This Offer expires at 17:40 hours CET on 21 January 2021, unless extended

OFFER MEMORANDUM

dated 24 November 2020

RECOMMENDED CASH OFFER

BY

Next Private B.V.

FOR ALL ISSUED AND OUTSTANDING COMMON SHARES A WITH A NOMINAL VALUE OF EUR 0.01 EACH AND ALL ISSUED AND OUTSTANDING COMMON SHARES B WITH A NOMINAL VALUE OF EUR 0.25 EACH IN THE SHARE CAPITAL OF

Altice Europe N.V.

altice

This offer memorandum (*biedingsbericht*; the "**Offer Memorandum**") contains the details of the public offer (*openbaar bod*) by Next Private B.V. (the "**Offeror**") to all holders of issued and outstanding common shares A with a nominal value of EUR 0.01 (one eurocent) each (each a "**Share A**") and all holders of issued and outstanding common shares B with a nominal value of EUR 0.25 (twenty-five eurocents) each (each a "**Share B**") in the share capital of Altice Europe N.V. (the "**Company**") (the Shares A and Shares B as they may form part of the Company's issued and outstanding share capital from time to time, the "**Listed Shares**", and the holders of Listed Shares, the "**Shareholders**") to purchase for cash their Listed Shares on the terms and subject to the conditions and restrictions set out in this Offer Memorandum (the "**Offer**").

This Offer Memorandum contains the information required by Article 5:76 of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*; the "**Wft**") in conjunction with Article 8, Paragraph 1 of the Dutch Decree on Public Takeover Bids (*Besluit openbare biedingen Wft*; the "**Decree**") in connection with the Offer. This Offer Memorandum has been reviewed and approved by the Dutch Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*; the "**AFM**") as an offer memorandum (*biedingsbericht*) under Article 5:76 of the Wft.

The information required by Article 18, Paragraph 2 of the Decree in connection with the Offer is included in a separate position statement of the Company (including all appendices thereto, the "**Position Statement**"), which is also published on the date of this Offer Memorandum. The Position Statement does not form part of this Offer Memorandum and has not been reviewed or approved by the AFM prior to publication. The Position Statement may be reviewed by the AFM after publication. The board of the Company (the "**Full Board**") excluding the Conflicted Executive Directors (as defined below) (the "**Board**"), fully supports the Transaction (as defined below) and unanimously recommends the Offer for acceptance by the Shareholders. Reference is made to Section 6.7 (*Decision-making and Recommendation by the Board substantiated by Fairness Opinions*) and the Position Statement.

Capitalised terms used in this Offer Memorandum have the meaning set out in Section 4 (*Definitions and Interpretation*) or elsewhere in this Offer Memorandum. Capitalised terms used in the Dutch summary included in Section 12 (*Dutch language summary*) have the meaning set out in Section 12 (*Dutch language summary*).

Shareholders tendering their Listed Shares under the Offer will be paid an amount in cash of EUR 4.11 (four euro and eleven eurocents) cum dividend, without interest (the "**Offer Price**") on the terms and subject to the conditions and restrictions set out in this Offer Memorandum in consideration for each Listed Share validly tendered (or defectively tendered, provided that such defect has been waived by the Offeror) for acceptance pursuant to the Offer prior to or on the Closing Time (as defined below) (each such Listed Share, a "**Tendered Share**") that is not validly withdrawn and is transferred (*geleverd*) to the Offeror. The Offer Price is 'cum dividend'. Consequently, if on or after 11 September 2020 any distribution on the Listed Shares (each a "**Distribution**") is declared by the Company whereby the record date for entitlement to such Distribution is on or prior to the Settlement Date (as defined below), then the Offer Price will be decreased by the full amount of any such Distribution made by the Company in respect of each Listed Share (before any applicable withholding tax).

At the date of this Offer Memorandum, the Offeror Group (as defined below) owns approximately 77.58% of the Company's issued share capital. Mr. Paulmier and Mr. Sauvaire, each a member of the Full Board, have committed to tender their Listed Shares under the Offer and to vote their Listed Shares in favour of all Resolutions (as defined below) to be taken at the Company EGM (as defined below), subject to the terms as further set out in Section 6.8 (*Undertakings of certain Board Members*). The Listed Shares of Mr. Paulmier and Mr. Sauvaire represent less than 0.01% of the Company's issued share capital.

The Offer Period under the Offer begins at 09:00 hours CET on 25 November 2020 and expires at 17:40 hours CET on 21 January 2021 (the "**Initial Closing Date**"), unless the Offeror extends the Offer Period in accordance with Article 15 of the Decree and Section 5.6 (*Extension of the Offer Period*). The day on which the Offer Period expires, whether or not extended, is the "**Closing Date**" and 17:40 hours CET on the Closing Date is the "**Closing Time**". The Offeror will announce whether or not it declares the Offer unconditional (*gestand doen*) within three Business Days (as defined below) following the Closing Date, in accordance with Article 16 of the Decree (the "**Unconditional Date**").

Listed Shares tendered on or prior to the Closing Time may not be withdrawn, subject to the right of withdrawal of any Tendered Shares during the Offer Period in accordance with the provisions of Article 5b, Paragraph 5, Article 15, Paragraphs 3 and 8 and Article 15a, Paragraph 3 of the Decree.

The obligation of the Offeror to declare the Offer unconditional (*gestand doen*) is subject to the satisfaction or waiver of the Offer Conditions in accordance with Section 6.6 (*Offer Conditions, satisfaction and waiver*). The Offer Conditions may be waived, to the extent permitted by Law or by agreement, as set out in Section 6.6.2 (*Waiver of the Offer Conditions*).

If the Offeror declares the Offer unconditional (*gestand doen*), the Offeror will deliver the Offer Price in respect of each Tendered Share that has been transferred (*geleverd*), and the Offeror shall acquire each Tendered Share, within five (5) Business Days following the Closing Date (the "**Settlement**" and the day on which the Settlement occurs, the "**Settlement Date**").

The Company will convene an extraordinary general meeting of shareholders (the "**Company EGM**"), which will be held at 11:00 hours CET on 7 January 2021. Separate convocation materials will be made available on the Company's website (www.altice.net). At the Company EGM, the Offer will be discussed in accordance with the provisions of Article 18, Paragraph 1 of the Decree and the Resolutions will be put forward for approval. Subject to the terms and conditions of this Offer Memorandum, the Board unanimously recommends voting in favour of all Resolutions. Reference is made to Section 6.13 (*Company EGM*) and the Position Statement.

In order to allow the Offeror to acquire full ownership of the Group, (i) the Offeror may commence a Compulsory Acquisition Procedure (as defined below) if the relevant statutory requirements are met or (ii) subject to the adoption of the Back-End Resolution (Merger) or the Back-End Resolution (Asset Sale) (both as defined below), as the case may be, and the Offer being declared unconditional, the Offeror may, after consultation with the Company, decide to pursue the Post-Offer Merger or the Post-Offer Asset Sale (both as defined below) after the expiry of the Post-Acceptance Period (as defined below), if any. See Sections 6.11.4 (*Compulsory Acquisition Procedure*) and 6.11.5 (*Post-Offer Restructuring*).

All announcements in relation to the Offer will be made by press release and placed on the website of the Offeror (www.nextprivate.net). Reference is made to Section 5.11 (*Announcements*).

Distribution of this Offer Memorandum may, in certain jurisdictions, be subject to specific regulations or restrictions. Persons in possession of this Offer Memorandum are urged to inform themselves of any such restrictions which may apply to them and to observe them. Any failure to comply with these restrictions may constitute a violation of the securities Laws of that jurisdiction. The Offeror and the Company disclaim all responsibility for any violation of such restrictions by any person. See Sections 2 (*Restrictions*) and 3 (*Important information*).

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2 RESTRICTIONS

The Offer is made in, and from, the Netherlands with due observance of the statements, conditions and restrictions included in this Offer Memorandum. Without prejudice to the Offeror's right to reject defective tenders, the Offeror reserves the right to accept any tender under the Offer which is made by, or on behalf of, a Shareholder, even if it has not been made in the manner set out in this Offer Memorandum.

This Offer Memorandum is not an offer to sell securities and it is not a solicitation of an offer to buy securities, nor shall there be any sale or purchase of securities pursuant hereto, in any jurisdiction in which such offer, solicitation or sale is not permitted or would be unlawful prior to registration or qualification under the Laws of any such jurisdiction.

The distribution of this Offer Memorandum and the making of the Offer in jurisdictions other than the Netherlands may be restricted or prohibited by Law. The Offer is not made, and the Listed Shares will not be accepted for purchase from, or on behalf of, any Shareholder, in any jurisdiction in which the making of the Offer or acceptance of the Offer would not be in compliance with the securities or other Laws of such jurisdiction or would require any registration, approval or filing with any regulatory authority not expressly contemplated by this Offer Memorandum. If you are in any doubt as to your eligibility to participate in the Offer, you should contact your professional advisor immediately.

Persons obtaining this Offer Memorandum are required to take due note of and observe all such restrictions and obtain any necessary authorisations, approvals or consents (to the extent applicable). However, acceptances of the Offer by Shareholders not residing in the Netherlands will be accepted by the Offeror if such acceptances comply with (i) the acceptance procedure set out in this Offer Memorandum and (ii) the applicable Laws of the jurisdiction from which such acceptance has been made. No actions have been taken or will be taken to make the Offer possible in any jurisdiction outside of the Netherlands where such authorisations, approvals or consents would be required. In addition, this Offer Memorandum has not been filed with or recognised by the authorities of any jurisdiction other than the Netherlands.

Neither the Offeror, nor the Company, nor any of their advisors, nor the Settlement Agent accept any liability for any violation by any person of any such restriction. Any person, including custodians, nominees and trustees, who intends to forward this Offer Memorandum or any related document to any jurisdiction other than the Netherlands should carefully read this Section 2 (*Restrictions*) and Section 3 (*Important information*) before taking any action.

The release, publication or distribution of this Offer Memorandum and any documentation regarding the Offer or the making of the Offer in jurisdictions other than the Netherlands may be restricted by Law and therefore persons into whose possession this Offer Memorandum comes should inform themselves of and observe those restrictions. A failure to comply with any of those restrictions may constitute a violation of the Law of any such jurisdiction.

3 IMPORTANT INFORMATION

3.1 Introduction

This Offer Memorandum contains, incorporates and refers to important information that should be read carefully before any Shareholder makes a decision to tender Listed Shares under the Offer. Shareholders are advised to seek independent advice where necessary.

In addition, this Offer Memorandum only contains the principal Dutch tax consequences of the disposal of Listed Shares by a Shareholder in connection with the Offer, any Compulsory Acquisition Procedure and any Post-Offer Restructuring. It does not describe all Dutch tax consequences of acceptance or non-acceptance of the Offer that may be relevant for a Shareholder, nor does this Offer Memorandum describe any tax consequences relating to jurisdictions other than the Netherlands that may be relevant for a Shareholder (other than in Section 3.2 (*Information for U.S. Shareholders*)). Shareholders are therefore urged to consult their own tax advisor regarding the tax consequences of acceptance or non-acceptance of the Offer.

3.2 Information for U.S. Shareholders

The Offer is being made for the Listed Shares of the Company, a public limited liability company incorporated under Dutch Law and is subject to Dutch disclosure and procedural requirements, which differ from those of the United States. The financial information included in this document has been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board, as adopted in the European Union ("**IFRS**"), and Part 9 of Book 2 of the Dutch Civil Code (the "**DCC**"), and thus may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States. The Offer will be made in the United States in compliance with Regulation 14E under the U.S. Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**") and the rules and regulations promulgated thereunder, including the exemptions therefrom, and otherwise in accordance with the applicable regulatory requirements in the Netherlands. Accordingly, the Offer will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments, that are different from those applicable under U.S. domestic tender offer procedures and Law.

The receipt of cash pursuant to the Offer by a U.S. Shareholder will generally be a taxable transaction for U.S. federal income tax purposes and may be a taxable transaction under applicable state and local, as well as foreign and other tax Laws. Each Shareholder is urged to consult his or her independent professional advisor immediately regarding the tax consequences of acceptance or non-acceptance of the Offer.

It may be difficult for U.S. Shareholders to enforce their rights and claims arising out of the U.S. federal securities Laws, since the Offeror and the Company are located in a country other than the United States, and some or all of their officers and directors may be residents of a country other than the United States. U.S. Shareholders may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities Laws. Further, it may be difficult to compel a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgment.

Neither the U.S. Securities and Exchange Commission nor any U.S. state securities commission or other regulatory authority has approved or disapproved the Offer, passed upon the fairness or merits of the Offer or provided an opinion as to the accuracy or completeness of this Offer Memorandum or any other documents regarding the Offer. Any declaration to the contrary constitutes a criminal offence in the United States.

3.3 Responsibility

The information included in Section 5 (*Invitation to the Shareholders*), Section 8 (*Information regarding the Offeror*) and Section 10 (*Further statements pursuant to the Decree*), items (c), (d) and (f) has been solely provided by the Offeror. The information included in Section 6.7.1 (*Decision-making process*), Section 6.7.2 (*Recommendation substantiated by Fairness Opinions*), Section 7 (*Information regarding the Company*), Section 10 (*Further statements pursuant to the Decree*), items (b), (e), (g) and (h) and Section 13 (*Selected Consolidated Financial Statements of the Company*) has been solely provided by the Company. The information included on the cover page, on pages 1 - 3 and in Section 1 (*Table of Contents*) through Section 6 (*Explanation and background of the Offer*) (except for Section 5 (*Invitation to the Shareholders*), Section 6.7.1 (*Decision-making process*) and Section 6.7.2 (*Recommendation substantiated by Fairness Opinions*)), Section 9 (*Principal Dutch tax consequences*) through Section 12 (*Dutch language summary*) (except for Section 10 (*Further statements pursuant to the Decree*), items (b) through (h)), Section 14 (*Amendments to the Company Articles of Association*) and Section 15 (*Advisors*) has been provided by the Offeror and the Company jointly.

The Offeror and the Company are exclusively responsible for the accuracy and completeness of the information provided in this Offer Memorandum, each severally with respect to the information it has provided solely, and jointly with respect to the information they have provided jointly.

Both the Offeror and the Company confirm, each severally with respect to the information it has provided solely, and jointly with respect to the information which they have provided jointly, that to the best of their knowledge and belief, having taken reasonable care to ensure that such is the case, the information contained in this Offer Memorandum is in accordance with the facts and contains no omission likely to affect its import.

The information included in Sections 13.2 (*Comparative overview of consolidated statements of financial position for the financial years 2019, 2018 and 2017*) through 13.4 (*Comparative overview of the consolidated statements of cash flows relating to the financial years 2019, 2018 and 2017*) and in Section 13.6 (*Annual report for the financial year 2019 including independent auditor's report of Deloitte*) has been sourced by the Company from the consolidated financial statements for the financial years ended 2019, 2018 and 2017 respectively, as further explained in Section 13.1 (*Basis for preparation*). The independent auditor's report included in Section 13.5 (*Independent auditor's report on the selected consolidated financial information*) has been sourced by the Company from Deloitte Accountants B.V. ("**Deloitte**"), its independent auditor for the financial years 2019, 2018 and 2017. The independent auditor’s report related to the consolidated financial statements for the financial year 2019 includes an emphasis of matter relating to the impact of the coronavirus (COVID-19) as described in note 35.9 to those financial statements.

The financial information included in Section 13.7 (*Special Purpose Condensed Interim Consolidated Financial Statements as of and for the three and six-month periods ended 30 June 2020, and the review report in respect thereof*) (the "**Special Purpose Interim Financial**

Statements"), includes limited amendments and updates through the date of these Special Purpose Interim Financial Statements compared to the interim financial report as of and for the six-month period ended 30 June 2020 as published by the Company on 30 July 2020. The Special Purpose Interim Financial Statements have been subject to a review by KPMG Accountants N.V. ("**KPMG**"), the Company's independent auditor for the financial year 2020. In particular, "Note 18. Events after the reporting period" to the Special Purpose Interim Financial Statements has been updated compared to the interim financial report as of and for the six-month period ended 30 June 2020 as published by the Company on 30 July 2020, to reflect subsequent events related to the period between 30 July 2020 and the date of publication of the Special Purpose Interim Financial Statements. In addition, the disclosures on the COVID-19 pandemic ("Note 2.1.4. Update on the COVID-19 pandemic" to the Special Purpose Interim Financial Statements), the closing of the partnership with Morgan Stanley Infrastructure Partners and the sale of a 49.99% interest in Fastfiber ("Note 3. Acquisition and divestments" to the Special Purpose Interim Financial Statements), the mandatory convertible notes ("Note 10. Borrowings, other financial liabilities and lease liabilities" to the Special Purpose Interim Financial Statements), and the European Commission investigation and US securities lawsuits ("Note 16. Litigation" to the Special Purpose Interim Financial Statements) have been slightly expanded.

The information included on pages 1, 2 and 3 and in Section 12 (*Dutch language summary*) regards summarised and translated information, as the case may be, and has been derived from information included in other Sections of this Offer Memorandum.

The information set out in this Offer Memorandum reflects the situation as at the date of this Offer Memorandum, unless specified otherwise. The issue and distribution of this Offer Memorandum does not imply in any respect that the information contained herein will continue to be correct and complete after the date of publication of this Offer Memorandum. The foregoing does not affect the obligation of both the Offeror and the Company to make a public announcement pursuant to the European Market Abuse Regulation (596/2014) or Article 4, Paragraphs 1 and 3 of the Decree, if applicable. It should be noted that certain financial, statistical and other numerical information in this Offer Memorandum may have been rounded up or down to the nearest whole number or the nearest decimal and should therefore not be regarded as exact. In addition, the rounding also means that the totals of the data in this Offer Memorandum may vary slightly from the actual arithmetic totals of such information.

No person other than the Offeror and the Company, and without prejudice to the auditor's reports issued by Deloitte and the review report issued by KPMG included in this Offer Memorandum, and the Fairness Opinions rendered by Lazard Frères SAS ("**Lazard**") to the Company and LionTree Advisors UK LLP ("**LionTree**") to the non-executive members of the Full Board (the "**Non-Executive Directors**") (the full text of each Fairness Opinion, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with each Fairness Opinion, is included in the Position Statement), is authorised to provide any information or to make any statements on behalf of the Offeror or the Company in connection with the Offer or the information contained in this Offer Memorandum. If any information or statement in connection with the Offer is provided or made by parties other than the Offeror and the Company, that information or those statements must not be relied on as having been provided or made by or on behalf of the Offeror or the Company. Any information or representation not contained in this Offer Memorandum or in press releases by the Offeror or the Company must not be relied upon as having been provided or made by or on behalf of the Offeror or the Company.

3.4 Governing Law and jurisdiction

This Offer Memorandum and the Offer are, and any tender, purchase or transfer of Listed Shares will be, governed by and construed in accordance with Dutch Law.

The District Court of Amsterdam (*Rechtbank Amsterdam*) and its appellate courts shall have exclusive jurisdiction to settle any disputes which might arise out of or in connection with this Offer Memorandum, the Offer and/or any tender, purchase or transfer of Listed Shares. Accordingly, any legal action or proceedings arising out of or in connection with this Offer Memorandum, the Offer and/or any tender, purchase or transfer of Listed Shares must be brought exclusively in such courts.

3.5 Language

This Offer Memorandum is published in the English language and a Dutch language summary is included as Section 12 (*Dutch language summary*). In the event of any differences, whether or not in interpretation, between the English text of this Offer Memorandum and the Dutch language summary of this Offer Memorandum, the English text of this Offer Memorandum shall prevail.

3.6 Contact details

The Offeror

Next Private B.V.
Oostdam 1
3441 EM Woerden
The Netherlands

The Company

Altice Europe N.V.
Oostdam 1
3441 EM Woerden
The Netherlands

Settlement Agent

ING Bank N.V.
Bijlmerdreef 106
1102 CT Amsterdam
The Netherlands

3.7 Availability of information

Digital copies of this Offer Memorandum are available on the websites of the Offeror (www.nextprivate.net) and the Company (www.altice.net). Copies of this Offer Memorandum are also available free of charge at the offices of the Company and the Settlement Agent at the addresses mentioned above. The websites of the Offeror and the Company do not constitute a part of, and are not incorporated by reference into, this Offer Memorandum.

The following documents are incorporated by reference in this Offer Memorandum and copies thereof are available on the website of the Company (www.altice.net):

- the current articles of association of the Company (as amended from time to time, the "**Company Articles of Association**"); and
- the financial statements of the Company for the financial years 2018 and 2017, respectively.

3.8 Forward-looking statements

Certain statements in this Offer Memorandum may be considered "forward-looking statements", such as statements about the impact of the Transaction on the Offeror and the Company and the expected timing and completion of the Offer. Forward-looking statements involve known or unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Generally, words such as may, should, aim, will, expect, intend, estimate, anticipate, believe, plan, seek, continue or similar expressions identify forward-looking statements. These forward-looking statements speak only as of the date of this Offer Memorandum. Although the Offeror and the Company, each with respect to the statements it has provided, believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, no assurance can be given that such statements will be fulfilled or prove to be correct, and no representations are made as to the future accuracy and completeness of such statements.

The forward-looking statements are subject to unknown risks, uncertainties and other factors, many of which are outside the control of the Offeror and the Company, difficult to predict and which could cause actual results or outcomes to differ materially from historical experience or those expressed or implied in these forward-looking statements.

These forward-looking statements are not guarantees of future performance. Any such forward-looking statements must be considered together with the fact that actual events or results may vary materially from such forward-looking statements due to, among other things, political, economic or legal changes in the markets and environments in which the Offeror or the Company operates, to competitive developments or risks inherent to the business plans of the Offeror or the Company and to uncertainties, risk and volatility in financial markets and other factors affecting the Offeror and/or the Company.

The Offeror and the Company assume no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by the Law or by any competent regulatory authority.

3.9 Financial advisors

Lazard is acting as financial advisor exclusively to the Company and to no one else in connection with the Offer and will not regard any other person (whether or not a recipient of this Offer Memorandum) as a client in relation to the Offer or any other matter referred to in this Offer Memorandum and will not be responsible to anyone other than the Company for providing the protections afforded to the clients of Lazard or for providing advice in relation to the Offer or any other matter referred to in this Offer Memorandum.

Lazard has given and has not withdrawn its written consent to the references to its name in the form and context in which it appears in this Offer Memorandum.

LionTree is acting as financial advisor exclusively to the Non-Executive Directors and to no one else in connection with the Offer and will not regard any other person (whether or not a recipient of this Offer Memorandum) as a client in relation to the Offer or any other matter referred to in this Offer Memorandum and will not be responsible to anyone other than the Non-Executive Directors for providing the protections afforded to the clients of LionTree or for providing advice in relation to the Offer or any other matter referred to in this Offer Memorandum.

LionTree has given and has not withdrawn its written consent to the references to its name in the form and context in which it appears in this Offer Memorandum.

Lazard issued a fairness opinion to the Company dated 10 September 2020 and LionTree issued a fairness opinion to the Non-Executive Directors dated 10 September 2020 (the "**Fairness Opinions**"). The full text of the Fairness Opinions is included in the Position Statement.

4 DEFINITIONS AND INTERPRETATION

In this Offer Memorandum, except for Section 11 (*Press Releases*), Section 12 (*Dutch language summary*), Section 13 (*Selected Consolidated Financial Statements of the Company*) and Section 14 (*Amendments to the Company Articles of Association*), capitalised terms have the meaning set out in this Section 4 (*Definitions and Interpretation*).

"**2016 FPPS**" has the meaning set out in Section 7.11.1 (*Overview of incentive plans*);

"**2017 SOP**" has the meaning set out in Section 7.11.1 (*Overview of incentive plans*);

"**2018 FPPS**" has the meaning set out in Section 7.11.1 (*Overview of incentive plans*);

"**2020E**" means the estimated financial results for full year 2020;

"**2021E**" means the estimated financial results for full year 2021;

"**Adjusted EBITDA**" means operating income before depreciation and amortisation, other expenses and income (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 lease*), all on a consolidated basis;

"**Adjusted EBITDA – Capex**" means Adjusted EBITDA minus Capex;

"**Admitted Institution**" has the meaning set out in Section 5.3 (*Acceptance by the Shareholders*);

"**Adverse Recommendation Change**" means the Board or any of its members withholding, revoking, altering or qualifying the Recommendation or making any contradictory statements or passing any contradictory resolutions as to their positive position with respect to the Transaction or failing to announce the Recommendation in any press releases in connection with the Offer or the explanatory notes to the agenda for the Company EGM or failing to reaffirm the Recommendation within two (2) Business Days of a reasonable request of the Offeror to do so after a statement or action by the Board or any of its members that can reasonably be perceived by the market as inconsistent with the Recommendation;

"**Affiliate**" means, with respect to a Party, from time to time, any person that is controlled by that Party, controls that Party, is controlled by a person that also controls that Party or otherwise qualifies as a "subsidiary" or part of a "group" as referred to in Articles 2:24a and 2:24b DCC, <u>provided that</u> no member of the Group shall be deemed to be an Affiliate of the Offeror. "**Control**" for purposes of this definition means the possession, directly or indirectly, solely or jointly (whether through ownership of securities or partnership interest or other ownership interest, by contract, or otherwise) of (a) more than 50% of the voting power at general meetings of that person or (b) the power to appoint and to dismiss a majority of the managing directors or supervisory directors of that person or otherwise to direct the management and policies of that person;

"**AFM**" has the meaning set out in the introduction of this Offer Memorandum;

"**Alternative Proposal**" has the meaning set out in Section 6.15 (*Non-solicitation*);

"**Altice Separation**" has the meaning set out in Section 7.2 (*History of the Company*);

"**Altice USA**" means Altice USA, Inc.;

"**Asset Sale**" has the meaning set out in 6.11.5.3(i) (*Post-Offer Asset Sale*);

"**Asset Sale Agreement**" has the meaning set out in 6.11.5.3(i) (*Post-Offer Asset Sale*);

"**Back-End Resolution (Asset Sale)**" has the meaning set out in Section 6.13(b) (*Company EGM*);

"**Back-End Resolution (Merger)**" has the meaning set out in Section 6.13(a) (*Company EGM*);

"**BLSA**" has the meaning set out in Section 7.11.1 (*Overview of incentive plans*);

"**BNP Paribas**" has the meaning set out in Section 6.5 (*Financing of the Offer*);

"**Board**" has the meaning set out in the introduction of this Offer Memorandum;

"**Board Members**" has the meaning set out in Section 7.5 (*The Full Board*);

"**Business Day**" means a day other than a Saturday or Sunday on which banks in the Netherlands and Euronext Amsterdam are generally open for normal business;

"**Capex**" means capital expenditure (on an accrued and consolidated basis);

"**CET**" means Central European Time;

"**CITA**" has the meaning set out in Section 9.1 (*General*);

"**Closing Date**" has the meaning set out in the introduction of this Offer Memorandum;

"**Closing Time**" has the meaning set out in the introduction of this Offer Memorandum;

"**Collar**" has the meaning set out in Section 6.9 (*Transactions by the Offeror*);

"**Company**" has the meaning set out in the introduction of this Offer Memorandum;

"**Company Articles of Association**" has the meaning set out in Section 3.7 (*Availability of information*);

"**Company Dissolution**" has the meaning set out in Section 6.11.5.3(ii) (*Post-Offer Asset Sale*);

"**Company EGM**" has the meaning set out in the introduction of this Offer Memorandum;

"**Company Holdco**" means the Company's direct wholly-owned subsidiary Altice Europe Holdco B.V.;

"**Company Sub**" means Company Holdco's direct wholly-owned subsidiary New Altice Europe B.V.;

"**Completion Date**" has the meaning set out in Section 6.12 (*Governance of the Company as at the Settlement Date*);

"**Compulsory Acquisition Procedure**" means a Statutory Squeeze-Out or a Takeover Squeeze-Out;

"**Conflicted Executive Directors**" has the meaning set out in Section 6.7.1 (*Decision-making process*);

"**Contribution**" has the meaning set out in Section 6.9 (*Transactions by the Offeror*);

"**Contribution Agreement**" has the meaning set out in Section 6.9 (*Transactions by the Offeror*);

"**Contribution Shares**" has the meaning set out in Section 6.9 (*Transactions by the Offeror*);

"**Counterparty**" has the meaning set out in Section 6.9 (*Transactions by the Offeror*);

"**DCC**" has the meaning set out in Section 3.2 (*Information for U.S. Shareholders*);

"**Decree**" has the meaning set out in the introduction of this Offer Memorandum;

"**Delisting**" has the meaning set out in Section 6.11.3 (*Delisting*);

"**Deloitte**" has the meaning set out in Section 3.3 (*Responsibility*);

"**Distribution**" has the meaning set out in the introduction of this Offer Memorandum;

"**Dutch Resident Corporate Entities**" has the meaning set out in Section 9.2.1 (*Taxes on income and capital gains*);

"**Dutch Resident Individuals**" has the meaning set out in Section 9.2.1 (*Taxes on income and capital gains*);

"**EUR**" or "**euro**" means the lawful currency of the Netherlands;

"**Euronext Amsterdam**" means the stock exchange of Euronext Amsterdam, a regulated market operated by Euronext Amsterdam N.V.;

"**Executive Directors**" has the meaning set out in Section 7.5 (*The Full Board*);

"**Exercise Event**" has the meaning set out in Section 7.10 (*Anti-takeover measures*);

"**Exercise Price**" has the meaning set out in Section 7.10 (*Anti-takeover measures*);

"**Fairness Opinions**" has the meaning set out in Section 3.9 (*Financial advisors*);

"**Forward**" has the meaning set out in Section 6.9 (*Transactions by the Offeror*);

"**Full Board**" has the meaning set out in the introduction of this Offer Memorandum;

"**Governmental Authority**" means any European Union, national, provincial, local or foreign judicial, legislative, executive, regulatory or competition authority or entity, any arbitral tribunal or any other governmental authority, agency, commission, court or entity;

"**Group**" means the Company and its Group Companies collectively;

"**Group Companies**" means the Company's controlled Affiliates (including the Company's subsidiaries and other group companies but excluding, for the avoidance of doubt, any direct or indirect shareholders of the Company) and "**Group Company**" means any one of them or the relevant one of them, as the context requires;

"**Holdco Dissolution**" has the meaning set out in Section 6.11.5.2(iv) (*Post-Offer Merger*);

"**IFRS**" has the meaning set out in Section 3.2 (*Information for U.S. Shareholders*);

"**Independent Non-Executive Directors**" has the meaning set out in Section 6.12 (*Governance of the Company as at the Settlement Date*);

"**Initial Announcement**" has the meaning set out in Section 6.1 (*Background and Initial Announcement*);

"**Initial Closing Date**" has the meaning set out in the introduction of this Offer Memorandum;

"**KPMG**" has the meaning set out in Section 3.3 (*Responsibility*);

"**Law**" means any applicable statute, law, treaty, ordinance, order, rule, directive, regulation, code, executive order, injunction, judgment, decree or other requirement of any Governmental Authority;

"**Lazard**" has the meaning set out in Section 3.3 (*Responsibility*);

"**LionTree**" has the meaning set out in Section 3.3 (*Responsibility*);

"**Liquidator**" has the meaning set out in Section 6.11.5.2(iii) (*Post-Offer Merger*);

"**Listed Shares**" has the meaning set out in the introduction of this Offer Memorandum;

"**LTIP**" has the meaning set out in Section 7.11.1 (*Overview of incentive plans*);

"**Material Adverse Effect**" means any event, occurrence, fact, condition, effect, change or circumstance (each an "**Effect**") that becomes (or has become) known to the Offeror after 11 September 2020 (provided, for the avoidance of doubt, that in the determination of whether a Material Adverse Effect has occurred, any Effect that became known to the Offeror prior to the date of this Offer Memorandum may only be taken into account in combination with any Effect that becomes known to the Offeror on or after the date of this Offer Memorandum) that, individually or in the aggregate, has or is reasonably likely to have a materially adverse effect on the business, cash flow, assets, operations, results of operations or condition (financial or otherwise) of the Group taken as a whole; provided, however, that the following shall not be deemed to have or contribute to, or be taken into account in determining whether there has been or would reasonably be expected to be, a Material Adverse Effect: any Effect arising as a result of:

(a) changes, after 11 September 2020, in prevailing interest rates, currency exchange rates or other economic, monetary or political conditions in the European Union, including any adverse development regarding the European Union, its member states (including Brexit or one or more other member states leaving such union) or euro zone (including one or more members leaving such zone);

(b) general changes, after 11 September 2020, in the European Union securities markets;

(c) (prospective) changes in mandatory Law of general applicability or interpretations thereof after 11 September 2020;

(d) changes in economies in general or the industry in which the Group operates after 11 September 2020 unless those changes have a disproportionate effect on the Group, taken as a whole, in comparison to other companies in the industry in which the Group operates;

(e) a decline in the market price, or change in trading volume or rating, of the Listed Shares on Euronext Amsterdam, or any debt securities of the Company or any change or prospective change in the credit rating of the Company or any of its Group Companies by any applicable rating agency (it being understood that the underlying cause(s) for any such change, to the extent such cause is not excluded by the other paragraphs of this definition, may be deemed to have, may contribute to and may be taken into account in determining whether there has been or would reasonably expected to be a Material Adverse Effect);

(f) any natural disaster, pandemic, the outbreak or escalation of war, sabotage, military action, act of god, armed hostilities, acts of terrorism, or any escalation or worsening thereof, unless those events have a disproportionate effect on the Group, taken as a whole, in comparison to other companies in the industry in which the Group operates;

(g) the announcement, making or implementation of the Transaction; or

(h) a violation of the Merger Agreement or applicable Law by the Offeror.

"**Merger Agreement**" means the merger agreement agreed and signed by the Offeror and the Company on 11 September 2020 (as it may be amended from time to time);

"**Merger Proposal**" has the meaning set out in Section 6.11.5.2 (*Post-Offer Merger*);

"**Netherlands**" means the part of the Kingdom of the Netherlands located in Europe;

"**Next Alt**" means Next Alt S.à r.l.;

"**Next Alt Director**" has the meaning set out in Section 8.2 (*Shareholder structure of the Offeror*);

"**Next Luxembourg**" has the meaning set out in Section 8.2 (*Shareholder structure of the Offeror*);

"**Next Luxembourg GP**" has the meaning set out in Section 8.2 (*Shareholder structure of the Offeror*);

"**Non-Dutch Resident Corporate Entities**" has the meaning set out in Section 9.2.1 (*Taxes on income and capital gains*);

"**Non-Dutch Resident Individuals**" has the meaning set out in Section 9.2.1 (*Taxes on income and capital gains*);

"**Non-Executive Directors**" has the meaning set out in Section 3.3 (*Responsibility*);

"**Non-Financial Covenants**" has the meaning set out in Section 6.14.1 (*General*);

"**Offer**" has the meaning set out in the introduction of this Offer Memorandum;

"**Offer Conditions**" means the conditions for the Offer set out in Section 6.6.1 (*Offer Conditions*);

"**Offer Memorandum**" has the meaning set out in the introduction of this Offer Memorandum;

"**Offer Period**" has the meaning set out in Section 5.4 (*Offer Period (aanmeldingstermijn)*);

"**Offer Price**" has the meaning set out in the introduction of this Offer Memorandum;

"**Offeror**" has the meaning set out in the introduction of this Offer Memorandum;

"**Offeror Director**" has the meaning set out in Section 8.1 (*General*);

"**Offeror Group**" means the Offeror, its subsidiaries, its controlling direct or indirect shareholders and BidFair Luxembourg S.à r.l., provided that the Company and its subsidiaries will not be deemed subsidiaries of the Offeror;

"**Parties**" means the Offeror and the Company and "**Party**" means any one of them;

"**Performance SOP**" has the meaning set out in Section 7.11.1 (*Overview of incentive plans*);

"**Pledge**" has the meaning set out in Section 6.9 (*Transactions by the Offeror*);

"**Position Statement**" has the meaning set out in the introduction of this Offer Memorandum;

"**Post-Acceptance Period**" has the meaning set out in Section 5.8 (*Post-Acceptance Period (na-aanmeldingstermijn)*);

"**Post-Offer Asset Sale**" has the meaning set out in Section 6.11.5.3(ii) (*Post-Offer Asset Sale*);

"**Post-Offer Merger**" has the meaning set out in Section 6.11.5.2(iv) (*Post-Offer Merger*);

"**Post-Offer Restructuring**" means each of the Post-Offer Merger and the Post-Offer Asset Sale;

"**Post-Settlement Restructuring**" has the meaning set out in Section 6.11.6 (*Post-Settlement Restructurings*);

"**Pref A**" means a preference share A with a nominal value of EUR 0.04 (four eurocents) in the capital of the Company;

"**Pref B**" means a preference share B with a nominal value of EUR 0.01 (one eurocent) in the capital of the Company;

"**Recommendation**" has the meaning set out in Section 6.7.2 (*Recommendation substantiated by Fairness Opinions*);

"**Reference Date**" means 10 September 2020;

"**Regulatory Clearance**" has the meaning set out in Section 6.6.1(d) (*Offer Conditions*);

"**Relevant Persons**" has the meaning set out in Section 6.15 (*Non-solicitation*);

"**Remuneration Committee**" has the meaning set out in Section 7.5.1 (*Committees of the Full Board*);

"**Resolutions**" has the meaning set out in Section 6.13 (*Company EGM*);

"**Sale Price**" has the meaning set out in Section 6.11.5.3(ii) (*Post-Offer Asset Sale*);

"**Section**" means a section of this Offer Memorandum;

"**Settlement**" has the meaning set out in the introduction of this Offer Memorandum;

"**Settlement Agent**" means ING Bank N.V.;

"**Settlement Date**" has the meaning set out in the introduction of this Offer Memorandum;

"**Share A**" has the meaning set out in the introduction of this Offer Memorandum;

"**Share B**" has the meaning set out in the introduction of this Offer Memorandum;

"**Share Purchase Agreement**" has the meaning set out in Section 6.11.5.2(ii) (*Post-Offer Merger*);

"**Share Sale**" has the meaning set out in Section 6.11.5.2(ii) (*Post-Offer Merger*);

"**Share Sale Price**" has the meaning set out in Section 6.11.5.2(iv) (*Post-Offer Merger*);

"**Share Transfer Deed**" has the meaning set out in Section 6.11.5.2(ii) (*Post-Offer Merger*);

"**Shareholders**" has the meaning set out in the introduction of this Offer Memorandum;

"**SOP**" has the meaning set out in Section 7.11.1 (*Overview of incentive plans*);

"**Special Purpose Interim Financial Statements**" has the meaning set out in Section 3.3 (*Responsibility*);

"**Statutory Squeeze-Out**" has the meaning set out in Section 6.11.4 (*Compulsory Acquisition Procedure*);

"**Takeover Squeeze-Out**" has the meaning set out in Section 6.11.4 (*Compulsory Acquisition Procedure*);

"**Tendered Share**" has the meaning set out in the introduction of this Offer Memorandum;

"**Terminating Party**" has the meaning set out in Section 6.16 (*Termination*);

"**Transaction**" means the Offer, the Delisting and, to the extent relevant, the relevant Post-Offer Restructuring;

"**Treasury Shares**" has the meaning set out in Section 7.8 (*Capital and shares*);

"**Triangular Merger**" has the meaning set out in Section 6.11.5.2 (*Post-Offer Merger*);

"**U.S. Exchange Act**" has the meaning set out in Section 3.2 (*Information for U.S. Shareholders*);

"**Unconditional Date**" has the meaning set out in the introduction of this Offer Memorandum;

"**Warrant**" has the meaning set out in Section 7.10 (*Anti-takeover measures*);

"**Warrant Shares**" has the meaning set out in Section 7.10 (*Anti-takeover measures*);

"**Wft**" has the meaning set out in the introduction of this Offer Memorandum.

5 INVITATION TO THE SHAREHOLDERS

5.1 Offer

The Offeror hereby makes a public cash offer to purchase all Listed Shares on the terms and subject to the conditions and restrictions set forth in this Offer Memorandum. Shareholders are advised to review this Offer Memorandum (including all documents incorporated by reference herein), and in particular Sections 2 (*Restrictions*) and 3 (*Important information*), thoroughly and completely and to seek independent financial, legal and/or tax advice where appropriate in order to reach an informed judgement with respect to the Offer itself and the contents of this Offer Memorandum. Shareholders who consider not tendering their Listed Shares are advised to review Sections 6.11 (*Consequences of the Offer for non-tendering Shareholders*) and 6.12 (*Governance of the Company as at the Settlement Date*) in particular.

With due reference to all statements, terms, conditions and restrictions included in this Offer Memorandum, the Shareholders are hereby invited to tender their Listed Shares under the Offer in the manner and on the terms and subject to the conditions and the restrictions set out in this Offer Memorandum.

5.2 Offer Price

For each Tendered Share that is not validly withdrawn and is transferred (*geleverd*) under the Offer, subject to the Offeror declaring the Offer unconditional (*gestand doen*), the Offeror offers the Offer Price, being a cash consideration of EUR 4.11 (four euro and eleven eurocents) cum dividend, without interest and less mandatory withholding tax payable under applicable Law (if any).

The Offer Price is 'cum dividend'. Consequently, if on or after 11 September 2020 any Distribution is declared by the Company whereby the record date for entitlement to such Distribution is on or prior to the Settlement Date, then the Offer Price will be decreased by the full amount of any such Distribution made by the Company in respect of each Listed Share (before any applicable withholding tax). At the date of this Offer Memorandum, there are no Distributions envisaged by the Company.

Any adjustment to the Offer Price, resulting from a Distribution by the Company or an increase of the Offer Price, will be communicated by means of a press release in accordance with Section 5.11 (*Announcements*). For the avoidance of doubt, in case of any adjustment of the Offer Price, all references in this Offer Memorandum to "Offer Price" shall be to such adjusted Offer Price, except for purposes of Sections 6.4 (*Substantiation of the Offer Price*), 6.7.2 (*Recommendation substantiated by Fairness Opinions*), 6.9 (*Transactions by the Offeror*), 9.3 (*Principal Dutch tax consequences for Shareholders who do not tender their Listed Shares*) and 10 (*Further statements pursuant to the Decree*).

5.3 Acceptance by the Shareholders

The tender of any Listed Share by a Shareholder constitutes an acceptance of the Offer by the Shareholder.

Shareholders are requested to make their acceptance known through their custodian, bank or stockbroker no later than by the Closing Time, being 17:40 hours CET on the Closing Date. The relevant custodian, bank or stockbroker may set an earlier deadline for communication by holders of such Listed Shares in order to permit the custodian, bank or stockbroker to communicate the acceptance to the Settlement Agent in a timely manner. Accordingly, Shareholders should contact such financial intermediary to obtain information about the deadline by which such Shareholder must send instructions to the financial intermediary to accept the Offer and should comply with the dates set by such financial intermediary, as such dates may differ from the dates and times noted in this Offer Memorandum.

The institutions admitted to Euronext Amsterdam (*aangesloten instelling*) (an "**Admitted Institution**") can tender Listed Shares only to the Settlement Agent and only in writing. In submitting the acceptance, the Admitted Institutions are required to declare that:

(a) they have the Listed Shares tendered by the relevant Shareholder in their administration;

(b) each Shareholder who accepts the Offer irrevocably represents and warrants that (i) the Listed Shares tendered by the Shareholder are being tendered in compliance with the restrictions set out in Sections 2 (*Restrictions*) and 3 (*Important information*) and (ii) it is not the subject or target, directly or indirectly, of any economic or financial sanctions administered or enforced by any agency of the U.S. government, the European Union, any member state thereof, or the United Nations, other than solely by virtue of its inclusion in, or ownership by a person included in, the U.S. 'Sectoral Sanctions Identifications (SSI) List' or Annex III, IV, V or VI of Council Regulation (EU) No. 833/2014 of 31 July 2014, as amended; and

(c) they undertake to effect the transfer (*levering*) of the relevant Listed Shares to the Offeror on or before the Settlement Date, provided that the Offer has been declared unconditional (*gestand is gedaan*).

Although under normal circumstances the relevant Admitted Institution will ensure that the tendered Listed Shares are transferred (*geleverd*) to the Offeror, if so instructed by the Shareholder, Shareholders are advised that each Shareholder is responsible for the transfer (*levering*) of such Listed Shares to the Offeror.

Subject to withdrawal rights as set out in Section 5.3.3 (*Withdrawal Rights*), the tendering of Listed Shares in acceptance of the Offer will constitute irrevocable instructions by the relevant Shareholder to the relevant Admitted Institution to:

(i) block any attempt to transfer (*leveren*) such Listed Shares, so that on or before the Settlement Date no transfer (*levering*) of such Listed Shares can be effected (other than any action required to effect the transfer (*levering*) to the Offeror);

(ii) debit the securities account in which such Listed Shares are held on the Settlement Date in respect of all such Listed Shares, against payment of the Offer Price for such Listed Shares by the Settlement Agent on the Offeror's behalf; and

(iii) effect the transfer (*levering*) of such Listed Shares to the Offeror.

5.3.1 Validity of tenders of Listed Shares; waiver of defects; return of Listed Shares

The Offeror will determine questions as to the validity, form, eligibility, including time of receipt, and acceptance for purchase of any tender of Listed Shares, in its sole reasonable discretion and the Offeror's determination will be final and binding. The Offeror reserves the right to reject any and all tenders of Listed Shares that it in all reasonableness determines are not in proper form or the acceptance for purchase of which may be unlawful. No tender of Listed Shares will be deemed to have been validly made until all defects and irregularities have been cured or waived. The Offeror's interpretation of the terms and conditions of the Offer, including the acceptance forms and instructions thereto, will be final and binding.

There shall be no obligation on the Offeror, the Settlement Agent or any person acting on its or their behalf to give notice of any defects or irregularities in any acceptance or notice of withdrawal and no liability shall be incurred by any of them for failure to give any such notification.

The Offeror reserves the right to accept any tender of Listed Shares pursuant to the Offer, even if such tender has not been made in compliance with the terms and conditions of the Offer (including the procedures set forth in this Section 5.3 (*Acceptance by the Shareholders*)).

If any Listed Shares tendered in accordance with the instructions set forth in this Offer Memorandum are not accepted for purchase pursuant to the terms and conditions of the Offer, the Offeror will cause these Listed Shares to be returned promptly following the announcement of the lapse or withdrawal of the Offer, as the case may be.

5.3.2 Undertakings, representations and warranties by tendering Shareholders

Each Shareholder tendering Listed Shares under the Offer, by such tender, on the date that such Listed Shares are tendered and up to and including the Settlement Date (or, with respect to Listed Shares tendered in the Post-Acceptance Period, up to and including the settlement date for such Listed Shares), undertakes, represents and warrants to the Offeror that:

(a) the tender of any Listed Shares constitutes an acceptance by the Shareholder of the Offer, on and subject to the terms, conditions and restrictions of the Offer as set out in this Offer Memorandum;

(b) such Shareholder has full power and authority to tender, sell and transfer (*leveren*) the Listed Shares, and has not entered into any other agreement to tender, sell or transfer (*leveren*) the Listed Shares stated to have been tendered to any party other than the Offeror (together with all rights attaching to the Listed Shares) and, when the Listed Shares are transferred (*geleverd*) to the Offeror, the Shareholder will have sole legal and beneficial title to the Listed Shares and those Listed Shares are free of any third-party rights and restrictions of any kind, unless such third-party rights and restrictions arise solely and result directly from the Listed Shares being held in book entry form in Euroclear Nederland;

(c) the Listed Shares are tendered in compliance with the restrictions as set out in Sections 2 (*Restrictions*) and 3 (*Important information*) and the securities and other applicable Laws or regulations of the jurisdiction in which the Shareholder is located or of which it is a resident, and no registration, approval or filing with any regulatory authority of that jurisdiction is required in connection with the tendering of those Listed Shares; and

(d) such Shareholder is not the subject or target, directly or indirectly, of any economic or financial sanctions administered or enforced by any agency of the U.S. government, the European Union, any member state thereof, or the United Nations, other than solely by virtue of its inclusion in, or ownership by a person included in, the U.S. 'Sectoral Sanctions

Identifications (SSI) List' or Annex III, IV, V or VI of Council Regulation (EU) No. 833/2014 of 31 July 2014, as amended.

Furthermore, each Shareholder tendering Listed Shares under the Offer, by such tender, acknowledges towards and agrees with the Offeror (i) that it has received this Offer Memorandum, and has reviewed and accepted the restrictions, terms, conditions and other considerations of the Offer, all as described in this Offer Memorandum, and has undertaken an analysis of the implications of the Offer without reliance on the Offeror, the Settlement Agent or any other representative of the Offeror, except as set forth in this Offer Memorandum and (ii) as of the date on which its Listed Shares are transferred (*geleverd*) to the Offeror, to have waived any and all rights or entitlements that the Shareholder may have in its capacity as Shareholder or otherwise in connection with its shareholding in the Company vis-à-vis the Company, any Group Company and any past or current member of the Full Board.

5.3.3 Withdrawal Rights

Listed Shares tendered on or prior to the Closing Time may not be withdrawn, subject to the right of withdrawal of any tender pursuant to the provisions of Article 5b, Paragraph 5 and Article 15, Paragraph 8 of the Decree or:

(a) during any extension of the Offer Period in accordance with the provisions of Article 15, Paragraph 3 of the Decree; or

(b) following an increase of the Offer Price as a result of which the Offer Price does no longer only consist of a cash component and in respect of which increase a document is made generally available pursuant to Article 15a, Paragraph 3 of the Decree, provided that such Listed Shares were already tendered before such document was made generally available and withdrawn within seven (7) Business Days after such document was made generally available.

To withdraw previously tendered Listed Shares, Shareholders must instruct the Admitted Institution they initially instructed to tender the Listed Shares to arrange for the withdrawal of such Listed Shares by the timely deliverance of a written or facsimile transmission notice of withdrawal to the Settlement Agent at the address set out in Section 3.6 (*Contact details*).

Any notice of withdrawal must specify the name of the person having tendered the Listed Shares to be withdrawn, the number of Listed Shares to be withdrawn and the name of the registered holder of the Listed Shares to be withdrawn, if different from that of the person who tendered such Listed Shares. The signature(s) on the notice of withdrawal must be guaranteed by an Admitted Institution, unless such Listed Shares have been tendered for the account of any Admitted Institution. All questions as to the form and validity (including time of receipt) of any notice of withdrawal will be determined by the Offeror, in its sole discretion, which determination will be final and binding. Shareholders should contact their financial intermediary to obtain information about the deadline by which such Shareholder must send instructions to the financial intermediary to withdraw their acceptance of the Offer and should comply with the dates set by such financial intermediary, as such dates may differ from the dates and times noted in this Offer Memorandum.

Withdrawals of tenders of Listed Shares may not be rescinded, and any Listed Shares properly withdrawn will be deemed not to have been validly tendered for purposes of the Offer. However, withdrawn Listed Shares may be retendered by the procedure for tendering Listed Shares described in Section 5.3 (*Acceptance by the Shareholders*).

During the Post-Acceptance Period (if any), no withdrawal rights will apply to Listed Shares tendered during such Post-Acceptance Period or to Listed Shares tendered under the Offer on or prior to the Closing Time and accepted by the Offeror.

5.4 Offer Period (*aanmeldingstermijn*)

The Offer Period will commence on 25 November 2020 at 09:00 hours CET and will expire on 21 January 2021 at 17:40 hours CET (such period, as it may be extended from time to time, the "**Offer Period**"), unless the Offer Period is extended in accordance with Article 15 of the Decree and Section 5.6 (*Extension of the Offer Period*).

If the Offer is declared unconditional (*gestand wordt gedaan*) by the Offeror, the Offeror will accept all Tendered Shares not previously validly withdrawn in accordance with the procedures set out in Section 5.3.3 (*Withdrawal Rights*).

5.5 Declaring the Offer unconditional (*gestanddoening*)

The obligation of the Offeror to declare the Offer unconditional (*gestand doen*) is subject to the satisfaction or waiver of the Offer Conditions in accordance with Section 6.6 (*Offer Conditions, satisfaction and waiver*). The Offer Conditions may be waived, to the extent permitted by Law or by agreement, as set out in Section 6.6.2 (*Waiver of the Offer Conditions*). If any Offer Condition is waived in accordance with Section 6.6.2 (*Waiver of the Offer Conditions*), the Offeror will inform the Shareholders as required by Law.

No later than on the Unconditional Date, the Offeror will determine whether or not the Offer Conditions have been satisfied or waived. On the Unconditional Date, the Offeror will announce whether the Offer:

(a) is declared unconditional (*gestand wordt gedaan*);

(b) will be extended in accordance with Article 15 of the Decree and Section 5.6 (*Extension of the Offer Period*); or

(c) is terminated as a result of the Offer Conditions not having been satisfied or waived,

all in accordance with Article 16 of the Decree. If the Offeror does not declare the Offer unconditional (*gestand doen*), the Offeror will explain such decision.

5.6 Extension of the Offer Period

If one or more of the Offer Conditions is or are not satisfied or waived on the then scheduled Closing Date, the Offeror may, after consultation with the Company and in accordance with Article 15 of the Decree, extend the Offer Period, provided that (i) the first extension of the Offer Period shall be no less than two (2) weeks and no more than ten (10) weeks, calculated from the Initial Closing Date and (ii) any subsequent extension shall be subject to receipt of an exemption granted by the AFM and until such time as the Offeror reasonably believes is necessary to cause such Offer Conditions to be satisfied or waived. The Company has undertaken to fully support and cooperate with the Offeror's request to the AFM for an exemption to extend the Offer Period.

For the avoidance of doubt, in case of any extension of the Offer Period, all references in this Offer Memorandum to "Closing Time", "17:40 hours CET", "Closing Date" and "21 January 2021" shall, unless the context requires otherwise, be changed to the latest time or date (as applicable) to which the Offer Period has been so extended.

If the Offer Period is extended, so that the obligation pursuant to Article 16 of the Decree to announce whether the Offer is declared unconditional (*gestand wordt gedaan*) is postponed, a public announcement to that effect will be made ultimately on the third (3rd) Business Day following the Initial Closing Date in accordance with the provisions of Article 15, Paragraphs 1 and 2 of the Decree. If the Offeror extends the Offer Period, the Offer will expire on the latest time and date to which the Offeror extends the Offer Period.

During an extension of the Offer Period, Listed Shares previously tendered and not withdrawn in accordance with Section 5.3.3 (*Withdrawal Rights*) will remain tendered under the Offer. Any Listed Shares tendered during the extension of the Offer Period cannot be withdrawn, subject to the withdrawal rights set forth in Section 5.3.3 (*Withdrawal Rights*).

5.7 Settlement

If the Offeror declares the Offer unconditional (*gestand doen*), the Offeror will accept the transfer (*levering*) of all Tendered Shares on the terms of the Offer.

On the Settlement Date, the Offeror will deliver the Offer Price in respect of each Tendered Share tendered during the Offer Period and transferred (*geleverd*) to the Offeror, on the terms set out in this Offer Memorandum. The Settlement Date shall be no later than five (5) Business Days after the Closing Date. The Offeror cannot guarantee that Shareholders will actually receive the Offer Price within this period. No specific action is required from the Shareholders regarding the delivery of the Offer Price.

As of the Settlement Date, revocation (*herroeping*), dissolution (*ontbinding*) or annulment (*vernietiging*) of the tendering, sale or transfer (*levering*) of any Tendered Share which has been tendered during the Offer Period is not possible.

5.8 Post-Acceptance Period (*na-aanmeldingstermijn*)

If the Offeror declares the Offer unconditional (*gestand doen*), the Offeror shall, within three (3) Business Days after the Unconditional Date, publicly announce a post-Offer acceptance period (*na-aanmeldingstermijn*) of two (2) weeks (the "**Post-Acceptance Period**"), unless the Parties jointly agree otherwise. During the Post-Acceptance Period, Shareholders that did not tender their Listed Shares during the Offer Period may tender their Listed Shares on the same terms and subject to the same conditions and restrictions as the Offer.

The Offeror will publicly announce the results of the Post-Acceptance Period, and the total number and total percentage of Listed Shares held by it in accordance with Article 17, Paragraph 4 of the Decree no later than on the third (3rd) Business Day following the last day of the Post-Acceptance Period.

The Offeror shall continue to accept the transfer (*levering*) of all Listed Shares validly tendered (or defectively tendered, provided that such defect has been waived by the Offeror) during the Post-Acceptance Period and shall deliver the Offer Price in respect of each Listed Share which has been transferred (*geleverd*) to it during the Post-Acceptance Period within five (5) Business Days after the last day of the Post-Acceptance Period.

During the Post-Acceptance Period, Shareholders have no right to withdraw Listed Shares from the Offer, regardless of whether the Listed Shares have been tendered either during the Offer Period or during the Post-Acceptance Period.

As of the relevant settlement date, revocation (*herroeping*), dissolution (*ontbinding*) or annulment (*vernietiging*) of the tendering, sale or transfer (*levering*) of any Listed Share tendered during the Post-Acceptance Period is not possible.

5.9 Costs related to tendering

No costs will be charged to Shareholders by the Offeror or the Company for the transfer (*levering*) of or payment for the tendered Listed Shares held through an Admitted Institution. However, Shareholders may be charged certain fees by Admitted Institutions or their custodians, banks or stockbrokers. Shareholders should consult their Admitted Institution, custodian, bank or stockbroker regarding any charges. Costs might also be charged if a foreign institution is involved in the transfer (*levering*) of or payment for the tendered Listed Shares.

5.10 Withholding

The Offeror is entitled to deduct and withhold from the Offer Price such amounts as the Offeror is required to deduct and withhold with respect to the payment of the Offer Price under any provision of applicable tax or social security Law. To the extent that amounts are so deducted and withheld by the Offeror, those amounts shall be treated for all purposes as having been paid to the Shareholders, on behalf of which that deduction and withholding was made by the Offeror. The Offer Price payable to Shareholders for tendered Listed Shares is not subject to Dutch dividend withholding taxes.

5.11 Announcements

Any further announcements in relation to the Offer, including whether or not the Offeror declares the Offer unconditional (*gestand wordt gedaan*) and announcements in relation to an extension of the Offer Period, if any, will be made by press release. Any joint press release issued by the Offeror and the Company will be made available on the website of the Company (www.altice.net) and the Offeror (www.nextprivate.net). Any press release issued by the Offeror will be made available on the website of the Offeror (www.nextprivate.net).

Subject to any applicable requirements of the Law and without limiting the manner in which the Offeror may choose to make any public announcement, the Offeror will have no obligation to make any public announcement other than as described in this Offer Memorandum.

5.12 Indicative timetable of the Offer

Expected date and time (all times are CET)	Event
24 November 2020	Press release announcing the commencement of the Offer Period and the availability of: o this Offer Memorandum; and o the Position Statement. Convocation of the Company EGM
25 November 2020, 09:00 hours	Commencement of the Offer Period in accordance with Article 14, Paragraph 2 of the Decree
7 January 2021, 11:00 hours	Company EGM, at which meeting, among other matters, the Offer will be discussed and the Resolutions will be voted on
21 January 2021, 17:40 hours	Closing Date and Closing Time: Deadline for tendering Listed Shares during the Offer Period, unless the Offer is extended in accordance with Section 5.6 (*Extension of the Offer Period*) and Article 15 of the Decree
No later than three (3) Business Days after the Closing Date	Unconditional Date: The date on which the Offeror will publicly announce whether the Offer is declared unconditional (*gestand wordt gedaan*) in accordance with Article 16 of the Decree
No later than five (5) Business Days after the Closing Date	Settlement Date: The date on which, in accordance with the terms and conditions of the Offer, the Offeror will pay the Offer Price for each Tendered Share transferred (*geleverd*) to the Offeror
No later than three (3) Business Days after the Unconditional Date	Post-Acceptance Period, if any: If the Offer is declared unconditional (*gestand wordt gedaan*), the Offeror shall publicly announce a Post-Acceptance Period of two (2) weeks, in accordance with Article 17 of the Decree, unless the Parties agree otherwise

6 EXPLANATION AND BACKGROUND OF THE OFFER

6.1 Background and Initial Announcement

Early August 2020, preliminary and exploratory discussions were held between Next Alt and the Board regarding Next Alt's proposal to take the Company private through an all-cash public offer by Next Alt for all Listed Shares.

On 26 August 2020, Next Alt sent the Company an offer letter regarding a take-private of the Company by a recommended public offer followed by a delisting and/or corporate restructuring. On 29 August 2020, Next Alt sent the Company a draft merger agreement setting out the proposed terms and conditions in connection with the proposed offer. The Board, after careful review and consideration, together with its financial and legal advisors, concluded that the proposal did not represent a sufficiently compelling proposition for the Company.

After several revised proposals (including increases of the proposed consideration per Listed Share and improved non-financial aspects), discussions between initially Next Alt and subsequently the Offeror, and their advisors, on the one hand and the Company and its advisors on the other hand, resulted in a revised final draft merger agreement of which the Board unanimously concluded, taking into account its fiduciary duties, having considered with due care the rationale for the Transaction, the provisions of the draft merger agreement and all other relevant facts and circumstances, and the Board and separately the Non-Executive Directors having received independent financial and legal advice, that the proposal was in the best interest of the Company and its stakeholders, promoting the sustainable success of the Company. On 11 September 2020, the Board unanimously approved the entering into and execution of the Merger Agreement by the Company and the performance by the Company of its obligations under the Merger Agreement (including the consummation of a Post-Offer Restructuring in accordance with the terms of the Merger Agreement, if applicable), and unanimously resolved to, on the terms of and subject to the provisions of the Merger Agreement, support the Transaction, recommend the Offer for acceptance by the Shareholders and recommend to the Company's shareholders to vote in favour of the Resolutions.

On 11 September 2020, the Offeror and the Company jointly announced that they had reached conditional agreement on an intended public offer by the Offeror for all the Listed Shares at an offer price of EUR 4.11 in cash per Listed Share (cum dividend) and announcing certainty of funds, pursuant to the provisions of Article 4, Paragraphs 1 and 3, Article 5, Paragraph 1 and Article 7, Paragraph 4 of the Decree, and that the Merger Agreement was signed (the "**Initial Announcement**").

The press release referred to in this Section 6.1 (*Background and Initial Announcement*) is included in Section 11 (*Press Releases*).

6.2 The Offer

The Offeror is making an offer to acquire from the Shareholders all the Listed Shares on the terms and subject to the conditions and restrictions contained in this Offer Memorandum.

Subject to the Offer being declared unconditional (*gestand wordt gedaan*), Shareholders tendering their Listed Shares under the Offer will receive the Offer Price in respect of each Tendered Share.

6.3 Rationale for the Transaction

The rationale for the Transaction is that the Offeror and the Company believe that having the Company operate without minority shareholders and without a listing on Euronext Amsterdam (or any other stock exchange) is better for the sustainable success of its business and long-term value creation. In view of, amongst others, its high debt capital structure and related high volatility of the share price and the lack of use of the Listed Shares as acquisition currency, the disadvantages of the listing materially outweigh the benefits. The Offeror and the Board believe that the business can more successfully focus on the long-term following delisting in a wholly-owned set-up, including pursuant to the following advantages:

(a) increasing the Group's ability to achieve the goals set out in, and implement the actions of, its strategy (of which the core focus is on customers, revenue, profitability and cash flow growth and, as a result, deleveraging);

(b) the ability to implement and focus on achieving long-term strategic goals and operational achievements of the Group, as opposed to short-term performance driven by quarterly reporting, for example by increasing the Group's ability to accelerate and implement investment decisions when it is most efficient, rather than having to perform in line with what the public market is expecting;

(c) avoid the current volatility of the share price of the Listed Shares (e.g., resulting from the Company's high debt to equity ratio)[1], which will (i) unlock the opportunity to improve the effectiveness of employee incentive plans, and thus better align senior management with the business strategy of the Group and improve the retention of the employees of the Group and (ii) improve the Company's reputation vis-à-vis and relationship with its stakeholders such as bond holders and other finance providers, clients, suppliers, employees and local governments;

(d) a better access to the bond and bank markets independent of the daily and volatile share price fluctuations of the Listed Shares and thus decrease borrowing costs, as finance providers will focus more on fundamental valuation and credit analysis;

(e) the ability to achieve an efficient capital structure (notably from a financing perspective), which would, amongst others, facilitate intercompany transactions, dividend distributions and elimination of inefficient intercompany flows; and

(f) reducing the Group's costs (e.g. listing, financial reporting, staff/management and board costs will decrease, there will no longer be a requirement for physical general meetings of the Company and the current legal holding structure can be simplified).

With reference to the Non-Financial Covenants, the Offeror fully supports the long-term strategy of the Group. The Offeror and the Company believe that the Company operating in a private setting will enhance the ability to execute on the Group's long-term strategy.

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[1] Although the Company has made many efforts to decrease its leverage ratio (e.g., by making divestments), the leverage level and related Listed Shares' volatility remained.

6.4 Substantiation of the Offer Price

6.4.1 General

In establishing the Offer Price, the Offeror carefully considered the history and prospects of the Company. The Offeror used for the analyses set out in Section 6.4.2 (*Analysis*):

(a) historic financial information and potential future developments of the Company's revenue growth, profitability, free cash flow generation, and balance sheet based on public disclosures by the Company in financial statements, company presentations and press releases;

(b) selected precedent successful public offers initiated by a controlling shareholder;

(c) broker reports on the Company published up to the Reference Date; and

(d) public disclosures and financial forecasts for the Company's trading peers (as set out in Section 6.4.2 (*Analysis*), item (b)).

In this context, the Offeror also considered the Company's risk profile and, more particularly, its significant leverage compared to other publicly trading companies in its industry. The Offeror also took into account historical market values of the Listed Shares.

6.4.2 Analysis

In establishing the Offer Price, the following was taken into consideration by the Offeror:

(a) an analysis of the closing price of the Shares A[2] on the Reference Date. The closing price on the Reference Date was EUR 3.32 and the volume weighted average price of the Shares A for the one hundred and eighty (180) days period prior to and including the Reference Date was EUR 3.53;

(b) a trading multiples analysis on key financial aggregates (2020E Adjusted EBITDA, 2021E Adjusted EBITDA, 2020E Adjusted EBITDA-Capex and 2021E Adjusted EBITDA-Capex; excluding Pay-TV impacts) performed on comparable European telecom companies.[3] The median enterprise value multiple for each of these financial aggregates was respectively 6.0x, 5.1x, 12.1x and 12.3x which compares to 6.7x, 6.4x, 14.7x and 13.3x for the Company based on the Offer Price;

(c) an analysis of selected precedent offer premia for successful public offers in cash in Western Europe initiated by a shareholder owning more than 30% of the share capital of

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[2] The analysis of the closing prices has been based on Shares A as (i) Shares A account for approximately 85% of the total Shares A and Shares B issued at the date of this Offer Memorandum, (ii) the liquidity on Shares A is significantly higher than on Shares B (6.6 million average daily volumes for Shares A vs. 0.1 million for Shares B over the past 12 months prior to the Reference Date), and (iii) Shares A and Shares B had very similar closing prices in the past 12 months prior to the Reference Date.

[3] The relevant public companies for the trading multiples analysis are: BT Group, Deutsche Telekom, KPN, Liberty Global, NOS, Orange, Proximus, Swisscom, Telecom Italia, Telefónica, Telenet and Telenor.

the target prior to the offer[4]. The median offer premium to the unaffected share price and to the 6-month volume-weighted average price of the shares in these transactions was 22% and 31% respectively, which compares to 23.8% and 16.5% respectively for the Offer Price; and

(d) an analysis of selected analyst 12-month price targets for the Listed Shares, issued prior to the Reference Date and after the publication of the Company's results for the second quarter of 2020 by ten (10) research analysts[5] who follow the Company's developments and regularly issue research reports on the Company. The target prices range from EUR 2.70 to EUR 9.00. The median target price was EUR 4.50.

These valuation analyses were performed assuming a valuation date at the end of 2020. For the purpose of deriving an implied equity value for each valuation methodology, the below items were deducted from the enterprise value:

(i) Net Debt: EUR 28.9 billion forecasted for end of 2020 with a definition consistent with the Company's reporting, including the cash-out related to the acquisition of Covage and adjusted for a EUR 375 million earn-out to be received on the Fastfiber transaction;

(ii) Minorities: EUR 3.9 billion to capture the value of the interests owned by minorities in Hivory, Fastfiber, Teads and Intelcia;

(iii) Associates: EUR (2.2) billion to capture the value of the interests owned in associated companies such as SFR FTTH and Covage;

(iv) Other: EUR 2.7 billion to capture other relevant items such as Altice Portugal pensions liability, spectrum liabilities, net present value of the negative cash flows of Altice TV (for the avoidance of doubt, cash flows of Altice TV were excluded from the financial forecasts used in the valuation analyses including for the purposes of Adjusted EBITDA and Adjusted EBITDA – Capex multiples), fines, net tax assets and other financial liabilities;

(v) Impact of dilutive instrument: EUR 0.1 billion assuming a take-out of outstanding Prefs B and employee stock-options at the Offer Price.

These adjustments are common practice in valuation analyses and are commonly used by the analysts in their research reports on the Company. The main sources used to value each of these adjustments were public disclosures of the Company and research reports on the Company.

6.4.3 Bid premia

The Offer represents:

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4 The relevant transactions are: Reggeborgh / VolkerWessels; EQT, GBL and CFA / Parques Reunidos; Mediaset and F2i / EI Towers; ATP and Ontario Teachers Pension Plan / Copenhagen Airports; Energias de Portugal / EDP Renovaveis; Vivendi / Gameloft; Saverco / Compagnie Maritime Belge; News Participations / NextradioTV; FIL Ltd and FMR LLC / Colt Group; Vivendi / Canal+; Italmobiliare / Ciments Français; Liberty Global / Telenet Group Holding; Sogrepar / Delachaux; EDF / EDF Energies Nouvelles; International Petroleum Investment / Compania Espanola de Petroleos; and Total / Elf Aquitaine.

5 Includes Barclays, Credit Suisse, Deutsche Bank, Exane BNP Paribas, Goldman Sachs, J.P. Morgan, Kepler Cheuvreux, Morgan Stanley, New Street and Société Génerale.

(a) a premium of 23.8% to the closing price per Share A on Euronext Amsterdam on the Reference Date;

(b) a premium of 16.5% to the volume-weighted average price per Share A on Euronext Amsterdam for the one hundred and eighty (180) days period prior to and including the Reference Date; and

(c) a discount of 6.2% to the volume-weighted average price per Share A on Euronext Amsterdam for the twelve (12) month period prior to and including the Reference Date.

6.5 Financing of the Offer

The Offeror shall fund the Offer and, if applicable, the cash component of the purchase price in the Share Sale or Asset Sale, through third-party debt financing.

The Offeror has entered into a binding term loan credit agreement with BNP Paribas Fortis S.A./N.V. ("**BNP Paribas**"), which will provide for credit in the form of term loans in an aggregate principal amount that provides the Offeror sufficient funds for (i) the acquisition of Listed Shares tendered under the Offer, (ii) the cash component of the purchase price in the Share Sale or Asset Sale and (iii) the payment of fees, costs and expenses in relation to the Transaction, subject to the customary terms and conditions therein. The Offeror has no reason to believe that any such conditions will not be fulfilled on or prior to the Settlement Date. The debt financing, which may be syndicated, is fully committed on a "certain funds" basis.

Reference is also made to the Initial Announcement in which the certainty of funds was announced in accordance with Article 7, Paragraph 4 of the Decree.

6.6 Offer Conditions, satisfaction and waiver

6.6.1 Offer Conditions

The obligation of the Offeror to declare the Offer unconditional (*gestand doen*) is subject to the following conditions precedent (*opschortende voorwaarden*) (the "**Offer Conditions**") being satisfied on the Closing Date or waived on or prior to the Unconditional Date, as the case may be:

(a) the Tendered Shares, together with (i) any Listed Shares directly or indirectly held by the Offeror Group, (ii) any Listed Shares committed to the Offeror Group in writing, and (iii) any Listed Shares to which the Offeror Group is unconditionally entitled but which have not yet been delivered (*gekocht maar nog niet geleverd*), representing at least 95% (ninety five per cent) of the Company's issued share capital (*geplaatst kapitaal*) as at the Closing Date;

(b) the Company not having breached the terms of the Merger Agreement to the extent that any such breach (i) has or could reasonably be expected to have material adverse consequences on the Company, the Offeror or the Transaction; and (ii) is incapable of being remedied within ten (10) Business Days after receipt by the Company of a written notice from the Offeror (or, if earlier, before the Closing Date) or has not been remedied by the Company within ten (10) Business days after receipt by the Company of a written notice from the Offeror (or, if earlier, before the Closing Date);

(c) the Offeror not having breached the terms of the Merger Agreement to the extent that any such breach (i) has or could reasonably be expected to have material adverse consequences on the Company, the Offeror or the Transaction; and (ii) is incapable of being remedied within ten (10) Business Days after receipt by the Offeror of a written notice from the Company (or, if earlier, before the Closing Date) or has not been remedied by the Offeror within ten (10) Business days after receipt by the Offeror of a written notice from the Company (or, if earlier, before the Closing Date);

(d) all mandatory approvals, consents, statements of no objection or exemptions, as applicable, from the Israeli Ministry of Communications and the Israeli Cable and Satellite Broadcasting Council having been obtained and/or any applicable waiting period (and any extension thereof) in connection with the Transaction having been terminated or expired, in any event allowing the Offeror (i) to acquire and vote on the Listed Shares tendered under the Offer as per the Settlement Date and (ii) to implement the Transaction without limitations on the Offeror's ability to exercise control over the Group as a result of the lack of any approval, consent, statement of no objection or exemption from the Israeli Ministry of Communications or the Israeli Cable and Satellite Broadcasting Council (the "**Regulatory Clearance**") and such Regulatory Clearance being in full force and effect and not imposing a condition or requiring a remedy that the Offeror is not required to accept or agree to under the Merger Agreement;

(e) the general meeting of shareholders of the Company having adopted the Resolutions;

(f) no Material Adverse Effect having occurred which is continuing on the Closing Date;

(g) no Adverse Recommendation Change having occurred;

(h) no order, stay, judgment, injunction or decree having been issued by any Governmental Authority and being in effect, and no law, statute, treaty, ordinance, rule, regulation, directive, code or order by any Governmental Authority of competent jurisdiction having been enacted, enforced or deemed applicable to the Transaction, in each case whether temporary, preliminary or permanent, any of which restrains, prohibits or materially delays or is reasonably likely to restrain, prohibit or materially delay consummation of the Transaction, in whole or in part, in accordance with the Merger Agreement;

(i) no instruction (*aanwijzing*) having been issued by the AFM under Article 5:80, Paragraph 2 of the Wft ordering one or more investment firms (*beleggingsondernemingen*) not to cooperate with the Offer; and

(j) trading in the Listed Shares on Euronext Amsterdam not having been suspended or ended by Euronext Amsterdam.

6.6.2 Waiver of the Offer Conditions

Each of the Offer Conditions set out in Sections 6.6.1(d) and 6.6.1(h) is for the benefit of the Offeror and the Company and accordingly may, to the extent permitted by Law, only be waived (either in whole or in part) by the Offeror and the Company jointly in writing.

Each of the Offer Conditions set out in Sections 6.6.1(a), 6.6.1(b), 6.6.1(e), 6.6.1(f), 6.6.1(g) and 6.6.1(j) are for the sole benefit of the Offeror and accordingly the Offeror may, to the extent permitted by Law and in its sole discretion, waive such Offer Condition, either in whole or in part, at any time by giving notice to the Company, provided that the Offeror shall only waive the Offer Conditions set out in Clauses 6.6.1(a) and 6.6.1(g) after consultation with the Company.

