MANAGEMENT'S DISCUSSION AND ANALYSIS

ALTICE INTERNATIONAL S.à r.l

FOR THE YEAR ENDED DECEMBER 31, 2020

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1 OVERVIEW

1.1 Overview of the Group's business

The Group is a multinational group operating across two sectors: (i) telecom (broadband and mobile communications) and (ii) content and media. The Group operates in Portugal, Israel and the Dominican Republic. The Group also has a global presence through its online advertising business Teads. The parent company of the Group is Altice International S.à r.l. (the "Company").

The direct controlling shareholder of the Company is Altice Luxembourg S.A. ("Altice Luxembourg"), which holds 100% of the share capital of the Company, and is itself indirectly controlled by Altice Europe N.V. ("Altice Europe").

The Group had expanded internationally in previous years through several acquisitions of telecommunications businesses, including MEO in Portugal; HOT in Israel; and Orange Dominicana and Tricom in the Dominican Republic. The Group's acquisition strategy has allowed it to target cable, FTTH or mobile operators with what it believes to be high-quality networks in markets the Group finds attractive from an economic, competitive and regulatory perspective. Furthermore, the Group is focused on growing its businesses by focusing on cost optimization, increasing economies of scale and operational synergies and improving quality of its network and services.

As part of its innovative strategy, the Group is focusing on investment in its proprietary best-in-class infrastructure, both in fibre and mobile, commensurate with the Group's position as a number one or number two operator in each market. The Group continues to improve its competitiveness in fixed-mobile convergence and maintains its focus on improving customer experience, reflected in a sustained commercial momentum achieved in 2019.

Teads, the digital advertising business acquired in 2017, continues to be a leading player in its space, empowering the most renowned publishers in the world to connect to an audience of 1.9 billion people every month.

On January 22, 2021, Altice Europe and Next Private B.V. (the "Offeror"), a direct subsidiary of Next Alt, jointly announced that an unconditional agreement had been reached on a recommended public offer (the "Offer") to be made by the Offeror for all common shares A and common shares B in the capital of Altice Europe for €5.35 in cash per share (cum dividend). Following the completion of the Offer, Altice Europe was delisted on January 27, 2021.

1.2 Products, services and brands

Through its various Group companies, the Group provides fixed services, mobile telephony services and media and advertising services to residential and business customers in all the geographies in which it operates. In addition, the Group offers a variety of wholesale and other services across its footprint. The Group also invests in specific content to supplement and enrich the services the Group provides.

The Group's fixed services (high-quality pay-TV, broadband Internet and fixed-line telephony) are mainly provided over its proprietary fibre- and cable-based network infrastructure which are either FTTH, FTTB, DOCSIS 3.1 or DOCSIS 3.0 enabled, offering download speeds of between 30 Mbps and 10 Gbps depending on geography. On a blended basis, as of December 31, 2020, the Group's high-speed broadband services passed 8.6 million fibre/cable homes, with 2.3 million fibre unique customers. The Group offers xDSL/DSL/DTH services, with 3.0 million residential fixed unique customers as of December 31, 2020. The Group also offers mobile services in the geographies in which it operates, through 2G, 3G and 4G Long-Term-Evolution ("LTE") technology (with 1 Gbps achieved in the second quarter of 2019). On a blended basis, as of December 31, 2020, the Group had 10.1 million residential mobile subscribers (of which 5.0 million were postpaid subscribers).

The Group is focused on the convergence of fixed and mobile services by cross-selling and up-selling its offerings to further increase its multi-play penetration (except for Israel, where the regulator does not allow it). The Group's fibre and mobile technologies enable it to offer premium digital services, attractive interactive features (e.g., 'MEO Go!' offering in Portugal) and local content (e.g., through its 'HOT 3' channel in Israel) to its customers. The Group has leveraged its network advantage to drive its multi-play strategy and offer an attractive combination of content, speed and functionality. The Group offers to its residential customers bundled double- and triple-play fixed services, which comprises paying for a combination of TV, broadband Internet access and fixed-line telephony services together with customer premise equipment at what the Group believes are attractive prices. The Group believes the demand for its multi-play packages is primarily driven by the inherent quality of the various products included within them, which the Group believes are among the best available in the markets in which it operates. Although the Group is convinced its products offer the best value for money and cost-savings for customers when purchased as part of multi-play packages, the Group also offers most of these services on a stand-alone basis in most of its geographies. In some markets, such as Portugal, the Group offers quad-play bundles including both fixed and mobile services.

The Group is focused on strategically developing content to complement its fixed and mobile services with high-quality content offerings on its own networks and to external partners. The Group continues to broadcast and distribute various other sports events in selected countries, including the Portuguese Liga in Portugal.

Teads is a leading digital video advertising business and distributes ads to over 1.9 billion people every month. Teads solutions combine high-quality inventory with smart uses of data, along creative artificial intelligence. This makes marketing more precise and more efficient, whilst enabling brands to deliver the optimal advertising experience personalized to the user.

The Group markets its products and services under multiple brands, including but not limited to the following brands: 'HOT' in Israel; 'MEO' and 'MOCHE' in Portugal; 'Altice' in the Dominican Republic, and, in each case, several associated trademarks.

1.3 Activities

The Group tracks the performance of its business by geography and further analyses its revenue by activity. The Group has identified the following activities: residential services, business services and media (targeted advertising).

1.3.1 Residential services

1.3.1.1. *Fixed residential services*

The Group offers a variety of fixed residential services, primarily as part of multi-play packages, with available offerings depending on the bandwidth capacity of its cable and fibre networks in a particular geography, which consist of FTTH, hybrid fibre coaxial ("HFC") and copper line ("xDSL").

The Group has a high-quality fibre- and cable-based network infrastructure across the geographies in which it operates. The Group has already rolled-out and secured plugs in FTTH in Portugal. The Group's fixed services (high-quality pay-TV, broadband Internet and fixed-line telephony) are mainly provided over its proprietary fibre- and cable-based network infrastructure which are either FTTH, FTTB, DOCSIS 3.1 or DOCSIS 3.0 enabled.

Broadband Internet access and fixed-line telephony

The Group provides broadband Internet access and fixed-line telephony services across its fibre (and in certain areas xDSL) and cable footprint. Large portions of its networks that are FTTH-enabled or DOCSIS 3.1 enabled can offer download speeds of up to 10 Gbps with limited network and customer premise equipment upgrades given the existing technological capability of its networks. This technological capability can be realized with relatively low levels of capital expenditure and will enable it to better meet the needs of its residential customers who demand higher download speeds. Across Portugal, the Group is upgrading its networks for next-generation FTTH technology which will deliver more download speeds in the mid-term as well as reducing operating costs of running and maintaining its networks and services. As of December 31, 2020, the Group provides broadband Internet to 3.0 million residential customers across its geographies.

The Group's fixed-line telephony services are based on either PacketCable or Voice-over-Internet-Protocol ("VoIP") technologies. The Group offers a wide range of telephony packages and its triple-play offers tend to include flat-rate telephony packages with a significant number of minutes of use included in the price. The Group provides national and international connectivity to its customers either through its own interconnection capabilities or through its partners. The Group continues to phase out stand-alone telephony packages as its strategy is to offer fixed-line telephony as an add-on product in its multi-play packages.

In its fixed residential business, the Group believes advanced customer premise equipment is playing an increasingly crucial role as it enhances customer experience by facilitating access to a wide range of user-friendly features, offers a reliable channel for selling add-on and on-demand services, allows for multi-screen television viewing and broadband Internet usage by multiple parties. Furthermore, when set-top boxes, modems and other customer premise equipment are combined in one box, it allows cable operators to significantly reduce customer service expenses.

1.3.1.2. *Mobile residential services*

The Group owns and operates mobile infrastructure in most of its geographies, including Portugal, Israel and the Dominican Republic. Depending on geography and network technology deployed, the Group offers 2G, 3G and/or 4G services in each market in which it operates, on a variety of plans, from 'no frills' offers with no commitment or handset, to premium mobile telephony offers with varying voice and data limits, if any, at attractive prices. In Israel, the 5G spectrum auction has been concluded during the third quarter of 2020 and HOT has been awarded a license to operate the new network. In Portugal, the 5G spectrum auction bidding started on December 22, 2020 and the main auction is ongoing. The expected allocation of rights of use for frequencies is scheduled for the second quarter of 2021.

As of December 31, 2020, the Group offered mobile services to 10.1 million residential customers on a blended basis, across the geographies where it is active. In Israel, due to current regulations, the Group offers its mobile services only on a stand-alone basis and in a bundle with ISP services and not as part of a multi-play cable offering.

1.3.1.3. *Pay-TV*

The Group is focused on strategically developing content to complement its fixed and mobile services with exclusive or high-quality content offerings. The Group produces and broadcasts a diverse range of content including live broadcasts of sports events and other sports- and lifestyle-related programs as well as the sports programming for which the Group has acquired broadcasting rights, including the Portuguese Liga in Portugal.

