity holders of the parent**	**Non-controlling interests**	**Total equity**
Equity at January 1, 2016 (revised *)	**841,244,925**	**272,280,241**	**76.5**	**-**	**2,379.5**	**(1,287.0)**	**3.3**	**(217.6)**	**2.4**	**(4.0)**	**953.1**	**916.7**	**1,869.8**
Loss for the period			-	-	-	(954.6)	-	-	-	-	**(954.6)**	(217.2)	**(1,171.8)**
Other comprehensive profit/(loss)			-	-	-	-	2.3	(143.6)	0.2	(33.3)	**(174.4)**	(21.2)	**(195.5)**
Comprehensive profit/(loss)			**-**	**-**	**-**	**(954.6)**	**2.3**	**(143.6)**	**0.2**	**(33.3)**	**(1,129.0)**	**(238.3)**	**(1,367.4)**
Conversion common shares B to common shares A	115,114,775	(4,604,591)	-	-	-	-	-	-	-	-	-	-	-
Share based payments			-	-	-	17.3	-	-	-	-	**17.3**	0.9	**18.2**
Transactions with non-controlling interests			-	-	(387.7)	-	-	-	-	-	**(387.7)**	42.4	**(345.3)**
Other			-	-	(109.7)		-	-	-	-	**(109.7)**	(105.4)	**(215.0)**
Equity at September 30, 2016	**956,359,700**	**267,675,650**	**76.5**	**-**	**1,882.1**	**(2,224.3)**	**5.6**	**(361.2)**	**2.6**	**(37.3)**	**(656.0)**	**616.2**	**(39.7)**

* Previously published information has been revised for the impact of the purchase price allocations of Group entities acquired during the 2015 and 2016 financial years. For the details of the revision see note 17.

The accompanying notes on pages 7 to 37 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		**(1,874.9)**	**(1,171.8)**
Adjustments for:			
Depreciation, amortization and impairment		5,027.2	3,924.1
Share in income of associates		5.7	1.4
Gains and losses on disposals		(27.4)	(104.5)
Expenses related to share based payment	4	311.5	18.7
Other non-cash operating (losses)/gains, net[1]		176.4	290.7
Pension liability payments		(93.5)	(98.8)
Finance costs recognized in the statement of income		2,801.8	2,781.2
Income tax credit recognized in the statement of income	11	(400.3)	(144.5)
Income tax paid		(258.3)	(118.6)
Changes in working capital		70.3	(558.5)
Net cash provided by operating activities		**5,738.6**	**4,819.3**
Payments to acquire tangible and intangible assets	4	(3,281.6)	(2,944.3)
Prepayments for content rights		(70.5)	-
Payments to acquire financial assets		(28.4)	(23.6)
Proceeds from disposal of businesses	3	336.5	150.0
Proceeds from disposal of tangible, intangible and financial assets		29.3	44.0
Use of restricted cash to acquire subsidiaries		-	7,558.8
Payments to acquires interests in associates	3	(34.9)	(359.8)
Payment to acquire subsidiaries, net	3	(297.8)	(8,107.4)
Net cash used in investing activities		**(3,347.5)**	**(3,682.3)**
Proceeds from issue of equity instruments by a subsidiary	3	331.8	-
Proceeds from issuance of debts	9	10,212.6	13,798.0
Transaction with non-controlling interests		(423.9)	851.5
Payments to redeem debt instruments	9	(8,891.5)	(12,141.1)
Payments to redeem outstanding debts on acquisition of subsidiaries		-	(2,224.2)
Transfers from/(to) restricted cash		(342.7)	(1,300.2)
Dividends paid to non-controlling interests		(265.6)	-
Interest paid	9	(2,904.6)	(2,047.1)
Other cash provided by financing activities[2]		424.1	640.2
Net cash (used)/generated in financing activities		**(1,859.9)**	**(2,422.8)**
Effects of exchange rate changes on the balance of cash held in foreign currencies		23.6	(0.8)
Net change in cash and cash equivalents		**554.9**	**(1,286.6)**
Cash and cash equivalents at beginning of period	6	1,109.1	2,527.0
Cash and cash equivalents at end of the period	6	**1,664.0**	**1,240.4**

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.

2 Other cash from financing activities includes the net proceeds from the issuance of commercial paper (€421 million) and from factoring arrangements (€67 million).

* Previously published information has been revised for the impact of the purchase price allocations of Group entities acquired during the 2015 and 2016 financial years. For the details of the revision see note 17.

The accompanying notes on pages 7 to 37 form an integral part of these condensed interim consolidated financial statements.

1. About Altice

Altice N.V. (the "Company") is a public limited liability company ("*Naamloze vennootschap*") incorporated in the Netherlands and is headquartered at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands. The Company is the parent entity of the Altice N.V. consolidated group ("the Group" or "Altice"). The Company is ultimately controlled by Patrick Drahi (via Next Alt S.à r.l., "Next Alt"). As of September 30, 2017, Next Alt held 59.93% of the share capital of the Company.

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 Directors and authorized for issue on November 20, 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 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 or after January 1, 2018;
- IFRIC 22: *Foreign Currency Transactions and Advance Consideration*. The interpretation is applicable for annual periods beginning on or after January 1, 2018 with earlier application permitted;
- Annual improvements cycle 2014-2016, effective on or after January 1, 2018;
- IFRIC 23: *Uncertainty over Income Tax Treatments*, applicable for annual periods beginning on or after 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 Directors 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.

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 Directors of the Company is still 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 Directors 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 Suddenlink, Optimum and Groupe News Participations S.A.S. (“GNP”), acquired during the years ended December 31, 2015 and 2016. Please refer to note 17 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. Altice USA IPO

In June 2017, Altice USA closed on its IPO of 71,724,139 shares of its Class A common stock (12,068,966 newly issued shares sold by Altice USA and 59,655,173 shares sold by affiliates of BC Partners and CPPIB, together, the “Sponsors”) at a price to the public of $30.00 per share. After the IPO, the Group retained ownership of approximately 70.2% of issued and outstanding common stock of Altice USA, which represents approximately 98.2% of the voting rights. The Class A common stock began trading on June 22, 2017 on the New York Stock Exchange under the symbol “ATUS”.

In connection with the sale of its Class A common stock, Altice USA received proceeds of approximately $350 million (€323 million). The proceeds were used to redeem a portion of the principal amount outstanding of the 10.875% Senior Notes due 2025 (“CSC 2025 Senior Notes”) issued by CSC Holdings. The redemption occurred on July 10, 2017.

On June 21, 2017, Altice USA converted the loan from the Sponsors of $525 million, into shares of Altice USA common stock at the IPO price.

Following the IPO, the Group’s total equity increased by $0.9 billion, including the direct share capital increase through the IPO ($350 million) and the capitalization of the loan previously held by the Sponsors.

In addition, the put and call instruments held by the Sponsors were cancelled. The put instrument entitled the Sponsors the option to sell Altice their shares, which Altice was obligated to purchase. At December 31, 2016, this option was valued at €2.8 billion and recorded as a financial liability, with a corresponding reduction in equity. On cancellation, the liability was released through equity.

3.2. Acquisitions and disposals during the period

3.2.1. *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 recognized a loss on sale after transactions costs of €0.9 million.

3.2.2. *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.

3.2.3. *Acquisition of Audience Partners*

On March 2, 2017, Altice USA acquired Audience Partners, a leading provider of data-driven, audience-based digital advertising solutions worldwide. Altice USA has a successful TV data and addressable advertising track record in the New York designated market area, and this will expand to include the digital capabilities of Audience Partners to deliver seamless multiscreen addressable solutions.

3.2.4. *Sale by SFR Group of L'Etudiant and the B2B Division of Newsco Group to Coalition Media Group*

As noted in the annual consolidated financial statements, SFR and Marc Laufer had begun exclusive negotiations for a new partnership between SFR, NewsCo and l'Etudiant. In accordance to IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*, the associated disposal group was classified as held for sale in the consolidated statement of financial position, assets of €59 million and liabilities of €46 million, as at December 31, 2016. On April 28, 2017, SFR Group completed the sale of the companies. SFR Group subsequently acquired a 25% stake in this holding, this is classified as an investment in associate. As part of the transaction, the vendor loan contracted during the acquisition of Altice Media Group for €100 million was fully reimbursed. The Group recorded a €28.3 million capital gain.

3.2.5. *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.

3.2.6. *Acquisition of SFR Group S.A. shares*

During the nine month period ended September 30, 2017, the Company acquired an aggregate number of 53,574,173 SFR Group shares in private off-market transactions. In consideration for these acquisitions, the Company delivered common shares A, which it held previously as treasury shares.

Following these transactions noted above, the Group held in excess of 95% of the share capital and voting rights of SFR Group. As a result, the Group filed with the French financial market authority, in September 2017, a buyout offer followed by a squeeze-out for the remaining SFR Group shares for a price of €34.50 per share.

The Group acquired 12,053,363 shares during September at the agreed price. Following these acquisitions, as at September 30, 2017, the Group held 437,356,940 SFR Group shares, representing 98.57% of the share capital and 98.53% of the voting rights of SFR Group.

Owing to the announcement to buyout the remaining SFR shares, the Group had a constructive obligation to acquire the remaining 1.43% of SFR Group shares. As at September 30, 2017 the Group recognised a liability in the Statement of Financial Position (in “other current financial liabilities”) for a total amount of €237 million with a corresponding increase in the interest in SFR to 100% and a reduction of non-controlling interests in SFR Group to zero.

On October 9, 2017, the squeeze-out of the remaining SFR Group shares occurred, please refer to note 16.2.

3.2.6.1. *Pho Holding*

On July 26, 2017, SFR Group obtained approval for the take-over of Pho Holding (owner of the Numero 23 channel) by NextRadioTV. Following the take-over, the consolidation method changed as of September 30, 2017 (from equity accounted to full consolidation).

3.3. Transactions completed in the prior period

3.3.1. *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.

