MANAGEMENT'S DISCUSSION AND ANALYSIS

ALTICE INTERNATIONAL S.À R.L.

FOR THE THREE MONTHS ENDED MARCH 31, 2019

Contents

1. Overview

1.1. Our Business

The Group is a multinational group operating across three sectors: (i) telecom (broadband and mobile communications), (ii) content and media and (iii) advertising. The Group operates in Portugal, Israel and the Dominican Republic. The parent company of the Group is Altice International S.à r.l. (the "Company").

The Group had expanded internationally in previous years through several acquisitions of telecommunications businesses, including MEO in Portugal; HOT in Israel; and Altice Hispaniola 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 the businesses that it acquired organically, 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. In 2018, the Group improved its competitiveness in the fixed-mobile convergence, with the leading footprint in high-speed homes passed and a leading number of 4G sites in its biggest asset Portugal. The Group has also intensified its focus on improving customer experience, paving the way to a commercial recovery, reflected in a record subscriber momentum achieved in 2018.

Finally, the Group is accelerating the monetization of its content investments through various pay-TV models and is growing advertising revenue further. The Group continued to increase its edge in the convergence between telecom and media.

Thanks to the acquisition of Teads in 2017, the Group also expanded in the targeted advertising sector. Teads is a leading digital video advertising business which empowers the best publishers in the world to connect advertisers to an audience of 1.4 billion people every month.

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 B2C and B2B 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 cable- and fibre-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. For example, on a blended basis, as of March 31, 2019, the Group's high-speed broadband services passed 8.1 million fibre/cable homes, with 2.0 million fibre/cable unique customers. The Group offers xDSL/DSL/DTH services, with 2.9 million fixed B2C unique customers as at March 31, 2019. The Group also offers mobile services in the geographies in which it operates, through 2G, 3G and 4G Long-Term-Evolution ("LTE") technology, and, on a blended basis, as of March 31, 2019, the Group had 10.7 million mobile B2C customers (of which 4.7 million were post-paid customers).

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 cable, fibre and mobile technologies enable it to offer premium digital services, attractive interactive features (such as its 'MEO Go!' offering in Portugal) and local content (e.g., through its 'HOT 3' channel in Israel) to its subscribers. 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 its B2C customers bundled double- and triple-play services, which comprises paying for a combination of TV, broadband Internet access and fixed line telephony services 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 mobile services, as well.

The Group is focused on strategically developing content to complement its fixed and mobile services with exclusive or high-quality content offerings on its own networks and to external partners.

The Group also takes full benefit from Teads (acquired in June 2017) to embrace the full convergence of telecom, media and advertising. This global media platform distributes ads to over 1.4 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 the following brands: 'HOT' in Israel; 'MEO' and 'M4O' 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 revenues by activity. The Group has identified the following activities: fixed B2C, fixed B2B, mobile B2C, mobile B2B, wholesale services, TV and content, targeted advertising and other.

1.3.1. Fixed B2C

The Group offers a variety of fixed B2C 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 DSL (copper line).

The Group has a high-quality cable- and fibre-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 HFC networks are DOCSIS 3.0-enabled, which the Group believes allows it to offer attractive and competitive services in terms of picture quality, speed and connection reliability. The Group believes that with its HFC and FTTH technologies, it is well positioned for future technological developments, including the ability to upgrade to the upcoming DOCSIS 3.1 standard or evolve to GPON / FTTH at a very competitive price point. This makes it possible for the Group to increase broadband Internet download and upload speeds exceeding those offered by competing technologies and without making significant additional investments.

TV and content

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. To ensure the Group caters to local demand for content, it tailors both its basic and additional channel offerings to each country of operation according to culture, demographics, programming preferences and local regulation.

The Group provides broadband Internet access and fixed line telephony services across its cable, fibre (and in certain areas xDSL) footprint. Large portions of its networks that are DOCSIS 3.0-enabled or FTTH-enabled can offer download speeds of up to 10 Gbps with limited network and customer premises 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 and corporate 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 March 31, 2019, the Group provides broadband Internet to 2.0 million B2C customers (over its cable- and fibre-based network infrastructure) 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 intends 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 B2C 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. Accordingly, the Group has continued to roll out 'LaBox', its most advanced set top box, in the Dominican Republic and Israel. LaBox is an innovative integrated set-top box and cable router offered to customers subscribed to the Group's premium multi-play packages. It can deliver very-high-speed Internet, digital television services with a capacity of up to 300 channels and fixed line telephony with two telephone lines, has four tuners to allow subscribers to record two television programs simultaneously while watching still another (as well as watching different channels in different rooms), and has 4K capability. Smartphones and tablets can act as 'remote controls' for LaBox, allowing users to navigate the interface with their personal handheld device as well as to switch on and off the recording of television programs remotely through the application 'TV Mobile'. In March 2018, the Group also launched a new entertainment platform in Portugal, 'Sofia', including a new user interface and a state-of-the-art new wireless video set top box. This interface includes new content discovery features, more customization and higher speed.

1.3.2. Mobile B2C

The Group owns and operates mobile infrastructure in most of its geographies, including Portugal and Israel. The Group primarily services the post-paid subscriptions market, which represented approximately 43.9% of the Group's mobile customer base as of March 31, 2019, and, to a less extent, the prepaid market. Depending on geography and network technology deployed, the Group offers 2G, 3G and/or 4G services 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.

As of March 31, 2019, on a blended basis across the geographies where the Group is active, it offered mobile services to 10.7 million B2C customers. 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.

1.3.3. Fixed B2B

The Group offers focused fixed B2B services to large, medium, small and very small business customers in Portugal, the Dominican Republic and other geographies. In Israel, the Group's B2B services primarily consist of enhanced versions of the Group's B2C products, which are adapted to meet the needs of its B2B customers.

1.3.4. Mobile B2B

The Group offers focused mobile B2B services to large, medium, small and very small business customers. The Group's B2B mobile 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.

1.3.5. Wholesale services

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

1.3.6. TV and content

Pay-TV

The Group offers the distributed channels as part of its pay-TV packages in several of its geographies and distributes them to third party service providers. The Group also continues to develop and offer content in Israel through its 'HOT 3'and 'HOT HBO' channels.