1.3.1.4. *Terrestrial TV channels*

Across its geographies, the Group offers digital television services which include basic and premium programming, and, in most markets, incremental product and service offerings such as VoD, and, in some cases, exclusive content. The Group's pay-TV offerings include content and channels purchased from a variety of local and foreign producers and the Group continues to focus on broadcasting high-quality content over all of its networks as well as producing its own original content.

1.3.2 Business services

1.3.2.1. *Fixed business services*

The Group offers focused fixed business services to large, medium, small and very small business customers in Portugal and the Dominican Republic. In Israel, the Group's business services primarily consist of enhanced versions of the Group's residential products, which are adapted to meet the needs of its business customers.

1.3.2.2. *Mobile business services*

The Group offers focused mobile business services to large, medium, small and very small business customers in all its geographies. The Group's mobile business services products often include professional telephony services (such as business directory services, fleet management customer areas, usage alerts and financial management solutions) with devices chosen to respond to the needs of professionals and 24-hour on-site exchange service.

1.3.2.3. *Wholesale services*

The Group offers wholesale services across its geographies, including interconnection services to other operators, and sells wholesale fibre, cable and xDSL services as well as wholesale mobile services to other telecommunications operators who resell such services under their own brands.

In addition, the Group offers original channels, which include premium sport rights, exclusive or original films and series, to other telecommunications operators or third parties like Canal+, therefore becoming a wholesale player in both telecom infrastructure and content.

1.3.2.4. *R&D services*

The Group has implemented the 'Altice Labs' initiative, which is the Group's state-of-the-art research and development centre that aims to centralize and streamline innovative technological solutions development for the entire Group ("Altice Labs"). Under this initiative, the Group's R&D teams across all of the jurisdictions in which the Group operates (i) creates products and technology to facilitate the build-out of its fixed and mobile network, (ii) develops systems to improve customer experience and handle disturbances and outages with speed and precision allowing for a near uninterrupted usage of the Group's services and (iii) creates user friendly and high quality customer interfaces and products, including new generation set-top boxes, portals, loT, artificial intelligence and data monetization.

Altice Labs has more specifically developed advanced collaborative unified communications, zero-touch provisioning and monitoring systems, online charging systems, data policy enforcement, optical fibre central office equipment and cable and fibre gateways with the most advanced connectivity and Wi-Fi home routing technologies, which have been deployed across geographies improving customer experience. Altice Labs has been a valuable tool to create differentiation on network performance, service usage and customer experience. The strong relationship with universities and start-ups sustains a reliable innovation ecosystem to transform knowledge into value to customers in a unique way.

1.3.2.5. *Other services*

The Group offers several other services, depending on geography, such as bulk services to housing associations and multiple-dwelling unit managers, cloud storage such as on-demand IaaS services, computer security services and storage and backup solutions. In various jurisdictions in which the Group operates, it also generates revenue from selling advertising time to national, regional and local customers.

1.3.3 Media

1.3.3.1. *Targeted advertising (Teads)*

Founded in 2011, Teads is a global media platform and leading digital video advertising business. Publishers use Teads' technology to create engaging video and display advertising experiences on their website and in their Apps. Those publishers can monetize the advertising inventory through their own sales force or Teads' salesforce. As a global media platform, Teads unites and empowers the best publishers in the world to connect advertisers to an audience of over 1.9 billion people every month. Teads' made-for-mobile ad experiences deliver attention and guaranteed outcomes across the marketing funnel. Through its end-to-end platform, Teads provides demand-side, sell-side and creative technology to deliver better media effectiveness for brands, better monetization solutions for publishers, and better experiences for consumers.

In 2019, supported by its positioning as a leading strategic partner for top-tier publishers, Teads signed global advertising partnerships with several of the top 100 global ad spenders. A number of new initiatives were introduced in 2019 including the successful launch of an enterprise suite for publishers, which will continue to position Teads as a strategic partner for top-tier publishers, as well as inRead Social, a new product which easily allows brands and agencies to repurpose campaign assets for distribution via the Teads platform. During 2019, Teads continued to invest in various cookie-less targeting solutions, including contextual and machine learning based solutions. Teads significant pace of growth at the start of 2020 was interrupted at the end of the first and second quarter of 2020 due to the COVID-19 pandemic, and the resulting global downturn in advertising. However, during the third and fourth quarter, the pace of growth was back to normal levels.

1.4 Marketing and sales

The Group's marketing divisions use a combination of individual and segmented promotions and general brand marketing to attract and retain customers. It markets its business services to institutional customers and businesses such as large corporates, governmental and administrative agencies, small- and medium-sized businesses, nursing homes, hospitals and hotels. The Group's primary marketing channels are media advertising including commercial television, telemarketing, e-marketing, door-to-door marketing, billboards, newspaper advertising and targeted mail solicitation. The Group's marketing strategy is based on increasing the penetration of multi-play services within its subscriber base, increasing distribution of television-based value-added services and ensuring a high level of customer satisfaction in order to maintain a low churn rate. The Group's marketing and sales efforts are always geared towards demonstrating the high-quality and speed of its networks.

The Group uses a broad range of distribution channels to sell its products and services throughout its operations, including retail outlets owned and run by the Group, retail outlets owned and run by third parties, dedicated sales booths, counters and other types of shops, door-to-door sales agents, inbound and outbound telesales and its websites.

1.5 Customers

1.5.1 Customer contracts and billing

The Group typically enters into standard form contracts with its residential customers. The Group reviews the standard rates of its services on an on-going basis. In certain geographies, in addition to the monthly fees the Group charges, customers generally pay an installation fee upon connection or re-connection to the Group's fibre/cable network. The terms and conditions of the Group's contracts, including duration, termination rights, the ability to charge early exit fees, and the ability to increase prices during the life of the contract, differ across the Group's operations primarily due to the different regulatory regimes it is subject to in each of the jurisdictions in which it operates.

The Group monitors payments and the debt collection process internally. The Group performs credit evaluation of its residential and business customers and undertakes a wide range of bad debt management activities to control its bad debt levels, including direct collections executed by its employees, direct collections executed in co-operation with third party collection agencies, and pursuit of legal remedies in certain cases.

1.5.2 Customer service

The Group's customer service strategy is to increase customer satisfaction and decrease churn with high product quality and dedicated service. Building on 2019 achievements, further improved customer service resulted in the reduction of churn during 2019 within the Group's key geographies, which continued in 2020. The Group has continued to improve its customers' experience, including enhanced customer relationship management systems, which have allowed the Group to better manage new customers, identify customers at risk of churning, handle complex customer issues, offer special retention offers to potential churners and repayment plans to insolvent customers. The Group aimed to integrate operations and centralize functions in order to optimize processes and to correlate sales incentives to churn, net promoter score ("NPS") and average revenue per user ("ARPU") as opposed to more traditional criteria of new sales, in order to refocus the organization away from churn retention to churn prevention. The Group has remained disciplined and focused on further improving customer service in all markets. This has resulted in ongoing churn reduction across products, building on the significant progress that was already made in 2019.

1.6 Competition

In each of the geographies and industries in which the Group operates, the Group faces significant competition and competitive pressures. Certain markets, such as Portugal, are mature markets, with a limited number of new customers entering the market. Moreover, the Group's products and services are subject to increasing competition from alternative new technologies or improvements in existing technologies.

With respect to its residential activities, the competition that the Group faces from telecommunication companies and other providers of DSL, VDSL2 and fibre network connections varies between geographies in which the Group offers its services. With respect to pay-TV services, the Group is faced with growing competition from alternative methods for broadcasting television services other than through traditional cable networks. For example, online content aggregators which broadcast OTT programs on a broadband network, such as Internet competitors Amazon, Apple, Google and Netflix, are expected to grow stronger in the future, with connected or 'smart' TVs facilitating the use of these services. With respect to the fixed-line and mobile telephony markets, the Group experiences a shift from fixed-line telephony to mobile telephony and faces intensive competition from established telephone companies, mobile virtual network operators ("MVNOs") and providers of new technologies such as VoIP.

In the competitive B2B data services market, pricing pressure has remained strong. Conversely, the use of data transmission services has significantly increased. The Group is currently facing competition from software providers and other IT providers of data and network solutions, and the line between them and the suppliers of data infrastructure and solutions like the Group has become increasingly blurred. Partnerships between IT providers and infrastructure providers are becoming increasingly common and are an additional source of competition but also an opportunity. Being able to face the competition efficiently depends in part on the density of the network, and certain competitors of the Group have a broader and denser network. In recent years, the business services market has experienced a structural change marked by a move from traditional switched voice services to VoIP services.

The following is an overview of the competitive landscape in certain key geographies in which the Group operates:

Portugal: In the broadband and mobile market, the Group faces competition from Vodafone, NOS and Nowo. In the fixed telephony market, the Group faces an erosion of market share of both access lines and outgoing domestic and international traffic due to the trend towards the use of mobile services instead of fixed telephone services. Competition in the fixed telephony market is intensified by mobile operators such as NOS and Vodafone who can bypass PT Portugal's international wireline network by interconnecting directly with fixed-line and mobile networks either in its domestic network or abroad. In the business services market, competitors such as Vodafone and NOS are taking market share from PT Portugal in traditional connectivity services, partly offset by PT Portugal introducing new ICT services to its business customers.

