



August 7, 2014

## Q2-14 Results

# Altice SA

## Q2-14 Results - Highlights

### Pro forma Financials<sup>1</sup>

- Revenue down 1.3% to €837m
  - up 0.7% constant currency
- EBITDA up 8.5% to €383m
  - up 10% constant currency
  - International EBITDA up 13%
  - mainly driven by Israel & D Rep
  - International EBITDA margin expanded by 6.6 pts to 44.9%
- OpFCF<sup>2</sup> up 8.0% to €202m
  - up 10% constant currency
  - International OpFCF up 35%

### Recent Strategic Initiatives

- Signed purchase agreements
  - SFR / Numericable
  - Virgin Mobile
- Increased NUM stake to 74.6%
  - Exercised call options for €122m
  - Issued 25m shares to C&C
  - Will pay €529m cash to C&C
- French Anti Trust review on schedule / proceeding as expected

### Liquidity & Capital

- Equity capital raise of €911m completed
- Issued 25m shares to C&C
- Numericable €4.7bn rights issue in H2
- Consolidated net debt: €5.7bn
- €13bn restricted cash for SFR deal
- €1.7bn of other cash and undrawn RCF

<sup>1</sup> Pro forma defined here & throughout presentation as pro forma results of the Altice S.A. group as if all acquisitions occurred on 1/1/13, unless otherwise stated.

<sup>2</sup> Defined here and throughout presentation as EBITDA – Capex

# Altice S.A

## Key Operational Highlights

### Israel

- EBITDA margin expanded 8 pts to 49%
- 2% cable ARPU growth
- Slowing cable customer losses
- Growing mobile service revenue; declining handset sales
- Intense price competition continues in Mobile market



### France

- Cable customer base grew by 3.6%
- B2B increased due to data growth and LTI acquisition



### Dominican Republic / French Overseas Territories

#### Dom Rep

- EBITDA margin expanded 7 pts to 44%
- Restructuring is ahead of budget
- Mobile & cable sub base grew by 7% / 8% respectively

#### French Overseas

- EBITDA margin expanded 9 pts to 42%
- Strong shift from prepaid to postpaid mobile



### Portugal / Benelux

#### Portugal

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

#### Benelux

- Market leading EBITDA margins at 68%



# Altice SA

## Pro Forma Consolidated Financials

€m		Q2-13	Q2-14	Reported Growth	Constant Currency Growth
Revenue	International	522	502	(3.8%)	(0.6%)
	France	326	335	2.8%	2.8%
	<b>Total</b>	<b>847</b>	<b>837</b>	<b>(1.3%)</b>	<b>0.7%</b>
EBITDA	International	200	225	13%	17%
	<i>Margin (%)</i>	38.2%	44.9%	+6.6pp	
	France	154	158	2.7%	2.7%
	<i>Margin (%)</i>	47.2%	47.2%	-	
	<b>Total</b>	<b>353</b>	<b>383</b>	<b>8.5%</b>	<b>10%</b>
	<i>Margin (%)</i>	41.7%	45.8%	+4.1pp	
OpFCF	International	98	132	35%	40%
	France	90	70	(21%)	(21%)
	<b>Total</b>	<b>187</b>	<b>202</b>	<b>8.0%</b>	<b>10%</b>

# Altice SA

## Pro Forma Consolidated Revenue

€m	Q2-13	Q2-14	Reported Growth	Constant Currency Growth
Israel	224	214	(4.7%)	(4.5%)
Dominican Republic	149	147	(1.0%)	11%
French Overseas Territories	59	58	(1.6%)	(1.6%)
Portugal	54	48	(11%)	(11%)
Benelux	17	18	3.3%	3.3%
Other	19	17	(8.1%)	(8.7%)
<b>Total International</b>	<b>522</b>	<b>502</b>	<b>(3.8%)</b>	<b>(0.6%)</b>
France	326	335	2.8%	2.8%
<b>Total</b>	<b>847</b>	<b>837</b>	<b>(1.3%)</b>	<b>0.7%</b>

- Israel down mainly due to lower handset sales, iDEN decline and cable customer losses
- 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
- France grew due to cable customer growth, B2B data growth and small B2B acquisition

# Altice SA

## Pro Forma Consolidated EBITDA

€m	Q2-13	Q2-14	Reported Growth	Constant Currency Growth
Israel	92	105	14%	15%
Dominican Republic	56	65	17%	32%
French Overseas Territories	20	25	24%	24%
Portugal	15	15	(1.3%)	(1.3%)
Benelux	12	12	(0.8%)	(0.8%)
Other	4	3	(36%)	(37%)
<b>Total International</b>	<b>200</b>	<b>225</b>	<b>13%</b>	<b>17%</b>
France	154	158	2.7%	2.7%
<b>Total</b>	<b>353</b>	<b>383</b>	<b>8.5%</b>	<b>10%</b>