1.3.7. Targeted advertising (Teads)

The Group acquired Teads in June 2017. Teads, founded in 2011, 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. Teads, a highly complementary strategic asset to the Group, can leverage data from the Group's telecom businesses to deliver anonymous people-based targeting solutions, including set top box viewing data information, enriched by consumer data, allowing the Group to track buying behaviour. As a global media platform, Teads unites and empowers the best publishers in the world to connect advertisers to an audience of over 1.4 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 2018, Teads counted P&G, Amazon, Volkswagen, Samsung and other leading advertisers in its top clients for video, display and performance ad campaigns. Teads also renewed 100% of its existing exclusive publisher partnerships in 2018 and added many new ones including: Bloomberg, VICE, The Economist, Spiegel and Apple News UK, among others.

In 2018, Teads diversified its product offering by scaling innovative and viewable display and performance advertising solutions, which, on a combined basis, now represent nearly 20% of its revenue. Teads saw significant adoption of its Ad Manager, a self-serve programmatic interface allowing buyers to buy media on a guaranteed outcome basis, such as video view completion. Teads Ad Manager is currently being used by several of the largest agency holding companies including IPG, DentsuAegis and Havas. Finally, Teads developed an audience suite allowing marketers to combine Teads' first party data with their own data and with curated third-party data segments in order to improve campaign targeting, optimisation and reporting capabilities.

1.3.8. Other

R&D services

The Group has implemented the 'Altice Labs' initiative, which is the Group's state-of-the-art research and development center 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 and loT.

Altice Labs has more specifically developed advanced collaborative unified communications, zero-touch provisioning systems 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 and service usage. The strong relationship with universities sustains a reliable innovation ecosystem to transform knowledge into value to customers in a unique way. For more details about Altice Labs, please refer to section 2.6.2 "Research and development".

Other services

The Group offers a number of 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 revenues from selling advertising time to national, regional and local customers.

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 subscribers. It markets its B2B 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 continuously evaluates its marketing channels, to allocate its resources most efficiently. 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 highlights its multi-play offerings in its marketing efforts and focuses on transitioning its analog and digital video-only customers to multi-play packages. The Group believes customers who subscribe for more than one service from it are significantly more loyal. 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, in certain countries, its websites.

1.5. Customers

1.5.1. Customer contracts and billing

The Group typically enters into standard form contracts with its B2C 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 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 B2C and B2B subscribers 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 offered through locally and internationally operated service centers and personnel. The Group has vertically integrated one of its main historical suppliers in the area of the network deployment and maintenance, Parilis, in order to have more end-to-end control over processes and to optimize its operational risks and costs. The integration of Parilis enhanced the Group's expertise in these areas and ensure further quality of service improvements to its customers. The Group has also launched and started to implement initiatives aimed at improving its customers' experience, including enhanced customer relationship management systems, which allow the Group to better manage new subscribers, 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. In order to pro-actively address proper churn prevention, a dedicated task force was put in place in 2018, composed of top managers from different services (marketing, network, call center, etc.).

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 are very mature markets, with a limited number of new subscribers 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 B2C activities, the competition that the Group faces from telephone 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. Connected or 'smart' TVs facilitate 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 been 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 B2B 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 Portugal, the Group faces competition from Vodafone Portugal, NOS SGPS, S.A. and Nowo (formerly known as Cabovisão-Televisão por Cabo, S.A. and which the Group disposed of in January 2016) in both the fixed and mobile markets. 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 line telephony market is intensified by mobile operators such as NOS SGPS, S.A. and Vodafone Portugal 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.

Israel

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". The Group's high-speed broadband Internet infrastructure access service 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. Bezeq is also the Group's main competitor in the fixed-line telephony market as the largest provider of fixed line telephony services. The Group's Israeli mobile service, 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 reach 7 players in fixed, 8 players in mobile and 10 players in video, underlying an increase of competition.

Dominican Republic

In the Dominican Republic, the Group’s key competitors are Claro (America Movil) and - to a lesser extent - local players like Viva and Aster. Altice Dominicana has approximately 38% market share in mobile and 22% in fixed internet. In the mobile market, Altice Dominicana mainly competes with Claro, but was impacted by the disruption of Viva, even if Altice Dominicana holds the largest spectrum range (175 MHz) and a better 4G network. Altice Dominicana also competes with niche actors: Wind and Sky. In the pay-TV segment (40% households penetrated), 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, driving growth through reinvestment, and integrating its acquired businesses utilizing the Group's operational expertise, scale and investment support. Furthermore, the Group aims to deliver to its customers the best quality services and exclusive 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 centers 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 year through continued 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.

The Group intends to pursue its plan to strengthen its balance sheet. The Group will continue to review its infrastructure in its footprint, in line with the transformational agreements already reached with renowned infrastructure investors. In 2018, the Group closed the tower transactions in Portugal and the Dominican Republic at very attractive valuations and for a total sale proceeds of €688 million.

Through these transactions, the Group will deleverage.

2.2. Strategy of the Company

At the core of the Company's strategy is a return to revenue, profitability and cash flow growth and, as a result, deleveraging. The Group benefits from a unique asset base which is fully converged, fibre rich, media 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. In parallel, the Company is progressing with the disposal of its non-core assets and the value crystallization of its infrastructure.

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

- the operational and financial turnaround in Portugal under the leadership of new local management teams;
- optimizing the performance in each market with a particular focus on customer services;
- continuing to invest in best-in-class infrastructure commensurate with the Company's market position;
- monetizing content investments through various pay-TV models and growing advertising revenue; and
- the execution of non-core asset disposal program and the potential monetization of part of the Group Companies' fibre infrastructure.

3. Key Factors Affecting Our Results of Operations

Our future performance is dependent, to a large extent, on the impact of direct competition, general economic conditions (including capital and credit market conditions), our ability to manage our businesses effectively, and our relative strength and leverage in the marketplace, both with suppliers and customers. We operate in a highly competitive, consumer and technology driven and rapidly changing business that is affected by government regulation and economic, strategic, technological, political and social conditions. Various factors could adversely affect our operations, business or financial results in the future and cause our actual results to differ materially from those contained in the forward-looking statements. In addition, important factors that could cause our actual results to differ materially from those in our forward -looking statements include:

- competition for broadband, pay television and telephony customers from existing competitors (such as broadband communications companies, DBS providers and Internet-based providers) and new competitors entering our footprint;
- changes in consumer preferences, laws and regulations or technology that may cause us to change our operational strategies;
- increased difficulty negotiating programming agreements on favourable terms, if at all, resulting in increased costs to us and/or the loss of popular programming;
- increasing programming costs and delivery expenses related to our products and services;
- our ability to achieve anticipated customer and revenue growth, to successfully introduce new products and services and to implement our growth strategy;
- our ability to complete our capital investment plans on time and on budget, including our plan to build a FTTH network, and deploy Altice One, our new home communications hub;
- our ability to develop and deploy mobile voice and data;
- the effects of economic conditions or other factors which may negatively affect our customers' demand for our products and services;
- the effects of industry conditions;
- demand for advertising on our cable systems;
- our substantial indebtedness and debt service obligations;
- adverse changes in the credit market;
- changes as a result of any tax reforms that may affect our business;
- financial community and rating agency perceptions of our business, operations, financial condition and the industries in which we operate;
- the restrictions contained in our financing agreements;
- our ability to generate sufficient cash flow to meet our debt service obligations;
- fluctuations in interest rates which may cause our interest expense to vary from quarter to quarter;