The Offer Condition set out in Section 6.6.1(c) is for the sole benefit of the Company and accordingly the Company may, to the extent permitted by Law and in its sole discretion, waive such Offer Condition, either in whole or in part, at any time by giving notice to the Offeror.

The Offer Condition set out in Section 6.6.1(i) cannot be waived.

If on the then scheduled Closing Date any Offer Condition is not satisfied or waived, the Offeror may, after consultation with the Company, extend the Offer Period, provided that (i) the first extension of the Offer Period shall be no less than two (2) weeks and no more than ten (10) weeks after the Initial Closing Date, and (ii) any subsequent extension shall be subject to receipt of an exemption granted by the AFM and until such time as the Offeror reasonably believes is necessary to cause such Offer Conditions to be satisfied or waived. Reference is made to Section 5.6 (*Extension of the Offer Period*).

In accordance with the Law, if it is ascertained by the Offeror that an Offer Condition is not satisfied or is incapable of being satisfied and the relevant Offer Condition is not or cannot be waived, the Offeror shall forthwith publicly announce this in accordance with Article 12, Paragraph 3 of the Decree.

6.6.3 Satisfaction of the Offer Conditions

The satisfaction of each of the Offer Conditions does not solely depend on the will of the Offeror as prohibited by Article 12, Paragraph 2 of the Decree.

Each of the Offeror and the Company shall use its reasonable best efforts to procure satisfaction of the Offer Conditions as soon as reasonably practicable. If at any time either the Offeror or the Company becomes aware (i) of a fact or circumstance that might prevent an Offer Condition from being satisfied or (ii) that an Offer Condition is satisfied, it shall promptly notify the other Party thereof.

With respect to the Offer Condition set out in Section 6.6.1(d), the Offeror and the Company have agreed to use their reasonable best efforts to procure that the Regulatory Clearance is obtained as soon as reasonably possible and in any event before the Closing Date and to answer promptly any question raised by the Israeli Ministry of Communications or the Israeli Cable and Satellite Broadcasting Council in relation to the Regulatory Clearance and promptly take the initiative to meet and accept any invitation to meet with the Israeli Ministry of Communications or the Israeli Cable and Satellite Broadcasting Council in relation to the Regulatory Clearance. Neither the Offeror nor the Company (nor any of their respective Affiliates) is under any obligation to agree to or offer any remedy to the Israeli Ministry of Communications or the Israeli Cable and Satellite Broadcasting Council which may be necessary to obtain the Regulatory Clearance. Neither the Offeror Group nor the Group will enter into any agreement or arrangement where the effect of any such agreement or arrangement is likely to adversely affect, delay, impede or prejudice the obtaining of the Regulatory Clearance.

With respect to the Offer Condition set out in Section 6.6.1(f), the Offeror and the Company have agreed on a binding advice procedure in the event the Offeror considers this Offer Condition not satisfied and the Company disagrees. In such event, a binding advisor shall decide on the matter within ten (10) Business Days after the dispute having been referred to the binding advisor or such shorter period as the Offeror and the Company may agree, it being understood that a decision shall be rendered no later than noon CET on the Business Day before the Closing Date. The binding advisor shall be the President of the Enterprise Chamber (*Ondernemingskamer*) of the Court of Appeals of Amsterdam or, if this person is not able (for whatever reason) to provide the binding advice on time, another independent lawyer from a law firm of repute appointed by the President of the District Court of Amsterdam (*Rechtbank Amsterdam*) upon request of either the Offeror or the Company. The binding advice shall be final and binding upon the Offeror and the Company and each of the Offeror and the Company shall fully comply with the binding advice and the content thereof.

6.7 Decision-making and Recommendation by the Board substantiated by Fairness Opinions

6.7.1 Decision-making process

From the moment Next Alt (and later the Offeror) made clear it was considering and exploring the possibility to take the Company private through an all-cash public offer for all Listed Shares, the Board, and separately the Non-Executive Directors, held calls and meetings on a frequent basis to be updated on the latest developments, to monitor the process and to discuss the Offer.

In the deliberations and decision-making process, it was considered whether any of the Board Members had a direct or indirect conflict of interest within the meaning of article 2:129(6) DCC or was related to the Offeror Group. Mr. Drahi, A4 S.A. and Mr. Weill (the "**Conflicted Executive Directors**"), each an Executive Director, were determined to have a conflict of interest in respect of the Transaction (including the Offer). Consequently, the Conflicted Executive Directors (and, for the avoidance of doubt, A4 S.A.'s permanent representative, Mr. Okhuijsen) have not participated in the deliberations or decision-making process of the Board in respect of the Transaction.

The Board reviewed all the proposals from the Offeror in accordance with its fiduciary duties and responsibilities. The Board discussed and carefully considered each proposal and explored the rationale, merits, impact on the business and risks for all stakeholders of the Company, including its minority shareholders, employees, finance providers and customers. The Board conducted this review together with its external financial and legal advisors, whereby the Non-Executive Directors received independent advice from their own external financial and legal advisors. As part of this strategic review, various scenarios were considered by the Board.

6.7.2 Recommendation substantiated by Fairness Opinions

Consistent with its fiduciary responsibilities, the Board, after having received extensive legal and financial advice, has carefully reviewed the Transaction and has given careful consideration to all aspects of the Transaction, including:

(a) the strategic rationale of the Transaction;

(b) the financial aspects (such as the Offer Price);

(c) the non-financial aspects (such as the Non-Financial Covenants and other operational and social aspects); and

(d) deal certainty.

The Board has taken the interests of all stakeholders, including the minority shareholders, into careful consideration. The Board has unanimously determined that the Offer represents a fair price and attractive premium to all Shareholders, as well as favourable non-financial terms to the other stakeholders who will also benefit from the Transaction through their continued involvement with the Company in the private set-up. The Board concludes that the Transaction promotes the sustainable success of the Company's business and is in the interest of the Company and its stakeholders, including its employees, customers, debt providers, suppliers and shareholders.

On 10 September 2020, Lazard issued its Fairness Opinion to the Company that, as of that date, and based upon and subject to the factors, assumptions, qualifications and other matters set forth in Lazard's Fairness Opinion, (i) the Offer Price is fair, from a financial point of view, to the holders of Listed Shares (other than the Offeror, the Company or any of their respective Affiliates), (ii) the purchase price paid to Company Holdco in the Share Sale is fair, from a financial point of view, to Company Holdco, and (iii) the purchase price paid to the Company in the Asset Sale is fair, from a financial point of view, to the Company.

On 10 September 2020, LionTree issued its Fairness Opinion to the Non-Executive Directors that, as of such date, and based upon and subject to the assumptions made, procedures followed, matters considered, and qualifications and limitations on the review undertaken by LionTree in preparing its Fairness Opinion, (i) the aggregate cash consideration to be paid for the outstanding Listed Shares in the Offer pursuant to the Merger Agreement and (ii) the applicable aggregate advance liquidation distribution to be paid if a Post-Offer Restructuring is implemented pursuant to the Merger Agreement and the Share Purchase Agreement or Asset Sale Agreement, as applicable, in each case, to the Shareholders (other than the Offeror and its Affiliates), is fair, from a financial point of view, to such Shareholders.

The full text of the Fairness Opinions, each of which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with each such opinion, is included in the Position Statement.

With reference to the above, the Board unanimously (i) supports the Transaction, (ii) recommends to the Shareholders to accept the Offer and to tender their Shares pursuant to the Offer and (iii) recommends to the Company's shareholders to vote in favour of the Resolutions at the Company EGM (the "**Recommendation**").

At the date of this Offer Memorandum, the Company published the Position Statement pursuant to Article 18 of the Decree, which sets forth the Recommendation and a more elaborate explanation on the decision-making process.

6.7.3 Revocation or withdrawal of Recommendation

The Board may not make any Adverse Recommendation Change, except that the Board may effect an Adverse Recommendation Change if any material event, material development, material circumstance or material change in circumstances or facts occurs or arises after the date of the Merger Agreement that causes the Board to determine in good faith (after consultation with its outside legal counsel and financial advisors and after consultation with the Offeror) that the failure to make an Adverse Recommendation Change would be inconsistent with the fiduciary duties of the Board Members under Dutch law.

In case of such a permitted Adverse Recommendation Change, the Offeror may decide, after consultation with the Company, to proceed with the Offer, subject to waiver of the Offer Condition set out in Section 6.6.1(g) in accordance with the terms of the Merger Agreement. In such case, however, any obligations for the Company set out in the Merger Agreement in relation to any Post-Offer Restructuring, any Post-Settlement Restructuring or any amendment to the Articles of Association will no longer apply and no longer be enforceable by the Offeror.

No termination fee, no break-fee or other penalty is due by the Company in the event of such a permitted Adverse Recommendation Change.

6.8 Undertakings of certain Board Members

With reference to Section 7.6 (*Shareholdings of the Board Members*), Mr. Paulmier and Mr. Sauvaire, both Non-Executive Directors holding Listed Shares (together representing less than 0.01% of the Company's issued share capital), have undertaken to tender all their Listed Shares under the Offer, under the same terms and conditions as the other Shareholders, subject to (i) the Merger Agreement not having been terminated in accordance with its terms (see Section 6.16 (*Termination*)) and (ii) no permitted Adverse Recommendation Change having occurred pursuant to Section 6.7.3 (*Revocation or withdrawal of Recommendation*). Both Mr. Paulmier and Mr. Sauvaire will vote their Listed Shares, or cause such Listed Shares to be voted, in favour of the Resolutions, subject to the same conditions.

If and when the Offer is declared unconditional, it is expected that Mr. Paulmier will receive a cash amount of EUR 32,880 and Mr. Sauvaire a cash amount of EUR 232,436.94 in consideration for the tender under the Offer of their respective Tendered Shares (held as of the date of this Offer Memorandum by each of them). Mr. Paulmier and Mr. Sauvaire did not receive any information from the Offeror or the Company relevant for a Shareholder in connection with the Offer that is not included in this Offer Memorandum and will tender their Listed Shares under the Offer under the same terms and conditions as the other Shareholders.

6.9 Transactions by the Offeror

In the year preceding the date of this Offer Memorandum, the Offeror Directors effected the following transactions in Listed Shares and stock options for Listed Shares:

Name	Date	Type of transaction	Number and type of financial instrument	Volume weighted average price (EUR)
F. Legoux	16 January 2020	Acquisition	200 Shares A	6.02
F. Legoux	29 January 2020	Acquisition	1,000 Shares A	5.99
F. Legoux	5 February 2020	Acquisition	1,500 Shares A	6.78
F. Legoux	25 March 2020	Acquisition	5,000 Shares A	3.98
F. Legoux	10 June 2020	Acquisition	300 Shares A	3.87
F. Legoux	27 August 2020	Acquisition	1,000 Shares A	3.91
F. Legoux	15 September 2020	Sale	11,000 Shares A	4.13
D. Okhuijsen	14 January 2020	Stock option grant	3,125,000 stock options for Shares A	-

In addition, on 10 September 2020, the day prior to the announcement of the Merger Agreement, Next Alt and the Offeror, both controlled by Mr. Patrick Drahi, entered into a share premium contribution agreement (the "**Contribution Agreement**"). Under the terms of the Contribution Agreement, Next Alt agreed to make a share premium contribution to the Offeror (the "**Contribution**") consisting of 189,526,447 Shares A and 167,660,043 Shares B held by Next Alt (the "**Contribution Shares**"). In connection with the Contribution, Next Alt transferred the economic ownership of the Contribution Shares to the Offeror on 10 September 2020. To complete the Contribution, Next Alt transferred the legal title to the Contribution Shares to the Offeror on 25 September 2020. The Offeror has neither issued any shares in its capital nor paid any consideration in exchange for the Contribution.

Simultaneously with the legal transfer of the Contribution Shares, Next Alt transferred to the Offeror the Warrant pursuant to which, under specific circumstances, the holder thereof is entitled to subscribe for Prefs A (as further set out in Section 7.10 (*Anti-takeover measures*)).

Furthermore, in 2015, Next Alt entered into a series of share basket option transactions (the "**Collar**") with a financial institution as counterparty (the "**Counterparty**"). The Collar was with respect to 81,238,465 Shares A and certain shares in the capital of Altice USA. Next Alt pledged 81,238,465 Shares A to secure its obligations to the Counterparty (the "**Pledge**") and allowed the Counterparty to use those Shares A for its own purposes (subject to a right for Next Alt to recall such Shares A).

On 2 October 2020, in connection with the announcement of the Offer, the Counterparty adjusted the Collar so that the Shares A are no longer subject to the Collar. The Counterparty continues to use 35,000,000 Shares A; the remaining 46,238,465 Shares A are no longer, and may no longer be, used by the Counterparty but the Pledge remains in place. On that same date, the Counterparty and Next Alt entered into a new forward transaction in respect of 35,000,000 Shares A at the Offer Price, being EUR 4.11 per Share A (the "**Forward**"), which is expected to be settled on the earlier of (i) 31 March 2021 and (ii) the Settlement Date. Following adjustment of the Collar and the entry into the Forward, a further 45,200,000 Shares A held by Next Private were pledged for the benefit of the Counterparty.

The Offeror has published press releases relating to the Contribution, the transfer of the Warrant and the transactions in relation to the Collar and the Forward, which are included in Section 11 (*Press Releases*).

6.10 Respective cross-shareholdings Offeror – the Company

As at the date of this Offer Memorandum:

(a) the Offeror holds 189,526,447 Shares A and 167,660,043 Shares B;

(b) Next Alt, the sole shareholder of the Offeror holds, directly and indirectly (other than through the Offeror), 196,938,465 Shares A;

(c) Next Alt further holds 35,000,000 Shares A that are subject to a right of use of the Counterparty;

(d) based on items (a) through (c), the Offeror and Next Alt together hold 421,464,912 Shares A and 167,660,043 Shares B, representing in aggregate:

(i) 77.58% of the issued share capital and voting rights of the Company; and

(ii) 49.32% of the total number of outstanding Listed Shares;

(e) Next Alt directly holds 10,619,468 stock options for Shares A;

(f) pursuant to separate voting agreements, a group of Shareholders representing in aggregate 0.89% of the voting rights in the Company have to vote in favour of all items in the general meeting of the Company proposed by Next Alt, see Section 7.7 (*Major Shareholders*);

(g) Mr. Okhuijsen, an Offeror Director, holds 1,325,306 Shares A, and has been granted 10,238,140 stock options for Shares A (of which 1,467,620 indirectly through DKQT Options Ltd, an entity over which Mr. Okhuijsen has control). Mr. Okhuijsen intends to tender his Listed Shares under the Offer. In addition, The Okhuijsen Trust, an entity over which Mr. Okhuijsen has no control but which qualifies as a person closely associated to Mr. Okhuijsen, holds 3,000,000 Shares A;

(h) Mr. Legoux, an Offeror Director, has been granted 15,617 stock options for Shares A; and

(i) the Company does not directly or indirectly hold any shares in the Offeror or any of its direct or indirect shareholders.

6.11 Consequences of the Offer for non-tendering Shareholders

It is likely that the Offer, if and when it is declared unconditional, has implications for the Shareholders who did not tender their Listed Shares. Therefore, Shareholders considering not to tender their Listed Shares under the Offer should carefully review the Sections of this Offer Memorandum that explain the intentions of the Offeror and/or certain actual or potential implications to which such non-tendering Shareholders will be subject if Settlement occurs, such as (but not limited to) this Section 6.11 (*Consequences of the Offer for non-tendering Shareholders*). These risks are in addition to the risks associated with holding securities issued by the Company generally, such as the exposure to risks related to the business of the Group, the markets in which the Group operates, as well as economic trends affecting such markets generally as such business, markets or trends may change from time to time.

It is the intention of the Offeror to ultimately acquire 100% of the Listed Shares or the entirety of the Company's assets and operations (including the Group's entire business) and the Offeror's willingness to pay the Offer Price is predicated on the acquisition of 100% of the Listed Shares or the entirety of the Company's assets and operations (including the Group's entire business). In light thereof, following Settlement, the Offeror may choose to implement (or cause to be implemented) certain restructuring measures, including but not limited to a Compulsory Acquisition Procedure, a Post-Offer Restructuring and/or one or more Post-Settlement Restructurings (as described in more detail in this Section 6.11 (*Consequences of the Offer for non-tendering Shareholders*)). The Offeror reserves the right to use any legally permitted method to acquire all of the Listed Shares (or full ownership of the Group's business) and/or to optimize the corporate, financing and tax structure of the Group.

6.11.1 Intentions following the Offer being declared unconditional

If the Offer is declared unconditional (*gestand wordt gedaan*), the Offeror and the Company intend to as soon as possible:

(a) have the Offeror, or any of its group companies within the meaning of Article 2:24b DCC, if so desired by the Offeror, acquire 100% of the Listed Shares or the entirety of the Company's assets and operations (including the Group's entire business) through a Compulsory Acquisition Procedure, a Post-Offer Restructuring and/or one or more Post-Settlement Restructurings; and

(b) procure delisting of the Listed Shares from Euronext Amsterdam and termination of the listing agreement between the Company and Euronext Amsterdam in relation to the listing of the Listed Shares.

No decision in respect of pursuing a Compulsory Acquisition Procedure or a specific Post-Offer Restructuring has been taken by the Offeror.

6.11.2 Liquidity

The purchase of Listed Shares by the Offeror pursuant to the Offer will reduce the number of Shareholders and the number of Listed Shares that might otherwise trade publicly. As a result, the size of the free float in Listed Shares may be substantially reduced following Settlement and trading volumes and liquidity of Listed Shares may be adversely affected. The Offeror does not intend to compensate the Shareholders for such adverse effect.

Furthermore and subject to the terms and conditions of the Merger Agreement, the Offeror may initiate any of the procedures set out in this Section 6.11 (*Consequences of the Offer for non-tendering Shareholders*) following completion of the Offer, such as the Delisting, which may further adversely affect the liquidity and market value of the Listed Shares not tendered.

6.11.3 Delisting

In the Merger Agreement, the Offeror and the Company have agreed that they shall, as soon as reasonably practicable after Settlement, seek to procure the delisting of the Listed Shares from Euronext Amsterdam (including the Listed Shares not tendered under the Offer) and the termination of the listing agreement between the Company and Euronext Amsterdam in relation to the listing of the Listed Shares (the "**Delisting**").

Delisting may be achieved in accordance with applicable (policy) rules of Euronext Amsterdam, but the listing of the Listed Shares on Euronext Amsterdam can also be terminated on the basis of a Post-Offer Restructuring or Post-Settlement Restructuring. In the event that the Company will no longer be listed and the Listed Shares will no longer be publicly traded, the provisions applicable to the governance of listed companies will no longer apply and the rights of remaining minority Shareholders may be limited to the statutory minimum.

6.11.4 Compulsory Acquisition Procedure

To acquire the remaining Listed Shares not tendered and not held by the Offeror or the Company following the Settlement Date, the Offeror may initiate:

(a) a squeeze-out procedure (*uitkoopprocedure*) in accordance with Article 2:92a or 2:201a DCC (the "**Statutory Squeeze-Out**"), if the Offeror, alone or together with one or more of its group companies within the meaning of Article 2:24b DCC, holds for its own account (*voor eigen rekening*) at least 95% of the Company's issued share capital (calculated in accordance with the DCC); or

(b) a takeover buy-out procedure (*uitkoopprocedure*) in accordance with Article 2:359c DCC (a "**Takeover Squeeze-Out**"), (i) in respect of the Shares A, if the Offeror, alone or together with one or more of its group companies within the meaning of Article 2:24b DCC, holds for its own account at least 95% of the issued Shares A and represents at least 95% of the voting rights of all issued Shares A (calculated in accordance with the DCC), or (ii) in respect of the Shares B, if the Offeror, alone or together with one or more of its group companies within the meaning of Article 2:24b DCC, holds for its own account at least 95% of the issued Shares B and represents at least 95% of the voting rights of all issued Shares B (calculated in accordance with the DCC).

The Company shall provide the Offeror with any reasonable assistance as may be required, including, if so requested by the Offeror, by joining such proceedings as co-claimant or defendant.

6.11.5 Post-Offer Restructuring

6.11.5.1 Rationale of a Post-Offer Restructuring

The terms of the Offer and the Offeror's willingness to pursue the Offer are predicated on the Company's cooperation with and support for each of the Post-Offer Restructurings, which enable the Offeror to acquire the entirety of the Company's assets and operations (including the Group's entire business). The Board has, together with its financial and legal advisors, carefully considered the Offeror’s position and the Post-Offer Restructurings proposed. Details of the Board's assessment of the Post-Offer Restructurings are set out in the Position Statement. Based on such assessment, and subject to Section 6.7.3 (*Revocation or withdrawal of Recommendation*), the Company expresses an interest in and its support for each of the Post-Offer Restructurings.

6.11.5.2 Post-Offer Merger

Prior to the date of this Offer Memorandum, the Company has incorporated Company Holdco as a wholly-owned subsidiary of the Company and Company Holdco has incorporated Company Sub as a wholly-owned subsidiary of Company Holdco. Also, the Full Board and the management boards of Company Sub and Company Holdco have prepared and have unanimously adopted and signed a merger proposal (the "**Merger Proposal**") for a legal triangular merger (*juridische driehoeksfusie*) of the Company (as disappearing company) with and into Company Sub (as acquiring company), with Company Holdco allotting shares to the Company's shareholders in accordance with Articles 2:309 et seq. and 2:333a DCC (the "**Triangular Merger**") and in which Company Holdco cancels its share that formed its issued share capital immediately prior to the completion of the Triangular Merger. Furthermore, the Full Board and the management boards of Company Holdco and Company Sub have prepared and have unanimously adopted and signed the explanatory notes to the Merger Proposal.

The Company, Company Sub and Company Holdco have filed the Merger Proposal and all ancillary documents required by Law with the trade register of the Dutch Chamber of Commerce. Copies of the Merger Proposal, the explanatory notes to the Merger Proposal and all ancillary documents required by Law are available at the offices of the Company. The Company will announce in a Dutch national newspaper that the filing is made and that such copies are made available.

In the Merger Agreement, the Offeror and the Company have agreed that, subject to the adoption of the Back-End Resolution (Merger) and the Offer being declared unconditional, the Offeror may, after consultation with the Company, decide to pursue the Post-Offer Merger after the expiry of the Post-Acceptance Period (if any), in which case the Company shall (subject to Section 6.7.3 (*Revocation or withdrawal of Recommendation*)):

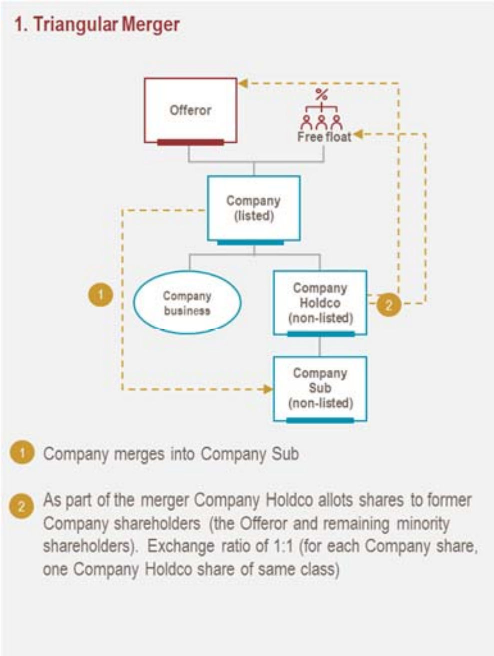
(i) effect, and shall procure that Company Holdco and Company Sub shall effect, the Triangular Merger in accordance with the provisions set forth in the Merger Proposal and the explanatory notes pursuant to the execution of a notarial deed of merger as soon as possible after the Offeror's decision to pursue the Post-Offer Merger;

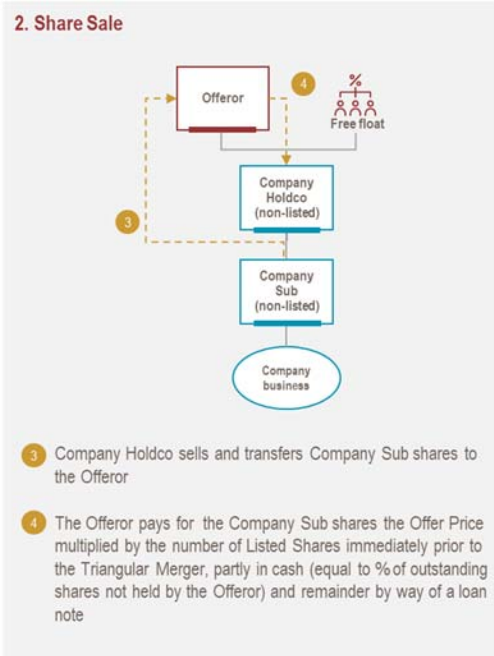
(ii) procure that Company Holdco enters into a share purchase agreement with the Offeror (the "**Share Purchase Agreement**"), pursuant to which all issued shares in the capital of Company Sub will be sold and, by means of the execution of a notarial deed of transfer (the "**Share Transfer Deed**"), be transferred to the Offeror (or its nominee nominated in accordance with the Share Purchase Agreement) immediately after the Triangular Merger becoming effective (the "**Share Sale**");

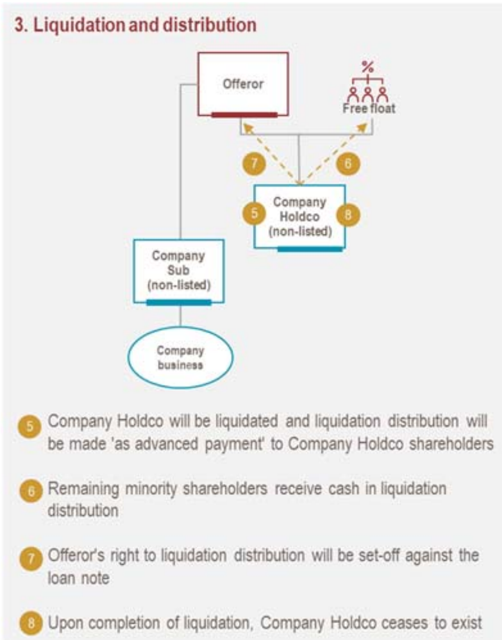
(iii) adopt prior to the Settlement Date, in its capacity as sole shareholder of Company Holdco, a resolution to, subject to and immediately following completion of the Share Sale, (i) dissolve Company Holdco in accordance with Article 2:19 DCC, (ii) appoint Stichting Liquidator Altice Europe as the liquidator of Company Holdco (the "**Liquidator**"), (iii) approve reimbursement of the Liquidator's reasonable salary and costs and (iv) appoint Company Sub as the custodian of the books and records of Company Holdco in accordance with Article 2:24 DCC; and

(iv) following the execution of the Share Transfer Deed, cause the effectuation of the dissolution and liquidation of Company Holdco (the "**Holdco Dissolution**" and, together with the Triangular Merger and the Share Sale, the "**Post-Offer Merger**") and the making of an advance liquidation distribution in accordance with the articles of association of Company Holdco per ordinary share in the capital of Company Holdco that is intended to take place on or about the date the Share Sale is completed and in an amount that is to the fullest extent possible equal to the Offer Price, without any interest and less any applicable withholding taxes and other taxes (the "**Share Sale Price**"). For a description of the Dutch dividend withholding tax treatment of the Share Sale Price, please see Section 9.3.2 (*Post-Offer Merger*).

Below is a schematic overview of the intended key steps relating to the Post-Offer Merger:







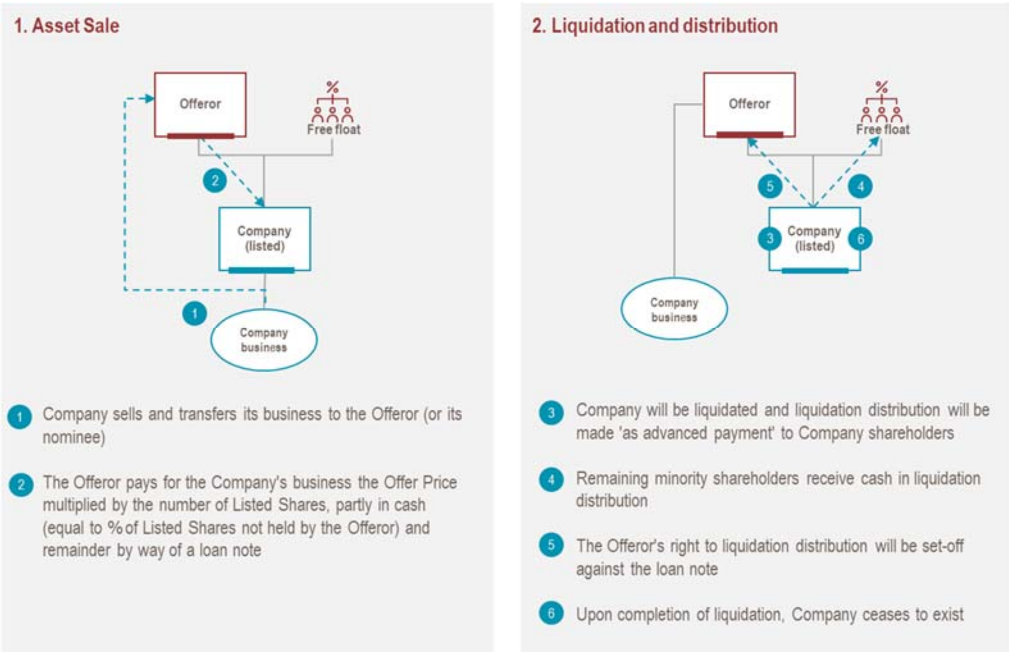
6.11.5.3 Post-Offer Asset Sale

In the Merger Agreement, the Offeror and the Company have agreed that, subject to adoption of the Back-End Resolution (Asset Sale) and the Offer being declared unconditional, the Offeror may decide (as an alternative to the Post-Offer Merger and after consultation with the Company) to pursue the Post-Offer Asset Sale after the expiry of the Post-Acceptance Period (if any), in which case the Company shall (subject to Section 6.7.3 (*Revocation or withdrawal of Recommendation*)):

(i) as soon as possible after the Offeror's decision to pursue the Post-Offer Asset Sale, enter into an asset sale agreement with the Offeror (the "**Asset Sale Agreement**"), and the Parties shall promptly implement the asset sale as contemplated by the Asset Sale Agreement (the "**Asset Sale**") and take (or cause to be taken) the steps to complete the actions and transactions set forth in the Asset Sale Agreement; and

(ii) following the completion of the Asset Sale, effect the dissolution and liquidation of the Company (the "**Company Dissolution**" and, together with the Asset Sale, the "**Post-Offer Asset Sale**") and make an advance liquidation distribution in accordance with the Company Articles of Association per Listed Share that is intended to take place on or about the date the Asset Sale is completed and in an amount that is to the fullest extent possible equal to the Offer Price, without any interest and less any applicable withholding taxes and other taxes (the "**Sale Price**"). For a description of the Dutch dividend withholding tax treatment of the Sale Price, please see Section 9.3.3 (*Post-Offer Asset Sale*).

Below is a schematic overview of the intended key steps relating to the Post-Offer Asset Sale:



6.11.6 Post-Settlement Restructurings

Without prejudice to Section 6.11.4 (*Compulsory Acquisition Procedure*) and Section 6.11.5 (*Post-Offer Restructuring*), if the Offeror declares the Offer unconditional, the Offeror may, at any time following the expiry of the Post-Acceptance Period (if any), effect or cause to effect any restructuring of the Group (other than a Compulsory Acquisition Procedure or Post-Offer Restructuring) for the purpose of achieving an optimal operational, legal, financial and/or tax structure in accordance with applicable Law (each a "**Post-Settlement Restructuring**"), some of which may have the (side) effect of diluting the shareholding of any remaining minority shareholders of the Company, including:

(a) a subsequent public offer for the Listed Shares held by minority shareholders;

(b) a statutory cross-border or domestic (bilateral or triangular) legal merger (*juridische (driehoeks-)fusie*) or legal demerger (*juridische splitsing*) in accordance with Title 7 of Book 2 DCC involving one or more members of the Group and/or the Offeror and/or any Affiliate of the Offeror;

(c) a contribution of cash and/or assets by the Offeror or any of its Affiliates in exchange for new shares in the share capital of a member of the Group, in which circumstances the pre-emptive rights (*voorkeursrechten*), if any, of the Company's minority shareholders may be excluded;

(d) a sale of all, substantially all, or a substantial part of the assets of any member of the Group to the Offeror or any of its Affiliates;

(e) a distribution of proceeds, cash and/or assets to the shareholders of the Company or share buybacks;

(f) a sale and transfer of assets and liabilities by the Offeror or any of its Affiliates to any member of the Group, or a sale and transfer of assets and liabilities by any member of the Group to the Offeror or any of its Affiliates;

(g) any transaction between any member of the Group and the Offeror or any of its Affiliates;

(h) any transaction, including a sale and/or transfer of any material asset, between members of the Group or between any member of the Group and the Offeror or any of its Affiliates with the objective of using any carry forward tax losses available to the Group, the Offeror or any of its Affiliates;

(i) conversion of the Company into a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*);

(j) any transactions, restructurings, share issues, procedures and/or proceedings in relation to any member of the Group required to effect the aforementioned objectives; or

(k) any combination of the foregoing.

When deliberating and resolving on any possible Post-Settlement Restructuring, due consideration will be given to the requirements of the applicable Law, including the fiduciary duties of Board Members to promote the sustainable success of the Company, its business and also to consider the interests of shareholders (including minority shareholders) and all other stakeholders, and relevant employee representative bodies information and/or consultation requirements.

In the Merger Agreement, the Offeror and the Company have agreed that if any proposed Post-Settlement Restructuring is reasonably expected to lead to a dilution of the shareholdings of the remaining minority shareholders or to any other form of unequal treatment that would prejudice or negatively affect the value of the Listed Shares held by the remaining minority shareholders, other than (i) pursuant to a rights issue or any other share issue where they have been offered a reasonable opportunity to subscribe pro rata to their then existing shareholding, (ii) any shares issued to a third party not being an Affiliate of the Offeror, (iii) the Delisting (including the execution of the draft amended Company Articles of Association included in Section 14 (*Amendments to the Company*

Articles of Association)), (iv) any Compulsory Acquisition Procedure or (v) any Post-Offer Restructuring, then the affirmative vote of a majority of the Independent Non-Executive Directors (or, if there are only two Independent Non-Executive Directors, the affirmative vote of at least one of them) shall be required prior to the implementation of any such Post-Settlement Restructuring before the Completion Date. In this regard, the Independent Non-Executive Directors shall have the opportunity to engage for the account of the Company their own financial and legal advisors if and to the extent they believe that the advice of such advisors is reasonably necessary to assist them in reviewing and assessing matters that come before them.

6.11.7 Proposed amendments to the Company Articles of Association

At the Company EGM, the Shareholders shall be requested to vote for a resolution to amend the Company Articles of Association in accordance with the draft amended Company Articles of Association included in Section 14 (*Amendments to the Company Articles of Association*), whereby such amended Company Articles of Association shall, if deemed desirable by the Offeror and subject to Section 6.7.3 (*Revocation or withdrawal of Recommendation*), be executed and take effect as soon as practicable following the Delisting. These amendments mainly relate to (i) the deletion of the notification obligation in the Company Articles of Association, (ii) the introduction of prior approval of the Full Board or the Company’s general meeting for a transfer of shares in the capital of the Company, (iii) the removal of provisions that only apply to listed companies and (iv) governance related provisions that are more suitable for the Company's new status as a non-listed company.

6.11.8 Dividend policy

The Shareholders should be aware that the Company may or may not pay cash dividends in the future. Future dividends paid may be of a one-off nature only and the amount of any dividends will depend on a number of factors associated with the Offeror's tax and financial preferences from time to time. The Company currently does not envisage to, and the Offeror does not envisage that the Company will, declare any dividend while the Company still has minority shareholders. Any distribution made in respect of Listed Shares after the Settlement Date will be taken into consideration for the purpose of establishing the value per Listed Share in any Compulsory Acquisition Procedure, Post-Offer Restructuring or Post-Settlement Restructuring.

6.12 Governance of the Company as at the Settlement Date

At the date of this Offer Memorandum, the Offeror does not intend to change the composition of the Full Board prior to or at the Settlement Date. It is therefore envisaged that after the Settlement Date, the Full Board will be composed of the same persons as the current Board Members.

The Company and the Offeror have agreed in the Merger Agreement that, subject to applicable Law, after the Settlement Date, the Offeror may, at its sole discretion, procure any appointments and dismissals of the Board Members, provided that the Offeror shall ensure that the Full Board or, if the Triangular Merger has taken effect, the board of Company Sub, or, if the Asset Sale has taken effect, the board of the Offeror or the board of the Offeror’s nominee who will purchase the Company's assets and operations, shall include at least two (2) independent Non-Executive Directors, whereby 'independent' shall have the meaning as described in the Dutch Corporate Governance Code 2016 (the "**Independent Non-Executive Directors**"), until the later to occur of (A) the earliest of (i) the moment that the Offeror and its Affiliates, in the aggregate, directly or indirectly own one hundred percent (100%) of the outstanding Listed Shares, (ii) the Offeror or any of its Affiliates having initiated a Compulsory Acquisition Procedure and (iii) the completion of the Share Sale or the Asset Sale and (B) twelve (12) months after the Settlement Date (the latest such date, the "**Completion Date**").

Unless the Offeror requests otherwise, the Independent Non-Executive Directors shall resign upon the Completion Date.

All Board Members, including the Independent Non-Executive Directors, shall monitor and protect the interests of the Company and all of its stakeholders and the sustainable success of the Company's business in accordance with their obligation under Dutch Law. The Independent Non-Executive Directors shall be particularly tasked with monitoring the compliance with the Non-Financial Covenants and, particularly when material transactions between the Company and the Offeror or an Affiliate of the Offeror are considered, the fair treatment of minority shareholders of the Company (if any).

As long as the Listed Shares are listed on Euronext Amsterdam, the Company shall continue to comply with the Dutch Corporate Governance Code (except for deviations that find their basis in the Merger Agreement, as disclosed in this Offer Memorandum, and other deviations in accordance with the "explain" requirement in respect of such deviations). Current deviations from the Dutch Corporate Governance Code by the Company are described in section 3.6.2 of the Company's annual report for the financial year 2019, which is available on the website of the Company (www.altice.net). There are currently no intentions for post-Settlement deviations from the Dutch Corporate Governance Code by the Company other than the current deviations and deviations that find their basis in the Merger Agreement (as disclosed in this Offer Memorandum).

6.13 Company EGM

At the Company EGM, to be held at 11:00 hours CET on 7 January 2021, the Company's shareholders shall be provided with the necessary information regarding the Offer and shall be requested to adopt the following resolutions (the "**Resolutions**"):

(a) subject to Settlement having occurred and the Offeror having notified the Company it wishes to pursue the Post-Offer Merger, to enter into the Triangular Merger (the "**Back-End Resolution (Merger)**");

(b) subject to Settlement having occurred and the Offeror having notified the Company it wishes to pursue the Asset Sale, (A) in accordance with Article 2:107a DCC, to approve the resolution of the Board to pursue the Asset Sale and, subject to completion of the Asset Sale, (B) to dissolve the Company in accordance with Article 2:19 DCC, (C) to appoint the Liquidator as the liquidator of the Company, (D) to approve reimbursement of the Liquidator's reasonable salary and costs and (E) to appoint Company Sub as the custodian of the Company's books and records following its dissolution in accordance with Article 2:24 DCC (the "**Back-End Resolution (Asset Sale)**"); and

(c) to amend the Company Articles of Association in accordance with the draft amended Company Articles of Association included in Section 14 (*Amendments to the Company Articles of Association*), which, if deemed desirable by the Offeror, shall be executed and become effective as soon as practicable following the Delisting.

The Offeror and Next Alt intend to vote their Listed Shares in favour of the Resolutions at the Company EGM.

6.14 Non-Financial Covenants

6.14.1 General

The Offeror shall, in accordance with the terms and subject to the conditions of the Merger Agreement, comply with the non-financial covenants set out in this Section 6.14 (*Non-Financial Covenants*) (the "**Non-Financial Covenants**").

Strategy

Following Settlement, the Offeror will continue to work with the Company with a shared ambition to grow the business in a manner that reflects the current business strategy of the Group. The Offeror fully supports the strategy of the Group and does not intend to effect a change in the Group's strategy.

The Company is seen as a highly successful and competitive business and as such the Offeror does not envisage any material changes to the operations and business activities of the Group.

The Offeror is supportive of the Group's ambitions and will seek to capitalise the increased business opportunities that the Company will have in a non-listed setting, including increasing the investments in its infrastructure.

Employees

As a consequence of the Transaction or completion thereof, there will not be (i) any reductions of the workforce of the Group's operating companies, and (ii) material reductions of the Company's workforce. Any necessary reductions of the Company's workforce will be implemented fairly and at least in line with local practices and existing redundancy practices applied by the Group, including with respect to severance packages.

The Offeror will respect the existing rights and benefits of the employees of the Group, including existing rights and benefits under their individual employment agreements, collective labour agreements, social plans, and including existing rights and benefits under existing covenants made to employee representation bodies and trade unions, as well as the existing redundancy practice applied by the Group. For the avoidance of doubt, it is understood that the Group's share based incentive plans will be amended in accordance with Section 7.11 (*Incentive plans*).

The Offeror will respect the existing pension rights of the Group's current and former employees.

The Offeror will respect the Group's current employee consultation structure.

Minority shareholders

Without prejudice to Sections 6.11.3 (*Delisting*) up to and including Section 6.11.6 (*Post-Settlement Restructurings*), the Offeror shall procure that as long as the Company has minority shareholders, no member of the Group shall take any of the following actions:

(i) agree to and enter into a related party transaction with any material shareholder (including the Offeror and its Affiliates) which is not at arm's length;

(ii) take any action which disproportionately prejudices the value of, or the rights relating to, any minority shareholder's Listed Shares; and

(iii) neither the Offeror nor any of its Affiliates shall charge the Group any management fees, or holding costs that are not related to the Group, and the Group shall not pay the Offeror or its Affiliates any such fees or costs.

Financing, group integrity and disposals

The Offeror and the Company will ensure that the Group will remain prudently financed to safeguard business continuity and to support the success of the business.

The Offeror supports the Group's deleveraging strategy, including but not limited to the Group's leverage target of 4.0x to 4.5x net debt to Adjusted EBITDA, it being understood that (i) the Offeror shall not be obliged to contribute additional equity to the Group, and (ii) any debt push-down to the Group will not be effected until the earlier of (A) the moment that the Offeror and its Affiliates, in the aggregate, directly or indirectly own one hundred percent (100%) of the outstanding Listed Shares and (B) the completion of the Share Sale or the Asset Sale.

The Offeror will use its commercially reasonable efforts to ensure that the Transaction does not have a negative impact on the Group's debt ratings.

The Offeror will not on-sell the Listed Shares or substantially all of the assets of the Group to a third party other than an Affiliate of the Offeror. The Offeror and the Company will not transfer, sell, or otherwise dispose or cause the Group to transfer, sell or otherwise dispose any material strategic asset of or any material business operated by the Group. The proceeds of the divestment of any non-strategic asset or business may be used for the possible repayment of debt of the Offeror without materially increasing the leverage of the Group.

Tax residency of the Company

The Offeror acknowledges the importance for the Company or, if the Post-Offer Merger is implemented, Company Holdco, to stay exclusively tax resident in the Netherlands until there are no longer minority shareholders. As such, the Offeror does not intend to take any actions that affect the current Dutch tax residency of the Company and, if the Post-Offer Merger is implemented, the intended Dutch tax residency of Company Holdco, until the moment that there are no longer any minority shareholders. For as long as there are minority shareholders, the Company shall monitor that the Company or Company Holdco stays exclusively tax resident in the Netherlands. In order to avoid a loss of exclusive Dutch tax residency of the Company or Company Holdco for as long as there are minority shareholders, the Independent Non-Executive Directors can issue a reasoned objection to a (proposed) act by the Offeror or its Affiliates substantiating on reasonable grounds that such act would lead to a loss of exclusive Dutch tax residency of the Company or Company Holdco, as the case may be. If a reasoned objection is issued, the Offeror shall, and shall cause its Affiliates to, refrain from such act unless it determines, acting reasonably and after consultation with its outside legal counsel, that such act is not expected to cause such loss of exclusive Dutch tax residency. The contents of this Non-Financial Covenant shall not apply if the Offeror commits to indemnify the minority shareholders for adverse tax consequences as a result of a loss of exclusive Dutch tax residency of the Company or Company Holdco, as the case may be.

6.14.2 Duration, benefit and enforcement of the Non-Financial Covenants

In the Merger Agreement, the Company and the Offeror have agreed the following in respect of the duration, benefit and enforcement of the Non-Financial Covenants.

The Non-Financial Covenants will expire twelve (12) months after the Settlement Date.

Any deviation from the Non-Financial Covenants shall require the prior approval of the Full Board, including the affirmative vote of a majority of the Independent Non-Executive Directors (or, if there are only two Independent Non-Executive Directors, the affirmative vote of at least one of them).

The Non-Financial Covenants have been made to the Company as well as, by way of an irrevocable third party stipulation for no consideration (*onherroepelijk derdenbeding om niet*), to each of the Independent Non-Executive Directors and regardless of whether he or she is in office or dismissed, provided that after dismissal, the dismissed Independent Non-Executive Director must assign the benefit of such stipulation to any new Independent Non-Executive Director in function, unless such dismissal is successfully challenged by such Independent Non-Executive Director. Any enforcement of the Non-Financial Covenants shall require the approval of a majority of the Independent Non-Executive Directors (or, if there are only two Independent Non-Executive Directors, the affirmative vote of at least one of them). The Offeror has agreed in advance to the assignment of the benefit of this undertaking by any Independent Non-Executive Director to its successor.

The Company will bear all reasonable costs and expenses relating to the enforcement of the Non-Financial Covenants by the Independent Non-Executive Directors.

6.15 Non-solicitation

The Offeror and the Company have agreed that during the period commencing on the date of execution of the Merger Agreement and ending on the earlier of the Settlement Date and the date of termination of the Merger Agreement in accordance with its terms (a summary of which has been set out in Section 6.16 (*Termination*)), the Company shall not, and shall procure that no member of the Group and its and their respective directors, officers and advisors acting on its behalf (together the "**Relevant Persons**") shall, directly or indirectly, initiate discussions or negotiations with, or otherwise approach or solicit any third party to make any enquiry, offer or proposal relating to a potential offer for Listed Shares, a potential acquisition of the whole or a part of the business or assets of the Group, the potential acquisition of a substantial interest in the Group, a legal merger or demerger involving any member of the Group, a reverse takeover of any member of the Group, or a reorganisation or re-capitalisation of any member of the Group (an "**Alternative Proposal**").

The Company shall notify the Offeror promptly (and in any event within twenty-four (24) hours) if any approach or enquiry, or any request for information, is received by it or any of its Relevant Persons from any third party in relation to an Alternative Proposal, it being understood that in any case the Company shall notify the Offeror of its knowledge of the identity of such third party, the proposed consideration, the conditions to (the making and declaring unconditional of) the Alternative Proposal and other proposed material terms of such Alternative Proposal. Following receipt of an Alternative Proposal and subject to Section 6.7.3 (*Revocation or withdrawal of Recommendation*), the Company shall continue to cooperate with and support the Transaction in accordance with the terms and conditions of the Merger Agreement.

6.16 Termination

The Merger Agreement terminates immediately:

(a) by the Parties' mutual written consent; or

(b) by notice given by a Party (the "**Terminating Party**") to the other Party if any of the Offer Conditions for the benefit of the Terminating Party have not been satisfied or waived by the Terminating Party on the Closing Date or if it is apparent that such Offer Conditions cannot be satisfied and will not be waived by the Terminating Party before such date, provided that the right to terminate the Merger Agreement pursuant to this sub-clause is not available to the Party whose failure to fulfil any obligation under the Merger Agreement has been the cause of or resulted in the non-satisfaction of the relevant Offer Condition(s).

7 INFORMATION REGARDING THE COMPANY

7.1 Introduction

The Company is a public limited liability company (*naamloze vennootschap*), incorporated in the Netherlands with its address at Oostdam 1, 3441 EM, Woerden, the Netherlands. No decision has been taken to change the statutory seat or office address of the Company. However, it is under consideration whether to relocate the Company to Luxembourg after the Delisting (subject to the Non-Financial Covenants as described in Section 6.14 (*Non-Financial Covenants*)). The Company is registered with the trade register of the Dutch Chamber of Commerce under number 63329743. The Company is the parent entity of the Group. The Company is a holding company without material direct business operations. The principal assets of the Company are the equity interests it directly or indirectly holds in its Group Companies.

The Group is a convergent leader in telecoms, content, media, entertainment and advertising. The Group delivers innovative, customer-centric products and solutions that connect and unlock the limitless potential of its over 30 million customers over fibre networks and mobile broadband. The Group is also a provider of enterprise digital solutions to millions of business customers. The Group innovates with technology, research and development and enables people to live out their passions by providing original content, high-quality and compelling sport events and TV shows, and national and local news channels.

7.2 History of the Company

Altice S.A. was founded in 2001 by Mr. Patrick Drahi. The Company succeeded Altice S.A. as the parent company of the Group pursuant to a cross-border merger completed on 9 August 2015.

Until 8 June 2018, the Group was also active in the U.S. market through Altice USA, following the acquisition of Suddenlink and Cablevision in December 2015 and June 2016 respectively. On 8 June 2018, the Company separated Altice USA by way of a special distribution in kind of its 67.2% interest in Altice USA to the Company's shareholders out of the Company's share premium reserve (the "**Altice Separation**"). After the Altice Separation, the Company reorganised its structure comprising Altice France, Altice International and a newly formed Altice TV division. Following the Altice Separation, the Group is no longer active in the U.S. market and sold substantially all of its remaining indirect stake in Altice USA[6] during the second quarter of 2020.

The Group had expanded internationally in previous years through several acquisitions of telecommunications businesses, including: SFR and MEO in Western Europe; HOT in Israel; and Orange Dominicana and Tricom in the Dominican Republic. The Group's acquisition strategy has allowed it to target cable, FTTH (fiber-to-the-home) 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 customer relationship, cost optimisation, increasing economies of scale and operational synergies and improving quality of its network and services.

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[6] The Company retained approximately 0.3 million Altice USA shares of class A common stock.

7.3 Business overview and organisational structure

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 (fiber-to-the-building), 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 30 June 2020, the Group's high-speed broadband services passed 25.7 million fibre homes[7], with 5.3 million fibre unique customers. The Group offers xDSL/DSL/DTH services, with 9.4 million residential fixed unique customers as of 30 June 2020. The Group also offers mobile services in the geographies in which it operates, through 2G, 3G and 4G Long-Term-Evolution technology (with 1 Gbps achieved in the second quarter of 2019). On a blended basis, as of 30 June 2020, the Group had 25.9 million residential mobile subscribers (of which 19.5 million were post-paid 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, including premium football rights in France ('RMC Sport' channels in France). 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 (e.g., through its new set-top box SFR Box 8 offering in France) 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 France and 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 owns the exclusive broadcast rights for the UEFA Champions League and Europa League for the three seasons from 2018/2019 to 2020/2021. In 2019, the Group broadcasted the UEFA Champions League and Europa League for the second year in France. The Group continues to broadcast and distribute various sports events in selected countries, including, in addition to the UEFA Champions League and the Europa League, the English Premier League, the Portuguese

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7 Total fibre homes passed covers FTTH and FTTB technology.

Liga, the French National Basketball, the English rugby and boxing, extreme sports and combat sports events.

Teads is a leading digital video advertising business and distributes ads to over 1.5 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 personalised to the user.

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

The Group's portfolio in each of the regions in which it operates is set forth below:

Countries of operation	**France**	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	***Main brands***
Mobile services offered	• 2G, 3G, 4G/4G+	• 2G, 3G, 4G/4G+	• 2G, 3G, 4G	• 2G, 3G, 4G	• Made-for-mobile ad experiences	*SFR and RED (France); HOT (Israel); MEO and MOCHE (Portugal); Altice (Dominican Republic)*
	• Business services	• Business services	• Business services	• Business services	• Creative artificial intelligence	
	• Wholesale	• Wholesale				
	• Content suite on mobile, sport and entertainment					
Fixed (Very High Speed) services offered	• Pay-TV, including premium sports and entertainment	• Pay-TV	• Pay-TV	• Pay-TV	• Professionally produced content	*SFR and RED (France); HOT (Israel); MEO (Portugal); Altice (Dominican Republic)* *RMC Sports, BFM TV (France)*
	• Broadband internet	• Broadband internet	• Broadband internet	• Broadband internet	• Demand-side, sell-side better effectiveness	
	• Fixed line telephony	• Fixed line telephony	• Fixed line telephony	• Fixed line telephony		
	• Business services	• Business services	• Business services	• Business services		
	• Over-the-top (“OTT”)		• Internet Service Provider (“ISP”)			

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

To increase accountability and transparency, the Group has been, since the Altice Separation was effected on 8 June 2018, structured in three reporting groups with new perimeters:

(a) Altice France: Altice France includes SFR Telecom, SFR Media (NextRadioTV and press), the French Overseas Territories, Altice Technical Services France and Altice Customer Services;

(b) Altice International: Altice International includes MEO in Portugal, HOT in Israel, Altice Dominicana in the Dominican Republic, Teads and Altice Technical Services in Portugal, Israel and the Dominican Republic; and

(c) Altice TV division: Altice TV holds major sports rights (including the UEFA Champions League and the English Premier League) and other premium content rights (including Discovery Communications and NBCUniversal). The Group recently restructured the Altice TV division and the Altice France group now holds the rights to broadcast and/or distribute various premium sporting events.

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.

In the first half of 2020, the Group has been impacted by a decline in handsets sales in the context of the closure of the shops in many countries where the Group operates, a decrease in roaming revenue, some delays in the construction of FTTH homes passed in France and a decline in the advertising businesses (Teads and NextRadioTV). 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.

7.4 Objectives and strategy

7.4.1 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 individualised 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, following the implementation of the Altice Separation, through multiple factors. The operational and financial turnaround in France and Portugal was achieved under the leadership of new local management teams 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 monetisation of part of the Group's 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.

7.4.2 Strategy

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:

(a) the operational and financial turnaround in France and Portugal under the leadership of new local management teams put in place in 2018;

(b) optimising the performance in each market with a particular focus on customer services;

(c) continuing to invest in best-in-class infrastructure commensurate with the Group's market position;

(d) monetising content investments and growing advertising revenue; and

(e) the potential monetisation of part of the Group Companies' infrastructure at attractive valuations and the mutualisation of selected network assets.

7.5 The Full Board

The Company maintains a one-tier board consisting of four executive board members (the "**Executive Directors**") and four Non-Executive Directors (together with the Executive Directors, the "**Board Members**"). The table below sets out certain information on the current Board Members:

	Patrick Drahi	*Alain Weill*	*A4 S.A.*[8]	*Natacha Marty*	*Jurgen van Breukelen*	*Thierry Sauvaire*	*Nicolas Paulmier*	*Philippe Besnier*
Position	President	CEO	Vice-President	General Counsel	Chairman	Non-Executive Director	Non-Executive Director	Non-Executive Director
Role	Executive	Executive	Executive	Executive	Non-Executive	Non-Executive	Non-Executive	Non-Executive
Appointment date	8 June 2018	10 July 2018	27 June 2019	10 July 2018	27 June 2019	10 July 2018	20 November 2018	20 November 2018
Current term	2018-2022	2018-2022	2019-2023	2018-2022	2019-2023	2018-2022	2018-2022	2018-2022
Independence	N/A	N/A	N/A	N/A	Yes	Yes	Yes	Yes

7.5.1 Committees of the Full Board

The Full Board has an audit committee and a remuneration committee (the "**Remuneration Committee**"). Each of the committees has a preparatory and/or advisory role to the Full Board. In accordance with the Full Board rules, the Full Board has drawn up regulations on each committee's role, responsibilities and functioning. Each of the Company's audit committee and the Remuneration Committee consist of the current four Non-Executive Directors. They report their findings and recommendations to the Full Board, which is ultimately responsible for all decision-making.

7.6 Shareholdings of the Board Members

7.6.1 Information on Listed Shares, Prefs B and rights to Listed Shares or Prefs B held by the Board Members

As at the date of this Offer Memorandum, the Shares A, Shares B, Prefs B, awards of conditional Prefs B and stock options for Shares A held by each Board Member, directly or indirectly via entities over which such Board Member has control (*zeggenschap hebben in*) within the meaning of Annex A, Paragraph 2, sub-paragraphs 5 and 6 of the Decree, are shown in the table below:

Board Member	**Number of Shares A**	**Number of Shares B**	**Number of Prefs B**	**Number of conditional Prefs B**	**Number of stock options for Shares A**
P. Drahi	421,464,912	167,660,043	-	-	41,374,755
A. Weill	22,238,144	-	1,304,116	50,000,000	-
N. Marty	-	-	-	-	886,270
T. Sauvaire	56,554	-	-	-	-
N. Paulmier	6,000	2,000	-	-	-

Mr. Weill intends to tender his Listed Shares under the Offer.

In addition, Mr. Besnier has an arrangement with Mr. Drahi pursuant to which Mr. Besnier is entitled to the economic benefits relating to 301,200 Listed Shares (225,900 Shares A and 75,300 Shares B). This arrangement is limited to economic benefits on such number of Shares A and

8 Mr. Dennis Okhuijsen is A4 S.A.'s permanent representative.

Shares B only and does not entitle Mr. Besnier to exercise voting rights on any Share A or Share B.

7.6.2 Transactions in the year prior to the date of this Offer Memorandum

On 27 November 2019, the Company cancelled 200,000,000 Shares A held in treasury. On 5 October 2020, the Company issued 551,548 Shares A following the conversion by Mr. Weill of 551,548 Prefs B into Shares A. On 24 November 2020, the Company and Mr. Weill have agreed that Mr. Weill will convert the remaining part of the 2016 FPPS Tranche 1 Prefs B (i.e. 551,548 Prefs B) into 551,548 Shares A before 12 January 2021.

The following table sets out transactions by the Board Members in securities and stock options of the Company in the last twelve (12) months prior to the date of this Offer Memorandum:

Board Member	Number and type of financial instrument	Type of transaction	Date	Volume weighted average price (EUR)
A. Weill	551,548 Prefs B / 551,548 Shares A	Agreement to convert Prefs B in Shares A	24 November 2020	-
A. Weill	551,548 Prefs B / 551,548 Shares A	Conversion of Prefs B in Shares A	5 October 2020	-
N. Marty	325,000 stock options for Shares A	Stock option grant	26 June 2020	-
T. Sauvaire	5,500 Shares A	Acquisition	3 April 2020	3.28
N. Marty	500,000 stock options for Shares A	Stock option grant	15 January 2020	-
A. Weill	463,916 Prefs B	Vesting of Prefs B	31 December 2019	-

7.7 Major Shareholders

As of 23 November 2020, the following persons are registered in the public register of the AFM as having notified a substantial holding (*substantiële deelneming*), i.e. a holding of 3% or more, in the share capital or voting rights of the Company (the further notification thresholds being 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%):

Shareholders	Share Capital(1)	Voting rights(1)	Date of notification (most recent notification only)
P. Drahi	75.73%	77.76%	28 June 2019
D. Goei	0.41%	77.76%(2)	28 June 2019
D. Okhuijsen	0.14%	77.76%(2)	28 June 2019
J.L. Berrebi	0.28%	77.76%(2)	28 June 2019
A. Weill	1.20%	77.76%(2)	28 June 2019
EuroPacific Growth Fund	5.17%	0.00%	9 February 2016
Capital Research and Management Company	0%	7.05%	10 August 2015

(1) The percentages are based on the information registered in the register kept by the AFM as at 23 November 2020. These percentages may not reflect the actual shareholdings and/or voting rights as per 23 November 2020 since not all changes in shareholdings and/or voting rights require a notification. Only if a notification threshold is reached, exceeded or fallen below this must be notified.

(2) Next Alt has entered into shareholders' agreements with these Shareholders (directly or through their respective personal holding companies) in which a voting agreement is included, pursuant to which such Shareholders have to vote in favour of all items in the general meeting of the Company proposed by Next Alt for a period of thirty years.

7.8 Capital and shares

As at the date of this Offer Memorandum, the authorised share capital of the Company amounts to EUR 261,500,000 (two hundred sixty-one million five hundred thousand euro) and is divided in:

(a) 4,788,300,373 Shares A with a nominal value of EUR 0.01 each;

(b) 208,490,047 Shares B with a nominal value of EUR 0.25 each;

(c) 4,000,000,000 Prefs A with a nominal value of EUR 0.04 each; and

(d) 149,448,452 Prefs B with a nominal value of EUR 0.01 each.

As at the date of this Offer Memorandum, the issued share capital of the Company amounts to EUR 59,464,137.14 and is divided in:

(a) 1,071,763,798 Shares A;

(b) 194,933,832 Shares B;

(c) nil Prefs A; and

(d) 1,304,116 Prefs B.

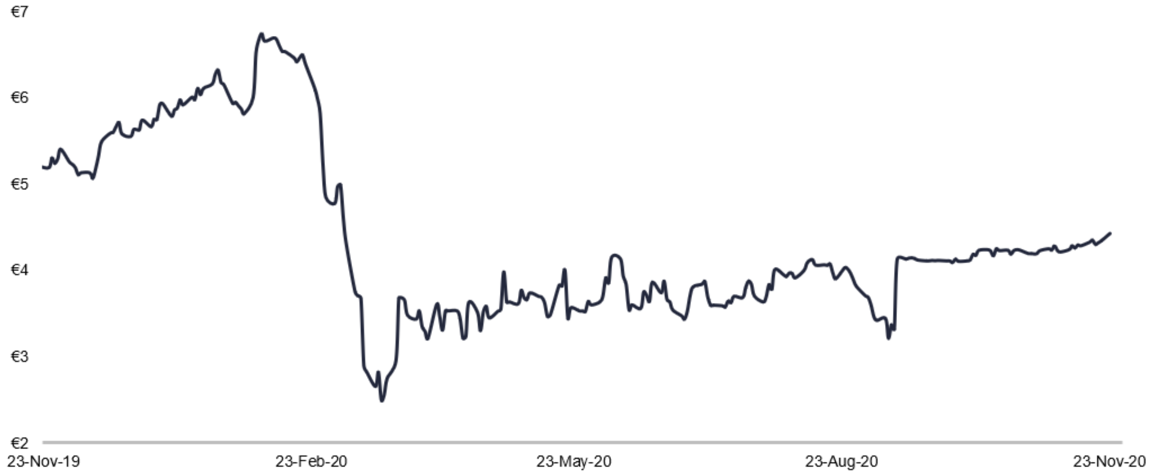
As at the date of this Offer Memorandum, the Company holds 72,134,935 Shares A in treasury (the "**Treasury Shares**").

The Shares A and Shares B are listed on Euronext Amsterdam. The Prefs B are not listed. All issued Shares are fully paid-up and are subject to, and have been created under, the Laws of the Netherlands.

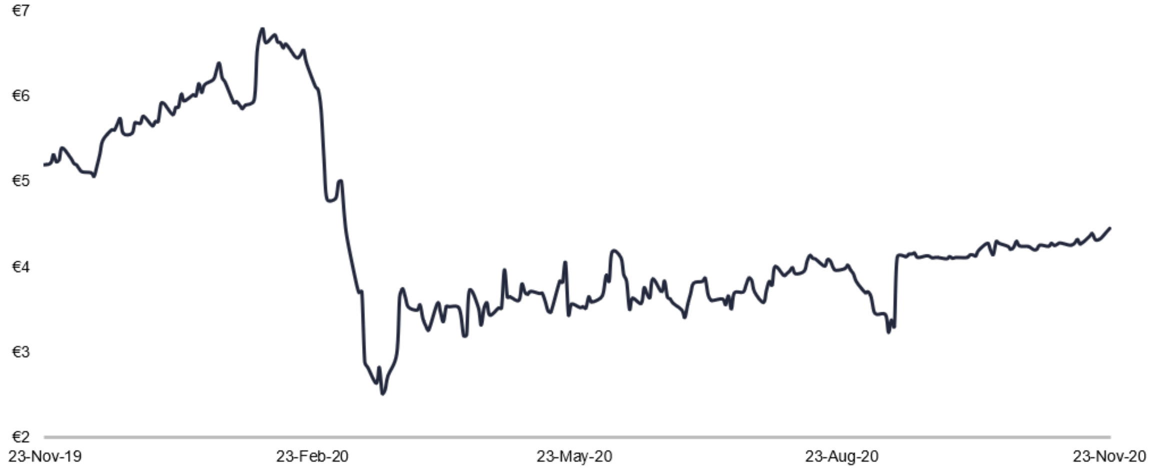
7.9 Share price development

This graphs below set out the Listed Share price development from 23 November 2019 to 23 November 2020:

Shares A:



Shares B:



7.10 Anti-takeover measures

On 9 August 2015, the Company issued a warrant (the "**Warrant**") to Next Alt pursuant to which, under specific circumstances, Next Alt would be entitled to subscribe for Prefs A to be issued upon exercise of the Warrant (the "**Warrant Shares**"). On 25 September 2020, Next Alt transferred the Warrant to the Offeror (as further set out in Section 6.9 (*Transactions by the Offeror*)).

The Warrant may be exercised at any time upon and following each date of occurrence of the following event as long as such event continues to exist: if the shareholding of any holder of Shares A or Shares B, other than the holder of the Warrant (or the shareholding of any holder of Shares A or Shares B, other than the holder of the Warrant, when aggregated with the shareholding(s) of any shareholder(s) with whom such shareholder is acting in concert), is at least equal to 20% of the aggregate nominal value of the issued and outstanding Shares A and Shares B (the "**Exercise Event**").

Upon exercise of the Warrant (in full or partially), the holder of the Warrant subscribes for Warrant Shares. The consideration to be paid consists of payment in cash of at least one quarter of the nominal value of each Warrant Share in euro, or such other mode of payment as the Company and the holder of the Warrant may agree (the "**Exercise Price**").The holder of the Warrant has the right to subscribe for such number of Warrant Shares in order for the holder of the Warrant to reach a maximum of 66.67% of the aggregate nominal value of all issued shares in the capital of the Company from time to time, taking into account the shares in the capital of the Company already held by the holder of the Warrant.

The right of the holder of the Warrant to exercise the Warrant is not extinguished upon exercise of the Warrant. The Warrant is a revolving instrument entitling the holder thereof to exercise the Warrant when an Exercise Event occurs, notwithstanding any previous exercise of the Warrant.

The Company shall cancel all outstanding Warrant Shares against repayment of the aggregate Exercise Price following the exercise of the Warrant:

(a) if the holder of the Warrant transfers any Warrant Shares to any person other than the Company, except in case of a transfer to any person or entity which holds a direct interest of at least 30% of the aggregate nominal value of the issued and outstanding Shares A and Shares B and is controlled by (i) Mr. Patrick Drahi individually or (if applicable) together with any of his children who indirectly hold Shares A or Shares B or (ii) his heirs jointly; or

(b) if the Offeror holds less than 30% of the aggregate nominal value of the issued and outstanding Shares A and Shares B; or

(c) following the occurrence of the Exercise Event, if no single holder of Shares A or Shares B (other than the holder of the Warrant) and no holders of Shares A or Shares B (other than the holder of the Warrant) acting in concert continues to hold 20% or more of the aggregate nominal value of the issued and outstanding Shares A and Shares B.

The Warrant will be terminated immediately prior to the Triangular Merger becoming effective.

7.11 Incentive plans

7.11.1 Overview of incentive plans

The Company has granted rights to subscribe for Shares A to Executive Directors, and other (senior) managers and employees. These rights to subscribe for Shares A have been granted pursuant to the terms and conditions of (i) a share option plan dated 9 August 2015, as most recently amended on 20 March 2017 ("**SOP**"), including an Israeli appendix[9], (ii) a 2017 share option plan dated 2 November 2017, as amended on 18 May 2018 ("**2017 SOP**"), (iii) a long term incentive plan dated 28 June 2016, as amended on 6 September 2016 ("**LTIP**") and (iv) a performance stock option plan dated 28 June 2017 ("**Performance SOP**").

In addition, (i) rights to acquire Shares A have been granted by the Company under the brand license and services agreement ("**BLSA**"), (ii) Prefs B and rights to acquire Prefs B have been granted under the FPPS grant document dated 7 July 2016, as amended on 29 May 2018 and 5 October 2020, subject to a resolution of the Company's general meeting to that effect ("**2016 FPPS**") and (iii) rights to acquire Prefs B have been granted under the FPPS grant document dated 29 May 2018 ("**2018 FPPS**").

The terms and conditions of these incentive plans are described in Sections 7.11.2 (*SOP*) through 7.11.7 (*2018 FPPS*).

7.11.2 SOP

The purpose of the SOP is, amongst others, to provide prospective candidates to join the Group or prospective candidates for promotion within the Group with appropriate incentives and to support their retention. The number of options granted under the SOP depends on the position, the importance of the role, the seniority, the performance and the development potential of the participant on a mid/long term.

The Full Board, upon recommendation of the Remuneration Committee, may grant stock options to eligible participants under the conditions set in the SOP. Employees of the Group and, in exceptional cases, individuals who are not employees of the Group, are eligible to participate in

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9 In addition to these incentive plans, stock options have been granted to a specific service provider under terms and conditions that are mostly equal to the terms and conditions of the SOP with the provision that certain Full Board decisions do not require a recommendation of the Remuneration Committee.

the SOP. In addition, the general meeting of the Company may resolve to grant stock options to Executive Directors under the SOP as reward for their employment with, or provision of services to, Group Companies and in that case determines the number and the applicable criteria of such stock options, upon a proposal of the Full Board based on a recommendation of the Remuneration Committee. Non-Executive Directors are not eligible for participation in the SOP.

Options granted under the SOP are subject to vesting conditions, which are time-based. For each participant, the stock options will vest as follows:

(i) a first tranche of 50% of the stock options a participant holds vests on the 2nd anniversary of the start date of the vesting period;

(ii) a second tranche of 25% of the stock options a participant holds vests on the 3rd anniversary of the start date of the vesting period; and

(iii) a third tranche of 25% of the stock options a participant holds vests on the 4th anniversary of the start date of the vesting period.

The Full Board may, upon recommendation of the Remuneration Committee, adjust the start date of the vesting period of any participant, provided that the Full Board concurrently grants a benefit to such participant. Notwithstanding the foregoing, the Full Board, upon recommendation of the Remuneration Committee, may decide upon a corporate event (such as, but not limited to, a delisting) that affects the current or future value of the Shares A, that all options under the SOP vest in full or pro-rated for time.

If a participant leaves the Group other than by voluntary resignation or dismissal for gross negligence or wilful misconduct (or any equivalent in any applicable jurisdiction other than the Netherlands) or if the Full Board, based on a recommendation of the Remuneration Committee, so determines, the participant is considered a good leaver and unvested stock options vest pro-rated for time and any vested stock options are retained. If a participant leaves the Group by voluntary resignation or dismissal for gross negligence or wilful misconduct (or any equivalent in any applicable jurisdiction other than the Netherlands), the participant is considered a bad leaver and any unvested stock options are forfeited while any vested stock options are retained.

The exercise price of stock options granted under the SOP is equal to the weighted average price at which the Shares A are traded on Euronext Amsterdam during a period of thirty (30) days preceding (i) the date of the offer made to and accepted by the employee to join the Group, (ii) the date on which the employee is promoted to a new function within the Group, or (iii) for an existing employee within the Group, the date on which the decision was made to grant him additional or new stock options, as the case may be. The Full Board, upon recommendation of the Remuneration Committee, may adjust the exercise price (at the time of or after the grant of the stock options) in a more favourable way for the participants, unless such an adjustment would have the effect of creating a material detriment to the Company's shareholders.

In the event of *inter alia* a delisting, which may in the Full Board's opinion – based on a recommendation of the Remuneration Committee – affect the current or future value of the Shares A, the number of Shares A subject to an option and/or the exercise price may be adjusted.

Vested stock options can be exercised at any time by serving a written exercise notice to the Full Board until in principle the tenth (10th) anniversary of the grant date. In case of a good or bad leaver, all vested options must be exercised within a period of twelve (12) months of cessation (i.e. leaving the Group) (unless the Full Board, based on a recommendation of the Remuneration Committee, determines otherwise).

Options that are exercised may, at the discretion of the Company, be settled by way of (i) net share settlement, (ii) standard share settlement, or (iii) cash settlement.

7.11.3 2017 SOP

The terms of the 2017 SOP are substantially the same as those of the SOP, except for the good leaver / bad leaver provisions applicable when a participant leaves the Group which have been amended to further support retention of the participants. According to such good leaver / bad leaver provisions, participants who leave the Group will retain any vested stock options and forfeit any outstanding unvested stock options, unless the Full Board, based on a recommendation of the Remuneration Committee, determines otherwise. All vested options must be exercised within twelve (12) months of cessation (i.e. leaving the Group) (unless the Full Board, based on a recommendation of the Remuneration Committee, determines otherwise).

7.11.4 LTIP

The LTIP is mainly used by the Company to grant stock options to participants under the SOP whose options have partially vested, in order to support retention of such participants, such grant being accompanied, for certain participants, by the grant of a deferred cash bonus subject to the same vesting conditions.

The number of options granted under the LTIP depends on the position, the importance of the role, the seniority, the performance and the development potential of the participant on a mid/long term.

The Full Board, upon recommendation of the Remuneration Committee, may grant stock options to eligible participants under the conditions set out by the LTIP. Employees of the Group, and in exceptional cases individuals who are not employees of the Group, are eligible to participate in the LTIP. In addition, the general meeting of the Company may resolve to grant stock options to Executive Directors under the LTIP as reward for their employment with, or provision of services to, Group Companies and in that case, determines the number and the applicable criteria of such stock options, upon a proposal of the Full Board based on a recommendation of the Remuneration Committee. Non-Executive Directors are not eligible for participation in the LTIP.

Options granted under the LTIP are subject to vesting conditions, which are time-based. For each participant, all the stock options will vest on the third anniversary of the start date of the vesting period. The Full Board may, upon recommendation of the Remuneration Committee, adjust the start date of the vesting period of any participant, provided that the Full Board concurrently grants a benefit to such participant. Notwithstanding the foregoing, the Full Board, upon recommendation of the Remuneration Committee, may decide upon a corporate event (such as, but not limited to, a delisting) that affects the current or future value of the Shares A, that all options under the LTIP vest in full or pro-rated for time.

If a participant leaves the Group other than by voluntary resignation or dismissal for gross negligence or wilful misconduct (or any equivalent in any applicable jurisdiction other than the Netherlands) or if the Full Board, based on a recommendation of the Remuneration Committee, so determines, the participant is considered a good leaver and unvested stock options vest pro-rated for time and any vested stock options are retained. If a participant leaves the Group by voluntary resignation or dismissal for gross negligence or wilful misconduct (or any equivalent in any applicable jurisdiction other than the Netherlands), the participant is considered a bad leaver and any unvested stock options are forfeited while any vested stock options are retained.

The exercise price of stock options granted under the LTIP is equal to the weighted average price at which the Shares A are traded on Euronext Amsterdam during a period of 30 days preceding (i) the date on which the decision was made to grant the participant additional or new stock options, or (ii) an alternative date determined by the Full Board. The Full Board, upon recommendation of the Remuneration Committee, may adjust the exercise price (at the time of or after the grant of the stock options) in a more favourable way for the participants, unless such an adjustment would have the effect of creating a material detriment to the Company's shareholders.

In the event of *inter alia* a delisting, which may in the Full Board's opinion – based on a recommendation of the Remuneration Committee – affect the current or future value of the Shares A, the number of Shares A subject to an option and/or the exercise price may be adjusted.