3.4. 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**
SFR Group	France	0.00%	16.00%	(6.3)	(56.1)	(73.0)	511.3
Altice USA [1]	United States	29.80%	30.37%	(187.5)	(234.2)	(545.7)	(346.3)
Altice Technical Services	Luxembourg	49.00%	49.00%	(11.7)	4.0	24.5	49.8
Others	Various			(7.7)	(17.5)	(51.2)	(24.7)
Total				**(213.2)**	**(303.9)**	**(645.4)**	**190.2**

1. Following the IPO, non-controlling interests have direct investment in Altice USA; previously the non-controlling interests had direct investments in CVC 2 B.V., which indirectly owned 100% of Altice USA.

3.5. Variations in non-controlling interests

Variations in non-controlling interests (€m)	**September 30, 2017**	**December 31, 2016**
Balance at beginning of the period/year	**190.2**	**916.7**
Share of loss for the period/year	(213.2)	(303.9)
Other comprehensive income	(56.8)	(8.3)
Transactions with non-controlling interests in SFR Group S.A.	(578.0)	(375.7)
Transactions with non-controlling interests in Altice USA	16.7	(75.3)
Transactions with non-controlling interests in Altice Technical Services S.A.	(11.5)	45.1
Other variations	7.0	(8.4)
Balance at end of the period/year	**(645.5)**	**190.2**

The main change in the equity attributable to non-controlling interests was a result of the Company acquiring an aggregate number of 53,574,173 SFR Group shares in private off-market transactions from the minority investors.

4. Segment reporting

4.1. Definition of segments

Given the geographical spread of the entities within the Group, analysis by geographical area is fundamental in determining the Group’s strategy and managing its different businesses. The Group’s chief operating decision maker is the 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 fixed B2B segment in the US also shows significant seasonality at the end of the school period (May-June) and the back to school period. The B2B business is also impacted by the timing of preparation of the annual budgets of public and private sector companies. The accounting policies of the reportable segments are the same as the Group's accounting policies.

The segments that are presented are detailed below:

- **France:** The Group controls SFR Group, the second largest telecom operator in France, which provides services to residential (B2C) and business clients (B2B) as well as wholesale customers, providing mobile and high speed internet services using the SFR and associated brands
- **United States ("US")**: Altice USA provides fixed services to B2C, B2B and wholesale clients in the United States. The Group has a DOCSIS 3.1 compliant network in several states in the Southwestern US with the Suddenlink brand and has a dominant position in the New York, New Jersey and Connecticut markets with the Optimum and Lightpath brands.
- **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 Directors 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 Directors has defined certain financial KPIs that are tracked and reported by each operating segment every month to the senior executives of the Company. The Board of Directors believes that these indicators offer them the best view of the operational and financial efficiency of each segment and this follows best practices in the rest of the industry, thus providing investors and other analysts a suitable base to perform their analysis of the Group's results.

The financial KPIs tracked by the Board of Directors are:

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

4.2.1. *Non-GAAP measures*

Adjusted EBITDA, Capex and OpFCF are non-GAAP measures. These measures are useful to readers of Altice's financial statements as they provide a measure of operating results excluding certain items that Altice's management believe are either outside of its recurring operating activities, or items that are non-cash. Excluding such items enables trends in the Group's operating results and cash flow generation to be more easily observable. The non-GAAP measures are used by the Group internally to manage and assess the results of its operations, make decisions with respect to investments and allocation of resources, and assess the performance of management personnel. Such performance measures are also the de facto metrics used by investors and other members of the financial community to value other companies operating in the same industry as the Group and thus are a basis for comparability between the Group and its peers. Moreover, the debt covenants of the Group are based on the Adjusted EBITDA and other associated metrics.

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 6.1% of total revenues for the nine months ended September 30, 2017, compared to 1.1% of total revenues for the nine months ended September 30, 2016 €1,140.8 million compared to €164.2 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	**France**	**United States**	**Portugal**	**Israel**	**Dominican Republic**	**Others**	**Inter-segment elimination**	**Total**
Revenues	**8,229.5**	**6,248.4**	**1,714.7**	**779.2**	**529.2**	**1,319.6**	**(1,140.8)**	**17,679.7**
Purchasing and subcontracting costs	(2,978.4)	(2,039.5)	(427.6)	(203.1)	(116.3)	(458.3)	654.3	**(5,568.9)**
Other operating expenses	(1,781.7)	(843.7)	(293.9)	(173.4)	(121.4)	(283.2)	333.7	**(3,163.5)**
Staff costs and employee benefits	(687.5)	(960.7)	(210.0)	(49.0)	(20.8)	(334.4)	29.9	**(2,232.5)**
Total	**2,781.9**	**2,404.5**	**783.2**	**353.7**	**270.7**	**243.8**	**(122.9)**	**6,714.8**
Stock option expense	1.1	289.1	-	-	-	21.3	-	**311.5**
Adjusted EBITDA	**2,783.0**	**2,693.6**	**783.2**	**353.7**	**270.7**	**265.1**	**(122.9)**	**7,026.4**
Depreciation, amortisation and impairment	(2,036.9)	(1,923.8)	(565.0)	(251.3)	(101.0)	(149.2)	-	**(5,027.2)**
Stock option expense	(1.1)	(289.1)	-	-	-	(21.3)	-	**(311.5)**
Other expenses and income	(967.4)	(148.3)	(74.5)	(13.1)	(19.7)	67.7	-	**(1,155.3)**
Operating profit	**(222.4)**	**332.3**	**143.7**	**89.2**	**150.0**	**162.3**	**(122.9)**	**532.3**

For the nine months ended September 30, 2016 (revised*) €m	France	United States	Portugal	Israel	Dominican Republic	Others	Inter-segment elimination	Total
Revenues	**8,097.4**	**3,325.0**	**1,731.5**	**707.1**	**528.7**	**446.7**	**(162.5)**	**14,674.0**
Purchasing and subcontracting costs	(2,865.8)	(1,047.9)	(379.1)	(171.6)	(104.5)	(95.8)	65.2	**(4,599.5)**
Other operating expenses	(1,721.8)	(480.9)	(310.4)	(163.2)	(124.0)	(93.0)	97.1	**(2,796.1)**
Staff costs and employee benefits	(669.2)	(449.0)	(218.1)	(49.5)	(22.9)	(90.2)	0.1	**(1,498.8)**
Total	**2,840.5**	**1,347.2**	**823.9**	**322.8**	**277.4**	**167.8**	**-**	**5,779.5**
Stock option expense	3.0	1.5	-	-	-	14.2	-	**18.7**
Adjusted EBITDA	**2,843.5**	**1,348.7**	**823.9**	**322.8**	**277.4**	**182.0**	**-**	**5,798.3**
Depreciation, amortisation and impairment	(1,860.9)	(977.8)	(593.8)	(243.6)	(123.4)	(124.6)	-	**(3,924.1)**
Stock option expense	(3.0)	(1.5)	-	-	-	(14.2)	-	**(18.7)**
Other expenses and income	(326.3)	(152.2)	(38.7)	(27.7)	(5.1)	56.2	-	**(493.7)**
Operating profit/(loss)	**653.2**	**217.2**	**191.4**	**51.6**	**148.9**	**99.3**	**-**	**1,361.8**

* Please refer to note 17 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	311.5	18.7
Items excluded from adjusted EBITDA	**311.5**	**18.7**
Restructuring costs	860.8	336.3
Loss on disposals of assets	94.2	21.1
Onerous contracts	80.8	1.2
Disputes and litigation	48.0	60.5
Gain on sale of consolidated entities	(27.4)	-
Deal fees	4.6	36.9
Other expenses and income (net)	94.2	37.7
Other expenses and income	**1,155.3**	**493.7**

4.3.2.1. *Restructuring costs*

Restructuring costs mainly include costs related to provisions for employee redundancies and contract termination fees at subsidiaries with ongoing restructuring plans. Details of these are provided below.

- France: On August 4, 2016, management and the representative unions of SFR Group's telecom division signed an agreement to allow the Group to adapt more quickly to the demands of the telecom market by building a more competitive and efficient organization. This agreement reaffirmed the commitments to maintain jobs until July 1, 2017 that were made at the time of the SFR acquisition, and defined the internal assistance guarantees and the conditions for voluntary departures that would be implemented as of the second half of 2016. This agreement stipulates three steps:
  - the reorganization of retail, which resulted in a voluntary departure plan as of the 4th quarter of 2016 (step one);
  - a new voluntary departure plan launched in July 2017, preceded by the possibility for employees who would like to benefit from this plan to request suspension of their employment contract in the 4th quarter of 2016 to pursue their professional plans outside the company; and
  - a period between July 2017 and June 2019 during which employees could also benefit from a voluntary departure plan under conditions to be defined.

  The first phase of this agreement, reorganization of retail stores, ended in March 2017 with the validation of approximately 800 departures of employees. At September 30, 2017, a residual provision of €5 million was recognized for restructuring of retail stores and cash outflows for this phase total €72 million.

  The Career and Job Planning Group Agreement ("CJP Group Agreement") was signed on February 1, 2017 by most of the representative unions of the SFR Group Telecom division. It specifies the external mobility scheme offered to the employees for the period before September 30, 2017. As of September 30, 2017, 1,360 employees took benefit from the *"Mobilité Volontaire Sécurisée"* plan (suspension of labour contract) of the CJP Group Agreement, and will benefit in priority from the voluntary departure plan if they remain eligible when the plan enters into force.

Finally, "Livre 2", which describes the target organization of the Telecom division of SFR and the changes that are required to achieve such an organization, was delivered to the representative unions on April 3, 2017. The validation commissions began in July, and the departure of approximately 2,000 additional employees is expected before the end of November 2017, the end date of the voluntary plan. The restructuring provision recognized for this voluntary departure plan amounted to €742 million, partially offset by the reversal of employee benefit plan provisions of €47 million. A €500 million reversal of provision was recognized as of September 30, 2017 and the corresponding amount recorded in trade and other payables following the validation of departures by the different commissions. A part of this liability (€26 million) was paid during the third quarter of 2017.

- United States: In the fourth quarter of 2016, Optimum and Cequel initiated a voluntary retirement plan, under the conditions of which, certain employees from the corporate, administrative and infrastructure departments were eligible to participate and terminate their employment contracts. Once an employee has applied to leave under the plan, Optimum and Cequel's management have the right to reject the offer, and thus the Group has determined that the plan qualifies as a termination benefit under IAS 19R, 'employee benefits'. An expense of €126.6 million was recorded in the nine month period ended September 30, 2017 to account for the impact of the plan (€194.9 million was recognised for the year ended December 31, 2016).