Israel: In the broadband market, the Group competes primarily with Bezeq, which provides high speed broadband Internet access over DSL and holds the highest market share in broadband Internet infrastructure access in Israel. In the pay-TV market, the Group's main competitor is D.B.S. Satellite Services (1998) Ltd, a subsidiary of Bezeq, which provides satellite technology-based television services under the brand "YES". Bezeq is also the Group's main competitor in the fixed-line telephony market as the largest provider of fixed-line telephony services.

HOT Mobile competes with several principal mobile network operators, including Cellcom, Partner, Pelephone and Golan Telecom, and MVNOs. The telecom market in Israel has changed significantly in recent years to become more fragmented, including 9 players in the mobile market, underlying an increase of competition. In the year ended December 31, 2020 there was a very high level of promotions in the market. This included significant competition within the TV "skinny bundle" segment with aggressively priced residential offers. HOT remains a premium brand in the market, supported by its superior fixed network infrastructure, premium content packages, and superior customer service. This resulted in a strong market position with high customer loyalty in the first quarter of 2020, which has continued in the following quarters of 2020.

Dominican Republic: The Group's key competitors in the fixed market are Claro (America Movil) and to a lesser extent, local players such as Viva and Aster. Altice Dominicana has approximately 34% market share in mobile and 27% in fixed Internet. In the mobile market, Altice Dominicana mainly competes with Claro *(*with which it shares a comparable spectrum range and 4G-LTE population coverage), and with Viva in the low-end segment. Altice Dominicana also competes with niche actors Wind and Sky. In the pay-TV segment, the market is still deeply fragmented with several regional cable operators.

2 STRATEGY AND PERFORMANCE

2.1 Objectives

The Group's key objective is to improve its operating and financial performance by increasing operational efficiencies of its existing businesses and driving growth through reinvestment in its proprietary infrastructure. Furthermore, the Group aims to deliver to its customers the best quality services and the best content on proprietary state-of-the-art mobile and fixed infrastructure, by investing in best-in-class technology, insourcing its historical suppliers in the area of technical services and call centres in order to better control quality, and developing a tailor-made approach, based on the analysis of data collected from its customers, in order to service them in an individualized manner, propose them targeted offers, dedicated content and custom-made advertising and provide them with a unique and sophisticated customer experience. The Group aims to create long-term shareholder value through exceptional operating and financial performance, mainly driven by its focus and investments to provide a superior customer experience at lower cost levels.

The Group has contributed to long-term value creation in the past financial years through multiple factors. The operational and financial turnaround in Portugal was achieved under the leadership of a new local management team put in place in 2018. The Group has delivered sustained investment at an accelerated pace into upgrading its fixed and mobile networks for better quality services to improve the customer experience and drive future growth. In addition, the Group has successfully executed on the monetization of part of the Group companies' infrastructure at attractive valuations. The Group intends to further strengthen its balance sheet and accelerate the deleveraging of the Group towards its stated leverage target. On December 12, 2019, PT Portugal entered into an agreement with Morgan Stanley Infrastructure Partners regarding the sale of a 49.99% interest in the Portuguese fibre business to be carved-out into a dedicated wholesale vehicle. On April 17, 2020, the transaction was closed and the Group received €1,573.1 million of proceeds from this transaction. In addition, on January 2, 2020, the Group sold the 25% equity interest held by PT Portugal in Belmont Infra Holding S.A. ("Belmont"), that owns 100% in a tower company OMTEL, to Cellnex Telecom S.A. for total cash proceeds of €201.0 million.

2.2 Strategy of the Group

At the core of the Group's strategy is customer, revenue, profitability and cash flow growth and, as a result, deleveraging. The Group benefits from a unique asset base which is fully convergent, fibre rich, active across consumers and businesses and holds number one or number two positions in each of its markets with nationwide coverage. The reinforced operational focus offers significant value creation potential.

Key elements of the Group's growth and deleveraging strategy include:

- the operational and financial turnaround in Portugal;
- optimizing the performance in each market with a particular focus on customer services;
- continuing to invest in best-in-class infrastructure commensurate with the Group's market position;
- monetizing content investments and growing advertising revenue; and
- the potential monetization of part of the Group companies' infrastructure at attractive valuations and the mutualization of selected network assets.

3 BASIS OF PRESENTATION

The discussion and analysis for each of the periods presented is based on the financial information derived from the consolidated financial statements of the Company as of and for the year ended December 31, 2020.

Please refer to the key statement of income items in section 13 for a definition of the key financial terms discussed and analysed in this document.

4 GROUP FINANCIAL REVIEW

4.1 General

The following discussion and analysis is intended to assist in providing an understanding of the Group's financial condition, changes in financial condition and results of operations and should be read together with the consolidated financial statements for the year ended December 31, 2020, including the accompanying notes.

The below table sets forth the Group's consolidated statement of income for the years ended December 31, 2020 and December 31, 2019.

Consolidated Statement of Income (€m)	For the twelve-month period ended December 31, 2020	For the twelve-month period ended December 31, 2019
Revenues	**4,064.5**	**4,083.5**
Purchasing and subcontracting costs	(1,009.0)	(1,000.5)
Other operating expenses	(868.5)	(933.0)
Staff costs and employee benefits	(477.1)	(469.5)
Depreciation, amortization and impairment	(1,206.1)	(1,256.4)
Other expenses and income	58.5	(367.1)
Operating profit	**562.3**	**57.0**
Interest relative to gross financial debt	(468.7)	(606.0)
Realized and unrealized gains on derivative instruments	(229.5)	146.6
Other financial expenses	(109.8)	(112.6)
Finance income	337.7	209.2
Net result on extinguishment of a financial liability	370.6	(9.6)
Finance costs, net	**(99.7)**	**(372.4)**
Share of earnings (losses) of associates	3.2	(7.0)
Profit (Loss) before income tax	**465.8**	**(322.4)**
Income tax loss	(48.0)	(116.5)
Profit (Loss) for the year	**417.8**	**(438.9)**

The Group has 5 reportable segments for which the results of operations of the business will be discussed:

- **Portugal**: The Group owns Portugal Telecom ("PT Portugal"), the largest telecom operator in Portugal. PT Portugal caters to fixed residential, mobile residential and business services clients using the MEO brand. This segment also includes the Altice Technical Services entities in Portugal.

- **Israel**: Fixed and mobile services are provided using the HOT telecom, HOT mobile and HOT net brands to residential and business services clients. HOT also produces award winning exclusive content that it distributes using its fixed network, as well as content application called Next and OTT services through Next Plus. This segment also includes the Altice Technical Services entity in Israel.

- **Dominican Republic**: The Group provides fixed residential, mobile residential and business services using the Altice brand. This segment also includes the Altice Technical Services entity in the Dominican Republic.

- **Teads**: Provides digital advertising solutions.

- **Others**: Corporate entities are reported under "Others".

When analysing the financial health of these geographical segments, the Group uses measures and ratios - in particular Adjusted EBITDA - that are not required by or presented in accordance with IFRS or any other generally accepted accounting standards. The Group presents Adjusted EBITDA because it believes that it is of interest for the shareholders and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity.

4.2 Update on the COVID-19 pandemic

On March 11, 2020, the COVID-19 outbreak was declared by the World Health Organization (WHO) as a global pandemic, highlighting the health risks of the disease. In this context and following regulatory requirements published by governments over the last months in the countries in which the Group operates, the Group activated a response program in order to minimize the impact of the COVID-19 pandemic.

The COVID-19 pandemic had a limited impact on the consolidated financial statements of the Group as of December 31, 2020 and for the years then ended. The Group has been impacted by a decline in handsets sales (low margin activity) in the context of the closure of the shops in many countries where the Group operates, a decrease in roaming revenue and a decline in the advertising businesses (Teads). The impact has remained limited since the beginning of the crisis demonstrating the resilience of the Group's telecom business in the countries where the Group operates. Although the situation continues to evolve, the Company expects that the COVID-19 pandemic will have limited effects on the Group's operations and financial performance for future periods.

In countries where the Group operates, the Group did not benefit from specific programs that required the compliance with particular conditions.

The Group has taken this situation into account in its estimates, notably those related to the non-current and current assets valuation (including goodwill).

Based on the above and information in note 31 to the consolidated financial statements of the Group as of December 31, 2020 and for the year then ended, the Group determined that the going concern assumption is still appropriate.

4.3 Significant events affecting historical results

A summary of the significant events that had a material impact on the consolidated financial statements as of December 31, 2020 and December 31, 2019 is given below:

4.3.1 Transactions completed in the year ended December 31, 2020

4.3.1.1 Sale of a 25% equity stake in OMTEL

On January 2, 2020, Altice Europe announced the sale of the 25% equity interest held by PT Portugal in Belmont Infra Holding S.A. ("Belmont"), that owns 100% of a tower company OMTEL, to Cellnex Telecom S.A.. Total cash proceeds amounted to €201.0 million. The total capital gain recorded for the year ended December 31, 2020 amounted to €101.0 million (please refer to note 4.3.2.2).