Vested stock options can be exercised at any time by serving a written exercise notice to the Full Board until in principle the tenth (10^{th}) anniversary of the grant date. In case of a good or bad leaver, all vested options must be exercised within a period of twelve (12) months of cessation (i.e. leaving the Group) (unless the Full Board, based on a recommendation of the Remuneration Committee, determines otherwise).

Options that are exercised may, at the discretion of the Company, be settled by way of (i) net share settlement, (ii) standard share settlement, or (iii) cash settlement.

7.11.5 Performance SOP

The Performance SOP is used to grant stock options to selected employees of the Group, including Executive Directors, the vesting of which is subject to the achievement of a financial performance target.

Any employees of the Group (including Executive Directors) are eligible to participate in the Performance SOP. In addition, at the discretion of the Full Board, individuals who are not employees of the Group but who, in view of their activities for the benefit of the Group, made an important contribution to the success of the business of the Group, may also be granted options under the Performance SOP. Non-Executive Directors are not eligible for participation in the Performance SOP.

The number of options granted under the Performance SOP depends on the position, the importance of the role, the seniority and the anticipated contribution of the participant in the performance of the Group in the mid-term.

The exercise price of stock options granted under the Performance SOP is equal to the weighted average price at which the Shares A are traded on Euronext Amsterdam during a period of 30 days preceding (i) the date on which the decision was made to grant stock options to the participant, or (ii) an alternative date determined by the Full Board. The Full Board, upon recommendation of the Remuneration Committee, may adjust the exercise price (at the time of or after the grant of the stock options) in a more favourable way for the participants, unless such an adjustment would have the effect of creating a material detriment to the Company's shareholders.

The performance target was set at the date of grant and was adjusted in connection with the Altice Separation. The Full Board, based on a recommendation of the Remuneration Committee (or the general meeting of the Company, as the case may be), may adjust the performance target to reflect recapitalisation events, acquisitions, divestitures, or any other corporate events or actions, which require an adjustment to the performance target. All stock options lapse if the Group does not achieve the performance target.

The participant still needs to be employed or to provide services to the Company or to any Group Company at the moment that it is determined that the Group has achieved the performance target. Participants who leave the Group before the vesting date will forfeit their stock options. Participants who leave the Group after the vesting date will retain their stock options.

In the event of *inter alia* a delisting, which may in the Full Board's opinion – based on a recommendation of the Remuneration Committee – affect the current or future value of the Shares A, the number of Shares A subject to an option and/or the exercise price may be adjusted.

Vested stock options can be exercised at any time by serving a written exercise notice to the Full Board until in principle the tenth (10^{th}) anniversary of the grant date. Participants who have left the Group can exercise vested stock options within a period of twelve (12) months of cessation (i.e. leaving the Group) (unless the Full Board, based on a recommendation of the Remuneration Committee, determines otherwise in a more favourable way for the participants).

Options that are exercised may, at the discretion of the Company, be settled by way of (i) net share settlement, (ii) standard share settlement, or (iii) cash settlement.

7.11.6 BLSA

The Group licences the Altice brand from Next Alt as part of a brand licence and services agreement concluded in 2016. As part of this agreement, the Group has the exclusive right to use the Altice brand for corporate identification purposes and commercial purposes in the telecommunication, content and media sectors in the territory defined in the agreement (which, since the Altice Separation, excludes North America). In 2017, the brand licence and services agreement was amended. Instead of a fee, Next Alt was granted thirty (30) million stock options for Shares A, divided into three tranches of ten (10) million stock options, with an exercise price at the grant date of EUR 19.3642, which has been adjusted to EUR 4.71 in connection with the Altice Separation. These stock options have subsequently been transferred to Next Luxembourg S.C.Sp. The terms and conditions of the SOP apply *mutatis mutandis* except for the calculation of the exercise price, good and bad leaver provisions and, in respect of the second and third tranches, the vesting conditions.

The first tranche vested or will vest as follows: 5,000,000 vested on 31 January 2019, 2,500,000 vested on 31 January 2020 and 2,500,000 will vest on 31 January 2021.

The second and third tranche are subject to the following vesting conditions:

(i) second tranche: the daily weighted average price at which a Share A is traded on Euronext Amsterdam having doubled compared to the exercise price (at the latest by 31 January 2021); and

(ii) third tranche: the daily weighted average price at which a Share A is traded on Euronext Amsterdam having tripled compared to the exercise price (at the latest by 31 January 2022).

Vested stock options can be exercised at any time by serving a written exercise notice to the Full Board until in principle the tenth (10^{th}) anniversary of the grant date.

7.11.7 2018 FPPS

On 10 July 2018, the general meeting of the Company determined to grant Mr. Weill, in respect of his position as CEO of Altice France S.A., the 2018 FPPSs with the following main characteristics:

(i) granted number of Prefs B: 25,000,000;

(ii) vesting period: earliest of four years from the grant date of the Prefs B and the annual general meeting of the Company to be held in 2022;

(iii) performance criteria: on the financial year ending on 31 December 2021, the Company having generated an annual consolidated Adjusted EBITDA (as reported on a consolidated basis and with constant perimeter and accounting standards) equal or in excess of the projected annual consolidated Adjusted EBITDA in the 4-year business plan adopted by the Company;

(iv) number of Prefs B, each convertible into one Share A, ranging between 0% and 200% of the number of granted Prefs B, to be assessed at the end of the vesting period, according to a pre-determined allocation key linked to performance criteria.

In case of a conversion of the Prefs B into Shares A, the Company will have a call option, requiring Mr. Weill to sell all or part of his Shares A resulting from such conversion for a price of EUR 4 (four euros) per Share A. Mr. Weill will have a put option during one hundred and eighty (180) days after a conversion, requiring the Company to purchase all or part of his Shares A resulting from such conversion for a price per Share A which shall be the result of a formula based on the Company's turnover and financial debt figures, both figures being those of the year ending 31 December 2021, or, in case of early vesting, the financial year during which the event giving rise to an early vesting occurred.

In case of a corporate event (including a delisting) affecting the value of the Shares A (to be determined by the Full Board in its sole discretion), any unvested 2018 FPPS may vest in advance if determined so by the Full Board based on a recommendation of the Remuneration Committee. In such case, the applicable performance conditions will be measured as per the date of the resolution of the Full Board on the early vesting of the 2018 FPPS. The issuance and vesting terms may also be amended by the Full Board upon recommendation of the Remuneration Committee and with the prior approval of Mr. A Weill (not to be unreasonably withheld).

7.11.8 2016 FPPS

On 10 July 2018, the general meeting of the Company also approved an adjustment of the terms and conditions governing Mr. Weill's existing right to acquire the 2016 FPPS, as follows:

(i) 2016 FPPS Tranche 1 Prefs B: 1,103,096 Prefs B, each upon vesting convertible into one newly to be issued Share A as well as 0.4163 existing shares of class A common stock in Altice USA;

(ii) 2016 FPPS Tranche 2 Prefs B: 752,568 Prefs B, each upon vesting convertible into a number of newly to be issued Shares A depending on the share price of the Shares A during the five trading days preceding the conversion request;

(iii) a gross cash compensation of a maximum aggregate amount of USD 839,991.15, to be paid after the conversion of the 2016 FPPS Tranche 2 Prefs B into Shares A.

As of the date of this Offer Memorandum, all 2016 FPPS Tranche 1 Prefs B and 2016 FPPS Tranche 2 Prefs B had vested.

In July 2020, the Company informed Mr. Weill that, due to regulatory constraints, the Company may not be in a position to acquire sufficient shares of class A common stock in Altice USA to meet the conversion ratio for the 2016 FPPS Tranche 1 Prefs B and discussed a possible limited amendment to the terms and conditions of the 2016 FPPS grant document with respect to the delivery of shares of class A common stock in Altice USA. In connection therewith, the Company and Mr. Weill agreed on 5 October 2020, subject to a resolution of the Company's general meeting to that effect, that instead of 0.4163 existing shares of class A common stock in Altice USA, at the discretion of the Full Board a cash amount or a number of Shares A held by the Company in its own share capital, all with same value as the Altice USA shares, may be paid or delivered to Mr. Weill.

7.11.9 Treatment of the Incentive Plans in the context of the Offer

SOP, 2017 SOP and LTIP

Mr. Drahi has renounced the stock options granted to him under the LTIP and Next Alt has renounced the stock options granted to it under the SOP, in each case subject to and upon (i) initiation of a Compulsory Acquisition Procedure, (ii) execution of the notarial deed to effect the Triangular Merger or (iii) execution of the Asset Sale Agreement, as the case may be.

The Board[10] (excluding Ms. N. Marty with regard to the SOP and the 2017 SOP), based on a recommendation of the Remuneration Committee, has determined to settle the other stock options that have been granted under the SOP[11], the 2017 SOP and the LTIP as follows, subject to either (i) initiation of a Compulsory Acquisition Procedure, (ii) execution of the notarial deed to effect the Triangular Merger or (iii) execution of the Asset Sale Agreement:

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10 For stock options granted to Ms. Marty, the Board, based on a recommendation of the Remuneration Committee, will propose to the Company's general meeting to settle the stock options as described in this Section 7.11.9 (*Treatment of the Incentive Plans in the context of the Offer*).

11 Including the options that have been granted to the specific service provider under terms and conditions that are in line with the SOP, as further specified in footnote 9.

(i) acceleration of unvested stock options: all unvested stock options will vest in full upon (i) initiation of a Compulsory Acquisition Procedure, (ii) execution of the notarial deed to effect the Triangular Merger or (iii) execution of the Asset Sale Agreement, as the case may be;

(ii) settlement of the vested stock options in cash: all stock options will be settled and become a right to receive for each such stock option a cash amount equal to the Offer Price minus the exercise price upon (i) initiation of a Compulsory Acquisition Procedure, (ii) execution of the notarial deed to effect the Triangular Merger or (iii) execution of the Asset Sale Agreement, as the case may be, with payment by the Group to the relevant participants to occur on the first payroll date thereafter;

(iii) forfeiture of stock options that are out of the money: all stock options with an exercise price in excess of the Offer Price will forfeit upon (i) initiation of a Compulsory Acquisition Procedure, (ii) execution of the notarial deed to effect the Triangular Merger or (iii) execution of the Asset Sale Agreement, as the case may be.

Performance SOP

The Board, based on a recommendation of the Remuneration Committee, has determined that all stock options that have been granted under the Performance SOP will forfeit subject to and upon (i) initiation of a Compulsory Acquisition Procedure, (ii) execution of the notarial deed to effect the Triangular Merger or (iii) execution of the Asset Sale Agreement, as the case may be, since all such stock options have an exercise price in excess of the Offer Price.

BLSA

Next Luxembourg S.C.Sp has renounced the stock options held by it under the terms and conditions of the BLSA, subject to and upon (i) initiation of a Compulsory Acquisition Procedure, (ii) execution of the notarial deed to effect the Triangular Merger or (iii) execution of the Asset Sale Agreement, as the case may be.

2016 FPPS and 2018 FPPS

Mr. Weill has converted 551,548 of the 2016 FPPS Tranche 1 Prefs B in accordance with the terms and conditions of the 2016 FPPS grant document, as amended, and, consequently, acquired (i) 551,548 Shares A (as shown in Section 7.6.2 (*Transactions in the year prior to the date of this Offer Memorandum*)) and (ii) subject to a resolution of the Company's general meeting as referred to in Section 7.11.8 (*2016 FPPS*), a cash amount of USD 6,098,426.53 in lieu of shares of class A common stock in Altice USA.

In respect of the remaining part of the 2016 FPPS Tranche 1 Prefs B (i.e. 551,548 Prefs B), Mr. Weill and the Company have agreed that Mr. Weill will convert these Prefs B into 551,548 Shares A in accordance with the terms and conditions of the 2016 FPPS grant document, as amended, before 12 January 2021. At the time of the conversion of such 2016 FPPS Tranche 1 Prefs B, the Full Board will determine whether, in addition (i) 0.4163 share of class A common stock in Altice USA, (ii) an equivalent USD cash amount or (iii) a number of Shares A held by the Company in its own share capital of equivalent value will be provided to Mr. Weill for each such 2016 FPPS Tranche 1 Pref B.

In respect of the 2016 FPPS Tranche 2 Prefs B (i.e. 752,568 Prefs B) Mr. Weill and the Company have agreed that these Prefs B will be acquired for no consideration by the Company subject to and upon (i) initiation of a Compulsory Acquisition Procedure, (ii) execution of the notarial deed to effect the Triangular Merger or (iii) execution of the Asset Sale Agreement, as the case may be, since the exercise price for the conversion of these Prefs B into Shares A exceeds the Offer Price.

The 2018 FPPS will be retained by Mr. Weill as follows:

(i) In case a Compulsory Acquisition Procedure is initiated, the 2018 FPPS will be retained by Mr. Weill at the level of the Company. In such scenario, necessary changes to the 2018 FPPS grant document in connection with and with effect upon the Delisting will be implemented, subject to a resolution of the Company's general meeting to that effect. Other terms and conditions of the 2018 FPPS, including the partial, total or over-vesting conditions, will remain the same.

(ii) In case of the Triangular Merger, a roll-over of the 2018 FPPS to the level of Company Sub will be effected, subject to and upon execution of the notarial deed to effect the Triangular Merger. In such scenario, necessary changes to the 2018 FPPS grant document in connection with the roll-over will be implemented. Other terms and conditions of the 2018 FPPS, including partial, total or over-vesting conditions, will remain the same.

(iii) In case of the Asset Sale, a roll-over of the 2018 FPPS to the level of the Offeror will be effected, subject to and upon execution of the Asset Sale Agreement (with a further roll-over to be effected to the Offeror's nominee that will purchase the Company's assets and operations at the completion of the Asset Sale, in case such assets and operations would not be purchased by the Offeror). In such scenario, necessary changes to the 2018 FPPS grant document in connection with the roll-over will be implemented. Other terms and conditions of the 2018 FPPS, including partial, total or over-vesting conditions, will remain the same.

8 INFORMATION REGARDING THE OFFEROR

8.1 General

The Offeror is a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*), incorporated under the Laws of the Netherlands, having its statutory seat (*statutaire zetel*) in Amsterdam, the Netherlands, and its office at Oostdam 1, 3441 EM Woerden, the Netherlands. The Offeror is registered with the trade register of the Dutch Chamber of Commerce under number 80275613.

The management board (*bestuur*) of the Offeror consists of Mr. F. Legoux (as director A) and Mr. D. Okhuijsen (as director B) (each an "**Offeror Director**"). The Offeror does not have a supervisory board. The Offeror does not have any employees.

The Offeror will not pay any compensation to the Offeror Directors in relation to the Offer being declared unconditional. It is currently not expected that the Transaction will have an impact on the continued employment or the employment conditions of the Offeror Directors.

For purposes of the Dutch takeover rules, in addition to the Offeror, Next Alt and Mr. Drahi qualify as offeror (*bieder*) within the meaning of Article 1:1 of the Wft. The Offer, however, is made only by the Offeror, and the Offeror is solely responsible for accepting and paying for the Tendered Shares.

8.2 Shareholder structure of the Offeror

The Offeror is a direct wholly-owned subsidiary of Next Alt, a private limited liability company (*société à responsabilité limitée*) incorporated under the Laws of Luxembourg with its office at 5, rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg. In addition to owning the Offeror, Next Alt owns a controlling stake in Altice USA and Sotheby's. The board of Next Alt consists of Mr. Drahi and Mr. L. Godineau (each a "**Next Alt Director**"). Next Alt has one employee. It is currently not expected that the Transaction will have an impact on the continued employment or the employment conditions of the Next Alt Directors or employee.

The sole shareholder of Next Alt is Next Luxembourg S.C.Sp, a special limited partnership (*société en commandite spéciale*) incorporated under the Laws of Luxembourg with its office at 5, rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg ("**Next Luxembourg**"). The general partner of Next Luxembourg is Next Luxembourg Management GP S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the Laws of Luxembourg with its office at 5, rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg ("**Next Luxembourg GP**"). The sole shareholder of Next Luxembourg GP and sole holder of the limited partnership units of Next Luxembourg is Mr. Drahi.

For more information on Mr. Drahi (place of residence: Zermatt, Switzerland), reference is made to Section 7.5 (*The Full Board*).

9 PRINCIPAL DUTCH TAX CONSEQUENCES

9.1 General

This chapter outlines the principal Dutch tax consequences of the disposal of the Listed Shares in connection with the Offer, any Compulsory Acquisition Procedure and any Post-Offer Restructuring. It does not present a comprehensive or complete description of all aspects of Dutch tax Law which could be relevant to a Shareholder. For Dutch tax purposes, a Shareholder may include an individual or entity not holding the legal title to the Listed Shares, but to whom, or to which, the Listed Shares are, or the income from the Listed Shares is, nevertheless attributed based either on this individual or entity owning a beneficial interest in the Listed Shares or on specific statutory provisions. These include statutory provisions attributing Listed Shares to an individual who is, or who has directly or indirectly inherited from a person who was, the settlor, grantor or similar originator of a trust, foundation or similar entity that holds the Listed Shares.

This chapter is intended as general information only. Shareholders should consult their own tax advisor regarding the tax consequences of the disposal of their Listed Shares in connection with the Offer, any Compulsory Acquisition Procedure and any Post-Offer Restructuring.

This chapter is based on Dutch tax Law as applied and interpreted by Dutch tax courts and as published and in effect on the date of this Offer Memorandum, including the tax rates applicable on that date, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect.

Any reference in this chapter made to Dutch taxes, Dutch tax or Dutch tax Law should be construed as a reference to any taxes of any nature levied by or on behalf of the Netherlands or any of its subdivisions or taxing authorities or to the Law governing such taxes, respectively.

This chapter does not describe any Dutch tax considerations or consequences that may be relevant where a Shareholder:

(a) is an individual and the Shareholder's income or capital gains derived from the Listed Shares are attributable to employment activities, the income from which is taxable in the Netherlands;

(b) has a substantial interest (*aanmerkelijk belang*) or a fictitious substantial interest (*fictief aanmerkelijk belang*) in the Company within the meaning of chapter 4 of the Dutch Individual Income Tax Act 2001 (*Wet inkomstenbelasting 2001*). Generally, a Shareholder has a substantial interest in the Company if the Shareholder, alone or – in case of an individual – together with a partner for Dutch tax purposes, or any relative by blood or by marriage in the ascending or descending line (including foster-children) of the Shareholder or the partner, owns or holds, or is deemed to own or hold shares or certain rights to shares, including rights to directly or indirectly acquire shares, directly or indirectly representing 5% or more of the Company's issued capital as a whole or of any class of shares in the Company's capital or profit participating certificates (*winstbewijzen*) relating to 5% or more of the Company's annual profits or 5% or more of the Company's liquidation proceeds;

(c) is an entity that, although it is in principle subject to Dutch corporate income tax under the Dutch Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*) (the “**CITA**”), is not subject to Dutch corporate income tax or is fully or partly exempt from Dutch corporate income tax (such as a qualifying pension fund as described in article 5 CITA and a tax exempt investment fund (*vrijgestelde beleggingsinstelling*) as described in article 6a CITA);

(d) is an investment institution (*beleggingsinstelling*) as described in article 28 CITA;

(e) is required to apply the participation exemption (*deelnemingsvrijstelling*) with respect to the Listed Shares (as defined in article 13 CITA). Generally, a Shareholder is required to apply the participation exemption if it is subject to Dutch corporate income tax and it, or a related entity, holds an interest of 5% or more of the nominal paid-up share capital in the Company; or

(f) holds the Listed Shares through an entity which is treated as transparent for Dutch tax purposes, while being treated as a resident under the Laws of another state.

9.2 Principal Dutch tax consequences for Shareholders who tender their Listed Shares

This Section outlines the principal Dutch tax consequences for Shareholders who tender and dispose their Listed Shares in connection with the Offer.

9.2.1 Taxes on income and capital gains

A. Residents of the Netherlands

The description of certain Dutch tax consequences in this paragraph is only intended for the following Shareholders:

(a) individuals who are resident or deemed to be resident in the Netherlands for Dutch individual income tax purposes ("**Dutch Resident Individuals**"); and

(b) entities that are subject to the CITA and are resident or deemed to be resident in the Netherlands for Dutch corporate income tax purposes ("**Dutch Resident Corporate Entities**").

Dutch Resident Individuals engaged or deemed to be engaged in an enterprise or in miscellaneous activities

Dutch Resident Individuals engaged or deemed to be engaged in an enterprise or in miscellaneous activities (*resultaat uit overige werkzaamheden*) are generally subject to Dutch individual income tax at statutory progressive rates with a maximum of 49.5% on any benefits derived or deemed to be derived from the Listed Shares, including any capital gains realised on the disposal of the Listed Shares in connection with the Offer, where those benefits are attributable to:

(a) an enterprise from which a Dutch Resident Individual derives profits, whether as an entrepreneur (*ondernemer*) or by being co-entitled (*medegerechtigde*) to the net worth of this enterprise other than as an entrepreneur or shareholder; or

(b) miscellaneous activities, including activities which are beyond the scope of active portfolio investment activities (*meer dan normaal vermogensbeheer*).

Dutch Resident Individuals not engaged or deemed to be engaged in an enterprise or in miscellaneous activities

Generally, the Listed Shares held by a Dutch Resident Individual who is not engaged or deemed to be engaged in an enterprise or in miscellaneous activities, or who is so engaged or deemed to be engaged but the Listed Shares are not attributable to that enterprise or miscellaneous activities, will be subject to an annual Dutch individual income tax imposed on a fictitious yield on the Listed Shares under the regime for savings and investments (*inkomen uit sparen en beleggen*). Irrespective of the actual income or capital gains realised, the annual taxable benefit from a Dutch Resident Individual's assets and liabilities taxed under this regime, including the Listed Shares, is set at a percentage of the positive balance of the fair market value of these assets, including the Listed Shares, and the fair market value of these liabilities. The percentage increases:

(a) from 1.7893% over the first EUR 72,797 of such positive balance;

(b) to 4.1859% over any excess positive balance between EUR 72,797.01 up to and including EUR 1,005,572; and

(c) to a maximum of 5.28% over any excess positive balance of EUR 1,005,572.01 or higher.

The percentages under (a) to (c) will be reassessed each year and the amounts under (a) to (c) will be adjusted for inflation each year. The fair market value of assets, including the Listed Shares, and liabilities that are taxed under this regime is measured once in each calendar year on 1 January. No taxation occurs if the positive balance of the fair market value of the assets and liabilities does not exceed a certain threshold (*heffingvrij vermogen*), being EUR 30,836 in 2020. The tax rate under the regime for savings and investments is a flat rate of 30%.

Any income or capital gain realised on the disposal of the Listed Shares in connection with the Offer is as such not subject to the annual Dutch individual income tax under the regime for savings and investments.

Dutch Resident Corporate Entities

Dutch Resident Corporate Entities are generally subject to Dutch corporate income tax at statutory rates up to 25% on any benefits derived or deemed to be derived from the Listed Shares, including any capital gains realised on the disposal of the Listed Shares in connection with the Offer.

B. Non-residents of the Netherlands

The description of certain Dutch tax consequences in this paragraph is only intended for the following Shareholders:

(a) individuals who are not resident and not deemed to be resident in the Netherlands for Dutch individual income tax purposes ("**Non-Dutch Resident Individuals**"); and

(b) entities that are not resident and not deemed to be resident in the Netherlands for Dutch corporate income tax purposes ("**Non-Dutch Resident Corporate Entities**").

Non-Dutch Resident Individuals

A Non-Dutch Resident Individual will not be subject to any Dutch taxes on income or capital gains derived from the disposal of the Listed Shares in connection with the Offer unless:

(a) the Non-Dutch Resident Individual derives profits from an enterprise, whether as entrepreneur or by being co-entitled to the net worth of this enterprise other than as an entrepreneur or shareholder and this enterprise is fully or partly carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in the Netherlands, to which the Listed Shares are attributable;

(b) the Non-Dutch Resident Individual derives benefits from miscellaneous activities carried on in the Netherlands in respect of the Listed Shares, including activities which are beyond the scope of active portfolio investment activities; or

(c) the Non-Dutch Resident Individual is entitled to a share - other than by way of securities - in the profits of an enterprise, which is effectively managed in the Netherlands and to which the Listed Shares are attributable.

Non-Dutch Resident Corporate Entities

A Non-Dutch Resident Corporate Entity will not be subject to any Dutch taxes on income or capital gains derived from the disposal of the Listed Shares in connection with the Offer unless:

(a) the Non-Dutch Resident Corporate Entity derives profits from an enterprise, which is fully or partly carried on through a permanent establishment or a permanent representative in the Netherlands to which the Listed Shares are attributable; or

(b) the Non-Dutch Resident Corporate Entity is entitled to a share - other than by way of securities - in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, which is effectively managed in the Netherlands and to which the Listed Shares are attributable.

9.2.2 Dutch gift tax or inheritance tax

No Dutch gift tax or inheritance tax will be due by a Shareholder as a result of the disposal of the Listed Shares in connection with the Offer.

9.2.3 Other taxes and duties

No other Dutch taxes, including taxes of a documentary nature, such as capital tax, stamp or registration tax or duty, are payable by, or on behalf of, a Shareholder by reason only of disposing the Listed Shares in connection with the Offer.

9.3 Principal Dutch tax consequences for Shareholders who do not tender their Listed Shares

Following the Settlement, the Offeror may choose to implement (or cause to be implemented) certain restructuring measures, including a Compulsory Acquisition Procedure or a Post-Offer Restructuring. This Section outlines the principal Dutch tax consequences of a Compulsory Acquisition Procedure and a Post-Offer Restructuring for Shareholders who do not tender their Listed Shares.

This Section does not describe the principal Dutch tax consequences in respect of restructuring measures other than (i) a Compulsory Acquisition Procedure, (ii) the Post-Offer Merger, and (iii) the Post-Offer Asset Sale.

9.3.1 Compulsory Acquisition Procedure

The principal Dutch tax consequences for Shareholders who dispose their Listed Shares in connection with a Compulsory Acquisition Procedure are the same as the principal Dutch tax consequences set out in Section 9.2 (*Principal Dutch tax consequences for Shareholders who tender their Listed Shares*) above.

9.3.2 Post-Offer Merger

A. Triangular Merger

Taxes on income and capital gains

For Dutch corporate income tax and individual income tax purposes, the exchange of the Listed Shares for shares in Company Holdco under the Triangular Merger will be considered a disposal of the Listed Shares followed by an acquisition of shares in Company Holdco.

To the extent that a Shareholder is subject to Dutch corporate income tax or Dutch individual income tax as a result of a gain realised upon the deemed disposal in connection with the Triangular Merger, Shareholders may be able to elect for non-recognition of that gain for Dutch tax purposes by applying for a roll-over relief of the tax book value of the Listed Shares into the tax book value of the Company Holdco shares acquired in the Triangular Merger if certain conditions are met.

Dutch gift tax or inheritance tax

No Dutch gift tax or inheritance tax will be due by a Shareholder in connection with the Triangular Merger.

Other taxes and duties

No other Dutch taxes, including taxes of a documentary nature, such as capital tax, stamp or registration tax or duty, are payable by, or on behalf of, a Shareholder by reason only of the Triangular Merger.

B. Liquidation distributions as part of the Post-Offer Merger

Withholding tax

A liquidation distribution is generally subject to Dutch dividend withholding tax at a rate of 15%, to the extent that the amount of the liquidation distribution per share exceeds the average paid-up capital per share recognised for Dutch dividend withholding tax purposes.

As a result of the Triangular Merger, the paid-up capital of Company Holdco recognised for Dutch dividend withholding tax purposes will be increased by the lower of (i) the paid-up capital of the Company recognised for Dutch dividend withholding tax purposes immediately prior to the

Triangular Merger or (ii) the fair market value of the Company immediately prior to the Triangular Merger.

The paid-up capital of the Company recognised for Dutch dividend withholding tax purposes has been estimated by the Company. Based on these estimations, the paid-up capital of the Company recognised for Dutch dividend withholding tax purposes will be most likely a multiple of the fair market value of the Company immediately prior to the Triangular Merger.

Consequently, the aggregate paid-up capital of Company Holdco recognised for Dutch dividend withholding tax purposes will be increased by the fair market value of the Company immediately prior to the Triangular Merger. Therefore, the aggregate liquidation distributions by Company Holdco as part of the Post-Offer Merger will not be subject to Dutch dividend withholding tax to the extent that these distributions do not exceed the fair market value of the Company immediately prior to the Triangular Merger. To the extent that the liquidation distributions as part of the Post-Offer Merger exceed the fair market value of the Company immediately prior to the Triangular Merger, the liquidation distributions will be subject to Dutch dividend withholding tax at a rate of 15%.

The Company has determined that liquidation distributions by Company Holdco up to an amount of the Offer Price will not be subject to Dutch dividend withholding tax (provided that, as the Company expects, the fair market value of the Company per Listed Share immediately prior to the Triangular Merger will not be less than the Offer Price).

Taxes on income and capital gains

The principal Dutch tax consequences of the liquidation distributions as part of the Post-Offer Merger are similar to the principal Dutch tax consequences as set out in Section 9.2 (*Principal Dutch tax consequences for Shareholders who tender their Listed Shares*) above. Any Dutch dividend withholding tax imposed on the liquidation distributions as part of the Post-Offer Merger (see above) can be credited by Dutch Resident Individuals and Dutch Resident Corporate Entities and any excess can be refunded.

Dutch gift tax or inheritance tax

No Dutch gift tax or inheritance tax will be due by a Shareholder in connection with the liquidation distributions as part of the Post-Offer Merger.

Other taxes and duties

No other Dutch taxes, including taxes of a documentary nature, such as capital tax, stamp or registration tax or duty, are payable by, or on behalf of, the Shareholder by reason only of the liquidation distributions as part of the Post-Offer Merger.

9.3.3 Post-Offer Asset Sale

A. Asset Sale

Taxes on income and capital gains

Shareholders will not be subject to Dutch corporate income tax or individual income tax in connection with the Asset Sale.

Dutch gift tax or inheritance tax

No Dutch gift tax or inheritance tax will be due by a Shareholder in connection with the Asset Sale.

Other taxes and duties

No other Dutch taxes, including taxes of a documentary nature, such as capital tax, stamp or registration tax or duty, are payable by, or on behalf of, the Shareholder by reason only of the Asset Sale.

B. Liquidation distributions as part of the Post-Offer Asset Sale

Withholding tax

A liquidation distribution is generally subject to Dutch dividend withholding tax at a rate of 15%, to the extent that the liquidation distributions exceed the average paid-up capital per Listed Share of the Company recognised for Dutch dividend withholding tax purposes.

The average paid-up capital of the Company recognised for Dutch dividend withholding tax purposes has been estimated by the Company. Based on these estimations, the Company has determined that liquidation distributions as part of the Post-Offer Asset Sale up to an amount of the Offer Price will not be subject to Dutch dividend withholding tax.

Taxes on income and capital gains

The principal Dutch tax consequences of the liquidation distributions as part of the Post-Offer Asset Sale are similar to the principal Dutch tax consequences as set out in Section 9.2 (*Principal Dutch tax consequences for Shareholders who tender their Listed Shares*).

Dutch gift tax or inheritance tax

No Dutch gift tax or inheritance tax will be due by a Shareholder in connection with the payment of the liquidation distributions as part of the Post-Offer Asset Sale.

Other taxes and duties

No other Dutch taxes, including taxes of a documentary nature, such as capital tax, stamp or registration tax or duty, are payable by, or on behalf of, the Shareholder by reason only of the liquidation distributions as part of the Post-Offer Asset Sale.

10 FURTHER STATEMENTS PURSUANT TO THE DECREE

In addition to the other statements set out in this Offer Memorandum, the Offeror with regard to items (c), (d) and (f), the Company with regard to (b), (e), (g) and (h) and the Offeror and the Company jointly with regard to item (a), hereby declare as follows:

(a) there have been consultations between Next Alt, the Offeror and the Board regarding the Offer, which have resulted in the Merger Agreement as publicly announced on 11 September 2020. Discussions regarding the Offer, including, but not limited to, the Offer Price, the Offer Conditions and the future strategy of the Group, took place between Next Alt, the Offeror and the Company and their respective advisors. Reference is made to Section 6.1 (*Background and Initial Announcement*);

(b) Mr. Drahi (President), A4 S.A. (Vice-President) and Mr. Weill (CEO), all Executive Directors, each have been determined to have a conflict of interest within the meaning of Article 2:129(6) DCC and have not participated in the deliberations and decision-making of the Board with respect to the Transaction;

(c) with due observance of and without prejudice to the restrictions referred to in Section 2 (*Restrictions*) and Section 3 (*Important information*), the Offer concerns all Listed Shares and applies on an equal basis to all Listed Shares and Shareholders;

(d) (i) no securities issued by the Company are held at the date of this Offer Memorandum, and no transactions or agreements in respect of securities in the Company have been effected or have been concluded during the twelve (12) months prior to the date of this Offer Memorandum, by the Offeror or Next Alt, any Offeror Director or any Next Alt Director (including, for the avoidance of doubt, Mr. Drahi), any of their spouses (*echtgenoten*), registered partners (*geregistreerde partners*) or minor children (*minderjarige kinderen*) and any entities over which these persons have control (*zeggenschap hebben in*) within the meaning of Annex A, Paragraph 2, sub-paragraphs 5 and 6 of the Decree and (ii) no transactions similar to the transactions referred to in Annex A, Paragraph 2, sub-paragraph 6 of the Decree have been concluded by legal entities with which the Offeror or Next Alt is affiliated in a group, other than (x) the holdings of the Offeror and the Offeror Directors as described in Section 6.10 (*Respective cross-shareholdings Offeror – the Company*) and the holdings of Mr. Drahi as described in Section 7.6.1 (*Information on Listed Shares, Prefs B and rights to Listed Shares or Prefs B held by the Board Members*), (y) the Treasury Shares held by the Company as described in Section 7.8 (*Capital and shares*), the cancellation of Treasury Shares and the issuance of Shares A by the Company as described in Section 7.6.2 (*Transactions in the year prior to the date of this Offer Memorandum*) and (z) the transactions and agreements as described in Section 6.9 (*Transactions by the Offeror*) and Section 7.10 (*Anti-takeover measures*);

(e) no securities issued by the Company are held at the date of this Offer Memorandum, and no transactions or agreements in respect of securities in the Company have been effected or have been concluded during the twelve (12) months prior to the date of this Offer Memorandum, by any member of the Full Board, any of their spouses (*echtgenoten*), registered partners (*geregistreerde partners*) or minor children (*minderjarige kinderen*) and any entities over which these persons have control (*zeggenschap hebben in*) within the meaning of Annex A, Paragraph 2, sub-paragraphs 5 and 6 of the Decree, other than in respect of securities in the Company and transactions as described in Section 6.8 (*Undertakings of certain Board Members*) and Section 7.6 (*Shareholdings of the Board Members*);

(f) the costs incurred or to be incurred by Next Alt, Mr. Drahi and the Offeror in relation to the Offer are expected to amount to approximately EUR 48.5 million and comprise fees of legal advisors, finance arrangement fees, AFM fees and fees of the Settlement Agent. These costs will be borne by the relevant person (Next Alt, Mr. Drahi or the Offeror) incurring such costs;

(g) the costs incurred or to be incurred by the Company in relation to the Offer are expected to amount to approximately EUR 8 million and comprise fees of legal advisors, financial advisors, auditors, communications advisor and other advisors. These costs will be borne by the Company; and

(h) other than as described in Sections 6.8 (*Undertakings of certain Board Members*), 7.6 (*Shareholdings of the Board Members*) and 7.11 (*Incentive plans*), no remunerations will be paid to the Board Members in connection with the Offer being declared unconditional (*gestand wordt gedaan*).

11 PRESS RELEASES

11.1 Initial Announcement dated 11 September 2020

*This is a joint press release by Altice Europe N.V. ("**Altice Europe**") and Next Private B.V. (the "**Offeror**"), a direct subsidiary of Next Alt S.à r.l, the majority shareholder of Altice Europe, pursuant to the provisions of Section 4, paragraphs 1 and 3, Section 5, paragraph 1 and Section 7, paragraph 4 of the Netherlands Decree in Public Takeover Bids (Besluit openbare biedingen Wft) (the "**Decree**") in connection with the intended public offer by the Offeror for all the issued and outstanding common shares A and common shares B in the capital of Altice Europe (the "**Offer**"). This announcement does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities. Any offer will be made only by means of an offer memorandum (the "**Offer Memorandum**") approved by the Dutch Authority for the Financial Markets (Autoriteit Financiële Markten) (the "**AFM**"). This announcement is not for release, publication or distribution, in whole or in part, in or into, directly or indirectly, the United States, Canada and Japan or in any other jurisdiction in which such release, publication or distribution would be unlawful.*

Agreement on recommended all-cash offer of EUR 4.11 per share for all common shares A and common shares B in the capital of Altice Europe by Next Private B.V.

Amsterdam, the Netherlands, 11 September 2020

Altice Europe, a leader in the cable, telecommunications and entertainment sector, and the Offeror are pleased to announce that a conditional agreement (the "**Merger Agreement**") has 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 (each a "**Share**") for EUR 4.11 in cash per Share (cum dividend) (the "**Offer Price**"). This represents a total consideration of approximately EUR 2.5bn. Following the Offer, the Offeror wishes to delist Altice Europe (the "**Delisting**", together with the Offer and, to the extent relevant, any Post-Offer Restructuring (as defined below) with a view of obtaining 100% of the Shares, the "**Transaction**"). The Transaction will enable Altice Europe to further enhance the sustainable and long-term success of its business under the private ownership of the Offeror. The board of Altice Europe (the "**Board**") believes the Transaction is in the best interest of Altice Europe, its employees, customers, shareholders, debt providers and other stakeholders.

Transaction highlights

- Conditional agreement reached on public offer for Altice Europe of EUR 4.11 in cash (cum dividend) for each common share A and each common share B
- The Offer Price represents a premium of 23.8% over the closing price on 10 September 2020 and a premium of approximately 16.5% over the 180 day VWAP
- The Offeror is controlled by the founder and majority shareholder of Altice Europe, who fully supports Altice Europe's long-term strategy and is committed to the long-term interests of Altice Europe and its stakeholders

- Thorough process conducted by the non-conflicted directors, including all independent, non-executive directors, safeguarding the independence of the deliberations and decision-making
- After having carefully reviewed the Transaction, the Board believes that the Transaction is in the best interests of Altice Europe, the sustainable success of its business and therefore its shareholders, customers, employees, finance providers and other stakeholders
- The Board fully supports and unanimously recommends the Offer
- The Offeror has committed financing in place providing certainty of funds
- The Offer is subject to certain customary conditions and is expected to complete in Q1 2021
- Following the Offer, the Offeror intends to delist Altice Europe

Patrick Drahi, the Offeror:
"*The proposed transaction announced today will result in a new and exciting chapter for Altice Europe and our stakeholders. Following the Group reorganization in 2018, Altice Europe has successfully executed on the operational and financial turnaround strategy. Over the same period, Altice Europe has made outstanding progress in simplifying and strengthening its diversified capital structure. The proposed ownership structure will enable an increased focus on executing our long-term strategy, and underlines my confidence and conviction in Altice Europe's prospects. Altice Europe has a unique asset base, fully converged and fibre rich, with a leading position and nationwide fixed and mobile coverage across markets. With my ongoing personal involvement, Altice Europe will maintain the fundamental Altice Model at heart. I am excited to continue leading Altice Europe's loyal management and their excellent teams. Altice Europe continues to have tremendous opportunities ahead.*"

Jurgen van Breukelen, Chairman of Altice Europe:
"*Right from the start of the process in early August, we have followed a careful, full and thorough process with all four independent non-executive directors and the non-conflicted executive director. Our focus has been on determining the best way forward for Altice Europe and its business, while safeguarding the interests of all stakeholders involved. This transaction will allow Altice Europe to more successfully and effectively achieve its goals in a private and fully owned environment, benefiting from the founder's ongoing long term commitment to the business.*"

Strategic rationale

Altice Europe and the Offeror believe that having Altice Europe operate without a public listing under 100% control by the founder is better for the sustainable success of its business and long-term value creation, as the disadvantages of the listing materially outweigh the benefits and the business can more successfully focus on the long-term following delisting in a wholly privately owned set-up, including pursuant to the following advantages:

(a) increasing the ability of Altice Europe and its subsidiaries (the "**Group**") to achieve the goals and implement the actions of its strategy;

(b) increasing the ability to implement and focus on achieving long-term strategic goals and operational achievements of Altice Europe, as opposed to short-term performance driven by quarterly reporting;

(c) increasing the ability to achieve an efficient capital structure (notably from a financing perspective), and a simplification of the legal holding structure;

(d) reducing the Group's costs (e.g. listing, financial reporting and board costs will decrease and there will no longer be a requirement for physical general meetings of Altice Europe);

(e) as debt providers will focus more on fundamental valuation and credit analysis, having better access to the bond and bank markets independent of the daily and volatile share price fluctuations and thus decrease borrowing costs; and

(f) avoiding the current volatility of the prices of the Shares, which will (i) enable the opportunity to improve the effectiveness of employee incentive plans, and thus better align the senior management with the business strategy of the Group and improve the retention of the employees of the Group and (ii) improve Altice Europe's reputation and relationship with clients, employees, finance providers, suppliers and local governments.

The Offeror fully supports the long-term strategy of the Group and the Offeror and Altice Europe believe that a delisting will enhance the ability to execute on the long-term strategy.

Transaction structure

The minority shareholders of Altice Europe will receive a cash consideration of EUR 4.11 for each Share (cum dividend). The Offer Price values 100% of the outstanding Shares at approximately EUR 4.9bn.

The Offer Price represents the following premiums:
- a premium of 23.8% to Altice Europe's closing price on 10 September 2020 of EUR 3.32;
- a premium of 16.5% to Altice Europe's volume-weighted average price for the 180 days up to and including 10 September 2020 of EUR 3.53.

Support and recommendation by the Board

Since the initial expression of interest of the Offeror, the Board has followed a thorough process where the independence of the deliberations and decision-making has been carefully safeguarded. The President, the Vice-President and the CEO, executive members of the Board, have been determined to have a conflict of interest within the meaning of article 2:129(6) Dutch Civil Code, and hence have not participated in the deliberations and decision-making of the Board with respect to the Transaction.

Consistent with its fiduciary responsibilities, the Board (which, unless specifically stated otherwise, excludes the President, the Vice-President and the CEO for the purpose of this announcement), with the support of its financial and legal advisors, has carefully reviewed the Transaction and has given careful consideration to all aspects of the Transaction, including strategic, financial, operational and social points of view. The Board has taken the interests of all stakeholders, including the minority shareholders, into careful consideration. The Board has unanimously determined that the Offer Price represents a fair price and attractive premium to Altice Europe's shareholders, as well as favourable non-financial terms to the other stakeholders who will also benefit through their continued involvement with Altice Europe in the private set-up. The Board concludes that the Transaction (including the Offer) promotes the sustainable success of Altice Europe's business and is in the interest of Altice Europe and its stakeholders, including its employees, customers, debt providers and shareholders.

The Board unanimously supports the Transaction, recommends the Offer for acceptance by the holders of Shares and recommends to Altice Europe's shareholders to vote in favour of the resolutions relating to the Offer (the "**Resolutions**") at the upcoming extraordinary general meeting of Altice Europe (the "**EGM**") to be held during the offer period. In reaching its recommendation, the Board has taken into account the interests of all stakeholders. The non-conflicted members of the Board have committed to tender their Shares in the Offer and to vote in favour of the Resolutions at the EGM.

Lazard Frères SAS ("**Lazard**") has issued a fairness opinion to the Board and LionTree Advisors LLC ("'**LionTree**'") has issued a fairness opinion to the Non-Executive Directors, in each case as to the fairness, as of such date, and based upon and subject to the factors, assumptions, qualifications and other matters set forth in each fairness opinion, to the effect that, each of the Offer Price, the Share Sale Price (as defined below) and the Sale Price (as defined below) is fair to the holders of Shares from a financial point of view and that the consideration or proceeds payable to shareholders in a possible Post-Offer Restructuring (as defined below) is fair from a financial point of view. The full text of such fairness opinions, each of which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with each such opinion, will be included in the Board's position statement. The opinions of Lazard and LionTree are given to the Board and the Non-Executive Directors, respectively, and not to the holders of Shares. As such, the fairness opinions do not contain a recommendation to the holders of Shares as to whether they should tender their Shares under the Offer (if and when made) or how they should vote or act with respect to the Resolutions or any other matter.

The Board may amend or revoke its recommendation in relation to the Offer and Post-Offer Restructuring if any material event, material development, material circumstance or material change in circumstances or facts occurs or arises that causes the Board to determine, after consultation with its legal and financial advisors and the Offeror, that the failure to amend or revoke the recommendation is inconsistent with the fulfilment of its fiduciary duties.

Conditions

The commencement of the Offer is subject to the satisfaction or waiver of pre-offer conditions customary for a transaction of this kind, including:

- no material breach of the Merger Agreement having occurred
- the AFM having approved the offer memorandum
- no material adverse effect having occurred
- no amendment or withdrawal of the recommendation of the Board
- no order, stay judgment or decree having been issued prohibiting or materially delaying the making of the Offer and/or related transactions
- no notification having been received from the AFM stating that one or more investment firms will not be allowed to cooperate with the Offer
- trading in the Shares on Euronext Amsterdam not having been suspended or ended as a result of a listing measure (*noteringsmaatregel*) by Euronext Amsterdam

If and when made, the consummation of the Offer will be subject to the satisfaction or waiver of offer conditions customary for a transaction of this kind, including:

- minimum acceptance level of at least 95% of Altice Europe's issued share capital (*geplaatst kapitaal*), which may be waived down after consultation with Altice Europe
- no material breach of the Merger Agreement having occurred
- to the extent required in connection with the Transaction, clearance from the relevant regulatory authorities having been obtained
- the general meeting of shareholders of Altice Europe having adopted the Resolutions at the EGM
- no material adverse effect having occurred
- no amendment or withdrawal of the recommendation of the Board
- no order, stay judgment or decree having been issued prohibiting the making of the Offer and/or related transactions
- no notification having been received from the AFM stating that one or more investment firms will not be allowed to cooperate with the offer
- trading in the Shares on Euronext Amsterdam not having been suspended or ended as a result of a listing measure (*noteringsmaatregel*) by Euronext Amsterdam

Certain funds

The Offeror has entered into a term loan credit agreement which will provide credit in the form of term loans in an aggregate principal amount providing the Offeror sufficient funds for payment of the Offer Price and payment of fees, costs and expenses in relation to the Transaction. The term loan credit agreement is fully committed on a "certain funds" basis by BNP Paribas.

Non-financial covenants

Altice Europe and the Offeror have agreed to certain non-financial covenants in respect of, amongst others, corporate governance, strategy, employees, financing and disposals for a duration of 12 months after settlement of the Offer (the "**Non-Financial Covenants**"), including the covenants summarized below.

Corporate governance

At least two independent Non-Executive Directors will continue to serve on the Board for at least the duration of the Non-Financial Covenants and shall be tasked in particular with monitoring compliance with the Non-Financial Covenants.

Strategy

The Offeror fully supports the strategy of the Group and will continue to work with Altice Europe with a shared ambition to grow the business in a manner that reflects the current business strategy of the Group. The Offeror does not envisage any material changes to the operations and business activities of the Group and will seek to capitalise the increased business opportunities that Altice Europe will have in a non-listed setting, including increasing investments in infrastructure.

Employees

Existing employee rights and benefits will be respected, as will the Group's current employee consultation structure. No reductions of the Group's operating companies' workforce and no material reduction of Altice Europe's workforce is expected as a consequence of the Transaction or completion thereof.

Financing

The Offeror and Altice Europe will ensure that the Group will remain prudently financed to safeguard the business continuity and to support the success of the business. The Offeror supports the Group's deleveraging strategy. The Offeror will use its commercially reasonable efforts to ensure that the Transaction does not have a negative impact on the Group's debt ratings.

Disposals

The Offeror will not dispose any material strategic asset or any material business operated by the Group.

Acquisition of 100%

Altice Europe acknowledges the importance for the Offeror to acquire 100% of Altice Europe in order to realise the benefits as set out above under the strategic rationale for the Transaction.

It is intended that Altice Europe's listing on Euronext Amsterdam will be terminated as soon as possible.

Following completion of the Offer, the Offeror may acquire the remaining Shares through statutory squeeze-out proceedings or acquire the entire business of Altice Europe at the same price as the Offer Price pursuant to either a Post-Offer Merger or an Asset Sale (each as defined below) (each a "**Post-Offer Restructuring**"). Each Post-Offer Restructuring is subject to Altice Europe's shareholders' approval of the EGM to be held prior to closing of the offer period.

The Offeror may determine to have Altice Europe implement a legal triangular merger with two of its newly to be incorporated subsidiaries (Company Holdco as wholly owned subsidiary of Altice Europe and Company Sub as wholly owned subsidiary of Company Holdco) (the "**Triangular Merger**"). Upon the Triangular Merger becoming effective, Altice Europe shareholders will be allotted a number and class of shares in the capital of Company Holdco equal to the number and class of Shares held by such holder of Shares immediately prior to the completion of the Triangular Merger. Once the Triangular Merger is implemented, Altice Europe will have ceased to exist and its listing will terminate. If the Offeror pursues the Triangular Merger, it will enter into a share purchase agreement with Company Holdco pursuant to which the shares in Company Sub will be sold and transferred to (an affiliate of) the Offeror immediately after the Triangular Merger becomes effective (the "**Share Sale**") against payment of a purchase price equal to the offer consideration (the "**Share Sale Price**"). Upon completion of the Share Sale, Company Holdco will be dissolved and liquidated (the "**Liquidation**", and together with the Triangular Merger and the Share Sale, the "**Post-Offer Merger**"). It is intended that on or about the date of the Share Sale, an advance liquidation distribution will be made to the shareholders of Company Holdco consisting of a payment per share in the capital of Company Holdco to the fullest extent possible equal to the Offer Price, without any interest. The Company has determined that, at the Offer Price, no withholding taxes will be due in respect of such liquidation distribution.

Instead of the Post-Offer Merger, the Offeror may determine to have Altice Europe implement an asset sale and liquidation (the "**Asset Sale**") whereby Altice Europe will sell and transfer all of its assets and liabilities to the Offeror against payment of a purchase price equal to the offer consideration (the "**Sale Price**"). Upon completion of the asset sale, Altice Europe will be dissolved and liquidated ("**Company Liquidation**"). It is intended that on or about the date that the Asset Sale is completed, an advance liquidation distribution will be made to the shareholders of Altice Europe consisting of a payment per share in the capital of Altice Europe to the fullest extent possible equal to the Offer Price, without any interest. The Company has determined that, at the Offer Price, no withholding taxes will be due in respect of such liquidation distribution.

The Offeror may utilize all other available legal measures in order to acquire full ownership of Altice Europe's outstanding shares and/or its business in accordance with the terms of the Merger Agreement.

The Company's obligations under the Merger Agreement in respect of its cooperation with a Post-Offer Restructuring will terminate in case the Board has revoked or amended its recommendation in accordance with the terms of the Merger Agreement.

Timing and next steps

The Offeror expects to submit a request for review and approval of the Offer Memorandum with the AFM at short notice and to publish the Offer Memorandum after approval, in accordance with the applicable statutory timeline.

Altice Europe and the Offeror will seek to obtain any mandatory regulatory clearances as soon as practical. Both parties are confident that all clearances will be obtained within the timetable applicable to the Offer.

Altice Europe will hold the EGM at least six business days prior to the closing of the offer period in accordance with Section 18 Paragraph 1 of the Decree to inform the shareholders about the Transaction and to adopt the Resolutions.

Based on the required steps and subject to the approval of the Offer Memorandum, Altice Europe and the Offeror anticipate that the Offer will close in Q1 2021.

Advisors

Lazard is acting as financial advisor and De Brauw Blackstone Westbroek N.V. is acting as legal advisor to Altice Europe. LionTree is acting as independent financial advisor and Allen & Overy LLP is acting as legal advisor to the non-executive members of the Board.

Luther S.A., NautaDutilh N.V. and Ropes & Gray International LLP are acting as legal advisors to the Offeror. BNP Paribas is acting as financial advisor to the Offeror.

For more information:

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About Altice Europe
Altice Europe (ATC & ATCB), listed on Euronext Amsterdam, is a convergent leader in telecoms, content, media, entertainment and advertising. Altice Europe delivers innovative, customer-centric products and solutions that connect and unlock the limitless potential of its over 30 million customers over fibre networks and mobile broadband. Altice Europe is also a provider of enterprise digital solutions to millions of business customers. Altice Europe innovates with technology, research and development and enables people to live out their passions by providing original content, high-quality and compelling TV shows, and international, national and local news channels. Altice Europe delivers live broadcast premium sports events and enables its customers to enjoy the most well-known media and entertainment.

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About the Offeror

The Offeror is owned and controlled by Mr. Patrick Drahi, the founder and majority shareholder of Altice. Mr. Drahi currently owns approximately 77.58% of Altice Europe's issued share capital.

Disclaimer

This is a joint public announcement by Altice Europe and the Offeror pursuant to section 4 paragraphs 1 and 3, section 5 paragraph 1 and Section 7 paragraph 4 of the Decree and contains inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

The information in the press release is not intended to be complete. This announcement is for information purposes only and does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities.

The distribution of this press release may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this document should inform themselves of and observe these restrictions. To the fullest extent permitted by applicable law, the Offeror and Altice Europe disclaim any responsibility or liability for the violation of any such restrictions by any person. Any failure to comply with these restrictions may constitute a violation of the securities laws of that jurisdiction. Neither the Offeror, nor Altice Europe, nor any of their advisors assumes any responsibility for any violation of any of these restrictions. Any Company shareholder who is in any doubt as to his or her position should consult an appropriate professional advisor without delay.

Certain statements in this public announcement may be considered forward-looking statements such as statements relating to the impact of this Transaction on the Offeror and Altice Europe. These forward-looking statements speak only as of the date of this announcement. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future, and Altice Europe and the Offeror cannot guarantee the accuracy and completeness of forward- looking statements. A number of important factors, not all of which are known to Altice Europe or the Offeror or are within their control, could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement as a result of risks and uncertainties facing Altice Europe. Any forward-looking statements are made only as of the date of this press release, and Altice Europe and the Offeror assume no obligation to publicly update or revise any forward looking statements, whether as a result of new information or for any other reason. Neither the Offeror nor Altice Europe, nor any of their advisors, accepts any responsibility for any financial information contained in this announcement relating to the business, results of operations or financial condition of the other or their respective groups.

11.2 Press release dated 26 September 2020

*This is a press release by Next Private B.V. ("**Next Private**"), pursuant to the provisions of Section 5, paragraphs 4 and 5 of the Dutch Decree on Public Takeover Bids (Besluit openbare biedingen Wft) to the extent applicable, in connection with the intended public offer by Next Private for all common shares A and common shares B in the capital of Altice Europe N.V. ("**Altice Europe**"). This announcement is for information purposes only and does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities. Any offer will be made only by means of an offer memorandum approved by the Dutch Authority for the Financial Markets (Autoriteit Financiële Markten). This announcement is not for release, publication or distribution, in whole or in part, in or into, directly or indirectly, the United States, Canada and Japan or in any other jurisdiction in which such release, publication or distribution would be unlawful.*

Completion of contribution of Altice Europe shares by Next Alt to its wholly-owned subsidiary Next Private

Amsterdam, the Netherlands, 26 September 2020

On 10 September 2020, Next Private and its sole shareholder Next Alt S.à r.l. ("**Next Alt**"), both controlled by Mr. Patrick Drahi, entered into a share premium contribution agreement (the "**Contribution Agreement**"). Under the terms of the Contribution Agreement, Next Alt agreed to make a share premium contribution to Next Private (the "**Contribution**") consisting of 189,526,447 common shares A and 167,660,043 common shares B in the capital of Altice Europe held by Next Alt (the "**Contribution Shares**"). To complete the Contribution, Next Alt transferred the legal title to the Contribution Shares to Next Private on 25 September 2020. Next Private has neither issued any shares in its capital nor paid any consideration in exchange for the Contribution. On the date hereof:

- Next Private holds 189,526,447 common shares A and 167,660,043 common shares B in the capital of Altice Europe, representing approximately 73.70% of Altice Europe's issued share capital; and
- Next Alt holds, directly and indirectly other than through its wholly-owned subsidiary Next Private, 231,938,465 common shares A in the capital of Altice Europe, representing approximately 3.90% of Altice Europe's issued share capital.

Simultaneously with the legal transfer of the Contribution Shares, Next Alt will transfer to Next Private the warrant pursuant to which, under specific circumstances, it is entitled to subscribe for Preference A Shares (as further set out in paragraph 3.8.2 of the FY 2019 annual report of Altice Europe).

About Next Private

Next Private and its sole shareholder Next Alt are owned and controlled by Mr. Patrick Drahi, the founder and majority shareholder of Altice Europe.

11.3 Joint press release dated 2 October 2020

*This is a joint press release by Altice Europe N.V. ("**Altice Europe**") and Next Private B.V. ("**Next Private**"), pursuant to the provisions of Section 5, paragraphs 4 and 5 and Section 7, paragraph 1 sub a of the Netherlands Decree on Public Takeover Bids (Besluit openbare biedingen Wft) (the "**Decree**"), in connection with the intended public offer by Next Private for all the issued and outstanding common shares A and common shares B in the capital of Altice Europe. This announcement does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities. Any offer will be made only by means of an offer memorandum (the "**Offer Memorandum**") approved by the Dutch Authority for the Financial Markets (Autoriteit Financiële Markten) (the "**AFM**"). This announcement is not for release, publication or distribution, in whole or in part, in or into, directly or indirectly, the United States, Canada and Japan or in any other jurisdiction in which such release, publication or distribution would be unlawful.*

Update on the intended offer by Next Private for Altice Europe

Amsterdam, the Netherlands, 2 October 2020

Reference is made to the joint press release by Altice Europe and Next Private dated 11 September 2020 (the "**Initial Announcement**") in respect of the intended recommended public offer to be made by Next Private for all issued and outstanding common shares A and common shares B in the capital of Altice Europe (each a "**Share**") at an offer price of EUR 4.11 in cash per Share (cum dividend) (the "**Offer**").

Pursuant to the provisions of Section 7, paragraph 1 sub a of the Decree, requiring a public announcement including a status update regarding an intended public offer within four weeks following its announcement, Altice Europe and Next Private hereby provide this joint update on the Offer.

Altice Europe and Next Private confirm that they are making good progress on the preparation for the Offer. A request for review and approval of the Offer Memorandum was filed with the AFM today.

Based on the required steps and subject to the approval of the Offer Memorandum, Altice Europe and Next Private anticipate that the Offer will close in Q1 2021.

Transactions in relation to Shares by Next Alt and Next Private

In 2015, Next Alt S.à r.l. ("**Next Alt**"), the sole shareholder of Next Private, entered into a series of share basket option transactions (the "**Collar**") with a financial institution as counterparty (the "**Counterparty**"). The Collar is with respect to 81,238,465 common shares A in the capital of Altice Europe (each a "**Share A**") and certain shares in the capital of Altice USA, Inc. Next Alt pledged 81,238,465 Shares A to secure its obligations to the Counterparty (the “**Pledge**”) and allowed the Counterparty to use those Shares A for its own purposes (subject to a right for Next Alt to recall such Shares A).

On 2 October 2020, in connection with the announcement of the Offer, the Counterparty adjusted the Collar so that the Shares A are no longer subject to the Collar. The Counterparty continues to use 35,000,000 Shares A; the remaining 46,238,465 Shares A are no longer, and may no longer be, used by the Counterparty but the Pledge remains in place. On that same date, the Counterparty and Next Alt entered into a new forward transaction in respect of 35,000,000 Shares A at the Offer price, being EUR 4.11 per Share A (the "**Forward**"), which is expected to be settled on the earlier of (i) 31 March 2021 and (ii) the settlement date of the Offer. Following adjustment of the Collar and the entry into the Forward, a further 45,200,000 Shares A held by Next Private were pledged for the benefit of the Counterparty.

Following the implementation of the transactions described above:

- Next Private holds 189,526,447 Shares A and 167,660,043 common shares B in the capital of Altice Europe, representing approximately 73.70% of Altice Europe's issued share capital (of which 45,200,000 Shares A are pledged for the benefit of the Counterparty); and
- Next Alt holds, directly and indirectly other than through Next Private, 231,938,465 Shares A in the capital of Altice Europe, representing approximately 3.90% of Altice Europe's issued share capital (of which (i) 35,000,000 Shares A remain used by the Counterparty) and (ii) 46,235,465 Shares A are pledged for the benefit of the Counterparty).

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About Altice Europe

Altice Europe (ATC & ATCB), listed on Euronext Amsterdam, is a convergent leader in telecoms, content, media, entertainment and advertising. Altice Europe delivers innovative, customer-centric products and solutions that connect and unlock the limitless potential of its over 30 million customers over fibre networks and mobile broadband. Altice Europe is also a provider of enterprise digital solutions to millions of business customers. Altice Europe innovates with technology, research and development and enables people to live out their passions by providing original content, high-quality and compelling TV shows, and international, national and local news channels. Altice Europe delivers live broadcast premium sports events and enables its customers to enjoy the most well-known media and entertainment.

About Next Private

Next Private is owned and controlled by Mr. Patrick Drahi, the founder and majority shareholder of Altice.

Disclaimer

The information in this announcement is not intended to be complete. This announcement is for information purposes only and does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities.

The distribution of this announcement may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this announcement should inform themselves of and observe these restrictions. To the fullest extent permitted by applicable law, Next Private and Altice Europe disclaim any responsibility or liability for the violation of any such restrictions by any person. Any failure to comply with these restrictions may constitute a violation of the securities laws of that jurisdiction. Neither Next Private, nor Altice Europe, nor any of their advisors assumes any responsibility for any violation by any of these restrictions. Any Altice Europe shareholder who is in any doubt as to his or her position should consult an appropriate professional advisor without delay.

Certain statements in this announcement may be considered forward-looking statements. These forward-looking statements speak only as of the date of this announcement. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future, and Altice Europe and Next Private cannot guarantee the accuracy and completeness of forward-looking statements. A number of important factors, not all of which are known to Altice Europe or Next Private or are within their control, could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement as a result of risks and uncertainties facing Altice Europe. Any forward-looking statements are made only as of the date of this press release, and Altice Europe and Next Private assume no obligation to publicly update or revise any forward looking statements, whether as a result of new information or for any other reason.

11.4 Press release dated 5 October 2020

This is a press release by Altice Europe N.V. pursuant to the provisions of Section 5, paragraphs 4 and 5 and Section 6, paragraph 2 of the Dutch Decree on Public Takeover Bids (*Besluit openbare biedingen Wft*) to the extent applicable, in connection with the intended public offer by Next Private B.V. for all common shares A and common shares B in the capital of Altice Europe N.V. This announcement is for information purposes only and does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities. Any offer will be made only by means of an offer memorandum approved by the Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten*). This announcement is not for release, publication or distribution, in whole or in part, in or into, directly or indirectly, the United States, Canada and Japan or in any other jurisdiction in which such release, publication or distribution would be unlawful.

October 5, 2020

Altice Europe N.V. has received a request for conversion of Preference Shares B

Altice Europe N.V. (the "**Company**") has received a notice from the Company's CEO, Mr. Weill, in which he requests the Company to convert 551,548 preference shares B in the capital of the Company ("**Preference Shares B**") into common shares A in the capital of the Company ("**Shares A**"). In accordance with the terms and conditions of the document governing the grant of these Preference Shares B to Mr. Weill, the Company will as soon as reasonably practicable arrange for conversion of these Preference Shares B into 551,548 Shares A.

After conversion, Mr. Weill will hold 22,238,144 Shares A (representing 0.37% of the Company's issued share capital), 1,304,116 Preference Shares B and up to 50,000,000 conditional Preference Shares B.

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About Altice Europe

Altice Europe (ATC & ATCB), listed on Euronext Amsterdam, is a convergent leader in telecoms, content, media, entertainment and advertising. Altice Europe delivers innovative, customer-centric products and solutions that connect and unlock the limitless potential of its over 30 million customers over fibre networks and mobile broadband. Altice Europe is also a provider of enterprise digital solutions to millions of business customers. Altice Europe innovates with technology, research and development and enables people to live out their passions by providing original content, high-quality and compelling TV shows, and international, national and local news channels. Altice Europe delivers live broadcast premium sports events and enables its customers to enjoy the most well-known media and entertainment.

12 DUTCH LANGUAGE SUMMARY

*Dit Hoofdstuk 12 (*Dutch language summary*) is de Nederlandse samenvatting van dit Biedingsbericht dat is uitgegeven ter zake van het openbaar bod dat door de Bieder is uitgebracht op alle Genoteerde Aandelen in het geplaatst en uitstaand kapitaal van de Vennootschap met inachtneming van de voorwaarden zoals beschreven in dit Biedingsbericht.*

De gedefinieerde termen in dit Hoofdstuk 12 (*Dutch language summary*) van dit Biedingsbericht hebben de betekenis die daaraan is gegeven in Hoofdstuk 12.2 (*Nederlandse definities*). Deze Nederlandse samenvatting maakt deel uit van dit Biedingsbericht, maar vervangt dit niet. Deze Nederlandse samenvatting is niet volledig en bevat niet alle informatie die voor de Aandeelhouders van belang is om een afgewogen oordeel te kunnen vormen over het Bod.

Het lezen van deze Nederlandse samenvatting mag niet worden beschouwd als een alternatief voor het bestuderen van het volledige Biedingsbericht. Aandeelhouders wordt geadviseerd het volledige Biedingsbericht (inclusief alle documenten die daarin door middel van verwijzing (*incorporation by reference*) zijn opgenomen) zorgvuldig door te lezen en zo nodig onafhankelijk advies in te winnen teneinde een afgewogen en goed geïnformeerd oordeel te kunnen vormen omtrent het Bod. Daarnaast wordt Aandeelhouders geadviseerd een onafhankelijke professionele adviseur te raadplegen met betrekking tot de fiscale gevolgen van het aanmelden van Genoteerde Aandelen onder het Bod.

Waar deze Nederlandse samenvatting afwijkt van de Engelse tekst van dit Biedingsbericht, prevaleert de Engelse tekst.

12.1 Restricties en Belangrijke informatie

Het uitbrengen van het Bod, de algemeenverkrijgbaarstelling van dit Biedingsbericht, inclusief deze Nederlandse samenvatting, en/of de verspreiding van enige andere informatie met betrekking tot het Bod, kunnen in bepaalde jurisdicties aan restricties onderhevig zijn. Zie Hoofdstukken 2 (*Restrictions*) en 3 (*Important information*).

Het Bod wordt gedaan in en vanuit Nederland met inachtneming van de verklaringen, voorwaarden en beperkingen opgenomen in het Biedingsbericht. Het Bod wordt direct noch indirect gedaan in, en mag niet worden aanvaard door of namens Aandeelhouders vanuit een jurisdictie waarin het uitbrengen van het Bod of het aanvaarden daarvan niet in overeenstemming is met de in die jurisdictie geldende wet- en regelgeving. Het niet in acht nemen van deze restricties kan een overtreding van de effectenwet- en regelgeving van de desbetreffende jurisdictie opleveren. De Bieder, de Vennootschap, hun respectievelijke adviseurs en het Afwikkelingskantoor aanvaarden geen enkele aansprakelijkheid ter zake van overtredingen van voornoemde restricties. Aandeelhouders dienen zo nodig onafhankelijk advies in te winnen omtrent hun positie dienaangaande.

De Bieder behoudt zich het recht voor om in het kader van het Bod de aanmelding van Genoteerde Aandelen te accepteren, zelfs indien dit niet gebeurt in overeenstemming met de bepalingen zoals uiteengezet in dit Biedingsbericht.

De informatie en verklaringen opgenomen in Hoofdstukken 5 (*Invitation to the Shareholders*), 8 (*Information regarding the Offeror*) en 10 (*Further statements pursuant to the Decree*), onderdelen (c), (d) en (f) zijn uitsluitend door de Bieder verstrekt. De informatie opgenomen in Hoofdstukken

6.7.1 (*Decision-making process*), 6.7.2 (*Recommendation substantiated by Fairness Opinions*), 7 (*Information regarding the Company*), 10 (*Further statements pursuant to the Decree*), onderdelen (b), (e), (g) en (h), en 13 (*Selected Consolidated Financial Statements of the Company*) is uitsluitend door de Vennootschap verstrekt. De informatie opgenomen op de voorpagina, op pagina's 1 – 3 en in Hoofdstukken 1 (*Table of Contents*) tot en met 6 (*Explanation and background of the Offer*) (met uitzondering van Hoofdstukken 5 (*Invitation to the Shareholders*), 6.7.1 (*Decision-making process*) en 6.7.2 (*Recommendation substantiated by Fairness Opinions*)), 9 (*Principal Dutch tax consequences*) tot en met 12 (*Dutch language summary*) (met uitzondering van Hoofdstuk 10 (*Further statements pursuant to the Decree*), onderdelen (b) tot en met (h)), 14 (*Amendments to the Company Articles of Association*) en 15 (*Advisors*) zijn door de Bieder en de Vennootschap gezamenlijk verstrekt.

Uitsluitend de Bieder en de Vennootschap zijn verantwoordelijk voor de juistheid en volledigheid van de informatie die in dit Biedingsbericht is verstrekt, ieder afzonderlijk voor de informatie die door henzelf is verstrekt, en gezamenlijk voor de informatie die door hen gezamenlijk is verstrekt.

De Bieder en de Vennootschap verklaren ieder afzonderlijk ten aanzien van de informatie die door henzelf in dit Biedingsbericht is verstrekt, en gezamenlijk ten aanzien van de informatie die door hen gezamenlijk is verstrekt, dat de informatie in dit Biedingsbericht, voor zover hen redelijkerwijs bekend kan zijn, in overeenstemming is met de werkelijkheid en dat geen gegevens zijn weggelaten waarvan de vermelding de strekking van dit Biedingsbericht zou wijzigen.

De informatie opgenomen in Hoofdstukken 13.2 (*Comparative overview of consolidated statements of financial position for the financial years 2019, 2018 and 2017*), 13.3 (*Comparative overview of consolidated statements of income for the financial years 2019, 2018 and 2017*), 13.4 (*Comparative overview of the consolidated statements of cash flows relating to the financial years 2019, 2018 and 2017*) en 13.6 (*Annual report for the financial year 2019 including independent auditor's report of Deloitte*) is door de Vennootschap ontleend aan de geconsolideerde jaarrekening voor de boekjaren 2019, 2018 en 2017 respectievelijk, zoals verder uiteengezet in Hoofdstuk 13.1 (*Basis for preparation*). De accountantsverklaring opgenomen in Hoofdstuk 13.5 (*Independent auditor's report on the selected consolidated financial information*) is door de Vennootschap verkregen van Deloitte, de onafhankelijke accountant van de Vennootschap voor de boekjaren 2019, 2018 en 2017.

De informatie opgenomen in Hoofdstuk 13.7 (*Special Purpose Condensed Interim Consolidated Financial Statements as of and for the three and six-month periods ended 30 June 2020, and the review report in respect thereof*) en de daar opgenomen reviewverklaring is door de Vennootschap verkregen van KPMG, de onafhankelijke accountant van de Vennootschap voor het boekjaar 2020.

De informatie in dit Biedingsbericht geeft de situatie weer op de datum van dit Biedingsbericht tenzij specifiek anders is aangegeven. Onder geen beding houden publicatie en verspreiding van dit Biedingsbericht in dat de hierin opgenomen informatie ook na de datum van dit Biedingsbericht juist en volledig blijft. Het voorgaande laat echter onverlet de verplichting van de Bieder en de Vennootschap om een openbare mededeling te doen ingevolge de Europese Verordening Marktmisbruik (596/2014) of artikel 4 lid 1 en 3 van het Bob, voor zover van toepassing.

Getallen in dit Biedingsbericht kunnen naar boven of beneden zijn afgerond en dienen derhalve niet als exact te worden beschouwd.

Uitsluitend de Bieder en de Vennootschap zijn bevoegd mededelingen te doen over het Bod of de in dit Biedingsbericht opgenomen informatie namens de Bieder respectievelijk de Vennootschap, zonder afbreuk te doen aan de accountantsverklaring van Deloitte en de reviewverklaring van KPMG die zijn opgenomen in dit Biedingsbericht en de *fairness opinions* die zijn verstrekt aan de Vennootschap en de Niet-Uitvoerende Bestuurders door Lazard en LionTree respectievelijk, zoals opgenomen in de Standpuntbepaling.