4.3.2.2. *Onerous contracts*

The expenses recognised for onerous contracts largely relate to the expected vacancy of the current SFR campus in Paris, following the move to the new Altice Campus during the fourth quarter of 2017.

4.3.3. *Loss on disposal of assets*

The loss on disposal of asset primarily relates to losses on scrapped property, plant and equipment, primarily in France.

4.3.3.1. *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, as described in note 14. During the nine month period ended September 30, 2017, the Group incurred stock option expenses of €311.5 million, of which the majority was attributable to the carry unit plan of Altice USA. Under the carry unit plan, grants have a similar vesting pattern as the SOP (i.e. 50% two years from grant date and 25% in each of years three and four following grant date). In the US, an expense of €289.1 million was recorded for the nine month period ended September 30, 2017 compared to nil for the nine month period ended September 30, 2016.

4.3.4. *Revenues by activity*

For the nine months ended September 30, 2017 €m	**France**	**United States**	**Portugal**	**Israel**	**Dominican Republic**	**Others**	**Total**
Revenue Fixed - B2C	2,107.2	5,113.5	500.1	499.6	82.2	79.0	**8,381.5**
Revenue Mobile - B2C	3,301.5	-	428.3	176.4	302.0	64.3	**4,272.6**
B2B and wholesale	2,443.1	869.2	674.2	103.2	130.0	29.8	**4,249.6**
Other revenue	377.7	265.6	112.0	-	14.9	1,146.6	**1,916.8**
Total standalone revenues	**8,229.5**	**6,248.4**	**1,714.7**	**779.2**	**529.2**	**1,319.6**	**18,820.5**
Intersegment eliminations	(120.0)	(0.5)	(57.9)	(0.9)	(3.3)	(958.3)	**(1,140.8)**
Total consolidated revenues	**8,109.5**	**6,247.9**	**1,656.8**	**778.3**	**525.9**	**361.4**	**17,679.7**

For the nine months ended September 30, 2016 €m	**France**	**United States**	**Portugal**	**Israel**	**Dominican Republic**	**Others**	**Total**
Fixed - B2C	2,123.6	2,657.6	515.3	475.5	81.4	103.7	**5,957.1**
Mobile - B2C	3,332.3	-	435.2	135.1	305.9	61.5	**4,270.0**
B2B and wholesale	2,472.1	490.9	695.2	96.5	124.2	33.1	**3,912.0**
Other	169.5	176.5	85.7	-	17.3	248.3	**697.3**
Total standalone revenues	**8,097.4**	**3,325.0**	**1,731.5**	**707.1**	**528.7**	**446.7**	**14,836.4**
Intersegment eliminations	(24.4)	-	(18.6)	(0.1)	(1.5)	(117.9)	**(162.5)**
Total consolidated revenues	**8,073.0**	**3,325.0**	**1,712.9**	**707.0**	**527.2**	**328.8**	**14,674.0**

4.3.5. *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	**France**	**United States**	**Portugal**	**Israel**	**Dominican Republic**	**Others**	**Eliminations**	**Total**
Capital expenditure (accrued)	1,666.8	623.8	335.0	196.6	78.4	119.4	(159.5)	**2,860.6**
Capital expenditure - working capital items	258.9	63.6	13.6	8.0	(7.6)	84.5	-	**420.9**
Payments to acquire tangible and intangible assets	**1,925.7**	**687.4**	**348.6**	**204.7**	**70.8**	**203.9**	**(159.5)**	**3,281.6**

For the nine months ended September 30, 2016 €m	**France**	**United States**	**Portugal[1]**	**Israel**	**Dominican Republic**	**Others**	**Eliminations**	**Total**
Capital expenditure (accrued)	1,537.2	347.2	317.1	234.6	95.2	529.6	-	**3,060.9**
Capital expenditure - working capital items	278.1	15.2	(37.5)	(42.6)	-	(329.8)	-	**(116.6)**
Payments to acquire tangible and intangible assets	**1,815.3**	**362.4**	**279.5**	**192.0**	**95.2**	**199.8**	**-**	**2,944.3**

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).

4.3.6. *Adjusted EBITDA less accrued Capex*

The table below details the calculation of Adjusted EBITDA less accrued Capex, or operating free cash flows (“OpFCF”), as presented to the Board of Directors. This measure is used as an indicator of the Group's financial performance as the Board 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	**France**	**United States**	**Portugal**	**Israel**	**Dominican Republic**	**Others**	**Eliminations**	**Total**
Adjusted EBITDA	2,783.0	2,693.6	783.2	353.7	270.7	265.1	(122.9)	**7,026.4**
Capital expenditure (accrued)	(1,666.8)	(623.8)	(335.0)	(196.6)	(78.4)	(119.4)	159.5	**(2,860.6)**
Operating free cash flow (OpFCF)	**1,116.2**	**2,069.8**	**448.2**	**157.1**	**192.3**	**145.7**	**36.5**	**4,165.7**

For the nine months ended September 30, 2016 €m	**France**	**United States**	**Portugal**	**Israel**	**Dominican Republic**	**Others**	**Eliminations**	**Total**
Adjusted EBITDA	2,843.5	1,348.7	823.9	322.8	279.1	180.3	-	**5,798.3**
Capital expenditure (accrued)	(1,537.2)	(347.2)	(317.1)	(234.6)	(95.2)	(529.6)	-	**(3,060.9)**
Operating free cash flow (OpFCF)	**1,306.3**	**1,001.5**	**506.9**	**88.2**	**183.9**	**(349.4)**	**-**	**2,737.4**

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**
France	12,157.1	55.3	-	-	-	12,212.4
United States	7,246.6	17.5	(791.0)	-	-	6,473.0
Portugal	1,706.2	-	-	-	-	1,706.2
Israel	732.3	-	(21.2)	-	-	711.1
Dominican Republic	890.9	-	(92.3)	-	-	798.6
Others	468.6	257.7	12.3	-	-	738.6
Gross value	**23,201.7**	**330.5**	**(892.2)**	**-**	**-**	**22,639.9**
France	-	-	-	-	-	-
United States	-	-	-	-	-	-
Portugal	-	-	-	-	-	-
Israel	(151.3)	-	4.4	-	-	(146.9)
Dominican Republic	-	-	-	-	-	-
Others	(4.6)	-	-	-	-	(4.6)
Cumulative impairment	**(155.9)**	**-**	**4.4**	**-**	**-**	**(151.6)**
France	12,157.1	55.3	-	-	-	12,212.4
United States	7,246.6	17.5	(791.0)	-	-	6,473.0
Portugal	1,706.2	-	-	-	-	1,706.2
Israel	581.0	-	(16.8)	-	-	564.2
Dominican Republic	890.9	-	(92.3)	-	-	798.6
Others	464.0	257.7	12.3	-	-	733.9
Net book value	**23,045.7**	**330.5**	**(887.9)**	**-**	**-**	**22,488.3**

Goodwill (€m)	**December 31, 2015**	**Recognized on business combination**	**Changes in foreign currency translation**	**Held for sale**	**Other**	**December 31, 2016**
France	11,565.5	591.6	-	-	-	12,157.1
United States	1,936.7	5,079.2	230.7	-	-	7,246.6
Portugal	1,706.2	-	-	-	-	1,706.2
Israel	697.8	-	34.5	-	-	732.3
Dominican Republic	858.9	-	32.0	-	-	890.9
Others	594.9	169.2	-	(295.5)	-	468.6
Gross value	**17,360.0**	**5,840.1**	**297.3**	**(295.5)**	**-**	**23,201.7**
France	-	-	-	-	-	-
United States	-	-	-	-	-	-
Portugal	-	-	-	-	-	-
Israel	(144.1)	-	(7.2)	-	-	(151.3)
Dominican Republic	-	-	-	-	-	-
Others	(4.6)	-	-	-	-	(4.6)
Cumulative impairment	**(148.7)**	**-**	**(7.2)**	**-**	**-**	**(155.9)**
France	11,565.5	591.6	-	-	-	12,157.1
United States	1,936.7	5,079.2	230.7	-	-	7,246.6
Portugal	1,706.2	-	-	-	-	1,706.2
Israel	553.7	-	27.3	-	-	581.0
Dominican Republic	858.9	-	32.0	-	-	890.9
Others	590.3	169.2	-	(295.5)	-	464.0
Net book value	**17,211.3**	**5,840.1**	**290.1**	**(295.5)**	**-**	**23,045.7**

5.2. Impairment of goodwill

Goodwill is reviewed at the level of each GCGU or CGU annually for impairment and whenever changes in circumstances indicate that its carrying amount may not be recoverable. Goodwill was tested at the CGU/GCGU level for impairment as of December 31, 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, except for the US GCGU, which as from June 2017 (when it was listed publicly in the US) uses the observable price of the publicly traded shares to determine fair value. 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.

5.3.1.2. *Pho Holding*

On July 26, 2017, SFR Group obtained approval for the take-over of Pho Holding (owner of the Numero 23 channel) by NextRadioTV. Following the take-over, the consolidation method changed as of September 30, 2017 (from equity accounted to full consolidation).

5.3.1.3. *Optimum*

On June 21, 2016, the Company completed the acquisition of a controlling stake in Optimum, a leading cable operator in the New York area in the United States. The consideration transferred amounted to €8,025.4 million on a cash free, debt free basis.

The Group identified the following assets and liabilities, and their final fair value was determined by an independent external appraiser based on a business plan prepared as of the date of the acquisition as follows:

- Customer relationships: determined for each operating segment, namely Fixed B2C and B2B and Wholesale customers. The fair value was evaluated using the excess earnings method and the useful life reflects the economic life of the asset for a total amount of €4,286.3 million.
- Brand: The Optimum and Lightpath brands were measured using the relief from royalty method using a useful life between 12 and 14 years and amounted to a total of €892.7 million.
- Franchise rights: concessions awarded by local municipalities for Optimum to conduct its business in its areas of operation, measured at fair value of €7,185.1 million. The franchises were valued using the greenfield method.
- Property, plant and equipment: preliminary evaluated at a fair value of €4,288.3 million.