- technical failures, equipment defects, physical or electronic break-ins to our services, computer viruses and similar problems; the disruption or failure of our network, information systems or technologies as a result of computer hacking, computer viruses, "cyber-attacks," misappropriation of data, outages, natural disasters and other material events;

- our ability to obtain necessary hardware, software, communications equipment and services and other items from our vendors at reasonable costs;

- our ability to effectively integrate acquisitions and to maximize expected operating efficiencies from our acquisitions or as a result of the transactions, if any;

- significant unanticipated increases in the use of bandwidth-intensive Internet-based services;

- the outcome of litigation, government investigations and other proceedings;

- other risks and uncertainties inherent in our cable and other broadband communications businesses and our other businesses.

4. **Basis of Presentation**

The discussion and analysis for each of the periods presented is based on the financial information derived from the condensed interim consolidated financial statements of Altice International S.à r.l. as of and for the three months ended March 31, 2019.

Please refer to the Key Income Statement Items in section 9 for a definition of the key financial terms discussed and analysed in this document.

5. **Group financial review**

The following discussion and analysis are 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 three months ended March 31, 2019, including the accompanying notes.

The condensed interim consolidated financial statements of the Group as of March 31, 2019 and for the three-month period then ended, are presented in millions of Euros, except as otherwise stated, and have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. They should be read in conjunction with the annual consolidated financial statements of the Group and the notes thereto as of and for the year ended December 31, 2018 which were prepared in accordance with International Financial Reporting Standards as adopted in the European Union ("IFRS") (the "annual consolidated financial statements").

The accounting policies applied for the condensed interim consolidated financial statements as of March 31, 2019 do not differ from those applied in the annual consolidated financial statements as of and for the year ended December 31, 2018, except for the adoption of new standards effective as of January 1, 2019.

The below table sets forth the Group's consolidated statement of income for the three months ended March 31, 2019 and March 31, 2018, in euros.

Consolidated Statement of Income	**For the three months ended March 31, 2019**	**For the three months ended March 31, 2018**	**Change**
(€m)			
Revenues	**963.5**	**1,049.2**	**-8.2%**
Purchasing and subcontracting costs	(234.9)	(324.0)	-27.5%
Other operating expenses	(210.7)	(235.4)	-10.5%
Staff costs and employee benefits	(118.3)	(117.0)	1.2%
Depreciation, amortization and impairment	(304.3)	(275.2)	10.6%
Other expenses and income	(278.3)	348.3	-179.9%
Operating profit (loss)	**(183.0)**	**446.0**	**-141.0%**
Interest relative to gross financial debt	(100.7)	(151.1)	-33.4%
Other financial expenses	(36.0)	(77.8)	-53.8%
Finance income	40.0	1.5	2490.2%
Net result on extinguishment of a financial liability	-	-	#DIV/0!
Finance costs, net	**(96.7)**	**(227.5)**	**-57.5%**
Share of earnings of associates	2.6	1.3	93.6%
Profit (Loss) before income tax	**(277.1)**	**219.8**	**-226.1%**
Income tax benefit (expense)	66.2	(10.2)	-746.8%
Profit (Loss) for the period from continuing operations	**(210.9)**	**209.6**	**-200.6%**
Discontinued operations			
Profit after tax for the year from discontinued operations	-	17.8	-100.0%
Profit (Loss) for the period	**(210.9)**	**227.4**	**-192.7%**
Attributable to equity holders of the parent	*(209.2)*	*219.0*	*-195.6%*
Attributable to non-controlling interests	*(1.7)*	*8.5*	*-119.6%*

We have 7 reportable segments for which we discuss the results of operations for our business:

Portugal: Altice owns Portugal Telecom ("PT Portugal"), the largest telecom operator in Portugal. PT Portugal caters to residential fixed, residential mobile and business services clients using the MEO brand. As of 2018, 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. As of 2018, this segment also includes the Altice Technical Services entity in Israel.

Dominican Republic: The Group provides residential fixed, residential mobile and business services using the Altice brand. As of 2018, this segment also includes the Altice Technical Services entity in the Dominican Republic.

Teads: Provides digital advertising solutions.

Altice TV: Content business from the use of content rights. Altice TV was no longer part of the Group following the sale to Altice Group Lux S.à r.l. that was closed on May 15, 2018.

Others: This segment includes all corporate entities. The Board of Managers believed that these operations are not substantial enough to require a separate reporting segment, and so are reported under "Others". In 2018, this segment included French Overseas Territories. The French Overseas Territories was no longer part of the Group since October 31, 2018 following the sale to Altice France.

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.

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

For the three months ended March 31, 2019 €m	Portugal	Israel	Dominican Republic	Teads	Altice TV	Others	Inter-segment elimination	Total
Revenues	**508.9**	**231.7**	**138.9**	**84.1**	**-**	**1.0**	**(1.1)**	**963.5**
Purchasing and subcontracting costs	(126.9)	(74.1)	(34.0)	-	-	(0.5)	0.6	**(234.9)**
Other operating expenses	(88.0)	(48.8)	(20.4)	(51.8)	-	(2.2)	0.5	**(210.7)**
Staff costs and employee benefits	(69.5)	(16.1)	(7.5)	(24.8)	-	(0.4)	-	**(118.3)**
Total	**224.5**	**92.7**	**77.0**	**7.4**	**-**	**(2.1)**	**(0.1)**	**399.5**
Share-based expense	-	-	-	-	-	-	-	-
Rental expense operating lease	(18.0)	(8.2)	(6.2)	(0.9)	-	-	-	(33.4)
Adjusted EBITDA	**206.5**	**84.5**	**70.8**	**6.5**	**-**	**(2.1)**	**(0.1)**	**366.1**
Depreciation, amortisation and impairment	(178.5)	(90.5)	(30.3)	(5.1)	-	-	-	(304.3)
Share-based expense	-	-	-	-	-	-	-	-
Other expenses and income	(272.2)	(1.1)	(4.3)	-	-	(0.5)	(0.2)	(278.3)
Rental expense operating lease	18.0	8.2	6.2	0.9	-	-	-	33.4
Operating profit/(loss)	**(226.2)**	**1.1**	**42.4**	**2.4**	**-**	**(2.5)**	**(0.2)**	**(183.0)**

