altice

May 16, 2014

Q1-14 Results

Altice SA
Q1-14 Results - Highlights

Pro forma Financials[1]

- Revenue down 2.0% to €828m
  - down 1.1% constant currency
  - mainly due to Portugal & Israel
- EBITDA up 6.5% to €367m
  - up 7.4% constant currency
  - mainly driven by Israel
  - International EBITDA margin expanded by 5 pts to 43%
- OpFCF[2] up 5.4% to €201m
  - up 6.9% constant currency

Recent Strategic Initiatives

- Agreed purchase of SFR to combine with Numericable
- Agreed to acquire C&C 35% stake in Numericable for €0.5bn cash and €0.8bn[3] Altice equity
- Numericable in exclusive negotiations to buy Virgin Mobile
- Closed Tricom and Orange acquisitions in Dominican Republic

Liquidity & Capital

Pro forma[1]

- Consolidated net debt of €6.3bn
  - Altice Int'l net debt of €3.5bn
  - €267m consolidated cash and undrawn revolvers of €163m

Pro forma for SFR deal[4]

- Consolidated net debt of €19.0bn
  - €0.4bn consolidated cash and undrawn revolvers of €1.1bn

[1] Pro forma defined here & throughout presentation as pro forma results of the Altice S.A. group, including Orange Dominicana as if all acquisitions occurred on 1/1/13, unless otherwise stated.
[2] Defined here and throughout presentation as EBITDA – Capex
[3] Based on agreement on 5th April 2014 with Carlyle And Cinven to issue them with c25m shares and Altice share price of €30.14 as of April 4th 2014
[4] Pro forma for debt raised at Altice SA and Numericable in May 2014 to finance proposed acquisition of SFR

Altice S.A
Key Operational Highlights

Israel

- 10 point expansion in EBITDA margin to 48%
- 2.7% cable ARPU growth[1] driven by strong triple-play / high speed broadband growth and selected price rises
- Customer losses slowed
- New "HOT Fibre" box and 200Mb launched
- Mobile revenue fell due to iDEN decline, lower handset sales and continued price competition

France

- 4.3% cable customer growth
- 1.5% ARPU growth
- La Box selling well
- Flat capex as fibre upgrade continues

Dominican Republic / French Overseas Territories

Dominican Republic

- Mobile subscriber base grew by 6.7%
- Cable subscriber base grew by 6.3%

French Overseas Territories

- Continued shift from prepaid to postpaid mobile subs
- Cost optimisation driving expanded margins

Portugal / Benelux

Portugal

- Intense competition, adverse macroeconomic conditions leading to cable customer losses and B2B declines

Belgium / Luxembourg

- EBITDA margins remain strong at 69%

[1] Constant currency basis

Altice SA
Pro Forma Consolidated Financials

€m		Q1-13	Q1-14	Reported Growth	Constant Currency Growth
Revenues	France	325	326	0.4%	0.4%
	International	520	502	(3.6%)	(2.0%)
	Total	845	828	(2.0%)	(1.1%)
EBITDA	France	151	153	1.2%	1.2%
	Margin (%)	*46.5%*	*46.9%*	*+0.4pp*	
	International	194	215	11%	12%
	Margin (%)	*37.3%*	*42.7%*	*+5.4pp*	
	Total	345	367	6.5%	7.4%
	Margin (%)	*40.8%*	*44.4%*	*+3.6pp*	
OpFCF	France	76	78	2.2%	2.2%
	International	115	124	7.6%	10%
	Total	191	201	5.4%	6.9%

Altice SA

Pro Forma Consolidated Revenue

€m	Q1-13	Q1-14	Reported Growth	Constant Currency Growth
Israel	219	213	(2.8%)	(4.9%)
Dominican Republic	153	148	(3.4%)	5.7%
French Overseas Territories	59	60	1.1%	1.1%
Portugal	54	46	(14.1%)	(14.1%)
Benelux	18	18	-	-
Other	18	18	(1.1%)	(1.4%)
Total International	**520**	**502**	**(3.6%)**	**(2.0%)**
France	325	326	0.4%	0.4%
Total	**845**	**828**	**(2.0%)**	**(1.1%)**