Following the purchase price allocation, a summary of the final allocation between the different classes of assets and liabilities is provided below.

	€m
Total consideration transferred	8,025.4
Fair value of identifiable assets, liabilities and contingent liabilities	2,946.2
Goodwill	5,079.2

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. *Audience Partners*

On March 2, 2017, the Group finalized the acquisition of 100% of the share capital of Audience Partners. Total consideration to be transferred to the vendors amounts to $75.4 million (€70.5 million equivalent, excluding purchase price adjustments), including $45.4 million cash consideration paid to existing management, owners, and seller attributable expenses and $30.0 million contingent consideration, subject to certain conditions.

The Group identified the following assets and liabilities, and their preliminary fair value was determined by an independent external appraiser based on a business plan prepared as of the date of the acquisition as follows:

- Customer relationships: The fair value was evaluated using the excess earnings method and the useful life reflects the economic life of the asset for a total amount of €39.4 million.
- Technology: a fair value of €9 million was attributed to technology acquired.

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	70.5
Fair value of identifiable assets, liabilities and contingent liabilities	53.0
Preliminary goodwill	17.5

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 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.

5.3.2.4. *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 preliminary 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		**September 30, 2017**	
(€m)	**Gross carrying amoun**	**Accumulated amortization**	**Net carrying amount**
Customer relationships	9,989.2	(2,899.9)	7,089.3
Trade names	2,440.9	(1,085.9)	1,355.0
Franchise & patents[1]	11,530.5	(197.9)	11,332.6
Software & licenses	6,041.4	(2,580.6)	3,460.8
Other amortizable intangibles	6,543.4	(4,215.9)	2,327.4
Total	**36,545.3**	**(10,980.2)**	**25,565.1**

Intangible Assets		**December 31, 2016**	
(€m)	**Gross carrying amount**	**Accumulated amortization**	**Net carrying amount**
Customer relationships	10,563.6	(2,033.7)	8,529.9
Trade names	2,550.8	(412.1)	2,138.8
Franchise & patents[1]	12,822.2	(100.6)	12,721.6
Software & licenses	5,755.4	(2,015.8)	3,739.5
Other amortizable intangibles	6,150.4	(3,868.2)	2,282.3
Total	**37,842.4**	**(8,430.3)**	**29,412.1**

1 The Group franchises are recognized as indefinite life intangible assets and are not amortized, they are tested for impairment annually or more frequently as warranted by events or changes in circumstances. Costs incurred in negotiating and renewing broadband franchises are amortized on a straight-line basis over the life of the renewal period.

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 Company has estimated the remaining useful lives to be 3 years from the date of adoption, which reflects one year as an in-use asset and two years as 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 remaining 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 €602.4 million. See also note 16.11 on the brand topic.

The total amortization expense for the nine months ended September 30, 2017 and 2016 was €2,689.4 million and €1,876.9 million, respectively, an increase of €812.5 million. The increase from the prior year is primarily related to the accelerated amortization as noted earlier and the full nine months impact of Optimum in 2017, compared to only 6 months and 9 days included in the same period of 2016.

6. Cash and cash equivalents and restricted cash

Cash balances (€m)	**September 30, 2017**	**December 31, 2016**
Term deposits	107.7	185.3
Bank balances	1,556.3	923.8
Cash and cash equivalents	**1,664.1**	**1,109.1**
Restricted cash	514.5	202.0
Total	**2,178.6**	**1,311.1**

The restricted cash balance at September 30, 2017 included:

- €302.3 million related to the SFR squeeze out, of which €65.1 million was released to bank balances on October 16, 2017, following the conclusion of the squeeze out,
- €139.8 million for debt financing obligations,
- €38.3 million related to cash collateral pursuant to a put and call contract in the US, and
- €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

Share capital September 30, 2017	Total shares authorised (number)	Total capital authorised (€m)	Number of shares issued (number)	Value per share (cents)	Total capital issued (€m)
Common shares A	8,681,328,075	86.8	1,354,538,150	0.01	13.5
Common shares B	278,597,435	69.6	251,748,512	0.25	62.9
Preference shares A	4,700,000,000	188.0	-	0.04	-
Preference shares B	150,000,000	1.5	-	0.01	-
Total	**13,809,925,510**	**346.0**	**1,606,286,662**		**76.5**

Share capital December 31, 2016	Total shares authorised (number)	Total capital authorised (€m)	Number of shares issued (number)	Value per share (cents)	Total capital issued (€m)
Common shares A	8,299,152,975	83.0	972,363,050	0.01	9.7
Common shares B	293,884,439	73.5	267,035,516	0.25	66.8
Preference shares A	4,700,000,000	188.0	-	0.04	-
Preference shares B	150,000,000	1.5	-	0.01	-
Total	**13,443,037,414**	**346.0**	**1,239,398,566**		**76.5**

7.2. Treasury shares

The table below provides a reconciliation of treasury shares held by the Company and the movements in the period.

Reconciliation of treasury shares	Note	Nine months ended September 30, 2017	Year ended December 31, 2016
Opening		**107,324,976**	**25,400,064**
Conversions	7.2.1	366,888,096	125,873,400
Shares utilised in share exchange	7.2.2	(80,230,333)	(43,948,488)
Share buybacks	7.2.3	7,042,764	-
Closing		**401,025,503**	**107,324,976**

7.2.1. *Share conversions*

For the nine months ended September 30, 2017, the Company received and executed conversion orders amounting to a total of 15,287,004 common shares B. For each conversion, 1 common share B is converted to 25 common shares A (amounting to a total of 382,175,100 common shares A created during the period) and 24 common shares A are subsequently acquired by the Company for nil consideration and retained as treasury shares.

7.2.2. *Share exchanges*

As discussed in note 3.2.6, the Group has acquired additional shares in SFR Group over the past nine months. The consideration for the shares acquired was the exchange of Altice N.V. common shares A, which the Company previously held as treasury shares.

7.2.3. *Share buybacks*

On June 28, 2017, the general meeting of shareholders authorised the Company to acquire shares in its own capital for a period of 18 months up to a maximum of 10% of the issued share capital at a price between the nominal value of the shares and 110% of the opening price at Euronext Amsterdam at the date of the acquisition.

On August 28, 2017, the Company announced its share repurchase programme commenced, with the intention to purchase Altice common shares A and Altice common shares B on Euronext Amsterdam for an aggregate market value equivalent to up to €1 billion. The Company intends to either cancel the shares repurchased or hold them as treasury shares. As of September 30, 2017, the total value of shares purchased through the buyback programme was €126.8 million, all of which were held as treasury shares and were outstanding to be paid (please refer to note 9.6). During October this programme was suspended and replaced with a safeharbour programme, please refer to note 16.3.

7.3. Additional paid in capital

Changes in additional paid in capital (€m)	**September 30, 2017**	**December 31, 2016**
Opening balance	738.0	2,379.6
Exchange of Altice N.V. shares for SFR Group shares	171.9	284.0
Recognition of put option for minority investors in Teads	(72.9)	-
Transactions with non-controlling interests of SFR Group	(280.7)	(141.2)
Transactions with non-controlling interests of Altice USA	3,483.0	(1,747.5)
Other	(60.2)	(36.9)
Total	**3,979.1**	**738.0**

Changes in additional paid in capital were mainly related to the cancellation of the put option held by non-controlling interests of CVC 2 B.V. The put option ceased with the IPO in the US as described in note 3.1.

7.4. 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	(55.2)	15.3	(39.9)	(59.7)	15.1	(44.6)
Items not reclassified to profit or loss	**(55.2)**	**15.3**	**(39.9)**	**(59.7)**	**15.1**	**(44.6)**
Available for sale reserve	3.4	-	3.4	2.9	-	2.9
Currency translation reserve	(52.6)	-	(52.6)	148.8	-	148.8
Cash flow hedge reserve	(741.6)	236.8	(504.8)	(985.5)	313.6	(671.8)
Items potentially reclassified to profit or loss	**(790.9)**	**236.8**	**(554.1)**	**(833.8)**	**313.6**	**(520.2)**
Total	**(846.1)**	**252.1**	**(594.0)**	**(893.5)**	**328.8**	**(564.8)**

8. Earnings per share

Earnings per share (€m)	**Nine months ended September 30, 2017**	**Nine months ended September 30, 2016 (revised *)**
Loss for the period attributable to equity holders of the Parent	**(1,661.7)**	**(954.6)**
Basic and diluted earnings per share		
Weighted average number of ordinary shares (millions)	1,169.0	1,088.1
Earnings per ordinary share (in €)	*(1.42)*	*(0.88)*

As both common shares A and common shares B have the same economic rights, basic earnings per share is calculated using the aggregate number of shares in circulation, excluding treasury shares held by the Company. Basic and diluted earnings per share are the same due to the Group recording a loss for the nine month periods ended September 30, 2017 and 2016; the potential dilutive shares upon creation would have led to an increase of diluted earnings per share.

9. 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		**49,603.3**	**52,826.3**
- Debentures	*9.1*	*36,131.7*	*42,517.9*
- Loans from financial institutions	*9.1*	*11,855.5*	*9,867.5*
- Derivative financial instruments	*9.3*	*1,616.0*	*440.9*
Other non-current financial liabilities	*9.6*	**2,065.8**	**4,480.0**
- Finance leases		*93.2*	*130.6*
- Other financial liabilities		*1,972.5*	*4,349.3*
Non-current liabilities		**51,669.0**	**57,306.3**
Short term borrowing, financial liabilities and related hedge instruments		**2,593.4**	**1,342.3**
- Debentures	*9.1*	*1,546.3*	*909.6*
- Loans from financial institutions	*9.1*	*830.3*	*420.2*
- Derivative financial instruments	*9.3*	*216.8*	*12.5*
Other financial liabilities	*9.6*	**2,971.4**	**3,492.0**
- Other financial liabilities		*2,160.6*	*1,995.0*
- Bank overdraft		*39.8*	*59.6*
- Accrued interests		*703.2*	*1,358.2*
- Finance leases		*67.7*	*79.1*
Current liabilities		**5,564.8**	**4,834.3**
Total		**57,233.9**	**62,140.6**

9.1. Debentures and loans from financial institutions

Debentures and loans from financial institutions (€m)	**Notes**	**September 30, 2017**	**December 31, 2016**
Debentures	9.1.1	37,678.0	43,427.5
Loans from financial institutions	9.1.2	12,685.8	10,287.7
Total		**50,363.8**	**53,715.2**

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 9.2 for further details.