For the three months ended March 31, 2018 €m	Portugal	Israel	Dominican Republic	Teads	Altice TV	Others	Inter-segment elimination	Total
Revenues	**521.1**	**241.5**	**147.4**	**67.7**	**20.3**	**54.7**	**(3.7)**	**1,049.2**
Purchasing and subcontracting costs	(136.3)	(64.0)	(41.3)	-	(72.4)	(13.6)	3.6	(324.0)
Other operating expenses	(96.4)	(54.7)	(23.5)	(44.2)	(2.7)	(14.0)	0.2	(235.4)
Staff costs and employee benefits	(67.2)	(15.7)	(6.5)	(18.1)	(1.2)	(8.6)	0.2	(117.0)
Total	**221.3**	**107.1**	**76.2**	**5.4**	**(56.0)**	**18.5**	**0.2**	**372.8**
Share-based expense	-	-	-	-	-	-	-	-
Rental expense operating lease	-	-	-	-	-	-	-	-
Adjusted EBITDA	**221.3**	**107.1**	**76.2**	**5.4**	**(56.0)**	**18.5**	**0.2**	**372.8**
Depreciation, amortisation and impairment	(164.4)	(78.2)	(28.3)	(4.1)	-	(0.2)	-	**(275.2)**
Share-based expense	-	-	-	-	-	-	-	-
Other expenses and income	(9.3)	(4.7)	(2.0)	-	300.0	64.3	-	**348.3**
Rental expense operating lease	-	-	-	-	-	-	-	-
Operating profit/(loss)	**47.6**	**24.2**	**45.9**	**1.3**	**244.0**	**82.6**	**0.2**	**446.0**

5.1. Significant events affecting historical results

Many significant events had an impact on the results of the Group's operations for the three months ended March 31, 2019.

Summary of the significant events that took place in the three months ended March 31, 2019:

5.1.1. 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, revenues and expenses) instead of equity method.

Summary of the significant events that took place in the three months ended March 31, 2019:

5.1.2. Sale of telecommunications solutions business and data center operations in Switzerland

On February 12, 2018, the Company announced the closing of the transaction to sell its telecommunications solutions business and data center operations in Switzerland, green.ch AG and Green Datacenter AG, to InfraVia Capital Partners. The transaction valued the business at an enterprise value of approximately 214 million CHF.

The capital gain recorded during the three-month period ended March 31, 2018 amounted to €88.8 million, net of tax. The total proceeds received amounted to €156.4 million.

5.1.3. Sale of Altice Management International ("AMI") to Altice Group Lux S.à r.l.

During November and December 2017, the Board of Directors of Altice N.V. decided the transfer of shares of AMI to Altice Group Lux S.à r.l. The sale was completed on January 31, 2018. The capital gain recorded for the three months ended March 31, 2018 amounted to €3.5 million.

6. Discussion and analysis of the results and financial condition of the Group

6.1. Revenue

Group

For the three months ended March 31, 2019, the Group generated total revenues of €963.5 million, a 8.2% decrease compared to €1,049.2 million for three months ended March 31, 2018. This decrease in revenues was recorded in all services, in general as a result of increased competition and the associated impact on the subscriber base and ARPU, the sale of Altice TV to Altice Group Lux S.à r.l. which was closed on May 15, 2018 and the sale of the French Overseas Territories, which was sold to Altice France on October 31, 2018. These unfavourable effects on revenue were partly offset by a favourable development of the foreign currency rates for the Dominican Peso and the Israeli Shekel, which, based on the average quarterly exchange rate, increased by 4.9% and 2.73% respectively, and an increase of revenues recorded by Teads.

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 three months ended March 31, 2019 and March 31, 2018, respectively:

	For the three months ended March 31, 2019						
Revenue (€m)	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Altice TV**	**Others**	**Total**
Residential - Fixed	153.6	139.5	25.3	-	-	-	318.5
Residential - Mobile	136.0	63.7	87.1	-	-	-	286.8
Business services	219.3	28.4	26.5	-	-	1.0	275.2
Media	-	-	-	84.1	-	-	84.1
Total standalone revenues	**508.9**	**231.7**	**138.9**	**84.1**	**-**	**1.0**	**964.6**
Intersegment eliminations	(0.9)	-	-	(0.2)	-	-	(1.1)
Total consolidated revenues	**508.0**	**231.7**	**138.9**	**83.9**	**-**	**1.0**	**963.5**

	For the three months ended March 31, 2018						
Revenue (€m)	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Altice TV**	**Others**	**Total**
Residential - Fixed	155.3	150.2	24.4	-	-	12.7	342.6
Residential - Mobile	134.9	61.8	86.0	-	-	25.0	307.6
Business services	231.1	29.6	37.0	-	-	17.0	314.7
Media	-	-	-	67.7	20.3	-	88.0
Total standalone revenues	**521.1**	**241.5**	**147.4**	**67.7**	**20.3**	**54.7**	**1,052.9**
Intersegment eliminations	(0.7)	-	(0.3)	(0.1)	(2.6)	(0.1)	(3.7)
Total consolidated revenues	**520.4**	**241.5**	**147.1**	**67.6**	**17.7**	**54.6**	**1,049.2**

Revenues for the Group's Residential fixed business decreased from €342.6 million for three months ended March 31, 2018 to €318.5 million for the three months ended March 31, 2019, a 7.1% decrease compared to three months ended March 31, 2018. This decrease was driven primarily by growing competition and the associated pricing pressure and the sale of the French Overseas Territories, which was sold to Altice France on October 31, 2018.

The Group's Residential mobile business revenue decreased to €286.8 million for the three months ended March 31, 2019, a 6.8% decrease compared to €314.7 million for three months ended March 31, 2018. This decrease was driven primarily by the sale of the French Overseas Territories, which was sold to Altice France on October 31, 2018.

The Group's Business services revenue decreased to €275.2 million for the three months ended March 31, 2019, an 12.5% decrease compared to €314.7 million for three months ended March 31, 2018. This decrease was driven primarily by the sale of the French Overseas Territories, which was sold to Altice France on October 31, 2018.

Revenues from the Group's Media activities totalled €84.1 million for the three months ended March 31, 2019, a 4.5% decrease compared to €88.0 million for three months ended March 31, 2018. This decrease was driven primarily by the sale of the French Overseas Territories, which was sold to Altice France on October 31, 2018, partly offset by an increase in Teads resulting from higher product sales.