- Israel growth due to new roaming agreement and cost restructuring
- Dom Rep growth due to cost restructuring / synergies ; ahead of acquisition budget
- FOT growth due to cost optimisation from ongoing fixed/mobile integration

# Altice SA

## Pro Forma Consolidated Capex

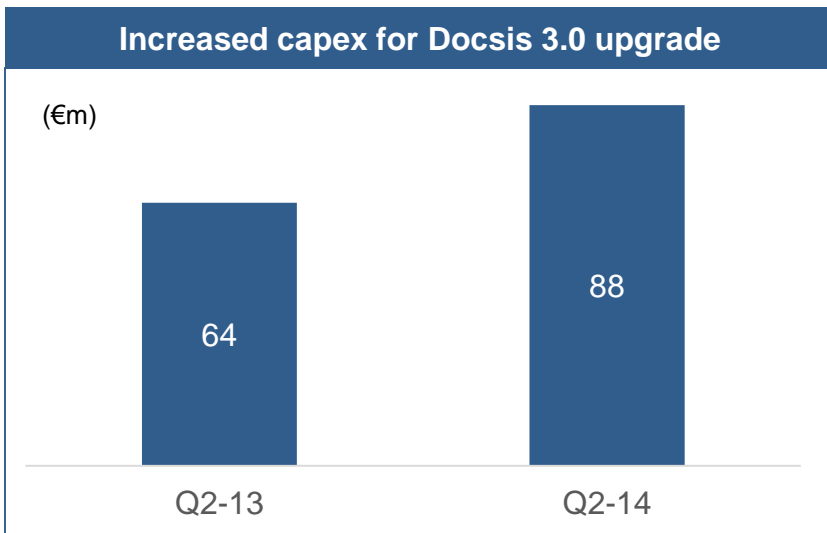
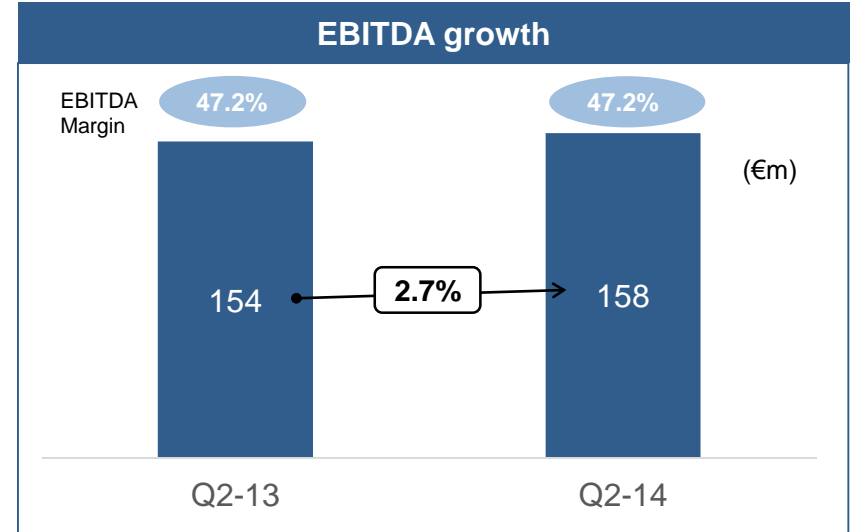
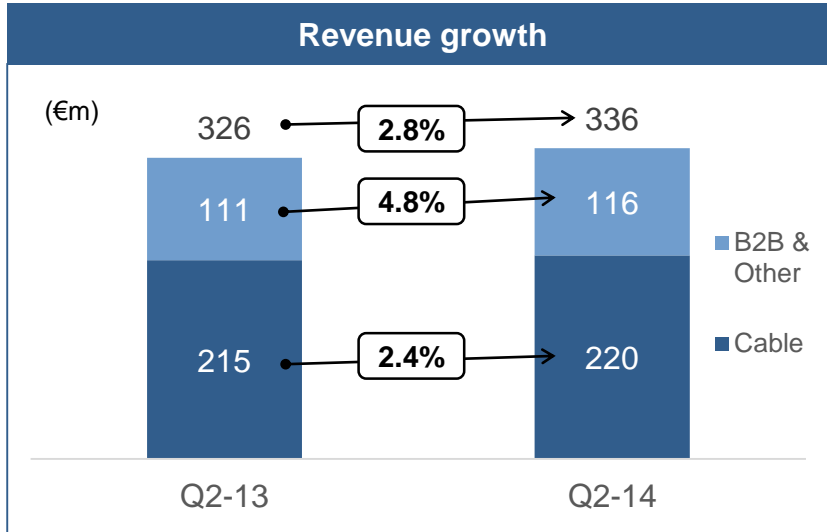
€m	Q2-13	Q2-14	Reported Growth	Constant Currency Growth
Israel	51	49	(3%)	(3%)
Dominican Republic	23	13	(44%)	(37%)
French Overseas Territories	10	12	12%	12%
Portugal	7	7	(11%)	(11%)
Benelux	6	5	(10%)	(10%)
Other	4	8	83%	83%
<b>Total International</b>	<b>102</b>	<b>93</b>	<b>(8.3%)</b>	<b>(5.8%)</b>
France	64	88	36%	36%
<b>Total</b>	<b>166</b>	<b>181</b>	<b>9.0%</b>	<b>11%</b>