The sale by PT Portugal of its 25% equity interest in Belmont is part of a larger transaction pursuant to which Cellnex Telecom S.A. acquired 100% of the share capital of OMTEL. In September 2018, at the time of its sale of OMTEL to a consortium including Morgan Stanley Infrastructure Partners and Horizon Equity Partners, PT Portugal had reinvested €108.8 million for a 25% equity interest in OMTEL.

4.3.1.2 Closing of the partnership with Morgan Stanley Infrastructure Partners and the sale of 49.99% interest in FastFiber (formerly known as Altice Portugal FTTH)

On December 12, 2019, PT Portugal entered into an agreement with Morgan Stanley Infrastructure Partners regarding the sale of a 49.99% interest in the Portuguese fibre business to be carved-out into a dedicated wholesale vehicle, FastFiber (formerly known as Altice Portugal FTTH), comprising of the fibre passive infrastructure assets and rights, related contracts and underlying agreements, thereby creating a nationwide fibre wholesaler in Portugal. On April 17, 2020, the transaction was closed and the Group received €1,576.0 million of proceeds from this transaction, for the sale of 49.99% of the share capital of FastFiber (€773.3 million) and for the sale of 49.99% of the existing intercompany loan (€799.8 million), which was simultaneously converted into mandatory convertible notes (please refer to note 9.7.5). The proceeds from the transaction were partly used to further deleverage the Group's debt (please refer to note 9.2). Furthermore, the Group recorded a receivable representing the net present value of an earnout of €375 million due December 2021. A second earnout is due in December 2026 subject to some performance conditions and the Company did not take into consideration this second earnout in the valuation of the purchase price and thus the capital gain recognized at closing of the transaction. Following the closing of the transaction, PT Portugal continues to control and fully consolidate FastFiber. The transaction resulted in the recognition of a non-controlling interest of €4.0 million (please refer to note 3.4) and a gain of €1,111.5 million in equity.

FastFiber sells wholesale services to all operators at the same financial terms. MEO sells technical services to FastFiber for the construction, the subscriber connection and the maintenance of its fibre network.

4.3.1.3 Financing activities

During the year ended December 31, 2020, the following financing transactions have been closed.

Redemption and repurchase of notes

The Group has undertaken the following redemptions of notes since January 1, 2020:

- On January 13, 2020, Altice Finco S.A. ("Altice Finco") redeemed in full the outstanding 2023 9.0% Altice Finco Euro Senior Notes, in an aggregate principal amount of €250 million, in accordance with the 2013 Altice Finco Euro Senior Notes Indenture;

- On February 10, 2020, Altice Finco redeemed in full the outstanding 2024 8.13% Altice Finco Dollar Senior Notes, in an aggregate principal amount of $400 million, in accordance with the 2013 Altice Finco Dollar Senior Notes Indenture;

- On February 18, 2020, Altice Financing redeemed in full the outstanding 2023 5.25% and 2023 6.625% Altice Financing Senior Secured Notes, in an aggregate principal amount of €2,400.0 million equivalent, in accordance with the 2015 Altice Financing Senior Secured Notes Indenture;

- Between June 4, 2020 and September 25, 2020, Altice Financing repurchased and cancelled $279.4 million of its 2026 7.5% notes.

- On July 22, 2020, Altice Finco redeemed in full the outstanding $385 million 2025 7.63% notes in an aggregate principal amount of $385 million (€332.6 million equivalent). The call premium paid on July 22, 2020 related to the redemption amounted to $14.7 million (€12.7 million equivalent).

Issuance of the 2020 Altice Financing Senior Secured Notes

On January 22, 2020, Altice Financing issued $1,200 million aggregate principal amount of 5.000% Senior Secured Notes due January 15, 2028, €1,100 million aggregate principal amount of 3.000% Senior Secured Notes due January 15, 2028 and €600 million aggregate principal amount of 2.250% Senior Secured Notes due January 15, 2025 (together, the "2020 Altice Financing Senior Secured Notes").

Amendment of 2014 Altice Financing Revolving Credit Facility Agreement

On February 20, 2020, all of the lenders under the 2014 Altice Financing Revolving Credit Facility Agreement agreed to amend the 2014 Altice Financing Revolving Credit Facility Agreement to extend the maturity date to February 20, 2025, reduce the margin and make certain other changes.

Bridge facility

On March 3, 2020, Altice Finco entered into a term loan credit agreement providing for, among other things, a euro denominated term loan in an aggregate principal amount of €500 million (the "2020 Altice Finco Bridge Credit Facility"). The term loan bears interest at a rate per annum equal to the weighted average rate of 2-month and 3-month EURIBOR for the period between the funding date of the 2020 Altice Finco Bridge Credit Facility (March 5, 2020) and the maturity date of the 2020 Altice Finco Bridge Credit Facility (May 29, 2020), plus the applicable margin of 2.5% per annum. The proceeds from the term loan borrowed under the 2020 Altice Finco Bridge Credit Facility were used to fund in part the redemption of the 2015 Altice Luxembourg Senior Notes. On April 17, 2020, Altice Finco fully repaid the 2020 Altice Finco Bridge Credit Facility

4.3.2 Transactions completed in the year ended December 31, 2019

4.3.2.1. *Change in consolidation method in PHI*

In January 2019, HOT Mobile and Partner signed an amendment to the Network Sharing Agreement with respect to the governance of the company PHI, effective on January 1, 2019. Following this amendment, the parties have joint control over PHI (compared to significant influence before the amendment); accordingly, PHI is accounted under the provisions of IFRS 11 *Joint Arrangements* as joint operation (recognition of HOT Mobile's interests in PHI's assets, liabilities, revenue and expenses) instead of equity method.

4.3.2.2. *Sale of SIRESP by PT Portugal*

At the end of June 2019, PT Portugal entered into an agreement with the Portuguese State to transfer the ownership of its shares in SIRESP's share capital in December 2019. The transfer of ownership was completed on December 1, 2019. The capital gain recorded for the year ended December 31, 2019 amounted to €1.4 million. The proceeds received amounted to €6.0 million.

5 REVENUE

5.1 Group

For the year ended December 31, 2020, the Group generated total revenue of €4,064.5 million, a 0.5% decrease compared to €4,083.5 million for the year ended December 31, 2019.

This decrease in revenue was recorded in residential mobile, residential equipment and business services, but partially offset by increases in residential fixed and media. Revenue was positively impacted by the favourable development of the foreign currency rate for the Israeli Shekel, which average exchange rate increased by 1.7%, although this favourable foreign currency impact was partially offset by the adverse development of the average exchange rate of the Dominican Peso, which decreased by 11.2%.

The tables below set forth the Group's revenue by lines of activity in the various geographical segments in which the Group operates for the years ended December 31, 2020 and December 31, 2019, respectively:

For the twelve-month period ended December 31, 2020 (€m)	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Others**	**Total**
Fixed	622.2	573.1	92.8	-	-	1,288.1
Mobile	466.2	212.7	273.1	-	-	952.0
Residential service	1,088.4	785.8	365.9	-	-	2,240.1
Residential equipment	107.7	64.7	38.7	-	-	211.1
Total Residential	1,196.1	850.5	404.6	-	-	2,451.2
Business services	925.1	130.0	85.1	-	0.7	1,140.9
Media	-	-	-	476.6	-	476.6
Total standalone revenues	**2,121.2**	**980.5**	**489.7**	**476.6**	**0.7**	**4,068.7**
Intersegment elimination	(3.3)	-	-	(0.9)	-	(4.2)
Total consolidated	**2,117.9**	**980.5**	**489.7**	**475.7**	**0.7**	**4,064.5**

For the twelve-month period ended December 31, 2019 (€m)	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Others**	**Total**
Fixed	613.1	562.7	102.9	-	-	1,278.7
Mobile	468.9	200.2	306.1	-	-	975.2
Residential service	1,082.0	762.9	409.0	-	-	2,253.9
Residential equipment	108.9	70.0	48.2	-	-	227.1
Total Residential	1,190.9	832.9	457.2	-	-	2,481.0
Business services	919.3	128.9	103.6	-	1.7	1,153.5
Media	-	-	-	453.0	-	453.0
Total standalone revenues	**2,110.2**	**961.8**	**560.8**	**453.0**	**1.7**	**4,087.5**
Intersegment elimination	(2.9)	-	-	(1.0)	-	(3.9)
Total consolidated	**2,107.3**	**961.8**	**560.8**	**452.0**	**1.7**	**4,083.6**

Revenue for the Group's fixed residential service business increased to €1,288.1 million for the year ended December 31, 2020, a 0.7% increase compared to €1,278.7 million for the year ended December 31, 2019. This increase was driven primarily by Portugal and Israel, as the residential fixed service revenue displayed a steady growth, reflecting the sustained contribution of positive net adds. This increase however was partially offset by a decrease in the Dominican Republic, which was largely driven by the adverse development of the average exchange rate of the Dominican Peso.