Geographical segments

Portugal: For the three months ended March 31, 2019, the Group generated revenues in Portugal of €508.0 million, a 2.4% decrease compared to €520.4 million for the three months ended March 31, 2018. This decrease is mainly related to a decline in the Business services revenues, which is explained by the sale of the international wholesale voice carrier business, a transaction which closed on September 6, 2018, and lower international voice traffic.

Revenues from the Group's Residential fixed business decreased by 1.1% from €155.3 million for the three months ended March 31, 2018 to €153.6 million for the three months ended March 31, 2019. This decrease is explained by the year on year decline in fixed ARPU due to competitive pressure, which is partially offset by positive net adds reported, as compared to negative net adds during the same period of last year.

The Group's Residential mobile business posted a net revenue increase of 0.9% from €134.9 million for the three months ended March 31, 2018 compared to €136.0 million for the three months ended March 31, 2019. This increase was driven primarily by an increase in the customer base.

Revenues from the Group's Business services decreased by 5.1%, from €231.1 million for the three months ended March 31, 2018 to €219.3 million for the three months ended March 31, 2019. This decrease was mainly explained by the sale of the international wholesale voice carrier business, a transaction which closed on September 6, 2018, and lower international voice traffic.

Israel: For the three months ended March 31, 2019, the Group generated revenue in Israel of € 231.7 million, a 4.1% decrease compared to € 241.5 million for the three months ended March 31, 2018. On a constant currency basis, revenues decreased by 6.6%, mainly due to a decrease in Residential fixed revenues as a result of a strong competition in the TV and broadband market, despite an increase in cable customer base in the first quarter 2019. This decrease was partly offset by an increase in Residential mobile revenues due to higher equipment sales while the market is still under price pressure.

Dominican Republic: For the three months ended March 31, 2019, the Group generated total revenue of €138.9 million, a 5.6% decrease compared to €147.1 million for the three months ended March 31, 2018. On a constant currency basis, revenues decreased by 10.2%. On a constant currency basis, this was largely driven by a decrease in Residential mobile revenues due to a lower mobile customer base and a decrease in Business service revenues, mainly due to the sale of the international wholesale voice carrier business, a transaction which closed on September 6, 2018, and lower international voice traffic.

Teads: For the three months ended March 31, 2019, the Group generated revenue in Teads of €83.9 million, compared to €67.6 million for the three months ended March 31, 2018. This increase in revenues is largely explained by the performance of our Admanager service and the growing contribution of Display and Performance formats.

Altice TV: For the three months ended March 31, 2019, the Group generated total revenue in Altice TV of nil, compared to €17.7 million for the three months ended March 31, 2018. Altice TV was no longer part of the Group following the sale to Altice Group Lux S.à r.l. that was closed on May 15, 2018.

Others: For the three months ended March 31, 2019, the Group generated total revenue in Others (which comprises of the Group's corporate entities) of €1.0 million, compared to €54.6 million for the three months ended March 31, 2018. This decrease is mainly explained by the sale of the French Overseas Territories, which was sold to Altice France on October 31, 2018.

6.2. Adjusted EBITDA

Group

For the three months ended March 31, 2019, the Group's Adjusted EBITDA was €366.1 million, a decrease of 1.8% compared to three months ended March 31, 2018 (€372.8 million). This increase can be attributed to lower revenues, as explained above, which are more than offset by lower operating expenses.

Geographical segments

Portugal: For the three months ended March 31, 2019, the Group's Adjusted EBITDA in Portugal was €206.5 million, a decrease of 6.7% from €221.3 million for the three months ended March 31, 2018. This decrease in Adjusted EBITDA is attributable to the reduction in Business services revenues, mainly explained by the sale of the international wholesale voice carrier business, a transaction which closed on September 6, 2018, and lower international voice traffic. In addition expenses increased due to higher costs of goods sold related to mobile handsets, in line with the higher revenues, higher programming costs, mainly as a result of the football-related broadcasting rights which were acquired in 2016 but which started to be broadcasted as from the 2018/2019 football season and an increase in infrastructure rental expenses due to the sale of the tower business and subsequent lease of towers. In addition, staff costs and employee benefits increased due to the payment of certain amounts to employees upon the termination of the employment agreements, which more than offset the favourable impact related to employees who terminated their employment agreements in March 2019 under the voluntary employee reduction program. The negative impact of these drivers on Adjusted EBITDA was only partially offset by lower international voice traffic costs, in line with the decline in associated Business services revenues and lower customer service expenses for billing and call-center activities.

Israel: For the three months ended March 31, 2019, the Group's Adjusted EBITDA in Israel was €84.5 million, a decrease of 21.1% compared to €107.1 million for the three months ended March 31, 2018. Adjusted EBITDA on a constant currency basis decreased by 23.2% compared to 2018. On a constant currency basis, this decrease is mainly due to a decrease in fixed revenues.

Dominican Republic: For the three months ended March 31, 2019, the Group's Adjusted EBITDA in the Dominican Republic decreased by 5.4% from €76.2 million for the three months ended March 31, 2018 to €70.8 million for the three months ended March 31, 2019. Adjusted EBITDA on a constant currency basis decreased, which is attributable to the reduction in Residential mobile revenues, due to due to a lower mobile customer base, and Business services revenues, mainly explained by the sale of the international wholesale voice carrier business, a transaction which closed on September 6, 2018, and lower international voice traffic. In addition, network operating costs increased due to network growth and due to the sale of the tower business and subsequent lease of towers, and staff costs and employee benefits increased due to the increase in the average number of FTE's due to additional sales and retention staff. These decreases in the Adjusted EBITDA were partly offset by lower cost of sales related to the international wholesale voice carrier business, which was sold on September 6, 2018, lower and international voice traffic.

Teads: For the three months ended March 31, 2019, the Group's Adjusted EBITDA for Teads amounted to €6.5 million, compared to €5.4 million for the three months ended March 31, 2018. The increase is explained by higher revenues, as described above, but which were partly offset by higher other operating expenses and salary costs and employee benefits. The EBITDA margin remained flat for the three months ended March 31, 2019 compared to the three months ended March 31, 2018.

Altice TV: For the three months ended March 31, 2019, the Group's Adjusted EBITDA for Altice TV was nil, compared to a negative Adjusted EBITDA of €56.0 million for the three months ended March 31, 2018. Altice TV was no longer part of the Group following the sale to Altice Group Lux S.à r.l. that was closed on May 15, 2018.