- Dom Rep capex down due to lower network spend
- Other capex up due to new data centre in Switzerland
- France capex up due to ongoing Docsis 3.0 network upgrade

Note: Dom Rep spent one-off €21m on mobile 3G spectrum licence which is not included in above capex figures, as ODO purchase price was reduced to reflect this spend

# France

## Improving revenue growth



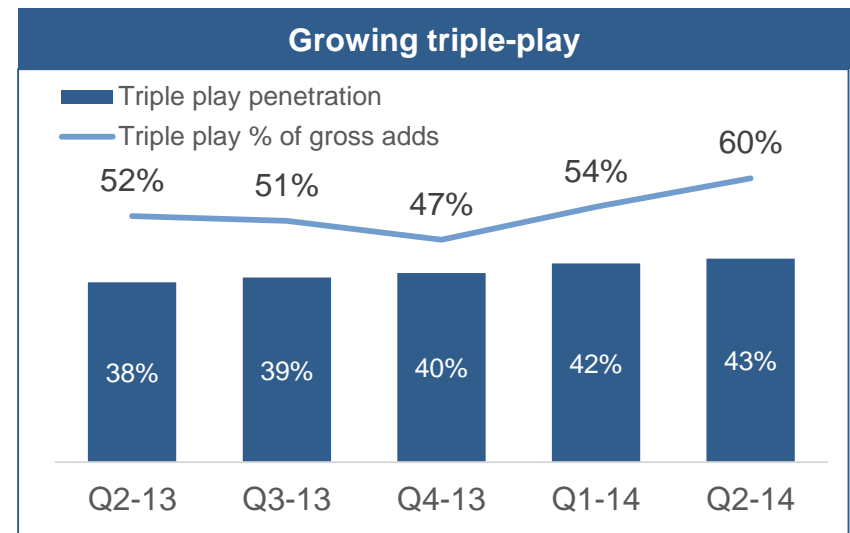
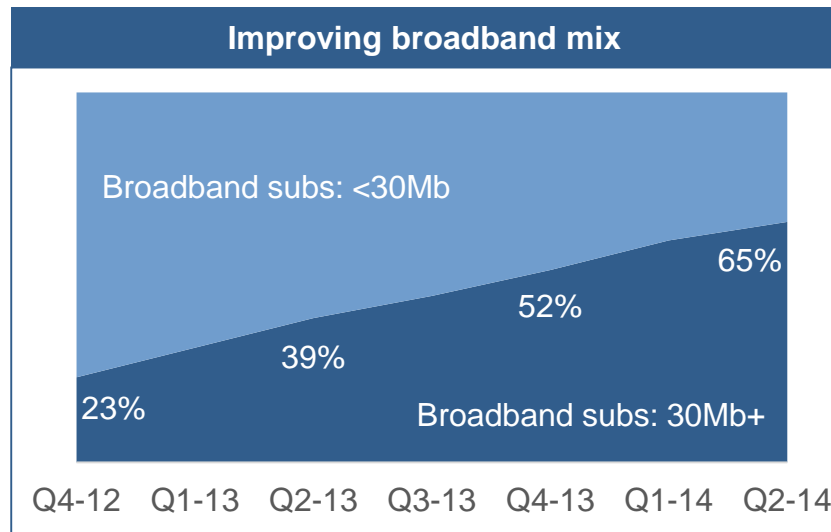
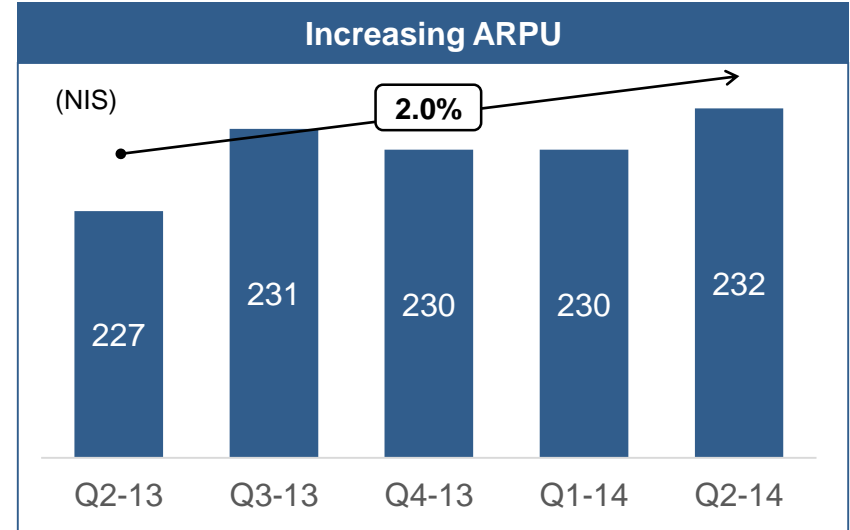
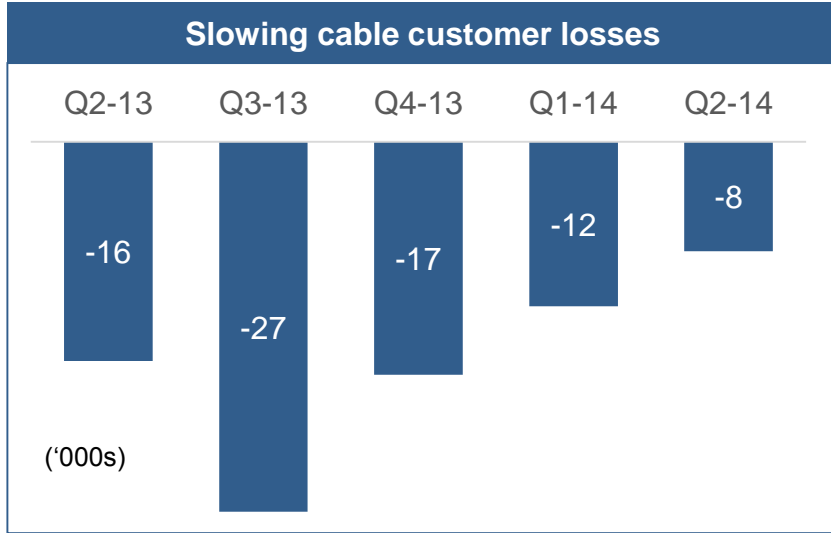
- ### Strong operational performance
- Numericable digital sub base grew by 2.5% to 1.27m
  - Total cable customer base grew by 3.6% to 1.71m
  - Multiplay base grew by 6.0% to 1.06m
  - La Box penetration increased to 35% of multiplay
  - Fibre homes passed increased 13% to 5.6m
  - B2B increased mainly due to LTI acquisition