The Group's mobile residential service revenue decreased to €952.0 million for the year ended December 31, 2020, a 2.4% decrease compared to €975.2 million for the year ended December 31, 2019. This decrease was primarily driven by the Dominican Republic due to a decrease in prepaid revenue, which was partially offset by an increase in postpaid revenues due to a higher subscriber base, adverse development of the average exchange rate of the Dominican Peso. Mobile residential service revenue for the year ended December 31, 2020, was also negatively impacted by a decrease in roaming revenue year over year, as a result of a decrease in international travel due to the COVID-19 pandemic.

The Group's residential equipment revenue decreased by 7.0% to €211.1 million for the year ended December 31, 2020, compared to €227.1 million for the year ended December 31, 2019. This decrease was mainly driven by the closure of shops in the first half of 2020 due to the COVID-19 pandemic.

The Group's business services revenue decreased to €1,140.9 million for the year ended December 31, 2020, a 1.1% decrease compared to €1,153.5 million for the year ended December 31, 2019. This decrease was mainly driven by the Dominican Republic due to a decrease in roaming revenue year over year, as a result of a decrease in international travel due to the COVID-19 pandemic, as well as the adverse development of the average exchange rate of the Dominican Peso.

Revenue from the Group's media activities totalled €476.6 million for the year ended December 31, 2020, an 5.2% increase compared to €453.0 million for the year ended December 31, 2019. The increase in media revenue was mainly driven by a strong fourth quarter of Teads, after the second and to a lesser extent the third quarter were impacted due to the severe slowdown of the global advertising market as a result of the COVID-19 pandemic.

5.2 Geographical segments

Portugal: For the year ended December 31, 2020, Portugal generated revenue of €2,117.9 million, a 0.5% increase compared to €2,107.3 million for the year ended December 31, 2019.

Revenue from Portugal's fixed residential service business increased by 1.5% from €613.1 million for the year ended December 31, 2019 to €622.2 million for the year ended December 31, 2020. The increase in fixed residential service revenues is explained by the the sustained contribution of positive net adds and higher contributions from bundles, including migrations from DSL to Fibre, leading to higher revenues from internet and TV. This effect was partially offset by lower revenues from sport premium channels because of its billing suspension due to the COVID-19 pandemic.

Portugal's mobile residential service business reported a net revenue decrease of 0.6% from €468.9 million for the year ended December 31, 2019, to €466.2 million for the year ended December 31, 2020. Postpaid revenue increased in line with a continued increase in the customer base. However, this increase was offset by lower prepaid service revenue, which were largely driven by the stay-at-home restriction and lower roaming revenue as a result of decreased international travel, both driven by the COVID-19 pandemic.

Portugal reported a residential equipment revenue decrease of 1.1% from €108.9 million for the year ended December 31, 2019, to €107.7 million for the year ended December 31, 2020. This decrease was largely driven by the closing of the MEO shops from end of March 2020 until the beginning of May 2020 due to the COVID-19 pandemic.

Revenue from Portugal's business services increased by 0.6% from €919.3 million for the year ended December 31, 2019 to €925.1 million for the year ended December 31, 2020. This increase is mainly explained by higher equipment sales, which compensated for a decrease in commercial activity in the second quarter of 2020 due to the COVID-19 pandemic.

Israel: For the year ended December 31, 2020, Israel generated revenue of €980.5 million, a 1.9% increase compared to €961.8 million for the year ended December 31, 2019. On a local currency basis, revenue increased by 0.2%. On a local currency basis, the fixed residential service revenue increased by 0.1%, which was driven by a growth in the subscriber base, despite strong competition in the fixed market. Mobile residential service revenue increased by 4.5% on a local currency basis due to an increase in the mobile subscriber base, supportive ARPU trends and the increased use of telecommunication services due to the COVID-19 pandemic, despite the increasing price competition. Israel's residential equipment revenue decreased by 9.1% largely due to the closure of shops and booths at shopping malls due to the COVID-19 pandemic. Business revenue decreased by 0.8%, mainly due to loss of B2B roaming revenue due to the COVID-19 pandemic and loss of iDEN revenue as the iDEN technology was decommissioned by the end of 2019.

The increase in revenue on a reported basis was also partially driven by the favourable development of the foreign currency rate for the Israeli Shekel during the first half of 2020, although the Israeli Shekel depreciated in the second half year of 2020.

Dominican Republic: For the year ended December 31, 2020, the Dominican Republic generated total revenue of €489.7 million, a 12.7% decrease compared to €560.8 million for the year ended December 31, 2019. On a local currency basis, revenue decreased by 1.6%. On a local currency basis, fixed residential service revenue increased by 1.6% due to a growth in the subscriber base but which was largely offset by a decrease in reconnection and late payment fees due to government regulations. Mobile residential service revenue increased by 0.5%, with a decrease in prepaid consumption largely offset by an increase in the postpaid subscriber revenues resulting from an increased subscriber base. The Dominican Republic's residential equipment revenue decreased by 9.6%, largely due to the closure of shops due to the COVID-19 pandemic and lower subsidies on equipment sales. Business services decreased by 7.5%, largely in wholesale revenue, mainly due to lower international voice traffic and pricing. The decrease in revenue was also partially driven by the unfavourable development of the foreign currency rate for the Dominican Peso.

Teads: For the year ended December 31, 2020, Teads generated revenue of €475.7 million, compared to €452.0 million for the year ended December 31, 2019. The increase in media revenue was mainly driven by a strong fourth quarter of Teads, after the second and third quarter were impacted due to the severe slowdown of the global advertising market as a result of the COVID-19 pandemic.

6 ADJUSTED EBITDA

6.1 Group

The tables below show the Adjusted EBITDA and operating profit for the periods indicated, respectively by geographical segments.

For the twelve-month period ended December 31, 2020 (€m)	Portugal	Israel	Dominican Republic	Teads	Others	Inter-segment elimination	Total
Revenues	**2,121.2**	**980.5**	**489.7**	**476.6**	**0.7**	**(4.2)**	**4,064.5**
Purchasing and subcontracting costs	(566.7)	(323.2)	(121.4)	-	-	2.3	(1,009.0)
Other operating expenses	(367.6)	(197.1)	(78.0)	(223.5)	(3.5)	1.2	(868.5)
Staff costs and employee benefit expenses	(281.2)	(74.2)	(29.6)	(92.1)	-	-	(477.1)
Total	905.7	386.0	260.7	161.0	(2.8)	(0.6)	1,710.0
Share-based expense	0.6	-	0.5	-	-	-	1.1
Rental expense operating lease[1]	(72.7)	(32.1)	(21.5)	(5.2)	-	-	(131.5)
Adjusted EBITDA	833.6	353.9	239.7	155.8	(2.8)	(0.6)	1,579.5
Depreciation, amortisation and impairment	(725.9)	(331.5)	(125.7)	(23.0)	-	-	(1,206.1)
Share-based expense	(0.6)	-	(0.5)	-	-	-	(1.1)
Other expenses and income	76.2	(13.3)	(0.9)	(3.9)	0.4	-	58.5
Rental expense operating lease[1]	72.7	32.1	21.5	5.2	-	-	131.5
Operating profit/(loss)	**256.0**	**41.2**	**134.1**	**134.1**	**(2.4)**	**(0.6)**	**562.3**

For the twelve-month period ended December 31, 2019 (€m)	Portugal	Israel	Dominican Republic	Teads	Others	Inter-segment elimination	Total
Revenues	**2,110.2**	**961.8**	**560.7**	**453.0**	**1.7**	**(3.9)**	**4,083.5**
Purchasing and subcontracting costs	(562.0)	(298.9)	(141.3)	-	(0.5)	2.2	(1,000.5)
Other operating expenses	(379.1)	(198.1)	(86.4)	(266.2)	(4.5)	1.3	(933.0)
Staff costs and employee benefit expenses	(265.2)	(71.1)	(32.3)	(100.3)	(0.5)	-	(469.5)
Total	903.9	393.7	300.7	86.5	(3.8)	(0.4)	1,680.5
Share-based expense	-	0.1	-	-	-	-	0.1
Rental expense operating lease[1]	(71.7)	(34.5)	(22.6)	(4.0)	-	-	(132.8)
Adjusted EBITDA	832.2	359.3	278.1	82.5	(3.8)	(0.4)	1,547.8
Depreciation, amortisation and impairment	(735.3)	(368.2)	(132.0)	(20.9)	-	-	(1,256.4)
Share-based expense	-	(0.1)	-	-	-	-	(0.1)
Other expenses and income	(334.6)	(14.4)	(3.1)	(9.6)	(5.4)	(0.1)	(367.1)
Rental expense operating lease[1]	71.7	34.5	22.6	4.0	-	-	132.8
Operating profit/(loss)	**(166.0)**	**11.1**	**165.6**	**56.0**	**(9.2)**	**(0.5)**	**57.0**

1 This line corresponds to the operating lease expenses which impacts are included in Adjusted EBITDA following the definition stated in note 4.2.2.1 to the condensed interim consolidated financial statements.

For the year ended December 31, 2020, the Group's Adjusted EBITDA amounted to €1,579.5 million, an increase of 2.0% compared to €1,547.8 million for the year ended December 31, 2019. This decrease can be attributed to lower revenue, as explained in the previous section, which were offset by mainly lower other operating expenses.