12.2 Nederlandse definities

"**Aanbeveling**" heeft de betekenis die daaraan is gegeven in Hoofdstuk 12.10 (*Besluitvorming en Aanbeveling van het Bestuur*);

"**Aandeelhouder**" betekent houder van één of meer Genoteerde Aandelen;

"**Aandeel A**" betekent een gewoon aandeel A in het aandelenkapitaal van de Vennootschap, met een nominale waarde van EUR 0,01 (een eurocent);

"**Aandeel B**" betekent een gewoon aandeel B in het aandelenkapitaal van de Vennootschap, met een nominale waarde van EUR 0,25 (vijfentwintig eurocent);

"**Aangemeld Aandeel**" betekent elk Genoteerd Aandeel dat voorafgaand aan of op de Uiterste Dag van Aanmelding op juiste wijze is aangemeld (of op onjuiste wijze indien de Bieder de aanmelding desalniettemin heeft aanvaard) en dat niet is ingetrokken onder het Bod;

"**Aangesloten Instelling**" betekent de tot Euronext Amsterdam aangesloten instellingen;

"**Aanmeldingstermijn**" betekent de periode gedurende welke de Aandeelhouders hun Genoteerde Aandelen kunnen aanmelden bij de Bieder, beginnend op 25 november 2020 om 09:00 uur CET en eindigend op de Laatste Dag van Aanmelding om 17:40 uur CET;

"**AFM**" betekent de Stichting Autoriteit Financiële Markten;

"**Afwikkelingskantoor**" betekent ING Bank N.V.;

"**Back-End Besluit (Fusie)**" betekent het besluit van de algemene vergadering van de Vennootschap om, op voorwaarde dat de Overdracht heeft plaatsgevonden en de Bieder de Vennootschap in kennis heeft gesteld van zijn wens om de Fusie na de Overdracht te implementeren, de Driehoeksfusie tot stand te brengen;

"**Back-End Besluit (Verkoop Onderneming)**" betekent het besluit van de algemene vergadering van de Vennootschap om, op voorwaarde dat de Overdracht heeft plaatsgevonden en de Bieder de Vennootschap in kennis heeft gesteld van zijn voornemen om de Verkoop van de Onderneming te implementeren, (A) in overeenstemming met artikel 2:107a BW, goed te keuren het besluit van het Bestuur om over te gaan tot de Verkoop van de Onderneming en, onder voorbehoud van voltooiing van de Verkoop van de Onderneming, (B) de Vennootschap te ontbinden overeenkomstig artikel 2:19 BW, (C) de Vereffenaar te benoemen als de vereffenaar van de Vennootschap, (D) de vergoeding van het redelijke salaris en kosten van de Vereffenaar goed te keuren en (E) Company Sub te benoemen als bewaarder van de boeken en bescheiden van de Vennootschap na de ontbinding overeenkomstig artikel 2:24 BW;

"**Besluiten**" betekent het Back-End Besluit (Fusie), het Back-End Besluit (Verkoop Onderneming) en het besluit om de statuten van de Vennootschap te wijzigen in overeenstemming met het ontwerp van de gewijzigde statuten van de Vennootschap dat is opgenomen in Hoofdstuk 14 (*Amendments to the Company Articles of Association*) (welke statutenwijziging, indien dat wenselijk wordt geacht door de Bieder, zal worden geëffectueerd en van kracht zal worden zo spoedig als praktisch is na de beëindiging van de beursnotering);

"**Bestuur**" betekent het bestuur van de Vennootschap zonder de Geconflicteerde Uitvoerende Bestuurders;

"**Bieder**" betekent Next Private B.V., een besloten vennootschap met beperkte aansprakelijkheid opgericht naar Nederlands recht, met statutaire zetel te Amsterdam, Nederland en kantoorhoudende te Oostdam 1, 3441 EM Woerden, Nederland en geregistreerd bij de Kamer van Koophandel onder nummer 80275613;

"**Bieder Groep**" betekent de Bieder, zijn dochterondernemingen, zijn controlerende directe of indirecte aandeelhouders en BidFair Luxembourg S.à r.l., met dien verstande dat de Vennootschap en haar dochterondernemingen niet worden beschouwd als dochterondernemingen van de Bieder;

"**Biedingsbericht**" betekent dit biedingsbericht;

"**Biedprijs**" heeft de betekenis die daaraan is gegeven in Hoofdstuk 12.4 (*Het Bod*);

"**Bob**" betekent het Besluit openbare biedingen Wft;

"**Bod**" betekent het bod zoals in dit Biedingsbericht beschreven;

"**BW**" betekent Burgerlijk Wetboek;

"**CET**" betekent Central European Time;

"**Company Holdco**" betekent de Vennootschaps directe 100% dochteronderneming Altice Europe Holdco B.V.;

"**Company Sub**" betekent Company Holdco's directe 100% dochteronderneming New Altice Europe B.V.;

"**Dag van Gestanddoening**" betekent de dag waarop de Bieder aankondigt of het Bod gestand wordt gedaan, zijnde niet later dan de derde Werkdag na de Laatste Dag van Aanmelding;

"**Dag van Overdracht**" betekent de dag waarop, in overeenstemming met de bepalingen en onder de voorwaarden en beperkingen van het Bod, de Overdracht plaats zal vinden;

"**Deloitte**" betekent Deloitte Accountants B.V.;

"**Driehoeksfusie**" heeft de betekenis die daaraan is gegeven in Hoofdstuk 12.11.4 (*De Fusie na de Overdracht*);

"**EUR**" of "**euro**" betekent het wettig betaalmiddel van Nederland;

"**Euronext Amsterdam**" betekent de beurs van Euronext Amsterdam, een gereglementeerde markt beheerd door Euronext Amsterdam N.V.;

"**Fusie na de Overdracht**" betekent de Driehoeksfusie, de Verkoop van Aandelen en de ontbinding en vereffening van Company Holdco;

"**Fusieovereenkomst**" betekent de fusieovereenkomst tussen de Bieder en de Vennootschap zoals overeengekomen op 11 september 2020 (zoals gewijzigd van tijd tot tijd);

"**Geconflicteerde Uitvoerende Bestuurders**" heeft de betekenis die daaraan is gegeven in Hoofdstuk 12.10 (*Besluitvorming en Aanbeveling van het Bestuur*);

"**Genoteerde Aandelen**" betekent de Aandelen A en Aandelen B zoals die deel uitmaken van het geplaatst en uitstaand aandelenkapitaal van de Vennootschap van tijd tot tijd;

"**Groep**" betekent de Vennootschap en haar Groepsvennootschappen gezamenlijk;

"**Groepsvennootschappen**" betekent de met de Vennootschap Verbonden Partijen (met inbegrip van de dochterondernemingen en andere groepsvennootschappen van de Vennootschap, maar met uitsluiting, voor alle duidelijkheid, van alle directe of indirecte aandeelhouders van de Vennootschap) en "**Groepsvennootschap**" betekent een van hen of de relevante van hen, zoals de context vereist;

"**Hoofdstuk**" betekent een hoofdstuk uit dit Biedingsbericht;

"**Initiële Aankondiging**" betekent de gezamenlijke openbare mededeling van de Bieder en de Vennootschap van de voorwaardelijke overeenstemming over het Bod van 11 september 2020;

"**KPMG**" betekent KPMG Accountants N.V.;

"**Laatste Dag van Aanmelding**" betekent de dag waarop de Aanmeldingstermijn afloopt, zijnde 21 januari 2021, tenzij de Aanmeldingstermijn is verlengd in overeenstemming met artikel 15 van het Bob, in welk geval de Laatste Dag van Aanmelding zal zijn de dag waarop de verlengde Aanmeldingstermijn afloopt;

"**Lazard**" betekent Lazard Frères SAS;

"**LionTree**" betekent LionTree Advisors UK LLP;

"**Materieel Nadelig Effect**" betekent elke gebeurtenis, aangelegenheid, feit, toestand, effect, verandering of omstandigheid (elk een "**Effect**") die na 11 september 2020 aan de Bieder bekend wordt of is geworden (met dien verstande dat, om twijfel te voorkomen, bij de bepaling of er sprake is van een Materieel Nadelig Effect, elk Effect dat vóór de datum van dit Biedingsbericht aan de Bieder bekend is geworden, alleen in aanmerking mag worden genomen in combinatie met enig Effect dat op of na de datum van dit Biedingsbericht aan de Bieder bekend wordt), en die, afzonderlijk of gezamenlijk, een materieel nadelig effect heeft of redelijkerwijs kan hebben op de onderneming, de kasstroom, de activa, de activiteiten, de bedrijfsresultaten of de (financiële of andersoortige) toestand van de Groep als geheel; met dien verstande dat het volgende niet wordt geacht een Materieel Nadelig Effect te hebben of bij te dragen aan een Materieel Nadelig Effect, of in aanmerking te worden genomen bij de bepaling of er een Materieel Nadelig Effect is geweest of redelijkerwijs kan worden verwacht: enig Effect die het gevolg is van:

(a) veranderingen, na 11 september 2020, in de geldende rentevoeten, wisselkoersen of andere economische, monetaire of politieke omstandigheden in de Europese Unie, met inbegrip van elke ongunstige ontwikkeling met betrekking tot de Europese Unie, haar lidstaten (met inbegrip van Brexit of een of meer andere lidstaten die deze unie verlaten) of de eurozone (met inbegrip van een of meer leden die deze zone verlaten);

(b) algemene veranderingen, na 11 september 2020, op de effectenmarkten van de Europese Unie;

(c) (toekomstige) wijzigingen in dwingend Toepasselijke Regelgeving van algemene strekking of interpretaties daarvan na 11 september 2020;

(d) veranderingen in economieën in het algemeen of in de sector waarin de Groep actief is na 11 september 2020, tenzij deze veranderingen een disproportioneel effect hebben op de Groep als geheel in vergelijking met andere bedrijven in de sector waarin de Groep actief is;

(e) een daling van de marktprijs, of een wijziging in het handelsvolume of de rating van de Genoteerde Aandelen op Euronext Amsterdam, of enige schuldbewijzen van de Vennootschap of enige wijziging of verwachte wijziging in de credit rating van de Vennootschap of enige van haar Groepsvennootschappen door een van de toepasselijke ratingbureaus (met dien verstande dat de onderliggende oorzaak(en) voor een dergelijke wijziging, voor zover deze oorzaak niet wordt uitgesloten door de andere paragrafen van deze definitie, een Materieel Nadelig Effect kan zijn, kan bijdragen aan een Materieel Nadelig Effect en in aanmerking mag worden genomen bij het bepalen of er sprake is of redelijkerwijs kan zijn van een Materieel Nadelig Effect);

(f) elke natuurramp, pandemie, het uitbreken of escaleren van oorlog, sabotage, militaire actie, door overmacht te beschouwen gebeurtenis, gewapende vijandelijkheden, daden van terrorisme, of elke escalatie of verergering daarvan, tenzij deze gebeurtenissen een disproportioneel effect hebben op de Groep als geheel, in vergelijking met andere bedrijven in de sector waarin de Groep actief is;

(g) de aankondiging, het uitbrengen of de implementatie van de Transactie; of

(h) een schending van de Fusieovereenkomst of Toepasselijke Regelgeving door de Bieder;

"**Na-aanmeldingstermijn**" heeft de betekenis die daaraan is gegeven in Hoofdstuk 12.9.6 (*Na-aanmeldingstermijn*);

"**Nadelige Verandering van de Aanbeveling**" betekent dat het Bestuur of één van haar leden de Aanbeveling weigert af te geven, herroept, wijzigt of kwalificeert of enige tegenstrijdige verklaring aflegt of enig tegenstrijdig besluit neemt met betrekking tot hun positieve standpunt ten aanzien van de Transactie of nalaat de Aanbeveling aan te kondigen in enig persbericht in connectie met de Transactie of de toelichting bij de agenda van de bijzondere algemene vergadering van de Vennootschap of nalaat de Aanbeveling te herbevestigen binnen twee (2) Werkdagen na een redelijk verzoek van de Bieder om dit te doen na een verklaring of actie van het Bestuur of één van zijn leden die door de markt redelijkerwijs als onverenigbaar met de Aanbeveling kan worden beschouwd;

"**Niet-Financiële Convenanten**" betekent de niet-financiële afspraken die zijn gemaakt tussen de Bieder en de Vennootschap en die zijn uiteengezet in Hoofdstuk 6.14 (*Non-Financial Covenants*);

"**Niet-Uitvoerende Bestuurders**" betekent de niet-uitvoerende bestuurders van de Vennootschap;

"**Overdracht**" betekent de afwikkeling van het Bod, inhoudende de levering van de Genoteerde Aandelen tegen betaling van de Biedprijs door de Bieder aan de Aandeelhouders die op geldige wijze hun Genoteerde Aandelen hebben aangemeld (of op ongeldige wijze, indien de Bieder zulke Genoteerde Aandelen desalniettemin aanvaardt) en geleverd onder het Bod en niet op een geldige wijze zijn ingetrokken;

"**Overheidsautoriteit**" betekent elke justitiële, wetgevende, uitvoerende, regelgevende of mededingingsautoriteit of -entiteit van de Europese Unie, elke nationale, provinciale, lokale of buitenlandse justitiële, wetgevende, uitvoerende, regelgevende of mededingingsautoriteit of –entiteit, elk arbitragetribunaal of elke andere overheidsinstantie, -agentschap, -commissie, -rechtbank of -entiteit;

"**Overige Maatregelen na de Overdracht**" heeft de betekenis die daaraan is gegeven in Hoofdstuk 12.11.6 (*Overige Maatregelen na de Overdracht*);

"**Peildatum**" betekent 10 september 2020;

"**Procedure voor Bindend Advies**" betekent de bindende adviesprocedure die de Bieder en de Vennootschap zijn overeengekomen voor het geval de Bieder van mening is dat aan de Voorwaarde als beschreven in Hoofdstuk 12.7.1(f) niet is voldaan en de Vennootschap het daar niet mee eens is;

"**Standpuntbepaling**" betekent de standpuntbepaling van de Vennootschap, die geen onderdeel uitmaakt van dit Biedingsbericht;

"**Toepasselijke Regelgeving**" betekent enig toepasselijk(e) statuut, wet, verdrag, verordening, beschikking, regel, richtlijn, aanwijzing, maatregel, bevel, voorziening, vonnis, decreet of ander vereiste van enige Overheidsinstantie;

"**Toezichtrechtelijke Goedkeuring**" heeft de betekenis die daaraan is gegeven in Hoofdstuk 12.7.1 (*Voorwaarden*), paragraaf (d);

"**Transactie**" betekent het Bod, de beëindiging van de beursnotering als beschreven in Hoofdstuk 12.11.2 (*Beëindiging beursnotering*) en, voor zover relevant, de Fusie na de Overdracht en de Verkoop na de Overdracht;

"**Uitkering**" betekent elke uitkering op de Genoteerde Aandelen;

"**Uitkoopprocedure**" heeft de betekenis die daaraan is gegeven in Hoofdstuk 12.11.3 (*Uitkoopprocedure*);

"**Vennootschap**" betekent de Altice Europe N.V., een naamloze vennootschap opgericht naar Nederlands recht, met statutaire zetel te Amsterdam, Nederland en kantoorhoudende te Oostdam

1, 3441 EM Woerden, Nederland en geregistreerd bij de Kamer van Koophandel onder nummer 63329743;

"**Verbonden Partijen**" betekent in relatie tot de Vennootschap en de Bieder, van tijd tot tijd, een persoon die gecontroleerd wordt door de Vennootschap of de Bieder, controle heeft over de Vennootschap of de Bieder, wordt gecontroleerd door een persoon die ook controle heeft over de Vennootschap of de Bieder of anderszins kwalificeert als een "dochteronderneming" of onderdeel van een "groep" als bedoeld in de artikelen 2:24a en 2:24b BW, met dien verstande dat geen enkel lid van de Groep geacht wordt een Verbonden Partij van de Bieder te zijn. "**Controle**" in de zin van deze definitie betekent het bezit, direct of indirect, alleen of gezamenlijk (door eigendom van effecten of deelname in een personenvennootschap of een ander eigendomsbelang, contractueel of anderszins) van (a) meer dan 50% van de stemrechten in de algemene vergaderingen van die persoon of (b) de bevoegdheid om een meerderheid van de bestuurders of commissarissen van die persoon te benoemen en te ontslaan of anderszins het bestuur en het beleid van die persoon te bepalen;

"**Vereffenaar**" betekent Stichting Liquidator Altice Europe;

"**Verkoop na de Overdracht**" betekent de Verkoop van de Onderneming en de ontbinding en vereffening van de Vennootschap;

"**Verkoop van Aandelen**" heeft de betekenis die daaraan is gegeven in Hoofdstuk 12.11.4 (*De Fusie na de Overdracht*);

"**Verkoop van Aandelen Prijs**" heeft de betekenis die daaraan is gegeven in Hoofdstuk 12.11.4 (*De Fusie na de Overdracht*);

"**Verkoop van de Onderneming**" heeft de betekenis die daaraan is gegeven in Hoofdstuk 12.11.5 (*De Verkoop na de Overdracht*);

"**Verkoop van de Onderneming Prijs**" heeft de betekenis die daaraan is gegeven in Hoofdstuk 12.11.5 (*De Verkoop na de Overdracht*);

"**Voltallig Bestuur**" betekent het bestuur van de Vennootschap;

"**Voorwaarden**" heeft de betekenis die daaraan is gegeven in Hoofdstuk 12.7.1 (*Voorwaarden*);

"**Werkdag**" betekent een dag, anders dan een zaterdag of zondag, waarop banken in Nederland en Euronext Amsterdam algemeen open zijn voor normale bedrijfsvoering;

"**Wft**" betekent Wet op het financieel toezicht.

12.3 Uitnodiging aan de Aandeelhouders

Onder verwijzing naar de verklaringen, voorwaarden en beperkingen zoals opgenomen in dit Biedingsbericht, worden Aandeelhouders uitgenodigd om hun Genoteerde Aandelen aan te bieden onder het Bod op de wijze en onder de voorwaarden zoals in dit Biedingsbericht beschreven. Aandeelhouders die overwegen hun Aandelen niet aan te melden, worden geadviseerd in het bijzonder Hoofdstuk 12.11 (*De gevolgen van het Bod voor Aandeelhouders die hun Genoteerde Aandelen niet aanbieden.*) door te nemen.

12.4 Het Bod

De Bieder brengt het Bod uit om alle Genoteerde Aandelen te verwerven onder de voorwaarden en conform de bepalingen en beperkingen zoals opgenomen in dit Biedingsbericht.

Op voorwaarde dat de Bieder het Bod gestand doet, biedt de Bieder voor elk Aangemeld Aandeel dat niet geldig wordt ingetrokken en dat wordt geleverd onder het Bod een vergoeding in contanten van EUR 4,11 (vier euro en elf eurocent) cum dividend, zonder betaling van rente en onder aftrek van enige toepasselijke belasting onder Toepasselijke Regelgeving (indien van toepassing) (de "**Biedprijs**").

De Biedprijs is 'cum dividend'. Dit betekent dat indien er op of na 11 september 2020 een Uitkering wordt vastgesteld door de Vennootschap, waarbij de registratiedatum die bepalend is voor de gerechtigdheid tot een dergelijke Uitkering op of vóór de Dag van Overdracht ligt, de Biedprijs zal worden verminderd met het volledige bedrag van een dergelijke Uitkering gedaan door de Vennootschap per Genoteerd Aandeel (vóór toepassing van enige relevante heffingen). Op de datum van dit Biedingsbericht voorziet de Vennootschap geen Uitkeringen. Elke aanpassing van de Biedprijs zal door middel van een persbericht in overeenstemming met Hoofdstuk 5.11 (*Announcements*) van dit Biedingsbericht kenbaar worden gemaakt.

De Biedprijs vertegenwoordigt:

(a) een premie van 23,8% ten opzichte van de slotkoers per Aandeel A op Euronext Amsterdam op de Peildatum;

(b) een premie van 16,5% gebaseerd op de volume-gewogen gemiddelde prijs per Aandeel A op Euronext Amsterdam gedurende een periode van honderdtachtig (180) dagen eindigend op de Peildatum; en

(c) een korting van 6,2% gebaseerd op de volume-gewogen gemiddelde prijs per Aandeel A op Euronext Amsterdam gedurende een periode van twaalf (12) maanden eindigend op de Peildatum.

12.5 Rationale van de Transactie

De Bieder en de Vennootschap zijn van mening dat het beter is voor het duurzame succes van de onderneming van de Vennootschap en voor het creëren lange termijn waarde om de Vennootschap te laten opereren zonder minderheidsaandeelhouders en zonder notering op Euronext Amsterdam (of een andere effectenbeurs). Gelet op, onder meer, de kapitaalstructuur met veel vreemd vermogen en de daarmee verband houdende hoge volatiliteit van de aandelenkoers en het gebrek aan gebruik van Beursgenoteerde Aandelen ter financiering van overnames, wegen de nadelen van de notering wezenlijk zwaarder dan de voordelen. De Bieder en de Vennootschap zijn van mening dat de Vennootschap zich, na het beëindigen van de notering en in een setting met één aandeelhouder, met meer succes kan concentreren op de lange termijn, onder meer vanwege de volgende voordelen:

(a) de Groep zal beter in staat zijn haar strategische doelstellingen te realiseren en de daaraan gekoppelde acties uit te voeren (waarbij de kernfocus ligt op groei van klanten, omzet, winstgevendheid en kasstromen en, als gevolg daarvan, schuldafbouw);

(b) de Groep zal beter in staat zijn de lange termijn strategische doelstellingen en operationele prestaties van de Groep te verwezenlijken en zich daarop te concentreren, in plaats van te focussen op de prestaties op korte termijn gedreven door kwartaalrapportages, bijvoorbeeld doordat de Groep beter in staat wordt gesteld haar investeringsbeslissingen te versnellen en uit te voeren op de momenten dat dit het meest efficiënt is, in plaats van te moeten presteren in overeenstemming met wat de markt verwacht;

(c) de huidige volatiliteit van de koersen van de Genoteerde Aandelen (bijvoorbeeld als gevolg van de hoge verhouding tussen schuld en eigen vermogen van de Vennootschap)[12] zal vermeden worden, wat (i) de mogelijkheid zal bieden om de effectiviteit van incentive-plannen voor werknemers te verbeteren, om zo het senior management beter te betrekken bij de bedrijfsstrategie van de Groep en retentie van de werknemers van de Groep te verbeteren en (ii) het verbeteren van de reputatie van de Vennootschap ten opzichte van en de relatie met haar stakeholders zoals klanten, obligatiehouders en andere financiers, leveranciers, werknemers en lokale overheden;

(d) de Groep zal een betere toegang hebben tot de obligatie- en bankfinancieringsmarkten, onafhankelijk van de dagelijkse en volatiele koersbewegingen van de Genoteerde Aandelen, en zo de financieringskosten kunnen verminderen, aangezien vreemd-vermogen-verschaffers zich meer zullen richten op fundamentele waardering en kredietanalyse;

(e) de Groep zal beter in staat zijn een efficiënte kapitaalstructuur te realiseren (in het bijzonder vanuit financieringsoogpunt), die onder andere intra-groepstransacties, dividenduitkeringen en het elimineren van inefficiënte intra-groepsstromen zou vergemakkelijken;

(f) de Groep kan haar kosten verminderen (bijvoorbeeld de kosten voor de beursnotering, de financiële verslaglegging, staf/management en het bestuur zullen afnemen, er zal geen verplichting meer zijn voor fysieke algemene vergaderingen van de Vennootschap en de huidige juridische holdingstructuur kan worden vereenvoudigd).

Onder verwijzing naar de Niet-Financiële Afspraken ondersteunt de Bieder de langetermijnstrategie van de Groep volledig. De Bieder en de Vennootschap zijn overtuigd dat een schrapping van de beursnotering de Groep beter in staat zal stellen de langetermijnstrategie uit te voeren.

12.6 Financiering van het Bod

De Bieder zal het Bod en, indien van toepassing, de cashcomponent van de koopprijs in de Verkoop van Aandelen of de Verkoop van de Onderneming, financieren door middel van schuldfinanciering door derden.

De Bieder is een bindende leningsovereenkomst aangegaan met BNP Paribas Fortis S.A./N.V., die krediet zal verstrekken in de vorm van termijnkredieten voor een totaalbedrag dat de Bieder voldoende middelen verschaft voor (i) de verwerving van Genoteerde Aandelen die onder het

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12 Hoewel de Vennootschap veel inspanningen heeft geleverd om de *leverage* ratio te verlagen (bijvoorbeeld door desinvesteringen), zijn het *leverage* niveau en de gerelateerde volatiliteit van de Genoteerde Aandelen gebleven.

Bod worden aangeboden, (ii) de cashcomponent van de koopprijs in de Verkoop van Aandelen of Verkoop van de Onderneming en (iii) de betaling van vergoedingen, kosten en uitgaven met betrekking tot de Transactie, onder de daarin opgenomen gebruikelijke voorwaarden en bepalingen. De Bieder heeft geen reden om aan te nemen dat aan deze voorwaarden niet vervuld zullen zijn op of vóór de Dag van Overdracht. De schuldfinanciering, die kan worden gesyndiceerd, is volledig gecommitteerd op een 'voldoende middelen' basis.

Tevens wordt verwezen naar de Initiële Aankondiging waarin conform artikel 7, vierde lid, van het Bob werd aangekondigd dat de Bieder over voldoende middelen beschikt om het Bod te financieren.

12.7 Voorwaarden, afstand en vervulling

12.7.1 Voorwaarden

De verplichting van de Bieder om het Bod gestand te doen is afhankelijk van of op de Laatste Dag van Aanmelding wordt voldaan aan de volgende opschortende voorwaarden (de "**Voorwaarden**") of, voor zover van toepassing, daarvan afstand is gedaan op of voorafgaand aan de Dag van Gestanddoening:

(a) de Aangemelde Aandelen, samen met (i) de Genoteerde Aandelen rechtstreeks of indirect gehouden door de Bieder Groep, (ii) de Genoteerde Aandelen die schriftelijk (onherroepelijk) toegezegd zijn aan de Bieder Groep en (iii) de Genoteerde Aandelen waartoe de Bieder onvoorwaardelijk gerechtigd is (gekocht maar nog niet geleverd), vertegenwoordigen ten minste 95% (vijfennegentig procent) van het geplaatste kapitaal van de Vennootschap op de Laatste Dag van Aanmelding;

(b) de Vennootschap heeft geen inbreuk gemaakt op de Fusieovereenkomst, voor zover deze inbreuk (i) heeft geleid of redelijkerwijs kan leiden tot materieel nadelige gevolgen voor de Vennootschap, de Bieder of de Transactie; en (ii) niet kan worden hersteld binnen tien (10) Werkdagen na ontvangst door de Vennootschap van een schriftelijke kennisgeving van de Bieder (of, indien dat eerder is, voorafgaand aan de Laatste Dag van Aanmelding), of niet is hersteld door de Vennootschap binnen tien (10) Werkdagen na ontvangst door de Vennootschap van een schriftelijke kennisgeving van de Bieder (of, indien dat eerder is, voorafgaand aan de Laatste Dag van Aanmelding);

(c) de Bieder heeft geen inbreuk gemaakt op de Fusieovereenkomst, voor zover deze inbreuk (i) heeft geleid of redelijkerwijs kan leiden tot materieel nadelige gevolgen voor de Vennootschap, de Bieder of de Transactie; en (ii) niet kan worden hersteld binnen tien (10) Werkdagen na ontvangst door de Bieder van een schriftelijke kennisgeving van de Vennootschap (of, indien dat eerder is, voorafgaand aan de Laatste Dag van Aanmelding), of niet is hersteld door de Vennootschap binnen tien (10) Werkdagen na ontvangst door de Bieder van een schriftelijke kennisgeving van de Vennootschap (of, indien dat eerder is, voorafgaand aan de Laatste Dag van Aanmelding);

(d) alle verplichte goedkeuringen, toestemmingen of verklaringen van geen bezwaar, voor zover van toepassing, van het Israëlische Ministerie van Communicatie en de Israëlische Cable and Satellite Broadcasting Council zijn verkregen en/of elke toepasselijke wachttijd (en elke verlenging daarvan) in verband met de Transactie is beëindigd of verstreken, waardoor het voor de Bieder in elk geval toegestaan is (i) op de Dag van Overdracht de onder het Bod aangemelde Genoteerde Aandelen te verkrijgen en vanaf dat moment de daaraan verbonden stemrechten uit te oefenen en (ii) de Transactie te implementeren zonder beperking van de mogelijkheid van de Bieder om controle uit te oefenen over de Groep als gevolg van het ontbreken van enige goedkeuring, instemming of verklaring van geen bezwaar van het Israëlische Ministerie van Communicatie en de Israëlische Cable and Satellite Broadcasting Council (de "**Toezichtrechtelijke Goedkeuring**") en deze Toezichtrechtelijke Goedkeuring zijn volledig van kracht en stellen geen voorwaarde en vereisen geen remedie waarvan de Bieder onder de Fusieovereenkomst niet gehouden is die te aanvaarden of mee in te stemmen;

(e) de algemene vergadering van aandeelhouders van de Vennootschap heeft de Besluiten aangenomen;

(f) er heeft zich geen Materieel Nadelig Effect voorgedaan welke voortduurt op de Laatste Dag van Aanmelding;

(g) er heeft zich geen Nadelige Verandering van de Aanbeveling voorgedaan;

(h) geen bevel, opschorting, vonnis, voorziening of beschikking is uitgevaardigd door een bevoegde Overheidsautoriteit en van kracht is, en geen wet, statuut, verdrag, verordening, regel, aanwijzing, richtlijn, maatregel of bevel van een bevoegde Overheidsautoriteit is uitgevaardigd, ten uitvoer gelegd of van toepassing geacht op de Transactie (in alle gevallen al dan niet tijdelijk, voorwaardelijk of permanent), welke het (geheel of gedeeltelijk) voltooien van de Transactie in overeenstemming met de Fusieovereenkomst beperkt, verbiedt of materieel vertraagt of naar redelijke waarschijnlijkheid zal leiden tot een dergelijk(e) beperking, verbod of materiële vertraging;

(i) er is door de AFM geen aanwijzing gegeven op grond van artikel 5:80 lid 2 Wft die één of meer beleggingsondernemingen opdraagt niet aan het Bod mee te werken; en

(j) de handel in Genoteerde Aandelen op Euronext Amsterdam is niet opgeschort of beëindigd door Euronext Amsterdam.

12.7.2 Vervulling van de Voorwaarden en afstand

Elk van de Voorwaarden uiteengezet in Hoofdstuk 12.7.1 (*Voorwaarden*), paragrafen (d) en (h) is opgenomen ten behoeve van de Bieder en de Vennootschap en daarvan mag derhalve, voor zover toegestaan op grond van de Toepasselijke Regelgeving, alleen schriftelijk geheel of gedeeltelijk afstand worden gedaan door de Bieder en de Vennootschap gezamenlijk.

Elk van de Voorwaarden uiteengezet in Hoofdstuk 12.7.1 (*Voorwaarden*), paragrafen (a), (b), (e), (f), (g), en (j) is uitsluitend opgenomen ten behoeve van de Bieder en daarvan mag de Bieder, voor zover toegestaan op grond van de Toepasselijke Regelgeving en naar eigen goeddunken, te allen tijde geheel of gedeeltelijk afstand doen door middel van een kennisgeving aan de Vennootschap, met dien verstande dat de Bieder pas na overleg met de Vennootschap afstand zal doen van de Voorwaarden uiteengezet in Hoofdstuk 12.7.1 (*Voorwaarden*), paragrafen (a) en (g).

De Voorwaarde uiteengezet in Hoofdstuk 12.7.1 (*Voorwaarden*), paragraaf (c) is uitsluitend opgenomen ten behoeve van de Vennootschap en daarvan mag de Vennootschap, voor zover toegestaan op grond van de Toepasselijke Regelgeving, te allen tijde geheel of gedeeltelijk afstand doen door middel van een kennisgeving aan de Bieder.

Van de Voorwaarde uiteengezet in Hoofdstuk 12.7.1 (*Voorwaarden*), paragraaf (i) kan geen afstand worden gedaan.

Zowel de Bieder als de Vennootschap zal in redelijkheid haar uiterste best doen om zo snel als redelijkerwijs mogelijk de vervulling van de Voorwaarden te bewerkstelligen. Indien de Bieder of de Vennootschap op enig moment kennisneemt van (i) een feit of omstandigheid dat/die de vervulling van een Voorwaarde kan verhinderen of (ii) de vervulling van een Voorwaarde, zal de Bieder respectievelijk de Vennootschap de ander daarvan onverwijld op de hoogte stellen.

Ten aanzien van de Voorwaarde uiteengezet in Hoofdstuk 12.7.1 (*Voorwaarden*), paragraaf (f) zijn de Bieder en de Vennootschap een bindend advies procedure overeengekomen, voor het geval dat de Bieder meent dat de Voorwaarde niet is vervuld en de Vennootschap het daar niet mee eens is. Verwezen wordt naar Hoofdstuk 6.6.3 (*Satisfaction of the Offer Conditions*).

12.8 Aanvaarding door Aandeelhouders

Door het aanmelden van een Genoteerd Aandeel aanvaardt een Aandeelhouder het Bod.

Aandeelhouders worden verzocht om de aanmelding van hun Genoteerde Aandelen bekend te maken via hun bewaarder, bank of commissionair, niet later dan op de Laatste Dag van Aanmelding om 17:40 uur CET. De relevante bewaarder, bank of commissionair kan een uiterst moment vaststellen voor communicatie door een Aandeelhouder, zodat de bewaarder, bank of commissionair voldoende tijd heeft om de aanmelding door te geven aan het Afwikkelingskantoor. Aandeelhouders dienen daarom contact op te nemen met hun financiële tussenpersoon om informatie te verkrijgen over de toepasselijke deadline voor verzending van instructies aan de tussenpersoon om het Bod te aanvaarden en zich te houden aan de data gecommuniceerd door de tussenpersoon (welke data kunnen afwijken van de data en tijden die in dit Biedingsbericht zijn opgenomen).

Aangesloten Instellingen kunnen de Genoteerde Aandelen uitsluitend aanmelden bij het Afwikkelingskantoor en alleen in schriftelijke vorm. Bij het indienen van de aanmelding dient iedere Aangesloten Instelling te verklaren dat:

(a) zij de door de betreffende Aandeelhouder aangemelde Genoteerde Aandelen in haar administratie heeft opgenomen;

(b) iedere Aandeelhouder die het Bod aanvaardt, onherroepelijk verklaart en garandeert dat (i) de door de Aandeelhouder aangemelde Genoteerde Aandelen worden aangemeld in overeenstemming met de restricties vermeld in Hoofdstukken 2 en 3 en (ii) de Aandeelhouder niet, direct of indirect, onderwerp of doelwit is van enige economische of financiële sanctie opgelegd of afgedwongen door enige instantie van de Amerikaanse overheid, de Europese Unie, enige lidstaat van de Europese Unie of de Verenigde Naties, anders dan uitsluitend op grond van zijn opname in, of eigendom door een persoon opgenomen in, de Amerikaanse 'Sectoral Sanctions Identifications (SSI) List' of Annex

III, IV, V of VI van Verordening (EU) No. 833/2014 van 31 juli 2014, zoals laatstelijk gewijzigd;

(c) zij zich verplicht om de desbetreffende Genoteerde Aandelen uiterlijk op de Dag van Overdracht te leveren aan de Bieder, op voorwaarde dat het Bod gestand is gedaan.

Alhoewel gebruikelijk is dat de Aangesloten Instelling zorg draagt dat de aangemelde Genoteerde Aandelen op verzoek van de Aandeelhouder geleverd worden aan de Bieder, zal elke Aandeelhouder verantwoordelijk zijn voor de levering van de aangemelde Genoteerde Aandelen aan de Bieder.

Met inachtneming van het recht tot herroeping zoals omschreven in Hoofdstuk 12.9.2 (*Recht tot herroeping*), vormt de aanmelding van Genoteerde Aandelen ter aanvaarding van het Bod onherroepelijke instructies door de betreffende Aandeelhouder aan de desbetreffende Aangesloten Instelling om:

(i) elke poging tot levering van deze Genoteerde Aandelen tegen te houden, zodat op of vóór de Dag van Overdacht geen levering van deze Genoteerde Aandelen uitgevoerd kan worden (anders dan enige handeling die vereist is om de levering aan de Bieder te bewerkstelligen);

(ii) de effectenrekening te debiteren waarop deze Genoteerde Aandelen op de Dag van Overdracht worden aangehouden ten aanzien van al deze Genoteerde Aandelen, tegen betaling van de Biedprijs voor deze Genoteerde Aandelen door het Afwikkelingskantoor namens de Bieder; en

(iii) de levering van deze Genoteerde Aandelen aan de Bieder te bewerkstelligen.

12.9 Aanmelding

12.9.1 Aanmeldingstermijn

De Aanmeldingstermijn vangt aan op 25 november 2020 om 09:00 uur CET en eindigt op 21 januari 2021 om 17:40 uur CET, tenzij de Aanmeldingstermijn wordt verlengd in overeenstemming met artikel 15 van het Bob en Hoofdstuk 12.9.4 (*Verlenging*).

Als het Bod gestand wordt gedaan door de Bieder, zal de Bieder alle Aangemelde Aandelen waarvan de aanmelding niet voordien geldig is herroepen, aanvaarden met inachtneming van de procedures zoals uiteengezet in Hoofdstuk 12.8 (*Aanvaarding door Aandeelhouders*).

12.9.2 Recht tot herroeping

De aanmelding van Genoteerde Aandelen die zijn aangemeld op of voorafgaand aan 17:40 CET op de Laatste Dag van Aanmelding mag niet worden herroepen, behoudens het recht tot herroeping van elke aanmelding op grond van het bepaalde in artikel 5b, vijfde lid en artikel 15, achtste lid, van het Bob of:

(a) gedurende een eventuele verlenging van de Aanmeldingstermijn in overeenstemming met de bepalingen in artikel 15 lid 3 van het Bob; of

(b) na de verhoging van de Biedprijs als gevolg waarvan de Biedprijs niet langer alleen bestaat uit een cashcomponent en in verband met welke verhoging een document algemeen verkrijgbaar is gesteld in overeenstemming met artikel 15a lid 3 van het Bob, mits dergelijke Genoteerde Aandelen reeds aangemeld waren voordat het document algemeen verkrijgbaar was gesteld en de herroeping plaatsvindt binnen zeven Werkdagen nadat het document algemeen verkrijgbaar is gesteld.

De aanmelding van Genoteerde Aandelen wordt herroepen door een daartoe strekkende schriftelijke kennisgeving aan de Aangesloten Instelling, zoals nader beschreven in Hoofdstuk 5.3.3 (*Withdrawal Rights*).

Een herroeping van de aanmelding van Genoteerde Aandelen kan niet worden teruggedraaid. Gedurende een eventuele Na-Aanmeldingstermijn kan de aanmelding van Genoteerde Aandelen niet worden herroepen.

12.9.3 Gestanddoening

De verplichting van de Bieder om het Bod gestand te doen is onder voorbehoud van de vervulling van de Voorwaarden zoals uiteengezet in Hoofdstuk 12.7.1 (*Voorwaarden*). Van de Voorwaarden kan afstand worden gedaan, voor zover toegestaan bij Toepasselijke Regelgeving, zoals uiteengezet in Hoofdstuk 12.7.2 (*Vervulling van de Voorwaarden en afstand*). Indien afstand wordt gedaan van enige Voorwaarde in overeenstemming met het bepaalde in Hoofdstuk 12.7.2 (*Vervulling van de Voorwaarden en afstand*), dan zal de Bieder daarvan kennisgeven aan de Aandeelhouders zoals voorgeschreven door de Toepasselijke Regelgeving.

De Bieder zal uiterlijk op de Dag van Gestanddoening vaststellen of aan de Voorwaarden is voldaan dan wel daarvan afstand is gedaan. Bovendien zal de Bieder op de Dag van Gestanddoening een openbare mededeling doen of het Bod:

(a) gestand wordt gedaan;

(b) wordt verlengd in overeenstemming met artikel 15 van het Bob en Hoofdstuk 12.9.4 (*Verlenging*); of

(c) wordt beëindigd omdat niet is voldaan aan de Voorwaarden en daarvan geen afstand is gedaan,

alles in overeenstemming met artikel 16 van het Bob. Indien de Bieder het Bod niet gestand doet, zal de Bieder dit besluit toelichten.

12.9.4 Verlenging

Indien op de dan geplande Laatste Dag van de Aanmeldingstermijn één of meer Voorwaarden niet zijn vervuld en daarvan evenmin afstand is gedaan, mag de Bieder, na overleg met de Vennootschap en in overeenstemming met artikel 15 van het Bob, de Aanmeldingstermijn verlengen, met dien verstande dat (i) de eerste verlenging van de Aanmeldingstermijn minimaal twee (2) weken en maximaal tien (10) weken zal zijn gerekend vanaf de dag vanaf de oorspronkelijke Laatste Dag van Aanmelding, en (ii) elke volgende verlenging afhankelijk zal zijn van het verkrijgen van een vrijstelling van de AFM en deze verlenging zal voortduren voor zolang de Bieder redelijkerwijs noodzakelijk acht om deze Voorwaarden te laten vervullen of daarvan afstand te doen. De Vennootschap heeft zich ertoe verbonden het verzoek van de Bieder aan de AFM om een ontheffing voor de verlenging van de Biedingsperiode volledig te ondersteunen en daaraan haar medewerking te verlenen.

Als de Aanmeldingstermijn wordt verlengd, worden alle verwijzingen in dit Biedingsbericht naar "17:40 uur CET", "Laatste Dag van Aanmelding" en "21 januari 2021", geacht te zijn gewijzigd in de laatste tijd en datum waarnaar de Aanmeldingstermijn is verlengd, tenzij uit de context anderszins blijkt.

Als de Aanmeldingstermijn wordt verlengd, waardoor de verplichting op grond van artikel 16 van het Bob om openbaar mede te delen of het Bod gestand wordt gedaan wordt uitgesteld, zal uiterlijk op de derde Werkdag na de oorspronkelijke Laatste Dag van de Aanmelding hierover een openbare mededeling worden gedaan in overeenstemming met de bepalingen van artikel 15, leden 1 en 2 van het Bob. Indien de Bieder de Aanmeldingstermijn verlengt, zal het Bod aflopen op de uiterste tijd en datum waartoe de Bieder de Aanmeldingstermijn heeft verlengd.

Gedurende een verlenging van de Aanmeldingstermijn blijft elk Genoteerd Aandeel dat reeds is aangemeld en waarvan de aanmelding niet is herroepen in overeenstemming met Hoofdstuk 12.9.2 (*Recht tot herroeping*), aangemeld onder het Bod. De aanmelding van elk Genoteerd Aandeel dat wordt aangemeld gedurende een verlenging van de Aanmeldingstermijn kan niet worden herroepen, behoudens het recht tot herroeping in overeenstemming met Hoofdstuk 12.9.2 (*Recht tot herroeping*).

12.9.5 Overdracht

Als de Bieder het Bod gestand doet, zal de Bieder de levering van alle Aangemelde Aandelen aanvaarden onder de voorwaarden van het Bod.

Op de Dag van Overdracht zal de Bieder de Biedprijs betalen voor elk Aangemeld Aandeel dat is aangemeld gedurende de Aanmeldingstermijn en is geleverd aan de Bieder, onder de voorwaarden als uiteengezet in dit Biedingsbericht. De Dag van Overdracht zal niet later zijn dan vijf (5) Werkdagen volgend op de Laatste Dag van Aanmelding. De Bieder kan niet garanderen dat Aandeelhouders de Biedprijs daadwerkelijk binnen deze periode zullen ontvangen. Er is geen specifieke actie van Aandeelhouders vereist met betrekking tot de betaling van de Biedprijs.

Vanaf de Dag van Overdracht is het niet mogelijk de aanmelding, verkoop of levering te herroepen, te ontbinden of te vernietigen van enig Aangemeld Aandeel dat gedurende de Aanmeldingstermijn is aangemeld.

12.9.6 Na-aanmeldingstermijn

Indien de Bieder het Bod gestand doet, zal de Bieder binnen drie (3) Werkdagen na de Dag van Gestanddoening een na-aanmeldingstermijn aankondigen van twee (2) weken (de "**Na-aanmeldingstermijn**"), tenzij de Bieder en de Vennootschap gezamenlijk anders overeenkomen. Aandeelhouders die hun Genoteerde Aandelen niet hebben aangemeld tijdens de Aanmeldingstermijn kunnen gedurende de Na-aanmeldingstermijn hun Genoteerde Aandelen alsnog aanmelden onder dezelfde voorwaarden en beperkingen als het Bod.

De Bieder zal de resultaten van de Na-aanmeldingstermijn en het totale aantal en percentage van de door de Bieder gehouden Genoteerde Aandelen uiterlijk op de derde Werkdag na de laatste dag van de Na-aanmeldingstermijn openbaar mededelen, in overeenstemming met artikel 17 lid 4 van het Bob.

Tijdens de Na-aanmeldingstermijn zal de Bieder doorgaan met het aanvaarden van alle Genoteerde Aandelen die op geldige wijze zijn aangemeld (of op ongeldige wijze, indien de Bieder de aanmelding desalniettemin heeft aanvaard) en betaling van de Biedprijs voor dergelijke Genoteerde Aandelen die zijn geleverd aan de Bieder tijdens de Na-aanmeldingstermijn zal plaatsvinden niet later dan op de vijfde Werkdag volgend op de laatste dag van de Na-aanmeldingstermijn.

Gedurende de Na-aanmeldingstermijn hebben Aandeelhouders niet het recht de aanmelding van Genoteerde Aandelen te herroepen, ongeacht of de desbetreffende Genoteerde Aandelen zijn aangemeld tijdens de Aanmeldingstermijn of tijdens de Na-aanmeldingstermijn.

Vanaf de relevante dag van overdracht is het niet mogelijk de aanmelding, verkoop of levering te herroepen, te ontbinden of te vernietigen van enig Aangemeld Aandeel dat gedurende de Na-aanmeldingstermijn is aangemeld.

12.10 Besluitvorming en Aanbeveling van het Bestuur

Vanaf het moment dat Next Alt (en later de Bieder) duidelijk maakte dat hij de mogelijkheid overwoog en onderzocht van een *take private* van de Vennootschap middels een openbaar bod in contanten op alle Genoteerde Aandelen, hebben het Bestuur en afzonderlijk de Niet-Uitvoerende Bestuurders regelmatig gesprekken gevoerd en vergaderingen gehouden om op de hoogte te blijven van de laatste ontwikkelingen, om het proces te monitoren en om het Bod te bespreken.

Bij de beraadslaging en besluitvorming heeft het Bestuur gepaste aandacht besteed aan belangenconflicten. Het Bestuur heeft bepaald of er sprake was van een belangenconflict van elk van de bestuurders van de Vennootschap. Ten aanzien van dhr. Drahi, A4 S.A. en dhr. Weill (de "**Geconflicteerde Uitvoerende Bestuurders**"), ieder een uitvoerende bestuurder van de Vennootschap met nauwe banden met de Bieder of een aanzienlijk (potentieel) persoonlijk financieel belang bij de Transactie, is vastgesteld dat zij een tegenstrijdig belang hebben in de zin van artikel 2:129 lid 6 BW met betrekking tot de Transactie (inclusief het Bod). Zij hebben daarom niet deelgenomen aan de beraadslagingen of besluitvorming van het Bestuur met betrekking tot de Transactie.

Het Bestuur heeft alle voorstellen van de Bieder beoordeeld in overeenstemming met haar fiduciaire verantwoordelijkheden. Het Bestuur heeft elk voorstel besproken en zorgvuldig overwogen en de rationale, voordelen, impact op de onderneming en risico's voor alle stakeholders van de Vennootschap (zoals minderheidsaandeelhouders, werknemers, financiers en klanten) verkend. Het Bestuur heeft deze beoordeling uitgevoerd samen met zijn externe financieel en juridisch adviseurs, waarbij de Niet-Uitvoerende Bestuurders onafhankelijk advies hebben ontvangen van hun eigen financieel en juridisch adviseurs. Als onderdeel hiervan zijn verschillende scenario's overwogen door het Bestuur.

In overeenstemming met haar fiduciaire verantwoordelijkheden heeft het Bestuur, na uitgebreid juridisch en financieel advies te hebben ontvangen, de Transactie zorgvuldig beoordeeld en alle aspecten van de Transactie zorgvuldig overwogen, waaronder:

(a) de strategische rationale voor de Transactie;

(b) de financiële aspecten (zoals de Biedprijs);

(c) de niet-financiële aspecten (zoals de Niet-Financiële Convenanten en andere operationele en sociale aspecten); en

(d) dealzekerheid.

Het Bestuur heeft de belangen van alle stakeholders, waaronder de minderheidsaandeelhouders, zorgvuldig overwogen. Het Bestuur heeft unaniem vastgesteld dat de Biedprijs *fair* is en een aantrekkelijke premie voor alle Aandeelhouders vertegenwoordigt, en dat andere stakeholders voordelen genieten van de Transactie door hun voortdurende betrokkenheid bij de Vennootschap in een private setting. Het Bestuur concludeert dat de Transactie het bestendige succes van de onderneming van de Vennootschap bevordert en in het belang is van de Vennootschap en haar stakeholders, waaronder haar werknemers, klanten, financiers en aandeelhouders.

De Vennootschap heeft op 10 september 2020 een *fairness opinion* ontvangen van Lazard met de strekking dat, op die datum en gebaseerd op en afhankelijk van hetgeen in de *fairness opinion* is opgenomen, (i) de Biedprijs vanuit een financieel oogpunt *fair* is jegens de houders van Genoteerde Aandelen (anders dan de Bieder, de Vennootschap of een Verbonden Partij van de Bieder of de Vennootschap), (ii) de koopprijs die wordt betaald aan Company Holdco in de Verkoop van Aandelen vanuit een financieel oogpunt *fair* is jegens Company Holdco en (iii) de koopprijs die wordt betaald aan de Vennootschap in de Verkoop van de Onderneming vanuit een financieel oogpunt *fair* is jegens de Vennootschap.

De Niet-Uitvoerende Bestuurders hebben op 10 september 2020 een *fairness opinion* ontvangen van LionTree, met de strekking dat, op die datum en gebaseerd op en afhankelijk van hetgeen in de *fairness opinion* is opgenomen, dat de Biedprijs vanuit een financieel oogpunt *fair* is jegens de Aandeelhouders en dat de koopprijs of opbrengst die betaalbaar is aan Aandeelhouders in een eventuele Fusie na de Overdracht of Verkoop na de Overdracht vanuit een financieel oogpunt *fair* is.

Onder verwijzing naar het bovenstaande, (i) steunt het Bestuur unaniem de Transactie, (ii) beveelt het Bestuur unaniem de Aandeelhouders aan om het Bod te aanvaarden en hun Aandelen aan te bieden in het kader van het Bod en (iii) beveelt het Bestuur unaniem de aandeelhouders van de Vennootschap aan om voor de Besluiten te stemmen op de buitengewone algemene vergadering van de Vennootschap (de "**Aanbeveling**"). Bij het komen tot de Aanbeveling heeft het Bestuur rekening gehouden met de belangen van alle stakeholders.

Op de datum van dit Biedingsbericht heeft de Vennootschap een Standpuntbepaling gepubliceerd in overeenstemming met artikel 18 van het Bob, waarin de Aanbeveling en een uitgebreidere beschrijving van het besluitvormingsproces is opgenomen. De volledige tekst van elk van de *fairness opinions* is opgenomen in de Standpuntbepaling.

Het Bestuur mag alleen overgaan tot een Nadelige Verandering van de Aanbeveling in de omstandigheden uiteengezet in Hoofdstuk 6.7.3 (*Revocation or withdrawal of Recommendation*).

Meer informatie is opgenomen in de Standpuntbepaling.

12.11 De gevolgen van het Bod voor Aandeelhouders die hun Genoteerde Aandelen niet aanbieden.

De Bieder beoogt om uiteindelijk 100% van de Genoteerde Aandelen of alle activa en activiteiten van de Vennootschap (inclusief de volledige onderneming van de Groep) te verwerven en de bereidheid van de Bieder om de Biedprijs te betalen is gebaseerd op een dergelijke verkrijging. Daartoe kan de Bieder, na de Overdracht, ervoor kiezen om bepaalde herstructureringsmaatregelen te (laten) implementeren, waaronder een Uitkoopprocedure, de Fusie na de Overdracht, de Verkoop na de Overdracht en/of een of meer Overige Maatregelen na de Overdracht (zoals nader beschreven in Hoofdstuk 6.11 (*Consequences of the Offer for non-tendering Shareholders*) en dit Hoofdstuk 12.11 (*De gevolgen van het Bod voor Aandeelhouders die hun Genoteerde Aandelen niet aanbieden.*)). De Bieder behoudt zich het recht voor om van iedere juridisch toegestane methode gebruik te maken om alle Genoteerde Aandelen (of de volledige eigendom van de onderneming van de Groep) te verwerven en/of de juridische, financiële en fiscale structuur van de Groep te optimaliseren. Verwezen wordt naar Hoofdstuk 6.11 (*Consequences of the Offer for non-tendering Shareholders*).

12.11.1 Liquiditeit

De aankoop van Genoteerde Aandelen door de Bieder in het kader van het Bod zal het aantal Aandeelhouders en het aantal Genoteerde Aandelen dat anders publiekelijk zou kunnen worden verhandeld, verminderen. Hierdoor kan na de Overdracht de omvang van de *free float* van de Genoteerde Aandelen aanzienlijk zijn verminderd en kunnen de handelsvolumes en de liquiditeit van de Genoteerde Aandelen negatief worden beïnvloeden. De Bieder heeft niet de intentie de Aandeelhouders voor dergelijke nadelige gevolgen te compenseren.

12.11.2 Beëindiging beursnotering

In de Fusieovereenkomst zijn de Bieder en de Vennootschap overeengekomen dat zij, zo spoedig als redelijkerwijs mogelijk na de Overdracht, de notering van de Genoteerde Aandelen (inclusief de Genoteerde Aandelen die niet zijn aangemeld onder het Bod) aan Euronext Amsterdam zullen beëindigen en de noteringsovereenkomst tussen de Vennootschap en Euronext Amsterdam ten aanzien van de notering van de Genoteerde Aandelen zullen beëindigen.

Beëindiging van de notering kan geschieden in overeenstemming met de toepasselijke (beleids)regels van Euronext Amsterdam, maar de notering van de Genoteerde Aandelen op Euronext Amsterdam kan ook eindigen als gevolg van de Fusie na de Overdracht, de Verkoop na de Overdracht of Overige Maatregelen na de Overdracht. In het geval dat de Vennootschap niet langer beursgenoteerd zal zijn en de Genoteerde Aandelen niet langer publiek verhandelbaar zullen zijn, zullen de bepalingen ten aanzien van de governance van beursgenoteerde ondernemingen niet meer van toepassing zijn en worden de rechten van resterende minderheidsaandeelhouders mogelijk beperkt tot het wettelijk minimum.

12.11.3 Uitkoopprocedure

Om de overige Genoteerde Aandelen te verwerven die na de Dag van Overdracht niet zijn aangeboden onder het Bod en niet door de Bieder of de Vennootschap worden gehouden, kan de Bieder het initiatief nemen tot:

(a) een uitkoopprocedure overeenkomstig artikel 2:92a of 2:201a BW, indien de Bieder, alleen of samen met een of meer van zijn groepsmaatschappijen in de zin van artikel

2:24b BW, voor eigen rekening ten minste 95% van het geplaatste aandelenkapitaal van de Vennootschap verschaft (berekend in overeenstemming met het BW); of

(b) een uitkoopprocedure overeenkomstig artikel 2:359c BW (i) met betrekking tot de Aandelen A, als de Bieder, alleen of samen met een of meer van zijn groepsmaatschappijen in de zin van artikel 2:24b BW, voor eigen rekening ten minste 95% van de geplaatste Aandelen A houdt en ten minste 95% van de stemrechten van alle geplaatste Aandelen A vertegenwoordigt (berekend in overeenstemming met het BW), of (ii) met betrekking tot de Aandelen B, als de Bieder, alleen of samen met een of meer van zijn groepsmaatschappijen in de zin van artikel 2:24b BW, voor eigen rekening ten minste 95% van de geplaatste Aandelen B houdt en ten minste 95% van de stemrechten van alle geplaatste Aandelen B vertegenwoordigt (berekend in overeenstemming met het BW),

elk een "**Uitkoopprocedure**".

De Vennootschap zal de Bieder alle redelijke assistentie verlenen die nodig kan zijn, waaronder begrepen, als de Bieder daarom verzoekt, door deel te nemen aan een dergelijke procedure als mede-eiser of gedaagde.

12.11.4 De Fusie na de Overdracht

Voorafgaand aan de datum van dit Biedingsbericht zijn Company Holdco en Company Sub opgericht.

In de Fusieovereenkomst zijn de Bieder en de Vennootschap overeengekomen dat, indien het Back-End Besluit (Fusie) is aangenomen en het Bod gestand wordt gedaan, de Bieder ervoor mag kiezen, na overleg met de Vennootschap, om de Fusie na de Overdracht te implementeren, waarbij de Vennootschap (onder voorbehoud van Hoofdstuk 6.7.3 (*Revocation or withdrawal of Recommendation*)):

(i) een juridische driehoeksfusie effectueert, waarbij de Vennootschap (als verdwijnende vennootschap) zal fuseren met en in Company Sub (als verkrijgende vennootschap) en waarbij Company Holdco aandelen toekent aan de aandeelhouders van de Vennootschap overeenkomstig de artikelen 2:309 e.v. en 2:333a BW (de "**Driehoeksfusie**");

(ii) bewerkstelligt dat Company Holdco met de Bieder een verkoopovereenkomst zal sluiten, op grond waarvan alle geplaatste aandelen in het kapitaal van Company Sub zullen worden verkocht en geleverd aan de Bieder of een door de Bieder aangewezen derde onmiddellijk na het van kracht worden van de Driehoeksfusie (de "**Verkoop van Aandelen**"); en

(iii) na de levering van de Company Sub aandelen, bewerkstelligt dat de ontbinding en vereffening van Company Holdco wordt geëffectueerd en op ieder gewoon aandeel in het kapitaal van Company Holdco een liquidatie-uitkering bij voorbaat wordt gedaan in overeenstemming met de statuten van Company Holdco welke uitkering beoogd is plaats te vinden op of rond de datum waarop de Verkoop van Aandelen wordt voltooid en voor een bedrag dat zoveel als mogelijk gelijk is aan de Biedprijs, zonder enige rente en onder aftrek van eventuele toepasselijke bronheffingen en andere belastingen (de "**Verkoop van Aandelen Prijs**").

Voor een verdere uitleg over de Fusie na de Overdracht wordt verwezen wordt naar Hoofdstuk 6.11.5.2 (*Post-Offer Merger*).

12.11.5 De Verkoop na de Overdracht

In de Fusieovereenkomst zijn de Bieder en de Vennootschap overeengekomen dat, indien het Back-End Besluit (Verkoop Onderneming) is aangenomen en het Bod gestand wordt gedaan, de Bieder ervoor mag kiezen, na overleg met de Vennootschap en als alternatief voor de Fusie na de Overdracht, om de Verkoop na de Overdracht te implementeren, waarbij de Vennootschap (onder voorbehoud van Hoofdstuk 6.7.3 (*Revocation or withdrawal of Recommendation*)):

(i) haar volledige onderneming (bestaande uit de bezittingen en verplichtingen van de Vennootschap) verkoopt en levert aan de Bieder of een door de Bieder aangewezen derde, tegen betaling van contanten en een schuldvordering (de "**Verkoop van de Onderneming**"); en

(ii) na voltooiing van de Verkoop van de Onderneming, de ontbinding en vereffening van de Vennootschap effectueert en op ieder Genoteerd Aandeel een liquidatie-uitkering bij voorbaat doet in overeenstemming met de statuten van de Vennootschap welke uitkering beoogd is plaats te vinden op of rond de datum waarop de Verkoop van de Onderneming wordt voltooid en voor een bedrag dat zoveel als mogelijk gelijk is aan de Biedprijs, zonder enige rente en onder aftrek van eventuele toepasselijke bronheffingen en andere belastingen (de "**Verkoop van de Onderneming Prijs**").

Voor een verdere uitleg over de Verkoop na de Overdracht wordt verwezen wordt naar Hoofdstuk 6.11.5.3 (*Post-Offer Asset Sale*).

12.11.6 Overige Maatregelen na de Overdracht

Zonder af te doen aan hetgeen hierboven in Hoofdstuk 12.11.3 (*Uitkoopprocedure*), 12.11.4 (*De Fusie na de Overdracht*) en 12.11.5 (*De Verkoop na de Overdracht*) is bepaald, is de Bieder na Gestanddoening van het Bod bevoegd om, na het verstrijken van de Na-aanmeldingsperiode (indien van toepassing), een herstructurering van de Groep te (laten) effecturen (anders dan een Uitkoopprocedure, de Fusie na de Overdracht of de Verkoop na de Overdracht) met het oog op het bereiken van een optimale operationele, juridische, financiële en/of fiscale structuur in overeenstemming met de Toepasselijke Regelgeving ("**Overige Maatregelen na de Overdracht**"). Sommige Overige Maatregelen na de Overdracht kunnen het (neven-)effect hebben van verwatering van de overgebleven minderheidsaandeelhouders van de Vennootschap. Verwezen wordt naar Hoofdstuk 6.11.6 (*Post-Settlement Restructurings*).

12.12 Aankondigingen

Iedere verdere aankondiging met betrekking tot het Bod, waaronder begrepen met betrekking tot het gestand doen van het Bod en aankondigingen met betrekking tot het verlengen van de Aanmeldingstermijn, zal worden gedaan door middel van een persbericht. Ieder gezamenlijk persbericht dat wordt uitgebracht door de Bieder en de Vennootschap zal beschikbaar worden geteld op de website van de Vennootschap (www.altice.net) en de Bieder (www.nextprivate.net).

Ieder persbericht dat wordt uitgebracht door de Bieder zal beschikbaar worden gesteld op de website van de Bieder (www.nextprivate.net).

Met inachtneming van de toepasselijke vereisten op grond van de Toepasselijke Regelgeving en zonder afbreuk te doen aan de manier waarop de Bieder een openbare mededeling wenst te doen, zal op de Bieder geen enkele verplichting rusten om een openbare mededeling te doen anders dan zoals uiteengezet in dit Biedingsbericht.

12.13 Governance van de Bieder en de Vennootschap

Het bestuur van de Bieder wordt gevormd door dhr. F. Legoux (bestuurder A) en dhr. D. Okhuijsen (bestuurder B). De Bieder heeft geen raad van commissarissen.

De Vennootschap heeft een *one-tier board*, bestaande uit vier uitvoerende bestuurders en vier niet-uitvoerende bestuurders. De vier uitvoerende bestuurders van de Vennootschap zijn Patrick Drahi (President), Alain Weill (CEO), A4 S.A. (Vice-President; dhr. Dennis Okhuijsen is A4's permanente vertegenwoordiger) en Natacha Marty (General Counsel). De vier niet-uitvoerende bestuurders van de Vennootschap zijn Jurgen van Breukelen (Chairman), Thierry Sauvaire, Nicolas Paulmier en Philippe Besnier.

13 SELECTED CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY

13.1 Basis for preparation

The selected consolidated financial information of the Company is that of the Company and its consolidated subsidiaries. The selected consolidated financial information of the Company included in Section 13.2 (*Comparative overview of consolidated statements of financial position for the financial years 2019, 2018 and 2017*) through Section 13.4 (*Comparative overview of the consolidated statements of cash flows relating to the financial years 2019, 2018 and 2017*) comprises of summaries of the consolidated statements of financial position, the consolidated statements of income and the consolidated statements of cash flows for the financial years ended 31 December 2019, 2018 and 2017. This selected consolidated financial information has been derived from:

(a) the consolidated financial statements for the financial year ended 31 December 2019 as audited by Deloitte, which issued an independent auditor's report thereon, without qualification, on 2 April 2020. The independent auditor’s report related to the consolidated financial statements for the financial year 2019 includes an emphasis of matter relating to the impact of the coronavirus (COVID-19) as described in note 35.9 to those financial statements;

(b) the consolidated financial statements for the financial year ended 31 December 2018 as audited by Deloitte, which issued an independent auditor's report thereon, without qualification, on 10 April 2019; and

(c) the consolidated financial statements for the financial year ended 31 December 2017 as audited by Deloitte, which issued an independent auditor's report thereon, without qualification, on 4 April 2018.

The financial statements from which the selected consolidated financial information has been derived were prepared in accordance with IFRS, and Part 9 of Book 2 DCC. Reference is made to note 2 to the consolidated financial statements for the financial year ended 31 December 2019 included in Section 13.6 (*Annual report for the financial year 2019 including independent auditor's report of Deloitte*) for a summary of the significant accounting policies of the Company applicable to the financial year ended 31 December 2019.

The selected consolidated financial information set out in Section 13.2 (*Comparative overview of consolidated statements of financial position for the financial years 2019, 2018 and 2017*) through Section 13.4 (*Comparative overview of the consolidated statements of cash flows relating to the financial years 2019, 2018 and 2017*) contains summaries only of the consolidated statements of financial position, the consolidated statements of income and the consolidated statements of cash flows, excluding related note disclosures and a description of significant accounting policies. For a better understanding of the Company's financial position, income and cash flows, the selected consolidated financial information should be read in conjunction with the unabbreviated audited financial statements for the financial years ended 31 December 2019, 2018 and 2017, including the related notes and description of significant accounting policies that were applied for each of these years, which are available on the website of the Company (www.altice.net) and the AFM register of financial reporting.

The financial information included in Section 13.7 (*Special Purpose Condensed Interim Consolidated Financial Statements as of and for the three and six-month periods ended 30 June 2020, and the review report in respect thereof*) includes limited amendments and updates through the date of these Special Purpose Interim Financial Statements compared to the interim financial report as of and for the six-month period ended 30 June 2020 as published by the Company on 30 July 2020. In particular, "Note 18. Events after the reporting period" to the Special Purpose Interim Financial Statements has been updated compared to the interim financial report as of and for the six-month period ended 30 June 2020 as published by the Company on 30 July 2020, to reflect subsequent events related to the period between 30 July 2020 and the date of publication of the Special Purpose Interim Financial Statements. In addition, the disclosures on the COVID-19 pandemic ("Note 2.1.4 Update on the COVID-19 pandemic" to the Special Purpose Interim Financial Statements), the closing of the partnership with Morgan Stanley Infrastructure Partners and the sale of a 49.99% interest in Fastfiber ("Note 3. Acquisition and divestments" to the Special Purpose Interim Financial Statements), the mandatory convertible notes ("Note 10. Borrowings, other financial liabilities and lease liabilities" to the Special Purpose Interim Financial Statements), and the European Commission investigation and US securities lawsuits ("Note 16. Litigation" to the Special Purpose Interim Financial Statements) have been slightly expanded.

The Special Purpose Interim Financial Statements have been subject to a review by KPMG, the Company's independent auditor for the financial year 2020. KPMG issued a review report on 24 November 2020, in accordance with the requirements pursuant to the Decree and the requirements included in the Dutch Standard NV COS (*Nadere Voorschriften Controle en Overige Standaarden*) 2410, as included in Section 13.7 (*Special Purpose Condensed Interim Consolidated Financial Statements as of and for the three and six-month periods ended 30 June 2020, and the review report in respect thereof*). The condensed interim consolidated financial information as of and for the three and six-month periods ended 30 June 2019, as included in the Special Purpose Financial Statements, has not been audited or reviewed. The Special Purpose Interim Financial Statements 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 31 December 2019.

13.2 Comparative overview of consolidated statements of financial position for the financial years 2019, 2018 and 2017

Consolidated Statement of Financial Position (EUR million)	**As of 31 December 2019**	**As of 31 December 2018** (* revised)[1]	**As of 31 December 2017** (* revised)[2]
Non-current assets			
Goodwill	14,655.5	14,639.1	22,302.4
Intangible assets	7,458.4	8,662.9	24,264.0
Property, plant & equipment	9,974.6	10,008.5	15,161.4
Right-of-use assets	4,289.8	-	-
Contract costs	263.8	252.5	256.7
Investment in associates and joint ventures	1,567.4	154.1	49.4
Financial assets	1,626.7	2,039.6	2,545.5
Deferred tax assets	300.2	153.9	152.3
Other non-current assets	439.6	425.7	466.9
Total non-current assets	**40,576.0**	**36,336.3**	**65,198.6**
Current assets			
Inventories	479.4	422.2	461.4
Contract assets	254.1	265.7	302.3
Trade and other receivables	4,463.7	4,509.6	4,932.0
Current tax assets	99.8	119.1	173.7
Financial assets	47.8	43.1	93.4
Cash and cash equivalents	1,022.1	1,837.0	1,239.0
Restricted cash	119.5	141.6	168.1
Assets classified as held for sale[3]	119.0	1,656.2	184.3
Total current assets	**6,605.4**	**8,994.5**	**7,554.2**
Total assets	**47,181.4**	**45,330.8**	**72,752.7**
Issued capital	59.5	68.3	76.5
Treasury shares	(0.4)	(14.6)	(370.1)
Additional paid in capital	5.7	-	2,605.9
Other reserves	(500.5)	(783.6)	(811.4)
Accumulated losses	(2,098.9)	(2,401.5)	(3,107.3)
Equity attributable to owners of the Company	**(2,534.7)**	**(3,131.4)**	**(1,606.4)**
Non-controlling interests	213.7	226.7	1,242.9
Total equity	**(2,321.0)**	**(2,904.7)**	**(363.5)**
Non-current liabilities			
Long term borrowings, financial liabilities and related hedging instruments	32,101.9	34,262.1	50,059.4
Other financial liabilities	476.2	560.3	1,963.1
Non-current lease liabilities	3,644.6	-	-
Provisions	1,441.8	1,178.8	1,479.8
Deferred tax liabilities	164.6	255.7	4,451.1
Non-current contract liabilities	588.4	565.2	471.9
Other non-current liabilities	233.0	606.4	165.8
Total non-current liabilities	**38,650.5**	**37,428.4**	**58,591.1**
Current liabilities			
Short-term borrowings, financial liabilities	432.7	102.3	1,792.9
Other financial liabilities	1,822.3	2,052.2	2,394.0
Current lease liabilities	758.4	-	-
Trade and other payables	6,486.6	7,068.8	8,368.8
Contract liabilities	614.7	606.0	811.9
Current tax liabilities	261.4	247.0	205.4
Provisions	227.9	330.2	542.4
Other current liabilities	247.9	201.2	305.0
Liabilities directly associated with assets classified as held for sale[3]	0.3	199.5	104.7
Total current liabilities	**10,852.0**	**10,807.1**	**14,525.1**
Total liabilities	**49,502.5**	**48,235.5**	**73,116.2**
Total equity and liabilities	**47,181.4**	**45,330.8**	**72,752.7**

1. Previously published information of the consolidated statement of financial position as of 31 December 2018 has been revised in the comparatives to the consolidated statement of financial position as of 31 December 2019 to take into account the reclassification of the allocated goodwill to SFR FTTH from Goodwill to Assets held for sale.

2. Previously published information of the consolidated statement of financial position as of 31 December 2017 has been revised in the comparatives to the consolidated statement of financial position as of 31 December 2018 to take into account the impact following the adoption of IFRS 15 *Revenue from Contracts with Customers*.

3. In comparison to the previously published information of the consolidated statement of financial position as of 31 December 2017, assets classified as held for sale and liabilities directly associated with assets classified as held for sale have been included directly as part of respectively total current assets and total current liabilities.

13.3 Comparative overview of consolidated statements of income for the financial years 2019, 2018 and 2017

Consolidated Statement of Income (EUR million)	Year ended 31 December 2019	Year ended 31 December 2018	Year ended 31 December 2017 (* revised)[1]
Revenues	**14,796.2**	**14,255.2**	**15,151.6**
Purchasing and subcontracting costs	(3,948.0)	(4,480.8)	(4,740.1)
Other operating expenses	(2,860.9)	(3,134.5)	(3,101.9)
Staff costs and employee benefits	(1,553.0)	(1,545.7)	(1,583.8)
Depreciation, amortization and impairment	(5,238.1)	(4,124.5)	(4,370.6)
Other (expenses) and income	1,484.3	457.1	(1,075.9)
Operating profit	**2,680.5**	**1,426.9**	**279.4**
Interest relative to gross financial debt	(2,016.2)	(2,007.2)	(2,328.5)
Realized and unrealized gains on derivative instruments linked to financial debt	713.5	192.9	-
Other financial expenses	(833.9)	(399.4)	(228.6)
Finance income	92.2	97.3	324.2
Net result on extinguishment of a financial liability	(217.8)	(148.6)	(134.7)
Finance costs, net	**(2,262.3)**	**(2,265.0)**	**(2,367.4)**
Share of earnings of associates and joint ventures	(212.2)	(10.3)	(16.7)
Profit/(loss) before income tax from continuing operations	**206.1**	**(848.4)**	**(2,104.7)**
Income tax benefit/(expense)	85.0	(68.0)	423.2
Profit/(loss) for the year from continuing operations	**291.1**	**(916.4)**	**(1,681.6)**
Discontinued operations			
Profit after tax for the year from discontinued operations	-	711.6	1,423.0
Profit/(loss) for the year	**291.1**	**(204.8)**	**(258.6)**
Attributable to equity holders of the parent	245.4	(332.9)	(609.7)
Attributable to non-controlling interests	45.7	128.0	351.1

1. Previously published information of the consolidated statement of income for the year ended 31 December 2017 has been revised in the comparatives to the consolidated statement of financial position as of 31 December 2018 to take into account the impact following the classification of Altice USA as discontinued operation and the adoption of IFRS 15 *Revenue from Contracts with Customers*.

13.4 Comparative overview of the consolidated statements of cash flows relating to the financial years 2019, 2018 and 2017

Consolidated Statement of Cash Flows **(EUR million)**	**Year ended 31 December 2019**	**Year ended 31 December 2018**	**Year ended 31 December 2017 (* revised)[1]**
Profit/(loss) for the year[2]	**291.1**	**(204.8)**	**(258.6)**
adjustments for:			
Profit from discontinued operations	-	(711.6)	(1,423.0)
Share of profit of associates and joint ventures	212.2	10.3	16.7
Depreciation and amortization	5,238.1	4,124.5	4,370.6
Gain/(loss) related to share-based payment	43.1	42.9	30.6
Gain on disposal of business	(2,015.9)	(797.3)	-
Gain on sale of interest in associates	-	-	-
Other non-cash operating gain/(loss), net	308.2	(177.3)	74.1
Pension plan liability	(116.6)	(81.3)	(129.1)
Finance costs recognised in the statement of income	2,262.3	2,265.0	2,367.4
Income tax (benefit)/expense recognised in the statement of income	(85.0)	68.0	(423.2)
Income tax paid	(334.6)	(145.1)	(304.9)
Changes in working capital	(489.1)	(333.6)	678.0
Net cash provided by operating activities of continuing operations	*5,313.8*	*4,059.8*	*4,998.7*
Net cash provided by operating activities of discontinued operations	-	*797.0*	*3,069.3*
Net cash provided by operating activities	**5,313.8**	**4,856.8**	**8,068.1**
Payments to acquire tangible and intangible assets	(3,438.2)	(3,516.7)	(3,551.4)
Payment on content right	-	-	(70.5)
Proceeds (Payments) to acquire financial assets	1.4	(36.9)	(45.5)
Proceeds from disposal of business	1,592.3	874.2	345.1
Proceeds from disposal of tangible, intangible and financial assets	9.7	105.5	24.9
Payment to acquire interests in associates	(19.8)	(21.6)	(34.9)
Payment to acquire subsidiaries, net	(2.3)	(113.3)	(289.8)
Dividend received	3.9	894.3	-
Net cash used by investing activities of continuing operations	*(1,853.0)*	*(1,814.5)*	*(3,622.1)*
Net cash used by investing activities of discontinued operations	-	*(371.3)*	*(1,058.0)*
Net cash used in investing activities	**(1,853.0)**	**(2,185.8)**	**(4,680.1)**
Proceeds from issue of equity instruments by the parent company	32.5	-	17.9
Payments to acquire own shares	-	(33.6)	(371.0)
Proceeds from issuance of debts	6,382.9	6,270.5	9,827.8
Payments to redeem debt instruments	(8,179.8)	(7,154.4)	(7,826.6)
Other transactions with non-controlling interests	(11.0)	(416.4)	(674.1)
Proceeds from the sale of minority stake	(15.1)	-	-
Transfers from restricted cash	23.7	26.2	(18.8)
Proceeds on disposal of partial interest in a subsidiary that does not involve loss of control	-	1,766.8	-
Lease payment (principal) related to ROU	(789.0)	-	-
Lease payment (interest) related to ROU	(190.9)	-	-
Interest paid	(1,990.7)	(1,946.5)	(2,065.9)
Proceeds from the monetization of swaps	732.3	-	-
Dividend paid to non-controlling interests	(60.1)	(20.7)	(12.9)
Other cash provided by financing activities	(198.2)	129.6	31.9
Net cash used by financing activities of continuing operations	*(4,263.4)*	*(1,378.4)*	*(1,091.8)*
Net cash used by financing activities of discontinued operations	-	*(490.8)*	*(2,206.9)*
Net cash used in financing activities	**(4,263.4)**	**(1,869.2)**	**(3,298.7)**
Classification of cash as held for sale	(12.1)	(209.3)	-
Effects of exchange rate changes on the balance of cash held in foreign currencies	(0.2)	5.6	40.6
Net change in cash and cash equivalents	**(814.9)**	**598.0**	**129.9**
Cash and cash equivalents at beginning of year	1,837.0	1,239.0	1,109.1
Cash and cash equivalents at end of the year	**1,022.1**	**1,837.0**	**1,239.0**

1. Previously published information of the consolidated statement of cash flows for the year ended 31 December 2017 has been revised in the comparatives to the consolidated statement of cash flows for the year ended 31 December 2018 to take into account the impact following the adoption of IFRS 15 *Revenue from Contracts with Customers*.

2. In comparison to the previously published information of the consolidated statement of cash flows for the year ended 31 December 2019 and 31 December 2018, the profit (loss) for the year includes the profit attributable to non-controlling interests.

13.5 Independent auditor's report on the selected consolidated financial information

Deloitte.

Deloitte Accountants B.V.
Gustav Mahlerlaan 2970
1081 LA Amsterdam
P.O.Box 58110
1040 HC Amsterdam
Netherlands

Tel: +31 (0)88 288 2888
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www.deloitte.nl

Independent auditor's report

To management and the Board of Altice Europe N.V.