Others: For the three months ended March 31, 2019, the Group's Adjusted EBITDA in Others was a negative amount of €2.1 million, compared to an Adjusted EBITDA of €18.5 million for the three months ended March 31, 2018. This decrease is mainly explained by the sale of the French Overseas Territories, which was sold to Altice France on October 31, 2018.

6.3. Operating profit of the Group

Depreciation, amortization and impairment

For the three months ended March 31, 2019, depreciation and amortization totalled €304.3 million, a 10.6% increase compared to €275.2 million for the three months ended March 31, 2018. The increase is largely explained by the amortisation impact of customer acquisition cost assets created as part of the application of IFRS 16. For the three months ended March 31, 2018, due to the first-time application of IFRS 16, there was no such amortisation.

Other expenses and income

For the three months ended March 31, 2019, the Group's other income totalled €278.3 million compared to other expenses of €348.3 million for the three months ended March 31, 2018. A detailed breakdown of other expenses income is provided below:

Other expenses and income **(€m)**	**For the three months ended March 31, 2019**	**For the three months ended March 31, 2018**	**Change**
Items excluded from adjusted EBITDA	**-**	**7.9**	**(7.9)**
Restructuring costs	252.7	3.0	249.6
Onerous contracts	0.4	-	0.4
Net loss on disposal of assets	0.9	-	0.9
Disputes and litigation	13.2	-	13.2
Net gain on sale of consolidated entities	-	(72.2)	72.2
Deal fees	1.1	-	1.1
Management fee	4.0	5.0	(1.0)
Break-up fees	-	(300.0)	300.0
Other expenses and income (net)	6.1	15.9	(9.8)
Other expenses and income	**278.3**	**(348.3)**	**626.6**

Restructuring costs

Restructuring costs for the three month period ended March 31, 2019 mainly related to the restructuring plans in PT Portugal for €252.7 million provision fully tax deductible recorded in connection with the voluntary employee reduction program undertaken end of in the first quarter of 2019 covering approximately 800 employees (mainly in support functions) in order to improve operational flexibility of PT Portugal. These employees will enter a new pre-retirement scheme under which they will receive approximately 80% of their salary every year until retirement date (expected cash out of approximately €23 million in 2019). For the three-month period ended March 31, 2018, restructuring costs mainly related to a restructuring plan in PT Portugal.

Net loss on disposal of assets

For the three-month period ended March 31, 2019, the loss on disposal of assets was primarily related to the loss on scrapped assets in PT Portugal (€0.9 million).

Disputes and litigation

For the three-month period ended March 31, 2019, disputes and litigation mainly relate to the provisions recorded in PT Portugal of €13.7 million for labour and tax litigations. This was partially offset by provision released in the Dominican Republic and Israel, totalling €0.5 million.

Net gain on sale of consolidated entities

For the three-month period ended March 31, 2018, the net gain on sale of consolidated entities related to the capital gain from the sale of telecommunications solutions business and data center operations in Switzerland, green.ch AG and Green Datacenter AG (please refer to note 3.2.1).

Deal fees

For the three-month period ended March 31, 2019, deal fees consisted of €1.1 million expenses in PT Portugal for the deal fees for the sale of the international wholesale business and tower business.

Management fees

For the three-month period ended March 31, 2019, management fee expense amounted to €4.0 million payable to Altice Luxembourg S.A.

Break-up fees

For the three-month period ended March 31, 2018, breakup fees of €300.0 million related to the breakup fees income from Altice France payable to the Group as part of the content activities of the Group in 2018.

Other expenses and incomes (net)

For the three-month period ended March 31, 2019, other expenses and incomes consisted mainly of €2.9 million in the Dominican Republic related to penalty and compensation for network shutdown that lasted two days in end of March 2019, which was caused by a failure of the electricity company.

For the three month period ended March 31, 2018, it consisted mainly of expenses in Altice Holdings of €13.0 million related to shares settlement with management team of Altice Blue Two (part of FOT) and in PT Portugal of €1.6 million related to penalty under the termination of a real estate rental agreement.

Operating profit

As a result of the above-mentioned factors, for the three months ended March 31, 2019, the Group recorded an operating loss from continuing operations of €210.9 million compared to a profit from continuing operations of €227.4 million for the three months ended March 31, 2018.

6.4. Result for the Group

Finance costs (net)

Net finance costs amounted to €96.7 million for the three months ended March 31, 2019, registering a decrease of €130.8 million compared to €227.5 million for the three months ended March 31, 2018. A detailed breakdown of finance costs (net) is provided below:

Finance costs, net (€m)	For the three months ended March 31, 2019	For the three months ended March 31, 2018	Change
Interest relative to gross financial debt	(100.7)	(151.1)	50.5
Other financial expenses	(36.0)	(77.8)	41.8
Finance income (expense)	40.0	1.5	38.4
Finance costs, net	**(96.7)**	**(227.5)**	**130.8**

Interest relative to gross financial debt: For the three months ended March 31, 2019, the Group's interest relative to gross financial debt totalled €100.7 million, a €50.5 million decrease compared to €151.1 million for the three months ended March 31, 2018. Interest relative to gross financial debt includes the variation in the mark to market of the Group's derivative financial instruments, which was a main driver of the variation in this line item for the three months ended March 31, 2019 compared to three months ended March 31, 2018. The mark-to-market gain in Altice Financing amounted to €46.8 million for the three-month period ended March 31, 2019, compared to a loss of €6.2 million for the three month period ended March 31, 2018;

Other financial expenses: For the three months ended March 31, 2019, the Group's other financial expenses totalled €36.0 million, a €41.8 million decrease compared to €77.8 million for the three months ended March 31, 2018. The change in other financial expenses is largely driven by a €57.1 million net foreign exchange loss which was recorded in the three months ended March 31, 2018. This decrease was partially offset by an increase in interest expenses related to lease liabilities that amounted to €16.8 million for the three-month period ended March 31, 2019 following the adoption of IFRS 16 Leases (2018: nil

Finance income: For the three months ended March 31, 2019, the Group's finance income totalled €40.0 million compared to finance income of €1.5 million for the three months ended March 31, 2018. The increase in finance income is largely driven by interest income on loans granted to Altice Luxembourg of €22.5 million for the three-month period ended March 31, 2019 and a net foreign exchange gain of €11.7 million recorded in the three-month period ended March 31, 2019.

Share of earnings of associates

For the three months ended March 31, 2019, the Group's share of earnings of associates totalled €2.6 million for the three-month period ended March 31, 2019, compared to a Group's share of earnings of €1.3 million for the three months ended March 31, 2018.