Note: Revenue chart above does not break out intercompany elimination of €1.3m in Q2-14



# Israel - Cable

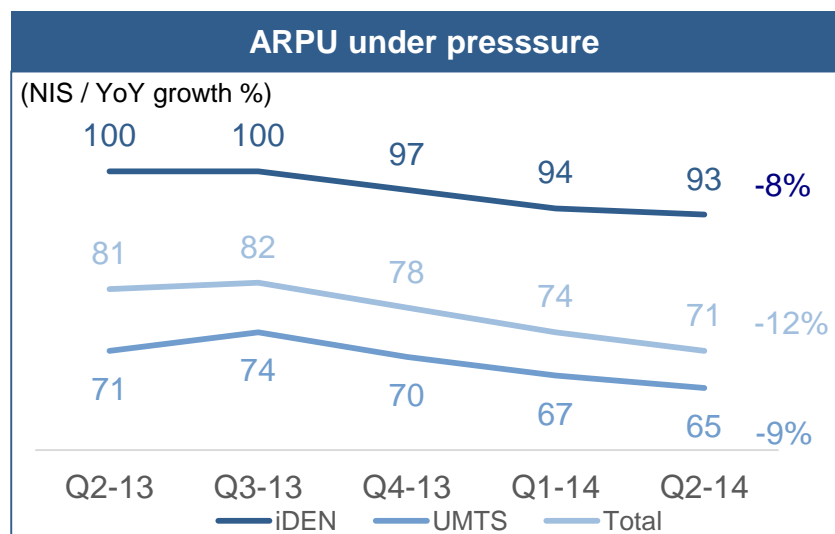
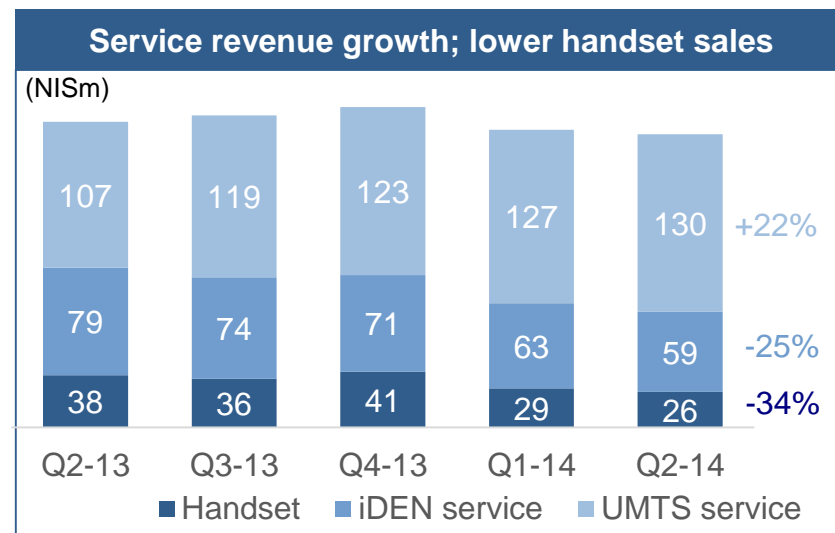
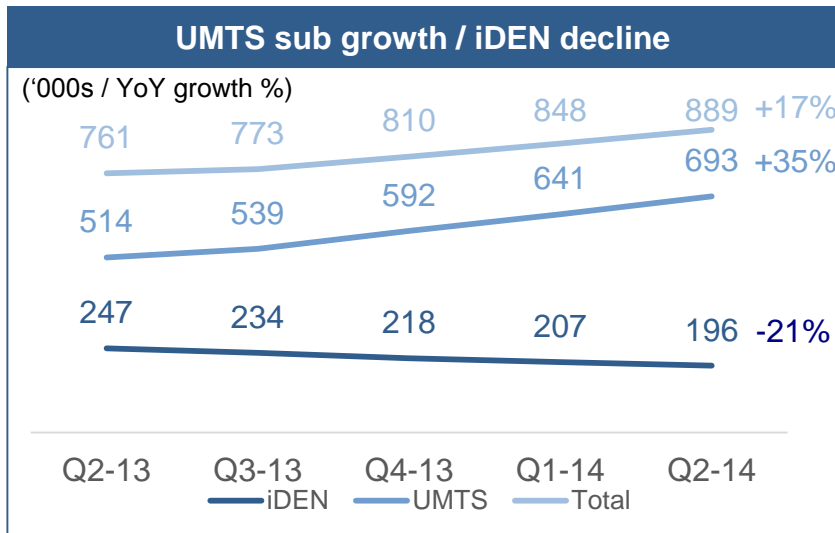
## Improving mix and ARPU