Our opinion

The financial information for the years 2019, 2018 and 2017 of the selected consolidated financial statements as included in section 13.2, 13.3 and 13.4 of this Offer Memorandum (hereafter: 'the summary financial statements') of Altice Europe N.V., based in Amsterdam, is derived from the audited consolidated annual reports of Altice Europe N.V. for the years 2019, 2018 and 2017.

In our opinion the accompanying summary financial statements are consistent, in all material respects, with the audited annual reports 2019, 2018 and 2017 of Altice Europe N.V., on the basis of preparation as described in section 13.1 of this Offer Memorandum.

The summary financial statements comprise:

1. The comparative overview of consolidated statements of financial position at 31 December 2019, 31 December 2018 and 31 December 2017.

2. The comparative overview of consolidated income statements for the years 2019, 2018 and 2017.

3. The comparative overview of consolidated cash flow statements relating to the years 2019, 2018 and 2017.

Summary financial statements

The summary financial statements as included in sections 13.2, 13.3 and 13.4 do not contain all the disclosures required by International Financial Reporting Standards as adopted by the European Union and by Part 9 of Book 2 of the Dutch Civil Code. Reading the summary financial statements and our report thereon, therefore, is not a substitute for reading the audited consolidated annual reports of Altice Europe N.V. and our independent auditor's reports thereon. The summary financial statements and the audited consolidated annual reports do not reflect the effects of events that occurred subsequent to the dates of our independent auditor's reports on those consolidated annual reports.

The audited annual reports and our auditor's report thereon

We expressed an unqualified audit opinion on the consolidated annual reports 2019, 2018 and 2017 of Altice Europe N.V. in our independent auditor's reports dated respectively, April 2, 2020, April 10, 2019 and April 4, 2018. The audit report related to the consolidated financial statements for the year 2019 includes an emphasis of matter relating to the impact of the coronavirus (COVID-19) as described in Note 35 of those financial statements.

Responsibilities of the Management and the Board for the summary financial statements

Management is responsible for the preparation of the summary financial statements on the basis of preparation as described in section 13.1 of this Offer Memorandum. The Board is responsible for overseeing the company's financial reporting process.

Our responsibilities

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which we conducted in accordance with Dutch law, including the Dutch Standard 810 'Engagements to report on summary financial statements'.

Restriction on use

The summary financial statements as included in sections 13.2, 13.3 and 13.4 and our independent auditor's report thereon are intended solely for enclosure in the Offer Memorandum in connection with the recommended cash offer of Next Private B.V. and cannot be used for other purposes.

Amsterdam, 24 November 2020

Deloitte Accountants B.V.

Signed on the original: B.C.J. Dielissen

13.6 Annual report for the financial year 2019 including independent auditor's report of Deloitte

Altice Europe N.V.

Annual Report 2019

Oostdam 1

3441 EM Woerden

The Netherlands

Letter from the CEO

Dear shareholders,

2019 was another transformational year for Altice Europe. Financial results showed a significant improvement, with revenue, EBITDA and operating cash flow growth for Altice France, Altice International and Altice Europe overall. The strong financial performance achieved in 2019 was underpinned by the results of the operational turnaround initiated in 2018. The Group has continued to improve the customer experience and maintained its investment strategy focused on having best-in-class fixed and mobile networks.

The Group announced and closed several transactions in 2019 including notably the sale of a 49.99% equity stake in SFR FTTH in France in March 2019 and the agreement signed with Morgan Stanley Infrastructure Partners to create a nationwide fibre wholesaler in Portugal in December 2019.

We have continued to focus on deleveraging Altice Europe, through growing revenues and EBITDA in addition to supplementing this with disposal proceeds. Building on the strong execution achieved during 2019, we will deleverage the Group further in 2020.

I would like to summarize some of our achievements for 2019.

1. INFRASTRUCTURE STRATEGY

The Group's portfolio of infrastructure assets continued to grow in 2019 and effectively constitutes one of the largest telecom infrastructure groups in Europe today.

1.1 Fixed network: fibre

1.1.1 France (SFR)

Altice France, as both an infrastructure operator and a commercial operator on proprietary and open networks, is committed to build the future of very high-speed broadband in France. Altice France continues to invest heavily and deploy its proprietary very high-speed infrastructure.

Altice France accelerated its deployment of fibre in 2019. Altice France has more than 15.4 million eligible homes passed at the end of December 2019 with very high-speed infrastructure and intends to expand its network even further. Altice France's fixed infrastructure assets include a fully owned Fibre-to-the-Building ("**FTTB**") network, of which the vast majority is already fully modernized. Altice France also has a Fibre-to-the-Home ("**FTTH**") network of 2.8 million homes commercialized in very dense areas. In addition, SFR FTTH, the largest alternative FTTH infrastructure wholesale operator in France, covers a footprint in excess of 5.4 million secured homes to be passed, including 1.9 million homes already built as of December 31, 2019.

SFR FTTH was set up following the sale of a 49.99% minority equity stake in the Group's medium and low density FTTH business to a consortium of financial investors on March 27, 2019. SFR FTTH is a non-consolidated subsidiary, for which we have an option to increase our stake to allow consolidation after the construction phase is completed. We expect in the long term that SFR FTTH will have very high penetration of its network, as it is the wholesaler of choice for all major telecom operators in France. As a result, SFR FTTH will realize significant wholesale revenues, capturing market share that currently resides with the incumbent operator.

SFR FTTH has continued to execute on its strategy to meaningfully expand its footprint, with more households still to be awarded as well as selective opportunities for consolidation. At the end of November 2019, Altice Europe, alongside the consortium of financial investors in SFR FTTH (led by OMERS Infrastructure and including Allianz Capital Partners and AXA Investment Managers - Real Assets, acting on behalf of its clients), announced that SFR FTTH had entered into an exclusivity agreement with Cube Infrastructure Fund and Partners Group (acting on behalf of its clients) regarding the acquisition of 100% of Covage for a total cash consideration of circa €1.0 billion. Covage is the 4th largest fibre wholesale operator in France with 2.4 million homes to be passed (including 0.8 million homes already built) which will be added to the SFR FTTH footprint, resulting in a total of around 8 million secured homes to be passed (including 2.7 million homes already built as at December 31, 2019).

1.1.2 Portugal (MEO)

Thanks to its investment strategy, MEO remains on track for its target for nationwide fibre coverage. In 2019, MEO strengthened its leadership position in fibre, by reaching 4.9 million homes passed at the end of December 2019, representing more than 0.4 million additional homes compared to the end of 2018.

On December 12, 2019, PT Portugal signed an agreement with Morgan Stanley Infrastructure Partners to create a nationwide fibre wholesaler in Portugal. PT Portugal will sell a minority equity stake of 49.99% in Altice Portugal FTTH based on an enterprise value of €4.63 billion[1] on a 100% basis (on a debt free cash free basis) representing a pro forma 2019 EBITDA multiple of 20x. Altice Portugal FTTH will be the largest FTTH wholesaler in Portugal with approximately 4.0 million FTTH homes passed by year-end 2019. Altice Portugal FTTH comprises of all MEO's fibre assets in Portugal including FTTH and dark fibre. Altice Portugal FTTH will sell wholesale services to all operators at the same financial terms. The transaction is expected to close in the first half of 2020.

1.2 Mobile network: 4G and 5G

1.2.1 France (SFR)

In 2019, SFR continued to expand its 4G/4G+ network, with 43,018 4G antennas in service in France, covering 99% of the population with 4G (31,240 municipalities as of December 31, 2019). SFR continued to invest to bring its customers 4G+. Already available in a total of 17,166 municipalities, this technology enables a maximum theoretical speed three times greater than with 4G. Even faster, SFR offers 4G+ of up to 300 Mbit/s to 2,302 of those municipalities and 4G+ of up to 500 Mbit/s to 29 of them, as of December 31, 2019.

In 2019, SFR also extended its 5G experimentation in the Toulouse, Nantes and Paris area in order to be ready to launch the 5G service to its residential and business customers as soon as the frequencies are allocated.

1.2.2 Portugal (MEO)

Significant investments in networks have also produced positive results in Portugal, where MEO has the best mobile network coverage with 99.4% of the population in 4G and 78.3% in 4G+ (as of December 31, 2019).

In 2019, the rollout of the 5G Living Lab at the Altice Labs Campus permitted the demonstration of mission critical use cases sustained on the new technology.

1.3 Tower transaction

On January 2, 2020, PT Portugal sold its 25% equity interest in the first independent tower company in Portugal, OMTEL, to Cellnex for total cash proceeds of €200 million in the first quarter of 2020. 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 reinvested €108.8 million for a 25% equity stake in OMTEL.

2. COMMERCIAL RECOVERY

2.1 France (SFR)

Altice France achieved strong customer acquisition during 2019, building on the successes of 2018.

Significant and sustained investments in both fixed and mobile networks as well as the consistent improvements in operational processes and customer care led to a further reduction in complaints from customers and a further reduction in churn rates on all technologies. Management continued to focus on improving operational processes during 2019, reducing churn to an even lower level, while reducing retention cost and increasing Altice France's addressable market. During this period, Altice France has seen the highest level of employee commitment since 2008, based on a recent Altice France's Human Resource study.

[1] Payment terms are as follows, on a 49.99% basis: €1,565 million in 2020; €375 million in December 2021 and €375 million in December 2026 subject to some performance ratchets.

As a result:

- residential fixed base grew +2.3% with +144 thousand net additions in 2019, including a strong fibre performance (+264 thousand), having the best mix of fibre/DSL customer base in France (45% of fixed customers on fibre);
- residential mobile postpaid base grew +4.7% with +652 thousand net additions in 2019; and
- total Altice France revenue grew 5.9% in 2019.

2.2 Portugal (MEO)

In Portugal, MEO achieved strong customer acquisition in 2019, with growth of the customer base in both residential fixed and mobile postpaid.

The residential fixed base grew sequentially with unique customer net additions of +13 thousand, while fixed and mobile churn was maintained at sector-leading low levels. Fibre customer net additions were +149 thousand, supported by the sustained expansion of MEO's fibre coverage, and mobile postpaid net additions were +122 thousand. MEO's network investment and successful convergent strategy are paying off and pave the way for revenue growth. Total Portugal revenue grew by 1.7% in 2019.

2.3 Israel (HOT), Dominican Republic (Altice Dominicana) and Teads

HOT returned to residential fixed customer growth in 2019 and its residential fixed base surpassed 1 million customers in December 2019. This performance reflects the superior market positioning of HOT products and established customer loyalty.

Altice Dominicana grew both the B2C total fixed and postpaid mobile subscriber base in 2019, with effective churn management driving lower churn levels during 2019.

Teads continued to benefit from significant growth in all its geographies in 2019. Supported by its positioning as a leading strategic partner for top-tier publishers, Teads signed new global advertising partnerships with several of the top 100 global ad spenders during 2019.

3. REFINANCING

The Group undertook significant refinancing activity in 2019 with €5.35 billion of debt refinancing and €1.5 billion of permanent debt repayment. In September 2019, the Group announced it expected to reduce annual cash interest costs by up to €700 million in the medium term through a combination of average cost reduction as well as debt reduction. Material progress was made in 2019 already, as continued strong support from the debt capital markets and improving operational and financial performance during 2019 enabled us to refinance at record low levels.

During 2019, the Group realized €140 million of annual cash interest cost savings from successful refinancing activity in May and September 2019. As a result of this refinancing activity, the Group's weighted average cost of debt was reduced to 5.4% and its average maturity of debt as at December 31, 2019 was 5.8 years. The Group continued to make progress on its plan, realizing in excess of €220 million savings in January 2020, bringing the total interest costs savings to approximately €360 million out of the €700 million target. Pro forma for the January 2020 refinancing transactions, the Group's weighted average cost of debt was reduced to 5.0% and its average maturity of debt as at December 31, 2019 was 6.3 years.

In 2019, the Group continued to build on the successful commercial turnaround initiated in 2018, resulting in a significantly improved financial performance during 2019: on a constant currency basis, total revenues for the Group grew by 5.0% in 2019. Following another year of significant activity within the infrastructure space, the Group effectively operates one of the largest telecom infrastructure groups in Europe today. Finally, significant refinancing activity has further strengthened the Group's capital structure, for which further deleveraging remains a key focus.

Alain Weill, CEO

April 2, 2020

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Note: in this version of the Annual Report 2019 published on April 7, 2020, a prior typographical mistake in section 2.4.1 *"Significant events affecting historical results – Closing of the sale of an equity stake in SFR FTTH"* (page 57) has been corrected: the sentence "The total capital gain recorded for the year ended December 31, 2019 was €3,203.8 million" has been replaced by "The total capital gain recorded for the year ended December 31, 2019 was €2,085.6 million" (please refer to Note 3.1.2 to the Consolidated Financial Statements).

MANAGEMENT REPORT 2019 – ALTICE EUROPE N.V.

(for the financial year ended December 31, 2019)

This management report as referred to in Section 2:391 of the Dutch Civil Code (the "**Management Report**") has been prepared in compliance with the requirements of Dutch law, including the Dutch Corporate Governance Code.

1 PRINCIPAL ACTIVITIES OF THE GROUP

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 France, 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 Europe N.V. (the "**Company**"), which succeeded Altice S.A. pursuant to a cross-border merger completed on August 9, 2015 (the "**Merger**").

Until June 8, 2018, the Group was also active in the US market through Altice USA, Inc. ("**Altice USA**"), following the acquisition of Suddenlink and Cablevision in December 2015 and June 2016 respectively. On June 8, 2018, the Company separated Altice USA by way of a special distribution in kind of its 67.2% interest in Altice USA to the Company's shareholders out of the Company's share premium reserve (the "**Separation**"). After the Separation, the Company reorganized its structure comprising Altice France, Altice International and a newly formed Altice TV division. Following the Separation, the Group in no longer active in the US market, although the Company still indirectly holds a 3.87% stake in Altice USA as at December 31, 2019.

The Group had expanded internationally in previous years through several acquisitions of telecommunications businesses, including: SFR and MEO in Western Europe; 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. 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.

The Group continues to monetize its content investments and drive convergence between telecom and media. RMC Sport successfully entered its second Champions League season (2019-2020), with a greater audience in 2019 compared to 2018 (global coverage of 2.9 million TV viewers for the third, fourth and fifth day of the Champions League).

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 1.5 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 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, 2019, the Group's high-speed broadband services passed 23.2 million fibre/cable homes, with 5.0 million fibre unique customers. The Group offers xDSL/DSL/DTH services, with 9.3 million residential fixed unique customers for the year ended December 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 (with 1 Gbps achieved in the second quarter of 2019). On a blended basis, as of December 31, 2019, the Group had 26.4 million residential mobile subscribers (of which 19.3 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, including premium football rights in France ('RMC Sport' channels in France). 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 (e.g., through its new set-top box SFR Box 8 offering in France) 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 France and 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 owns the exclusive broadcast rights for the UEFA Champions League and Europa League for the three seasons from 2018/2019 to 2020/2021. In 2019, the Group broadcasted in France the UEFA Champions League and Europa League for the second year. The Group continues to broadcast and distribute various sports events in selected countries, including, in addition to the UEFA Champions League and the Europa League, the English Premier League, the Portuguese Liga, the French National Basketball, the English rugby and boxing, extreme sports and combat sports events.

Teads (acquired in June 2017) is a leading digital video advertising business and distributes ads to over 1.5 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: 'SFR' and 'RED' in France; 'HOT' in Israel; 'MEO' and 'MOCHE' in Portugal; 'Altice' in the Dominican Republic, and, in each case, several associated trademarks.

The Group's portfolio in each of the regions in which it operates is set forth below:

Countries of operation	**France**	**Portugal**	**Israel**	**Dominican Republic**	**Altice TV(1)**	**Teads**	***Main brands***
Mobile services offered	• 2G, 3G, 4G/4G+ • Business services	• 2G, 3G, 4G/4G+ • Business services	• 2G, 3G, 4G • Business services	• 2G, 3G, 4G • Business services	• Content suite on mobile • Sport and entertainment	• Made-for-mobile ad experiences • Creative artificial intelligence	• *SFR and RED (France); HOT (Israel); MEO and MOCHE (Portugal); Altice (Dominican Republic)*
Fixed (very high speed) services offered	• Pay-TV • Broadband internet • Fixed line telephony • Business services • Wholesale • Over-the-top ("OTT")	• Pay-TV • Broadband internet • Fixed line telephony • Business services	• Pay-TV • Broadband internet • Fixed line telephony • Business services • Internet Service Provider ("ISP")	• Pay-TV • Broadband internet • Fixed line telephony • Business services	• Premium pay-TV - sport & entertainment • Terrestrial TV channels • Local content • OTT	• Professionally produced content • Demand-side, sell-side better effectiveness	• *SFR and RED (France); HOT (Israel); MEO (Portugal); Altice (Dominican Republic)*

(1) Through its Altice TV division, the Group produces and broadcasts a diverse range of content and offers such content as part of its pay-TV packages in several of its geographies and on its SVOD platform, SFR Play.

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: residential services, business services and media (TV and content, press and 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 its key countries (France and 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 France and 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, 2019, the Group provides broadband Internet to 9.3 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. In July 2019, Altice France unveiled its new set-top box SFR Box 8, the only box on the French market equipped with the latest generation Wi-Fi (Wi-Fi 6) along with cinema-like sound and image standard (boasting 4K HDR with Dolby Vision® and Dolby Atmos®). The box incorporates all the new features users expect such as the voice assistant and an innovative multi-screen interface bringing an unprecedented experience into the home.

1.3.1.2 Mobile residential services

The Group owns and operates mobile infrastructure in most of its geographies, including France, Portugal, Israel and the Dominican Republic. The Group primarily services the postpaid subscriptions market, which represented approximately 73% of the Group's mobile subscriber base as of December 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 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.

As of December 31, 2019, on a blended basis across the geographies where the Group is active, it offered mobile services to 26.4 million residential 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.

1.3.2 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 France, 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 Construction services

Altice France sells technical services to SFR FTTH for the construction and maintenance of its FTTH network. As a result, Altice France started to benefit in the first quarter of 2019 from new, growing streams of revenues for the construction and maintenance of the FTTH network for SFR FTTH.

1.3.2.5 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. For more details about Altice Labs, please refer to section 2.6.2 *"Research and development"*.

1.3.2.6 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.

1.3.3 Media

1.3.3.1 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 UEFA Champions League, the Europa League, the English Premier League, the Portuguese Liga, the French National Basketball, the English rugby and boxing, extreme sports and combat sports events. Leveraging the rights acquired to these national and international sports events, the Group consolidated its strategic positioning in France with the launch of a bundle of five channels entirely dedicated to sports.

In 2019, the Group continued to broadcast premium sport content, including successfully entering its second Champions League season (2019-2020), as the holder of exclusive rights for the UEFA Champions League and Europa League in France for seasons 2018 through 2021. Altice France continued to broadcast the Champions League matches for SFR customers through telecom bundles as well for those that subscribed to the RMC Sport OTT offer. In 2019, Canal+ pay-TV satellite clients were again able to watch RMC Sport content as a result of the wholesale deal between Altice TV and Canal+.

1.3.3.2 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.

Altice France has consolidated its position as the third largest private broadcasting group in France. The Group broadened its media presence with the acquisition of NextRadioTV in 2016 (which owns flagship TV channels like BFMTV, the leader of news TV channels in France, RMC, the first sport-talk-news radio in France and RMC Découverte and RMC Story, two TV channels specialized in documentaries). In addition, the Group acquired a local TV channel in January 2019 (Télé Lyon Métropole), two years after the launch of BFM Paris, in order to pursue its ambitious policy of deploying regional news channels. Télé Lyon Métropole was renamed BFM Lyon and started broadcasting its programmes on September 3, 2019. The Group also bought a minority stake in the Lille and Haut de France regional news channel and launched BFM Grand Lille and BFM Grand Littoral on February 3, 2020. The Group intends to pursue its strategy in other cities and regions in France in 2020.

1.3.3.3 Press

The Company owns the daily newspaper Liberation, a well-established newspaper in France with a renowned website.

1.3.3.4 Targeted advertising (Teads)

The Group acquired Teads in June 2017. 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 1.5 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.

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 2018 achievements, further improved customer service resulted in the reduction of churn during 2019 within the Group's key geographies. 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 2018.

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 France, are very 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 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, 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:

France

In the broadband market, the Group competes with fibre and xDSL service providers such as Orange (the former incumbent and leading DSL provider in France), Free and Bouygues Telecom. The acceleration of the Group's fibre deployment in France, notably expanding FTTH coverage in low-density and rural areas, will support better fibre subscriber trends as the addressable market for very high-speed broadband services expands.

In the mobile market, the Group competes with well-established mobile network operators such as Orange, Bouygues Telecom and Free, as well as other MVNOs such as La Poste Mobile or Euro-Information Telecom (NRJ Mobile, Crédit Mutuel, etc.).

In the French pay-TV segment, the Group competes with providers of premium television packages such as CanalSat, BeIN, DSL triple-play and/or quad-play operators such as Orange, Free and Bouygues Telecom, which provide Internet Protocol TV ("**IPTV**"), and providers of pay digital terrestrial television ("**DTT**").

In the wholesale market, the Group competes with established players (the incumbent Orange mainly), and with local operators (Covage, Altitude Telecom, etc.).

Portugal

In the broadband and mobile market, the Group faces competition from Vodafone, NOS and Nowo (formerly known as Cabovisão-Televisão por Cabo, S.A. and which the Group disposed of in January 2016). 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.

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 become more fragmented, including 9 players in the mobile market, underlying an increase of competition. In 2019, there was a very high level of promotions in the market. This included significant competition within the TV "skinny bundle" segment in particular, 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.

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 26% 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, 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 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, following the implementation of the Separation, through multiple factors. The operational and financial turnaround in France and Portugal was achieved under the leadership of new local management teams 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. In 2019, the Group closed the disposal of a 49.99% equity stake in SFR FTTH and announced an agreement with Morgan Stanley Infrastructure Partners to create a nationwide fibre wholesaler in Portugal, in which its subsidiary PT Portugal will sell a minority equity stake of 49.99% at a very attractive valuation (please refer to section 2.4.1 *"Significant events affecting historical results – Closing of the sale of an equity stake in SFR FTTH"* and *"– Agreement to sell a 49.99% interest in Altice Portugal FTTH"* for more details).

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. In parallel, the Group is progressing with the disposal of its non-core assets and the value crystallization of its infrastructure.

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

- the operational and financial turnaround in France and Portugal under the leadership of new local management teams put in place in 2018;
- 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 execution of non-core asset disposal program, the potential monetization of part of the Group Companies' infrastructure at attractive valuations and the mutualization of selected network assets.

Furthermore, to increase accountability and transparency, the Group has been, since the Separation was effected on June 8, 2018, structured in three reporting groups with new perimeters:

- *Altice France:* Altice France includes SFR Telecom, SFR Media (NextRadioTV and press), the French Overseas Territories, Altice Technical Services France and Altice Customer Services;
- *Altice International:* Altice International includes MEO in Portugal, HOT in Israel, Altice Dominicana in the Dominican Republic, Teads and Altice Technical Services in Portugal, Israel and the Dominican Republic; and
- *Altice TV division:* the newly formed Altice TV division includes Altice Entertainment, Altice Picture, major sports rights (including the UEFA Champions League and the English Premier League) and other premium content rights (including Discovery Communications and NBCUniversal).

The below strategies are designed to achieve the Group's objectives and further improve its business operations and practices and as a result thereof provide long-term value creation.

Grow operating margins and cash flow by leveraging the Group's operational expertise

The Group plans to continue to grow its operating margins across its operations by focusing on cost optimization and leveraging economies of scale and operational synergies. The Group targets further savings as the Group focuses on integrating and optimizing acquired businesses, particularly in its key markets France and Portugal. The execution of this plan, amongst other things, includes:

- developing, launching and integrating new products, services and business models, including the creation of the next generation communications access and content convergence platforms with market-leading home hubs;
- improving network quality, upgrading and building out very high-speed communication networks;
- improving customer relationship management and maximizing customer experience, notably by investing in efficient IT platforms, focusing on digitalization and simplifying processes;
- delivering to the Group's customers the best new channels, the best sport content, the best documentary programs and the best series and movies;
- delivering key technology services and market-leading research and development through Altice Labs, promoting innovation and transforming technical knowledge into marketable competitive advantages, including the creation and monetization of world-class data analytics;
- leveraging sales and marketing strategies; and
- selecting strategic suppliers and improving technical and commercial negotiations.

The Group implements this model at the level of its main operational subsidiaries in the different geographical areas in which the Group operates.

Invest in fixed and mobile infrastructure across the Group's footprint to maintain its competitive advantage in the market and provide best-in-class services to its customers

The Group aims to remain a technology leader in each of its markets and to provide innovative, best-in-class services to its customers. In France, the Group announced in 2015 its plan to expand its next-generation fibre footprint and ensure its leading position as provider of fibre broadband services in the French market. The Group is well-positioned to achieve this target, reaching 15.4 million fibre homes passed as of December 31, 2019, with its partners committing large resources to build the leading FTTH wholesaler in Europe through SFR FTTH (more than 5.4 million homes to be rolled-out in medium and low dense areas – please refer to section 2.4.1 *"Significant events affecting historical results – Closing of the sale of an equity stake in SFR FTTH"* for more details). In 2019, SFR continued to expand its 4G/4G+ network, with 43,018 4G antennas in service in France, covering 99% of the population with 4G (31,240 municipalities as of December 31, 2019). SFR continued to invest to bring its customers 4G+. Already available in a total of 17,166 municipalities, this technology enables a maximum theoretical speed three times greater than with 4G. Even faster, SFR offers 4G+ of up to 300 Mbit/s to 2,302 of those municipalities and 4G+ of up to 500 Mbit/s to 29 of them, as of December 31, 2019. In 2019, the Group conducted a new 5G experiment in Toulouse, one of its three pilot areas alongside Nantes and Paris Ile-de-France.

In Portugal, subsequent to its acquisition of PT Portugal, the Group announced its plan in 2015 to extend its fibre network from approximately 2.3 million homes to 5.3 million homes by the end of 2020, creating the most innovative, GPON-technology based fibre network in Europe. Altice Portugal FTTH will be the largest FTTH wholesaler in Portugal and the Group is well-positioned to reach nationwide coverage, having rolled out 0.4 million new fibre homes passed in 2019 and reaching 4.9 million homes passed as of December 31, 2019.

The Group has continued to invest in improving the customer experience by simplifying the customer's journey and through a sustained focus on improving processes impacting the customer experience. The turnaround has been supported by significant improvements in infrastructure as well as improvements in technical service operations, made in both 2018 and 2019.

The Group intends to continue to invest into its networks and services to maintain its competitive advantage and position itself to grow in the future.

Selectively invest into key content to enrich the Group's communications service offerings and differentiate its offerings in the marketplace

The Group believes that the telecommunication industry is increasingly characterized by (i) digitalization of all aspects of everyday lives transforming usage and needs of individuals and enterprises and (ii) growing competition from new players for the control of the entire value chain consisting of terminal-access-content/services. In this new environment, the Group is implementing a strategy based on the integration of connectivity, content and services, and the monetization of customers' usage-related data. The Group plans to invest selectively to provide premium content and services across all platforms, including TV, mobile, laptops, tablets, and stimulate customers' demand and usage. The Group believes this strategy will help to differentiate its brands and offerings and to have better control over the entire customer experience. The Group sees a competitive advantage which is expected to reduce churn, to have an accretive impact on ARPU and customer purchases and also to reduce dependence on content publishers.

The Group made significant investments, which it can leverage on its large customer base, in the French media business, such as the acquisition of exclusive broadcasting rights to the UEFA Champions League and Europa League for seasons 2018/2019 through 2020/2021, and earlier for the English Premier League for the three seasons which started in August 2016, as well as the Portuguese Liga, the French National Basketball, the English rugby and boxing, extreme sports and combat sports events. The Group also operates France's leading news TV channel BFMTV, other DTT channels such as RMC Découverte and RMC Story, the local news channels BFM Paris and BFM Lyon as well as the sports channels BFM Sport and RMC Sport. In France, the Group owns daily newspaper Liberation. In Portugal, the Group holds rights to broadcast games of popular Portuguese football clubs and PT Portugal's subsidiary MEO holds a 25% stake in SPORT TV, a sport TV broadcaster based in Portugal. Separately, the Group still benefits from exclusive partnerships with Discovery Communications and NBCUniversal to distribute channels in France and in other geographies.

Leverage the Group's networks to address new growth opportunities including business services and mobility

The Group believes that its dense fibre/cable network, supported by fibre backbones, will position it ideally to service new demand from corporate customers and to benefit from the convergence of fixed and mobile usage with relatively lower levels of capital investment compared to some of its peers. The Group aims to leverage its well invested infrastructures to offer tailored data solutions and capture profitable growth in the markets where it is active, thereby maximizing the return on its network assets.

Opportunistically grow through value-accretive acquisitions and generate value through proven integration capabilities

The Group has made numerous acquisitions since its inception in 2002 and has consecutively applied its operating model and ability to achieve efficiencies and cost synergies to the acquired assets. Following this period of expansion, the Group is now mainly focused on improving the operational and financial performance of its existing assets and deleveraging its balance sheet to its stated target. The Group continues to opportunistically pursue accretive acquisitions where the Group believes it can generate value. For example, the announced agreement to acquire 100% of Covage by SFR FTTH, which allows SFR FTTH to execute on its strategy to meaningfully expand its footprint through adding a complementary portfolio of fibre homes in France (please see section 2.4.1 *"Significant events affecting historical results"* for additional details regarding Covage).

Sustainability strategy

The Group continues to focus on sustainability with respect to a range of areas, including environmental issues and social responsibility. Please refer to section 2.3.1 *"Sustainability strategy"* for a description of the Group's sustainability strategy.

A connectivity matrix, showing the Group's objectives, its strategic pillars and the related risks is set out below.

Objectives	Strategic pillar	Description	Linked risks *(section 2.7.1)*
FINANCIAL **• Revenue growth** **• EBITDA margin expansion** **• Operating FCF generation**	**Revenue growth**	**Strong commercial momentum underpinning financial trends:** • focus on customer acquisition across fixed and mobile products; • sustained network investment and successful convergent strategy; • superior market positioning of products and established customer loyalty.	Competition (R1) Regulation - Compliance - Legal and administrative proceedings (R2 and R3) Quality of service - Services failures (R6) Revenue assurance (R8) Macroeconomic and political risks (R16)
	Deleveraging	**Strengthen the capital structure through deleveraging:** • EBITDA growth; • cash flow generation; • non-core asset disposals and crystallization of infrastructure value; • deleveraging stategy to open the way for further refinancing activity to drive interest costs reduction.	Taxation (R5) Debt and liquidity management (R14)
STRATEGY **• Focus on customer services** **• Best-in-class infrastructure** **• Mutualization of selected network assets**	**Customer Service**	**Focus on customer experience:** • increase customer satisfaction with high product quality and dedicated service offered through locally and internationally operated service centers and personnel; • improving operational processes to reduce churn, reduce retention costs and increase the addressable market.	Competition (R1) Business continuity management (R4) Quality of service - Services failures (R6) Network and IT systems reliability and security (R12) Supply chain performance (R13)
	Infrastructure	**Invest in best-in-class proprietary infrastructure:** • sustained investment in fixed and mobile infrastructure to maintain competitive advantage; • build out, upgrading and expanding very high-speed communication networks; • remain a technology leader in each market and provide innovative best-in-class services to customers; • potential monetization of infrastructure at attractive valuations, mutualization of selected network assets.	Growth strategy - Investment management - Innovation (R7) Network and IT systems reliability and security (R12) Climate change (R18) Business continuity management (R4)
CORPORATE SOCIAL RESPONSIBILITY **• United Nations Sustainable Development Goals** **• Improve environmental performance**	**Environment**	**Improve environmental management** • reduce the overall carbon footprint through a more efficient use of energy, water and materials; • develop and deploy network and user equipment with lower power consumption; • promote invoice dematerialization to reduce paper consumption and waste; • research and develop innovative solutions that enable smarter cities (e.g. internet of things); • increase resilience and ensure continuity of services.	Business continuity management (R4) Growth strategy - Investment management - Innovation (R7) Network and IT systems reliability and security (R12) Climate change (R18)
	Social	**Culture and values** • develop employees skills through training, prepation for challenges within a constantly evolving sector; • reinforce social dialogue with employees and their representative bodies; • strengthen teamwork and improve talent acquisition and retention; • promote equal opportunities, diversity and inclusion; • protect customer privacy and ensure data security; • align the supply chain with the principles of corporate social responsibility.	Regulation - Compliance - Legal and administrative proceedings (R2 and R3) Talent Retention & Human Resources management (R11) Business Ethics - Human rights (R17)

2.3 Corporate sustainability

None of the measures presented in this section 2.3 are measures of financial performance under the International Financial Reporting Standards as adopted in the European Union (“**IFRS**”), nor have these measures been audited or reviewed by an auditor, consultant or expert.

2.3.1 *Sustainability strategy*

The Group’s sustainability strategy is based on the United Nations Sustainable Development Goals (the “**SDG**”), which were defined to support and act in accordance with the 10 United Nations Global Compact Principles in the areas of human rights, labour practices, environment and anti-corruption. The SDG were adopted by the United Nations in 2015 and include specific targets which are to be accomplished by 2030. The targets cover diverse but interlinked topics, e.g. equitable access to education and quality health services, the establishment of decent jobs, environment, the promotion of effective institutions and stable societies, and the fight against inequality at all levels.

By incorporating the United Nations Global Compact Principles into strategies, policies and procedures, the Group, in addition to assuming its basic responsibilities to people and the planet, ensures success and sustainability in a long-term perspective, stimulating innovation, investment and performance, as well as promoting more stable and committed relationships with its stakeholders.

For the Group, sustainability is a contribution of its business activities to the economic and social progress of the communities in which it is located, taking into account the impact on the environment and promoting stable relations with its stakeholders by:

- using the Group’s and its partners’ expertise in technology and innovation to create, develop and implement unique solutions that contribute to the development of companies and to the well-being of citizens, based on a sustainable and integrated vision;

- creating a culture based on ethical, environmental and social criteria and integrating these criteria into the management and decision-making processes; and
- promoting the alignment of sustainability principles throughout its entire value chain and focusing on the SDG.

The Group is committed to contributing to the accomplishment of the SDG targets and has made an analysis of how its activities can positively impact this purpose, taking into account the nature, scale and scope of its business, while not neglecting the economic sustainability and growth of its operations.

The Group believes that it can have a more significant impact on the accomplishment on the targets of the following SDG:

The Group also strives to maximise its contribution to the SDG by focusing on the areas and geographies where it can positively influence the greater number of stakeholders, and has prioritized the implementation of the Group's sustainability strategy in the telecom operations in France and Portugal (respectively referred to as the "Altice CSR Group" [2] and the "Altice Portugal Group" [3] below) that accounted for approximately 84% the Group's consolidated revenue, 84.1% of the Group's Adjusted EBITDA and 41% of the Group's average workforce in 2019. All actions and processes are implemented at the level of the operating Group Companies and are controlled and monitored at the Group level.

The following table provides examples of actions that were implemented in 2019 in the Altice France CSR Group and in the Altice Portugal Group:

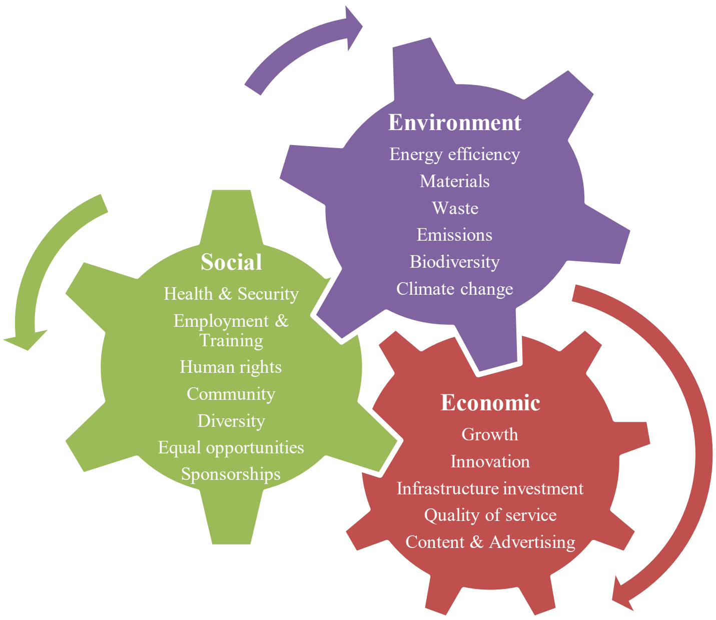
SDG	Actions	KPI's	Goal 2030	2019 Results
4 QUALITY EDUCATION	Promote training and educational sessions accessible to all employees Promote opportunities, equality and fair treatment of people with disabilities Promote sustainable education Collaborate with educational institutions to promote vocational training, employment, education and innovative solutions Develop digital inclusion technological solutions	Investment in training in relation to the previous year Number of young people and adults trained in technology information Development of partnerships in the digital inclusion area Proportion of training related to sustainable development	Reducing inequalities in education based on race, religion, gender, sexual orientation or social / economic conditions	Please see section 2.3.3.3 *"Training and skills development"* Please see section 2.3.3.4 *"Diversity, equal opportunity and non-discrimination"* Please see section 2.3.3.7 *"Community communication access"* Please see section 2.3.4 *"Altice Foundations"*
8 DECENT WORK AND ECONOMIC GROWTH	More efficient use of energy, water, materials and other resources Implement circular business models in order to reduce environmental impact and promote better use of natural resources	Rate of reuse of products / materials Recycling rate of products / materials Monitoring of applicable energy, water and other resources	Promoting sustainable economic and environmental growth	Please see section 2.3.2 "*Environmental performance*" Please see section 2.3.5 *"Procurement and suppliers"*

[2] Please refer to Appendix 1 "*Defined terms*" for a list of Group Companies belonging to the Altice France CSR Group.
[3] Please refer to Appendix 1 "*Defined terms*" for a list of Group Companies belonging to the Altice Portugal Group.

SDG	Actions	KPI's	Goal 2030	2019 Results
	Extending responsibility to the post-consumer phase and to the equipment reuse Replacement of equipment with lower consumption Improve waste management Conduct awareness / training sessions on environmental protection for employees and service providers	Monitoring the number of actions to raise awareness and evaluate their effectiveness		
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Ensure resource efficiency, resilience and sustainability in transport, buildings, information and communication technologies Have a life cycle approach by investing, developing, managing and modernizing infrastructure throughout its life cycle taking into account environmental protection and clean and efficient technology and using this approach in supplier selection Monitoring greenhouse gas emissions Review, validate and implement the procedure for acquiring machinery and work equipment	Investment in the development and modernization of infrastructure taking into account environmental and social protection Monitoring fuel consumption and fleet emissions Monitoring of greenhouse gas emissions Revision and implementation of the procedure for the acquisition of machinery and work equipment	Develop sustainable and resilient infrastructures that support economic development and human well-being Update infrastructures and industries, increase efficiency in use of resources and adopt ecological industrial processes	Please see sections 2.2 *"Strategy of the Group"* and 2.6 *"Future developments"* Please see section 2.3.2 "*Environmental performance"*
10 REDUCED INEQUALITIES	Respect human rights and guarantee non-discrimination, exclusion or preference based on race, colour, sex, religion, political opinion, nationality or social origin, promoting equal opportunities, diversity and inclusion Ensure that all employees have equal access to parental leave and return to work in the same position	Define internal goals for the number of women at each level / position within the organization Monitoring employees return rates and retention after parental leave	Protect labour rights and promoting safe and secure working environments for all employees Promote the social, labour, economic and political inclusion of all, regardless of age, gender, disability, race, ethnicity, origin, religion, economic condition or other	Please see section 2.3.3.4 *"Diversity, equal opportunity and non-discrimination"* Please see section 2.3.3.1 *"Employment and labour management relations"*
11 SUSTAINABLE CITIES AND COMMUNITIES	Invest in infrastructure and support services, as well as mitigate the significant environmental impacts of transportation, materials and products Invest in shared infrastructures for business interconnections and networks, which can also be incorporated into the supply chain Provide sustainable solutions and services in support of long-term urban development planning and to help operationalize and implement high-level visions	Monitoring of ambient noise and identification of noise reduction actions to be taken Monitoring of electromagnetic radiation levels Identification of risk and disaster management plans and maintenance of continuity of services and evaluation of their effectiveness Investment in the development of products and services that are more sustainable and that allow the development of cities	Establish shared responsibility in the collective construction of a participatory, integrated and sustainable urban environment Strengthen city sustainability and encourage urban resilience through risk prevention and smart city development	Please see sections 2.2 *"Strategy of the Group"* and 2.6 *"Future developments"*

SDG	Actions	KPI's	Goal 2030	2019 Results
	Integrate disaster risk management into business models and practices to increase resilience and ensure continuity of services			
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Use renewable and clean materials and efficient technologies to reduce the risk of overexploitation of natural resources Increased energy efficiency and implementation of renewable energy sources and efficient use of materials Improving transport mobility and energy efficiency Efficient use of water Reduction of emissions of regulated gases	Recycling rate (tonnes of recycled material) Waste produced by type Hazardous waste and proportion of treated hazardous waste by type of treatment Reduce paper consumption Monitor a percentage of suppliers regarding compliance with established procurement policy	Achieve sustainable management and efficient use of natural resources Significantly reduce chemicals and waste release throughout their life cycle to air, water and soil to minimize adverse impacts on human health and the environment	Please see section 2.3.2 *"Environmental performance"*
17 PARTNERSHIPS FOR THE GOALS	Participation in joint development programs implemented by national governments or international organizations, through the provision of time, money and human resources Public disclosure of corporate sustainability information and increased accountability, transparency and data quality, creating monitoring systems and reports based on international standards and commonly agreed indicators	Participation in programs / working groups in education Participate in environmental awareness programs Active participation in local communities, whether through voluntary actions or philanthropy	Strengthen support for capacity building and share knowledge and good practices at various levels (e.g. education, environment and citizenship)	Please see section 2.3.4 *"Altice Foundations"* Please see section 2.3.6 *"Memberships and collaborations"*

The Group translates these SDG in the corporate social responsibility principles which are applied across the Group Companies and are developed around the three sustainability pillars, as detailed below:



2.3.2 *Environmental performance*

The preservation of the environment is an important issue for the actors in the digital economy. The Group recognizes the importance of environmental issues and promotes a responsible attitude towards environmental issues. The Group also promotes a continuous process of reducing its impacts on the environment, accompanying its clients in this journey and encouraging the Group Companies to pursue this approach in the coming years. The details regarding environmental management and performance over 2019 in the areas of materials consumption, energy, water, biodiversity, greenhouse gas emissions and waste are presented below.

The Altice France CSR Group

The Altice France CSR Group is aware of the challenges in terms of sustainable development and of the impact of its activities on the environment. To identify the main consequences and risks associated with its activities, the Altice France CSR Group has drawn on a number of elements to produce the basis for its analysis:

- the United Nations standard which specifies the SDG;
- an analysis of the main activities of the Altice France CSR Group that can affect the environment (e.g. energy consumption, production and transportation of products, etc.); and
- a map of environmental risks, drawn up following discussions with management.

To support its environmental strategy, the Altice France CSR Group has chosen to engage in several certification processes to structure its approach. The Altice France CSR Group has based its environmental actions on recognised standards:

- ISO 14001 standard for Environmental Management (to support and structure its approach); and
- ISO 50001 standard for Energy Management (to manage the Altice France CSR Group's main environmental impact).

Below is a summary of the main environmental risks identified as well as the mitigation actions implemented.

Description	Environmental impact	Mitigation actions
Consumption of electrical energy	• Depletion of fossil fuels • Nuclear risks	• Energy management (ISO 50001)
Consumption and marketing of electrical and electronic equipment	• Hazardous waste • Depletion of scarce resources	• Securing Facilities Classified for the Protection of the Environment (ICPE) • Responsible purchasing policy • Environmental management (ISO 14001)
Greenhouse gas emissions	• Global warming • Air pollution	• Transport policy
Consumption of paper and cardboard	• Deforestation • Global warming	• Dematerialisation • Packaging reduction and eco-design • Preferred choice of recycled paper or paper from sustainably managed forests
Fuel consumption - diesel and petrol	• Global warming • Air pollution	• Transport policy

The Altice France CSR Group has set up a certified Energy Management System meeting the requirements of the ISO 50001 standard on its network, which accounts for almost 90% of the Altice France CSR Group's energy consumption. Training and awareness-raising sessions on this Energy Management System have been regularly organised for network maintenance technicians (please refer to section 2.3.2.2 *"Energy"*).

To complete this environmental commitment, the Altice France CSR Group has set up an ISO 14001-certified Environmental Management System to supervise the recovery and reuse of electrical and electronic equipment from its business activities. The Altice France CSR Group has conducted training and awareness-raising sessions on this Environmental Management System for the refurbishing and reconditioning suppliers of this management system. Moreover, the principles of this approach have been extended to all the Altice France CSR Group's activities in order to guarantee controlled major and significant impacts (please refer to section 2.3.2.6 *"Waste"*).

The Altice France CSR Group is also committed to disseminating and encouraging more environmentally friendly practices within the group. In 2019, the Altice France CSR Group set up a sustainable development ambassadors initiative where employees volunteered to take part in meetings on environmental issues and act as relays for the transmission of good practices and information in their departments.

In a strong environmental context and energy transition, the Altice France CSR Group took advantage of the European Sustainable Development Week to organise fun events for the employees, including:

- The 2019 Network Environment Challenge: its objective is to remove all unnecessary or obsolete documents present on the various drives of the network. This challenge made it possible to explain to employees the consequences of storing such a large amount of data. Indeed, storing this data mobilizes the energy of servers that consume electricity, one of the main causes of global CO_2 emissions, which are increasing exponentially.

- Eco-gestures at work: at the same time, a list of six eco-gestures to be implemented in the office was communicated to raise awareness among employees about their individual role to play in favour of the environment. The objective of this type of action is to disseminate good practices to employees both in terms of their professional habits and their personal lives.

- Fun event on recycling: finally, the Altice France CSR Group organised a recycling event, in partnership with the eco-organisation Citeo[4], at the premises of its head office in Paris. It was an opportunity for employees to exchange with professionals to understand the importance of selective sorting and the fate of the waste generated.

In line with this desire to promote responsible actions in society, the Altice France CSR Group also communicates with its customers. The Altice France CSR Group has thus broadcasted a video aimed at the general public in its shops which covers key points of its positioning, such as the use of bags made of recycled fibres (70%). It also promotes eco-friendly behaviours such as the reuse of packaging in case of re-shipment of equipment.

The Altice Portugal Group

The Altice Portugal Group has implemented an Environmental Management System certified by external auditors (ISO 14001) on all sites. This system includes audits and conformity assessments to verify compliance with legal and regulatory obligations and ISO 14001 requirements. The Altice Portugal Group reports its progress on environmental issues on a regular basis in accordance with defined KPIs and focusses on continuous improvement.

MEO was a founding member of the European Telecom Network Operators' Association (ETNO), retains a seat in ETNO's Executive Board and is a member of the ETNO Sustainable Development Working Group. In May 2019, the ETNO Sustainability working group met in Lisbon, where performance and key initiatives of the Altice Portugal Group and other international telecom operators regarding sustainability and social responsibility were reviewed.

The Altice Portugal Group also strengthened in 2019 its environmental protection focus, through the "The Unwanted Shapes" Surf against Plastic initiative. This campaign, promoted by MEO, took place during the MEO Rip Curl Pro Portugal (which is part of the World Surf League), where numerous environmental actions were developed, among which, the creation of boards composed of domestic plastic, collected and discarded in oceans and on beaches.

Every year the Altice Portugal Group identifies areas in which it impacts the environment in order to mitigate this impact. The following table describes the identified environmental aspects and mitigation actions to be undertaken.

[4] https://www.citeo.com

Designation	Environmental impact	Mitigation actions
Electric energy consumption	• Decreased availability of natural resources. • Air pollution due to CO_2 emission in production with increased greenhouse effect	• Training and awareness-raising activities • Free cooling in fixed network stations • Concentrating fixed and mobile equipment in the same room • Energy efficiency / energy production using renewable sources • Single RAN (migration to a mobile network technology that reduces complexity, cost and energy by consolidating multiple network standards and services on a single platform) • Alicate operation, season IV (obsolete equipment removal project)
Consumption of paper and paperboard	• Indirect depletion of renewable and non-renewable resources	• Training and awareness-raising activities
Production of ambient noise	• Discomfort in the surrounding community	• Perform measurements of ambient noise and analyse noise reduction actions to carry out
Fuel consumption - diesel and petrol	• Indirect depletion of renewable and non-renewable resources	• Training and environmental awareness-raising actions
CO_2 emissions due to fuel consumption	• Air contamination by burning CO_2-emitting fuels • Global warming contribution due to CO_2 emissions, acidification and deterioration of local air quality.	• Training and environmental awareness-raising actions
Existence of antennas	• Reduce natural and urban landscape impact	• Sharing space with other operators - site sharing / tower sharing
Consumption of electrical and electronic equipment	• Indirect depletion of renewable and non-renewable resources	• Repackaging through equipment recovery (internal and external) in the field of reverse logistics and after-sales • Recovery and reuse of equipment returned by customers • Training and environmental awareness-raising actions
Production of Waste Electrical and Electronic Equipment ("WEEE")	• Soil occupation and contamination • Contamination of surface and ground waters by seepage.	• Demounting antennas and off equipment • Demounting disabled towers • Training and environmental awareness-raising actions

2.3.2.1 Materials

The rationalization of consumption of materials is one of the objectives pursued by the Group in order to achieve higher environmental sustainability, also relying on the use of renewable and clean materials and efficient technologies in order to reduce the risk of overexploitation of natural resources.

(a) Paper and plastic consumption

The Altice France CSR Group

The Altice France CSR Group is committed to reducing paper consumption, taking advantage of the evolution of communication media towards ever greater digitalisation. In 2019, the Altice France CSR Group continued its dematerialisation projects in three areas with a significant impact:

- 95.77% of employees received their December pay slips in electronic format, thanks to dedicated digital platforms;
- 96.48% of mobile B2C subscribers and 90.46% of fixed residential customers received their bills in digital format;
- 64% of invoices to business customers have been dematerialised.

In parallel, the Altice France CSR Group favours the use of environmentally friendly materials, either recycled or from sustainably managed forests. In 2019, respectively 86.8% and 2.27% of printed paper was from sustainably managed forests[5] and made from at least 50% of recycled fibres.

In addition, for its new set-top box SFR Box 8, the Altice France CSR Group has worked on reducing the raw materials in its packaging (cardboard, plastic, etc.) compared with previous models. Thus, the packaging of the SFR Box 8 weighs 38% less than the previous model.

The Altice Portugal Group

In 2018 and 2019, respectively 99.5% and 93.1% of the paper used for printing by the Altice Portugal Group was FSC-certified paper. The use of this type of paper brings direct benefits to forest areas, such as biodiversity protection, indigenous people's rights, worker's rights and benefits to areas of significant environmental and cultural importance.

In order to increase the usage of renewable materials in network equipment and reducing plastic consumption, the Altice Portugal Group is currently developing a cork router prototype with 50% less plastic usage, a substantial reduction of its ecological footprint. The usage of cork will also have the added benefits of reducing the density of the final product, improving acoustic and thermal performance.

Another initiative that reflects the Altice Portugal Group's concern with plastic consumption reduction is the "Give water to this mug!" initiative, launched in October 2019. To each employee was given a stainless-steel mug, an alternative to plastic cups that were used in water dispensers, which have been disposed of. It is estimated that this measure will avoid the usage of 1.5 million plastic cups per year, equivalent to 4.5 tons of plastic waste, also reducing the extraction of raw materials on the planet.

(b) Monitoring of materials consumption

Materials consumption is monitored closely by the Altice France CSR Group and the Altice Portugal Group in order to identify improvement areas and evaluate the success of reuse and recycling programs, as detailed in the tables below.

- With respect to associated process materials (i.e., materials that are needed for the manufacturing process but are not part of the final product):

Total materials used - associated process materials (tonnes)	**Altice France CSR Group[(1)]**		**Altice Portugal Group**	
	2019	**2018**	**2019**	**2018**
Paper/Paperboard	849	999	464	577

- With respect to semi-manufactured goods or parts (including all forms of materials and components other than raw materials that are part of the final product):

Total materials used - semi-manufactured goods or parts (tonnes)	**Altice France CSR Group[(1)]**		**Altice Portugal Group**	
	2019	**2018**	**2019**	**2018**
Materials associated with the production process	**1,659**	**1,674**	**529**	**450**
Batteries (distribution network)	30	20	15	16
Electrical and electronic equipment (distribution network)	1,629	1,654	514	434

[(1)] Batteries: corresponding to batteries subject to the rules of the French eco-organization Screlec[6] - battery and battery producers.
Electrical and electronic equipment: corresponds to the electrical and electronic equipment subject to the rules of the eco-organization Ecosystem[7] - producers of household electrical and electronic equipment.

[5] With fibre from forests managed while respecting the environment, the local laws and communities.
[6] https://www.screlec.fr/qui-sommes-nous/
[7] https://www.ecosystem.eco/

- With respect to materials used for packaging purposes:

Materials consumption (tonnes)	Altice France CSR Group[(1)]	Altice Portugal Group	
	2019	2019	2018
Materials for packaging	**1,815**	**287**	**363**
Paper/Paperboard	1,738	236	250
Plastics	77	51[(2)]	36
Wood	0	0	77

[(1)] Includes all materials used for packaging purposes subject to the rules of the French eco-organization for the circular economy Citeo.
[(2)] The increase in plastic consumption in 2019 compared to 2018 was due to the higher purchase of tertiary packaging for strapping material, namely packaging film.

(c) Materials reuse and recycling

The reuse and recycling of materials has received special attention from the Group both with regard to the Group Companies' activities and with regard to the information and programs which are made available for customers.

The Altice France CSR Group and the Altice Portugal Group continue to invest in the process of assessment, recovery and reuse of equipment returned by customers due to migration to other solutions or services. The reuse of equipment avoids the consumption of materials, saves costs and reduces waste production.

The Altice France CSR Group

The Altice France CSR Group promotes the reuse of equipment which is made available to its customers in line with its environmental strategy in order to combat the scarcity of natural resources, raw materials and energy. To this end, the Altice France CSR Group is supported by subcontractors specialising in the field of repackaging in order to ensure the quality of the products delivered, with the aim of responding as effectively as possible to the concerns of its customers and to behave responsibly in the management of its activities.

In addition, the Altice France CSR Group makes its customers aware of the importance of reusing its packaging and promotes the recycling of raw materials in a virtuous logic of preserving the earth's resources. In the same vein, the Altice France CSR Group has included on its latest packaging the sorting instructions for the small items of packaging they contain and since 2019, it has been working on the systematic affixing of the Tri-Man logo on the papers intended for its customers: this visual incentive allows customers to be informed, via a common signage system, that the products they buy are subject to a sorting instruction. This initiative should lead to an improvement in the recycling rate of the components of the products sold.

The Altice France CSR Group is also aware of the impact of the mobile telephone industry on the environment. The constant replacement of smartphones with new ones has a significant impact on the environment. In this logic, the Altice France CSR Group promotes the circular economy by encouraging their reuse and offers its customers the purchase of quality reconditioned telephones at attractive prices. The Altice France CSR Group has also set up various collection systems:

- in-store collections encouraged by a voucher issued for the return of a user phone. This virtuous business practice not only reduces the carbon footprint of the business and the use of raw materials, but also builds customer loyalty; and
- the installation of collection points.

In 2019, more than 155,000 mobile phones were collected by the Altice France CSR Group. These mobile phones, when they cannot be directly made fit for reuse, are entrusted to Ateliers du Bocage[8], a member of the Emmaüs movement. Ateliers du Bocage first seeks to make them fit for reuse by digital inclusion organizations. When it is not possible to reuse the mobile phones, Ateliers du Bocage will recycle or destroy them, using the proceeds from the sale of the raw materials to support solidarity initiatives.

Since November 2018, the Altice France CSR Group has also launched a process to recover the housing for one type of its remote controls during their reconditioning, reducing the production, use and disposal of plastic. In

[8] http://ateliers-du-bocage.fr/

2019, 32,000 television remote controls were reconditioned and reused instead of being replaced. In so doing, the Altice France CSR Group is committed to the transition to a circular economy.

The Altice Portugal Group

The Altice Portugal Group has also evaluated recovery and reuse of equipment returned by customers. In 2019, 46% of the total equipment installed (gateways, optical network terminations, set top boxes and satellite set top boxes) by the Altice Portugal Group were produced with reconditioned equipment.

Furthermore, a copper phase-out program was initiated in 2019 in 6 of the 1,851 network central office locations[9], migrating 600 customers to new fibre infrastructure or using microwave radio links, a proof-of concept that already released 300 tonnes of copper cables to be recycled.

2.3.2.2 Energy

The energy consumption of the Group Companies mainly relates to the network's technical sites, making optimization of energy consumption of these infrastructures a priority. In order to achieve the energy consumption reduction goals, the Group is focused on increasing energy efficiency and monitoring the associated environmental impact as described below.

The Altice France CSR Group

The energy transition is a national issue in France that aims to moderate the environmental impact by reducing consumption. In a context of constantly increasing uses and technological developments, the Altice France CSR Group is particularly concerned by this issue.

The Altice France CSR Group's energy consumption is mainly related to the technical sites that make up the group's networks. They account for 90% of its overall electricity bill. The optimisation of energy consumption is a priority for the Altice France CSR Group both for cost issues and for environmental reasons. The Energy Management System was therefore deployed on the networks of the companies in the Altice France CSR Group with major impact on energy consumption, namely SFR, SFR Fibre, Completel and SRR.

The energy consumption of the Altice France CSR Group is broken down as shown in the following table:

Energy consumption (GJ) [(1)]	**Altice France CSR Group**	
	2019	**2018**
Electricity consumption	3,150,595	3,097,285
Fuel consumption (petrol)	3,855	204
Fuel consumption (diesel)	66,599	70,299
Heat network	2,085	N/A
Natural gas	4,028	N/A
Total	**3,227,162**	**3,167,788**

(1) Energy, natural gas and heat network consumption converted from kilowatt/hour to Giga Joule (GJ) for electricity and from litres to GJ for petrol fuel and diesel fuel (including diesel for generators).

In line with the principle of continuous improvement, based on a voluntary policy, the Energy Management System integrates the monitoring of consumption and associated action plans. The Altice France CSR Group's involvement regarding the energy consumption goes further than the ISO 50001 requirements and is based on several axes and objectives grouped together in its energy policy:

- between now and 2022, reducing its energy consumption by 10% annually by technical infrastructures, which are the main energy consumers, to the maximum capacity of its network;
- strengthening communication with its stakeholders;
- favouring as far as possible the purchase and use of less energy-consuming products and services;
- integrating energy issues from the design stage;
- ensuring regular reporting of its energy performance;

[9] A central office is a building to which subscriber homes and business lines are connected on a local loop. This office has telephone switches to switch calls locally or to a long-distance carrier office.

- improving the configuration of network buildings to achieve optimized Power Usage Effectiveness (PUE).[10]

The Energy Management System was reorganized at the end of 2018 to include, for each local area, a coordinator responsible for implementing the energy policies defined by the Networks department. The coordinator helps to raise awareness regarding the energy performance of the main technical sites among the network maintenance technicians. In 2019, 70 people joined the Energy Management System and received training on impact of energy consumption and best practices regarding energy savings.

All the Altice France CSR Group's employees were informed, via the intranet in particular, of the deployment of the Energy Management System and the ambitious objectives set by the energy policy. The customers of the Altice France CSR Group also have the possibility of finding out about its commitments through communications on the Altice France's corporate site and via internal communications on the physical sites.

In order to achieve the energy policy objectives, the Altice France CSR Group focused on two main activities:

- The construction of new, high-performance sites, which involves choosing less energy-intensive equipment for their infrastructure and network and strategically positioning them to improve their performance and energy efficiency. The Trappes site, combining optimization and performance, and with an average PUE of 1.4, is an example of the potential for success in energy policy and is a model for a more efficient and environmentally friendly network.

- The optimization of its historic facilities: some sites have been active for more than 20 years. When equipment is changed, rendered unusable or obsolete, energy is systematically taken into account. This was the case at the Achères site where a replacement of two obsolete cold units resulted in a theoretical annual saving of 265,000 kWh, i.e. 17% per year per unit. This saving is made possible in particular by the choice of more advanced technologies, such as free cooling, which involves using the outside air as the only cooling method when its temperature is below 12°C. The choice of state-of-the-art and less energy-intensive equipment represents a significant cost but above all allows for significant energy savings. The standardization of temperature settings in technical rooms has also allowed to save energy, in particular by reducing the use of cooling systems. Higher temperatures are possible thanks to the choice of more heat-resistant servers. Since 2019, major sites must respect the temperature of 24°C (plus or minus 2°C) and the rest of the sites may respect a temperature of 26°C (plus or minus 2°C), depending on their configurations. These measures will continue to be rolled out and reinforced in 2020.

Thanks to its ambitious energy policy, the Altice France CSR Group has an average PUE of 2.2 at its major sites, placing it well below the national average of 2.5. This performance can be explained in particular by the design of new sites, the optimization of old sites and the equipment renewal policy.

The Altice Portugal Group

The energy consumption of the Altice Portugal Group is broken down as shown in the following table:

Energy consumption (GJ)	**Altice Portugal Group**	
	2019	**2018**
Electricity consumption	1,116,763	1,159,791
Fuel consumption (petrol)	420	322
Fuel consumption (diesel)	150,092	165,675
Natural gas	1,701	1,196

The Altice Portugal Group produces energy from renewable sources and uses energy supplied by suppliers, also obtained from renewable sources. The table below identifies the evolution of renewable energies in Altice Portugal Group:

[10] The Power Usage Effectiveness (PUE) is a measure of the efficiency in the use of the energy that powers the datacenters. It assesses the total amount of energy consumed by the site over a year compared to the amount of energy necessary for the IT equipment to function. This indicator is often used to compare the datacenters energy performance. The closer the result is to 1, the less energy the datacenter consumes, and the more it is considered eco-friendly.

Renewable energy consumption (GJ)	Altice Portugal Group	
	2019	2018
Energy produced by the Altice Portugal Group from renewable sources	1,922	2,141
Electricity supplied to the Altice Portugal Group from renewable sources(1)	599,925	491,751

(1) Source: ERSE[11]

In the Altice Portugal Group, in 2019, efficiency measures were implemented in processes, structures and equipment, which resulted in a consumption reduction of 30,372 GJ (compared to 60,716 GJ in 2018). This reduction, compared to the previous year, was mainly due to the fact that the Single RAN project was fully implemented in the first quarter of 2019.

Implemented efficiency measures	Altice Portugal Group - Consumption reduction (GJ)	
	2019	2018
Single RAN(1)	104	17,786
Alicate operation, season IV2)	30,268	42,930
Total	**30,372**	**60,716**

(1) Migration to a mobile network technology that reduces complexity, cost and energy by consolidating multiple network standards and services on a single platform.
(2) Obsolete equipment removal project.

2.3.2.3 Water

The water consumption of the Altice France CSR Group and the Altice Portugal Group essentially fulfils two objectives: air conditioning of technical areas and hygiene and comfort of the employees in the administrative areas.

Water consumption (m^3)	Altice France CSR Group(1)		Altice Portugal Group	
	2019	2018	2019	2018
Total consumption	125,304	103,227	212,793	217,032

(1) The water consumption of the Altice France CSR Group is reported for the main technical and tertiary sites.

The Altice France CSR Group and the Altice Portugal Group have been implementing measures for several years to reduce water consumption at some of its tertiary sites, e.g. the installation of pressure reducers, mixer taps and dual-flush toilets or the introduction of rainwater harvesting for watering trees and plants.

2.3.2.4 Biodiversity

Although the impact of the telecommunications sector on the loss of biodiversity is limited, Group Companies have promoted projects to ensure the positive effect of their business activities on biodiversity. The following initiatives, which have been implemented by Group Companies, have, directly or indirectly, contributed to minimizing the loss of biodiversity: (i) policies to ensure that the construction of new sites does not have negative impacts on protected areas and species and (ii) site sharing policies with other operators in order to minimize landscape impact.

Used area in biodiversity-rich habitats (Km^2)	Altice France CSR Group		Altice Portugal Group(1)	
	2019	2018	2019	2018
Total area	N/A	N/A	0.01	0.01

(1) Altice Portugal Group's sites that lie within protected areas and with high biodiversity value.

In 2019, nine new Altice Portugal Group's sites were installed. Only 1.7% of the sites of the Altice Portugal Group are installed in protected areas.

[11] https://www.erse.pt/en/electricity/labelling-pt/labelling-pt/

In 2019, the Altice France CSR Group started a project aimed at ensuring reinforced control of its Facilities Classified for the Protection of the Environment (ICPE), which are the infrastructures that represent the most significant - albeit minor - risk to the environment.

The Altice France CSR Group network includes more than 163 sites that were classified for the protection of the environment (ICPE), due to the storage of batteries and fuel oil, and the presence of extinguishing agents, refrigeration units and generators. This classification leads to regular and precise controls on these sites, in order to avoid any pollution on the environment.

In order to prevent accidental pollution, certain actions are taken such as:

- building evacuation drills, in case of fire;
- leakage checks integrated into the maintenance ranges of air conditioning systems to prevent leaks of refrigerants, which are greenhouse gases with a high global warming potential (GWP);
- a fuel unloading procedure established at sites that require it.

2.3.2.5 Greenhouse gas emissions ("GHG")

Climate change caused by GHG emissions is one of the main risks to the sustainability of the Group's business. The Altice France CSR Group and the Altice Portugal Group monitors their carbon footprint as explained below.

CO_2 emissions (tonnes)	Altice France CSR Group		Altice Portugal Group[4]	
	2019	2018	2019	2018
Scope 1	**14,846**	**9,281**	**16,663**	**16,009**
- Direct (Petrol)	268[1]	28[1]	31	22
- Direct (Diesel)	5,647[1]	9,253[1]	11,011	12,137
- Direct (Refrigerants)	8,931[2]	N/A	5,621	3,850
Scope 2	**42,744**	**63,962**	**96,926**	**146,152**
- Indirect (Electricity)	42,454	63,962	96,830	146,085
- Indirect (Other energies)	289[3]	N/A	96	67
Total (Scope 1 + 2)	**57,589**	**73,243**	**113,589**	**162,161**

(1) Emission related to the fuel of the car park, determined by applying the conversion factor from the French regulator ADEME (2.28 $kgCO_2$/litter for petrol and 2.51$kgCO_2$/litter – January 2020).
(2) Emission related to recharging of refrigerants and an estimation of leaks in equivalent CO_2 tonnes (in compliance with the French regulations[12]) for the major and strategic sites.
(3) CO_2 emissions attributable to other consumption (e.g. heating oil, natural gas, heat network, renewable energy produced for internal use) for the major and strategic sites.
(4) In 2018, the Altice Portugal Group's GHG emissions were determined by applying the conversion factor legislated in Portugal (0.47 kg CO_2e/kWh). In 2019, the conversion factor used was the one provided by the European Environment Agency – Portugal Electricity generation (0.3247 kg CO_2/kWh).

The Altice France CSR Group's GHG emissions mainly come from the energy expenditure on its technical and tertiary infrastructures, which represent 68% of its total emissions.

In 2019, the Altice Portugal Group implemented efficiency measures in the processes, structures and equipment which resulted in a reduction of GHG emissions. The lower reduction of GHG emissions in 2019, compared to the previous year, was mainly due to the fact that the Single RAN project was fully implemented in the first quarter of 2019.

Implemented efficiency measures	Avoided GHG emissions (tCO2e)	
	2019	2018
Single RAN[1]	9	2,322
Alicate operation, season IV[2]	2,730	5,605
Total	**2,739**	**7,927**

(1) Migration to a mobile network technology that reduces complexity, cost and energy by consolidating multiple network standards and services on a single platform.
(2) Obsolete equipment removal project.

[12] https://www.bilans-ges.ademe.fr/documentation/UPLOAD_DOC_FR/index.htm?refrigeration_et_climatisation.htm)

Indirect GHG emissions (Scope 3) are a consequence of the Group Companies' activities but occur from sources not owned or controlled by them. The table below identifies the emissions from the transportation of employees for business related activities in vehicles owned or operated by third parties, such as aircraft, trains and passenger cars.

CO_2 emissions (tonnes)	Altice France CSR Group[(1)]		Altice Portugal Group[(2)]	
	2019	2018	2019	2018
Scope 3 - Business travel	958	11,020	629	1,005

[(1)] Includes air travel, travel by train and car rental.
[(2)] Only includes air travel and car rental. Does not include travel by train.

Several initiatives are aimed at avoiding GHG emissions through the reduction of energy consumption:

- In the Altice France CSR Group:
  - for each travel booked through digital tools, employees receive information on the CO_2 consumption of their trip in order to emphasize the environmental impact of travel;
  - the Altice France CSR Group is actively acting to reduce its carbon emissions by the replacement of network equipment (please refer to section 2.3.2.2 *"Energy"*);
  - thanks to its Environment System Management actions, the Altice France CSR Group monitors the GHG emissions generated by its after-sale service transports and its waste of electric and electronic equipment on the business services perimeter.

- In the Altice Portugal Group:
  - rework project: the Altice Portugal Group recovers and reuses damaged or returned TV terminal equipment. The equipment is collected, tested, repaired and reconditioned. By implementing this process, the Altice Portugal Group is able to reduce the environmental footprint by extending the life cycle of equipment, by reducing material consumption, avoiding unnecessary waste and reducing costs in the acquisition of new equipment;
  - cloud service: enhances IT cost savings, increases productivity and reduces energy consumption and Scope 2 emissions;
  - fleet management service: allows Group Companies to track all the movements of their fleet of cars and to communicate with the people on the ground, optimizing activity management;
  - commuting: the Altice Portugal Group has buildings outside the Lisbon city centre. To streamline, simplify and optimize the travel to those sites, corporate transportation is available to all employees on every business day of the year, with various active routes throughout the day. This initiative also aims to reduce Scope 1 emissions.

- To mitigate significant environmental impacts resulting from the personal transportation of employees, the Altice France CSR Group and the Altice Portugal Group constantly develop internal awareness campaigns calling for the adoption of environmentally responsible behaviour, for example, the use of teleconference and videoconference and promoting the use of bicycle parking spaces in its buildings.

2.3.2.6 Waste

The execution of the Group Companies' activities requires the incorporation of new or reused materials and/or equipment and, consequently, also requires the withdrawal of reused materials and/or equipment from service. Therefore, the Group must ensure that the generated waste is duly identified, registered and checked for its final destination. Whenever materials and/or equipment are withdrawn from service, they are classified by the Group Companies as either "Reuse" or "Waste". Materials and/or equipment classified as "Waste" are delivered to municipal entities or licenced waste management operators and are subsequently sent to an appropriate final destination.

For the Altice Portugal Group, in 2018 and 2019, respectively 99.9% and 99.8% of the waste sent to a final destination was destined for recovery operations. Only 0.1% and 0.2% of the waste in 2018 and 2019, respectively, were destined for disposal operations. Waste management is carried out by external operators.

The Altice France CSR Group organises the treatment of waste from its activities in dedicated channels and ensures the traceability of their fate.

The Altice France CSR Group has set up the collection of used mobile phones in its distribution network. This approach is supplemented by a take-back offer for mobile phones that can be reused (please refer to section 2.3.2.1 *"Materials - Materials reuse and recycling"*).

The Altice France CSR Group's subsidiaries which, as producers, importers or distributors of products, may be required to provide or contribute to the elimination of the waste arising therefrom or from of the elements and materials used in their production[13], are members of the following approved eco-organisations:

- Citeo[14], collection and recycling of paper and packaging;
- Ecosytem[15]: collection, decontamination and recycling of end-of-life WEEE;
- Screlec[16]: collection and recycling of batteries and accumulators.

The tables below show the production of hazardous waste and non-hazardous waste in the Altice France CSR Group and the Altice Portugal Group.

Production of hazardous waste (tonnes)	**Altice France CSR Group(1)**		**Altice Portugal Group**	
	2019	**2018**	**2019**	**2018**
Waste batteries	139	62	58	27
Waste fluorescent lamps	1	0	1	1
Waste used oils	1	0	4	1
Hospital waste	N/A	0	2	3
WEEE(2)	4,689(3)	4,465	603	398
Absorbent and filtering materials waste	0	0	0	0
Total	**4,830**	**4,528**	**667**	**430**

(1) The production of hazardous waste from the Altice France CSR Group comes from the main and strategic technical and tertiary sites.
(2) WEEE weight includes total household and professional electrical and electronic equipment. The WEEE of the Altice Portugal Group includes hazardous and non-hazardous waste.
(3) Extrapolation from 2018 data.

Production of non-hazardous waste (tonnes)	**Altice France CSR Group(1)**		**Altice Portugal Group**	
	2019	**2018**	**2019**	**2018**
Paper/paperboard waste	241	152	185	263
Plastic waste	0	N/A	52	40
Other waste from telecom infrastructure(2)	N/A	NA	1,207	1,310
Wood waste	5	0	167	155
Total	**246**	**152**	**1,611**	**1,768**

(1) The production of non-hazardous waste from the Altice France CSR Group comes from the main and strategic technical and tertiary sites.
(2) Includes leaded copper cable, self-supported copper cable, copper cable with plastic, reinforced copper cable, optic fibre cable, TEDS and TE1SE cable, telephone poles and metals (iron, and copper, zinc and aluminium alloys).

2.3.3 *Social performance*

Accessibility and trust are core values of the Group's human resources management. The Group is committed to creating stability for its employees, which is achieved through social dialogue, and corporate and technical training. Within this framework, employees of the Group play a key role by contributing to the development of the Group's culture, improving the Group's efficiency and therefore making it a better place to work. The Group aims to strengthen teamwork, solidarity and trust within the organization.

In this section, the Group's social performance is presented through the following topics: employment and labour management relations; occupational health and safety; training and skills development; diversity, equal opportunity and non-discrimination; human rights; customer health and safety; community communication access; and digital security and customer privacy.

[13] https://www.ademe.fr/expertises/dechets/elements-contexte/filieres-a-responsabilite-elargie-producteurs-rep
[14] https://www.citeo.com/
[15] https://www.ecosystem.eco/
[16] https://www.screlec.fr/

2.3.3.1 Employment and labour management relations

The Group Companies have human resources policies that promote employee dialogue, productivity, merit, and are in compliance with local laws and regulations, facilitating communications between management and employees, and contributing positively to labour relations.

The well-being of employees is of vital importance to the Group Companies, which provides multiples advantages and benefits focused on health, culture activities (access to sports, show and wellness initiatives like seminars, and workshops, among others) that complement benefits in telecommunication services or other company services and products.

(a) Labour management relations

The Group Companies consider the promotion of a qualitative social dialogue between the social partners and the management a key element of its human resources policy. This commitment implies respect for the exercise of trade union rights, including those related to the exercise of a trade union mandate or staff representative, and the prohibition of all forms of discrimination. Regular meetings are held between the management, the employee representative bodies and trade union organizations, in order to address and resolve labour matters, contributing to the social harmony of the Group Companies.