6.2 Geographical segments

Portugal: For the year ended December 31, 2020, the Adjusted EBITDA in Portugal was €833.6 million, an increase of 0.2% from €832.2 million for the year ended December 31, 2019. The increase in Adjusted EBITDA is largely attributable to higher revenues and lower operating expenses but which were largely offset by higher purchasing and contracting costs and staff costs and employee benefit expenses. The increase in purchasing and contracting, mainly related to costs of goods sold, are in line with the decrease in revenue. The decrease in operating expenses was driven by lower sales and marketing costs which reflect lower commercial activity during 2020 due to the COVID-19 pandemic, lower energy costs as a result of the acquisition of a participation in MEO Energia and lower call centre expenses reflecting the internalization of certain call centre activities, although this resulted in higher staff costs and employee benefit expenses.

Israel: For the year ended December 31, 2020, the Adjusted EBITDA in Israel was €353.9 million, a decrease of 1.5% compared to €359.3 million for the year ended December 31, 2019. Adjusted EBITDA on a local currency basis decreased by 3.2% compared to 2019. The decrease in Adjusted EBITDA is largely attributable to an decrease in high-margin revenue which was offset by an increase in purchasing and contracting, in line with the higher revenue.

Dominican Republic: For the year ended December 31, 2020, the Adjusted EBITDA in the Dominican Republic decreased by 13.8% from €278.1 million for the year ended December 31, 2019 to €239.7 million for the year ended December 31, 2020 (a decrease of 3.0% on a local currency basis). On a local currency basis, the decrease in Adjusted EBITDA is largely attributable to the decrease in high-margin revenue and an increase in bad debt due to the COVID-19 pandemic, which was partially offset by lower cost of sales in line with the lower revenue.

Teads: For the year ended December 31, 2020, the Adjusted EBITDA for Teads amounted to €155.8 million, compared to €82.5 million for the year ended December 31, 2019, an increase of 88.8%. The increase is explained by an increase in revenues and a reduction in operating expenses due to the renegotiation of contracts with advertisers, lower marketing costs and lower travel and entertainment expenses as a result of the COVID-19 pandemic.

7 OPERATING PROFIT OF THE GROUP

7.1 Depreciation, amortization and impairment

For the year ended December 31, 2020, depreciation, amortization and impairment totalled €1,206.1 million, a decrease of 4.0% compared to €1,256.4 million for the year ended December 31, 2019. The decrease in depreciation and amortization expenses is largely driven by lower depreciation related to certain cable assets which were fully depreciated by the end of 2019.

7.2 Other expenses and income

For the year ended December 31, 2020, the Group's other income totalled €58.5 million compared to other expenses of €367.1 million for the year ended December 31, 2019. A detailed breakdown of other expenses and income is provided below:

Other expenses and income (€m)	**For the twelve-month period ended December 31, 2020**	**For the twelve-month period ended December 31, 2019**
Restructuring costs	7.0	292.8
Disputes and litigation	14.3	26.9
Net loss/(gain) on sale of interest in associates	(106.6)	-
Other, net	26.8	47.4
Other expenses and income	**(58.5)**	**367.1**

7.2.1. Restructuring costs

For the year ended December 31, 2020 restructuring costs related to termination payments in connection with the voluntary employee reduction program in PT Portugal.

For the year ended December 31, 2019, restructuring costs mainly related to restructuring plans in PT Portugal for which a €292.5 million fully tax deductible expense was recorded in connection with the voluntary employee reduction program undertaken in 2019, covering approximately 850 employees (mainly in support functions) in order to improve operational flexibility of PT Portugal.

7.2.2. Net gain on sale of interests in associates

For the year ended December 31, 2020, this largely related to the capital gain of €101.0 million from the sale of Portugal's 25% equity stake in Belmont.

7.2.3. Operating profit

As a result of the above-mentioned factors, the Group recorded an operating profit of €562.3 million for the year ended December 31, 2020 compared to €57.0 million for the year ended December 31, 2019.

8 RESULT FOR THE GROUP – ITEMS BELOW OPERATING EXPENSES

8.1 Finance costs (net)

Net finance costs amounted to €99.7 million for the year ended December 31, 2020 compared to €372.4 million for the year ended December 31, 2019. A detailed breakdown of net finance costs is provided below:

Net finance costs (€m)	For the twelve-month period ended December 31, 2020	For the twelve-month period ended December 31, 2019
Interest relative to gross financial debt	**(468.7)**	**(606.0)**
Realized and unrealized (losses)/gains on derivative instruments linked to financial debt	**(229.5)**	**146.6**
Interest on lease liabilities	(70.8)	(74.2)
Impairment of available for sale financial assets	0.2	(14.6)
Other	(39.2)	(23.8)
Other financial expenses	**(109.8)**	**(112.6)**
Interest income	150.0	111.3
Other financial income	74.6	64.0
Net foreign exchange gains	113.1	33.9
Finance income	**337.7**	**209.2**
Net result on extinguishment of financial liabilities	**370.6**	**(9.6)**
Finance (costs)/income	**(99.7)**	**(372.4)**

8.1.1 Interest relative to gross financial debt

For the year ended December 31, 2020, the Group's interest relative to gross financial debt totalled €468.7 million, a 22.7% decrease compared to €606.0 million for the year ended December 31, 2019. The decrease is mainly explained by lower interest following the refinancing activities in 2019 and in the three quarters of 2020 and reduction of the average financial debt for the year ended December 31, 2020 compared to the year ended December 31, 2019.

8.1.2 Realized and unrealized (losses) gains on derivative instruments

For the year ended December 31, 2020, the Group's realized and unrealized loss on derivative instruments totalled €229.5 million compared to a realized and unrealized gain on derivative instruments of €146.6 million for the year ended December 31, 2019, mainly driven by the variation in the mark to market of the Group's derivative financial instruments in Altice Financing.

8.1.3 Other financial expenses

For the year ended December 31, 2020, the Group's other financial expenses totalled €109.8 million compared to €112.6 million for the year ended December 31, 2019.

8.1.4 Other financial income

For the year ended December 31, 2020, the Group's other financial income totalled €337.7 million compared to €209.2 million for the year ended December 31, 2019. The increase in other financial income is mainly explained by the increase in net foreign exchange gains and an increase of interest income on interest bearing loans receivable with other Altice group companies, which increased from €1,598.2 million as of ended December 31, 2019 to €2,498.3 million as of December 31, 2020.

8.1.5 Net result on extinguishment of a financial liability

For the year ended December 31, 2020, the Group's net gain on extinguishment of a financial liability amounted to €370.6 million, compared to a net loss on extinguishment of a financial liability of €9.6 million for the year ended December 31, 2019. The gain on extinguishment of a financial liability for the year ended December 31, 2020 relates to the remeasurement of the net present value of future interest payments for the Mandatory Convertible Notes Altice Luxembourg and redemptions of the Group's notes in Altice Financing and Altice Finco.

8.2 Share of earnings (losses) of associates

For the year ended December 31, 2020, the Group's share of earnings of associates totalled €3.2 million compared to a loss of €7.0 million for the year ended December 31, 2019.

8.3 Income tax loss

The Group recorded an income tax expense of €48.0 million for the year ended December 31, 2020, reflecting an effective tax rate of 3% compared to an income tax loss of €116.5 million for the year ended June 30, 2019.

8.4 Profit (Loss) after tax for the period

For the year ended December 31, 2020, the profit after tax totalled €417.8 million compared to a loss after tax of €438.9 million for the year ended December 31, 2019. The reasons for this decrease are enumerated in the sections above.

9 LIQUIDITY AND CAPITAL RESOURCES

9.1 General

The Group's principal sources of liquidity are (i) operating cash flow generated by the Group's subsidiaries, (ii) various revolving credit facilities and guarantee facilities that are available at each of the Group's restricted groups, as applicable, for any requirements not covered by the operating cash flow generated and (iii) various liquid stakes in securities and other assets.

As of December 31, 2020, Altice International's restricted group had an aggregate of €538.0 million (equivalent) available borrowings under the Guarantee Facility Agreements, the 2014 Altice Financing Revolving Credit Facility Agreement and the 2015 Altice Financing Revolving Credit Facility Agreement, of which nil was drawn as at December 31, 2020.

The Group expects to use these sources of liquidity to fund operating expenses, working capital requirements, capital expenditures, debt service requirements and other liquidity requirements that may arise from time to time. The Group's ability to generate cash from the Group's operations will depend on the Group's future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond the Group's control. As the Group's debt matures in later years, the Group anticipates that it will seek to refinance or otherwise extend the Group's debt maturities from time to time.

9.2 Cash flow

The following table presents primary components of the Group's cash flows (net) for the years ended December 31, 2020 and December 31, 2019 respectively. Please refer to the consolidated statement of cash flows in the consolidated financial statements of the Company for additional details.