# Israel - Mobile

Strong UMTS sub growth offset by ARPU, iDEN and Handset declines

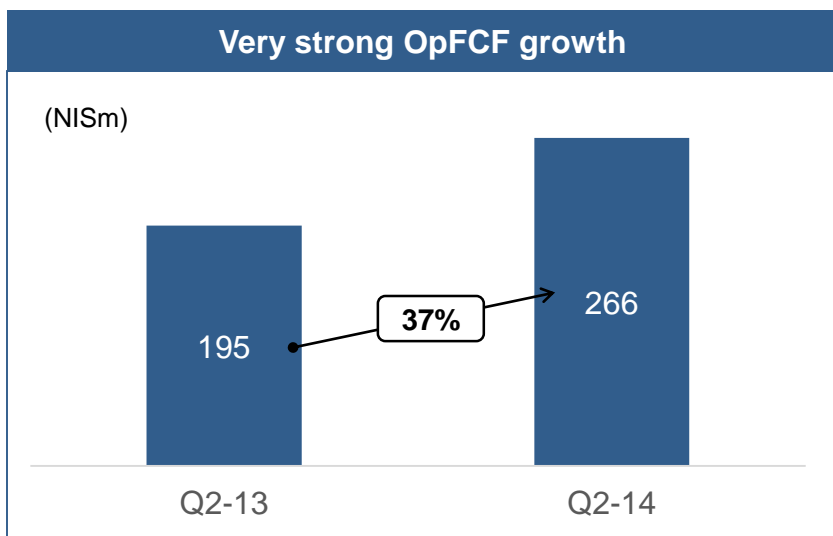
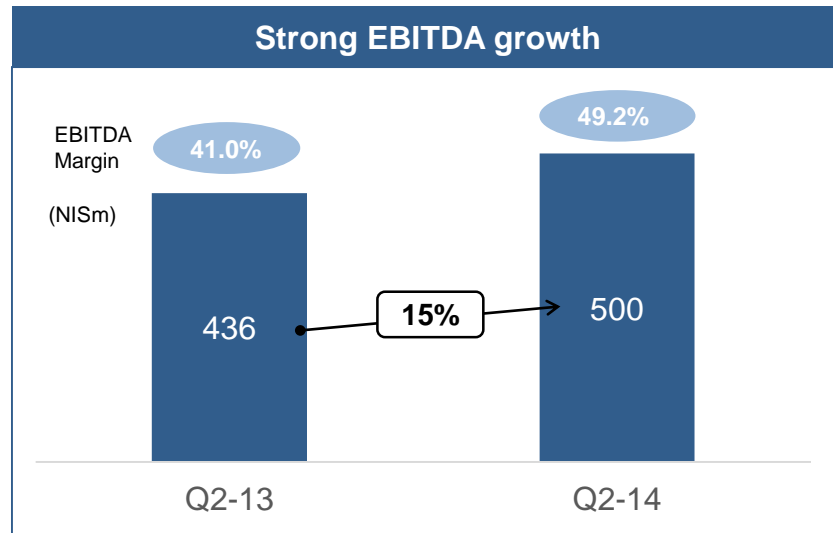
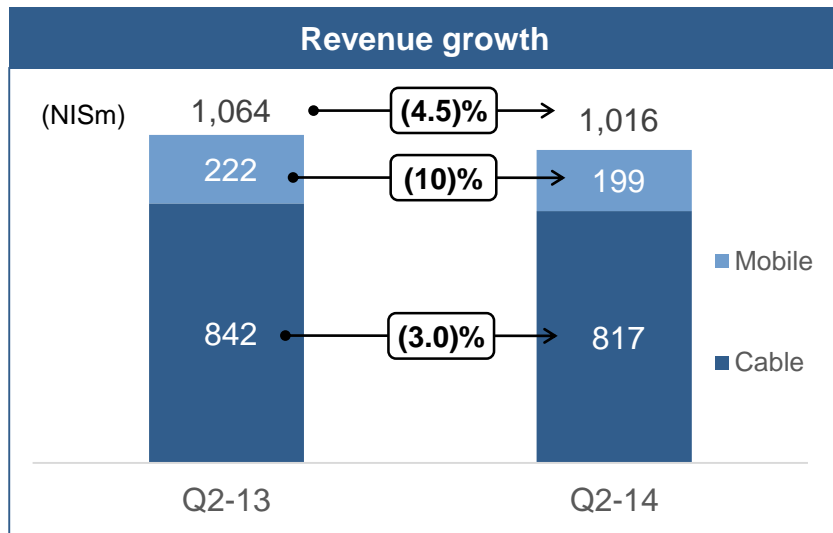