The Altice France CSR Group

The Altice France CSR Group developed in 2019 various actions to mobilize the social players within the group, including managers, human resources teams, and trade union bodies and organisations, thus making it possible to adjust the organizational structure of the Altice France CSR Group in order to comply with legislative changes and achieve its strategic goals. In 2019, this dynamic was reflected in the signature of major and structuring agreements on various themes:

- the definition of perimeters[17];
- the setting up of economic and social committees in all entities and local representatives in order to strengthen the proximity of social dialogue;
- innovative, pragmatic and effective social dialogue within each perimeter[18];
- the remuneration policy[19];
- the policy in favour of professional equality and the reconciliation of professional and private life.

The promotion of a high-quality social dialogue between the social partners and senior management remains an important element of the human resources policy for the Altice France CSR Group, particularly in view of the importance of the imperative strategic and organisational projects which are necessary for the group to be able to adapt to the requirements and rapid developments of the telecom market. The Altice France CSR Group also performs an annual internal inquiry “Altice France & vous” in order to evaluate the sense of belonging of each employee to the Altice France CSR Group and the SFR brand, as well as the level of satisfaction regarding their professional situation and the adherence to the Altice France Group’s strategy. The positive trend from the 2018 inquiry continued in 2019, with an increased response rate of 70% (+5 percentage points) and an engagement score of 74% (+8 percentage points), reflecting the employees’ pride in belonging to the Altice France CSR Group (76%), the satisfaction level with their professional situation (75%), and increased confidence in the Altice France CSR Group’s future (72%).These results are evidence of the Altice France CSR Group’s continuous efforts to improve its workforce well-being and motivation in order to achieve its strategic goals.

The aim is therefore to have a pragmatic, efficient and agile social dialogue that gives the various players in the social dialogue the means to operate, taking into account the Altice France CSR Group’s interests and challenges.

[17] The expansion of the SFR’s Economic and Social Unit.
[18] SFR Distribution has also negotiated a social dialogue charter enabling employee representatives to benefit from modern resources adapted to the company’s specificities in order to carry out their mission.
[19] The policy of variable annual remuneration and employee savings schemes for the next three years.

The Altice Portugal Group

In 2019, the Altice Portugal Group initiated the process of revising the collective bargaining agreement, still in force, which covers 97.6% of its employees. This review occurs in response to a proposal submitted by the trade unions, being the Altice Portugal Group obligated, by law, to present a counterproposal and launch a negotiation process.

(b) Workforce

In the Altice France CSR Group, fixed-term contracts are used to reinforce the distribution network in order to best meet customer demand. The Altice Portugal Group prioritizes stability, favouring the permanent contract that covers 99% of the employees.

In the Altice Portugal Group, in 2019, 459 employees were promoted in a universe of 7,969 (about 6%).

The following tables detail the size and composition of the workforce by age and gender in the Altice France CSR Group and the Altice Portugal Group.

Total workforce - by gender (number of employees)	Altice France CSR Group		Altice Portugal Group	
	2019	2018	2019	2018
Men	6,971	7,021	4,826	5,311
Women	3,913	4,104	2,853	3,312
Total	**10,884**	**11,125**	**7,679**	**8,623**

Total workforce - by age (number of employees)	Altice France CSR Group		Altice Portugal Group	
	2019	2018	2019	2018
< 30 years old	2,150	2,056	199	227
30 – 50 years old	6,658	6,982	4,733	5,099
> 50 years old	2,076	2,087	2,747	3,297
Total	**10,884**	**11,125**	**7,679**	**8,623**

(c) New employee hiring and employee turnover

The following tables detail the size and composition of the recruitment and the turnover numbers by age and gender in the Altice France CSR Group and the Altice Portugal Group.

Total entries - by gender (number of employees)(1)	Altice France CSR Group		Altice Portugal Group	
	2019	2018	2019	2018
Men	1,053	651	120	58
Women	531	426	51	19
Total	**1,584**	**1,077**	**171**	**77**

(1) The entries shown for the Altice France CSR Group and the Altice Portugal Group are for open-ended employment contracts.

Total entries - by age (number of employees)(1)	Altice France CSR Group		Altice Portugal Group	
	2019	2018	2019	2018
< 30 years old	744	674	55	13
30 – 50 years old	749	372	107	59
> 50 years old	91	31	9	5
Total	**1,584**	**1,077**	**171**	**77**

(1) The entries shown for the Altice France CSR Group and the Altice Portugal Group are for open-ended employment contracts.

Turnover – by gender and age (number of employees)[(1)]	Altice France CSR Group				Altice Portugal Group			
	Men		Women		Men		Women	
	2019	2018	2019	2018	2019	2018	2019	2018
< 30 years old	320	214	182	127	14	33	3	5
30 – 50 years old	618	882	444	697	132	185	94	85
> 50 years old	219	194	161	123	459	37	413	32
Total	**1,157**	**1,290**	**787**	**947**	**605**	**255**	**510**	**122**

[(1)] The turnover data shown for the Altice France CSR Group and the Altice Portugal Group are for open-ended employment contracts.

Pessoa program in the Altice Portugal Group

Engaged in the process of transformation, innovation and simplification of business processes, and in order to rejuvenate skills, the Altice Portugal Group launched an exit program called "Pessoa" with voluntary adherence. With this initiative, the Altice Portugal Group reaffirms its commitment to employability, responsible human resources management and strategic vision for the business in which it operates. It also contributes to the well-being and quality of life of employees and their families, due to the flexibility they gain in managing their time and their personal fulfilment. The Pessoa program comprised three different processes, namely suspension of employment contract, pre-retirement and termination by mutual agreement. The Pessoa program led to the departure of approximately 850 employees from the Altice Portugal Group.

(d) Parental leave

All employees are entitled to parental leave. The following table shows the rate of return after parental leave and the retention rate at the end of one year in the Altice France CSR Group and in the Altice Portugal Group.

Rates of return and retention after parental leave	Altice France CSR Group		Altice Portugal Group			
	Men	Women	Men		Women	
	2019	2019	2019	2018	2019	2018
Employees who used parental leave	7	48	201	234	96	112
Return rate	N/A	N/A	99%	99%	99%	98%
Retention rate	N/A	N/A	94%	96%	97%	94%

2.3.3.2 Occupational health and safety

The Group Companies have implemented monitoring and control systems in the occupational health and safety issues. Nevertheless, all employees of the Group are responsible for ensuring health and safety in the workplace, in particular through risk identification, evaluation and the implementation of control measures.

In order to prepare for a response to emergency situations and to prevent or mitigate adverse consequences for the health and safety of employees, the Group Companies regularly carried out emergency simulation exercises to re-create pressure situations which are similar to those of a real emergency event. These emergency simulation exercises assess the state of operational readiness and responsiveness of the different responses involved in emergency control operations.

The Altice France CSR Group

In France, no employee was involved in a major accident in 2019. The following table details the impact of employee accidents by gender within the Altice France CSR Group.

Accidents	Altice France CSR Group	
	Men	Women
	2019	2019
Accidents at work with medical leave	43	51
Lost days* due to accidents at work, with medical leave	6,426	7,783
Injury rate	0.58	1.28
Number of deaths	0	0

* Calendar days, from the day following the occurrence of the accident at work.

The occupational risk prevention policy of the SFR ESU[20] continued to deploy occupational risk prevention actions within the Altice France CSR Group:

- by strengthening internal prevention actions and support for technical service providers in the network, IT, residential services and business services areas, during a year characterised by the absence of serious accidents among employees and a sustained level of audits on sites and technical areas, through:
  - the setting up of support plans and regular "talks" with service providers;
  - a wide distribution of safety "flashes" to employees and services, after each incident, near-miss or accident;
  - the pursuit of specific actions to lift the safety status of critical technical sites or safety non-compliances identified during audits;
  - the harmonisation of general safety instructions for the employees and service providers working on sites and technical premises in various areas (network, IT, residential services and business services); and
  - recurring audits on technical sites;
- by pursuing a global approach to controlling co-activity risks at tertiary sites hosting different entities of the Altice France CSR Group;
- by carrying out updates of professional risk assessments following a harmonised methodology for all SFR ESU companies;
- by anticipating as early as possible the impact of regulatory changes in areas such as asbestos risk prevention, risk prevention related to upcoming technical developments (e.g. 5G), etc.;
- by reinforcing practices and instructions resulting from feedback following major external incidents, such as the Notre-Dame de Paris fire, or the fire at the Lubrizol plant; and
- by continuing to improve the quality of working life on tertiary sites through targeted actions or communications: ergonomics at the workstation, road hazards, installation of acoustic panels and additional partitions, health messages, development of safety memos for new arrivals and prevention of occupational road hazards, etc.

2019 has also seen the implementation of targeted prevention programmes or actions on the following topics:

- raising awareness of all managers on the prevention of sexual harassment and sexist acts;
- changes to safety training catalogue (new training on the prevention of external violence, improvements concerning training for work at heights) and raising managers' awareness of safety clearances (height and electrical);
- creation of a catalogue of small ergonomic equipment to speed up the availability to employees of the equipment recommended by the Occupational Health and Safety department;
- updating of the catalogue of personal protective equipment;
- workshops offered to employees on workstation ergonomics, prevention of psychosocial risks and road safety awareness, in conjunction with the inter-company health services at the sites concerned;
- air quality and electromagnetic wave measurements;
- systematic analysis of the causes of incidents or accidents on sites or technical infrastructures or on tertiary sites; and
- implementation of a centralised process for the allocation and management of lone worker security devices.

The Altice Portugal Group

Occupational safety and health are managed by the Occupational Safety department, Altice - Associação de Cuidados de Saúde (ACS - Altice Portugal Health Care Association[21]) and also through the safety and health worker's representative structures, in which all workers are represented. In order to see recognised procedures and practices implemented, the Altice Portugal Group has certified its management system according to the OHSAS 18001 standard.

In Portugal, health and safety issues are covered by formal agreements with trade unions on an international and national level, specifically the Understanding Protocol on the Promotion of Occupational Safety and Health. This protocol is associated to the Code of Conduct for Social Responsibility concluded in January 2006 between

[20] SFR ESU refers to the SFR Economic and Social Unit which includes SFR, SFR Fibre, Completel, SFR FTTH, Hivory, Altice France, SMR, SRR and SFR Business Distribution.
[21] https://acs.pt/

Portugal and the Union Network International Europe (2012), as part of the “Good Work Good Health” project - a project in which the Altice Portugal Group participated through the ETNO. This project addressed the theme of mental health at work and a Guide to Good Practice was compiled based on the contributions of all the participating organizations. These themes are also addressed in a specific chapter on protection of health and safety at work in the collective labour agreement applicable to the Altice Portugal Group and in the health plans applicable to its employees.

In 2018/2019, the “Good Work Good Health II” (GWGH II) project was developed, in which the Altice Portugal Group consulted all organizations involved in the project, regarding good practices in the promotion of employee health and welfare, and updated the GWGH II Good Practice Guide. This project, promoted by the ETNO and UNI Europa, within the scope of the European Social Dialogue Committee for Telecommunications, aims to identify new approaches to the promotion of employee health and well-being.

In 2019, Altice - Associação de Cuidados de Saúde (ACS - Altice Portugal Health Care Association) implemented a psychosocial risk assessment that became integrated in the Altice Portugal Group’s occupational health examinations. The objective is to enable the Altice Portugal Group to detect individual risk situations that need referral and also a systematic overall assessment by areas and departments.

The following table details the impact of employee accidents by gender within the Altice Portugal Group.

Accidents	**Altice Portugal Group**			
	Men		**Women**	
	2019	**2018**	**2019**	**2018**
Accidents at work with medical leave	118	124	18	21
Lost days* due to accidents at work, with medical leave	3,128	2,829	355	971
Injury rate	2.85	2.64	0.77	0.76
Number of deaths	0	0	0	0

* Calendar days, from the day following the occurrence of the accident at work.

In 2019, the Altice Portugal Group’s absenteeism rate was 4.43%, compared to 4.54% in 2018.

In the Altice Portugal Group, occupational diseases are subject to annual monitoring and special attention. Because of the Altice Portugal Group’s activities, occupational diseases are rare and mainly pertain to musculoskeletal disorders of the upper limbs, relating to the posture during use of a computer. In 2019, in the Altice Portugal Group, 1,527 employees with high-risk activities were identified. Four cases of occupational disease were registered, three cases being confirmed and one remaining under evaluation.

2.3.3.3 Training and skills development

Group Companies promote the employability and development of their employees through their human resources policy. In a constantly evolving sector, the professional development of employees is a competitive challenge. Group Companies have therefore deployed an ambitious training plan that ensures the evolution of the profession and the personal aspirations of each employee.

The Altice France CSR Group

The main training areas of the Altice France CSR Group are in line with its strategy, such as supporting skills development, designing certification courses, etc.

Within the SFR ESU, the corporate university “La Fabrique” has been created, which aims to strengthen the business expertise of teams and to develop the skills of tomorrow, at the service of excellence and collective performance. Through demanding measures and concrete achievements, “La Fabrique” supports the Altice France CSR Group’s dynamism by opening up to best market practices, anticipating business orientations, developing the group’s potential and supporting employees in their professional development. Such development, which is a key focus of the corporate university, is based on 9 areas of business expertise (“Sales”, “Media and Digital”, “Security”, “High Tech”, etc.) which are sponsored by operational managers, with the aim of providing demanding and specialised training that is as close as possible to the needs of employees. In 2019, approximately 5,000 SFR ESU employees have taken at least one training course. All training courses are available to all employees on an internal platform that enables last minute participation.

The Altice Portugal Group

The Altice Portugal Group developed and implemented custom skills development programs for its employees, based on an 8 Pillars Program, which is one of the strategic goals of the Altice Portugal Group's development and training strategy. Those are:

- Corporate training: develop skills gaps in the diverse dimensions of the benchmarking model;
- E-Learning and gaming: raising awareness of concept and themes trough interactive learning platforms;
- Conferences and seminars: update knowledge and foster sharing and network experience;
- Advanced training: develop and retain high level skills that are strategically relevant to the organization and the market;
- Skills: involve teams in the Altice Portugal Group's strategic goals, diagnose and develop soft skills;
- Executive leadership: align the Altice Portugal Group's values and goals;
- Technical training: develop hard skills, central to improve the performance;
  Certifications: validate employee know-how and attest methodologies adopted.

The Altice Portugal Group's training and development strategy was designed to provide skills that prepare employees for future cycles of transformation. In this program, the employees are looked at in a more comprehensive and individual way, in which the most important is the development of their skills at various levels, technically and behaviourally, through customized programs adapted to the target population.

The goals of this program are to promote culture and commitment, align and involve employees with the organization's strategic objectives, increase proximity through individualized monitoring and response to the real needs of people and the organization, provide management and employees with resources and means for their professional and personal development, and contribute to improving the performance and motivation of employees.

In 2019, the Altice Portugal Group carried out 253,669 training hours to 8,084 employees (compared to 174,338 training hours to 8,994 employees in 2018), in topics like environment, occupational health and safety, corporate training (e.g. ethics, human rights and integrated management system), technical certifications and behavioural and specific training, based on the specific requirements of each employee.

The following table provides information regarding the average training hours by gender in the Altice France CSR Group and the Altice Portugal Group.

Average training hours – by gender	**Altice France CSR Group**		**Altice Portugal Group**	
	2019	**2018**	**2019**	**2018**
Men	19.2	18.6	32.0	20.7
Women	16.6	13.8	30.4	19.5
Total	**18.3**	**15.8**	**31.4**	**20.2**

2.3.3.4 Diversity, equal opportunity and non-discrimination

To understand customers that expect diversity, and offer services that resemble them, it is essential for the Group Companies to consider the diversity within the Group. Diversifying the sources of recruitment, raising employee awareness of non-discrimination and acting in favour of equal opportunities are an important commitment and a condition for success. Diversity constitutes a genuine efficiency factor which influences the modernity of the Group Companies and innovation within the Group.

The Group considers any forms of individual discrimination contrary to human dignity inadmissible, and conducts such as moral harassment, sexual harassment or other acts of abuse of power are not tolerated.

(a) Promoting professional equality between men and women

The Group is convinced that professional diversity is a strategic issue for both the development of individuals and that of the Group itself. In particular, the Group strives to prohibit any distinction in gender-related treatment, so that women and men are present in a balanced way in all functions and at all levels of the group, and everyone is able to benefit from equal treatment at all stages of his professional life.

The management diversity and workers with progressions in the Altice France CSR Group and the Altice Portugal Group are reflected in the following tables:

Management positions diversity - by gender (%)	Altice France CSR Group(1)		Altice Portugal Group	
	2019	2018	2019	2018
Men	69.4%	70.2%	68.3%	68.8%
Women	30.6%	29.8%	31.7%	31.2%

Workers with progressions - by gender (%)	Altice France CSR Group	Altice Portugal Group	
	2019	2019	2018
Men	1.9%	6.7%	1.1%
Women	6.4%	4.7%	0.7%

The Altice France CSR Group

Convinced that diversity is a genuine lever for performance, creativity and growth, the Altice France CSR Group has been committed to equal opportunity for over 20 years. As a signatory of the Corporate Diversity Charter[22], which has been signed by more than 4,000 companies and gathers commitment regarding diversity matters and the anti-discrimination fight, the Altice France CSR Group believes that professional diversity is a strategic issue both for the development of individuals and for the group. In particular, the Altice France CSR Group ensures that no distinction of treatment based on gender is made, so that everyone benefits from equal treatment at all stages of their working life.

2019 was rich in actions in terms of gender equality at the Altice France CSR Group. A genuine commitment to society, gender equality in the workplace is translated into concrete actions on the field:

- non-discriminatory job offers;
- a remuneration policy guaranteeing equal treatment;
- raising awareness and training managers on discrimination and equal opportunities;
- the reconciliation of private and professional life, including special leave, the signing of a teleworking agreement or access to a concierge service;
- balanced access between women and men to training and professional development;
- measures in favour of parenthood, such as childcare solutions, tutoring or advice for employees who are parents or carers;
- concrete and positive actions to promote women's careers;
- signing with the social partners a new agreement on professional equality for men and women and work-life balance; and
- internal/external awareness-raising and training actions.

The Altice Portugal Group

The Altice Portugal Group is a subscriber (through the ETNO) of the ETNO-UNI Europa Joint Declaration on gender equality and the European Code of Best Practices for Women in ICT, has signed the agreements renewing commitments in the IGEN-Companies Forum (gender equality forum in which companies adopt an action plan to reduce inequalities) and has signed the Portuguese Charter for Diversity, for the implementation of actions in the extent of gender equality.

The concern for equality and non-discrimination is also reflected in the Altice Portugal Group's code of ethics and in the collective labour agreement, stating the Altice Portugal Group's commitment to fair and equal treatment based on merit, regardless of gender, age, sexual orientation, religion, civil status, nationality or ethnic origin. In February 2019, the Code of Good Conduct for the Prevention and Combat of Workplace Harassment was also finalized, establishing guidelines on professional conduct on preventing and combating harassment at work with applicability to all workers.

[22] https://www.charte-diversite.com/charte-de-la-diversite/

In order to promote the areas of engineering and technology among the school girls, who attend the 3rd cycle of elementary and secondary education, the One Day Engineers Project was implemented, mobilizing universities and women engineers as role models, bringing practical challenges of engineering and technology to schools.

(b) Promoting the employment of employees with disabilities

The Group aims to improve its commitments in favour of the employment of employees with disabilities. The Group promotes equality of opportunity through policies at the Group Companies level aimed at the development of vocational integration and the sustainable integration of disabled employees into the labour market. This policy promotes adaptation of working conditions to the specific needs of each employee.

The Altice France CSR Group

The Altice France CSR Group provides the availability of information and awareness, employability, support, training for managers, accessibility of sites and tools and working with organisations that help and support the work of people with disabilities.

For more than 20 years, the Altice France CSR Group has had a proactive policy on disability and has actively contributed to changing the way society views the subject (more than 9,000 employees have been made aware of the issue, for example with the "DuoDay" day[23], which allows professionals in various companies, administrations or associations to form duos with people with disabilities, or the partnership with "le Tremplin" during the "Tous HanScène"[24] video challenge, which gives students a voice and takes a fresh and original look at the question of young people with disabilities in higher education and in society in general). Its actions are, among others, to promote the hiring of people with disabilities and to collaborate with the sheltered and adapted sector, but also to provide specific support to employees affected by disability:

- support for mental disorders;
- diagnosis to prevent occupational exclusion; and
- various arrangements (workstations, tasks, schedules, objectives; transportation assistance).

After the Altice France CSR Group agreement in favour of the integration of people with disabilities signed in 2018, in 2019 the Altice France CSR Group signed the Manifesto for the economic inclusion of people with disabilities, initiated by the French government, which includes 10 commitments regarding the employment of people with disabilities and the integration of students with disabilities[25].

In 2019, the Altice France CSR Group spent €2.5 million in turnover with the sheltered sector.

289 employees are declared in a disability situation, including 40 that have been hired in 2019 (23 in 2018) and 149 adaptations were made to workstations (40 in 2018). In 2019, the rate of employees with a handicap employed by SFR, SRR and SMR was 4.8% (compared to 4.26% in 2018).

The Altice Portugal Group

In 2019, the Altice Portugal Group had 145 employees with special needs, representing 1.9% of the total workforce (compared to 188 employees in 2018, representing 2.18% of the workforce).

(c) Promoting the employment of young people

The Altice France CSR Group

Through its proactive policy on diversity and equal opportunities, the Altice France CSR Group has applied work-study programs for several years in order to promote diversity and to enable young people to acquire jobs, experience and skills to develop their employability.

[23] https://www.duoday.fr/
[24] https://www.toushanscene.fr/
[25] http://www.club-handicapetcompetences.fr/actualites/handicap/272-manifeste-pour-l-inclusion-des-personnes-handicapees-dans-la-vie-economique

In 2019, as every year, the Altice France CSR Group welcomed more than 500 work-study students and 100 interns (representing 5% of the workforce) in various business lines: big data, cloud, information security, web development and architecture, digital marketing, finance, commerce, etc.

Internal and external actions have been implemented in 2019 to strengthen the employer brand and be more attractive to interns and work-study students:

- digital/press presence as well as within the reference schools;
- alternates and trainee ambassadors (through the organisation of the "Welcome Day", among others); and
- support for the recruitment policy for young talent.

These measures have resulted in 52 new permanent contracts in 2019 and the award of the "Happy Trainees" label for the second time this year granted by Choose My Company[26]. More than 87% of work-study students recommend the Altice France CSR Group, ranking it among the most attractive companies for young people. In order to provide them with the best possible support in their professional development, tutors and apprenticeship masters are trained in integrating and supporting young people.

The Altice Portugal Group

In the Altice Portugal Group, the Human Resources department developed the Darwin Program, which consists of a 12-month professional internship program where participants have the opportunity to get to know Altice in a unique way, from theory to practice, through specific and on job training, individual accompaniment and challenges. In the 2019/2020 edition, seventeen young undergraduate students recruited from universities were integrated into the B2C department, reinforcing the Altice Portugal Group's know-how and increasing the group's rejuvenation process. Entrepreneurs, dynamic and agile, these new employees will respond, together with their teams, to the constant evolution of the telecommunications market, information technology and innovation.

Through this strategy, the Altice Portugal Group ensures that these young people will have an opportunity, through their knowledge, values and thinking in line with a new generation, to give their contributions and perform duties in areas as diverse as digital, marketing, product, communication or commercial.

The Altice Portugal Group implemented two more internship programs in 2019:

- Altice Summer Experience: a 1-month program that gives employees' children a first contact with the business world, contributing to their future insertion in the job market, providing not only job training, but also participation in various initiatives such as:
  - Sessions with the Gap Year Association[27]: provide information regarding internships, volunteering, learning languages, traveling and learning about cultures available worldwide. The objective was to give participants the opportunity to reflect on the importance of going through a period of discovery and leaving the comfort zone in the most varied experiences;
  - Volunteering: provide underprivileged children with the opportunity to visit cultural and historic places;
  - Empowerment Training: outdoor activities that enable the development of personal skills, management of acceptance and failure, the response to crisis moments, vulnerability and bonding, as well as preparing for uncertainty and constant change.

- Students @ Altice: a school internship or very short professional internship which provide a first approach between the academic and business worlds.

2.3.3.5 Human rights

One of the fundamental principles of the Group is the respect for the dignity and rights of its employees, customers, industrial and commercial partners and shareholders. This respect also pertains to human rights and property rights. The Group is committed to developing an organizational culture that is supported by social and labour policies and promotes human rights aiming to avoid any form of violation of human rights principles.

The Group therefore applies, at the Group Companies level, the principles of the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises, the International Labour Organization Core

[26] https://choosemycompany.com/fr/?country=FR
[27] https://www.gapyearassociation.org/

Conventions on Labour and the 10 Principles of the United Nations Global Compact, integrating transparency, ethics and social responsibility into its management systems.

The Altice Portugal Group created in 2019 a Human Rights, Sustainability and Inclusion Office, which aims to identify and adopt in the Altice Portugal Group the best practices in the area of human rights and inclusion. In the Altice Portugal Group, 97% of all employees were trained in human rights topics, namely in the equality and diversity e-learning module.

2.3.3.6 Customer health and safety

(a) Electromagnetic radiation

The increased use of mobile phones has sparked public opinion concerns regarding the possible effects of electromagnetic fields of mobile telecommunications on the health of the population. On a local basis, and through the Group Companies, the Group monitors scientific developments and positions of the health authorities on radio frequencies, provides information campaigns and maintains a dialogue towards its various stakeholders, including elected representatives, sponsors, customers, etc.

The Group Companies communicate the precautions recommended by the health authorities to reduce exposure to the airwaves, including the use of a headset or the recommendation to call in areas with good reception. The Group Companies also inform their customers through their websites by providing comprehensive and up-to-date information on the subject. The Group Companies also ensure that dedicated information is at the disposal of the sales forces of their distribution network and supplement these information systems so they can better respond to customer inquiries on the subject. By way of example, the Altice France CSR Group provides to its customers the information contained in the leaflet of the French Federation of Telecommunications "My mobile and my health". This information is provided to any new customer (general public and companies) with the general conditions of subscription and the general conditions of sale.

Finally, in accordance with the relevant regulations on the subject, the Altice France CSR Group and the Altice Portugal Group include the maximum level of telephone exposure in their commercial brochures, on the lines of their distribution network, on their websites, as well as in their advertisements.

The Altice France CSR Group

In 2019, the Altice France CSR Group held 196 information meetings concerning electromagnetic waves. Seven of them were held in public. During these gatherings, the Altice France CSR Group raised awareness and exchanged views with citizens, who were also able to ask their questions to professionals.

In France, the *Agence Nationale des Fréquences*[28] (French National Agency of Frequencies) is the operational manager of the electromagnetic field measuring control device. The measurement reports are publicly available on its website[29] which also provides the location of all radio stations of more than 5 watts on the French national territory (mobile telephone relay antennas, television or radio transmitters and private networks).

The Altice Portugal Group

In 2019, to control radio frequencies, the Altice Portugal Group monitored the level of electromagnetic radiation on 102 sites (10 digital terrestrial television, 4 microwave relays and 88 mobile network sites), compared to 129 sites in 2018 (11 digital terrestrial television, 10 microwave relays and 108 mobile network sites).

The European Union has established limits for the radiation level, through the 1999/519/EC recommendation. This is to identify the maximum level of energy absorbed by the phone user's head, which is defined by means of the Specific Absorption Rate (SAR). The SAR is the level of energy absorbed per unit mass of body tissue and is expressed in watts per kilogram. All mobile phones sold by the Altice Portugal Group complies with radiation values, established in 1999/519/EC recommendation, and the Altice Portugal Group verifies compliance with this requirement by requesting a certificate from the manufacturer of that equipment. The SAR information of mobile equipment is available online for each equipment.

[28] https://www.anfr.fr/controle-des-frequences/exposition-du-public-aux-ondes
[29] www.cartoradio.fr

The European Commission, the World Health Organization (WHO) and the International Commission for Non-Ionizing Radiation Protection (ICNIRP) as well as other national and international bodies, have been working to deepen the knowledge about the possible health consequences caused by the exposure to radio frequency fields emitted by mobile phones and network stations and to identify the best practices to apply on this topic. All mobile phones sold by the Altice Portugal Group comply with the ICNIRP directives[30].

(b) Noise

The World Health Organization (WHO) has considered that regular exposure to high levels of noise can also have negative impacts on public health, causing varying discomfort depending on the nature and intensity. The Group is aware that telecommunication stations make noise that can impact the quality of life of surrounding communities and encourages the Group Companies to monitor their emitted noise. By way of example, in 2019, the Altice Portugal Group monitored noise in 10 stations (23 in 2018). Whenever there are levels of annoyance and complaints, from values higher than legally defined, the Altice Portugal Group prepares intervention plans to mitigate the impact of noise.

2.3.3.7 Community communications access

The Group is concerned with guaranteeing access to telecommunications services to as many people as possible, regardless of their geographical location, motor capacity or socio-economic condition. In this sense, the Group Companies have guaranteed the availability of services and price plans adjusted to all customer profiles.

(a) Accessibility of telecommunication services

The Group has made over the past year, and will continue to make, significant investments in mobile (4G/5G) and fixed (fibre) network infrastructure to ensure the widest coverage of its telecommunication services.

The Altice France CSR Group

In January 2018, telecom operators including SFR, the Government and the *Autorité de Régulation des Communications Électroniques et des Postes* (French Telecommunications and Postal Regulatory Authority) reached an historic agreement to generalize quality mobile coverage for all French nationals. Through this agreement, the mobile coverage will be accelerated and densified by application of an ambitious schedule. The highlights of the agreement are the following:

- ubiquitous 4G services on the entire mobile network: telecom operators will be required to provide a superfast mobile services (4G) from every cell site by the end of 2020, except for sites in the white areas and town centres program where the deadline is 2022;
- improve coverage on transport routes: telecom operators will have to provide voice/SMS and superfast mobile (4G) coverage on priority transport routes (55,000 km of roadways; including 11,000 km of motorways) by 2020 and coverage of 90% of the regional rail network by 2025;
- generalization of the telephone coverage inside the buildings, notably using voice over Wi-Fi;
- provision of a fixed 4G offer in areas where Internet speeds (fixed) are unsatisfactory.

The Altice France CSR Group continues to invest in its networks in order to provide high quality service to all citizens, regardless of their geographic location. To do so, in 2019, the Altice France CSR Group invested more than €1.1 billion in its infrastructures (including €633 million in FTTH and FTTB networks and €86 million in mobile networks). Among the investment in fixed infrastructures, €267 million have been invested in fibre (FTTH) and 76% of this investment were spent to cover less-dense areas. Therefore, the Altice France CSR Group allows people who live in low-densified rural area to access the fibre technology.

The impact of the Altice France CSR Group investments on the accessibility of its service is major throughout the French territory (please refer to section 1.3 *"Activities"* for more details):

[30] https://www.icnirp.org/

- Mobile infrastructures:
  - 99% of the population is now covered by 4G antennas;
  - SFR offers 4G+ of up to 300 Mbit/s to 2,302 municipalities and 4G+ of up to 500 Mbit/s to 29 of them, as of December 31, 2019.

- Fixed infrastructures:
  - 15.4 million home/buildings have access to the fibre (FTTH/FTTB).

The Altice Portugal Group

One of the Altice Portugal Group's main concerns is to guarantee access to telecommunications services to as many people as possible, regardless of their geographical location, physical capability or socio-economic condition, by ensuring the availability of services and price plans adjusted to all customer profiles. Therefore the Altice Portugal Group continues to invest in its networks:

- Mobile infrastructures:
  - 99% of the population is covered by 4G;
  - 78% of the population is covered by 4G+.

- Fixed infrastructures:
  - 99% of the population is covered by IPTV (copper);
  - fibre (FTTB/FTTH) was deployed in 4.9 million new home/buildings until 2019 (includes shared fibre);
  - Wi-Fi cover: 11 hotspots for each km^2.

(b) Customers with disabilities

The Group aims to actively ensure that the digital revolution does not create new inequalities. As part of the accessibility of its offers, the Group Companies are continuing their efforts to respond to requests from customers with disabilities.

The Altice France CSR Group

Since the end of 2018, the Altice France CSR Group's deaf and hearing-impaired customers have been able to make automatically translated phone calls adapted to their disability and their correspondents (parents, doctors, hairdressers, etc.). In 2019, more than 30,000 conversations were held or received thanks to the innovative solution made available by the Altice France CSR Group in partnership with the start-up RogerVoice[31].

The Altice Portugal Group

The Altice Portugal Group, through the Altice Portugal Foundation, has also developed and made available several special solutions adapted to the needs of citizens with disabilities, contributing to digital inclusion.

The Altice Portugal Foundation's inclusive products and solutions are available free of charge through protocols with the ICT Resource Centres of the Portuguese Ministry of Education, ensuring that any student with a disability can be evaluated, tested and use accessibility solutions to communication and access to digital information, improving their autonomy and learning. These products and solutions are also made available to non-profit institutions that actively support people with disabilities or disabling diseases, aiming to improve their living conditions and their autonomy and dignity. Some examples of the organizations with which the Altice Portugal Foundation has protocols are the Associations of Cerebral Palsy or the Portuguese Association of Amyotrophic Lateral Sclerosis.

An example of the social impact that the Altice Portugal Group has on society in the area of responsibility and social intervention is the Altice Portugal Foundation "Inclusion Program", which, under the motto 'Nobody is left out', makes communication and technology accessible to all citizens, without exception. The "Inclusion Program"

[31] https://rogervoice.com/fr/

is the most complete program to support communication through technologies in Portugal. With this program, the Altice Portugal Foundation provides special conditions for citizens with disabilities, long-term illness or special needs, such as the provision of services, products and solutions with exclusive conditions for this segment. Thus, these technological communication solutions can change lives and be a fundamental support in the social inclusion and well-being of highly vulnerable citizens, adjusting to their specific needs, inducing new degrees of autonomy and self-confidence and facilitating relationship and the most active participation in society.

Other inclusive programs are:

- Tele-Class[32]: since 2005, the Altice Portugal Foundation has a protocol with the Directorate-General for Education, ensuring the free provision of a Tele-Class system and its communications between schools and students who, due to prolonged illness or disability, need digital communication to attend the classes;

- Magic Contact[33]: an android application designed by the Altice Portugal Group that allows accessibility, via Android smartphones and tablets, to people with limited or no upper limb mobility. It is a complete augmentative communication tool with easy and configurable menus. Magic Contact is available for free at Google PlayStore;

- Face-to-face care for deaf people[34]: video call to a Portuguese sign language interpreter using a mobile phone that allows the deaf person to communicate with the commercial who hears the interpreter's voice in the headset;

- Audio zapping[35]: allows the blind to hear different functions of the MEO TV control; for example, when changing channels, the number and name of the channel is spoken through the sound of the TV equipment.

2.3.3.8 Digital security and customer privacy

The Group Companies ensure that the decisions taken to facilitate the digital life of their customers also maintain the protection of their data. This includes diverse actions against phishing, spam and all hacking activities aimed at corporate networks.

The Altice France CSR Group

In France, consumer confidence in the digital economy and the new services offered to them is conditional on the effective protection of customer data. For this reason, the Altice France CSR Group undertakes to ensure protection, confidentiality and security of the personal data of the users of its services, as well as the respect of their privacy. The Altice France CSR Group has defined a general information security policy, which is based on the ISO 27001 standard on information security management systems and is applicable to all Group Companies within the Altice France CSR Group.

To support this ambitious approach, many actions have been put in place for the security of the information system and the personal and/or confidential data of customers, subscribers and/or consumers:

- regular information and updates on safety topics provided to the executive committee of the Altice France CSR Group, including through presentations by the Director of the *Agence Nationale de la Sécurité des Systèmes d'Information* (National Cybersecurity Agency of France)[36], by the senior management of the Altice France CSR Group or by members of the security committees in place in the Altice France CSR Group;
- setting up of a network of information systems security officers and security correspondents throughout the Altice France CSR Group;
- implementation of a security by design policy for new projects, ensuring that technical and organisational measures are planned at the earliest stages of the projects;

[32] https://fundacao.telecom.pt/ContentManager_Content/ContentDetail.aspx?ContentId=58&ContentTypeOrder=1
[33] https://fundacao.telecom.pt/Site/Pagina.aspx?PageId=1986 or http://magiccontact.org/
[34] https://fundacao.telecom.pt/Site/Pagina.aspx?PageId=2026
[35] https://fundacao.telecom.pt/ContentManager_Content/ContentDetail.aspx?ContentId=702&ContentTypeOrder=1
[36] https://www.ssi.gouv.fr/

- implementation of a tool to perform EBIOS, a method for analysis, evaluation and action on risks relating to information systems;
- awareness and information security training sessions led by members of the Information Security department and the Ministry of the Interior;
- phishing security test to evaluate the level of readiness and awareness of employees to this threat;
- security audits to identify vulnerabilities in the core network and the information systems;
- implementation of a network perimeter monitoring tool to evaluate the exposure to Internet threats;
- improvement of the anti-DDoS (distributed denial of service) defence mechanisms, increasing the Altice France CSR Group's resilience to this type of cyber-attack (which consists in attack from multiple sources with the objective of overloading a system or service with requests); and
- setting up of an information security intranet with centralised and updated policies and procedures regarding cybersecurity, including internal and external reference sites.

Finally, the general information security policy adopted by the Altice France CSR Group is explained in security training sessions and is deployed in the local business units by a network of dedicated employees. Suppliers/third parties security requirements are also addressed through contractual annexes, that are published and updated.

The educational system which the Altice France CSR Group provides on its website and its forums in order to raise awareness of customers with regard to "phishing" is kept up to date, including the support page, and regularly updated with new examples. The Altice France CSR Group also offers a mobile application called "SFR Security"[37] to overcome this type of attack and other attacks.

The Altice France CSR Group's business customers are also facing new threats such as denial of services attacks, which are an attempt at making an online service unavailable by overwhelming it with traffic from multiple sources. A flood of incoming messages or connection requests forces targeted services to slow down or even crash and shut down, thereby denying service to the legitimate users of the service. The Altice France CSR Group is offering its business customers turnkey solutions to protect and secure their information systems, internal networks, internet access and websites against such threats.

In accordance with the General Data Protection Regulation (the "**GDPR**") - Regulation (EU) 2016/679 of European Parliament and of the Council of April 27, 2016 on the protection of individuals with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46/EC of October 24, 1995, the Altice France CSR Group:

- has assigned data protection officers for the main companies in the Altice France CSR Group who oversee the GDPR compliance requirements strategy and implementation. The Altice France CSR Group has also defined and set up data protection governance (data protection officer team, and measures and process for managing the Altice France CSR Group personal data);
- has a data privacy policy defined and published on its website[38];
- has updated the internal policy for employee awareness;
- has set up a network of data privacy referents in each business unit and each referent has been properly trained;
- has created a set of GDPR guidelines in order to help referents to deal faster with day to day requests;
- has organised advanced training sessions on demand for operational teams; and
- responds to and conducts internal and external GDPR audits.

As required by the GDPR, the Altice France CSR Group has updated processing registers and carried out data protection impact assessments to evaluate data process risks and identify mitigation controls/procedures. All employees are subject to specific e-learning and training programmes on the GDPR changes to their regular activities and business requirements.

The Altice Portugal Group

To protect customers from malicious practices, an information campaign on fishing was initiated to raise awareness among the Altice Portugal Group's customers. In addition, for the authentication page of its commercial sites, the Altice Portugal Group selected the highest level of security (SSL Extended Validation), allowing

[37] https://assistance.sfr.fr/sfrmail-appli/sfr-securite/installer-sfr-securite-ordinateur.html
[38] https://www.sfr.fr/politique-de-protection-des-donnees-personnelles.htm

customers to visually check if they were on the legitimate site of the relevant Group Company and not on a phishing site created by hackers attempting to steal personal information.

With regard to the privacy and security of personal data, the Altice Portugal Group:

- has a privacy policy defined and published on its website[39];
- has a data protection committee and a data protection officer, responsible for the implementation and verification of the privacy policy, as well as the definition of clear rules for the processing of personal data; and
- holds an ISO 27001 certification standard, an international reference for information security management.

In view of the increasing relevance and risk of national and international ransomware attacks, the Altice Portugal Group has taken several actions to mitigate this risk through its Cybersecurity and Privacy department. The management of the response to these types of incidents is defined in internal processes. As a preventive measure, there are also programs of security awareness and information privacy.

The Altice Portugal Group is also collaborating in combating this threat with various national and international organizations, such as the National Center for Cybersecurity and EUROPOL. In the latter case, it collaborates in the working group of the “NoMoreRansom” project of the European Cybercrime Center (EC3) of EUROPOL, where it is an advisor. This project “NoMoreRansom”[40] provides useful information for all citizens, namely, what is ransomware, actions to protect against this type of malware, how to report this cybercrime and also provides tools decryption for certain ransomware families.

During the year 2019, the Altice Portugal Group developed several initiatives to comply with the GDPR, namely:

- provide GDPR interlocutors with a paper document that complements all articles and recitals of the law in an organized manner, making reading, understanding and interpretation of the GDPR law easier;
- review and update of the privacy policy (ongoing implementation on all Altice Portugal Group’s websites);
- update FAQ’s on the intranet “myAltice”;
- daily communication to GDPR interlocutors with relevant Data Privacy related news;
- in-person GDPR training for GDPR interlocutors;
- E-Learning Training, consisting of 4 modules, for all employees (internal and external).

2.3.3.9 Privacy and safety of minors

The Group is aware of the great importance that access to the internet and the provision of quality content and services play in the development of society and individuals, as well as, in a broader context, the promotion of fair, democratic, free and competitive societies. The Group supports the idea of an open and inclusive Internet and applies great care and respect in the way it conducts its operations. Therefore, the Group has always made efforts to ensure the provision of safe communication services, particularly with regard to vulnerable people, such as minors and seniors.

The Altice France CSR Group

Concerned with the access of the young public to inappropriate contents, SFR Family is a complete suite of applications designed to help children, from toddlers to older children, responsibly enjoy screens, and parents to simply set rules and quickly adapt them to the needs of their children. This application allows for accompanying children on a daily basis on all the equipment they use: theirs, but also those of the parents (computers, smartphones and tablets).

On fixed equipment, there is an access control which allows for setting parameters specifically adapted to a family scheme. In addition, several devices are in place regarding TV offers:

[39] https://www.telecom.pt/pt-pt/Paginas/politica-privacidade.aspx
[40] https://www.nomoreransom.org/

- Signage / age: the signage entered by the editors in the TV stream is displayed. It is specified to customers in the tariff brochure.

- Adult Content: Beyond the fact that adult content is flagged and locked, it has also been isolated from other content. This is the case of the VoD portal dedicated to adults. To access it, the customer must enter his parental code. No adult content is available on computer and tablet. The Altice France CSR Group respects the recommendations of the French media regulator (CSA) on the schedules of diffusion of the linear programs for adults between midnight and 5am. Outside this time slot, the customer does not access the content, or it is not adult content (only erotic).

- Signage less than 3 years: the CSA amendment relating to the protection of children under 3 years is well presented on the tariff brochure given to all customers, for any subscription and also available online.

The Altice Portugal Group

Altice Portugal is a member of the European industry self-regulation initiative ICT Coalition for Children Online and a signatory of its ICT Principles[41], is an operator committed to the safety of minors online and develops its activity in accordance with the principles advocated by ICT Coalition for Children Online. The Altice Portugal Group promotes solutions, processes and actions in the following relevant areas: parental control, dealing with abuse/misuse, child abuse or illegal contact, privacy and control, and education and awareness raising.

Indeed, the Altice Portugal Group has developed, adopted and promoted an approach for the protection of minors online based on three pillars:

- Education and awareness: the Altice Portugal Group actively promotes the knowledge and responsible use of ICT services through the Altice Portugal Foundation's "Communicate Safely" program as well as through campaigns, information and online tips. Through the Altice Portugal Foundation, the Altice Portugal Group is also a member of the Portuguese Safer Internet Centre consortium, through which it participates in several awareness and information initiatives during the year, at national level and among different target audiences. The "Communicate Safely" program aims to contribute to digital education and to a conscious, safe and responsible digital citizenship among children, parents, caregivers and the senior population.

- Better and safer products and services: the Altice Portugal Group makes a continuous effort to make its services better and safer through the development of services specially designed for young people and child protection, such as "MEO Kids" (TV and mobile phone) and SAPO Mail Kids, through the development of a family safety app - MEO SAFE -, which combines location, parental control and mobile phone safety features, and by including other safety features like PINs, reporting options, privacy settings and content classification in certain broadband and TV services.

- Cooperation and self-regulation: the Altice Portugal Group has also developed protocols and collaborative experience with other stakeholders, to promote privacy and safety of minors, including by being a member of the Portuguese Safer Internet Centre Consortium[42] that aims to raise awareness in Portugal regarding the risks associated with Internet usage and combat illegal content and the coordinator of the Online Child Protection Task Force of the ETNO[43], whose overall aim is to make cyberspace and ICT services safer for the younger generations.

Altice Portugal, as host of the ETNO Workgroups Physical Meeting, hosted the ETNO Sustainable Development Working Group meeting, where the most relevant national and international developments on sustainability topics were discussed, namely initiatives undertaken by the ICT Coalition for Children Online and by the Online Child Protection Task Force of the ETNO, whose overall aim is to make cyberspace and ICT services safer for the younger generations.

[41] www.ictcoalition.eu
[42] https://www.internetsegura.pt
[43] https://etno.eu/articles/65-etno-sustainability-charter-signatories-3.html

2.3.4 *Altice foundations*

The Group has a history and culture of connection with the communities for social development, focused on philanthropy and social intervention. It is core to the Group's culture to support communities in the geographies in which the Group Companies operate. In 2019, the Group relied on the actions of the various foundations supported by Group Companies as detailed below.

2.3.4.1 The SFR Foundation

The Altice France CSR Group has a particularly active patronage policy. Created in 2006, the SFR Foundation was renewed for 5 years in 2016. On the occasion of this renewal, the SFR Foundation refocused its mandate on the issues of digital inclusion and integration and particularly the professional success of young people. Professional integration is the key to social integration.

The SFR Foundation provides incentives to relevant projects by providing financial support, human resources, skills, and equipment or company services. The following projects are representative of the SFR Foundation's sponsorship policy:

- The "collective for employment"[44]

  In 2016, the SFR Foundation, along with foundations from four other companies (Accenture, Adecco, AG2R La Mondiale and Vinci), initiated a programme called "collective for employment" that aimed to develop employability in three territories: Seine-Saint-Denis, Lyon and Marseille.

  In 2019, the SFR Foundation continued its actions within the "collective for employment" through the support of the "Parcours Ecole-Entreprise" programme. The ambition of this programme is to bring the worlds of business and education together in order to facilitate the entry of young people with educational disadvantage into the professional world. Through this course, they will have access to different workshops aimed at gaining autonomy and self-esteem, obtaining better knowledge of the job market, adopting a professional posture and gaining confidence in their professional project.

- "Emmaüs Connect"[45] – digital inclusion and digital training

  The SFR Foundation works alongside Emmaüs Connect on a daily basis in order to promote digital inclusion. By participating in the creation of Emmaüs Connect 9 years ago, the SFR Foundation made a pioneering choice at a time when digital exclusion was not yet identified as a social emergency. More than 200 employees of the Altice France CSR Group took part in the assembly and start-up of this project.

  As a result of the SFR Foundation's efforts, Emmaüs Connect has been able to develop action programmes to make digital inclusion a chance for people in social fragility and has supported 37,000 people through its solidarity access offers since 2013. This partnership has opened 12 digital solidarity training centres across the country that provide digital inclusion programmes. In addition, thanks to in-kind donations from the SFR Foundation, amounting to €4 million a year, Emmaüs Connect provides people in social fragility with telecommunication resources and access to the Internet on favourable terms. In 2019, the SFR Foundation provided 705,000 phones and internet recharges. The partnership between the SFR Foundation and Emmaüs Connect has expanded with the goal of creating a citizen network of digital caregivers. The SFR Foundation now supports the start-up WeTakeCare, which has developed learning platforms such as "Clicnjob" or "Good Clicks" to facilitate digital training for vulnerable audiences and to support communities in their digital inclusion strategy.

- "Article 1"[46]: the SFR Foundation is at the origin of the creation of the project "Passeport Avenir", which became "Article 1" in 2017. The association supports young talents from working-class backgrounds in their academic and professional success through mentoring and the pre-incubation programme. In 2019, SFR celebrated the 15th anniversary of this project. Since its creation, more than 2,000 young people have been supported by 1,500 SFR employees.

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[44] https://www.collectifpourlemploi.com/
[45] https://emmaus-connect.org/
[46] https://article-1.eu/

- “All entrepreneurs”[47]: this project, also supported by the SFR Foundation, is a pre-incubation programme designed for young talents with working-class backgrounds that encourages entrepreneurship, with a one-year support programme that provides: individual tutoring, workshops with experts, access to coworking spaces, financial support, etc. The result from the 2018/2019 promotion is a success since among the 20 young talents supported, 75% found their first customers and have launched an economic activity. Two “Boosting Sessions” have been held with the participation of SFR employees. €64,000 have been raised to support the projects and the living costs of the young talents. 11 entrepreneurs have received awards and are incubator-laureate: StartUp Banlieue, Station F & Région IDF, Schoolab, Fondation Jacques Chirac, etc.

- “L’Ascenseur”[48]: in 2019, the Altice France CSR Group has decided to strengthen its involvement by becoming the founding partner of L’Ascenseur, the first European initiative dedicated to equal opportunity, located in the hearth of Paris. Driven by Article 1 and Mozaïk RH, L’Ascenseur brings together 21 leading organisations in the area of social and economic inclusion. It offers a unique course for its beneficiaries by associating public and private sector assets.

- “Sport in the City”[49]: for 9 years, the SFR Foundation has been a partner of “Sport dans la Ville”, the main sports integration association in France. The programmes developed by the association enabled the social and professional integration of 6,500 young people from sensitive neighbourhoods through its 40 sport centres. In 2018, an official survey analysed the situation of 200 young people following the “Sport in the City” programme for at least 2 years. It showed that 82% of them had entered courses or were employed by a company. In comparison, in France, only 64% of the people from sensitive neighbourhoods are following courses or employed (and 81% among the total population of young people)[50].

- “Rev’Elles”[51]: for 3 years, the SFR Foundation has been supporting the Dreams association, which offers an orientation support programme for girls aged between 14 and 20 years old. The SFR Foundation organises meetings between these girls and employees of the Altice France CSR Group; 92% of the participants have a clear professional project on leaving the programme.

- “Mozaïk RH”[52]: with the support of the SFR Foundation, the recruitment firm Mozaïk RH launched, on June 12, 2018, diversfiezvostalents.com, the first online recruitment platform that goes beyond the CV and reveals talents from diversity. This platform, supported by public authorities, institutions and local authorities, appears to be an effective tool.

The table below presents the key volunteering programs indicators.

Volunteering	**Altice France CSR Group**
	2019
Volunteering hours	3,488
Volunteers number	165
Number of individual beneficiaries	Approximately 60,000

2.3.4.2 The Altice Portugal Foundation

The Altice Portugal Foundation implements several projects based on social interventions and sustainable development support in several areas, namely:

- education: it promotes and stimulates the social use of communication and information technologies, developing programs that encourage the school success and fight against info-exclusion;
- entrepreneurship: it develops programs and supports initiatives that provides useful and appropriate information to potential entrepreneurs;

[47] https://article-1.eu/tousentrepreneurs/
[48] https://lascenseur.org/
[49] https://www.sportdanslaville.com/a-propos/
[50] https://www.sportdanslaville.com/wp-content/uploads/2018/06/PLAQUETTE-JDLV-2018.pdf
[51] http://www.revelles.org/
[52] https://mozaikrh.com/

- art and culture: it promotes national artistic expressions and supports arts and culture of population in greater vulnerability;
- social intervention: it contributes to improve living conditions of the population, promoting knowledge, health, safety and environment sustainability.

In 2019, the Altice Portugal Foundation had as beneficiaries of its projects 885 entities (492 in 2018) and about 698,178 individual beneficiaries (1.2 million in 2018).

In 2019, the following were the main Altice Portugal Foundation projects:

- Communicate Safely[53]

  Since 2009, the Altice Portugal Foundation has been developing a program to raise awareness among students, teachers and educators on information technology (IT) literacy and on the responsible and safe use of the Internet and mobile phones. This program consists of training actions in a classroom environment with a play performed by professional actors. In addition, classroom training is provided by Altice employees, under the internal rules that make it possible for them to participate in voluntary actions during normal working hours, without any penalty in terms of remuneration and attendance.

  All educational content is developed for each of the different grades of primary and secondary educations, but also to educators and senior people. To ensure a uniform content transmission, the trainers have training sessions and use standardized support. The Altice Portugal Foundation has established several partnerships with national entities, which allow greater coverage and dissemination of this program, namely the Public Security Police (PSP), the National Association of Computer Teachers (ANPRI), the School Library Network (RBE) and the Secure Internet Center of Science and Technology Foundation, (FCT).

- Khan Academy[54]: free platform for accelerating learning

  Khan Academy is a non-governmental organization whose goal is to provide quality education to everyone, anywhere and free of charge, through an educational and interactive online platform. Since 2013, the PT Foundation has guaranteed the translation and adaptation of the original videos available on the American platform to Portuguese language and educational contents, with the supervision and certification of the Portuguese Societies of Mathematics, Physics and Chemistry, as well of the Association of Mathematics Teachers.

  The Khan Academy platform in European Portuguese currently has about 20,000 users. To promote and disseminate the project and this tool, the Altice Portugal Foundation has organized workshops for the school community and, in partnership with specialized entities, develops certified training actions for teachers about its use in the classroom and study.

- CAMPUS[55]

  Free online platform developed in a partnership with the Aveiro University, for communication, workgroup collaboration and content hosting, applicable to any organization, including schools, for the purpose of social networking with controlled and secure sharing.

- Telephone booths converted into micro libraries[56]

  Combining art and culture with emblematic telecommunications symbols, the Altice Portugal Foundation joins several projects that bring Portugal Telecom's old telephone booths to life. Since the beginning of this project, in 2013, 37 booths have already been converted into micro-libraries. In 2019, 15 micro

[53] https://fundacao.telecom.pt/Site/Pagina.aspx?PageId=1976
[54] https://pt-pt.khanacademy.org/
[55] https://campus.altice.pt/
[56] https://fundacao.telecom.pt/ContentManager_Content/ContentDetail.aspx?ContentId=823&ContentTypeOrder=1

libraries were opened (6 in 2018), strategically located in areas of high affluence, both by the local community and by tourists, aiming to promote reading habits, through free access.

Volunteering is also an important activity of the Altice Portugal Foundation, which carries out its activities through various projects and actions benefiting non-profit institutions such as private social solidarity institutions and non-governmental organizations, promoting the social well-being of the most disadvantaged segments of the community, as well as protecting the environment. The projects have national scope and involve employees from various Group Companies in the Altice Portugal Group, as well as friends and family, in order to motivate employees and their families to participate in citizenship activities.

Two of the most impactful volunteer programs are:

- Hello, Are you ok?: a volunteer program, aimed at the senior population and developed in partnership with Social Solidarity Institutions, which aims at combating isolation and improving the quality of life and inclusion of this population, and consists of monitoring each senior (one to one) through a regular phone contact.

- Ageless Holding Hands: a citizenship program aimed to employees' children who, during school holidays, develop recreational and cultural activities with the senior population and children of institutions with which the Altice Portugal Foundation develops partnership for this purpose.

The table below presents the key volunteering programs indicators.

Volunteering	**Altice Portugal Group**	
	2019	**2018**
Volunteering hours	12,406	16,550
Volunteers number	2,160	2,401
Number of beneficiary entities	180	254
Number of individual beneficiaries	47,304	59,012

2.3.5 *Procurement and suppliers*

The master agreements between the Group and its main telecom suppliers contain a commitment from the latter to comply with the principles of corporate social responsibility, e.g. social fundamental principles, protection of the environment, waste management and business ethical principles. By signing the master agreement, the suppliers also undertake to comply with the provisions of the United Nation Global Compact, which is a voluntary initiative based on a call to companies to align strategies and operations with universal principles on human rights, labour, environment and anti-corruption, and take actions that advance societal goals.

Regarding the fundamental social principles, the suppliers undertake to comply with the following guiding principles which are mainly issued from the Agreement of the International Labour Organization:

- child labour: the minimum age for employment must comply with the applicable law in the host country and in no event may be less than 15-year-old for any kind of activity;
- forced labour and mistreatment: forced labour in all its forms is prohibited and the employer must respect the dignity and human rights of its employees;
- working time and schedules: working schedules must comply with the legislation of the country;
- living wages and social benefits: minimum salaries and social benefits paid to employees must comply with the legislation of the country;
- freedom of expression: freedom of association and right to collective bargaining;
- equal opportunities and non-discrimination: any discrimination regarding recruitment, training, promotion, remuneration etc. based upon the race, the colour, the age, the gender, the sexual orientation, the marital status, the ethnic group, a handicap, the religion, the membership in a political party or in a syndicate, etc., is prohibited;
- health, hygiene and security at work: the employer must ensure optimal hygiene and security conditions on all its sites for its employees.

Regarding the protection of the environment, waste management, and energy performance, the supplier agrees to take into account all the measures related to the protection of the environment and to the waste management and energy performance for the term of the master agreement. In particular, the supplier undertakes to:

- implement means to eliminate or to reduce the sources of pollution generated by its activities, to measure and to reduce its GHG, to preserve natural resources, to avoid or to minimize the use of dangerous substances and to promote the recycling or the reuse of waste while ensuring its traceability;
- ensure that waste and more particularly dangerous waste is managed in a safe way on all its sites (e.g. handling operations, storage, etc.) and managed by appropriate recycling industries in accordance with the applicable laws;
- use its best efforts to reduce the packaging of its products, and to this end, contribute to the development of the recycling and the revaluation;
- incorporate an ongoing improvement process towards excellence concerning the environment and energy management in its quality policy; and
- respect specific regulation such as:
  - the European Directive 2012/19/EU of July 4, 2012 on waste electrical and electronic equipment (WEEE);
  - the European Regulation 1907/2006 of December 18, 2006 concerning the registration, evaluation and authorization and restrictions of chemicals (REACH); and
  - the European Directive 2011/65/EU of June 8, 2011 on the restriction of the use of certain hazardous substances in electrical and electronic equipment.

Regarding the principles of business ethics, the supplier commits to behave loyally and fairly in all its relations with its own suppliers and partners and to prevent any kind of active or passive corruption, and undertakes to refuse any kind of extortions and to implement measures of raising awareness on this subject within its sphere of influence.

(a) Example of the Altice Portugal Telecom Group

Suppliers are selected based on a technical/commercial analysis and other requirements deemed relevant. Simultaneously, the Altice Portugal Group's suppliers must accept the legal requirements (environmental and health and safety at work), the Code of Conduct and Social Responsibility (that includes human rights and labour practices) and the Information Systems Policies, in order to operate with the Altice Portugal Group. These documents are accepted by the suppliers when registering at the Altice Suppliers Club website[57], in order to become an Altice Portugal Group's supplier.

To ensure that its suppliers are committed to the same ethical, social and environmental impact minimization principles, while respecting biodiversity throughout the supply chain, the Supplier's Club Website has been improved by providing information in a clearer and more transparent way, making available all the documents by which suppliers should be bound, the good practices in procurement and the Altice Portugal Group's procurement policy. In the contracts, it was also reinforced the environmental and health and safety requirements, through the inclusion of an annex with applicable legislation on these topics.

The standard contract models used or the purchase of terminal equipment demonstrate the concern of the Altice Portugal Group regarding the fulfilment, by its suppliers, of the technical, legal and environmental compliance of the marketable products that they present in the market, in order to guarantee customer safety. In this sense, the implementation contracts include a commitment to safety and environmental protection policies and standards, such as:

- the non-use of minerals from conflict zones;
- compliance with the European Regulation 1907/2006 of December 18, 2006 concerning the registration, evaluation and authorization and restrictions of chemicals (REACH), which was adopted to improve the protection of human health and environment from the risks that can be posed by chemicals[58];
- compliance with the European Directive 2011/65/EU of June 8, 2011 on the restriction of the use of certain hazardous substances in electrical and electronic equipment[59];
- ecological considerations in the design and life cycle;
- respect for environmental protection in the management of WEEE; and

[57] https://oso.telecom.pt/clubefornecedores/?lang=EN
[58] https://ec.europa.eu/growth/sectors/chemicals/reach_en
[59] https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1581610307356&uri=CELEX:32011L0065

- compliance with technical specifications for quality and compliance.

(b) ***Statistics and annual assessment of suppliers***

In 2019, about 95% of the agreements with major suppliers of the Altice Portugal Group included environmental, occupational safety and social requirements. In 2019, 100% of the new agreements and approximately 60% to 70% of all the agreements with the main suppliers of the Altice France CSR Group included corporate social responsibility clauses.

The main suppliers to the Altice France CSR Group and the Altice Portugal Group are annually assessed in environment and health and safety areas and, if necessary, supplier audits are performed to address risks identified in regular risk assessments. In 2019, the Altice Portugal Group conducted 11 audits involving its main suppliers (15 in 2018). No significant compliance issues were identified, within the scope of the master agreement. In 2019, the Altice France CSR Group strengthened its objectives for a responsible purchasing policy and included corporate social responsibility criterion in the yearly assessment of its main suppliers, which represent 20% of the total suppliers.

2.3.6 ***Memberships and collaborations***

The Altice France CSR Group and the Altice Portugal Group actively participate in the discussion, analysis and promotion of sustainability and corporate social responsibility issues, through partnerships with local or international organizations, either by the participation in working groups and/or by underwriting codes and commitments. Below are some of the organizations certain Group Companies are associated with.

	ETNO is the association of the main European telecommunications network operators (https://etno.eu/).
	UNGC - United Nations Global Compact is an international initiative that promotes the implementation of 10 universally accepted principles in the areas of human rights, labour standards, the environment and the fight against corruption (https://www.unglobalcompact.org/).
	GSMA represents the interests of mobile operators worldwide (https://www.gsma.com/).
	ICT Coalition works for the development of products and services that address the challenge of child safety in the online world (https://www.ictcoalition.eu/).
	BCSD - Business Council for Sustainable Development Portugal is the reference entity of corporate sustainability in Portugal (https://www.bcsdportugal.org/).
	ITU - International Telecommunication Union is the specialized agency of the United Nations for Information and Communication Technologies (ICT) (https://www.itu.int/en/Pages/default.aspx).
	UNI - Union Network International has the responsibility to ensure that jobs are decent and workers' rights are protected, including the right to join a union and collective bargaining (https://www.uniglobalunion.org/).
	ETSI is the European Telecommunications Standards Institute, providing members with an open inclusive and collaborative environment (https://www.etsi.org/).
	European Cybercrime Center is the European Union's law enforcement agency to fight against terrorism, cybercrime and other serious and organized forms of crime (https://www.europol.europa.eu/about-europol/european-cybercrime-centre-ec3).
	Fédération Française des Télécom unifies the electronic communications operators in France. Its missions are to promote an innovative and responsible industry with respect to society, the environment, people and businesses, to protect the economic interests of the sector and to enhance the image of its members and of the profession on a national and international scale (https://www.fftelecoms.org/)

	Apritel - Association of Electronic Communications Operators promotes the adoption of good policies and measures for sectoral regulation, the reinforcement of consumer clarification and the importance of communications in valuing people (https://www.apritel.org/).

2.4 Group financial review

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, 2019, including the accompanying notes (please see page 173 of this Management Report). For an overview of the Group's business, objectives and strategy, please see section 1 *"Principal activities of the Group"* and section 2 *"Strategy and performance"*. Please see section 2.7 *"Risk management and control"* below, for a discussion of important principal risk factors relating to the Group's business and financial profile.

The below table sets forth the Group's consolidated statement of income for the years ended December 31, 2019 and December 31, 2018, presented in millions of euros.

Consolidated Statement of Income **(€m)**	**For the year ended December 31, 2019**	**For the year ended December 31, 2018**	**Change**
Revenues	**14,796.2**	**14,255.2**	**3.8%**
Purchasing and subcontracting costs	(3,948.0)	(4,480.8)	-11.9%
Other operating expenses	(2,860.9)	(3,134.5)	-8.7%
Staff costs and employee benefits	(1,553.0)	(1,545.7)	0.5%
Depreciation, amortization and impairment	(5,238.1)	(4,124.5)	27.0%
Other expenses and income	1,484.3	457.1	224.7%
Operating profit	**2,680.5**	**1,426.9**	**87.9%**
Interest relative to gross financial debt	(2,016.2)	(2,007.2)	0.4%
Realized and unrealized gains on derivative instruments	713.5	192.9	269.9%
Other financial expenses	(833.9)	(399.4)	108.8%
Finance income	92.2	97.3	-5.3%
Net result on extinguishment of a financial liability	(217.8)	(148.6)	46.6%
Finance costs, net	**(2,262.3)**	**(2,265.0)**	**-0.1%**
Share of losses of associates	(212.2)	(10.3)	1954.1%
Profit (Loss) before income tax from continuing operations	**206.1**	**(848.4)**	**-124.3%**
Income tax benefit (loss)	85.0	(68.0)	-225.0%
Profit (Loss) for the year from continuing operations	**291.1**	**(916.4)**	**-131.8%**
Discontinued operations			
Profit after tax for the year from discontinued operations	-	711.6	-100.0%
Profit (Loss) for the year	**291.1**	**(204.8)**	**-242.1%**
Attributable to equity holders of the parent	*245.4*	*(332.9)*	*-173.7%*
Attributable to non-controlling interests	*45.7*	*128.0*	*-64.3%*

The Group operates in various geographies. 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 years indicated, respectively by geographical segments.

For the year ended December 31, 2019 (€m)	France	Portugal	Israel	Dominican Republic	Teads	Altice TV	Others	Inter-segment elimination	Total
Revenues	**10,798.4**	**2,110.2**	**961.8**	**560.7**	**453.0**	**238.2**	**0.8**	**(327.0)**	**14,796.2**
Purchasing and subcontracting costs	(2,897.8)	(562.0)	(298.9)	(141.3)	-	(366.1)	-	318.1	**(3,948.0)**
Other operating expenses	(1,910.0)	(379.1)	(198.1)	(86.4)	(266.2)	(1.0)	(20.1)	(0.1)	**(2,860.9)**
Staff costs and employee benefits	(1,060.5)	(265.2)	(71.1)	(32.3)	(100.3)	(1.7)	(22.2)	0.4	**(1,553.0)**
Total	**4,930.1**	**903.8**	**393.7**	**300.8**	**86.5**	**(130.5)**	**(41.5)**	**(8.6)**	**6,434.4**
Share-based expense	30.8	-	-	-	-	-	12.3	-	**43.1**
Rental expense operating lease	(761.1)	(71.7)	(34.5)	(22.6)	(4.0)	-	-	-	(894.0)
Adjusted EBITDA	**4,199.8**	**832.1**	**359.2**	**278.2**	**82.5**	**(130.5)**	**(29.2)**	**(8.6)**	**5,583.5**
Depreciation, amortisation and impairment	(3,511.7)	(735.3)	(368.2)	(132.0)	(20.9)	(469.9)	(0.2)	-	(5,238.1)
Share-based expense	(30.8)	-	-	-	-	-	(12.3)	-	(43.1)
Other expenses and income	1,846.6	(334.6)	(14.4)	(3.1)	(9.6)	-	(1.7)	1.0	1,484.3
Rental expense operating lease	761.1	71.7	34.5	22.6	4.0	-	-	-	894.0
Operating profit/(loss)	**3,265.0**	**(166.0)**	**11.1**	**165.7**	**56.0**	**(600.4)**	**(43.4)**	**(7.6)**	**2,680.5**

For the year ended December 31, 2018 (€m)	France	Portugal	Israel	Dominican Republic	Teads	Altice TV	Others	Inter-segment elimination	Total
Revenues	**10,358.8**	**2,109.5**	**941.2**	**590.2**	**342.1**	**119.4**	**5.1**	**(211.1)**	**14,255.2**
Purchasing and subcontracting costs	(3,372.8)	(545.0)	(257.2)	(166.0)	-	(334.3)	(0.9)	195.4	(4,480.8)
Other operating expenses	(2,176.0)	(418.3)	(214.5)	(102.9)	(197.3)	(7.1)	(25.6)	7.2	(3,134.5)
Staff costs and employee benefits	(1,023.5)	(276.5)	(64.0)	(27.4)	(84.5)	(5.2)	(64.9)	0.4	(1,545.7)
Total	**3,786.5**	**869.8**	**405.5**	**293.9**	**60.2**	**(227.3)**	**(86.3)**	**(8.1)**	**5,094.2**
Share-based expense	1.7	-	0.2	-	-	-	41.0	-	**42.9**
Rental expense operating lease	-	-	-	-	-	-	-	-	-
Adjusted EBITDA	**3,788.2**	**869.8**	**405.7**	**293.9**	**60.2**	**(227.3)**	**(45.3)**	**(8.1)**	**5,137.2**
Depreciation, amortisation and impairment	(2,704.3)	(680.2)	(319.1)	(125.5)	(16.4)	(283.9)	4.9	-	**(4,124.5)**
Share-based expense	(1.7)	-	(0.2)	-	-	-	(41.0)	-	**(42.9)**
Other expenses and income	(497.1)	532.7	(7.4)	12.6	(1.1)	300.2	117.4	(0.4)	**457.1**
Rental expense operating lease	-	-	-	-	-	-	-	-	-
Operating profit/(loss)	**585.2**	**722.3**	**79.0**	**181.1**	**42.7**	**(211.0)**	**36.1**	**(8.5)**	**1,426.9**

2.4.1 *Significant events affecting historical results*

Many significant events had an impact on the results of the Group's operations for the year ended December 31, 2019. A summary of the significant events that took place in the year ended December 31, 2019 is presented below:

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 of 50% in PHI's assets, liabilities, revenues and expenses) instead of equity method.

Voluntary employee reduction program in Portugal

In connection with their transformation process and business process simplification, some of the Group companies in Portugal launched a voluntary employee reduction program in January 2019, aimed at employees of 50 years old or more. The employment agreements of the employees joining the program were terminated, and those employees are entitled to receive a monthly fixed compensation up to their retirement age corresponding to a percentage of their previous remuneration that varies based on the age of the employees. In connection with this program, the Group Companies in Portugal reached agreements with approximately 850 employees in 2019, as a result of which these Group companies recognised a fully tax deductible liability of €292.5 million corresponding to the present value of salaries payable to those employees up to their retirement age. The payments made up to December 31, 2019 amounted approximately to €20 million.

2019 Hivory Revolving Credit Facility Agreement

On February 22, 2019, Hivory, a restricted subsidiary of Altice France, entered into a facility agreement providing for a senior revolving facility in an initial aggregate principal amount of €300 million (the "**2019 Hivory Revolving Credit Facility Agreement**"). In the year ended December 31, 2019, the proceeds of borrowings under the 2019 Hivory Revolving Credit Facility Agreement were used to refinance the indebtedness of Hivory and its holding companies and subsidiaries (the "**Hivory Group**") and to finance general corporate purposes and/or working capital of the Hivory Group. The senior revolving facility under the 2019 Hivory Revolving Credit Facility Agreement may be utilized by way of revolving credit loans or bank guarantees and matures on February 22, 2024.

Closing of the sale of an equity stake in SFR FTTH

On November 30, 2018, Altice France entered into an exclusivity agreement with Allianz Capital Partners, AXA Investment Managers - Real Assets, acting on behalf of its clients, and OMERS Infrastructure regarding the sale of a minority equity stake of 49.99% in SFR FTTH.

The transaction closed on March 27, 2019. The final proceeds amounted to €1.7 billion, based on an equity value at closing of €3.4 billion. The total capital gain recorded for the year ended December 31, 2019 was €2,085.6 million. This partnership created the leading FTTH infrastructure wholesaler in France and brought an additional €1.7 billion of cash to Altice France.

Following the closing of the transaction, Altice France lost exclusive control over SFR FTTH as Altice France and its partners have joint control over the new entity based on the provisions of IFRS 11 *Joint Arrangements*. Furthermore, as SFR FTTH is a joint venture (joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement), SFR FTTH is accounted for under the equity method based on the provisions of IAS 28 *Investments in Associates and Joint Ventures.*

SFR FTTH sells wholesale services to all operators at the same terms and conditions. Altice France sells technical services to SFR FTTH for the construction, the subscriber connection and the maintenance of its FTTH network.

Issuance of the 2019 Altice Luxembourg Senior Notes

On May 8, 2019, Altice Luxembourg issued (i) $1,600 million aggregate principal amount of 10.500% Senior Notes due May 15, 2027 and (ii) €1,400 million aggregate principal amount of 8.000% Senior Notes due May 15, 2027 (together, the "**2019 Altice Luxembourg Senior Notes**").

The proceeds from the 2019 Altice Luxembourg Senior Notes (together with cash from Altice France and the net cash proceeds received from the unwinding of certain swap agreements relating to the 2014 Altice Luxembourg Senior Notes and the entry into new swap agreements relating to 2019 Altice Luxembourg Senior Notes) were used, among other things, to redeem a portion of the 2014 Altice Luxembourg Senior Notes, in an aggregate principal amount of approximately €3,607 million (equivalent), in accordance with the 2014 Altice Luxembourg Senior Notes Indenture.

Partial redemption of 2014 Altice France Senior Secured Notes

On June 9, 2019, Altice France used cash on hand to redeem a portion of the 2014 Altice France Senior Secured Notes. The partial redemption was comprised of (i) a redemption of $560 million in aggregate principal amount of dollar-denominated 2014 Altice France Senior Secured Notes and (ii) a redemption of €500 million in aggregate principal amount of euro-denominated 2014 Altice France Senior Secured Notes.

Sale of a majority stake in Groupe L'Express

On February 12, 2019, Altice France and Groupe L'Express announced the potential sale by Altice France to News Participations S.A.S, a company controlled by Alain Weill, of a majority stake in Groupe L'Express. On July 19, 2019, the Board approved the sale of a 51% equity stake to News Participations S.A.S., the remaining 49% of the share capital of Groupe L'Express being held by Altice Group Lux.

The sale closed on July 30, 2019. Following the closing of the transaction, the Group lost control over Groupe L'Express and the remaining 49% equity stake held by Altice Group Lux is accounted for under the equity method in accordance with IAS 28 *Investments in Associates and Joint Ventures* in the Consolidated Financial Statements within the caption Investment in associates and joint ventures (please refer to Note 9 to the Consolidated Financial Statements). The capital loss recorded in the consolidated statement of income for the year ended December 31, 2019 was €67.7 million in the caption Other expenses and income, of which €23.0 million was recorded in Altice Group Lux which corresponded to the contribution by Altice Group Lux to Groupe L'Express before the closing of the sale.

Cancellation of treasury shares

On September 23, 2019, the Board resolved to cancel 200,000,000 Common Shares A held by the Company (effective on November 27, 2019), in addition to the 685,000,000 Common Shares A that it resolved to cancel on April 26, 2019 (effective on June 28, 2019).

Issuance of the 2019 Altice France Senior Secured Notes

On September 27, 2019, Altice France issued (i) $1,100 million aggregate principal amount of 5.500% Senior Secured Notes due January 15, 2028, (ii) €1,000 million aggregate principal amount of 3.375% Senior Secured Notes due January 15, 2028, and (iii) €550 million aggregate principal amount of 2.500% Senior Secured Notes due January 15, 2025 (collectively, the "**2019 Altice France Senior Secured Notes**").

The proceeds from the 2019 Altice France Senior Secured Notes (together with cash on hand) were used, among other things, to redeem in full (i) the outstanding 2014 Altice France Senior Secured Notes, in an aggregate principal amount of approximately €1,489 million (equivalent), in accordance with the 2014 Altice France Senior Secured Notes Indenture, and (ii) the outstanding 2014 Altice Luxembourg Senior Notes, in an aggregate principal amount of approximately €1,005 million (equivalent), in accordance with the 2014 Altice Luxembourg Senior Notes Indenture.