9.1.1. *Debentures*

Maturity of debentures (€m)	**Less than one year**	**One year or more**	**September 30, 2017**	**December 31, 2016**
SFR Group	-	11,107.1	11,107.1	12,197.3
Altice USA[1]	1,332.1	12,098.7	13,430.8	16,620.5
Altice Luxembourg	-	6,449.0	6,449.0	6,881.8
Altice Financing	-	5,575.5	5,575.5	6,109.2
Altice Finco	-	901.5	901.5	1,382.9
HOT Telecom	214.2	-	214.2	235.9
Total	**1,546.3**	**36,131.7**	**37,678.0**	**43,427.5**

9.1.2. *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**
SFR Group (including RCF)	62.6	4,371.4	4,434.1	4,804.7
Altice USA[1] (incuding RCF)	78.5	4,476.8	4,555.3	3,268.0
Altice Corporate Financing	-	2,203.0	2,203.0	1,403.0
Altice Financing (including RCF)	682.7	756.8	1,439.6	748.7
Others	6.4	47.4	53.8	63.4
Total	**830.3**	**11,855.5**	**12,685.8**	**10,287.7**

1. The debt of Altice USA was disclosed separately for Optimum and Suddenlink in the annual consolidated financial statements, however, given the IPO in June 2017, the US subsidiaries were combined and reported under the heading Altice USA.

9.2. 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.

9.2.1. *Refinancing of a portion of the existing debt in the US*

On March 15, 2017, the Group announced that it had successfully priced two new term loans with institutional investors as follows:

- $3,000 million of 8.25-year senior secured term loans, and
- $1,265 million of 8.25-year senior secured term loans.

The new term loans closed on April 17 and April 26, 2017, respectively. They both have a margin of 225 basis points (2.25%) over Libor. The proceeds from executing these terms loans were used to refinance:

- the entire $2,500 million loans under the existing Term Loan Facility maturing in October 2024,
- $500 million of the 8.625% Senior Notes due September 2017,
- the $815 million loans under the existing Term Loan Facility maturing in January 2025, and
- $450 million of the 6.375% Senior Notes due September 2020.

At the time of the refinancing, the average maturity of the debt in the Cablevision silo was extended from 6.1 to 6.5 years and the weighted average cost of debt was reduced from 7.3% to 7.0%, while at Suddenlink the average maturity of debt increased from 6.6 to 6.9 years and the weighted average cost of its debt reduced from 5.6% to 5.3%.

On July 10, 2017, a portion ($315 million) of the $2 billion aggregate principal amount outstanding of the CSC 2025 Senior Notes issued by CSC Holdings was redeemed.

A loss on extinguishment of debt of €65.7 million was recognized in the consolidated income statement related to these transactions.

9.2.2. *Refinancing of a portion of the existing debt in other locations*

On March 23, 2017, the Group announced that it successfully priced:

- $1,425 million of 8.25-year term loans B at SFR Group with a margin of 275 basis point over Libor,
- €1,150 million of 8.25-year term loans B at SFR Group with a margin of 300 basis points over Euribor, and
- $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:

- €850 million of term loans at SFR Group due in April 2023,
- $1,425 million of term loans at SFR Group due in January 2024,
- €300 million term loans at SFR Group due in July 2023,
- €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 SFR Group debt from 7.3 to 7.6 years and reduced the weighted average cost of its debt from 5.2% to 4.9%, and extended the average maturity of Altice International group's debt from 6.7 to 7 years and reduced the weighted average cost of its debt from 6.2% to 5.9%.

The SFR Group restructuring was a modification of the terms of the debt and the costs of refinancing were capitalized with the new loans, while at Altice Financing a loss on extinguishment of debt of €36.1 million was recognized in the consolidated income statement related to these transactions.

9.2.3. *Extension of maturity of debt at Altice Corporate Financing*

On July 21, 2017, Altice Corporate Financing extended the maturity by one year of its €240 million financing to June 2020 and extended the maturity by one year of its €1,163 million financing to June 2021. There was no change in margins or other conditions.

9.2.4. *Increase in bank facility at Altice Corporate Financing*

On August 2, 2017, Altice Corporate Financing successfully obtained an increase in its existing facility of €950.0 million, of which €800 million is utilized and €150 million remains available until December 5, 2017. The facility was used to fund the squeeze out on SFR Group, as discussed in note 3.2.6. None of the terms or conditions of the facility were amended.

9.3. Derivatives and hedge accounting

As part of its financial risk management strategy, the Group enters certain hedging operations. The main instruments used are fixed to fixed or fixed to floating cross-currency and interest rate swaps (CCIRS) that cover against foreign currency and interest rate risk related to the Group's debt obligations. The Group applies hedge accounting for the operations that meet the eligibility criteria as defined by IAS 39.

9.3.1. *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 treatmen**[1]
SFR Group S.A.					
15/05/2025 [3]	USD 4,000	EUR 2,989	6.00%	5.14%	CFH
July 2022	USD 550	EUR 498	3m LIBOR+3.25%	3m EURIBOR+2.73%	FVPL
January 2023	USD 1,240	EUR 1,096	3m LIBOR+4.00%	3m EURIBOR+4.15%	FVPL
15/01/2024 [3]	USD 1,425	EUR 1,104	3m LIBOR+4.25%	3m EURIBOR+4.45%	FVPL
15/05/2024 [3]	USD 1,375	EUR 1,028	6.25%	5.36%	CFH
April to July 2024	USD 5,190	EUR 4,194	7.38%	6.18%	CFH
Altice Luxembourg S.A.					
May 2022	USD 2,900	EUR 2,097	7.75%	7.38%	CFH
February 2023	USD 1,480	EUR 1,308	7.63%	6.50%	CFH
Altice Financing S.A.					
December 2017 [2]	USD 200	ILS 767	9.88%	3m TELBOR+9.00%	FVPL
December 2017 [2]	USD 225	ILS 863	7.88%	3m TELBOR+6.93%	FVPL
December 2017 [2]	EUR 100	ILS 495	8.00%	3m TELBOR+5.78%	FVPL
December 2017 [2]	ILS 767	USD 200	3m TELBOR+9.00%	9.88%	FVPL
December 2017 [2]	ILS 863	USD 225	3m TELBOR+6.93%	7.88%	FVPL
December 2017 [2]	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
May 2026	USD 930 [4]	EUR 853	7.50%	7.40%	CFH
July 2025	USD 485 [3]	EUR 449	3m LIBOR+2.75%	3m EURIBOR+2.55%	FVPL
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. 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).
2. 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.
3. In July 2017, the Group monetized a part of the latent gains in these derivatives through re-pricing and extending the maturity of these financial instruments. An aggregate nominal amount of $2,150.5 million initially priced at 1.3827 (EUR/USD) was re-priced to an average rate of 1.223 (EUR/USD), and the maturity was extended from 2022 to 2025. As a result of the operation, the Group received €203.1 million and recorded financial income of the same amount. The re-priced swaps re-qualified for hedge accounting (with the exception of one swap) following the operation.
4. 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 9.2.2).
5. 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 €243.8 million were recorded in other comprehensive income (€167.0 million net of taxes).

9.3.2. *Interest rate swaps*

The Group enters interest rate swaps to cover its interest rate exposure in line with its treasury policy. These swaps 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**
SFR Group S.A.					
January 2023	EUR 4,000	EUR 4,000	3m EURIBOR	-0.12%	FVPL
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
Altice US Finance I Corporation					
May 2026	USD 1,500	USD 1,500	1.67%	6m LIBOR	FVPL

9.4. Reconciliation to swap adjusted debt

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

Reconciliation to swap adjusted debt (€m)	**September 30, 2017**	**December 31, 2016**
Debentures and loans from financial institutions	**50,363.8**	**53,715.2**
Transaction costs	629.4	676.4
Fair value adjustments	149.9	205.3
Total (excluding transaction costs and fair value adjustments)	**51,143.1**	**54,596.9**
Conversion of debentures and loans in foreign currency (at closing spot rate)	(27,514.0)	(22,300.4)
Conversion of debentures and loans in foreign currency (at hedged rates)	26,638.0	18,886.6
Total swap adjusted value	**50,267.1**	**51,183.2**

9.5. Available credit facilities

Available credit facilities (€m)	**Total facility**	**Drawn**
Altice USA	2,245.2	995.5
SFR Group S.A.	1,125.0	-
Altice Financing S.A.	978.8	675.0
Altice Luxembourg S.A.	200.0	-
Revolving credit facilities	**4,549.0**	**1,670.5**

Altice USA drew a total of $1,350 million (€1,143 million) under its revolving credit facilities during the nine months ended September 30, 2017. These proceeds were used to fund $500 million (€423.6 million) of dividends paid pre-IPO in June 2017 and the remaining proceeds were used to fund certain senior notes repayments and for general corporate purposes. During the nine months ended September 30, 2017, Altice USA made voluntary repayments aggregating $350 million on its outstanding revolving credit facilities. As of September 30, 2017, Altice USA had outstanding letters of credit that totaled $140 million (€118.6 million); these reduce the amounts available to be drawn against total revolving credit facilities of Altice USA.

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.

A new guarantee of €350.0 million was established in reference to the new content rights secured, please refer to note 12 for further details.

9.6. Other financial liabilities

The main changes in other financial liabilities in the nine month period ended September 30, 2017 were:

The non-current portion of €2,065.8 million decreased by €2,414.2 million, mainly related to:

- The put agreements that the Group had entered with the non-controlling interests in the US no longer exist following the IPO of the US business. The fair value previously recognized was reversed, resulting in a total reduction of €2,812.3 million from December 31, 2016.
- The $525 million Sponsors loan, issued by the non-controlling interests in the US, was redeemed via a capital contribution (€445.8 million).

- An increase in the non-current portion of the collateralised debt held at Altice USA in relation to the Comcast share investments; the entire balance is now classified as non-current following changes in the contracts (€551.5 million).
- The carried unit plan in the US was remeasured to its fair value at September 30, 2017, of €326.2 million.