- ### Competitive pressure in mobile market
- Price competition remains intense
  - Acquisition pricing is below base ARPUs
  - Handsets are also being discounted
  - Despite competition, UMTS service revenue continues to grow
  - iDEN service revenue declined as expected

Note: Revenue chart above does not include intercompany eliminations

# Israel

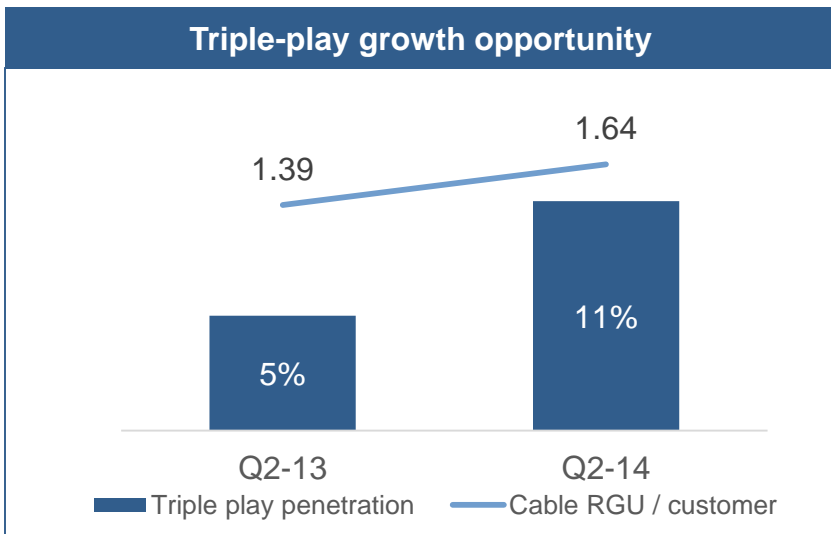
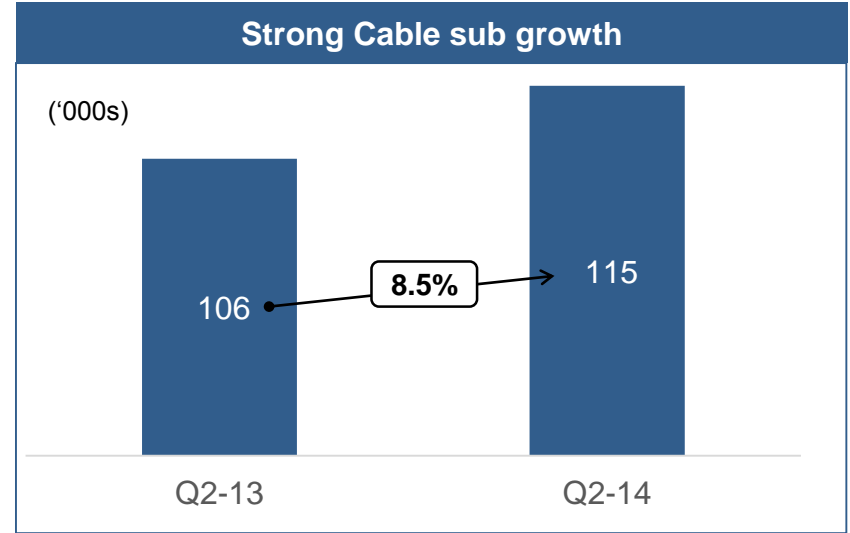
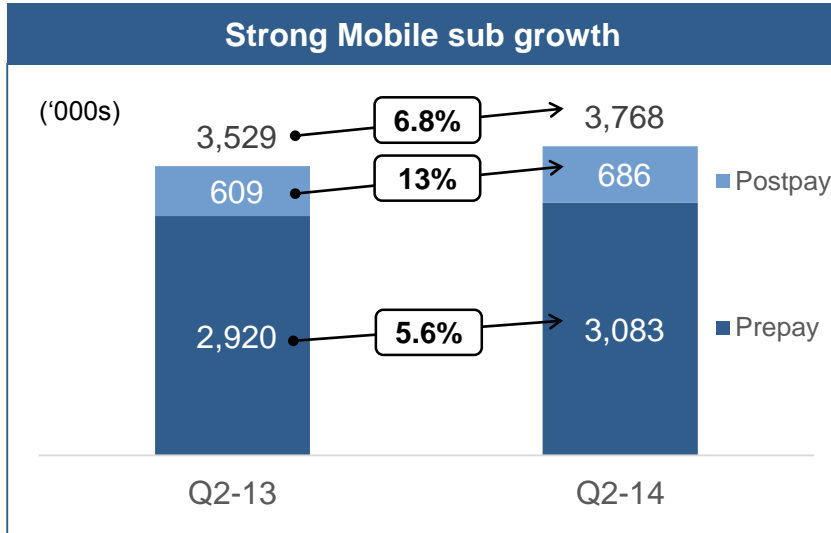
## Strong EBITDA growth despite revenue pressure