- Israel down mainly due to iDEN losses, lower handset sales and mobile ARPU pressure
- Dom Rep grew on constant currency basis due to strong mobile and cable subscriber growth
- Portugal decline due to intense competition and adverse macroeconomic conditions

Altice SA
Pro Forma Consolidated EBITDA

€m	Q1-13	Q1-14	Reported Growth	Constant Currency Growth
Israel	83	102	23%	20%
Dominican Republic	56	60	7.0%	17%
French Overseas Territories	21	23	11%	11%
Portugal	17	15	(12%)	(12%)
Benelux	12	13	0.9%	0.9%
Other	5	3	(46%)	(47%)
Total International	**194**	**215**	**11%**	**12%**
France	151	153	1.2%	1.2%
Total	**345**	**367**	**6.5%**	**7.4%**

- Israel growth due to cost restructuring and new roaming agreement
- Dom Rep growth due to growing revenue trend and indirect cost savings
- FOT growth due to cost optimisation from ongoing fixed/mobile integration
- Other down due to higher corporate costs

Altice SA

Pro Forma Consolidated Capex

€m	Q1-13	Q1-14	Reported Growth	Constant Currency Growth
Israel	40	46	13%	10%
Dominican Republic	15	12	(18%)	(10%)
French Overseas Territories	8	11	33%	33%
Portugal	7	5	(25%)	(25%)
Benelux	4	4	2.6%	2.6%
Other	4	12	205%	204%
Total International	**79**	**91**	**15%**	**16%**
France	75	75	0.3%	0.3%
Total	**154**	**166**	**7.9%**	**8.2%**

- Israel capex up due to upgrading networks for higher speeds
- Dom Rep capex down due to reduced activity ahead of acquisition
- FOT capex up due to Docsis 3.0 network upgrade
- Other capex up due to new data centre at green.ch

France
KPIs

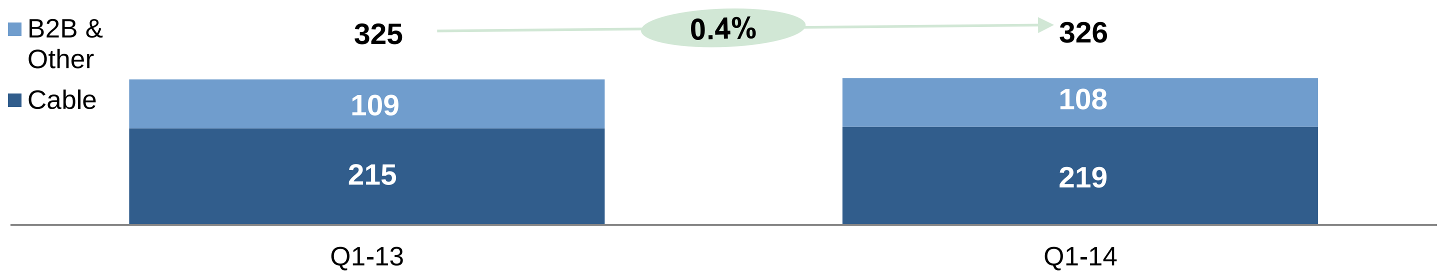
Cable		Q1-13	Q1-14	Growth
Cable	Cable Customers (‘000)[1]	1,647	1,717	4.3%
Cable	**Cable RGUs[2] (‘000)**	**3,134**	**3,224**	**2.9%**
Cable	Cable RGUs per Customer[2] (x)	2.45	2.56	4.4%
Cable	Triple-play Penetration[2]	61%	63%	2% pts
Cable	**Cable Revenue**	**€215m**	**€219m**	**1.7%**
Cable	Cable ARPU[2]	€39.70	€40.30	1.5%