Condensed Consolidated Statement of Cash Flows	**Twelve-month period ended**		
(€m)	**December 31, 2020**	**December 31, 2019**	**Change**
Net cash provided by operating activities	**1,476.6**	**1,363.6**	**8.3%**
Net cash (used in)/provided by investing activities	**(1,549.3)**	**(858.6)**	**80.4%**
Net cash from (used) in financing activities	**47.0**	**(694.3)**	**-106.8%**
Classification of cash as held for sale	-	(12.1)	-100.0%
Effects of exchange rate changes on the balance of cash held in foreign currencies	(15.8)	(0.4)	nm
Net change in cash and cash equivalents	**(41.5)**	**(201.9)**	**-79.5%**
Cash and cash equivalents at beginning of the period	395.5	597.3	-33.8%
Cash and cash equivalents at end of the period	**354.0**	**395.5**	**-10.5%**

The Group recorded a net decrease of €41.5 million in cash and cash equivalents for the year ended December 31, 2020, compared to a net decrease of €201.9 million for the year ended December 31, 2019.

9.2.1 Net cash provided by operating activities

Net cash provided by operating activities increased by 8.3% to €1,476.6 million for the year ended December 31, 2020 compared to €1,363.6 million for the year ended December 31, 2019. The increase in net cash provided by operating activities is largely explained by an increase of the operating profit for the year ended September 30, 20120 and a decrease in the income tax paid compared to income tax paid during the year ended December 31, 2019. These increases in net cash provided by operating activities was partially offset by an increase in negative working capital changes.

9.2.2 Net cash used in investing activities

Net cash used by investing activities increased to net cash used of €1,549.3 million for the year ended December 31, 2020 compared to net cash used by investing activities of €858.6 million for the year ended December 31, 2019. This increase in cash used by investing activities is largely explained by the increase of the advances paid to group companies during the year ended December 31, 2020. This increase was partially offset by higher proceeds related to sale or acquisition of interests in associates of €211.2 million, largely due to the sale of Portugal's 25% equity stake in Belmont.

9.2.3 Net cash from (used) in financing activities

Net cash from (used) in financing activities increased to net cash from financing activities of €47.0 million for the year ended December 31, 2020, compared to net cash used of €694.3 million for the year ended December 31, 2019.

The increase in net cash from financing activities can be largely attributed to the proceeds related to the sale of the 49.99% interest in the Portuguese FTTH business to Morgan Stanley Infrastructure Partners of €1,576.0 million, a transaction which was completed on April 17, 2020.year These increases were partially offset by higher cash outflows related to refinancing activities. During the year ended December 31, 2020, refinancing activities resulted in a net outflow of cash of €822.6 million, whereas for the year ended December 31, 2019 a net cash outflow of €19.2 million was recorded. In addition, cash advances with group companies decreased from proceeds of €69.0 million during the year ended December 31, 2019 to payments of €72.22 million during the year ended December 31, 2020.

10 CAPITAL EXPENDITURES

10.1 General

The Group has made substantial investments and will continue to make capital expenditures in the geographies in which it operates to expand its footprint and enhance its product and service offerings. In addition to continued investment in its infrastructure, the Group will continue to strategically invest in content across its geographic segments to enrich its differentiated and convergent communication services as well as to reduce churn and increase ARPU. The Group expects to finance principal investments described below, to the extent they have not been completed, with cash flow from its operations.

The table below sets forth the Group's capital expenditures for the years ended December 31, 2020 and 2019, respectively, for each of the Group's geographical segments:

For the twelve-month period ended December 31, 2020 (€m)	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Others**	**Eliminations**	**Total**
Capital expenditure (accrued)	465.7	267.3	100.6	6.9	-	(0.6)	839.9
Capital expenditure - working capital items	12.4	(14.9)	(7.8)	(2.5)	2.5	0.7	(9.6)
Payments to acquire tangible and intangible assets	**478.1**	**252.4**	**92.8**	**4.4**	**2.5**	**0.1**	**830.3**
As percentage of revenue	22.6%	25.7%	19.0%	0.9%	nm	nm	20.4%

For the twelve-month period ended December 31, 2019 (€m)	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Others**	**Eliminations**	**Total**
Capital expenditure (accrued)	435.6	245.1	114.5	7.5	-	(0.5)	802.2
Capital expenditure - working capital items	(5.8)	6.3	1.4	-	-	-	1.9
Payments to acquire tangible and intangible assets	**429.9**	**251.4**	**115.9**	**7.5**	**-**	**(0.5)**	**804.2**
As percentage of revenue	20.4%	26.1%	20.7%	1.7%	nm	nm	19.7%

10.2 Geographical segments

Portugal: For the year ended December 31, 2020, Portugal's total capital expenditures were €478.1 million (representing 22.6% of revenue in Portugal), a 11.2% increase compared to €429.8 million for the year ended December 31, 2019 (representing 20.4% of revenue in Portugal). The increase in capital expenditures is explained by an increase in network-related capital expenditures due to the fibre roll-out program, in addition to an increase in capital expenditure related working capital.

Israel: Capital expenditures in Israel is stable with €251.4 million (representing 26.1% of revenue in Israel) for the year ended December 31, 2019 and €252.4 million (representing 25.7% of revenue in Israel) in the year ended December 31, 2020. On a local currency basis, capital expenditures decreased by 1.3%, which was mainly driven by network upgrades during the second quarter 2020, which was offset by a decrease in capital expenditure related working capital.

Dominican Republic: For the year ended December 31, 2020, the total capital expenditures were €92.8 million (representing 19.0% of revenue in the Dominican Republic), a 19.9% decrease compared to €115.9 million for the year ended December 31, 2019 (representing 20.7% of revenue in the Dominican Republic). On a local currency basis, the capital expenditures decreased by 9.8%, mainly due lower investments in customer premise equipment in addition to a decrease in capital expenditure related working capital.

Teads: In general, Teads has limited capital expenditures due to the nature of its business.

11 KEY OPERATING MEASURES

The Group uses several key operating measures, such as number of fibre homes passed, fibre unique customers, fixed B2C unique customers, prepaid and postpaid mobile B2C subscribers and mobile B2C subscribers, to track the financial and operating performance of its business. None of these terms are measures of financial performance under IFRS, nor have these measures been audited or reviewed by an auditor, consultant or expert. These measures are derived from the Group's internal operating and financial systems. As defined by the Company's management, these terms may not be directly comparable to similar terms used by competitors or other companies.

As of and for the year ended December 31, 2020				
000's unless stated otherwise	**Portugal**	**Israel**	**Dom. Rep.**	**Altice International**
Fibre homes passed	**5,602**	**2,201**	**786**	**8,589**
FIXED B2C				
Fibre unique customers	**1,094**	**1,045**	**200**	**2,339**
Net adds	142	30	7	179
Total fixed B2C unique customers	**1,623**	**1,045**	**345**	**3,013**
Net adds	29	30	16	75
MOBILE B2C				
Postpaid subscribers	**3,187**	**1,179**	**623**	**4,988**
Net adds	106	10	1	116
Prepaid subscribers	**2,824**	**194**	**2,108**	**5,126**
Total mobile B2C subscribers	**6,011**	**1,373**	**2,731**	**10,114**

As of and for the year ended December 31, 2019				
000's unless stated otherwise	**Portugal**	**Israel**	**Dom. Rep.**	**Altice International**
Fibre homes passed	**4,915**	**2,164**	**764**	**7,844**
FIXED B2C				
Fibre unique customers	**952**	**1,015**	**193**	**2,160**
Net adds	149	25	1	174
Total fixed B2C unique customers	**1,594**	**1,015**	**329**	**2,938**
Net adds	13	25	11	49
MOBILE B2C				
Postpaid subscribers	**3,081**	**1,169**	**622**	**4,872**
Net adds	147	29	54	230
Prepaid subscribers	**3,330**	**181**	**2,116**	**5,627**
Total mobile B2C subscribers	**6,411**	**1,350**	**2,737**	**10,499**

Notes to the Key Operating Measures:

- Portugal fibre homes passed figures include homes where MEO has access through wholesale fibre operators (c.0.5 million in the year ended December 31, 2020).
- Fibre unique customers represents the number of individual end users who have subscribed for one or more of the Group's fibre / cable based services (including pay television, broadband or telephony), without regard to how many services to which the end user subscribed. It is calculated on a unique premise basis. For Israel, it refers to the total number of unique customer relationships, including both B2C and B2B.
- Mobile subscribers are equal to the net number of lines or SIM cards that have been activated on the Group's mobile networks and excludes M2M.

12 OTHER DISCLOSURES

12.1 Critical accounting policies, judgments and estimates

For details regarding the Group's critical accounting policies, judgments and estimates, please refer to note 2 to the consolidated financial statements of the Company for years ended December 31, 2020.

12.2 Contractual obligations and commercial commitments

For details regarding the Group's critical accounting policies, judgments and estimates, please refer to note 29 to the consolidated financial statements of the Company for years ended December 31, 2020.

12.3 Related party transactions

For details regarding the Group's related party transactions, please refer to note 28 to the consolidated financial statements of the Company for years ended December 31, 2020.

12.4 Post-balance sheet date events

For details regarding the Group's events after the reporting period, please refer to note 32 to the consolidated financial statements of the Company for years ended December 31, 2020.