- ### Lower costs and capex
- New network sharing agreement reduces cost
  - Cost restructuring

# Dominican Republic

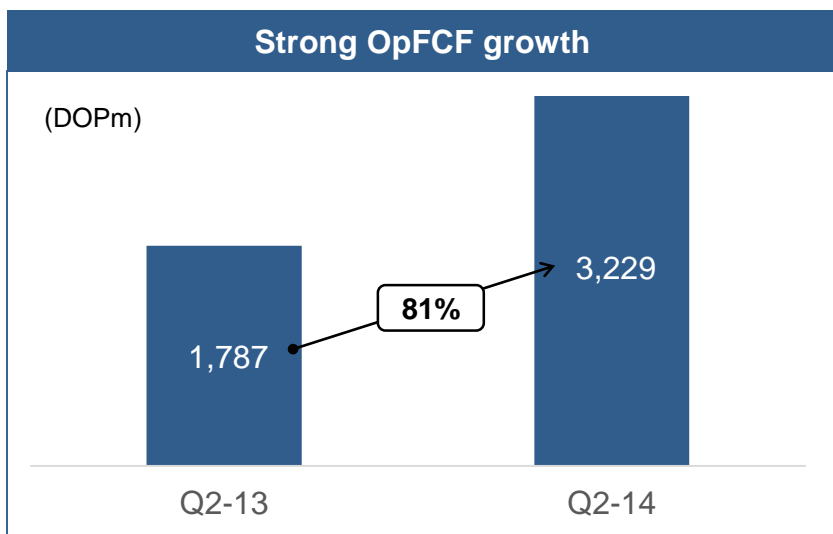
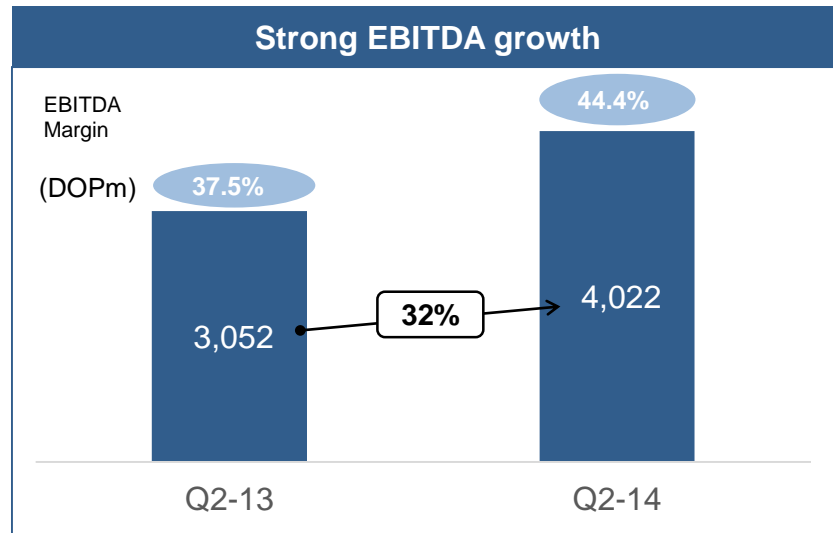
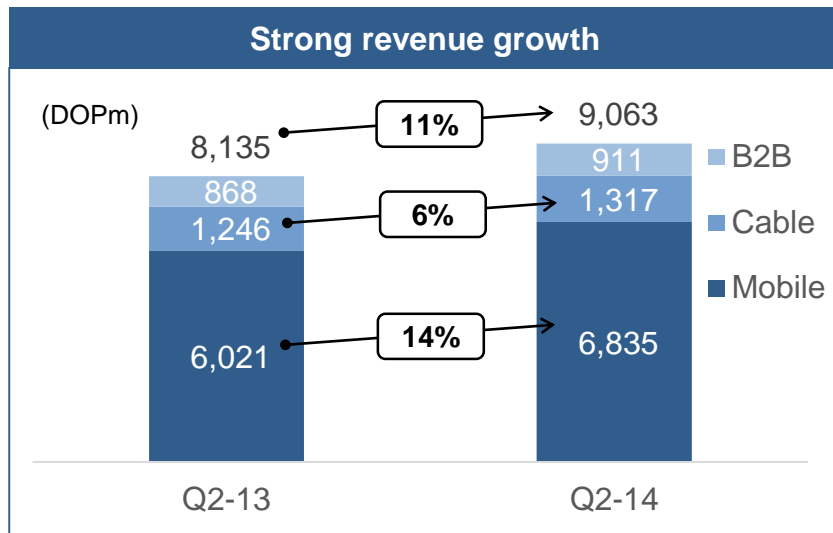
## Strong subscriber growth