- Cable customers and ARPU grew due to success of La Box and superfast broadband

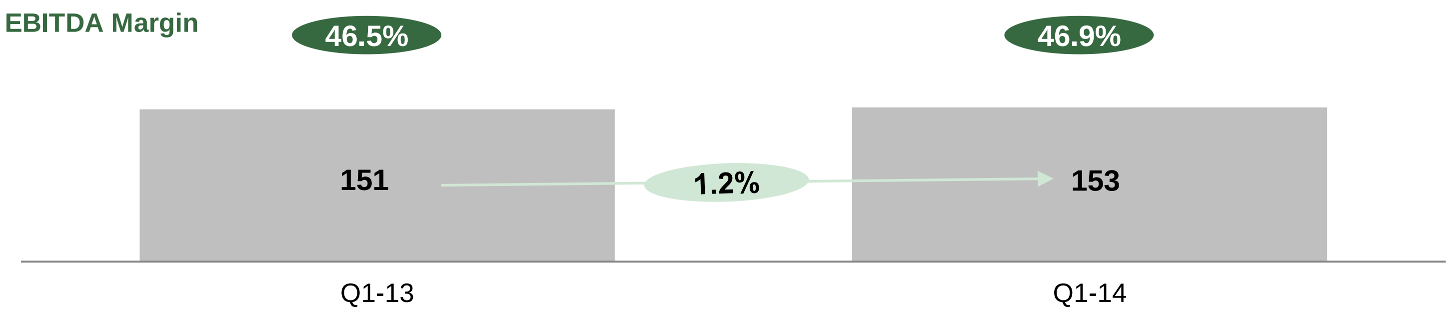
[1] Includes white-label subscribers
[2] Numericable cable customers only

France
Financials

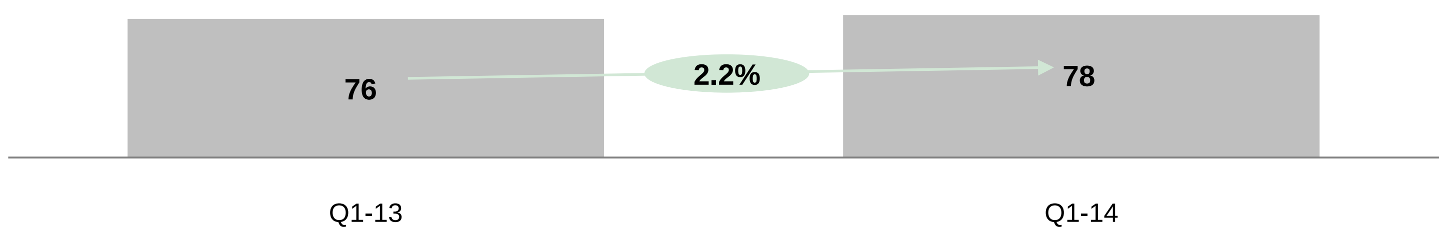
Revenue (€m)



EBITDA (€m)



Operating Free Cash Flow (€m)



Note: Revenue chart above does not break out intercompany elimination of €1.9m in Q1-14

Israel
Cable KPIs

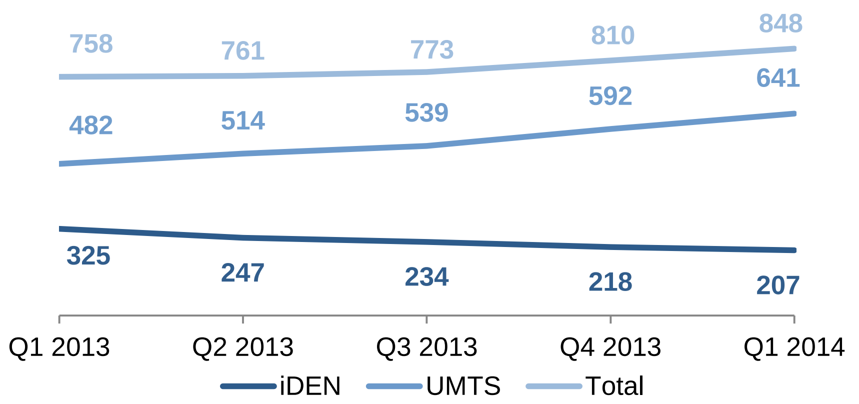
		Q1-13	Q1-14	Growth
Cable	Cable Customers (‘000)	1,188	1,116	(6.0%)
	Cable RGUs (‘000)	**2,356**	**2,291**	**(2.8%)**
	Cable RGUs per Customer (x)	1.98	2.05	3.5%
	Triple-play Penetration	36%	41%	5pp
	Cable Revenue (NISm)	**841**	**816**	**(2.8%)**
	Cable ARPU (NIS)	224	230	2.7%