13 KEY STATEMENT OF INCOME ITEMS

Revenue

Revenue consists of income generated from the delivery of fixed-based and mobile services to the Group's B2C customers, fixed, mobile and wholesale service and other revenue to its B2B customers and media service revenue. Revenue is recognized at the fair value of the consideration received or receivable net of value added tax, returns, rebates and discounts and after eliminating intercompany sales within the Group.

Residential fixed services: Revenue from residential fixed-based services consists of revenue from the Group's B2C customers for pay TV services, including related services such as Video on Demand, broadband internet, fixed-line telephony and ISP services. This primarily includes (i) recurring subscription revenue for pay TV services, broadband internet and fixed-line telephony (which are recognized in revenue on a straight-line basis over the subscription period), (ii) variable usage fees from VoD and fixed-line telephony calls (which are recognized in revenue when the service is rendered), (iii) installation fees (which are recognized in revenue when the service is rendered if consideration received is lower than the direct costs to acquire the contractual relationship) and (iv) interconnection revenue received for calls that terminate on the Group's cable network.

Residential mobile services: Revenue from residential mobile services from the Group's B2C customers primarily consists of (i) recurring subscription revenue for its postpaid mobile services (which are recognized in revenue on a straight-line basis over the subscription period), (ii) revenue from purchases of its prepaid mobile services (which are recognized in revenue when the service is rendered), (iii) variable usage fees for mobile telephony calls (which are recognized in revenue when the service is rendered), (iv) revenue from the sale of handsets (which are recognized on the date of transfer of ownership), and (v) interconnection revenue received for calls that terminate on its mobile network.

Business services: Revenue from business services primarily consists of (i) revenue from the same services as the above fixed and mobile services, but for the business sector, (ii) revenue from wholesale services derived from renting the Group's network infrastructure, including IRUs and bandwidth capacity on its network, to other telecommunications operators, including MVNOs as well as related maintenance services, and (iii) revenue from other services consisting of (a) data center activities, (b) content production and distribution, (c) advertising, (d) customer services, (e) technical services, (f) construction, and (g) other activities that are not related to the Group's core fixed or mobile businesses.

Media services: Revenue from media services consists of advertisement revenue in Teads.

Intersegment Eliminations: Intersegment costs, which primarily relate to services rendered by certain centralized Group functions (such content production and customer service) to the operational segments of the Group, are eliminated in consolidation.

Purchasing and subcontracting costs

Purchasing and subcontracting costs consist of direct costs associated with the delivery of fixed-based services to the Group's B2C and B2B customers, mobile services to its B2C and B2B customers, wholesale and other services. Purchasing and subcontracting costs consist of the following subcategories:

Fixed-based services: Purchasing and subcontracting costs associated with fixed-based services consist of all direct costs related to the (i) procurement of non-exclusive television content, royalties and licenses to broadcast, (ii) transmission of data services and (iii) interconnection costs related to fixed-line telephony. In addition, it includes costs incurred in providing VoD or other interactive services to customers and accounting variations arising from changes in inventories of customer premises equipment (such as modems, set-top boxes and decoders).

Mobile services: Purchasing and subcontracting costs associated with mobile services consist primarily of mobile interconnection fees, including roaming charges and accounting variations arising from the changes in inventories of mobile handsets.

Wholesale: Purchasing and subcontracting costs associated with wholesale primarily consist of costs associated with delivering wholesale services to other operators.

Others: Other purchasing and subcontracting costs consist of the (i) cost of renting space for data centers (subject to certain exceptions), (ii) utility costs related to the operation of data centers (such as power and water supply costs), (iii) in relation to the content activity of the Group, technical costs associated with the delivery of content, such as satellite rental costs, (iv) since the acquisition of ATS, in the Group's technical services business, the cost of raw materials used in the technical activities related to the construction and maintenance of the network, cables for customer connections, etc., and sub-contractor fees associated with the performance of basic field work and the supervision of such sub-contractors, and (v) since the acquisition of ACS, direct costs related to the Group's call center operations, such as service expenses, telecom consumption subscriptions and energy costs, in its customer services functions.

Intersegment Eliminations: Intersegment costs, which primarily relate to services rendered by certain centralized Group functions (such content production and customer service) to the operational segments of the Group, are eliminated in consolidation.

Other operating expenses

Other operating expenses mainly consist of the following subcategories:

Customer service costs: Customer service costs include all costs related to billing systems, bank commissions, external costs associated with operating call centers, allowances for bad customer debt and recovery costs associated therewith.

Technical and maintenance: Technical and maintenance costs include all costs related to infrastructure rental, equipment, equipment repair, costs of external subcontractors, maintenance of backbone equipment and data center equipment, maintenance and upkeep of the fixed-based and mobile networks, costs of utilities to run network equipment and those costs related to customer installations that are not capitalized (such as service visits, disconnection and reconnection costs).

Business taxes: Business taxes include all costs related to payroll and professional taxes or fees.

General and administrative expenses: General and administrative expenses consist of office rent and maintenance, professional and legal advice, recruitment and placement, welfare and other administrative expenses.

Other sales and marketing expenses: Other sales and marketing expenses consist of advertising and sales promotion expenses, office rent and maintenance, commissions for marketers, external sales and storage and other expenses related to sales and marketing efforts.

Staff costs and employee benefits

Staff costs and employee benefits are comprised of all costs related to wages and salaries, bonuses, social security, pension contributions and other outlays paid to Group employees.

Depreciation, amortization and impairment

Depreciation and amortization include depreciation of tangible assets related to production, sales and administrative functions and the amortization of intangible assets. Impairment losses include the write-off of any goodwill or tangible and intangible assets that have been recognized on the acquisition of assets based upon a re-evaluation of the cash generating capacity of such assets compared to the initial valuation thereof.

Other expenses and income

Other expenses and income include any one-off or non-recurring income or expenses incurred during the on-going financial year. This includes deal fees paid to external consultants for merger and acquisition activities, restructuring and other non-recurring costs related to those acquisitions or the business in general, any non-cash operating gains or losses realized on the disposal of tangible and intangible assets and management fees paid to related parties.

Interest relative to gross financial debt

Interest relative to gross financial debt includes interest expenses recognized on third party debt (excluding other long-term liabilities, short term liabilities and other finance leases) incurred by the Group.

Realized and unrealized gains on derivative instruments

Realized and unrealized gains on derivative instruments include variations in the fair value of financial derivative instruments.

Other financial expenses

Other financial expenses include other financial expenses not related to the third-party debt (excluding other long-term liabilities and short-term liabilities, other than finance leases) incurred by the Group, net exchange rate losses and other financial expenses.

Financial income

Financial income consists of gains from the disposal of financial assets, net exchange rate gains, and other financial income.

Net result on disposal of businesses

Net result on disposal of businesses includes the gain/loss recognized on the disposal of the Group's subsidiaries.

Share of earnings of associates

Share of earnings of associates consists of the net result arising from activities that are accounted for using the equity method in the consolidation perimeter of the Group.

Income tax expenses

Income tax expenses are comprised of current tax and deferred tax. Taxes on income are recognized in the statement of income except when the underlying transaction is recognized in other comprehensive income, at which point the associated tax effect is also recognized under other comprehensive income or in equity.

Adjusted EBITDA

Adjusted EBITDA is defined as operating income before depreciation and amortization, non-recurring items (capital gains, non-recurring litigation, restructuring costs) and share-based expenses and after operating lease expenses (i.e., straight-line recognition of the rent expense over the lease term as performed under IAS 17 Leases for operating leases).

Adjusted EBITDA is unaudited and is not required by or presented in accordance with IFRS or any other generally accepted accounting standards. The Group believes that this measure is useful to readers of the consolidated financial statements of the Company as it provides them with a measure of the operating results which excludes certain items the Group considers outside of its recurring operating activities or that are non-cash, making trends more easily observable and providing information regarding its operating results and cash flow generation that allows investors to better identify trends in the Group's financial performance. Adjusted EBITDA should not be considered as a substitute measure for net income or loss, operating profit, cash flow or other combined income or cash flow data prepared in accordance with IFRS and may not be comparable to similarly titled measures used by other companies.

Capital expenditures

The Group classifies its capital expenditures in the following categories.

Fixed-based services (including wholesale): Includes capital expenditures related to (i) connection of customer premises and investment in hardware, such as set-top boxes, routers and other equipment, which is directly linked to

RGU growth ("CPEs and installation related"); (ii) investment in improving or expanding the Group's cable network, investments in the television and fixed-line platforms and investments in DOCSIS network capacity ("cable network and construction related") and (iii) other capital expenditures related to the Group's cable/fibre based business. This also includes capital expenditures relating to datacentres, backbone network, connection fees of client's premises, rental equipment to customers and other B2B operations as well as content related capital expenditures relating to the Group's subsidiaries that produce and distribute content. Capital expenditures relating to network and equipment that is common to the delivery of fixed-based or mobile services as well as in Others are reflected in cable capital expenditures or mobile capital expenditures as the case may be.

Mobile services: Includes capital expenditures related to improving or expanding the Group's mobile networks and platforms and other investments relating to its mobile business.

Others: Includes capital expenditures relating to the Group's content rights and other non-core fixed-based or mobile activities, such as capital expenditures relation to its datacentres and backbone network.