The current portion of €2,971.4 million decreased by €520.6 million compared to December 31, 2016. This decrease was mainly related to:

- an increase in issued commercial paper by SFR Group (€421.0 million) and an increase in their factoring and securitization programmes (€85.0 million),
- a decrease in the current portion of the collateralised debt at Altice USA (€527.0 million),
- the repayment of a €100.0 million vendor loan, relating to the acquisition of Altice Media Group by SFR Group from a company controlled by the controlling shareholder of the Group,
- the redemption of the short term loans of CVC 1 for an aggregate of $235.4 million (€199.4 million), including accrued interest, and
- a decrease in accrued interest, following interest payments during the period (€655.0 million).

These reductions were partially offset by the following new liabilities:

- a new liability to record the amounts due to SFR Group shareholders whose shares Altice purchased in October, for a total of €237.2 million, and
- the outstanding amount through the Company's share buyback programme to date, €126.8 million.

10. Fair value of financial assets and liabilities

10.1.1. *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	**Note**	**September 30, 2017**		**December 31, 2016**	
(€m)		**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
Financial assets[1]		5.1	5.1	697.3	697.3
Derivatives		186.1	186.1	61.3	61.3
Cash and cash equivalents	6	1,664.0	1,664.0	1,109.1	1,109.1
Restricted cash	6	514.5	514.5	202.0	202.0
Current assets		**2,369.8**	**2,369.8**	**2,069.7**	**2,069.7**
Available for sale financial assets		7.2	7.2	12.0	12.0
Derivatives		1,101.0	1,101.0	2,568.8	2,568.8
Other financial assets[1]		1,698.3	1,698.3	1,034.9	1,034.9
Non-current assets		**2,806.6**	**2,806.6**	**3,615.8**	**3,615.8**
Short term borrowings and financial liabilities	9.1	2,376.6	2,376.6	1,329.8	1,329.8
Derivatives	9.3	216.8	216.8	12.5	12.5
Other financial liabilities	9.6	2,971.4	2,971.4	3,491.9	3,491.9
Current liabilities		**5,564.8**	**5,564.8**	**4,834.2**	**4,834.2**
Long term borrowings and financial liabilities	9.1	47,987.3	50,101.3	52,385.4	54,887.6
Derivatives	9.3	1,616.0	1,616.0	440.9	440.9
Other financial liabilities	9.6	2,065.8	2,065.8	4,480.0	4,480.0
Non-current liabilities		**51,669.0**	**53,783.1**	**57,306.3**	**59,808.6**

1 The decrease in current financial assets and the increase in other financial assests non-current is largely a result of changes in the underlying contracts for the investment in the common shares of Comcast Corporation held by Altice USA.

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.

10.1.2. *New put and call options*

During the quarter Altice USA entered into a put-call contract that expires in the third quarter of 2018. Altice USA sold a put option and purchased a call option with the same strike price. In connection with this transaction, Altice USA provided cash collateral of approximately $45 million at September 30, 2017, which reflects the aggregate difference between the strike price and the closing price of the underlying shares and is reflected as restricted cash in our consolidated balance sheet. The fair value of the put-call contract of $48.3 million as of September 30, 2017 was reflected in derivative liabilities in the statement of financial position. In addition, a loss of $72.4 million was recorded in the income statement reflecting the change in the fair value of the put-call contract ($48.3 million) and the realized loss on the settlement of certain put-call options of $24.0 million. In October 2017, Altice USA settled the remaining put-call options and recognized an incremental loss of approximately $25.0 million.

10.1.3. *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	1,832.8	440.9
Collateralised debt (related to Comcast shares)	Level 2	Discounted cash flows	1,113.9	1,220.1
Minority Put Option - CVC 1	Level 3	Discounted cash flows	-	2,812.3
Minority Put Option - Teads	Level 3	Discounted cash flows	74.0	-
Minority Put Option - Intelcia	Level 3	Discounted cash flows	41.2	39.0
Minority Put Option - GNP	Level 3	Discounted cash flows	74.8	61.8
Financial Assets				
Derivative financial instruments	Level 2	Discounted cash flows	1,287.1	2,630.1
Investment in Comcast shares	Level 1	Quoted share price	1,400.4	1,406.9
Minority Call options - CVC 1	Level 3	Black and Scholes model	-	1.7
Minority Call option - Teads	Level 3	Black and Scholes model	.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

10.1.4. *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**	**(2,913.1)**	**28.4**	**(2,883.5)**
Additions/disposals	-	(74.0)	0.7	(73.3)
US put and call options cancelled	-	2,812.3	(1.7)	2,810.6
Change in value of minority put options recorded in equity	-	(15.2)	-	(15.2)
Gains or losses recognised in profit or loss	-	-	(7.2)	(7.2)
Closing balance	**1.2**	**(190.1)**	**20.2**	**(168.6)**

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	**1.2**	**(748.0)**	**31.0**	**(715.8)**
Additions	-	(2,102.5)	26.8	(2,075.7)
Change in value of minority put options recorded in equity	-	(62.6)	-	(62.6)
Gains or losses recognised in profit or loss	-	-	(29.4)	(29.4)
Closing balance	**1.2**	**(2,913.1)**	**28.4**	**(2,883.5)**

11. 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	(2,269.4)	(1,315.0)
Income tax benefit	400.3	144.5
Effective tax rate	**18%**	**11%**

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

The Group recorded an income tax benefit of €400.3 million for the nine month period ended September 30, 2017, reflecting an effective tax rate of 18%. Non-deductible financial expenses, provisions and non-deductible share-based compensation expense, and non-recognition of tax losses as deferred tax asset had the impact of lowering the Group's effective tax rate for the nine month period ended September 30, 2017.

The Group recorded an income tax benefit of €144.5 million for the nine month period ended September 30, 2016, reflecting an effective tax rate of 11%. The lower effective tax rate in 2016 is mainly explained by Altice USA contribution. On June 9, 2016 the common stock of Cequel Corporation was contributed to Altice USA. On June 21, 2016, the Company, through Altice USA, completed its acquisition of Cablevision. Accordingly, Cequel and Cablevision joined the federal consolidated and certain state combined income tax returns of Altice USA. As a result, the applicate tax rate used to measure deferred tax assets and liabilities increased, resulting in a non-cash deferred income tax charge in the second quarter of 2016. This effect was partially offset by the recognition of deferred tax assets for US tax loss carry forwards regarding accrued interest expense of Neptune Finco Corp pursuant to its merger with and into Cablevision on June 21, 2016.

11.1. Income tax litigation

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

12. Contractual obligations and commercial commitments

During the nine month period ended September 30, 2017, no significant contractual obligations and commercial commitments have been signed as compared to the year ended December 31, 2016, other than:

- the lease commitment signed between SFR and SCI Quadrans, as disclosed in note 14; and
- 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.

13. 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.

13.1. France

13.1.1. *Wholesale disputes*

13.1.1.1. *SFR's lawsuit and complaint against Orange in the Paris Commercial Court (call termination – call origination)*

On February 22, 2010, SFR sued Orange demanding the cancellation of the cost of the Orange’s call origination service for the period 2006-2007 and replace it with a rate lower by 2% for 2006 and a rate lower by 15% for 2007. On June 25, 2013, SFR had all its requests dismissed. On July 25, 2013, SFR appealed the Commercial Court ruling. On December 4, 2015, the Court of Appeal dismissed SFR’s claim. SFR filed an appeal before the Court of Cassation, the French Supreme Court, on March 14, 2016. On September 27, 2017, the Court of Cassation rejected SFR's appeal.

13.1.1.2. *Potential failure to meet commitments made by Numericable Group as part of the takeover of exclusive control of SFR by the Group relating to the agreement signed by SFR and Bouygues Telecom on November 9, 2010.*

Following a complaint from Bouygues Telecom, the French Competition Authority officially opened an inquiry on October 5, 2015 to examine the conditions under which SFR Group performs its commitments relating to the joint investment agreement entered into with Bouygues Telecom to roll out fiber optics in very densely populated areas (the "Faber" contract). A session before the Competition Authority board was held on November 22, and then on December 7, 2016.

On March 8, 2017, the French Competition Authority issued a penalty of €40 million jointly and severally to Altice Luxembourg S.A. and SFR Group for non-respect of their engagements as defined in the Faber contract. The French Competition Authority also imposed other injunctions also subject to fines in case of non-compliance. On April 13, 2017, Altice Luxembourg S.A. and SFR Group appealed and requested a suspension of the decision of the French Competition Authority before the Council of State. The judge in chambers of the Council of State said there is no matter to be referred. During the second quarter 2017, the penalty of €40.0 million was paid.

On September 28, 2017, the French Council of State rejected the application for cancellation of the decision of the Competition Authority of Altice Luxembourg S.A. and SFR Group.

13.1.1.3. *SFR v Orange: abuse of dominant position in the second homes market*

On April 24, 2012, SFR filed a complaint against Orange with the Paris Commercial Court for practices abusing its dominant position in the retail market for mobile telephony services for non-residential customers. On February 12, 2014, the Paris Commercial Court ordered Orange to pay to SFR €51 million for abuse of dominant position in the second homes market.

On April 2, 2014, Orange appealed the decision of the Commercial Court on the merits. On October 8, 2014, the Paris Court of Appeals overturned the Paris Commercial Court's ruling of February 12, 2014 and dismissed SFR's requests. The Court of Appeals ruled that it had not been proven that a pertinent market limited to second homes exists. In the absence of such a market, there was no exclusion claim to answer, due to the small number of homes concerned. On October 13, 2014 SFR received notification of the judgment of the Paris Court of Appeals of October 8, 2014 and repaid the €51 million to Orange in November 2014. On November 19, 2014, SFR appealed the ruling.

On April 12, 2016, the French Supreme Court overturned the Court of Appeal's decision and referred the case back to the Paris Court of Appeal. Orange returned €52.7 million to SFR on May 31, 2016. Orange refiled the case before the Paris Court of Appeal on August 30, 2016. The closing of the proceeding is scheduled on February 8, 2018 and pleadings will take place on March 8, 2018.