- Cable customer decline reflecting natural evolution towards triple-play and third-party service issues in H2-13.
- ARPU increased due to triple-play and superfast broadband growth and selected price increases.

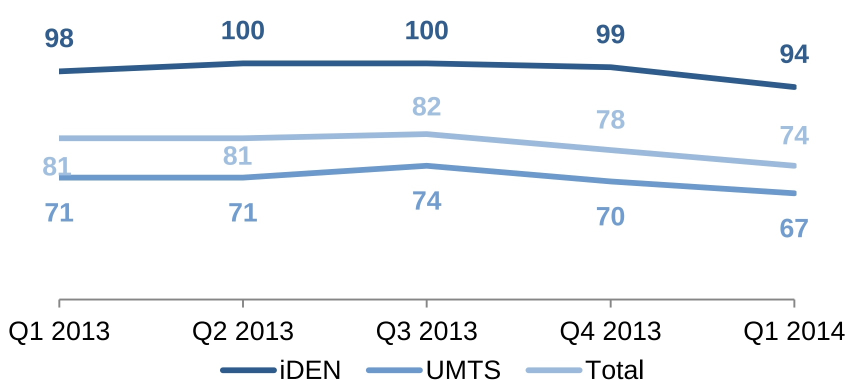
Israel

Mobile – iDEN and ARPU decline outweighs UMTS subscriber growth

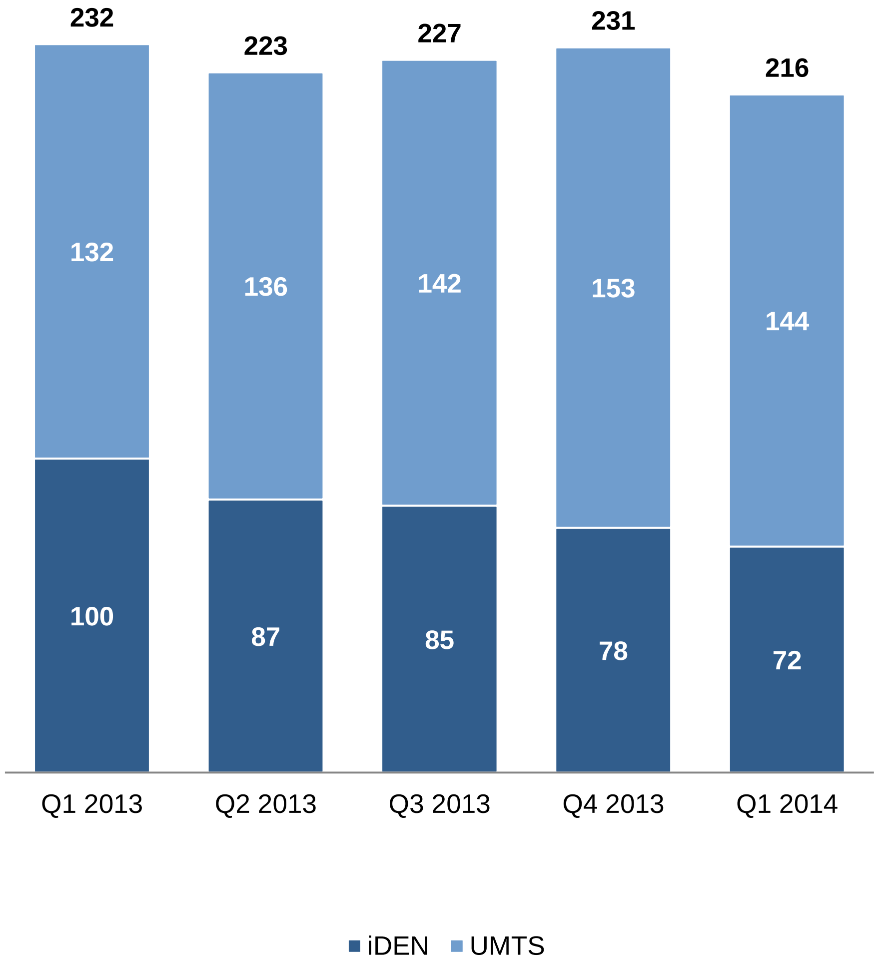
Subscribers (‘000)