- ### Strong operational KPIs
- Mobile ARPU up 1% (constant currency)
  - Increased cable homes passed by 50,000

# Dominican Republic

## Strong EBITDA growth through cost restructuring and synergies



- ### Cost restructuring
- Headcount reductions realised
  - Reduced marketing spend (synergies / renegotiation)
  - Renegotiated lower programming, IT & Network costs as per the Altice restructuring model
  - Turnaround still in progress

Note: Average Foreign Exchange Rates: Q2-13: DOP / Euro = 54.76, Q2-14: DOP / Euro = 61.63

# Group Net Debt

## Q2-14 Actual

### Altice SA

Gross Debt <sup>1</sup> :	€19.9bn
Cash:	€1.1bn
Cash Rest. :	€13.1bn
Net Debt:	<b>€5.7bn</b>
HoldCo Net Debt <sup>2</sup> :	€(0.5)bn
Un. RCF:	€635m

40% (74.6%)<sup>4</sup>

100%

### France

Gross Debt <sup>1</sup> :	€11.7bn
Cash:	€41m
Cash Rest.:	€8.9bn
Net Debt:	<b>€2.8bn</b>
Un. RCF:	€300m

### International

Gross Debt:	€3.5bn
Cash:	€109m
Net Debt:	<b>€3.4bn</b>
Un. RCF:	€135m

## Pro Forma for SFR

### Altice SA

Gross Debt <sup>1</sup> :	€19.4bn
Cash <sup>2</sup> :	€1.2bn
Net Debt:	<b>€18.2bn</b>
HoldCo Net Debt <sup>3</sup> :	€3.1bn
Un. RCF:	€1,085m

59.7%<sup>4</sup>

100%

### France

Gross Debt <sup>1</sup> :	€11.7bn
Cash:	€0m
Net Debt:	<b>€11.7bn</b>
Un. RCF:	€750m

### International

Gross Debt:	€3.5bn
Cash:	€109m
Net Debt:	<b>€3.4bn</b>
Un. RCF:	€135m

- 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; a majority of bonds along with institutional term loans; no significant near term maturities

<sup>1</sup> Includes other debt of €50m (mainly leases) and FX adjustment of €10m on USD debt/USD escrow cash (relating to June 30 exchange rate of 1.369 vs. swapped rate of 1.3827)

<sup>2</sup> Includes margin loan of €446m.

<sup>3</sup> Includes impact of margin loan repayment (including €10m of accrued interest), ASA subscription of NC rights issue, holdco fees and overfunding/excess proceeds at SFR closing

<sup>4</sup> As of Q2-14 Altice France owned 40% of NC (including 2.6% of call options exercised in June for c. €121.5m) and subsequently acquired from Carlyle & Cinven in July their 34.6% stake thus increasing the total ownership to 74.6%. PF for SFR and the 20% stake of Vivendi, Altice France will own 59.7%



**Thank  
You**

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