13.1.1.4. *Claim by Bouygues Telecom against NC Numericable and Completel*

In late October 2013, NC Numericable and Completel received a claim from Bouygues Telecom regarding the "white label" contract signed on May 14, 2009, initially for five years and extended once for an additional five years for the supply to Bouygues Telecom of double- and triple-play very-high-speed offers. In its letter, Bouygues Telecom claimed damages totaling €53 million because of this contract. Bouygues Telecom alleges a loss that, according to Bouygues Telecom, justifies damages including (i) €17.3 million for alleged pre-contractual fraud (providing erroneous information prior to signing the contract), (ii) €33.3 million for alleged non-performance by the Group companies of their contractual obligations and (iii) €2.4 million for alleged damage to Bouygues Telecom's image. The Group considers these claims unfounded both in fact and in contractual terms, and rejects both the allegations of Bouygues Telecom and the amount of damages claimed.

On July 24, 2015, Bouygues Telecom filed suit against NC Numericable and Completel concerning the performance of the contract to supply very-high-speed links (2P/3P). Bouygues Telecom is accusing NC Numericable and Completel of abusive practices, deceit and contractual faults, and is seeking nullification of certain provisions of the contract and indemnification of €79 million. On June 21, 2016, Bouygues Telecom filed revised pleadings, increasing its claims for indemnification to a total of €180 million.

The matter was heard in a new procedural hearing on September 27, 2016. Regarding these issues, Bouygues Telecom is claiming €138.4 million in reparation for the loss suffered. The reporting judge was named on March

15, 2017 and the proceedings are on-going. In a counter-claim, NC Numericable and Completel are seeking €10.8 million in addition to the contractual interest as well as €8 million in royalties due for fiscal year 2015 and €8.2 million in royalties due for fiscal year 2016. Bouygues Telecom filed a memorandum on June 20, 2017. NC Numericable and Completel filed and obtained a request for extension during a hearing scheduled on November 6, 2017 and now have till January 30, 2018 to file their responses.

13.1.2. *Consumer Disputes*

13.1.2.1. *Tracetel and Intermobility against SFR : Velib*

In May 2017, Tracetel et Intermobility sued SFR before the "Tribunal de Commerce de Paris" in order to obtain compensation for the damage allegedly suffered by the two contracting parties in the context of the response to the tender procedure of the Vélib DSP. They accuse SFR of not having filed the joint offer and are asking for the sentencing of SFR for €69 million for loss of tender. The Group is challenging the merits of these claims.

13.1.3. *Other disputes*

13.1.3.1. *Litigation between Sequalum and CG 92 regarding DSP 92*

A disagreement arose between the Hauts-de-Seine General Council ("CG92") and Sequalum regarding the terms of performance of a utilities public service concession contract ("THD Seine") signed on March 13, 2006 between Sequalum, a subsidiary of the Group, and the Hauts-de-Seine General Council; the purpose of this delegation was to create a very-high-speed fiber optic network in the Hauts-de-Seine region. The Hauts-de-Seine General Council meeting of October 17, 2014 decided to terminate the public service delegation agreement signed with Sequalum "for misconduct by the delegatee for whom it is solely responsible."

The demand for payment was contested in a motion filed with the Administrative Court of Cergy Pontoise on September 3, 2014. Its enforcement and the payment of the sums requested have been suspended pending a ruling on the merits. On May 7, 2015, the General Council sent a second demand for an order for payment in the amount of €51.6 million, orders disputed by Sequalum on July 11, 2015.

Sequalum claims that the termination was unlawful and continued to perform the contract, subject to any demands that the delegator may impose. Should the competent courts confirm this interpretation of unlawful termination, Sequalum may primarily have (i) to repay the public subsidies received for the DSP 92 project, normally the outstanding component of the subsidies (the company received €25 million in subsidies from the General Council), (ii) to reimburse any deferred income (estimated at €32 million by the Department) and (iii) to compensate the Department for any losses suffered (amount estimated by the Department of €212 million).

In turn, the department of Hauts-de-Seine received the returnable assets of the DSP on July 1, 2015. Furthermore, the General Council will have to pay compensation to Sequalum, which essentially corresponds to the net value of the assets.

On October 16, 2014, Sequalum filed a motion in the Administrative Court of Cergy Pontoise requesting the termination of the public service concession because of force majeure residing in the irreversible disruption of the structure of the contract, with the resulting payment of compensation in Sequalum's favor.

At December 31, 2015, the assets were removed from Sequalum's accounts in the amount of €116 million. Income receivable in the amount of €139 million related to the expected indemnification was also recognized, an amount fully depreciated given the situation.

On July 11, 2016, the department of Hauts-de-Seine established a breakdown of all amounts due (in its opinion) by each party for the various disputes, and issued demands based on said breakdown. Each amount was subject to a decision by the public accountant dated July 13, 2016 (final amount established by the latter for a net amount of €181.6 million, considering the carrying amount due in his opinion to Sequalum). This breakdown, the various demands and the compensation decision were subject to applications for annulment filed by Sequalum with the Administrative Court of Cergy Pontoise on September 10, 12 and 14, 2016. These applications remain pending, except for the application for annulment relating to the breakdown (the court having considered that the breakdown was not a measure which could be appealed. Sequalum appealed this decision before the Versailles Administrative Court of Appeals).

The department issued three revenue orders (*titres de recette*) in order to minimize the balance due to Sequalum at the time of counting. These demands were contested:

- Order of an amount of €23.2 million for the unamortized portion of the subsidies: SFR's appeal dismissed,
- Order of an amount of €31.9 million for deferred income: successful appeal for SFR,
- Order of an amount of €5.7 million for amounts received as prepayment for connections: SFR's appeal dismissed.

SFR Group states that it also has its own fiber optics in the department of Hauts-de-Seine to service its customers.

Pursuant to two decisions rendered on March 16, 2017, the Administrative Court of Cergy Pontoise rejected the actions brought by Sequalum against two enforcement measures issued by the department of Hauts-de-Seine in respect of penalties, for amounts of €51.6 million and €45.1 million. Sequalum has appealled the decisions before the Administrative Court of Versailles. Following the dismissal by the Administrative Court of Versailles lodged by Sequalum against the two enforceable measures issued by the department of Hauts-de-Seine in respect of the penalties the amount of €97 million was paid during July 2017.

13.1.3.2. *Litigation between SFR Group and TF1 to the CSA*

On April 25, 2017 SFR Group filed with the French media regulator (CSA) a request for settlement of a dispute with regard to the distribution of channel television named T.F.1.

TF1 Group consider the subscription of a unique global commercial offer named "TF1 Premium" as a prerequisite of the distribution of free services on TNT. This subscription will bind TF1 Group's linear and non-linear services and will lead to the payment by SFR of a significant amount as consideration for having access to the distribution rights of TF1 channels. The estimated cost of the subscription to "TF1 Premium" is more than €16 million per year. SFR's refusal of this offer conducted TF1 Group to end the services broadcast authorization on July 28, 2017. The case is pending before the CSA.

Following the signing of a global distribution agreement on November 6, 2017 (please refer to note 16.6), the above mentioned proceedings were discontinued.

13.1.3.3. *Claim by TF1 Group against SFR Group (The Nanterre Superior Court or Tribunal de Grande Instance)*

On July 28, 2017, TF1 Group interrupted the access on MyTF1 services for SFR Group subscribers as a response to SFR Group refusal to subscribe to the new TF1 global offer.

On August 2 and 3, SFR Group filed a claim for urgent proceedings before the Nanterre superior court, TF1 distribution, e-TF1, Télévision Française 1,Télé Monte Carlo, NT1, HD1 and LCI news channel in order to:
- note that the interruption of broadcasting of TF1 Group free channels and public announcements constitutes an imminent threat of damage for SFR Group,
- ask the Nanterre Superior Court to allow SFR Group to distribute TF1 Group free channels until the final decision is made by the French Media regulator (CSA),
- ask the Nanterre Superior Court to allow SFR Group to restore the broadcasting of My TF1. The Nanterre Superior Court issued a temporary order on August 11, 2017. The president does not deal with the merits of the case and declares itself incompetent in favor of the Commercial Court of Nanterre.

On August 30, 2017, TF1 appealed the order of the Nanterre Superior Court. In parallel, TF1 Group filed a complaint against SFR group for counterfeiting before the senior justice of Nanterre district. The claim for compensation amounted to €1.8 million.

Following the signing of a global distribution agreement on November 6, 2017 (please refer to note 16.6), the above mentioned proceedings were discontinued.

13.2. United States

13.2.1. *Cablevision Consumer Litigation*

Following expiration of the affiliation agreements for carriage of certain Fox broadcast stations and cable networks on October 16, 2010, News Corporation terminated delivery of the programming feeds to Altice USA, and as a result, those stations and networks were unavailable on the Altice USA's cable television systems. On October 30, 2010, Altice USA and Fox reached an agreement on new affiliation agreements for these stations and networks, and carriage was restored. Several purported class action lawsuits alleging breach of contract, unjust enrichment, and consumer fraud and seeking unspecified compensatory damages, punitive damages and attorneys' fees were subsequently filed on behalf of the Altice USA's customers seeking recovery for the lack of Fox programming. Those lawsuits were consolidated in an action before the US District Court for the Eastern District of New York, and a consolidated complaint was filed in that court on February 22, 2011. On March 28, 2012, the Court dismissed all of plaintiffs' claims, except for breach of contract. On March 30, 2014, the Court granted plaintiffs' motion for class certification. The parties have entered into a settlement agreement, which is subject to Court approval. As of December 31, 2016, Altice USA had an estimated liability associated with a potential settlement totaling \$5.2 million. During the nine months ended September 30, 2017, Altice USA recorded an additional liability of \$0.8 million. The amount ultimately paid in connection with the proposed settlement could exceed the amount recorded.

On October 23, 2015, the New York Attorney General began an investigation into whether the major Internet Service Providers in New York State deliver advertised Internet speeds. Altice USA is cooperating with this investigation. While Altice USA is unable to predict the outcome of the investigation, at this time it does not expect that the outcome will have a material adverse effect on its operations, financial conditions or cash flows.

13.3. Portugal

13.3.1. *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 Altice.

Altice 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.

13.3.2. *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.

13.3.3. *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.