ARPU (NIS)

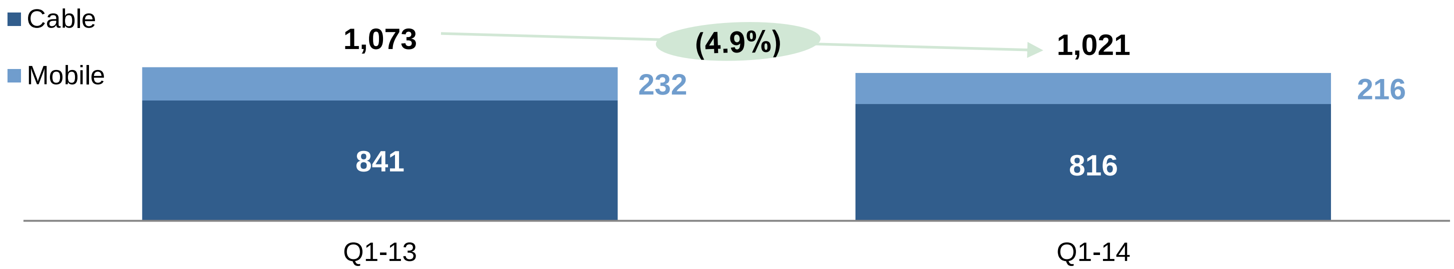


Revenue (NISm)

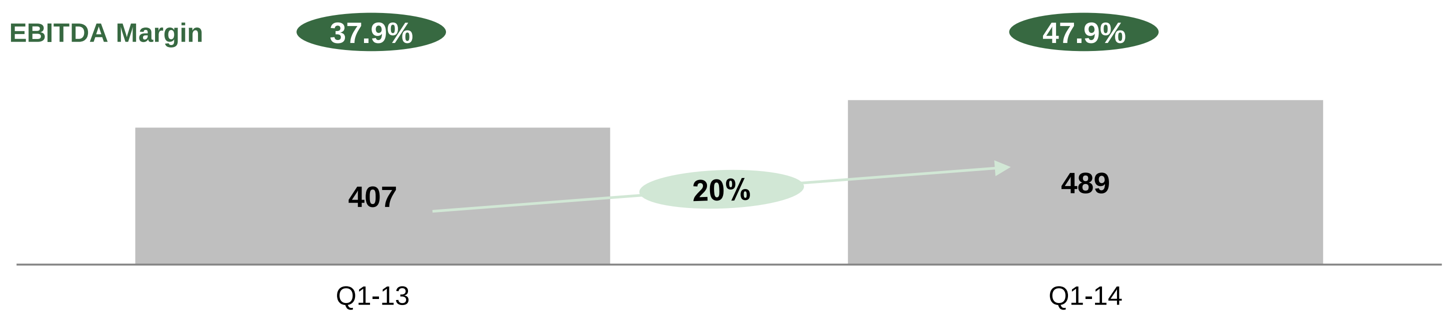


Israel
Financials (Local currency)