Income tax benefit (expense)

For the three months ended March 31, 2019, the income tax benefit totalled €66.2 million compared to an income tax expense of €710.2 million in three months ended March 31, 2018 (please refer to Note 10 to the Consolidated Financial Statements for additional details).

Profit (Loss) after tax for the period from continuing operations

For the three months ended March 31, 2019, the loss after tax totalled €210.9 million compared to a profit after tax from discontinued operations of €209.6 million in three months ended March 31, 2018. The reasons for this decrease are enumerated in the sections above.

6.5. Liquidity and capital resources

General

The Group's principle 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 March 31, 2019, Altice International's restricted group had an aggregate of €831.0 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 March 31, 2019,

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.

Cash flow

The following table presents primary components of the Group's cash flows (net) for the three months ended March 31, 2019 and March 31, 2018 respectively. Please refer to the consolidated statement of cash flows in the Consolidated Financial Statements for additional details.

Net Cash Flows	**For the three months ended March 31, 2019**	**For the three months ended March 31, 2018**	**Change**
(€m)		**(* revised)**	
Net cash flow from operating activities	340.2	317.8	7.1%
Net cash flow from investing activities	(188.2)	(62.7)	200.2%
Net cash flow from financing activities	(196.2)	(187.0)	4.9%
Changes in cash and cash equivalents	**(44.2)**	**68.1**	**-164.9%**
Effects of exchange rate changes on cash held in foreign currencies	2.3	(4.2)	-155.4%
Net changes in cash and cash equivalents	**(41.9)**	**63.9**	**-165.5%**

The Group recorded a net decrease of €41.9 million in cash and cash equivalents for the three months ended March 31, 2019, compared to a net increase of €63. million for the three months ended March 31, 2018.

Net cash provided by operating activities:

Net cash provided by operating activities increased to €340.2 million for the three months ended March 31, 2019 compared to €317.8 million for the three months ended March 31, 2018. The increase in net cash provided by operating activities is explained by a decrease in cash used for working capital and higher non-cash expenses during the three-month period ended March 31, 2019. This positive impact was partially offset by the net loss for the three months ended March 31, 2019 compared to a net profit for the three months ended March 31, 2018.

Net cash used in investing activities:

Net cash used by investing activities increased to €188.2 million for the three months ended March 31, 2019 compared to net cash used by investing activities of €62.7 million for the three months ended March 31, 2018. The increase is mainly attributed to the proceeds received from the disposal of the telecommunications solutions business and data center operations in Switzerland, green.ch AG and Green Datacenter AG during the three months ended March 31, 2018, amounting to €156.4 million.

Net cash used in financing activities:

Net cash used in financing activities increased to €196.2 million for the three months ended March 31, 2019 compared to €187.0 million for the three months ended March 31, 2018. The increase in net cash used in financing activities can be attributed to refinancing activities and other financing related activities. During the three-month period ended March 31, 2019 refinancing activities resulted in a net repayment of debt of €4.7 million, whereas for the three months ended March 31, 2018 there was a net inflow of cash of €155.6 million. This impact was partly offset by lower advances to group companies for the three months ended March 31, 2019 and the impact of the repayment of lease liabilities, resulting from the adoption of IFRS 16 Leases as per January 2019.

6.6. Capital expenditures

The Group classifies its capital expenditures in the following categories.

Fixed 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 fixed business. This also includes capital expenditures relating to data centers, backbone network, connection fees of clients' 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 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 the Group's mobile business.

Others: Includes capital expenditures relating to the Group's content and other non-core fixed or mobile activities.

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.

During the three-month period ended March 31, 2019, no significant contractual obligations and commercial commitments have been signed as compared to the year ended December 31, 2018.

The table below sets forth the Group's capital expenditure on an accrued basis for the three months ended March 31, 2019 and 2018, respectively, for each of the Group's geographical segments:

For the three months ended March 31, 2019 €m	France	Portugal	Israel	Dominican Republic	Teads	Altice TV	Others	Eliminations	Total
Capital expenditure (accrued)	-	100.5	57.7	28.2	.6	-	-	(.1)	**186.8**
Capital expenditure - working capital items	-	7.9	(.4)	(6.0)	-	-	-	-	**1.6**
Payments to acquire tangible and intangible assets	**-**	**108.3**	**57.3**	**22.2**	**.6**	**-**	**-**	**(.1)**	**188.3**

For the three months ended March 31, 2018 €m	France	Portugal	Israel	Dominican Republic	Teads	Altice TV	Others	Eliminations	Total
Capital expenditure (accrued)	-	104.7	58.1	27.6	-	3.8	10.7	(.3)	**204.6**
Capital expenditure - working capital items	-	13.7	4.6	(10.7)	-	4.5	1.8	-	**13.8**
Payments to acquire tangible and intangible assets	**-**	**118.4**	**62.6**	**16.9**	**-**	**8.3**	**12.5**	**(.3)**	**218.4**

Geographical segments

Portugal: For the three months ended March 31, 2019, PT Portugal's total capital expenditures were €108.3 million (representing 21.3% of revenue in Portugal), an 8.6% decrease compared to €118.4 million for the three months ended March 31, 2018 (representing 22.8% of revenue in Portugal). The decrease in capital expenditures is explained by lower mobile network related capital expenditures due to the completion of the Mobile Access Network Transformation Project - Single RAN during 2018 a decrease in capital expenditure related working capital. These decreases were partially offset by higher capital expenditures for IT projects.

Israel: Capital expenditure in Israel decreased by 8.6%, from €62.6 million (representing 25.9% of revenue in Israel) in the three months ended March 31, 2018 to €57.3 million (representing 24.8% of revenue in Israel) in the three months ended March 31, 2019. On a constant currency basis, capital expenditure increased by 11.1%, which was mainly driven by changes in capital expenditure related working capital.

Dominican Republic: For the three months ended March 31, 2019, the total capital expenditures were €22.2 million (representing 16.0% of revenue in the Dominican Republic), a 31.4% increase compared to €16.9 million for the three months ended March 31, 2018 (representing 11.5% of revenue in the Dominican Republic). On a constant currency basis, the capital expenditures increased by 25.0% mainly due to higher CPE and installation spend and changes in capital expenditure related working capital. These increases were partly offset by decreases in capital expenditures due to delays in the acquisition of LTE equipment.

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

Altice TV: For the three months ended March 31, 2019, the total capital expenditures were nil compared to €8.3 million for the three months ended March 31, 2018. Altice TV was no longer part of the Group following the sale to Altice Group Lux S.à r.l. that was closed on May 15, 2018.