14. Related party transactions and balances

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

- In March 2017, a lease contract for administrative building was signed between SFR and SCI Quadrans (controlled by the ultimate beneficial owner of the Group), compliant with the letter of intent signed in December 2016. The duration of the lease is 12 years, as with other leases signed with Quadrans in 2016.
- In May 2017, the Board of Directors approved a management proposal whereby the fee paid as part of the annual strategic services and brand license agreement with Next Alt, which was established in Q4 2016, will cease and will no longer be included in corporate costs. The fee, as described in the annual consolidated financial statements, will be replaced with the grant of 30 million share options issued by Altice N.V. to Next Alt. The management subsequently finalized the discussion with Next Alt on the terms and conditions of the options and agreed that there would be three tranches of 10 million options:
    - a first tranche of 10 million share options will vest 50% after 2 years, 25% after 3 years and the final 25% after 4 years,
    - a second tranche of 10 million share options will vest in the event the share price doubles in value on or before January 31, 2021,
    - a third tranche of 10 million share options will vest in the event the share price triples in value on or before January 31, 2022.
- As part of the IPO of the US business, there were several transactions with non-controlling interests:
    - The put agreements that the Group had entered with the non-controlling interests in the US no longer exist following the IPO. The fair value previously recognized was reversed, with a total reduction of €2,812.3 million from the amount reported in the annual consolidated financial statements.
    - The $525 million vendor loan issued by the non-controlling interests in the US was redeemed via a capital contribution (€460 million),
    - the Sponsors' interests in CVC 2 B.V. (which indirectly held 100% of Altice USA) were redeemed, and the Sponsors received shares for an equivalent interest in Altice USA.
- SFR Group repaid the €100.0 million vendor loan, relating to the acquisition of Altice Media Group from a company controlled by the controlling shareholder of the Group.

15. Going concern

As of September 30, 2017, the Group had net current liability position of €(7,315.3) million (mainly due to trade payables amounting to €7,555.6 million) and a negative working capital of €(2,357.9) million. During the nine month period ended September 30, 2017, the Group registered a net loss of €1,874.9 million and generated cash flows from operations of €5,738.6 million.

As of September 30, 2017, the Group had a negative equity position of €(1,815.5) million compared to €(2,339.6) million as at December 31, 2016. The negative equity position improved from the prior period due to the cancellation of the put options of €2,831.2 million held by the minority investors in the US (please refer to discussion in note 3 for further details).

The negative working capital position is structural and follows industry norms. Customers generally pay subscription revenues early or mid-month, with short days of sales outstanding and suppliers are paid under standard commercial terms, thus generating a negative working capital. This is evidenced by the difference in the level of receivables and payables; €4,724.1 million compared to €7,555.6 million for the nine month period ended September 30, 2017, as compared to €4,600.5 million and €7,713.4 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 debentures of Altice USA €1,332.1 million due within the next 12 monhts and accrued interests of €703.2 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 at Optimum and Altice Financing S.A. were drawn in an aggregate of €1,670.5 million. A listing of available credit facilities by silo is provided in note 9.5 and the amounts available per segments are sufficient to cover the short-term debt and interest expense needs of each of these segments if needed.

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

- The Group has a strong track record of generating positive adjusted EBITDA and operating cash flows:
    - Adjusted EBITDA amounted to €7,026.4 million, an increase of 21.2% 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 €5,738.6 million, an increase of 19.1% compared to the nine month period ended September 30, 2016 (€4,819.3 million).
- The Group had healthy unrestricted cash reserves €1,664.0 million as of September 30, 2017, compared to €1,109.1 million as of December 31, 2016, which would allow it to cover any urgent cash needs. The Group can move its cash from one segment to another under certain conditions as allowed by its debentures and debt covenants**.** Cash reserves in operating segments carrying debt obligations were as follows:
    - France: €386.5 million
    - United States: €466.1 million
    - Altice International: €373.3 million
- Additionally, as of September 30, 2017, the Group had access to revolving credit and guarantee facilities of up to €4,549 million (of which €1,670.5 million was drawn as of September 30, 2017) and has access to an equity market where it can issue additional equity.

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 Directors and local CEOs to ensure proper alignment with budget targets and respond with speed and flexibility to counter any unexpected events and help to ensure that the budgeted targets are met.

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

16. Events after the reporting period

16.1. 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 November 10, 2017, 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.

16.2. Implementation of the squeeze out of the SFR Group shares

On August 9, 2017, the Company entered into several agreements relating to the acquisition of SFR Group shares through exchanges against Altice N.V. common shares A. These agreements ensured the holding by the Group of 95.9% of the share capital and voting rights of SFR Group. As a result, the Group announced its intention to file with the French financial market authority, in September 2017, a buyout offer followed by a squeeze-out for the remaining SFR Group shares for a price of €34.50 per share. On October 9, 2017, the squeeze-out of the SFR Group shares not held by the Altice group at the outcome of the buyout offer occurred. The SFR Group shares have therefore been delisted from Euronext Paris. The squeeze-out has been implemented at the price of the buyout offer, i.e. a cash payment of €34.50 euros per SFR Group share, net of all costs.

16.3. Altice N.V. safe harbor share repurchase programme

On October 16, 2017, Altice N.V. announced that its existing share repurchase programme announced on August 28, 2017 (please refer to note 7.2.1) was suspended and that a new programme to repurchase shares also in closed periods will commence on October 16, 2017 and continue until November 2, 2017 (inclusive). This share purchases during this time were conducted within the parameters prescribed by the Market Abuse Regulation 596/2014 and the safe harbour parameters prescribed by the Commission Delegated Regulation 2016/1052 for buyback programmes. The share repurchases were executed by an intermediary to allow for share repurchases also during closed periods. Transactions effected under this programme were reported on in weekly press releases and published on Altice's website. On November 3, 2017, the Company resumed its discretionary share repurchase activity. As of November 20, 2017, the Company had repurchased a total of 22.3 million shares across both programmes for a total value of €369.9 million.

16.4. Refinancing of a portion of existing debt of its SFR and Altice International credit pools

On October 9, 2017, Altice N.V. announced that it has successfully priced for its SFR credit pool €2,884 billion of new 8.25-year Term Loan B's. Proceeds were used by SFR Group to refinance its €697 million and $1,781 million January 2025 Term Loan B's and repay €600 million of commercial paper.

Altice Financing S.A., a subsidiary of Altice International S.à r.l, has successfully priced €1,089 billion equivalent of new 8.25-year Term Loan B's. Proceeds will be used to refinance its €300 million and $900 million 6.50% Senior Secured Notes due January 2022. Altice International has also successfully placed €675 million of 10.25-year Senior Notes with institutional investors. The proceeds were used to repay revolving credit facility drawings.

The average maturity of SFR's capital structure was extended from 6.5 to 7.0 years and the weighted average cost of debt will remain at 4.7%. 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 will decrease from 5.8% to 5.5%. Overall, following these refinancing activities, the average maturity of debt across the Altice Group is 6.3 years and the weighted average cost of debt will decrease to 5.8% (from 5.9% previously and from 6.2% one year ago). All average maturities are stated as at September 30, 2017.

16.5. Altice USA debt repayments

On October 31, 2017, Altice USA made a voluntary repayment under its revolving credit facility of $500 million.

16.6. Sale of French Overseas Territories to SFR Group

On November 2, 2017, Altice Caribbean entered into a term sheet agreement with SFR Group to acquire 100% of the share capital of Altice Blue Two (holding company of the telecom business in the French Overseas Territory). The implementation of this transaction is subject to technical conditions precedent, including the approval of the relevant corporate bodies at the level of Altice Caribbean and SFR Group. The closing of this transaction is expected to occur before March 31, 2018, and will result in the transfer of assets in the French Overseas Territories from the Altice International restricted group to the SFR restricted group.

16.7. Global distribution agreement between TF1 and SFR

On November 6, 2017, the Groups TF1 and SFR signed a global distribution agreement including the offer "TF1 Premium" and additional services. As part of this agreement, the legal proceedings and the procedures before the CSA (please refer to "Note 13 – Litigation", paragraphs 13.1.3.2 and 13.1.3.3) were discontinued.

16.8. Altice USA multi-year agreement with Sprint

On November 5, 2017, Altice USA announced a new multi-year strategic agreement with Sprint. Under the terms of the agreement Altice USA will utilize Sprint's network to provide mobile voice and data services to its customers throughout the US, and Sprint will leverage the Altice USA broadband platform to accelerate the densification of its network. Sprint will provide Altice USA access to its full MVNO model, allowing Altice USA to connect its network to the Sprint Nationwide network and have control over the Altice USA mobile features, functionality, and customer experience. In exchange, Altice USA will leverage its network to support Sprint's network densification efforts and establish a differentiated network operating model going forward.

16.9. 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.

16.10. Balance sheet deleveraging

Senior management reiterated its intention to proactively manage the Company's balance sheet and to deleverage the Group in 2018. Altice reiterates that it will not pursue any new meaningful M&A opportunities. In addition to the operational turnaround in France, the disposal of non-core assets within Altice's European operations is central to Altice's de-leveraging plan.

16.11. Impact of decrease in share price on useful lives of intangibles and carrying amount of goodwill

In finalizing these condensed consolidated financial statements, Altice N.V.'s senior management team considered the recent decrease in the share price of Altice N.V.. After due consideration, it was concluded that it doesn't change the statements made in note 2.1.4 and notes 5.2 and 5.4 for the nine month period ended September 30, 2017 (in terms of useful lives and carrying amount of goodwill). The senior management team however notes that in light of this decrease, it is considering as part of its strategy delaying the roll out of the new Altice brand, but no formal decision has been taken so far on this topic. If approved, senior management will review the remaining useful life of our existing trade name intangibles.

16.12. Draw down of bank facility at Altice Corporate Financing

On November 17, 2017, Altice Corporate Financing draw down €150 million, reference is made to note 9.2.4.

17. Revised information

As per the provisions of IFRS 3 Business Combination, the impact of the recognition of the identifiable tangible and intangible assets of Suddenlink and GNP at their fair value was revised as of and for the nine months ended September 30, 2016. A total impact of €1.1 million was recorded as prior period adjustments:

- €0.5 million increase in depreciation and amortization,
- €1.2 million increase in net finance costs, recorded in other financial expenses, and
- €0.6 million increase in the net income tax benefit.