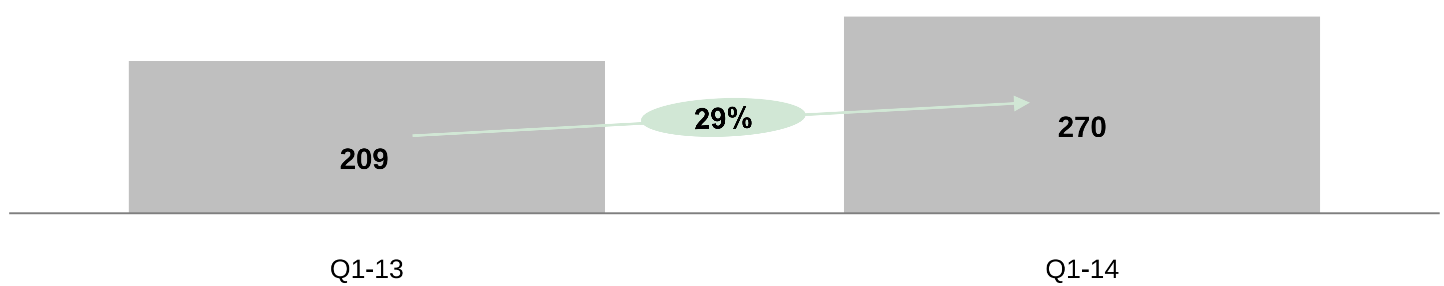
Revenue (NISm)



EBITDA (NISm)



Operating Free Cash Flow (NISm)



Note: Revenue chart above does not break out intercompany elimination of NIS 12m in Q1-14
Average Foreign Exchange Rates: Q1-13: ILS / Euro = 4.90, Q1-14: ILS / Euro = 4.79

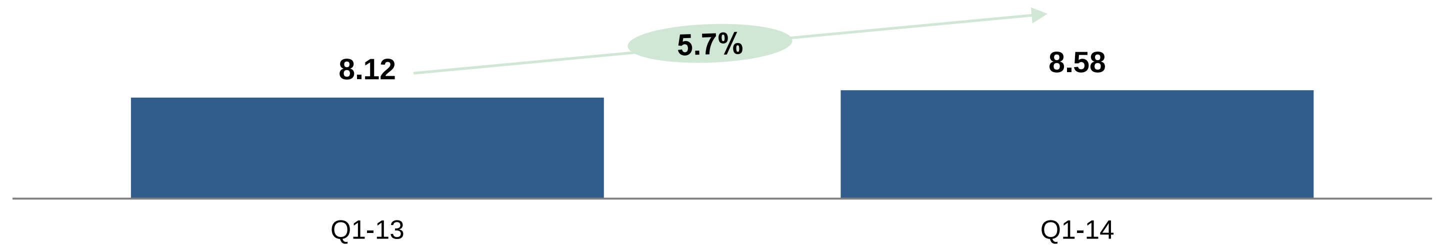
Dominican Republic
KPIs

		Q1-13	Q1-14	Growth
Mobile	Postpaid Subs	610	667	9.3%
Mobile	Prepaid Subs	2,866	3,039	6.0%
Mobile	Total Mobile Subs	3,475	3,707	6.7%
Mobile	**Mobile Revenue (DOPm)**	**6,097**	**6,565**	**7.8%**
Mobile	Mobile ARPU (DOP)	523	527	0.5%
Cable	Cable Customers (‘000)	106	113	6.3%
Cable	**Cable RGUs (‘000)**	**144**	**177**	**23%**
Cable	Cable RGUs per Customer (x)	1.43	1.57	9.8%
Cable	Triple-play Penetration	8%	9%	1pp
Cable	**Cable Revenue (DOPm)**	**1,240**	**1,286**	**3.7%**