Partial cancellation of commitments under the 2014 Altice Financing Revolving Credit Facility Agreement

On November 7, 2019, at the Group's request, the lenders under the 2014 Altice Financing Revolving Credit Facility Agreement cancelled €250.5 million in aggregate principal amount of commitments thereunder, which became effective from November 15, 2019. Pursuant to the aforementioned cancellation in commitments, as of December 31, 2019, the aggregate principal amount of commitments under the 2014 Altice Financing Revolving Credit Facility Agreement was €250.5 million and the total revolving credit facility commitment for the Altice International group under the 2014 Altice Financing Revolving Credit Facility Agreement and the 2015 Altice Financing Revolving Credit Facility Agreement was €580.5 million.

Increase of commitments under the Altice France Revolving Credit Facility Agreement

On November 15, 2019, the lenders under the Altice France Revolving Credit Facility Agreement increased their commitments thereunder by an aggregate principal amount of €200.5 million. As of December 31, 2019, the aggregate principal amount of commitments under the Altice France Revolving Credit Facility Agreement was €1,114.9 million.

Agreement to acquire 100% of Covage by SFR FTTH

On November 25, 2019, SFR FTTH, alongside its consortium of financial investors (led by OMERS Infrastructure and including Allianz Capital Partners and AXA Investment Managers - Real Assets, acting on behalf of its clients), entered into an exclusivity agreement with Cube Infrastructure Fund and Partners Group (acting on behalf of its clients) regarding the acquisition of 100% of Covage for a total cash consideration of circa €1.0 billion, out of which €70 million non-recourse debt is expected to be raised at SFR FTTH, €465 million cash equity is expected to be contributed by the Group and €465 million cash equity is expected to be contributed by SFR FTTH's consortium of financial investors.

Covage is the 4th largest fibre wholesale operator in France with 2.4 million homes to be passed (including 0.8 million homes already built and 0.3 million homes in very dense areas) which will be added to SFR FTTH footprint of more than 5.4 million secured homes to be passed (including 1.9 million homes built as at December 31, 2019). Covage will become part of SFR FTTH, resulting in a total of around 8 million secured homes to be passed (including 2.7 million homes already built as at December 31, 2019).

The parties entered into the share purchase agreement on December 24, 2019. The transaction is expected to close in the first half of 2020.

Agreement to sell a 49.99% interest in 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, 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. The sale proceeds are expected to amount to €1,565 million in 2020 and, subject to certain performance ratchets, €375 million in December 2021 and €375 million in December 2026, based on an enterprise value for Altice Portugal FTTH on a 100% basis of €4.63 billion. The transaction is subject to regulatory approval, including antitrust and foreign investment clearance, and expected to close in the first half of 2020.

Altice Portugal FTTH will sell wholesale services to all operators at the same financial terms. MEO will sell technical services to Altice Portugal FTTH for the construction, the subscriber connection and the maintenance of its fibre network.

2.5 Discussion and analysis of the results and financial condition of the Group

2.5.1 *Revenue*

Group

For the year ended December 31, 2019, the Group generated total revenues of €14,796.2 million, a 3.8% increase compared to €14,255.2 million for the year ended December 31, 2018.

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, 2019 and December 31, 2018, respectively:

	For the year ended December 31, 2019							
Revenue (€m)	**France**	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Altice TV**	**Others**	**Total**
Residential - Fixed	2,528.8	621.6	564.2	103.9	-	-	-	3,818.5
Residential - Mobile	4,219.5	569.3	268.6	353.2	-	-	-	5,410.6
Total Residential	**6,748.3**	**1,190.9**	**832.8**	**457.1**	**-**	**-**	**-**	**9,229.1**
Business services	3,597.2	919.3	128.9	103.6	-	-	0.8	4,749.9
Media	452.9	-	-	-	453.0	238.2	-	1,144.1
Total standalone revenues	**10,798.4**	**2,110.2**	**961.8**	**560.7**	**453.0**	**238.2**	**0.8**	**15,123.1**
Intersegment eliminations	(102.6)	(65.0)	(0.4)	(0.2)	(2.6)	(155.3)	(0.8)	(327.0)
Total consolidated revenues	**10,695.8**	**2,045.2**	**961.4**	**560.5**	**450.4**	**82.9**	**-**	**14,796.2**

	For the year ended December 31, 2018							
Revenue (€m)	**France**	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Altice TV**	**Others**	**Total**
Residential - Fixed	2,596.2	618.4	580.6	100.7	-	-	-	3,895.9
Residential - Mobile	4,249.0	561.7	243.3	354.1	-	-	-	5,408.1
Total Residential	**6,845.2**	**1,180.1**	**823.9**	**454.8**	**-**	**-**	**-**	**9,304.0**
Business services	3,050.7	929.4	117.3	135.4	-	-	5.1	4,237.9
Media	462.9	-	-	-	342.1	119.4	-	924.4
Total standalone revenues	**10,358.8**	**2,109.5**	**941.2**	**590.2**	**342.1**	**119.4**	**5.1**	**14,466.3**
Intersegment eliminations	(79.4)	(43.8)	(0.6)	(0.8)	(2.8)	(80.8)	(2.9)	(211.1)
Total consolidated revenues	**10,279.4**	**2,065.8**	**940.7**	**589.4**	**339.3**	**38.6**	**2.1**	**14,255.2**

Revenues for the Group's fixed residential business decreased from €3,895.9 million for the year ended December 31, 2018 to €3,818.5 million for the year ended December 31, 2019, a 2.0% decrease compared to the year ended December 31, 2018. This decrease was driven primarily by growing competition and the associated pricing pressure. Fixed residential revenue was also impacted by the loss of favourable value added tax ("**VAT**") treatment in France on telecom/press bundles, which ended in March 2018.

The Group's mobile residential business revenue increased to €5,410.6 million for the year ended December 31, 2019, a marginal increase compared to €5,408.1 million for the year ended December 31, 2018. This increase was driven by an increase in mobile residential revenues in Israel due to higher equipment sales and an increase in the mobile subscriber base and a favourable foreign exchange impact, and in Portugal by an increase in postpaid customer base, although this was partly offset by a loss of prepaid customers. These increases were largely offset by a decrease in mobile residential revenues in France due to continued pricing pressure on mobile offers, partly due to the end of certain subsidised mobile offers, leading to a slowdown in higher value mobile uptake and the impact of the loss of favourable VAT treatment on telecom/press bundles, which ended in March 2018.

The Group's business services revenue increased to €4,749.9 million for the year ended December 31, 2019, a 12.1% increase compared to €4,237.9 million for the year ended December 31, 2018. This increase was to a large extent driven by increases in France resulting from the construction of the FTTH network for SFR FTTH, in addition to the adoption of new pricing and customer retention strategies, with better cross-selling between the fixed and mobile segments and an increased contribution from the major MVNO operators in France. This increase was partially offset by a decrease in France, Portugal and the Dominican Republic due to 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 media activities totalled €1,144.1 million for the year ended December 31, 2019, a 23.8% increase compared to €924.4 million for the year ended December 31, 2018. The increase in Media revenues was mainly due to increases in Teads resulting from higher sales and increases from Altice TV driven by higher OTT revenues, the contribution as from the fourth quarter of 2018 of the wholesale deal signed with Canal+ and an increased contribution from the annual minimum guarantee with Altice France.

The increase in revenue was also partially driven by a favourable development of the foreign currency rates for the Israeli Shekel and the Dominican Peso, which, based on the average exchange rate, increased by 5.9% and 1.7% respectively.

Geographical segments

France: For the year ended December 31, 2019, the Group generated external revenue in France of €10,695.8 million, a 4.1% increase compared to €10,279.4 million for the year ended December 31, 2018.

Revenues from the Group's fixed residential business decreased by 2.6% from €2,596.2 million for the year ended December 31, 2018 to €2,528.8 million for the year ended December 31, 2019. This decrease is explained by a reduction in ARPU following more intense market competition following SFR's successful churn reduction and more proactive retention activity. Fixed residential revenue was also impacted by the loss of favourable VAT treatment on telecom/press bundles, which ended in March 2018.

The Group's mobile residential business posted a net revenue decrease of 0.7% from €4,249.0 million for the year ended December 31, 2018 to €4,219.5 million for the year ended December 31, 2019. This decrease was driven primarily by continued pricing pressure on mobile offers, partly due to the end of certain subsidised mobile offers in the year ended December 31, 2019 and leading to a slowdown in higher value mobile uptake. Mobile residential revenue was also impacted by the loss of favourable VAT treatment on telecom/press bundles, which ended in March 2018.

Revenues from the Group's business services increased by 17.9%, from €3,050.7 million for the year ended December 31, 2018 to €3,597.2 million for the year ended December 31, 2019. This revenue growth was mainly resulting from the construction of the FTTH network for SFR FTTH, in addition to the adoption of new pricing and customer retention strategies, with better cross-selling between the fixed and mobile segments, an increased contribution from the major MVNO operators.

Media revenues decreased marginally from €462.9 million for the year ended December 31, 2018 to €452.9 million for the year ended December 31, 2019, a decrease of 2.2%. This decrease was driven by the continued growth of radio/television business, which grew by 11.4% (from €347.8 million for the year ended December 31, 2018 to €387.2 million for the year ended December 31, 2019), but which was offset by a decline in the printed press business, mainly due to the sale of Groupe L'Express on July 30, 2019 and the magazine Point de Vue on July 3, 2018.

Portugal: For the year ended December 31, 2019, the Group generated revenues in Portugal of €2,045.2 million, a 1.0% decrease compared to €2,065.8 million for the year ended December 31, 2018.

Revenues from the Group's fixed residential business increased by 0.5% from €618.4 million for the year ended December 31, 2018 to €621.6 million for the year ended December 31, 2019. This increase is explained by the positive net adds reported during 2019, as compared to negative net adds during the same period of last year, which was largely offset by a decline in fixed ARPU due to competitive pressure.

The Group's mobile residential business posted a net revenue increase of 1.3% from €561.7 million for the year ended December 31, 2018 compared to €569.3 million for the year ended December 31, 2019. This increase was driven by an increase in postpaid customer base, which was partially offset by a higher loss of prepaid subscribers in the year ended December 31, 2019 compared to the year ended December 31, 2018.

Revenues from the Group's business services decreased by 1.1% from €929.4 million for the year ended December 31, 2018 to €919.3 million for the year ended December 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 year ended December 31, 2019, the Group generated revenue in Israel of €961.4 million, a 2.2% increase compared to €940.7 million for the year ended December 31, 2018, which is partially explained by the favourable development of the foreign currency rate for the Israeli Shekel, which, based on the average exchange rate, increased by 5.9%. On a constant currency basis, revenues decreased by 3.9%, mainly due to a decrease in fixed residential revenues as a result of a strong competition in the fixed market, despite an increase in cable customer base in 2019. The decrease in the fixed market was partly offset by mainly an increase in residential mobile revenues due to higher equipment sales and an increase in the mobile subscriber base while the market is still under price pressure. Business services continues to demonstrate high performance and steady growth in revenues, showing an increase of 2.7% in 2019 compared to 2018 and an increase of 11.9% excluding IDEN revenues, which was decommissioned by the end of 2018.

Dominican Republic: For the year ended December 31, 2019, the Group generated total revenue of €560.5 million, a 4.9% decrease compared to €589.4 million for the year ended December 31, 2018. The decrease was partially mitigated by the favourable development of the foreign currency rate for the Dominican Peso, which, based on the average exchange rate, increased by 1.7%. On a constant currency basis, revenues decreased by 7.1%, which was largely driven by a decrease in mobile residential revenues as a result of voice erosion, and a decrease in wholesale 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 year ended December 31, 2019, the Group generated revenue in Teads of €450.4 million[60], compared to €339.3 million for the year ended December 31, 2018. This increase in revenues is explained by the commercial success of newly introduced services and product formats, as well as the continued growth in the United States and Asia-Pacific regions.

Altice TV: For the year ended December 31, 2019, the Group generated total revenue in Altice TV of €82.9 million, compared to €38.6 million for the year ended December 31, 2018. This increase is mainly driven by the revenues realised with third parties through wholesale deals and by higher OTT sales.

Others: For the year ended December 31, 2019, the Group did not generate any revenue in Others (which comprises of the Group's corporate entities), compared to €2.1 million for the year ended December 31, 2018.

2.5.2 *Adjusted EBITDA*

Group

For the year ended December 31, 2019, the Group's Adjusted EBITDA was €5,583.4 million, an increase of 8.7% compared to the year ended December 31, 2018 (€5,137.2 million). This increase can be attributed to higher revenues, which were partially offset by higher operating expenses.

[60] Please note that the standalone revenues of Teads for the year ended December 31, 2019 in the Consolidated Financial Statements (€453.0 million) are based on the full year revenues net of discounts.

Geographical segments

France: For the year ended December 31, 2019, the Group's Adjusted EBITDA in France was €4,199.8 million, an increase of 10.9% from €3,788.2 million for the year ended December 31, 2018. This increase was mainly due to an increase in revenues as explained above, which was partially offset by an increase in operating expenses. The main drivers for the increase in operating expenses are the implementation of a new tax on the utilisation of fixed networks in 2019 ('IFER Fixe'), higher Network operations and maintenance costs, driven by higher network activity as a result of the positive net adds trend during 2019 and an increase in staff costs and employee benefits. These increases were partially offset by a decrease in sales and marketing costs, mainly explained by lower promotional activity due to the churn reduction observed over the course of 2019, and general and administrative costs resulting from active cost management measures implemented by management.

Portugal: For the year ended December 31, 2019, the Group's Adjusted EBITDA in Portugal was €832.1 million, a decrease of 4.3% from €869.8 million for the year ended December 31, 2018. The decrease in Adjusted EBITDA is largely attributable to an increase in expenses due to 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, higher costs of goods sold related to mobile handsets, which are in line with the higher revenues, and an increase in infrastructure rental expenses due to the sale of the tower business and subsequent lease of towers. The negative impact of these drivers on Adjusted EBITDA was only partially offset by (i) lower international voice traffic costs, in line with the decline in associated business services revenues, (ii) lower customer service expenses related to bad debt and billing expenses due to electronic invoice penetration and call-centre activities and (iii) lower staff costs and employee benefits due to the favourable impact related to employees who terminated their employment agreements in March 2019 under the voluntary employee reduction program.

Israel: For the year ended December 31, 2019, the Group's Adjusted EBITDA in Israel was €359.2 million, a decrease of 11.4% compared to €405.7 million for the year ended December 31, 2018. Adjusted EBITDA on a constant currency basis decreased by 16.7% compared to 2018, mainly due to a decrease in fixed residential revenues in addition to an increase in purchasing and sub-contracting costs, mainly due to an increase in the cost of sale of mobile handsets associated to an increase in mobile revenues, an increase in sport channel content expense, and an increase in staff costs as a result of a new agreement with the labour unions.

Dominican Republic: For the year ended December 31, 2019, the Group's Adjusted EBITDA in the Dominican Republic decreased by 5.4% from €293.9 million for the year ended December 31, 2018 to €278.2 million for the year ended December 31, 2019 (a decrease of 7.5% on a constant currency basis). On a constant currency basis, the 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, network operating costs increased due to network growth and due to the sale of the tower business and subsequent lease of towers. Staff costs and employee benefits increased due to the increase in the average number of FTEs 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 and lower international voice traffic.

Teads: For the year ended December 31, 2019, the Group's Adjusted EBITDA for Teads amounted to €82.6 million, compared to €60.2 million for the year ended December 31, 2018, an increase of 37.1%. The increase is explained by higher revenues, as described above, but which were partly offset by higher other operating expenses, staff costs and employee benefits.

Altice TV: For the year ended December 31, 2019, the Group's Adjusted EBITDA for Altice TV increased by 42.6% from a negative Adjusted EBITDA of €227.3 million for the year ended December 31, 2018 to a negative Adjusted EBITDA of €130.5 million for the year ended December 31, 2019. This increase is mainly attributable to higher revenues as described above, which were partially offset by higher content costs.

Others: For the year ended December 31, 2019, the Group's Adjusted EBITDA in Others was a negative amount of €29.2 million, an increase of 35.5% from a negative Adjusted EBITDA of €45.3 million for the year ended December 31, 2018.

2.5.3 *Operating profit*

Depreciation, amortization and impairment

For the year ended December 31, 2019, depreciation and amortization totalled €5,238.1 million, a 27.0% increase compared to €4,124.5 million for the year ended December 31, 2018. The increase is largely explained by the impact of the adoption of IFRS 16 *Leases* as of January 1, 2019, which resulted in additional amortisation expenses relating to right-of-use assets in an amount of €856.9 million. In addition, amortization expenses increased due to the amortisation impact of customer acquisition cost assets created as part of the application of IFRS 15 *Revenue from Contracts with Customers*.

Other expenses and income

For the year ended December 31, 2019, the Group's other income totalled €1,484.3 million, a €1,027.2 million increase compared to other income of €457.1 million for the year ended December 31, 2018. A detailed breakdown of other expenses income is provided below:

Other expenses and income **(€m)**	**For the year ended December 31, 2019**	**For the year ended December 31, 2018**	**Change**
Restructuring costs	294.1	2.0	292.1
Net (gain)/loss on disposal of assets	33.4	(11.0)	44.4
Disputes and litigation	75.2	(37.1)	112.3
Penalties	-	124.5	(124.5)
Net gain on sale of consolidated entities	(2,015.9)	(787.9)	(1,228.0)
Deal fees	19.6	41.5	(21.9)
Other expenses and income (net)	109.3	210.9	(101.5)
Other expenses and income	**(1,484.3)**	**(457.1)**	**(1,027.2)**

Restructuring costs

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 at the end of the first and the fourth quarter of 2019, covering approximately 850 employees (mainly in support functions) in order to improve operational flexibility of PT Portugal. The payments made up to December 31, 2019 amounted to approximately €20.0 million. Please also refer to section 2.4.1 *"Significant events affecting historical results"*.

Disputes and litigation

For the year ended December 31, 2019, disputes and litigation mainly related to the provisions recorded in Altice France for tax litigation and fines in PT Portugal for labour and tax litigations.

For the year ended December 31, 2018, disputes and litigation mainly related to the release of Altice France litigation provisions with Orange of €122.0 million which was offset by additional provisions for VAT and tax litigations of €57 million. Additionally, €24.7 million litigation provision was recorded in PT Portugal.

Penalties

For the year ended December 31, 2018, penalties corresponded to the fine imposed to the Group following the European Commission's investigation on gun jumping during the acquisition of PT Portugal by the Group. The €124.5 million fine was recorded in the Portugal segment in 2018 (2019: nil).

Net gain on sale of consolidated entities

For the year ended December 31, 2019, this mainly related to the capital gain from the sale of a 49.99% equity stake in SFR FTTH and the remeasurement at fair value of residual interest in SFR FTTH of €2,085.6 million and the capital loss from the sale of a majority stake in Groupe L'Express of €67.7 million.

For the year ended December 31, 2018, this mainly related to the gain on the sale of the tower business in PT Portugal of €601.6 million, and the sale of telecommunications solutions business and data centre operations in Switzerland, green.ch AG and Green Datacenter AG.

Other expenses and income (net)

For the year ended December 31, 2019, other expenses and income consisted mainly of expenses in Altice France of €61.7 million of termination payment and rental charges related to the Saint Denis office building.

For the year ended December 31, 2018, it consisted mainly of the costs in Altice France related to the change in office premises to the new Altice Campus (€52.6 million), the settlement costs with Bouygues and Orange (€94 million) and expenses for network claims (€28 million).

Operating profit

As a result of the above-mentioned factors, for the year ended December 31, 2019, the Group recorded an operating profit of €2,680.5 million, a 87.9% increase compared to €1,426.9 million for the year ended December 31, 2018.

2.5.4 *Profit for the year*

Finance costs (net)

Net finance costs amounted to €2,262.3 million for the year ended December 31, 2019 compared to €2,265.0 million for the year ended December 31, 2018. A detailed breakdown of finance costs (net) is provided below:

Finance costs, net **(€m)**	**For the year ended December 31, 2019**	**For the year ended December 31, 2018**	**Change**
Interest relative to gross financial debt	(2,016.2)	(2,007.2)	0.4%
Realized and unrealized gains on derivative instruments	713.5	192.9	269.9%
Other financial expenses	(833.9)	(399.4)	108.8%
Finance income (expense)	92.2	97.3	-5.3%
Net result on extinguishment of a financial liability	(217.8)	(148.6)	46.6%
Finance costs, net	**(2,262.3)**	**(2,265.0)**	**-0.1%**

Interest relative to gross financial debt: For the year ended December 31, 2019, the Group's interest relative to gross financial debt totalled €2,016.2 million, a 0.4% increase compared to €2,007.2 million for the year ended December 31, 2018.

Realized and unrealized gains on derivative instruments: For the year ended December 31, 2019, the Group's realized and unrealized gains on derivative instruments totalled €713.5 million, a 269.9% increase compared to €192.9 million for the year ended December 31, 2018, mainly driven by the variation in the mark to market of the Group's derivative financial instruments.

Other financial expenses: For the year ended December 31, 2019, the Group's other financial expenses totalled €833.9 million, a 108.8% increase compared to €399.4 million for the year ended December 31, 2019. The change in other financial expenses is largely driven by an increase of €295.5 million of net foreign exchange losses. In addition, during the year ended December 31, 2019, interest expenses related to lease liabilities following the adoption of IFRS 16 *Leases* amounted to €192.1 million (2018: nil). Furthermore, the other financial expenses for the year ended December 31, 2019, increased due to the write down of accrued interests on the Wananchi secured subordinated note, amounting to €20.9 million. These increases were partially offset by decreases in other financial expenses.

Finance income: For the year ended December 31, 2019, the Group's finance income totalled €92.2 million, a 5.3% decrease compared to finance income of €97.3 million for the year ended December 31, 2018. The change in finance income is largely driven by lower interest received from non-group parties.

Net result on extinguishment of a financial liability: For the year ended December 31, 2019, the Group's net result on extinguishment of a financial liability amounted to €217.8 million related to the refinancing activities which occurred in 2019, compared to a Net result on extinguishment of a financial liability of €148.6 million for the year ended December 31, 2018, which was related to the refinancing transactions of the Altice France credit pool.

Share of earnings of associates

For the year ended December 31, 2019, the Group's share of loss of associates totalled €212.2 million compared to a loss of €10.3 million for the year ended December 31, 2018. This increase is mainly explained by SFR FTTH, which is accounted for under the equity method based on the provisions of IAS 28 *Investments in Associates and Joint Ventures.*

Income tax (expense) / benefit

For the year ended December 31, 2019, the income tax benefit totalled €85.0 million compared to an income tax loss of €68.0 million in the year ended December 31, 2018 (please refer to Note 24 to the Consolidated Financial Statements for additional details).

Profit (Loss) for the year from continuing operations

For the year ended December 31, 2019, the profit after tax from continuing operations totalled €291.1 million compared to a loss after tax from continuing operations of €916.4 million in the year ended December 31, 2018.

2.5.5 *Liquidity and capital resources*

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, 2019, Altice Luxembourg had an aggregate of €186.0 million (equivalent) available borrowings under the 2014 Altice Luxembourg Revolving Credit Facility Agreement; Altice International's restricted group had an aggregate of €581.0 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, 2019; and the Altice France's restricted group had an aggregate of €1,415.0 million (equivalent) available borrowings under the Altice France Revolving Credit Facility Agreement and the 2019 Hivory Revolving Credit Facility Agreement, of which €100.0 million were drawn as at December 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 of continuing operations and cash flows of discontinued operations (net) for each of the years indicated. Please refer to the consolidated statement of cash flows in the Consolidated Financial Statements for additional details.

Net Cash Flows (€m)	For the year ended December 31, 2019	For the year ended December 31, 2018	% change
Net cash flow from operating activities of continuing operations	5,313.8	4,059.8	30.9%
Net cash flow from investing activities of continuing operations	(1,853.0)	(1,814.5)	2.1%
Net cash flow from financing activities of continuing operations	(4,263.4)	(1,378.4)	209.3%
Changes in cash and cash equivalents of continuing operations	**(802.6)**	**866.9**	**-192.6%**
Changes in cash and cash equivalents of discontinued operations (net)	**-**	**(65.1)**	**nm**
Classification of cash as held for sale	(12.1)	(209.3)	-94.2%
Effects of exchange rate changes on cash held in foreign currencies	(.2)	5.6	-103.3%
Net changes in cash and cash equivalents	**(814.9)**	**598.1**	**-236.2%**

The Group recorded a net decrease of €814.9 million in cash and cash equivalents for the year ended December 31, 2019, compared to a net increase of €598.1 million for the year ended December 31, 2018.

Net cash provided by operating activities of continuing operations: Net cash provided by operating activities increased to €5,313.8 million for the year ended December 31, 2019 compared to €4,059.8 million for the year ended December 31, 2018. The increase in net cash provided by operating activities is mainly explained by the increase in the operating profit for the year ended December 31, 2019 compared to the operating profit for the year ended December 31, 2018. This increase was partially offset by a negative change in working capital, to a large extent in France, and an increase in income taxes paid.

Net cash used in investing activities of continuing operations: Net cash used in investing activities increased to €1,853.0 million for the year ended December 31, 2019 compared to €1,814.5 million for the year ended December 31, 2018. This increase in the year ended December 31, 2019 is partially attributed to the proceeds received from the disposal of the SFR FTTH business during the year ended December 31, 2019. During the year ended December 31, 2018, proceeds from the disposal of businesses - the Group's telecommunications solutions business and data centre operations in Switzerland, green.ch AG and Green Datacenter AG, the international wholesale business and the newly formed tower company called OMTEL in Portugal - amounted to €874.2 million. In addition to the increase in cash received from sale of businesses, the cash paid for acquisitions and the cash paid for capital expenditures decreased in the year ended December 31, 2019. The above increases in cash received from investing activities were partially offset by dividends received from Altice USA in June 2018 for an amount of €894.3 million and lower proceeds from the sale of property, plant and equipment in the year ended December 31, 2019.

Net cash used in financing activities of continuing operations: Net cash used in financing activities increased to €4,263.4 million for the year ended December 31, 2019 compared to €1,378.4 million for the year ended December 31, 2018. The increase in net cash used in financing activities can be attributed to the proceeds received during 2018 for the partial sale of a minority stake in Hivory for an amount of €1,781.9 million. In addition, refinancing transactions resulted in a net outflow of cash of €1,774.9 million during the year ended December 31, 2019, whereas for the year ended December 31, 2018, there was a net outflow of cash of €883.9 million. Furthermore, the use of cash increased due to increases in cash paid for lease liabilities. The adoption of IFRS 16 *Leases* as per January 1, 2019, resulted in lease payment and the interest related payments for right-of-use of €979.9 million. During the year ended December 31, 2018, operating lease payments were included in net cash provided by operating activities.

These increases in the cash used for financing activities were partially offset by an increase of swap proceeds of €732.3 million and a decrease in cash paid to acquire non-controlling interests in the year ended December 31, 2019 compared to the year ended December 31, 2018.

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, 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 network capacity and (iii) other capital expenditures related to the Group's fixed business.

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 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. The Group expects to finance principal investments described below, to the extent they have not been completed, with cash flow from its operations.

The Group has made new investment commitments since December 31, 2019. For information on contractual obligations and commercial commitments the Group has acquired in the year ended December 31, 2019, please see Note 31 to the Consolidated Financial Statements.

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

For the year ended December 31, 2019 (€m)	**France**	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Altice TV**	**Others**	**Eliminations**	**Total**
Capital expenditure (accrued)	2,354.9	435.6	245.1	114.5	7.5	20.6	-	(7.6)	**3,170.7**
Capital expenditure - working capital items	(89.3)	(5.8)	6.3	1.4	-	351.6	-	3.3	**267.5**
Payments to acquire tangible and intangible assets	**2,265.7**	**429.9**	**251.4**	**115.9**	**7.5**	**372.2**	**-**	**(4.3)**	**3,438.2**
As percentage of revenue	*21.2%*	*21.0%*	*26.1%*	*20.7%*	*1.7%*	*449.1%*	*0.0%*	*0.0%*	*23.2%*

For the year ended December 31, 2018 (€m)	**France**	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Altice TV**	**Others**	**Eliminations**	**Total**
Capital expenditure (accrued)	2,269.6	423.3	234.1	115.2	1.4	1,014.1	-	(4.7)	**4,053.0**
Capital expenditure - working capital items	126.0	36.3	8.7	(3.5)	-	(703.6)	-	-	**(536.2)**
Payments to acquire tangible and intangible assets	**2,395.6**	**459.6**	**242.8**	**111.7**	**1.4**	**310.5**	**-**	**(4.7)**	**3,516.7**
As percentage of revenue	*23.3%*	*22.2%*	*25.8%*	*19.0%*	*0.4%*	*805.2%*	*0.0%*	*0.0%*	*24.7%*

Geographical segments

France: For the year ended December 31, 2019, total capital expenditure in France were €2,265.7 million (representing 21.2% of revenue in France), a 5.4% decrease compared to €2,395.6 million for the year ended December 31, 2018 (representing 23.0% of revenue in France). The decrease is largely explained by changes in capital expenditures related working capital during 2018 and 2019.

Portugal: For the year ended December 31, 2019, PT Portugal's total capital expenditures were €429.9 million (representing 21.0% of revenue in Portugal), a 6.5% decrease compared to €459.6 million for the year ended December 31, 2018 (representing 22.2% of revenue in Portugal). The accrued capital expenditures increased due to higher network investments, but which was more than offset by lower mobile network related capital expenditures due to the completion of the Mobile Access Network Transformation Project - Single RAN during 2018 and a decrease in capital expenditures related working capital.

Israel: Capital expenditure in Israel increased by 3.6%, from €242.8 million (representing 25.8% of revenue in Israel) in the year ended December 31, 2018 to €251.4 million (representing 26.1% of revenue in Israel) in the year ended December 31, 2019. On a constant currency basis, capital expenditure decreased by 2.6%, which was mainly driven by a decrease in network and call centre investments and local content production, which was partially offset by higher capitalization of commissions and changes in capital expenditures related working capital.

Dominican Republic: For the year ended December 31, 2019, the total capital expenditures were €115.9 million (representing 20.7% of revenue in the Dominican Republic), a 3.8% increase compared to €111.7 million for the year ended December 31, 2018 (representing 19.0% of revenue in the Dominican Republic). On a constant currency basis, accrued capital expenditures increased by 1.4%, mainly due to higher CPE and installation spend, which was partially offset by changes in capital expenditures related working capital.

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

Altice TV: For the year ended December 31, 2019, the total capital expenditures were €372.2 million, a 19.9% increase compared to €310.5 million for the year ended December 31, 2018. This increase is largely explained by higher payments made during the year ended December 31, 2019 for the Champions League rights.

Others: For the year ended December 31, 2019 and the year ended December 31, 2018, the total capital expenditures were nil.

2.5.6 *Discussion and analysis of the financial condition of the Group*

Condensed Consolidated Statement of Financial Position (€m)	**As of December 31, 2019**	**As of December 31, 2018**	**% change**
Non-current assets			
Goodwill	14,655.5	14,639.1	0.1%
Intangible assets	7,458.4	8,662.9	-13.9%
Property, plant & equipment	9,974.6	10,008.5	-0.3%
Right-of-use assets	4,289.8	-	n/m
Contract costs	263.8	252.5	4.5%
Investment in associates and joint ventures	1,567.4	154.1	917.4%
Financial assets	1,626.7	2,039.6	-20.2%
Deferred tax assets	300.2	153.9	95.1%
Other non-current assets	439.6	425.7	3.3%
Total non-current assets	**40,576.0**	**36,336.3**	**11.7%**
Current assets			
Inventories	479.4	422.2	13.5%
Contract assets	254.1	265.7	-4.4%
Trade and other receivables	4,463.7	4,509.6	-1.0%
Current tax assets	99.8	119.1	-16.2%
Financial assets	47.8	43.1	11.0%
Cash and cash equivalents	1,022.1	1,837.0	-44.4%
Restricted cash	119.5	141.6	-15.6%
Assets classified as held for sale	119.0	1,656.2	-92.8%
Total current assets	**6,605.4**	**8,994.5**	**-26.6%**
Total assets	**47,181.4**	**45,330.8**	**4.1%**
Issued capital	59.5	68.3	-12.9%
Treasury shares	(0.4)	(14.6)	-97.6%
Other reserves	(500.5)	(783.6)	-36.1%
Accumulated losses	(2,098.9)	(2,401.5)	-12.6%
Equity attributable to owners of the Company	**(2,534.7)**	**(3,131.4)**	**-19.1%**
Non-controlling interests	213.7	226.7	-5.7%
Total equity	**(2,321.0)**	**(2,904.7)**	**-20.1%**
Non-current liabilities			
Long term borrowings, financial liabilities and related hedging instruments	32,101.9	34,262.1	-6.3%
Other financial liabilities	476.2	560.3	-15.0%
Non-current lease liabilities	3,644.6	-	n/m
Provisions	1,441.8	1,178.8	22.3%
Deferred tax liabilities	164.6	255.7	-35.6%
Non-current contract liabilities	588.4	565.2	4.1%
Other non-current liabilities	233.0	606.4	-61.6%
Total non-current liabilities	**38,650.5**	**37,428.4**	**3.3%**
Current liabilities			
Short-term borrowings, financial liabilities	432.7	102.3	323.1%
Other financial liabilities	1,822.3	2,052.2	-11.2%
Current lease liabilities	758.4	-	n/m
Trade and other payables	6,486.6	7,068.8	-8.2%
Contract liabilities	614.7	606.0	1.4%
Current tax liabilities	261.4	247.0	5.8%
Provisions	227.9	330.2	-31.0%
Other current liabilities	247.9	201.2	23.2%
Liabilities directly associated with assets classified as held for sale	0.3	199.5	-99.9%
Total current liabilities	**10,852.0**	**10,807.1**	**0.4%**
Total liabilities	**49,502.5**	**48,235.5**	**2.6%**
Total equity and liabilities	**47,181.4**	**45,330.8**	**4.1%**

For the year ended December 31, 2019, the Group had a total asset position of €47,181.4 million and a net negative equity position of €2,321.0 million. The major contributors to the total asset position of the Group are the Altice France Group and PT Portugal and its subsidiaries.

Non-current assets

As of December 31, 2019, the Group had a non-current asset position of €40,576.0 million, a 11.3% increase as compared to €36,336.3 million as of December 31, 2018.

Goodwill: The net book value of goodwill increased from €14,639.1 million as at December 31, 2018 to €14,655.5 million as at December 31, 2019. The increase in goodwill is mainly resulting from foreign exchange impact due to exchange rate fluctuations of the Dominican Peso and the Israeli Shekel.

Intangible assets: The net book value of intangible assets amounted to €7,458.4 million as at December 31, 2019 compared to €8,662.9 million as at December 31, 2018. The decrease is mainly explained by the impact of amortization of €2,134.9 million, partly offset by additions (€825.3 million) and other immaterial movements.

Property, plant and equipment ("PPE"): The Group includes companies that have substantial PPE relating to their telecommunications network, which are required to enable them to run their business. The net book value of such assets (classified under the property, plant and equipment caption) amounted to €9,974.6 million as of December 31, 2019 compared to €10,008.5 million at December 31, 2018. The decrease of 0.3% is mainly explained by the impact of depreciation of €1,979.7 million, which was more than offset by additions of €2,075.7 million and other immaterial movements.

Right-of-use assets ("ROU"): Following the adoption of IFRS 16 *Leases* as of January 1, 2019, assets arising from lease arrangements are recognised in non-current and current Right-of-use assets.

Investments in associates and joint ventures: The investments in associates increased from €154.1 million as at December 31, 2018 to €1,567.4 million as at December 31, 2019. The increase in investment in associates and joint ventures as of December 31, 2019 compared to December 31, 2018 was mainly related to the increase in Altice France following the sale of a 49.99% equity stake in SFR FTTH. Following the closing of the sale, the carrying value of the investment in SFR FTTH as at December 31, 2019 was €1.571.6 million. This increase was partially offset by a decrease in the value of associates in PT Portugal. In 2018, PT Portugal acquired a 25% stake in the capital of Belmont Infra Holding, S.A. and the carrying amount of invested equity was €107.5 million as of December 31, 2018. Belmont Infra Holding, S.A. is an entity that holds 100% of BIH - Belmont Infrastructure Holding, S.A., which in turn holds a 100% interest in OMTEL. As of December 31, 2019, this investment was classified as assets held for sale, as a result of the sale by PT Portugal of its 25% stake to Cellnex Telecom S.A. on January 2, 2020.

Non-current financial assets: Financial assets amounted to €1,626.7 million as at December 31, 2019, a decrease of 20.2% compared to €2,039.6 million as at December 31, 2018. This decrease is mainly related to a decrease in the value of derivative assets from €1,465.9 million as at December 31, 2018 to €746.0 million as at December 31, 2019. This decrease was partially offset, mainly by an increase in equity instruments at fair value through OCI and call options with non-controlling interests.

Deferred tax assets: Deferred tax assets amounted to €300.2 million as of December 31, 2019, an increase of 95.1% compared to €153.9 million as at December 31, 2018. For information on the changes in the deferred tax assets, please see Note 24 to the Consolidated Financial Statements.

Other non-current assets: Financial assets amounted to €439.6 million as at December 31, 2019, an increase of 3.3% compared to €425.7 million as at December 31, 2018.

Current assets

As at December 31, 2019, the Group had a current asset position of €6,605.4 million, a 26.6% decrease compared to €8,994.5 million as at December 31, 2018.

Current financial assets: Current financial assets amounted to €47.8 million as at December 31, 2019, an increase of 11.0% compared to €43.1 million as at December 31, 2018.

Non-current liabilities

The Group's non-current liabilities are mainly composed of bonds and indebtedness obtained from banking institutions. The non-current liability position was €38,650.5 million as of December 31, 2019 compared to €37,428.5 million as of December 31, 2018.

The Company raises debt through its subsidiaries Altice Corporate Financing, Altice Luxembourg, Altice Finco, Altice Financing, Altice France and certain of their subsidiaries.

Long term borrowings: As of December 31, 2019, debentures and bank loans issued by (i) Altice Luxembourg amounted to €4,839.6 million (equivalent), (ii) Altice France amounted to €16,867.9 million (equivalent), and (iii) Altice International amounted to €7,951.8 million (equivalent). In addition, the facility contracted by Altice Corporate Financing amounted to €1,728.0 million and other loans from lenders amounted to €1.6 million (equivalent).

Other financial liabilities including non-current lease liabilities: Other financial liabilities amount to €4,120.8 million as at December 31, 2019, an increase of €3,560.5 compared to €560.3 million as at December 31, 2018. This increase is largely explained by the non-current lease liabilities recorded as at December 31, 2019, following the adoption of IFRS 16 *Leases* as at January 1, 2019.

Non-current provisions: Non-current provisions increased to €1,441.8 million as at December 31, 2019 from €1,178.8 million as at December 31, 2018. For information on the changes in the provisions, please refer to Note 16 to the Consolidated Financial Statements.

Deferred tax liabilities: Deferred tax liabilities decreased by 36.6% to reach €164.6 million as of December 31, 2019, compared to €255.7 million as of December 31, 2018. For information on the changes in the deferred tax liabilities, please refer to Note 24 to the Consolidated Financial Statements.

Non-current contract liabilities: Non-current contract liabilities increased to €588.4 million as at December 31, 2019 from €565.2 million as at December 31, 2018.

Other non-current liabilities: Non-current liabilities decreased to €233.0 million as at December 31, 2019 from €606.4 million as at December 31, 2018. This decrease is largely explained by the payments for the Champions League rights which have been made during the year ended December 31, 2019.

Current liabilities

The Group had a current liability position of €10,852.0 million as at December 31, 2019, an increase of 0.4% compared to €10,807.1 million as at December 31, 2018, mainly composed of trade and other payables and other financial liabilities.

Short term borrowings: The current portion of borrowings increased from €102.3 million as of December 31, 2018 to €432.7 million as of December 31, 2019. The balance as at December 31, 2019 primarily relates to €144.4 million of loans by Altice France which are payable to lenders and €257.5 million of short-term debentures by Altice Finco which are payable to lenders. The balance as at December 31, 2018 primarily relates to loans payable to lenders.

Other financial liabilities including current lease liabilities: Other financial liabilities including current lease liabilities increased by €528.5 million to €2,580.7 million as of December 31, 2019 compared to €2,052.2 million in the year ended December 31, 2018. This increase is largely explained by the current lease liabilities recorded as at December 31, 2019, following the adoption of IFRS 16 *Leases* as at January 1, 2019. This increase was partially offset by a reduction of other financial liabilities, to a large extent driven by a reduction in accrued interest due to the timing of the interest payments as certain interest payments are either due on a quarterly basis or on a semi-annual basis.

Trade and other payables: Trade and other payables amounted to €6,486.6 million for the year ended December 31, 2019, a decrease of 8.2% compared to €7,068.8 million for the year ended December 31, 2018. This decrease is mainly explained by Altice France due to the unwinding of accruals from December 31, 2018 and continued payment of capital expenditure and network deployment suppliers during the course of the year.

The high level of trade payables is structural (i.e., related to the structure of the industry in general) and follows industry norms, as customers generally make payments in advance, based on their billing cycle, and suppliers are paid as per the standard payment terms prevalent in each country. The Group generates sufficient operating cash to respect its current debt and has access to revolving credit facilities to assist in meeting its current debt obligations.

2.5.7 *Going concern assumption*

As of December 31, 2019, the Group had net current liability position of €4,246.6 million (mainly due to trade payables amounting to €6,486.6 million) and a negative working capital of €1,543.5 million. During the year ended December 31, 2019, the Group registered a net profit of €291.1 million from continuing operations and generated cash flows of €5,313.8 million from continuing operations.

As at December 31, 2019, the Group had a negative equity position of €2,321.0 million compared to a negative equity position of €2,904.7 million as at December 31, 2018. The equity position improved from the prior period mainly due to the net profit and Other comprehensive profits recorded for the year ended December 31, 2019.

The negative working capital position is structural and follows industry norms. Customers generally pay subscription revenues early or mid-month, with short days of sales outstanding and suppliers are paid under standard commercial terms, thus generating a negative working capital. This is evidenced by the difference in the level of receivables and payables: €4,463.7 million and €6,486.6 million for the year ended December 31, 2019, as compared to €4,509.6 million and €7,068.8 million for the year ended December 31, 2018. Payables due the following month are covered by revenues and cash flows from operations (if needed).

As of December 31, 2019, the Group's short-term borrowings comprised mainly debentures in Altice Finco of €257.5 million and loans from lenders for Altice France and Altice Financing for €144.4 million and €19.1 million respectively. As of December 31, 2018, the Group's short-term borrowings comprised mainly loans from lenders for Altice France and Altice Financing for €77.8 million and €18.8 million respectively. The short-term obligations are expected to be covered by the operating cash flows of the operating subsidiaries. As at December 31, 2019, the amount drawn on the revolving credit facilities at Altice France and Altice Financing amounted to €100.0 million. A listing of available credit facilities by silo is provided in Note 18.5 to the Consolidated Financial Statements and the amounts available per segments are sufficient to cover the short-term debt and interest expense needs of each of these segments if needed.

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

- The Group's performance on Adjusted EBITDA and operating cash flows:
  - Adjusted EBITDA for the year ended December 31, 2019 amounted to €5,583.5 million, an increase of 8.7% compared to the Adjusted EBITDA for the year ended December 31, 2018.
  - Operating cash flows for the year ended December 31, 2019 were €5,313.8 million.
- The Group had unrestricted cash reserves of €1,022.1 million as of December 31, 2019, compared to €1,837.0 million as of December 31, 2018, which would allow it to cover any urgent cash needs. The Group can move its cash from one segment to another under certain conditions as allowed by the covenants under its various debentures and loan agreements. Cash reserves in operating segments carrying debt obligations were as follows:
  - France: €556.8 million;
  - Altice International: €395.5 million.
- Additionally, as of December 31, 2019, the Group had access to revolving credit facilities of up to €2,182.0 million (of which €100.0 million were drawn as at December 31, 2019) and has access to an equity market where it can issue additional equity.

The Group's senior executives track operational key operating measures (KPIs) on a weekly basis, thus tracking top line trends closely. This allows the Group's senior executives and local CEOs to ensure proper alignment with budget targets and respond with speed and flexibility to counter any unexpected events and help to ensure that the budgeted targets are met.

Following the sale of a 49.99% equity stake in SFR FTTH on March 27, 2019, the Group continues to review its infrastructure to further accelerate its deployment and is exploring financial partnerships. On December 12, 2019, PT Portugal signed an agreement with Morgan Stanley Infrastructure Partners to create a nationwide fibre wholesaler in Portugal. PT Portugal will sell to Morgan Stanley Infrastructure Partners a minority equity stake of 49.99% in Altice Portugal FTTH based on an enterprise value of €4.63 billion. The transaction is expected to close in the first quarter of 2020. In addition, on January 2, 2020, PT Portugal sold its 25% equity interest in the tower company OMTEL to Cellnex Telecom S.A. for total cash proceeds of approximately €200 million. Furthermore, through the successful refinancing of Altice International and Altice France in the first quarter of 2020, significant annual interest savings through both average cost and debt reduction are expected.

Based on the above, the Board is of the view that the Group will continue to act as a going concern for twelve months from the date of approval of the Consolidated Financial Statements and has hence deemed it appropriate to prepare the Consolidated Financial Statements using the going concern assumption.

2.5.8 *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. All of these measures are derived from the Group's internal operating and financial systems. As defined by the Group's management, these terms may not be directly comparable to similar terms used by competitors or other companies.

The tables below set forth the Group's key operating measures for the years ended December 31, 2019 and December 31, 2018, respectively:

	Altice Europe – Twelve months ended December 31, 2019				
000's unless stated otherwise	France	Portugal	Israel	Dominican Republic	Total
Fibre homes passed	**15,364**	**4,915**	**2,164**	**764**	**23,207**
FIXED B2C					
Fibre unique customers	**2,838**	**952**	**1,015**	**193**	**4,997**
Net adds	264	149	25	1	438
Total fixed B2C unique customers	**6,356**	**1,594**	**1,015**	**329**	**9,294**
Net adds	144	13	25	11	193
MOBILE B2C					
Postpaid subscribers	**14,400**	**3,081**	**1,169**	**622**	**19,272**
Net adds	652	122	29	54	856
Prepaid subscribers	**1,451**	**3,330**	**181**	**2,116**	**7,078**
Total mobile B2C subscribers	**15,852**	**6,411**	**1,350**	**2,737**	**26,350**

	Altice Europe – Twelve months ended December 31, 2018				
000's unless stated otherwise	France	Portugal	Israel	Dominican Republic	Total
Fibre homes passed	**12,467**	**4,490**	**2,128**	**755**	**19,840**
FIXED B2C					
Fibre unique customers	**2,574**	**803**	**990**	**192**	**4,559**
Net adds	284	184	(11)	(11)	445
Total fixed B2C unique customers	**6,212**	**1,581**	**990**	**318**	**9,101**
Net adds	187	26	(11)	(5)	197
MOBILE B2C					
Postpaid subscribers	**13,749**	**2,959**	**1,140**	**568**	**18,416**
Net adds	1,049	141	(11)	32	1,212
Prepaid subscribers	**1,585**	**3,558**	**159**	**2,532**	**7,834**
Total mobile B2C subscribers	**15,334**	**6,516**	**1,299**	**3,100**	**26,250**

(1) Portugal fibre homes passed figures include homes where MEO has access through wholesale fibre operators.
(2) 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 premises basis. Fibre customers for France excludes white-label wholesale subscribers. 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.
(4) The tables above exclude Altice USA's key operating measures. As a result, the totals are presented as if the Separation had occurred on January 1, 2018.

2.5.9 *Equity*

The Company is a public company with limited liability (*naamloze vennootschap*) incorporated under the laws of the Netherlands.

The Company's Common Shares A and Common Shares B are traded on Euronext Amsterdam under the tickers ATC and ATCB.

As of December 31, 2019, the Company's authorized capital is €261,500,000.00, divided into the following shares:

- 4,754,551,450 Common Shares A, each with a nominal value of €0.01;
- 209,817,942 Common Shares B, each with a nominal value of €0.25;
- 4,000,000,000 Preference Shares A, each with a nominal value of €0.04; and
- 150,000,000 Preference Shares B, each with a nominal value of €0.01.

As of December 31, 2019, the Company's issued share capital consists of €59,459,497.98 divided into:

- 1,038,014,875 Common Shares A, of which 40,265,455 are held by the Company as treasury shares;
- 196,261,727 Common Shares B, of which none are held by the Company as treasury shares; and
- 1,391,748 Preference Shares B.

As of December 31, 2019, no Preference Shares A have been issued.

The Company has instituted a share conversion policy, whereby the holders of Common Shares B can opt to convert their Shares into Common Shares A. As part of the conversion, each Common Share B with a nominal value of €0.25 is converted into 25 Common Shares A having a nominal value of €0.01. The holder of the Common Share B then receives one Common Share A and sells the other 24 Common Shares A to the Company for no consideration. These repurchased Shares are held as treasury shares by the Company. As the consideration paid for the acquisition of the Common Shares A held by the Company is nil, the carrying value of these Common Shares A is zero. For the year ended December 31, 2019, the Company had received and executed conversion orders amounting to a total of 13,056,274 Common Shares B.

As at December 31, 2019, total negative equity amounted to €2,321.0 million compared to a negative equity of €2,904.7 million as at December 31, 2018. The decrease in the negative equity is largely explained by the addition of the net profit and Other comprehensive profits recorded for the year ended December 31, 2019.

The share of non-controlling interest as at December 31, 2019 amounted to €213.7 million, compared to €226.7 million as at December 31, 2018. The decrease is largely explained by dividends paid to non-controlling interests. This decrease was partly offset due to the increase in net profits attributable to non-controlling interests. Please refer to Note 3.3 to the Consolidated Financial Statements for further details.

The Group recorded a net profit from continuing operations of €291.1 million compared to a net loss from continuing operations of €916.4 million for the year ended December 31, 2018.

The Group believes that the negative equity position does not impact the going concern assumption for the Group (please refer to Note 33 to the Consolidated Financial Statements).

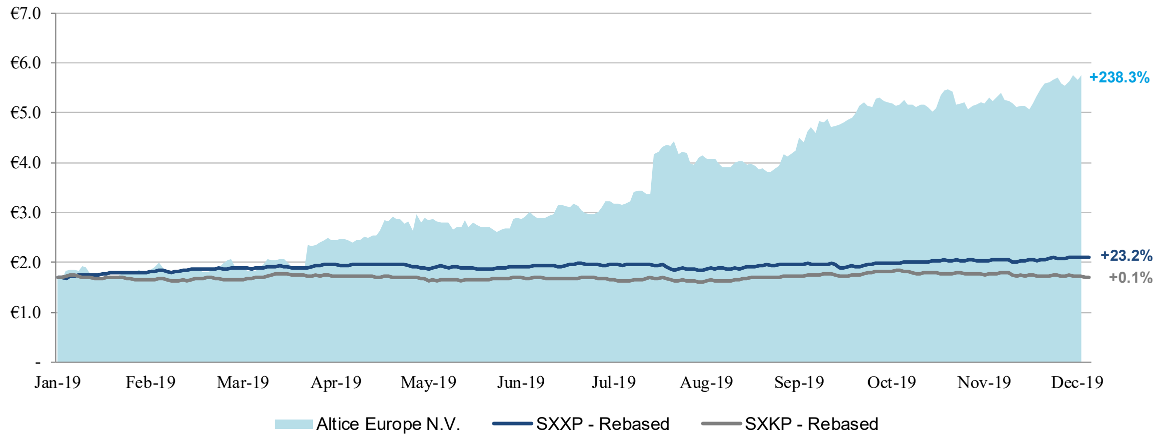
2.5.10 *Share performance*

The evolution of the price of the Common Shares A during the financial year ended December 31, 2019 is presented below and is based on data available from public sources.

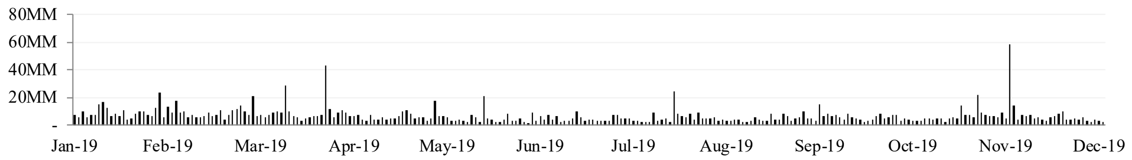
Altice Europe - Share Price and Volume Evolution - 2019

Source: Bloomberg

Share Price Evolution



Altice Europe Volume Evolution



The share price of Common Shares A ended the year at €5.75, an increase of 238% versus the opening price at the beginning of the year, compared to an increase of 23% of the SXXP index (that represents 600 large, mid and small capitalization companies across 17 countries of the European region). The financial gearing of the Company is high relative to peers, which contributed to the relative volatility of the share price performance of Common Shares A throughout 2019.

The relative outperformance of Common Shares A in 2019 was driven by the improved financial performance of the Group's business in France and execution on the deleveraging plan of the Group towards its stated leverage target.

2.5.11 *Presence of branches*

The Company has no branches as of December 31, 2019.

2.5.12 *Dividends*

With the exception of the special distribution in kind of its 67.2% interest in Altice USA to its Shareholders out of its share premium reserve on June 8, 2018, the Company has not paid any dividends since its incorporation. In future years, the Company intends to assess the relevance of paying dividends in light of its key objectives of increasing operational efficiencies of its existing businesses, driving growth through reinvestment and integrating its acquired businesses by utilizing the Group's operational expertise, scale and investment support, as well as its strategy to prioritise investments in its infrastructure, portfolio of rights or value-accretive acquisitions including, as the case may be, by increasing its shareholding in its subsidiaries and/or buying-back its own shares. Within this framework, the Company will at times consider returning capital to the Shareholders through ordinary and exceptional dividend as well as share buy-backs if deemed adequate on the basis of its strategy.

2.5.13 *Treasury shares*

As of December 31, 2019, the Company held 40,265,455 Common Shares A and no Common Shares B as treasury shares.

As set forth in section 2.5.9 "*Equity*", the Company has instituted a share conversion policy, whereby the holders of Common Shares B can opt to convert their Shares into Common Shares A. As part of the conversion, each Common Share B with a nominal value of €0.25 is converted into 25 Common Shares A having a nominal value of €0.01. The holder of the Common Share B then receives one Common Share A and sells the other 24 Common Shares A to the Company for no consideration. These repurchased Shares are held as treasury shares by the Company. Accordingly, it depends on the holders of Common Shares B that may decide to convert their shares whether the Company will acquire additional Common Shares A to be held as treasury shares as a consequence of such share conversion policy.

Treasury shares may be used to cover grants under the Company's Stock Option Plans (described in section 6.7.1 "*Stock options*") and for other purposes. The Company may furthermore repurchase Shares which can be used to cover grants under the Stock Option Plans and for other purposes. As described in section 3.7.8 "*Power to issue and repurchase Shares*", no authorization from the General Meeting is required for the acquisition of fully paid up issued Shares for the purpose of transferring the same to employees of the Company or of a Group Company under a scheme applicable to such employees (such as the Stock Option Plans), provided that such issued Shares are listed on a stock exchange.

Certain of the Company's treasury shares have been cancelled (please see section 2.4.1 *"Significant events affecting historical results – Cancellation of treasury shares"*).

2.5.14 *Events after the reporting period*

Sale of a 25% equity stake in OMTEL

On January 2, 2020, PT Portugal sold its 25% equity interest in the tower company OMTEL to Cellnex Telecom S.A. for total cash proceeds of approximately €200 million.

OMTEL is the first independent tower company in Portugal and operated approximately 3,000 tower sites in the country as at December 31, 2019. The sale by PT Portugal of its 25% equity interest in OMTEL 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.

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**").

Exchange offer completed by Ypso Finance Bis

On January 24, 2020, Ypso Finance Bis commenced an exchange offer to noteholders of Altice Luxembourg's (i) 2019 Altice Luxembourg Dollar Senior Notes and (ii) 2019 Altice Luxembourg Euro Senior Notes, to exchange the 2019 Altice Luxembourg Dollar Senior Notes for an equal aggregate principal amount of corresponding dollar denominated 10.500% senior notes due 2027 issued by Ypso Finance Bis (the "**Ypso Finance Bis Exchange Dollar Notes**") and the 2019 Altice Luxembourg Euro Senior Notes for an equal aggregate principal amount of corresponding euro denominated 8.000% senior notes due 2027 issued by Ypso Finance Bis (the "**Ypso Finance Bis Exchange Euro Notes**" and, together with the Ypso Finance Exchange Dollar Notes, the "**Ypso Finance Bis Exchange Notes**").

At the expiration of the exchange offer, a total of $1,562,005,000 (accounting for 97.63% of the outstanding aggregate principal) of the 2019 Altice Luxembourg Dollar Senior Notes and €1,317,374,000 (accounting for 94.10% of the outstanding aggregate principal) of the 2019 Altice Luxembourg Euro Senior Notes were tendered and accepted. On February 27, 2020, $1,562,005,000 of Ypso Finance Bis Exchange Dollar Notes and €1,317,374,000 of Ypso Finance Bis Exchange Euro Notes were issued by Ypso Finance Bis.

On March 6, 2020, Altice Luxembourg redeemed the remaining €82,626,000 aggregate principal amount of the 2019 Altice Luxembourg Euro Senior Notes and the remaining $37,995,000 aggregate principal amount of the 2019 Altice Luxembourg Dollar Senior Notes, in each case not tendered in and exchanged in connection with the exchange offer.

Issuance of the 2020 Altice France Senior Secured Notes

On February 6, 2020, Altice France issued €500 million aggregate principal amount of its euro denominated 2.125% Senior Secured Notes due February 15, 2025 (the "**2020 Altice France Senior Secured Notes**").

Issuance of the 2020 Ypso Finance Bis Senior Notes

On February 6, 2020, Ypso Finance Bis issued $1,225 million aggregate principal amount of its dollar denominated 6.000% Senior Notes due February 15, 2028 (the "**2020 Ypso Finance Bis Dollar Senior Notes**") and €500 million aggregate principal amount of its euro denominated 4.000% Senior Notes due February 15, 2028 (the "**2020 Ypso Finance Bis Euro Senior Notes**" and, together with the 2020 Ypso Finance Bis Dollar Senior Notes, the "**2020 Ypso Finance Bis Senior 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 Agreement**"). 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 Agreement (March 5, 2020) and the maturity date of the 2020 Altice Finco Bridge Credit Facility Agreement (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 Agreement were used to fund in part the redemption of the 2015 Altice Luxembourg Senior Notes.

Redemptions of Notes

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

- On January 13, 2020, Altice Finco redeemed in full the outstanding 2013 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 2013 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 2015 Altice Financing Senior Secured Notes, in an aggregate principal amount of €2,334.5 million equivalent, in accordance with the 2015 Altice Financing Senior Secured Notes Indenture;

- On February 24, 2020 and March 9, 2020, Altice Luxembourg redeemed in full the outstanding 2015 Altice Luxembourg Senior Notes, in two parts, in an aggregate principal amount of €2,100.7 million (equivalent), in accordance with the 2015 Altice Luxembourg Senior Notes Indenture;

- On March 6, 2020, Altice Luxembourg redeemed in full the outstanding 2019 Altice Luxembourg Euro Senior Notes, in an aggregate principal amount of €82,626,000, in accordance with the 2019 Altice Luxembourg Senior Notes Indenture; and

- On March 6, 2020, Altice Luxembourg redeemed in full the outstanding 2019 Altice Luxembourg Dollar Senior Notes, in an aggregate principal amount of $37,995,000, in accordance with the 2019 Altice Luxembourg Senior Notes Indenture.

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 weeks in the countries in which the Group operates, the Group continues to assess conditions in order to adapt to the business and social environment in which it operates.

The COVID-19 pandemic can have an adverse effect on the Group's business, financial condition and results of operations, depending on the nature and period of governmental measures in the countries in which the Group operates. Impact may include:

- the slowdown of the production capabilities of China or other affected countries may have a negative impact on hardware, software and other providers of outsourced services that the Group relies on to provide its services, and the global reach of the pandemic may lead to a situation where there are no clear or cost effective alternatives;

- delay in infrastructural projects;

- productivity of the workforce may decline due to an increase in sick leaves, quarantine procedures and work or travel restrictions; and

- financial situation and habits of customers may change due to the economic slowdown and possibility of a worldwide recession, e.g., postponing purchase decisions, breaking contracts and personal or corporate bankruptcies.

The Group has activated a response program in order to minimize the impact of this risk, by protecting employees, securing the supply chain, and continuously monitoring the situation and leveraging at the same time the Group's services that may help in the virus containment efforts, such as videoconferencing and online classes. In addition, networks play a key role in keeping people connected and the Group is monitoring its network usage and assessing its policies and procedures to best support its customers.

As of the date of issuance of the Consolidated Financial Statements, the Group is facing a decline in handsets sales (low margin activity) in the context of the closure of the shops in many countries where the Group operates, some delays in the construction of FTTH homes passed in France and a decline in the advertising businesses (Teads and NextRadioTV) but the impact has been limited, since the crisis only began at the beginning of March 2020.

The situation continues to evolve, including further regulatory requirements published by governments, and it is difficult to predict the effect on the Group's operations and financial performance. Based on the above and information in Note 33 to the Consolidated Financial Statements, the Group considers that the assessment of the going concern assumption for the Group is not impacted.

New revolving credit facility at Altice France Holding

On March 26, 2020, all of the lenders under the 2014 Altice Luxembourg Revolving Credit Facility Agreement agreed to amend and restate the 2014 Altice Luxembourg Revolving Credit Facility Agreement to replace Altice Luxembourg as borrower thereunder with Altice France Holding, and make certain other related changes.

Automatic Exchange

On March 26, 2020, upon satisfaction of certain conditions, comprising full discharge, cancellation and/or redemption of the 2019 Altice Luxembourg Senior Notes and the 2015 Altice Luxembourg Senior Notes, (i) the Ypso Finance Bis Exchange Dollar Notes were automatically exchanged for an equal aggregate principal amount of dollar-denominated 10.500% senior notes due 2027 issued by Altice France Holding, (ii) the Ypso Finance Exchange Euro Notes were automatically exchanged for an equal aggregate principal amount of euro-denominated 8.000% senior notes due 2027 issued by Altice France Holding, (iii) the 2020 Ypso Finance Bis Dollar Senior Notes were automatically exchanged for an equal aggregate principal amount of dollar-denominated 6.000% senior notes due 2028 issued by Altice France Holding and (iv) the 2020 Ypso Finance Bis Euro Senior Notes were automatically exchanged for an equal aggregate principal amount of euro-denominated 4.000% senior notes due 2028 issued by Altice France Holding (the actions described in sub-clauses (i)-(iv) collectively, the "**Automatic Exchange**").

2.5.15 *Related party transactions and balances*

Transactions with related parties during 2019 are mainly related to transactions with Altice USA, transactions with associates and joint ventures of the various operating entities of the Group and payments for services rendered by the controlling shareholder of the Group. Such transactions include:

- exchange of services between Altice France and PT Portugal and their associates (please refer to Note 9 to the Consolidated Financial Statements for more details on Altice France's and PT Portugal's associates);
- exchange of services between Altice USA, Teads, PT Portugal and Altice Dominicana;
- exchange of services like healthcare insurance, infrastructure services, management of emergency network and broadcasting of sport events between PT Portugal and its associates;
- services between Altice France and SFR FTTH, its joint venture partner for FTTH build-out services;
- rental agreements entered into with Quadrans, a company controlled by the ultimate beneficial owner of the Group, for office space in France for the Altice France Group; and
- please see Notes 3.1.3 and 3.2.2 to the Consolidated Financial Statements for more related party transactions.

Revenue reported with the Company's equity holder of €26.1 million and €22.1 million was recognised in the consolidated statement of income for the year ended December 31, 2019 and December 31, 2018, respectively. The revenues for the year ended December 31, 2019 mainly related to the sale of equipment from PT Portugal and online advertising services from Teads to Altice USA. For the year ended December 31, 2018, the revenue primarily related to the sale of software licences and equipment, online advertising services and long-distance traffic to Altice USA.

A total operating expense with the Company's equity holder of €43.0 million and €58.0 million was recognised in the consolidated statement of income for the year ended December 31, 2019 and December 31, 2018, respectively. A financial expense related to the interest expense of lease liabilities recognised under IFRS 16 *Leases* with the Company's equity holder of €20.7 million and zero was recognised in the consolidated statement of income for the year ended December 31, 2019 and December 31, 2018, respectively.

Transactions with related parties are not subject to any guarantees. The table below shows a summary of the Group's related party transactions for the year and outstanding balances as at December 31, 2019 and December 31, 2018.

Related party transactions - income and expense			**December 31, 2019**		
(€m)	**Revenue**	**Operating expenses**	**Financial expenses**	**Financial income**	**Capex**
Equity holder	26.1	43.0	20.7	-	3.4
Associates, joint ventures and NCI	880.3	184.7	21.9	1.4	57.2
Total	**906.4**	**227.8**	**42.6**	**1.4**	**60.7**

Related party transactions - income and expense			**December 31, 2018**		
(€m)	**Revenue**	**Operating expenses**	**Financial expenses**	**Financial income**	**Capex**
Equity holder	22.1	58.0	-	-	0.2
Associates, joint ventures and NCI	145.3	166.1	0.7	7.8	14.1
Total	**167.4**	**224.0**	**0.7**	**7.8**	**14.3**

Related party balances - assets	December 31, 2019			December 31, 2018		
(€m)	Investment, Right-of-use assets, loans and receivables	Trade receivables and other	Current accounts	Investment, Right-of-use assets, loans and receivables	Trade receivables and other	Current accounts
Equity holder	474.3	3.4	-	14.7	17.3	11.3
Associates, joint ventures and NCI	62.9	210.0	25.2	85.4	51.8	25.0
Total	**537.2**	**213.4**	**25.2**	**100.2**	**69.1**	**36.3**

Related party balances - liabilities	December 31, 2019			December 31, 2018		
(€m)	Lease and Other financial liabilities	Trade payables and other	Current accounts	Lease and Other financial liabilities	Trade payables and other	Current accounts
Equity holder	449.1	3.1	0.5	-	41.7	13.0
Associates, joint ventures and NCI	0.4	141.3	-	0.9	93.0	0.6
Total	**449.5**	**144.3**	**0.5**	**0.9**	**134.7**	**13.6**

Revenue

The revenue reported with associates, joint ventures and non-controlling interest (“NCI”) mainly related to:

- in France:
  - revenues for the mobile services delivered to La Poste Telecom; and
  - revenues for the build out of the FTTH network for SFR FTTH.

- in Portugal:
  - revenues for the specialized works and the lease to Fibroglobal - Comunicações Electrónicas of ducts, posts and technical spaces through which the Group’s network passes.

Operating expense

The operating expense reported with associates, joint ventures and NCI mainly related to:

- in France:
  - La Poste Telecom for the use of mobile services on their network;
  - SFR FTTH for operating expenses for the access to the FTTH network; and
  - VOD Factory for providing VOD services during 2018 but no services in 2019.

- in Portugal:
  - Fibroglobal - Comunicações Electrónicas for fibre network infrastructure management, which related to a fee for any new customer installation and a monthly fee for PT Portugal’s customer base through the network of Fibroglobal - Comunicações Electrónicas;
  - Sport TV for broadcasting of sports events; and
  - OMTEL for operating expenses related to fees of the infrastructure service of towers.

- in Israel:
  - PHI for operating expenses for a mobile network in Israel during 2018 (PHI is consolidated as of January 1, 2019).

For the year ended December 31, 2019, the Company recorded an operating expense with its equity holder which mainly relates to depreciation expenses related to the right-of-use assets recognised under IFRS 16 *Leases* in connection with rental agreements with Quadrans (which is controlled by the Company’s controlling shareholder) and a share-based compensation expense. For the year ended December 31, 2018, the recorded operating expense with the Company’s equity holder mainly related to rental expenses from Quadrans and a share-based compensation expense.

Financial expense

The financial expense with the Company's equity holder is related to the interest expense of lease liabilities recognised under IFRS 16 *Leases*. The financial expense reported with associates, joint ventures and NCI related to the write down of the accrued interest on the Wananchi subordinated loan.

Capital expenditures

The capital expenditures reported with associates, joint ventures and NCI mainly related to capital expenditures with SFR FTTH for the build out of the FTTH network in 2019 and for capital expenditures with PHI for the mobile network in 2018.

Investments, right-of-use assets, loans and receivables

The investment, right-of-use assets, loans and receivables of associates, joint ventures and NCI and with the Company's equity holder as of December 31, 2019 mainly related to:

- a loan granted to Fibroglobal - Comunicações Electrónicas that provides fibre network and infrastructure management services to PT Portugal;
- a loan receivable with Synerail in relation to the GSMR project in France; and
- a subordinated loan with Wananchi.

Right-of-use assets with the Company's equity holder related to right-of-use assets as recorded under IFRS 16 *Leases* for rental agreements for office space in France for the Altice France Group entered into by the Group with Quadrans, a company controlled by the ultimate beneficial owner of the Group for €439.0 million (zero as of December 31, 2018 as IFRS 16 *Leases* is effective as of January 1, 2019). Additionally, the Group had a deposit with Quadrans of €12.7 million as of December 31, 2019 and €12.4 million as of December 31, 2018.

Trade receivables and other

The trade receivables and other and the current accounts of associates, joint ventures and NCI as of December 31, 2019 mainly related to:

- in France:
  - La Poste Telecom trade receivables and current account; and
  - SFR FTTH trade receivables.

- in Portugal:
  - Altice - Associação de Cuidados de Saúde trade receivables related to the employee healthcare insurance in PT Portugal; and
  - Sport TV trade receivables.

Lease and other financial liabilities

Lease and other financial liabilities with the Company's equity holder related to lease liabilities as recorded under IFRS 16 *Leases* for rental agreements for office space in France for the Altice France Group entered into by the Group with Quadrans, a company controlled by the ultimate beneficial owner of the Group for €449.1 million (zero as of December 31, 2018 as IFRS 16 is effective as of January 1, 2019). The trade payables and other with equity holders as of December 31, 2018 mainly related to trade payable with Quadrans for rental of office space for the Altice France Group.

Trade payables and other

The trade payables and other of associates, joint ventures and NCI as of December 31, 2019 mainly related to:

- in France:
  - SFR FTTH trade payables.

- in Portugal:
  - OMTEL trade payable related to infrastructure services of towers;

- Altice - Associação de Cuidados de Saúde, which provides healthcare insurance for the PT Portugal's active and retired employees; and
- Sport TV trade payable for broadcasting services of sport events.

2.6 Future developments

Investments in network

Based on the results of its operations, the Group believes that it will be able to make substantial investments in the geographies in which it operates, in particular in France and Portugal.

Fixed

The Group aims to continue the expansion of its fibre network in France and Portugal and intends to capitalize on its past investments in improved fibre infrastructure.

In France, at the end of November 2019, Altice Europe announced that SFR FTTH, alongside its consortium of financial investors (led by OMERS Infrastructure and including Allianz Capital Partners and AXA Investment Managers - Real Assets, acting on behalf of its clients), had entered into an exclusivity agreement with Cube Infrastructure Fund and Partners Group (acting on behalf of its clients) regarding the acquisition of 100% of Covage for a total cash consideration of circa €1.0 billion. The parties entered into the share purchase agreement on December 24, 2019. Covage is the 4th largest fibre wholesale operator in France with 2.4 million homes to be passed (including 0.8 million homes already built) which will be added to SFR FTTH footprint of more than 5.4 million secured homes to be passed (including 1.9 million homes built as at December 31, 2019). Covage will become part of SFR FTTH, resulting in a total of around 8 million secured homes to be passed (including 2.7 million homes already built as at December 31, 2019).

In Portugal, the Group aims to reach 5.3 million homes by the end of 2020 (from 4.5 million at the end of 2018) to capitalize on PT Portugal's leading market position and unmatched service offerings. Across its footprint, the Group will also seek to replicate the successful convergence of its Portuguese customer base into quad- and multi-play offerings, which have lower churn rates, in order to increase cross- and up-selling opportunities and to achieve cross-border operational synergies.

Mobile

In France, the Group accelerated the build-out of its 4G/4G+ network to have a market-leading mobile network (4G population coverage of 99% as of December 31, 2019).

The Group is preparing the ground to be able to launch the 5G networks in the coming years. In 2019, the Group conducted a new 5G experiment in Toulouse, one of its three pilot areas alongside Nantes and Paris Ile-de-France.

Refinancing activities

The Group will continue to opportunistically evaluate refinancing options of its debt, in order to obtain more attractive commercial terms, reduce the interest rates and extend the average maturity of its debt.

2.6.1 *Unusual events*

There have not been any unusual events affecting the Company in the financial year ended on December 31, 2019 other than mentioned in this Management Report.

2.6.2 *Research and development*

2.6.2.1 Altice Labs

Altice Labs, the Group's state-of-the-art research and development centre, aims to centralize and streamline innovative technological solutions development for the entire Group by developing products and solutions that contribute for the Group's convergent network operationalization, improve the customer experience and deliver best-in-class services and equipment both for the mobile/residential and business services segments.

Altice Labs has developed advanced collaborative unified communications, zero-touch provisioning and monitoring systems, online charging systems, data policy enforcement and Passive Optical Network central office and customer premise equipment in line with the most advanced connectivity and Wi-Fi home routing technologies, which have been deployed across geographies improving network resiliency and customer experience.

Some of the differentiating solutions already being leveraged throughout the Group operations include:

- a complete FTTx portfolio solution, from central office and customer premise equipment with best-in-class Wi-Fi coverage, benefiting from last generation Mesh Wi-Fi technology to deliver superior customer experience, to a full suite of passive optical components to cope with flexible outside distribution network design;
- the new generation of high-speed access node equipment, providing OLT functionality, which are able to combine native XGSPON and NGPON2 technologies at the same time that delivering GPON and PtP 1G/10G connections;
- the new CPE generation for FTTx/FGW and HFC/DOCSIS technologies, combining Wi-Fi 6 and RDK-B software-based framework features; this new CPE is a world innovation, with Altice Labs being the single provider able to deliver operational solutions, which decisively contribute to the massive GPON and DOCSIS 3.1 network rollout at the Group's operations;
- a comprehensive operations support systems solution, based on the full-stack NOSSIS portfolio, which enables for an end-to-end operational capability, from network design and assets inventory up to fulfilment and also a network, service and customer assurance. This suite has been playing an important role for the Group's converged networking and connectivity rollout strategy, enabling the creation of a common operational toolkit across the Group's operations;
- a convergent charging and policy solution that provides the Group with a solution for enabling a convergent approach for service charging and data traffic enhancing, contributing for a strong user experience while allowing for synergies across the different operations, both on business models and on network integration;
- a cloud-based unified communications solution, based on Advanced Business Communication solution, which enables the Group to provide business customers with a comprehensive set of flexible self-configuration services that allow them to focus on their businesses and not on the communications;
- a cloud-based M2M managed connectivity solution, based on Smart2M solution, that allows corporate and small and midsize business customers to have an easy way of managing their M2M and IoT communication assets; and
- a complete set of out-of-the-box TV services enabling the creation of a disruptive TV experience for the home or on the move, based on the results of several research projects undertaken by Altice Labs on user experience, usability and service usage.