Others: For the three months ended March 31, 2019, the total capital expenditures were nil, compared to €12.5 million for the three months ended March 31, 2018. This decrease is mainly explained by the sale of the French Overseas Territories, which was sold to Altice France on October 31, 2018.

7. Key Operating Measures

We use several key operating measures, including number of homes passed, Cable/Fiber Customer Relationships, RGUs, RGUs per Cable/Fiber Customer Relationship and ARPUs to track the financial and operating performance of our 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 our internal operating and financial systems. As defined by our management, these terms may not be directly comparable to similar terms used by competitors or other companies.

	As and for the three months ended March 31, 2018			
	Portugal	Israel	Dominican Republic	Total
Homes passed	**5,066**	**2,098**	**788**	**7,952**
Fiber / cable homes passed	4,168	2,098	750	7,016
FIXED B2C				
Fiber / cable unique customers	**669**	**1,002**	**200**	**1,870**
Net adds	49	1	-4	47
Total fixed B2C unique customers	**1,559**	**1,002**	**322**	**2,883**
Net adds	4	1	-1	4
MOBILE B2C				
Postpaid subscribers	**2,851**	**1,159**	**530**	**4,541**
Net adds	34	7	-5	36
Prepaid subscribers	**3,504**	**150**	**2,688**	**6,342**
Total mobile B2C subscribers	**6,356**	**1,309**	**3,219**	**10,883**

	As and for the three months ended March 31, 2019			
	Portugal	Israel	Dominican Republic	Total
Homes passed	**5,205**	**2,138**	**794**	**8,136**
Fiber / cable homes passed	4,592	2,138	756	7,486
FIXED B2C				
Fiber / cable unique customers	**845**	**992**	**192**	**2,029**
Net adds	41	3	0	44
Total fixed B2C unique customers	**1,585**	**992**	**325**	**2,902**
Net adds	4	3	7	14
MOBILE B2C				
Postpaid subscribers	**2,991**	**1,147**	**579**	**4,717**
Net adds	33	7	11	50
Prepaid subscribers	**3,375**	**160**	**2,485**	**6,020**
Total mobile B2C subscribers	**6,367**	**1,307**	**3,064**	**10,737**

Notes to the Key Operating Measures:

1. Portugal total homes passed includes DSL homes enabled for IPTV outside of MEO's fibre footprint and fibre homes passed figures include homes where MEO has access through wholesale fibre operators (c.0.4 million in Q1 2019)

2. Fibre / cable unique customers represents the number of individual end users who have subscribed for one or more of our 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

3. 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. In Israel, the split between iDEN and UMTS (B2C only, including prepaid) services is as follows: 5k iDEN and 1,302k UMTS as of March 31, 2019, and 7k iDEN and 1,302k UMTS as of March 31, 2018

8. Other disclosures

8.1. Post-Balance Sheet Date Events

No post-balance sheet date events occurred since March 31, 2019 which may have a significant impact on the Group's financial condition and results of operations.

8.2. Contractual obligations and commercial commitments

For details regarding the Group's Contractual obligations and commercial commitments, please refer to Note 11 to the consolidated financial statements of the Company as of and for the three months ended March 31, 2019.

8.3. 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 as of and for the three months ended March 31, 2019.

9. Key Income Statement Items

Revenue

Revenue consists of income generated from the delivery of fixed-based business to our B2C and B2B customers, mobile services to our B2C and B2B customers, wholesale and other services. 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.

Fixed-based B2C services: Revenue from fixed-based business consists of revenue from pay television services, including related services such as Video on Demand ("VoD"), broadband internet services, fixed-line telephony services and ISP services to our customers. This primarily includes (i) recurring subscription revenue for pay television 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 our cable network.

Mobile B2C services: Revenue from mobile telephony business primarily consists of (i) recurring subscription revenue for our post-paid mobile services (which are recognized in revenue on a straight-line basis over the subscription period), (ii) revenue from purchases of our pre-paid 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 our mobile network.

Wholesale and B2B fixed and mobile services: Revenue from wholesale business primarily consists of revenues derived from renting our network infrastructure services, including IRUs and bandwidth capacity on its network, to other telecommunications operators, including mobile virtual network operations ("MVNOs") as well as related maintenance services. Revenue from B2B services is the same as the above fixed and mobile services, but for the business sector.

Others: Revenue from our other business primarily consists of revenue from other businesses, such as (i) datacentre activities, (ii) content production and distribution, (iii) advertising, (iv) customer services, (v) technical services, and (vi) other activities that are not related to our core fixed or mobile businesses.

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 services

Purchasing and subcontracting services consist of direct costs associated with the delivery of fixed-based services to our B2C and B2B customers, mobile services to our B2C and B2B customers, wholesale and other services. We present purchasing and subcontracting services paid for the procurement of the following services:

Fixed-based services: Purchasing and subcontracting services 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 subscribers 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 services 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 services associated with wholesale primarily consist of costs associated with delivering wholesale services to other operators.

Others: Other purchasing and subcontracting services consist of the (i) cost of renting space for datacenters (subject to certain exceptions), (ii) utility costs related to the operation of datacenters (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) in our 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) direct costs related to our call center operations, such as service expenses, telecom consumption subscriptions and energy costs, in our 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 debts 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 datacenter 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 and amortization

Depreciation and amortization includes depreciation of tangible assets related to production, sales and administrative functions and the amortization of intangible assets.

Impairment losses

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.

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. Such expenses mainly include interest costs of finance leases, variations in the fair value of non-hedged derivative instruments and the inefficient portion of hedged derivative instruments.

Financial income

Financial income consists of changes in the net fair value of the financial derivatives, gains from the disposal of financial assets, net exchange rate differences, 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 our subsidiaries.

Share of profit of associates

Share of profit 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 income statement 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 profit before depreciation and amortization, impairment and losses, other operating and non-recurring items and other adjustments (equity-based compensation expenses) in EBITDA. Adjusted EBITDA is unaudited and is not required by or presented in accordance with IFRS or any other generally accepted accounting standards. We believe that this measure is useful to readers of our financial as it provides them with a measure of the operating results which excludes certain items we consider outside of our recurring operating activities or that are non-cash, making trends more easily observable and providing information regarding our operating results and cash flow generation that allows investors to better identify trends in its financial performance. Adjusted EBITDA should not be considered as a substitute measure for operating income and may not be comparable to similarly titled measures used by other companies.

Capital expenditure

We classify our 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 our 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 our 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 our 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 our mobile networks and platforms and other investments relating to our mobile business.

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