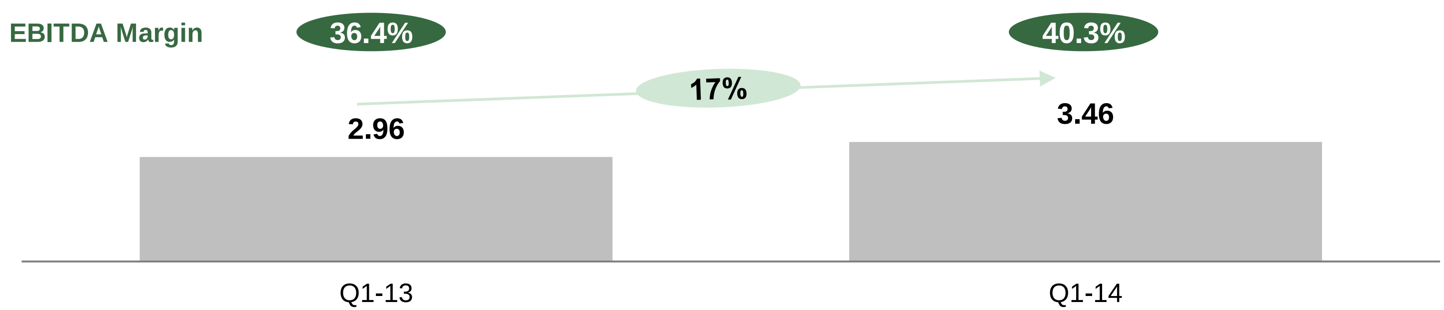
- Strong mobile customer growth due to favourable market dynamics, increased market share due to positive perception of the Orange brand and the quality of our service, ongoing network improvements and our competitive offers
- Strong cable customer growth due to expanded network coverage and increasing broadband speeds

Dominican Republic
Financials (local currency)

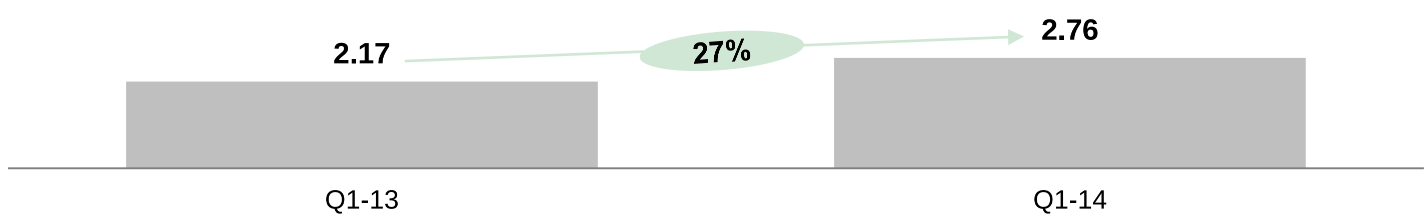
Revenue (DOPbn)



EBITDA (DOPbn)



Operating Free Cash Flow (DOPbn)



Group Net Debt

As of Q1-14 PF for DR Acquisitions

Altice SA

Gross Debt:	€ 6,526m
Cash[2]:	€267m
Net Debt:	**€6,259m**
HoldCo Net Debt[2]:	€199m
Un. RCF:	€163m

40%

France

Gross Debt[4]:	€2,638m
Cash:	€92m
Net Debt:	**€2,547m**
Un. RCF:	€65m

100%

International

Gross Debt:	€3,564m
Cash:	€50m
Net Debt:	**€3,514m**
Un. RCF:	€98m

PF for SFR Acquisition

Altice SA

Gross Debt[1]:	€19,390m
Cash[3]:	€426m
Net Debt:	**€18,964m**
HoldCo Net Debt[3]:	€3,797m
Un. RCF:	€1,048m

60%

France

Gross Debt[1]:	€11,653m
Cash:	€0m
Net Debt:	**€11,653m**
Un. RCF:	€750m

100%

International

Gross Debt:	€3,564m
Cash:	€50m
Net Debt:	**€3,514m**
Un. RCF:	€98m

- 3.0/4.0x senior/total leverage limitations at Altice International under bond indentures and loans
- Uniform financing structure across the group permitting prudent and flexible incurrence of leverage in order to meet corporate objectives
- Liquidity in the form of cash and revolving facilities for use at group and operating subsidiary levels
- Long duration permanent capital structure comprised of a majority of bonds along with institutional term loans, with no significant near term maturities

[1] Using EUR to USD swapped rate of 1.3827
[2] Altice SA cash as of 31-March-2014 was €205m (net of c. €10m cash used for Tricom acquisition). Figure presented is net of €80m of cash used for Orange Dominicana acquisition.
[3] Includes impact of €250m overfunding.
[4] Excludes other financial debt of €31.8m


Thank
You

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