The strong investments which are being made on the digitalization of the offer are delivering their first results, with innovative cloud-centric solutions that make the difference on customer experience and relationship and introducing as well new revenue generation opportunities. Some of these investments are already delivering results, after first adoptions in some of the Group's operations:

- BOTSchool, an AI-enabled, self-learning, digital assistant platform that is already being successfully used for customer interactions on new offer launching and customer service steering within Altice Portugal and is being positioned as an offer for the business services market as well;

- City Governance Center, a SmartCity solution that positions itself as an aggregation point of data and events generated on other IoT verticals and enhances the municipalities capabilities to act on an intelligent way over their assets. Being now live, its flexible architecture allows Altice Labs to aim to evolve it to be used also on IIoT scenarios, like Industry 4.0, AgroTech or even Smart Automotive solutions;

- Dataplaxe, a data management solution that behaves as the foundation for any data-intensive scenario, and which provides a way for business customers to easily work on huge amounts of data and create specific visualization scenarios based on strong analytics capabilities. Data monetization scenarios, based on combinations of multiple data sources, are the most demanded use cases of this platform.

In addition to these research investments that are now delivering results, Altice Labs has also been investing strongly on two very important topics for the needs of an agile and innovative communications service provider of the future:

- Cognitive Solutions, where artificial intelligence is put at service of the most demanding use-cases, both for automating network operations, and assuring customer service, and for delivering a personalized customer experience when using communications service provider offers. Deep co-innovation work is being done between Altice Labs, the communications service providers and industry partners to achieve differentiation add-ons that will be plugged into existing solutions;

- Virtualization of network functions and the "softwarization" of the networks is paving the way for major changes in the telecom environment. Communications service providers need to evolve to more dynamic and automated core infrastructure in order to capably answer the challenges of a much more demanding customer base (both B2C and B2B). The edge central office as a focal point of the telecom operator's network will consequently be one that will see significant transformations of its components (being the BNG one of the main such components) and corresponding operations. Altice Labs has started the research and development of a solution for a virtualized BNG to be used in this new cloud edge central office environment that complements current Altice Labs's offer in the access area.

These two topics combined will be strongly contributing for the Future Networks and Future Operations transformation vectors within Altice Labs portfolio, providing the Group with the agility required for the challenges for the forthcoming years.

Altice Labs has been a valuable tool to create differentiation on network performance, service usage and digitalization. The strong relationship with universities, start-ups and industry partners sustains a reliable innovation ecosystem to transform knowledge into value to customers in a unique way, leveraging the continuous engagement of Altice Labs on research, development and innovation projects, both self and program funded, that allows for exploring new technologic challenges and new network paradigms, while building strong knowledge and activity on 5G networks, artificial intelligence applied into support systems and access network virtualization.

2.6.2.2 Examples of research and development initiatives in France and Portugal

5G

In 2019, SFR extended its experimental 5G deployments in the 3,500 MHz frequency band initiated in 2018 over Toulouse, Nantes and Paris area. These different 5G experimental networks have been extensively used for performance testing and assessment, in particular with regards to the latest antenna schemes proposed by network manufacturers (including active antennas and advanced beamforming algorithms). Testing activities in 2019 have included various drive tests, supporting 5G use cases proposed by third party companies as well as media and video applications. In addition, inter-operator synchronization and adjacent channel compatibility assessment in the 3,500 MHz band have been performed, as being a new technical particularity brought by the TDD (Time-Division Duplex) in this frequency band. 5G EMF measurement have also been carried out in collaboration with the ANFR (*Agence Nationale des Fréquences*), leading to a public report issued by the ANFR.

In 2019, Altice Labs, together with industry partners, built a 5G living lab, used as part of a larger ecosystem that has been fostering around its community of start-up partners. This 5G living lab comprises live coverage and Standalone and Non-Standalone core networks, which will be used to implement a differentiated set of use-cases, going from IIoT scenarios up to URLLC. A highlight should be made to the first live demonstration of emergency services using a 5G network, where a simulated car accident was handled by a combination of emergency services empowered by 5G communication and devices that allowed to provide a real-time control of the situation on a remote control-centre and remote actuation on medical and police equipment in a car accident scene.

Beyond 5G

Altice Labs, under the work with its partners at Terranova consortium, is currently obtaining encouraging results regarding the use of the THz band in 5G and beyond 5G architecture scenarios. The consortium is working on a demonstrator with the capacity to transport around 500 Gbps over distances up to 1,000 meters (PtP scenario). This demonstrator may position this technology as a candidate to serve as a wireless backhaul to the central office of xPON networks.

Network automation and orchestration

5G's promise of a lower latency requires network functions to be geographically distributed. To achieve this, SFR is transforming its network architecture, that will rely on more distributed edge networking. SFR is moving its mobile network functions from 5 national data centres to 20 regional edge data centres and 100 local edge data centres. To support this multi-year transformation program, SFR has developed a state-of-the-art automation system that allows network functions to be efficiently configured. This system is fully integrated with SFR's network inventories, improving productivity of the operational teams and reducing human errors. In addition to configuring Virtual Network Functions (VNF) and Software Defined Networks (SDN) in the edge data centres, the automation system has also been designed to seamlessly configure and manage Physical Network Functions (PNFs), as required by the ongoing deployment of thousands of network elements that support the rollout of fibre optic services all over the country. The system has been internally designed and developed by an integrated team of engineers from SFR IT and Network Engineering teams, with the support of Altice Labs.

Artificial Intelligence

Altice Labs, under the Cognitive Solutions initiative, has in execution a set of parallel use-cases that leverage data from network operations to automatically predict possible network issues in advance and other that leverage data from service usage to predict customer behaviour and determine what should be the next required content for the customer.

The Internet of Things (IoT)

- The Group has started to successfully deploy in Portugal and France the new narrow-band IoT radio access technology standardized by the 3GPP (a consortium which ensures the standardization of the mobile telecommunication systems worldwide). The narrow-band IoT (NB-IoT) brings significant benefits over non-3GPP low-power wide-area solutions, such as a managed and durable quality of service based on licenced spectrum, trusted end-to-end security mechanisms leveraging proven 4G security features and scalability along with the ability to offer a truly bi-directional connectivity without any radio emission restriction.

- In France, NB-IoT has been deployed in a large part of the country, including all dense cities. Further experimental testing has been carried all throughout 2019 with tier 1 utility companies, mainly around sensor and "smart metering" applications. Additionally, SFR partnered with industry and device providers to grow the NB-IoT ecosystem in France. Finally, first roaming tests in NB-IoT were initiated with SFR international partners.

New set-top box SFR Box 8

Over the last 15 years, SFR has developed its own fixed network gateway and set top boxes to provide high speed internet access and best-in-class TV services to its customers. SFR is leader in innovation thanks to cost effective voice-controlled set-top boxes and the latest technologies such as Wi-Fi 6 which was first deployed in Europe with the new set-top box SFR Box 8.

Nowadays, set-top boxes propose to end-users a huge number of services such as Live TV channels replay, VoD, electronic programme guide, radio channels and third-party applications. With the SFR Box 8, on top of an innovative user-friendly graphical interface, SFR has developed a far-field voice command control with artificial intelligence to facilitate the end-user access and improve the search experience thanks to its own "OK SFR" voice assistant. The SFR Box 8 supports high quality stereo output. This enables the end user to listen to radio, music streaming (Spotify, Napster, etc.) and to control the SFR home automation solution with TV off and simple voice command.

With the SFR Box 8, SFR started to limit waste and apply good practices to preserve the environment. SFR designs products to achieve high reliability and to be easily refurbished. Products include a dedicated diagnostic connector to be easily tested in refurbishing centre. SFR will also develop dedicated software tool to make hardware diagnostic quicker.

Statistics computed by SFR on legacy products show that a single product can go through the refurbishing process and be deployed to the field ten times at least. This means that the same product can provide services to ten different end-users limiting the manufacturing of new products and its scrapping.

2.7 Risk management and control

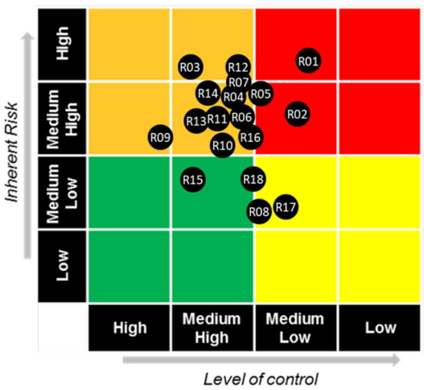
The Group recognizes that effective risk management is critical to enable the Group to meet its strategic objectives. As a structured approach, risk management is integrated in the Group's strategic planning and operational management procedures and relies on the commitment of all employees to adopt risk management as an integral part of their duties, notably by identifying, reporting and implementing risk mitigation measures and behaviours. Therefore, the Group is continuously monitoring its risk management framework, policies and procedures, to adapt to the ever-changing business environment where the Group operates.

The Group conducts annual risk assessments to identify the main risks the Group is exposed to and to determine appropriate measures with the view to focus on internal controls in the relevant areas. The Group therefore operates a risk management framework designed to account for its geographically diversified market presence and product portfolio. The Group's risk management framework enables its risks to be identified, assessed, managed and monitored. The Group categorizes its risks into four groups:

- strategic risks – risks and uncertainties that may hamper the achievement of strategic and/or business plans of the Group;
- operational risks – risks and uncertainties that may potentially affect the effectiveness and efficiency of the Group's current business and operations;
- financial risks – risks and uncertainties with respect to the Group's financial position; and
- compliance risks – risk and uncertainties with respect to laws and regulations that can have an impact on the Group's organization and/or business processes and operations.

The Group's risk assessment approach consists of two parts: (i) identification of the key risks and events that can materially affect the Group's strategic objectives and operations, using a "top down" and a "bottom up" exercise conducted in its key operations and geographies – France, Portugal, the Dominican Republic and Israel; and (ii) assessment of the probability of occurrence of such risks and of their impact on the Group's strategy and operations, and determination of the level of control the Group has over those risks (risk mapping). The Group conducted its risk mapping exercise in 2019 to reflect the changes in its corporate structure and the evolving economic, business and regulatory environment. The exercise was performed through workshops conducted across the key Group's entities, businesses and geographies.

The below illustration shows the key risks identified for the Group, that were considered to be the most material, although there may be other unknown or unpredictable economic, business, competitive, regulatory or other factors that also could have material adverse effects on the Group's results of operations, financial condition, business or operations in the future.



R1 Competition
R2 Regulation
R3 Compliance - Legal and administrative proceedings
R4 Business continuity management
R5 Taxation
R6 Quality of service - Services failures
R7 Growth strategy - Investment management - Innovation
R8 Revenue Assurance
R9 Reliability of financial statements
R10 Reputation
R11 Talent retention and Human resources management
R12 Network and IT systems reliability and security
R13 Supply chain performance
R14 Debt and liquidity management
R15 Fraud
R16 Macroeconomics and Political risks
R17 Business ethics - Human rights
R18 Climate change

2.7.1 *Key risks*

Competition (R1)

The Group faces significant competition from established and new competitors in each of the countries and segments in which it operates. The nature and level of the competition the Group faces varies in each of its countries of operation and for each of the products and services it offers. For its fixed services, the Group's competitors include, but are not limited to, providers of television, broadband Internet, fixed-line telephony and business services using xDSL or fibre connections, providers of television services using technologies such as

IPTV, providers of television by satellite, DTT providers, mobile network operators, and providers of emerging digital entertainment technologies and other providers of wholesale carrier, infrastructure and white label services. For its mobile services, the Group faces competition from other mobile operators who own and operate a mobile network as well as from providers of VoIP and MVNOs. For its wholesale services, the Group's key competitors include but are not limited to, wholesale providers of voice, data and fibre services. For its media and content offerings, the Group's competitors include historical private media groups, public radio operators, and online content aggregators with broadcast OTT programs on a broadband network.

In some instances, the Group's competitors may have easier access to financing, more comprehensive product ranges, lower financial leverage, greater financial, technical, marketing and personnel resources, larger subscriber bases, wider geographical coverage for their cable or mobile networks, greater brand name recognition and experience or longer established relationships with regulatory authorities, suppliers and customers. Some of the Group's competitors may have fewer regulatory burdens with which they are required to comply because, among other reasons, they use different technologies to provide their services, do not own their own fixed-line network, or are not subject to obligations applicable to operators with significant market power.

There has been a trend of consolidation of telecommunications operations on a number of countries in which the Group operates. Mergers, joint ventures, and alliances among franchised, wireless, or private cable operators, satellite providers, local exchange carriers, and other telecommunication service providers, in any of the jurisdictions in which the Group operates may provide additional benefits to some of its competitors, either through access to financing, resources, or efficiencies of scale, or the ability to provide multiple services in direct competition with the Group. Competition may also increase following the creation of public-private joint ventures.

Because the telecommunications and mobile markets in Western Europe in which the Group operates are reaching saturation, there are a limited number of new subscribers entering the market and therefore in order to increase its subscriber base and market share it is dependent on attracting the Group's competitors' existing subscribers, which intensifies the competitive pressures it is subject to. Moreover, the competitive landscape in those countries is generally characterized by increasing competition, tiered offerings that include lower priced entry-level products and a focus on multi-play offerings including special promotions and discounts for customers who subscribe for multi-play services, which may contribute to increased average revenue per unique customer relationship, but will likely reduce the Group's ARPU on a per service basis for each service included in a multi-play package. The Group expects additional competitive pressure to result from the convergence of broadcasting and communication technologies, as a result of which participants in the media and telecommunications industries seek to offer packages of fixed and mobile voice, Internet and video broadcast services.

The Group's products and services are also subject to increasing competition from alternative new technologies or improvements in existing technologies. For example, its pay-TV services in certain jurisdictions compete with providers who provide IPTV services to customers in its network areas utilizing DSL or VDSL broadband Internet connections. In the broadband Internet market, the Group generally faces competition from mobile operators as they are increasingly able to utilize a combination of progressively powerful handsets and high bandwidth technologies, such as UMTS and LTE technology. Mobile services, including those offering advanced higher speed, higher bandwidth technologies and MVNOs also contribute to the competitive pressures that the Group faces as a fixed-line telephony operator. In the past, mobile operators have engaged in 'cut the line' campaigns and have used attractive mobile calling tariffs to encourage customers with both fixed-line and mobile services to retain only their mobile services. This substitution, in addition to the increasing use of alternative communications technologies, tends to negatively affect the Group's fixed-line call usage volumes and subscriber growth. At the same time, incumbent fixed-line operators have also applied resources to 'win back' activities that can entice the Group's existing telephony customers, as well as prospective telephony customers, to return or remain with the incumbent by offering certain economic incentives.

In addition, new players from sectors that are either unregulated or subject to different regulations (including Internet players such as Yahoo, Google, Microsoft, Amazon, Apple, YouTube, Netflix and other audiovisual media players, which operate OTT of an existing broadband Internet network without the Internet access provider being involved in the control or distribution of the program), have also emerged as competitors to the Group's video content offering. These players are taking advantage of improved connectivity and platform agnostic technologies to offer over the top and cloud-based services. Telecommunications operators are expected to maintain traditional access services and billing relationships over which users access services from adjacent players such as well-known companies offering music, video, photos, apps and retail. The rapid success of audiovisual content streamed through the telecommunications network and insufficient innovation could lead to the emergence of other content or service providers as well as the saturation of the network, which would put pressure on the revenues and margins of operators like the Group while simultaneously requiring them to increase capital expenditures to remain competitive, which could adversely affect the Group's business, financial condition or results of operations.

Moreover, the Group is also facing competition from non-traditional mobile voice and data services, based on new mobile voice over the Internet technologies, in particular OTT applications, such as Skype, Google Talk, Facetime, Viber and WhatsApp. These OTT applications are often free of charge, accessible via smartphones and allow their users to have access to potentially unlimited messaging and voice services over the Internet, thus bypassing more expensive traditional voice and messaging services ("**MMS**") provided by mobile network operators like the Group, who are only able to charge the Internet data usage for such services. With the growing share of smartphone users in the jurisdictions in which the Group operates, there is an increasing number of customers using OTT services. All telecommunications operators are currently competing with OTT service providers who leverage existing infrastructures and are often not required to implement capital-intensive business models associated with traditional mobile network operators like the Group. OTT service providers have over the past years become more sophisticated and technological developments have led to a significant improvement in the quality of service, particularly in speech quality. In addition, players with strong brand capability and financial strength, such as Apple, Google, or Microsoft, have turned their attention to the provision of OTT audio and data services. In the long term, if non-traditional mobile voice and data services or similar services continue to increase in popularity and if the Group, or more generally all the telecommunications operators, are not able to address this competition, this could cause declines in ARPU, subscriber base and profitability across all of the Group's products and services, among other material adverse effects.

In addition, the Group may face increasing competition from a large-scale roll-out of public Wi-Fi networks by local governments and utilities, transportation service providers, new and existing Wi-Fi telecommunications operators and others, which particularly benefits OTT applications. Due to the ability to leverage their existing infrastructure and to roll out public Wi-Fi in a cost-efficient way, the Group's competitors may be better positioned to offer their customers public Wi-Fi access at attractive terms and conditions or as part of their current mobile and landline offerings, which may affect the Group's ability to retain or acquire customers. Furthermore, the Group's competitors may realize cost savings by off-loading mobile data traffic onto their own Wi-Fi networks or those of their partners in order to reduce costs and increase bandwidth more quickly or efficiently than the Group can. An increase in public Wi-Fi networks could also cause declines in ARPU and profitability as demand for the Group's network and services decreases.

In order to mitigate these risks, the Group actively monitors market developments, trends in customer demands and new offers from competitors, adjusting the Group's strategy as needed. The Group also develops initiatives and programs to promote customer experience, such as introducing new innovative products and services and investing in the technology and networks (5G, FTTH and integrated set-top boxes) as well as in content offerings and follows closely new technological innovations that may impact significantly the Group's business activity. In addition, the Group is implementing organizational restructuring initiatives and programs in order to set up a more agile organization and processes to enable a lower level of operational costs and adapt to new market developments.

Regulation - Compliance - Legal and administrative proceedings (R2 and R3)

The Group's activities as a television, broadband Internet infrastructure access provider, ISP, fixed-line, international long-distance telephony and mobile operator, and media and content provider are subject to regulation and supervision by various regulatory bodies, including local and national authorities in the jurisdictions in which it operates. Such regulation and supervision, as well as future changes in laws or regulations or in their interpretation or enforcement that affect the Group, its competitors or its industry, strongly influence how the Group operates its business. Complying with existing and future law and regulations may increase its operational and administrative expenses, restrict its ability or make it more difficult to implement price increases, affect its ability to introduce new services, force the Group to change its marketing and other business practices, and/or otherwise limit its revenues. In particular, the Group's business could be materially and adversely affected by any changes in relevant laws or regulations (or in their interpretation) regarding, for example, licensing requirements, access and price regulation, interconnection arrangements or the imposition of universal service obligations, or any change in policy allowing more favourable conditions for other operators or increasing competition. There can be no assurance that the provision of the Group's services will not be subject to greater regulation in the future. Furthermore, a failure to comply with the applicable rules and regulations could result in penalties, restrictions on the Group's business or loss of required licences or other adverse consequences.

In addition, the Group is subject to antitrust rules and regulations and is, from time to time, subject to review by authorities concerning whether it exhibits monopoly power in any of the markets in which it operates. To the extent that the Group is deemed by relevant authorities to exhibit significant market power, it can be subject to various regulatory obligations adversely affecting its results of operations and profitability. Regulatory authorities may also require the Group to grant third parties access to the Group's bandwidth, frequency capacity, and facilities or services to distribute their own services or resell its services to end customers. Remedies imposed by the regulators may also require the Group to provide services in certain markets or geographic regions or to make investments that it would otherwise not choose to make. In addition, the Group incurred, and may still have to incur, expenses to adapt its operations to changing regulatory requirements and to ensure regulatory compliance. The Group may have to divert resources from its business operations in order to fulfil its regulatory obligations, which could adversely affect its ability to compete.

The Group collects and processes subscriber data as part of its daily business and the leakage of such data may violate laws and regulations which could result in fines, loss of reputation and subscriber churn and adversely affect its business. Regarding the new EU regulation on data protection (GDPR) that took effect on May 25, 2018, the Group has performed an assessment of the impact on implementing the GDPR in the different European countries in which it operates and implemented initiatives to comply with the requirements of this new regulation and protect the confidentiality and security of data and respect the rights of the people whose data the Group processes.

The Group might also be exposed to risks of non-compliance due to the non-observance or the breach of internal (self-regulation such as, for example, bylaws or code of ethics) and external rules (laws and regulations, including anti-corruption laws), with consequent judicial or administrative penalties, financial losses or reputational damage (please see section 3.8.3 *"Culture and values of the Group"* for more details on the Group's corporate culture and commitment to professional and ethical standards).

The Group monitors closely the risks and opportunities that could result from new regulations in the different geographies in which it operates, and implements policies, processes and internal control procedures, aiming to limit exposure to complex legal, regulatory and compliance requirements. The Group also aims to have an on-going, open and transparent discussion with regulatory authorities. In addition, the Group aims to ensure that processes, procedures, systems and corporate conduct comply with legal requirements.

The Group is also involved in a number of legal and administrative proceedings arising in the ordinary course of its business. The legal proceedings initiated against the Group include, amongst others, the following categories of claims: claims by or on behalf of customers on various grounds such as alleged misrepresentation or breach of service or licence terms or breach of telecommunication, broadcasting, consumer or health and safety regulations, intellectual property claims primarily relating to alleged copyright infringement brought by copyright collection societies, claims by suppliers and other telecommunications providers, claims by employees and claims by the regulatory bodies whose jurisdiction the Group is subject to in the countries in which it operates.

In addition, some of the jurisdictions in which the Group operates allow for certification of certain suits as class action suits. Given its residential activities, the Group could be confronted, like any operator in the sector, with potential class action lawsuits that could be joined by clients seeking to obtain reparations for potential damages. In such cases, and assuming there are actual or even only alleged practices and damages, the Group could face significant claim amounts and its reputation could be harmed.

The Group proactively manages its litigation risks by assessing disputes where it believes the claimant may have merit, and by attempting to settle such disputes on favourable terms, including in the case of suits seeking certification as class action suits at a stage prior to such certification, and by contesting others where it believes the claim does not have merit, e.g. the fine imposed by the European Commission for gun jumping in connection with the Company's acquisition of PT Portugal in June 2015 or the claims filed in the latter half of 2018 against the Company in the United States in connection with the Altice USA IPO. The Group records a provision when there is a sufficient probability that a dispute will result in a loss for the Group and the amount of such a loss can be reasonably estimated.

Please see Note 32 to the Consolidated Financial Statements for a summary of material administrative, judicial or arbitral proceedings (including any pending or threatened proceedings) that are likely to have, or have had, a material adverse effect on the Group's business, financial position, operations or liquidity.

Business continuity management (R4)

The Group is required to hold licences, franchises, permits and similar authorizations to own and operate its networks and to broadcast its signal and radio and TV content to its customers. These authorizations generally require that the Group complies with applicable laws and regulations, meets certain solvency requirements and maintains minimum levels of service. Should the Group fail to comply with these, it may be subject to financial penalties from the relevant authorities and there may also be a risk that licences could be partially or totally withdrawn. The imposition of fines and/or the withdrawal of licences could have a material adverse effect on the Group's results of operations and financial condition and prevent the Group from conducting its business. In addition, such authorizations are generally granted for fixed terms and must be periodically renewed. The procedure for obtaining or renewing these licences can be long and costly and authorities often demand concessions or other commitments as a condition for renewal. In addition, these licences may not be obtainable or renewable in a timely manner or at all. In some instances, such authorizations have not been renewed at expiration, and the Group has operated and is operating under either temporary operating agreements or without an authorization while negotiating renewal terms with the local franchising authorities. Should the Group not be able to obtain or renew the licences needed to operate or develop its business in a timely fashion, its ability to realize its strategic objectives may be compromised. In certain cases, the Group's mobile licences require it to comply with certain obligations (population coverage, sharing in certain areas, national roaming) and the Group may suffer adverse consequences if it is not able to comply with these obligations.

The Group monitors closely, through its operational teams, the compliance with requirements under the licences, franchises, permits and similar authorizations it holds to own and operate its networks and that support its business processes and services. In addition, the Group has processes in place that enable it to identify and act in cases of any potential non-compliance.

In certain operations, the Group is dependent on access to sites and land belonging to, and network infrastructure owned by, third parties, including for mobile infrastructure, cable duct space and antennas used for its networks and facility space. In this respect, the Group generally obtained leases, rights and licenses from network operators, including incumbent operators, governmental authorities and individuals. Its ability to offer its services to customers depends on the performance of these third parties of their obligations under such leases, licenses and rights. If the Group is not able to renew its current lease agreements for these sites and/or enter into new lease agreements for suitable alternate sites, this could have a negative impact on the coverage of its network. If third parties refuse to or only partially fulfil their obligations under or terminate the licenses granted to the Group or prevent the required access to certain or all of such sites, it could prevent or delay the connection to sites or customers, limit the growth of the Group's offerings and influence the Group's ability to supply high quality services to its customers in a timely and cost effective manner. In addition, the costs of providing services is dependent on the pricing and technical terms under which the Group is given such access and any change in such terms may have a material adverse effect on the Group's business, financial condition and results of operations. In many cases, the Group may not be able to find suitable alternatives at comparable cost or within a reasonable timeframe.

Also, the Group's networks and operations may be subject to interruptions by natural disasters, including, but not limited to hurricanes, fire, floods, earthquakes, pandemics and other events beyond its control. The Group operates in certain jurisdictions in which existing infrastructure and telecommunications equipment (such as cables and mobile towers) may not be able to withstand a major natural disaster and/or in which emergency response time may be significant, and a prolonged recovery time could be required to resume operations. To mitigate these risks, the Group designs and implements disaster recovery plans, based on the risk assessment of the network, IT and supporting teams.

Taxation (R5)

Any change in local or international tax rules, for example prompted by the OECD recommendations on Base Erosion and Profit Shifting (a global initiative to improve the fairness and integrity of tax systems), the implementation of the EU Anti-Tax Avoidance Directive (2016/011/CNS), the new French Anti-Fraud Act no. 2018-898 (one of the main consequence of which is the automatic transfer of certain tax reassessment cases to the prosecutor, which may result in additional exposure for the Group in terms of reputation risk, as well as increased penalties), or any adverse decision by tax authorities may have an adverse effect on the Group's tax status and its financial results. Any such changes may also affect the return on an investor's investment in the Group and result in changes in personal tax rates and tax relief.

The Group monitors closely changes in tax legislation in the different countries where it operates, as part of its tax governance. In addition, the Group maintains a constructive engagement with the various tax authorities and relevant government representatives in the countries where it operates. When appropriate, the Group seeks additional advice from external advisors. Furthermore, the Group maintains an internal control framework for key tax risk areas.

Nevertheless, significant judgment is required in determining the Group's tax positions, amongst others corporate income tax and VAT. In the ordinary course of business, there are transactions where the ultimate tax determination is uncertain. Additionally, calculation of the tax positions is based in part on interpretations of applicable tax laws in the jurisdictions in which the Group operates. Although the Group believes its tax estimates are reasonable, there is no assurance that the Group's tax positions will not be challenged by the tax authorities and that the final determination of its tax positions will not be materially different from what is reflected in its statement of income and related balance sheet accounts. For instance, French tax authorities have challenged the application of differentiated VAT rates to the multi-play offerings including content such as TV or press (i.e., pursuant to the French tax code, television or press services are subject to reduced VAT rates, whereas internet and telecommunication services are subject to the normal VAT rate), before a change in law in 2018 further prevented the application of such differentiated VAT rates on such multi-play offerings. Should additional taxes be assessed as a result of new legislation, tax litigation or an audit, if the tax treatment should change as a result of changes in tax laws, or if the Group were to change the locations in which the Group operates, there could be a material effect on its results of operation or financial position.

Quality of service - Services failures (R6)

Many of the Group's products and services are manufactured and maintained through complex and precise technological processes. These complex products may contain defects or experience failures when first introduced or when new versions or enhancements to existing products are released. The Group cannot guarantee that, despite testing procedures, errors will not be found in new products after launch. Such errors could result in a loss of, or a delay in, market acceptance of the Group's products, increased costs associated with customer support, delay in revenue recognition or loss of revenues, writing down the inventory of defective products, replacement costs, or damage to the Group's reputation with its customers and in the industry. As a result, the Group could incur substantial costs to implement modifications and correct defects. Any of these problems could materially adversely affect its results of operations.

The volume of contacts handled by the Group's customer service functions can vary considerably over time. The introduction of new product offerings can initially place significant pressure on its customer service personnel. Increased pressure on such functions is generally associated with decreased satisfaction of customers.

In the business services and wholesale markets, customers require service to be extremely reliable and to be re-established within short timeframes if there is any disruption. Penalties are often payable in the case of failure to meet expected service quality. In addition, product installation can be complex, requiring specialized knowledge and expensive equipment. Delays and service problems may result in both penalties and the potential loss of customers. In these segments, the Group relies on its experienced customer relations personnel to handle any customer issues or requests, and the loss of such personnel can result in the loss of customers.

The Group has in the past experienced significant levels of customer dissatisfaction as a result of operational difficulties. Improvements to customer service functions may be necessary to achieve desired growth levels, and if the Group fails to manage such improvements effectively and achieve such growth, it may in the future experience customer service problems and damage its reputation, contributing to increased churn and/or limiting or slowing its future growth.

The Group's ability to attract and retain customers to its fixed and mobile telephony services, or to increase profitability from existing customers, will depend in large part on its ability to stimulate and increase subscriber usage, convince subscribers to switch from competitors' services to its services, offer the network quality and coverage, deliver best in class customer services, and on its ability to minimize customer churn

The Group remains focused on continuing to improve network quality to provide its customers with the best network and technologies offerings. In addition, the Group is deploying a program to improve the effectiveness and quality of its customer care services in the geographies in which the Group operates (please see section 1.5.2 *"Customer service"* for additional details regarding quality of service initiatives).

Growth strategy - Investment management - Innovation (R7)

Historically, the Group's business has grown, in part, through a significant number of selective acquisitions that enabled it to take advantage of existing networks, service offerings and management expertise. The Group's future growth, profitability and results of operations depend upon its ability to successfully implement its business strategy, which, in turn, is dependent upon a number of factors, including its ability to continue to:

- simplify and optimize its organization;
- reinvest in infrastructure and content;
- invest in sales, marketing and innovation;
- enhance the customer experience;
- drive revenue and cash flow growth; and
- opportunistically grow through value-accretive acquisitions.

There can be no assurance that the Group can successfully achieve any or all of the above initiatives in the manner or time period that it expects. Furthermore, achieving these objectives will require investments which may result in short term costs without generating any current revenues and therefore may be dilutive to its earnings. The Group cannot provide any assurance that it will realize, in full or in part, the anticipated benefits it expects its strategy will achieve. The failure to realize those benefits could have a material adverse effect on the Group's business, financial condition and results of operation. In addition, if the Group is unable to continue improving its operational performance and customer experience, it may face a decrease in new customers and an increase in churn, which could also have a material adverse impact on its business and financial condition (please see section 2.2 *"Strategy of the Group"* for additional details regarding key elements of the Company's growth strategy).

The Group's business is also characterized by rapid technological change and the introduction of new products and services. Innovation cycles in the telecommunications industry are getting shorter and technologies are superseding existing technologies, products or services at a fast pace (e.g. migration of copper to fibre or the deployment of new 5G mobile networks). Therefore, the Group is subjected to the risk of failing to leverage technological advances and developments in its business model, to obtain or maintain competitive advantages. The continuous investment in innovation by the Group has proved to be essential for enhancing the leadership and competitiveness of the Group in the various segments and markets in which it operates. By way of example, the Group is preparing the launch in the coming years of the 5G networks in France and Portugal and is currently testing innovative services (e.g. emergency services with real-time remote control). The Group is also developing partnerships for beyond 5G architecture scenarios (in the THz band) that may be used in the future as a wireless backhaul to the central office of xPON networks.

The Group also aims to promote innovation and creativity by seeking partnerships with universities, corporate networks and start-ups (please see section 2.6.2 *"Research and development"* for additional details regarding Altice Labs, the Group's state-of-the-art research and development centre, and other innovative initiatives).

In addition, in response to changing consumer habits, the Group has focused its offers towards convergence, mobility and virtualization of content and services. If any new or enhanced technologies, products or services that the Group introduces fail to achieve broad market acceptance or experience technical difficulties, its revenue growth, margins, cash flows and competitive advantage may be adversely affected.

The Group's business may suffer if the Group cannot continue to licence or enforce the intellectual property rights on which its business depends, or if it is subject to claims of intellectual property infringement. The Group relies on patent, copyright, trademark and trade secret laws and licences and other agreements with its employees, customers, suppliers and other parties to establish and maintain its intellectual property rights in content, technology and products and services used to conduct its businesses. However, the Group's intellectual property rights or those of its licensors could be challenged or invalidated, the Group could have difficulty protecting or obtaining such rights or the rights may not be sufficient to permit the Group to take advantage of business opportunities, which could result in costly redesign efforts, discontinuance of certain product and service offerings or other competitive harm. Successful challenges to its rights to intellectual property or claims of infringement of a third party's intellectual property could require the Group to enter into royalty or licensing agreements on unfavourable terms, incur substantial monetary liability or be temporarily or permanently prohibited from further use of the intellectual property in question. This could require the Group to change its business practices and limit its ability to provide its customers with the content that they expect.

Revenue assurance (R8)

The Group could be in some situations vulnerable to revenue leakages with the dynamic changes in networks, IT systems and the multitude of its service/bundle/plan offerings given the pace at which new offers are launched in the market. The revenue chain is usually a very complex set of inter-related technologies and processes providing a seamless set of services to the end consumer. As the set of technologies and business processes grows bigger and more complex, the chance of failure increases in each of its connections. A revenue leakage will have an impact in the Group's ability to bill customers correctly for a given service or to receive the correct payment, which may adversely impact the Group's margins and profitability.

The Group monitors closely the risk related with revenue loss and continuously improves controls in its revenue assurance processes in order to prevent and/or detect cases of revenue leakages. Prior to the launch or cut-over of new products, services and new systems, appropriate revenue assurance controls are already embedded in system capabilities and manual processes.

Reliability of financial statements (R9)

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are considered by the Group's management to be reasonable under the circumstances and at the time. These estimates and assumptions form the basis of judgments about the carrying values of assets and liabilities that are not readily available from other sources. Areas requiring more complex judgments may shift over time based on changes, business mix and industry practice, which could affect the Group's reported amounts of assets, liabilities, income and expenses. In addition, management's judgments, estimates and assumptions and the reported amounts of assets, liabilities, income and expenses may be affected by changes in accounting policy. In May 2014, the International Accounting Standards Board ("**IASB**") issued a new accounting standard for revenue recognition – IFRS 15 *Revenue from Contracts with Customers* – that superseded nearly all existing revenue recognition guidance that the Group complied with at the time, including International Accounting Standards ("**IAS**") 18 *Revenue*, 11 *Construction Contracts* and related interpretations. The Group has adopted IFRS 15 *Revenue from Contracts with Customers* for the annual period beginning on January 1, 2018, in accordance with the full retrospective method by restating each prior period and recognizing the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity at the beginning of the earliest period presented (January 1, 2017). The quantitative impacts are presented in the consolidated financial statements of the Company as of and for the year ended December 31, 2018.

IFRS 9 *Financial Instruments* issued on July 24, 2014 is the IASB's replacement of IAS 39 *Financial Instruments: Recognition and Measurement*. The standard includes requirements for recognition and measurement, impairment, de-recognition and general hedge accounting. The standard is applicable for annual periods beginning on or after January 1, 2018. The Group implemented the standard based on the simplified retrospective approach; the transition impact was recorded in equity as of January 1, 2018. The quantitative impacts are presented in the consolidated financial statements of the Company as of and for the year ended December 31, 2018.

In January 2016, the IASB issued a new standard coming into effect in January 2019, IFRS 16 *Leases*, which is meant to supersede the old standard (IAS 17 *Leases*) and its interpretations. Under the new standard, which became effective on January 1, 2019, an asset (the right to use the leased item) and a financial liability (a liability for discounted minimum lease payments over the lease term) are recognised in the statement of financial position. Most of the lease commitments in the scope of the standard relate to mobile sites (land, space in cell towers or rooftop, agreement with towers company), network infrastructure (including local loop unbundling), buildings used for administrative or technical purposes and other assets (vehicles). Judgment is required in the determination of the discount rates and the assessment of the lease term (considering renewal or termination options). From a lessor perspective, the new standard does not have a material impact as the distinction between operating and finance leases remains under the new standard. From a lessee perspective, the new standard had an effect primarily on the accounting for operating leases. The most significant impact was the recognition of right-of-use assets and lease liabilities for leases qualifying as operating leases under the old standard, while accounting for leases qualifying as finance leases under the old standard remains substantially unchanged.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application (i.e. January 1, 2019). Therefore, the consolidated financial statements of the Company as of and for the year ended December 31, 2018 were not restated under the new standard. The quantitative impacts are presented in the Consolidated Financial Statements.

In order to mitigate the risks resulting from the factors mentioned above, the Group has a mechanism in place to anticipate and analyse complex financial transactions in advance of their completion, in order to correctly evaluate the requisite accounting treatment and expected quantitative impact on the financial statements. This mechanism includes benchmarking the treatment of similar transactions by peers and advance consultation with the Group's external advisors. Recent examples of such cases include the accounting treatment of IFRS 15 and IFRS 16, the annual impairment analysis, the accounting for partial dispositions and the accounting for derivative transactions entered into by the Group.

The Group also forms taskforces and engages external consultants to work on the implementation of and assess the impact of new accounting standards on its financial statements, with an objective to be ready internally in advance of the adoption of such standards. This includes a peer review of positions adopted within the industry and round tables with market regulators and other authorities.

Reputation (R10)

The reputation risk refers to the risk of deterioration of reputation among customers, counterparties, investors, supervisory and control authorities, and the general public as a result of business decisions, operating events, instances of non-compliance with applicable laws, rules or regulations or other events. The objective of managing the reputation risk is to protect the Group's reputation by counteracting the occurrence of reputation losses and limiting the negative effect of image-related events on the Group's reputation.

An unexpected negative media report on the Group's products, services and corporate activities can have a huge impact on the reputation of the Group and its brand image. Social networks have made it possible that such information and opinions can spread much more quickly and extensively.

The Group monitors closely potential threats and engages in a constant and constructive dialog with its relevant stakeholders to mitigate any negative impact on its brands value and reputation.

Talent retention and human resources management (R11)

The Group operates in highly competitive and changing markets, which requires the Group to constantly adapt, anticipate and adopt new measures in order to preserve its competitiveness and efficiency. This leads to regular changes to its organizations, which require the employees affected to adapt. This process requires mobilization and motivation of teams with the Group's objectives. As a result, the Group's business could be affected by deterioration in labour relations with its employees, staff representative bodies or unions. The Group's ability to maintain good relations with its employees, staff representative bodies and unions is crucial to the success of its various projects. Therefore, the Group must continuously consult with staff representatives in order to ensure the success of its current and future projects, which may delay the completion of certain projects. Furthermore, the Group has entered into various collective bargaining agreements and will periodically negotiate with representatives of labour organizations. While the Group has recently entered into such agreements with various labour organizations, it cannot be excluded that the Group will have difficulties in finalizing such collective bargaining agreements in the future.

In addition, planned decisions or projects may not be well received by employees and may lead to a deterioration in labour relations, causing decreases in productivity and potential social conflicts (work interruptions, disruptions, etc.). Such situations could have a material adverse effect on the business, financial situation and operational results of the Group.

The Group depends on the continued contributions of its senior management and other key personnel. There can be no assurance that the Group will be successful in retaining their services or that it would be successful in hiring and training suitable replacements without undue costs or delays. As a result, the loss of any of these key executives and employees could cause disruptions in its business operations, which could materially adversely affect its results of operations. Any failure to apply the necessary managerial and operational resources to the Group's growing business and any weaknesses in its operational and financial systems or managerial controls and procedures may impact its ability to produce reliable financial statements and may adversely affect its business, financial condition and results of operations.

The Group maintains and develops collaborative relationships with employees, staff representative bodies and unions, in order to ensure the success of its current and future projects. In addition, the Group promotes talent retention programs in order to identify and proactively retain key employees and competencies. As such, all the Human Resources departments are working to identify the key employees and to ensure the Group is offering them an opportunity to grow adequately and to remain on board. The retention of the talents is certainly an axis on which the Group needs to continue to invest by applying new processes but also by improving internal mobility and career planning.

The Group carefully follows developments related to the COVID-19 pandemic in order to ensure the protection and safety of employees, a key priority for the Group at all times. In these circumstances, the Group has put in place various measures to promote safe working conditions, thereby further strengthening existing health protection measures. For example, measures have put in place within the Group to limit travel and free up space in work areas.

Network and IT systems reliability and security (R12)

The Group's success depends, in part, on the continued and uninterrupted performance of its information technology and network systems as well as its customer service centres. Despite the precautions the Group has taken, unanticipated problems affecting its systems could cause failures in its information technology systems or disruption in the transmission of signals over its networks. Sustained or repeated system failures that interrupt the Group's ability to provide service to its customers or otherwise meet its business obligations in a timely manner would adversely affect its reputation and result in a loss of customers and revenues.

If any part of the Group's fixed or mobile networks, including its information technology systems, is subject to terrorism, acts of war, a computer virus, a power loss, flooding, fires, other catastrophe or unauthorized access, its operations and customer relations could be materially adversely affected. The occurrence of any such event could cause interruptions in service or reduce capacity for customers, either of which could reduce its revenue or cause the Group to incur additional expenses. In addition, the occurrence of any such event may subject the Group to penalties and other sanctions imposed by regulators.

The Group's reputation and business could also be materially harmed as a result of, and the Group could be held liable, including criminally liable, for, data loss, data theft, unauthorized access, or successful hacking. If third parties manage to gain access to any of the Group's information technology systems, or if such systems are brought down, third parties may be able to misappropriate confidential information, cause interruptions in the Group's operations, access the Group's services without paying, damage its computers, or otherwise damage the Group's reputation and business. Both unsuccessful and successful "cyber-attacks" on companies have continued to increase in frequency, scope, and potential harm in recent years. While the Group continues to invest in measures to protect its networks, any such unauthorized access to the Group's cable television service could result in a loss of revenue, and any failure to respond to security breaches could result in consequences under the Group's agreements with content providers, all of which could have a material adverse effect on the Group's business, results of operations and financial condition. Furthermore, as an electronic communications services provider, the Group may be held liable for the loss, release, or inappropriate modification or storage conditions of customer data or the wider public, which are carried by its network or stored on its infrastructures. In such circumstances, the Group could be held liable or be subject to litigation, penalties, including the payment of damages and interest, and adverse publicity that could adversely affect its business, financial condition and results of operations.

The Group develops risk mitigation actions such as: (i) securing the telecommunications core network; (ii) preparing risk maps for the various technological platforms, identifying dependencies and single failure points; (iii) defining and implementing disaster recovery plans; (iv) implementing systems and procedures aimed at ensuring determined QoS (Quality of Service) and QoE (Quality of End user Experience) levels; (v) investing in new generation networks and preventive maintenance actions; (vi) investing in information systems to support the activity of technical teams; (vii) implementing security measures, including control procedures, backup systems and protection systems, such as firewalls, antivirus and building security; and (viii) deploying a cyber-watch program in order to assess potential vulnerabilities and to monitor effectiveness of the controls in place.

In addition, the Group is continuously assessing the security policies, standards, procedures and adjusting them so they incorporate new profile threats, and their effectiveness by regular audits.

Supply chain performance (R13)

The Group has important relationships with several suppliers of hardware, software and related services that it uses to operate its pay-TV, broadband Internet, fixed-line telephony, mobile and business services businesses and to broadcast its content offerings. In certain cases, the Group has made substantial investments in the equipment or software of a particular supplier, making it difficult for it to quickly change supply and maintenance relationships in the event that its initial supplier refuses to offer the Group favourable prices or ceases to produce equipment or provide the support that the Group requires. Further, in the event that hardware or software products or related services are defective, it may be difficult or impossible to enforce recourse claims against suppliers, especially if warranties included in contracts with suppliers have expired or are exceeded by those in its contracts with its subscribers, in individual cases, or if the suppliers are insolvent, in whole or in part. In addition, there can be no assurances that the Group will be able to obtain the hardware, software and services it needs for the operation of its business, in a timely manner, at competitive terms and in adequate amounts. In particular, in the case of an industry wide cyclical upturn or in the case of high demand for a particular product, the Group's suppliers of software, hardware and other services may receive customer orders beyond the capacity of their operations, which could result in late delivery to the Group, should these suppliers elect to fulfil the accounts of other customers first. In addition, the Group's suppliers of software, hardware and other services could be impacted by disruption as a result of geopolitical events, regulatory changes or widespread public health issues such as the COVID-19 pandemic. The Group has, from time to time, experienced extensions of lead times or limited supplies due to capacity constraints and other supply-related factors, as well as quality control problems with service providers. The Group may also not be able to recover monies paid to such suppliers or obtain contractual damages to which the Group may be entitled (if any) in the event its suppliers fail to comply with their obligations in a timely manner.

The Group also outsources some of its support services, including parts of its subscriber services, information technology support, technical services and maintenance operations. In addition, in France, the Group does not own its own broadcast network and relies on a third party to broadcast its content offerings. Should any of these arrangements be terminated by either contract party, this could result in delays or disruptions to the Group's operations and could result in the Group incurring additional costs, including if the outsourcing counterparty increases pricing or if the Group is required to locate alternative service providers or in source previously outsourced services.

The Group's ability to renew its existing contracts with suppliers of products or services, or enter into new contractual relationships, with these or other suppliers, upon the expiration of such contracts, either on commercially attractive terms, or at all, depends on a range of commercial and operational factors and events, which may be beyond its control (e.g. a new regulation that limits the suppliers that can provide equipment to be used in 5G networks). The occurrence of any of these risks or a significant disruption in its supply of equipment and services from key sourcing partners could create technical problems, damage its reputation, result in the loss of customer relationships and have a material adverse effect on its business, financial condition and results of operations.

In addition, the Group develops strategic partnerships with some suppliers that could breach or not comply with relevant legislation, including human rights and/or environmental laws, which could have a negative impact on the Group's reputation.

In order to mitigate these risks, the Group established a centralized procurement function that defines policies, procedures and standards to be applied across the Group, and also monitors compliance of suppliers with terms of contracts. In addition, the Group insourced two of its main historical suppliers in the area of customer care and network deployment in order to better control its supply chain in these two fields.

Debt and liquidity management (R14)

The Group has significant outstanding debt and debt service requirements and may incur additional debt in the future. As of December 31, 2019, the Group had total third-party debt (excluding other long term and short-term liabilities, other than finance leases) of €32,445 million, compared to €33,809 million as of December 31, 2018.

The ability of the Group to generate cash flows and finance its capital expenditures, current operations, and debt service obligations depends on numerous factors, some of which are beyond the control of the Group. If the Group is not able to generate sufficient cash flows, it might not be able to repay its debt, expand its business, respond to competitive challenges, or finance its other cash and capital requirements, including capital expenditures. If the

Group is not able to meet its debt service obligations, it might have to sell off assets, attempt to restructure or refinance its existing debt or seek additional financing in the form of debt or equity.

Prior to the Automatic Exchange, the Group's financing structure consisted of three distinct financing groups which finance the Group's business, acquisitions and operations: the Altice International group, the Altice France Group and the Altice Luxembourg group (which includes the Altice International group and the Altice France Group and certain additional holding companies). Following the Automatic Exchange, the Group's financing structure consists of two distinct financing groups: the Altice International group and the Altice France Group (which for the purpose of the 2020 Altice France Holding Senior Notes includes Altice France Holding and its restricted subsidiaries).

Each of these financing groups is subject to covenants that restrict the use of their cash flows outside their respective restricted group. Consequently, cash flows from operations of any of the restricted groups may not always be available to meet the obligations of any other restricted group. In addition, the Group carries out certain financing activities at holding companies (mainly Altice Corporate Financing) that are not a part of the financing groups.

The Group's significant level of debt could have important consequences, including, but not limited to, the following:

- making it more difficult for the Group to satisfy its debt obligations;
- requiring that a substantial portion of the Group's cash flows from operations be dedicated to servicing debt, thereby reducing the funds available to the Group to finance its operations, capital expenditures, research and development and other business activities, including upgrading and maintaining the quality of the Group's networks;
- impeding the Group's ability to obtain additional debt or equity financing or increasing the cost of such additional financing, including financing for capital expenditures and refinancing of existing debt, and increasing the cost of any such funding, particularly due to the financial and other restrictive covenants contained in the agreements governing the Group's debt;
- impeding the Group's ability to compete with other providers of pay television, broadband Internet services, fixed-line telephony services, mobile services and business services in the regions in which the Group operates;
- restricting the Group from exploiting business opportunities or making acquisitions or investments;
- increasing the Group's vulnerability to, and reducing its flexibility to respond to, adverse general economic or industry conditions;
- limiting the Group's flexibility in planning for, or reacting to, changes in its business and the competitive and economic environment in which the Group operates; and
- adversely affecting the public perception of the Group and its brands.

Moreover, the terms of the agreements and instruments governing the Group's debt contain a number of significant covenants or other provisions that, among other things, restrict the applicable financing group's ability to incur additional indebtedness and grant guarantees, refinance existing indebtedness, pay dividends, make certain investments or acquisitions, make capital expenditures, engage in transactions with affiliates and other related parties, dispose of assets other than in the ordinary course of business, merge with other companies, grant liens and pledge assets, change its business plan, and repurchase or redeem equity interests and subordinated debt or issue shares of subsidiaries (each a "**Non-ordinary Course Transaction**"). However, with the exception of certain revolving credit indebtedness, the covenants applicable to substantially all indebtedness of the Group owed to third parties are tested only at the time the applicable financing group consummates a Non-ordinary Course Transaction and do not otherwise impede such financing group's ability to carry on its business in the ordinary course. Each financing group's applicable Revolving Credit Facility Agreements also contain a maintenance covenant, which is linked to a specified consolidated net senior secured leverage ratio, tested quarterly. Borrowings under certain of the Group's debt agreements or instruments also contain cross default or cross acceleration provisions and as a result may become payable on demand. In that event, the Group may not have sufficient funds to repay all of its debt as they become due. In addition, the Group had €4.598 billion of floating rate debt outstanding as of December 31, 2019, taking into consideration the effect of hedges. An increase in the interest rates on the Group's debt will reduce the funds available to repay its debt and to finance its operations, capital expenditures and future business opportunities. For a description of the risks related to changes in foreign exchange, please see Note 19.3.2 to the Consolidated Financial Statements.

The Group is currently implementing a deleveraging strategy, based on 3 layers: non-core asset disposals and crystallization of infrastructure value, EBITDA growth and cash flow generation, to reduce its current net leverage from 5.5x EBITDA as of December 31, 2019 to 4.0x EBITDA in the medium term.

To help manage the risks relating to changes in interest rates and foreign exchange, the Group enters into various derivative transactions to manage exposure of each financing silo to such changes. As of December 31, 2019, the Group had a total of cross currency and FX forward derivative transactions in an aggregate notional principal amount of €22.6 billion and a total of interest rate derivative transactions in an aggregate notional principal amount of €12.3 billion. As a result of its derivative transactions, the Group is exposed to the risk of default by the counterparties to its derivative instruments. Although the Group regularly reviews its credit exposures under its derivative transactions, defaults may arise from events or circumstances that are difficult to detect or foresee. At December 31, 2019, the Group's exposure to counterparty credit risk included derivative assets with an aggregate fair value of €746 million. While the Group currently has no specific concerns about the creditworthiness of any counterparty for which it has material credit risk exposures, it cannot rule out the possibility that one or more of its counterparties could fail or otherwise be unable to meet its obligations to it. Any such instance could have an adverse effect on its cash flows, results of operations, financial condition and/or liquidity. The Group manages such counterparty credit risk by diversifying the credit exposure of its derivative transactions among several lenders it believes to be credit-worthy at the time of entering into such derivative transaction.

Fraud (R15)

Given the size and geographic spread of the Group, the Group is likely to be exposed to instances of employee fraud, including, but not limited to, payroll fraud, falsification of expense claims, thefts of cash, assets or intellectual property, false accounting and other misconduct. Individual employees may also act against the Group's instructions and either inadvertently or deliberately violate applicable law, including competition laws and regulations by engaging in prohibited activities such as price fixing or colluding with competitors regarding markets or clients, or its internal policies. In addition, because the Group delegates a number of operational responsibilities to its subsidiaries and its local managers retain autonomy regarding the management of its operations in their markets, the Group may face an increased likelihood of the risks described above occurring. It also subcontracts some of its maintenance, customer service, installation and other activities to third party suppliers acting on its behalf and instances of fraud perpetuated by employees of these suppliers might also expose the Group to claims and/or may have a detrimental impact on its brand and reputation.

The Group has internal control policies and procedures designed to mitigate fraud risks and to ensure compliance with regulations such as anti-corruption laws and economic sanctions. Regular internal audits are performed in key areas to monitor the effectiveness of internal control framework.

Macroeconomic and political risks (R16)

The Group's operations are subject to macroeconomic and political risks that are outside of its control. For example, high levels of sovereign debt in France and certain European countries, combined with weak growth and high unemployment, could lead to low consumer demand, fiscal reforms (including austerity measures), sovereign debt restructurings, currency instability, increased counterparty credit risk, high levels of volatility and, potentially, disruptions in the credit and equity markets, as well as other outcomes that might adversely impact the Group's financial condition.

With regard to currency instability issues, concerns exist in the Eurozone with respect to individual macro fundamentals on a country-by-country basis, as well as with respect to the overall stability of the European monetary union and the suitability of a single currency to appropriately deal with specific fiscal management and sovereign debt issues in individual Eurozone countries. Further, on June 23, 2016, the UK held a referendum in which voters approved, on an advisory basis, an exit from the EU, commonly referred to as "Brexit". Although the vote was non-binding, the referendum was passed into law on March 16, 2017 and the UK left the EU on January 31, 2020. A transition period came into effect upon the UK's departure and will run until December 31, 2020. The British government is currently negotiating with the E.U a trade deal and the terms of the future relationship (including security cooperation, data policy, education, science, etc.). It is possible that members of the European monetary union could hold a similar referendum regarding their membership within the Eurozone in the future. The realization of these concerns could lead to the exit of one or more countries from the European monetary union and the re-introduction of individual currencies in these countries, or, in more extreme circumstances, the possible dissolution of the euro entirely, which could result in the redenomination of a portion, or in the extreme case, all of the Group's euro-denominated assets, liabilities and cash flows to the new currency of the country in which they originated. This could result in a mismatch in the currencies of the Group's assets, liabilities and cash flows. Any such mismatch, together with the capital market disruption that would likely accompany any such redenomination event, could have a material adverse impact on the Group's liquidity and financial condition. Furthermore, any redenomination event would likely be accompanied by significant economic dislocation, particularly within the Eurozone countries, which in turn could have an adverse impact on the demand for the Group's products, and accordingly, on its revenue and cash flows. Moreover, any changes from euro to non-euro currencies in countries in which the Group operates would require the Group to modify its billing and other financial systems. No assurance can be given that any required modifications could be made within a timeframe that would allow the Group to timely bill its customers or prepare and file required financial reports. In light of the significant exposure that the Group has to the euro through its euro-denominated borrowings, derivative instruments, cash balances and cash flows, a redenomination event could have a material adverse impact on the Group's business.

Furthermore, continued hostilities in the Middle East and North Africa could adversely affect the Israeli economy. Additionally, the Dominican Republic economy depends to a significant degree on global tourism and the health of the US economy and remains vulnerable to external shocks (e.g., economic declines in other emerging market countries). These conditions could also adversely affect access to capital and increase the cost of capital. Changes in interest rates and exchange rates may also adversely affect the fair value of the Group's assets and liabilities. Moreover, the Group's transactional currency is euros although a large part of the Group's financing activity is conducted in currencies other than such primary transactional currency, including the U.S. dollar. In Israel, HOT's primary transactional currency is the New Israeli Shekel and in the Dominican Republic, the primary transactional currency of Altice Dominicana is the Dominican Peso. The exchange rate between the euro and the U.S. dollar, the euro and the New Israeli Shekel, and the euro and the Dominican Peso have fluctuated significantly in recent years and may continue to fluctuate significantly in the future. Furthermore, in the past, the Dominican Republic government has imposed exchange controls and currency restrictions and they may do so in the future. This is beyond the Group's control and may result in the Dominican Peso ceasing to be freely convertible or transferable abroad to service the Group's then outstanding indebtedness or the Dominican Peso being significantly depreciated relative to other currencies, including the U.S. dollar. The exchange rate has fluctuated significantly in recent years and may continue to fluctuate significantly in the future. The Group seeks to manage such transactional foreign currency exposures through its hedging policy in accordance with its specific business needs. There can be no assurance that the Group's hedging strategies will adequately protect the Group's operating results from the effects of exchange rate fluctuation, or that these hedges will not limit any benefit that the Group might otherwise receive from favourable movements in exchange rates. If there is a negative impact on the fair values of its assets and liabilities, the Group could be required to record impairment charges.

Negative macroeconomic developments in the markets in which the Group operates, in particular increasing levels of unemployment, may have a direct negative impact on the spending patterns of retail consumers, both in terms of the products they subscribe for and usage levels. Because a substantial portion of the Group's revenue is derived from residential customers who may be impacted by these conditions, it may be (i) more difficult to attract new customers, (ii) more likely that certain of its customers will downgrade or disconnect their services and (iii) more difficult to maintain ARPUs at existing levels. In addition, the Group can provide no assurances that a deterioration of any of these economies will not lead to a higher number of non-paying customers or generally result in service disconnections. Similarly, a deterioration in economic conditions would be likely to adversely affect the demand for and pricing of the Group's business services and wholesale services as a result of businesses and governments reducing spending, as well as adversely affect revenues from the Group's media and content offerings as a result of reduced spending in advertising. Therefore, a weak economy and negative economic development in the markets in which the Group operates may jeopardize its growth targets and may have a material adverse effect on its business, financial condition and results of operations.

In addition, there may be significant global economic instability due to the new coronavirus outbreak, that started in China and has now developed globally with an exponential growth in the number of infections worldwide. COVID-19 is an infectious disease caused by the most recently discovered member of the coronavirus family of virus (that includes diseases like Middle East Respiratory Syndrome (MERS) and Severe Acute Respiratory Syndrome (SARS)), with an increased risk of serious illness for older persons and persons with pre-existing medical conditions (such as high blood pressure, heart disease, lung disease, cancer or diabetes). Evolution of this outbreak is still difficult to foreseen, with various possible scenarios that range from a quick recovery to a global slowdown or recession of the world economy. However, the World Health Organization (WHO) declared on March 11, 2020 the COVID-19 outbreak as a global pandemic, highlighting the health risks of the disease. The COVID-19 pandemic can have an adverse effect on the Group's business, financial condition and results of operations, at various levels, including: (i) disruption to the supply chain: The slowdown of the production capabilities of China or other affected countries may have a negative impact on hardware, software and other providers of outsourced services that the Group relies on to provide its services, and the global reach of the pandemic may lead to a situation where there are no clear or cost effective alternatives; (ii) productivity of the workforce may decline due to an increase in sick leaves, quarantine procedures and work or travel restrictions; (iii) customer habits may change due to the economic slowdown and possibility of a worldwide recession, postponing purchase decisions.

The Group has activated a response program in order to minimize the impact of this risk, by protecting employees, securing the supply chain, and continuously monitoring the situation, leveraging at the same time the Group's services that may help in the virus containment efforts, such as videoconferencing and online classes.

Business Ethics - Human rights (R17)

Ensuring responsible and ethical behaviour across all the Group's geographies and activities is one of the Group's priorities and is integrated on its corporate culture and day-to-day behaviour, as evidenced by the Company's Code of Conduct and Anti-Corruption Policy. All employees must act with integrity and in compliance with the values, rules of conduct and applicable laws at all times and in accordance with the Code of Conduct, the Anti-Corruption Policy and the code of ethics of each Group Company, making sure that they are respected and that any irregularity is timely reported in accordance with the Company's whistleblower policy (please see section 3.8.3.2 *"Business integrity"* for additional details regarding key elements of the Company's Code of Conduct and Anti-Corruption Policy). The inability to comply with the relevant stakeholders' expectations regarding the Group's ethical behaviour, internally or in the Group's external relations, due to individual actions or company policies, may adversely affect the Group's image and ultimately have an adverse effect on the Group's business.

Compliance with human rights is also essential for the Group, both within the Group and with its business partners. However, there may be significant reputation impact if the Group is unable to conform to stakeholders' expectations regarding major human rights issues, such as work conditions and children rights (internally and in the supply chain) or freedom of opinion and expression.

To address this risk, the Group has put in place:

- codes of conduct and other policies in order to ensure that its corporate responsibility is reflected in its conduct and to guarantee absolute respect for human rights (please see section 3.8.3 *"Culture and values of the Group"* for more details on the Group's corporate culture and commitment to ethical standards); and

- procurement practices that incorporate principles aimed at the protection of ethical, social, environmental and human rights requirements by the suppliers of the Group (please see section 2.3.5 *"Procurement and suppliers"*).

The Group also acknowledges that its networks, products and services play an important role in helping to strengthen individual human rights by enabling customers around the world to freely share information, which extends their ability to express themselves. However, this powerful tool can also lead to violations of individual human rights, especially among the most vulnerable societal groups (please see section 2.3.3 *"Social performance"* regarding actions taken to minimize these risks).

Climate change (R18)

Climate change has a direct effect on the Group and its stakeholders, e.g. customers, suppliers and employees. The risk that affect the Group derives from the expected rise in frequency and severity of extreme climate events (like floods, tornados, forest fires, etc.) which may significantly disrupt the Group's network, information technology systems, supply chain and workforce leading to service failures or outages. These events could increase cost, reduce revenue and negatively impact the Group's reputation, degrading its business and financial condition. Changes in the average climate conditions in the geographies where the Group operates, (for example, increased medium temperatures due to global warming) may also lead to increase energies costs due to greater cooling requirements for network and information systems. Also, if the Group is unable to meet its stakeholders' expectations regarding the energy emissions and sustainability objectives, this may lead to reputational damage and loss of customers.

To control these risks the Group has implemented: (i) business continuity plans and operational procedures that aim to increase the resilience of its network and information systems, improving the Group's capability to respond to extreme weather events; (ii) energy efficiency and monitoring programs to reduce the Group's carbon footprint (please see sections 2.3.2.2 *"Energy"* and 2.3.2.5 *"Greenhouse gas emissions"* for additional details); and (iii) services that help customers minimize their energy needs, including the deployment of more efficient user equipment or the development of IoT services which use network intelligence to optimize performance and minimize energy consumption (please see section 2.6.2 *"Research and development"* for additional details regarding IoT).

The Group Companies also participate in various working group (e.g. organized by the Portuguese National Communication Authority) in order to identify, analyse and evaluate the main impacts and vulnerabilities in relation to climate change, as well as options and measures allowing telecommunications companies to adapt to climate change. The implementation of infrastructure protection and network resilience measures will improve the ability of the Group to adapt to climate change as well as reduce the impact of climate change on the Group's activity.

2.7.2 Risk control

The Board is ultimately responsible for maintaining effective risk management, which includes the Group's risk governance structure, the Group's system of internal controls and the Group's internal audit approach. Management's responsibility is to manage risk across the Group on behalf of the Board. To facilitate the process, the Group shares the same roadmap across the Group, thereby ensuring the control frameworks implemented by the operating Group Companies align with the Group's approach.

The Company's internal audit function assists the Board in maintaining effective controls by independently and objectively evaluating the adequacy and effectiveness of the Group's internal control and risk management systems. Criteria established under 'Internal Control – Integrated Framework' issued by the Treadway Commission's Committee of Sponsoring Organizations (COSO, 2013 framework), are used by the Company's internal audit function to analyse and make recommendations to the Board on the effectiveness of the Group's internal control framework.

The Company's internal audit function conducts its activities in a risk-based manner, developing an audit plan, based on the results of the Group's risk assessment of various business units and strategic priorities that are approved by the Audit Committee and the Board. The internal audit function conducts systematic and ad hoc financial, IT and operational audits and special investigations.

Quarterly reports are submitted and discussed with the Audit Committee and the Board, in order to inform them of the most relevant observations and recommendations regarding the effectiveness of the risk management procedures related to the various risks to which the Group is subject.

Based on the risk assessments performed, the Board, under the supervision of the Audit Committee, is responsible for determining the overall internal audit work and for monitoring the integrity of the financial statements of the Company.

No matter how comprehensive a risk management and control system may be, it cannot be assumed to be exhaustive, nor can it provide certainty that it will prevent negative developments from occurring in the Group's business and business environment or that response to risk will be fully effective. The Group's risk management framework is designed to avoid or mitigate rather than to eliminate the risks associated with the accomplishment of the Group's strategic objectives. It provides reasonable assurance but not absolute assurance against material misstatement or loss.

During this financial year and in the previous years, the Group has not identified any major failings in its internal risk management and controls system.

3 GOVERNANCE

This chapter summarizes certain information concerning the Board and the Company's corporate governance. It is based on relevant provisions of Dutch law, including the Code (as defined below), as in effect on the date of this Management Report, the Articles of Association and the Board Rules (both as defined below).

This chapter does not purport to give a complete overview and should be read in conjunction with, and is qualified in its entirety by reference to the relevant provisions of Dutch law as in force on the date of this Management Report, the Articles of Association and the Board Rules.

3.1 Introduction

The Company is incorporated under Dutch law and adheres to the Corporate Governance Code as adopted by the Corporate Governance Monitoring Committee (the "**Committee**") on December 8, 2016 (the "**Code**"). The Code contains best practice provisions that apply to the Company's corporate governance structure. The Company provides a substantive and transparent explanation in its Management Report if it does not comply with any of the principles and best practice provisions of the Code. The "comply or explain" report of the Company is in accordance with the Code and is also made available on the Company's website. On September 7, 2017, the Dutch legislator designated the revised Code by decree as the new corporate governance code as set out in Section 2:391 of the Dutch Civil Code (the "**DCC**"), which became effective per the financial year beginning on or after January 1, 2017.

The Company maintains a one-tier board (the "**Board**") consisting of four executive board members (the "**Executive Board Members**") and four non-executive board members (the "**Non-Executive Board Members**", and together with the Executive Board Members, the "**Board Members**"). As of the date of this Management Report, the provisions in the DCC that are commonly referred to as the "large company regime" (*structuurregime*) do not apply to the Company.

The Board is responsible for the management of the Company, the Company's operations and general affairs as well as the operations and general affairs of the Group. The Board is furthermore responsible for the Company's and the Group's continuity with a focus on long-term value creation. The Board may perform all acts necessary or useful for achieving the Company's objectives, with the exception of those acts that are prohibited by law or by the Articles of Association. In performing their duties, the Board Members are required to be guided by the interests of the Company and its business, taking into consideration all relevant interests of the Company's stakeholders (which include but are not limited to its customers, its suppliers, its employees and the Shareholders).

The Board as a whole is authorized to represent the Company. In addition, the president of the Board (the "**President**") acting solely is authorized to represent the Company. Pursuant to the Articles of Association, the Company may be represented by one or more Board Members or others on the basis of a specific power of attorney. Such authorized representatives are authorized to represent the Company within the limits of the power of attorney.

The Board has adopted rules regarding its functioning and internal organization with effect on August 9, 2015. These rules were last amended by the Board on October 1, 2018 and entered into force on November 20, 2018 (the "**Board Rules**"). The applicable Board Rules in the governing English language (only) can be downloaded from the Company's website (www.altice.net).

The articles of association of the Company dated November 6, 2019 (the "**Articles of Association**"), in the governing Dutch language and in an unofficial English translation thereof, are available on the Company's website (www.altice.net).

3.2 The Board

The Articles of Association of the Company provide that the Board consists of at least three and not more than ten Board Members. As of the date of this Management Report, the Board consists of four Executive Board Members and four Non-Executive Board Members.

The Executive Board Members and the Non-Executive Board Members are appointed by the General Meeting. The Executive Board Members are appointed by the General Meeting at the binding nomination of Next Alt. The General Meeting may at all times overrule such binding nomination by a resolution adopted by a majority of at least two thirds of the votes cast representing more than 50% of the issued capital. If the General Meeting overrules the binding nomination, Next Alt shall make a new binding nomination. The nomination must be included in the notice convening the General Meeting at which the appointment will be considered. The Board will request Next Alt to make its nomination at least ten days before publication of the notice convening the General Meeting at which the appointment will be considered. If a nomination has not been made by Next Alt or has not been made by Next Alt within seven days following the request of the Board, this must be stated in the notice and the General Meeting will be free to appoint a Board Member at its discretion.

The General Meeting may at any time dismiss or suspend a Board Member. An Executive Board Member may also be suspended by the Board. If Next Alt has not made a proposal for the dismissal of a Board Member, the General Meeting can only resolve upon the dismissal of that Board Member with a majority of at least two-thirds of the votes cast representing more than 50% of the issued capital.

Next Alt's rights mentioned above may not be amended or withdrawn without Next Alt's prior written consent. Next Alt will only be entitled to these rights as long as it holds a direct interest of at least 30% of the aggregate nominal value of the issued and outstanding Common Shares and is controlled by (i) Mr. Patrick Drahi individually or (if applicable) together with any of his children who indirectly hold Common Shares or (ii) his heirs jointly.

Board Members may be appointed for a term to be determined by the General Meeting. A Board Member is appointed for a maximum period of four years, provided that, unless a Board Member resigns earlier, his appointment period shall end immediately after the annual General Meeting that will be held in the fourth calendar year after the date of his appointment. An Executive Board Member may be reappointed for a term of not more than four years at a time.

A Non-Executive Board Member may be reappointed once for a term of four years and subsequently for a term of two years, which term may be extended for a maximum of another two years.

Please see section 3.7.7 *"Appointment and replacement of Board Members / amendment to the Articles of Association"* for a more detailed description of the procedure of the binding nomination and appointment of Board Members.

3.2.1 *Duties of the Board*

The Company is headed by the Board acting as a collegial body. Board Members are collectively responsible for the Company's management, the Company's operations and general affairs and the operations and general affairs of the Group Companies. Pursuant to the Articles of Association and the Board Rules, the Board Members divide their tasks by mutual consultation, provided that the day-to-day management of the Company is entrusted to the Executive Board Members and the supervision of the Board Members' performance of their duties is entrusted to, and cannot be taken away from, the Non-Executive Board Members.

In addition to the responsibilities of the Board referred to above, the Board's responsibilities include, among other things:

- the achievement of the Company's operational and financial objectives;
- determining the Company's strategy and policy to achieve these objectives;
- corporate social responsibility issues that are relevant to the Company's business;
- the general state of affairs in and the results of the Company;
- identifying and managing the risks connected to the business activities;
- ensuring that effective internal risk management and control systems are in place and reporting on this in the Management Report;
- maintaining and preparing the financial reporting process;
- compliance with legislation and regulations;
- compliance with and maintaining the corporate governance structure of the Company;
- publishing the corporate structure of the Company and any other information required under the Code, through the Company's website, publication in the Management Report and otherwise;

- preparing the Annual Accounts and drawing up the annual budget and important capital investments of the Company;
- rendering advice with respect to the nomination of the external auditor of the Company (the "**External Auditor**") for appointment by the General Meeting;
- ensuring that internal procedures are established and maintained which safeguard that all relevant information is known to the Board in a timely fashion;
- ensuring that the External Auditor receives all necessary information to perform his work in a timely fashion;
- ensuring that the draft audit plan is discussed with the External Auditor before the External Auditor presents the plan of the Audit Committee;
- identifying and analysing the risks associated with the strategy and activities of the Company and its business;
- establishing the risk appetite and the measures that are put in place to counter the aforementioned risks being taken;
- designing, implementing and maintaining adequate internal risk management and control systems; and
- monitoring the operation of the internal risk management and control systems and carrying out a systematic assessment of their design and effectiveness once per year.

Notwithstanding the responsibilities of the Board, referred to above, the responsibilities of the Non-Executive Board Members include:

- selecting and recommending the External Auditor for appointment by the General Meeting;
- together with the Remuneration Committee, proposing the remuneration policy for the Executive Board Members for adoption by the General Meeting, and fixing the remuneration and the contractual terms and conditions of employment of the Executive Board Members;
- selecting and recommending individuals for appointment by the General Meeting as Non-Executive Board Members and proposing the remuneration of the Non-Executive Board Members for adoption by the General Meeting;
- reviewing the performance of the Board and the individual Board Members and discussing the conclusions that must be drawn on the basis of this review at least on an annual basis; and
- drawing up the Company's diversity policy for the composition of the Board.

3.2.2 *Composition of the Board*

As of the date of this Management Report, the Board is composed of eight Board Members.

Composition of the Board

	Patrick Drahi	***Alain Weill***	***A4 S.A., with Dennis Okhuijsen as permanent representative***	***Natacha Marty***	***Jurgen van Breukelen***	***Thierry Sauvaire***	***Nicolas Paulmier***	***Philippe Besnier***
Position	President	CEO	Vice-President	General Counsel	Chairman	Non-Executive Board Member	Non-Executive Board Member	Non-Executive Board Member
Role	Executive	Executive	Executive	Executive	Non-Executive	Non-Executive	Non-Executive	Non-Executive
Age(1)	56	58	N/A	45	50	56	55	68
Gender	Male	Male	N/A	Female	Male	Male	Male	Male
Nationality	Israeli	French	N/A	French	Dutch	Swiss	French	French
Appointment date	June 8, 2018	July 10, 2018	June 27, 2019	July 10, 2018	June 27, 2019	July 10, 2018	November 20, 2018	November 20, 2018
Current term	2018-2022	2018-2022	2019-2023	2018-2022	2019-2023	2018-2022	2018-2022	2018-2022
Independence	N/A	N/A	N/A	N/A	Yes	Yes	Yes(2)	Yes
Committee memberships	N/A	N/A	N/A	N/A	Audit and Remuneration	Audit and Remuneration	Audit and Remuneration	Audit and Remuneration
International experience	Yes	No	N/A	Yes	Yes	Yes	Yes	No
Specific experience	Telecom	Radio, TV	N/A	Legal	Financial	Legal, tax	Private equity	Telecom

(1) As of December 31, 2019.

[(2)] Because Mr. Paulmier was a board member of Numericable, a listed associated company of the Company, until July 24, 2014, Mr. Paulmier only qualified as independent as stated in best practice provision 2.1.8 of the Code as from July 25, 2019.

Board Members' CV

Patrick Drahi, President

Mr. Drahi began his professional career with the Philips Group in 1988 where he was in charge of international marketing (UK, Ireland, Scandinavia, Asia) in satellite and cable TV (DTH, CATV, MMDS). In 1991, Mr. Drahi joined the US/Scandinavian group Kinnevik-Millisat, where he was in charge of the development of private cable networks in Spain and France and was involved in the launch of commercial TV stations in Eastern Europe. In 1993, Mr. Drahi founded CMA, a consulting firm specialised in telecommunications and media, which was awarded a mandate from BCTV for the implementation of Beijing's full service cable network. In addition, Mr. Drahi founded two cable companies, Sud Câble Services (1994) and Médiaréseaux (1995), where he was involved in several buy-outs. When Médiaréseaux was taken over by UPC at the end of 1999, he advised UPC on its M&A activities until mid-2000. Mr. Drahi founded Altice in 2002 and was President from August 9, 2015 until September 6, 2016 and returned as President on June 8, 2018 following the implementation of the Separation. He is also the chairman of the board of directors of Altice USA.

Mr. Drahi is a graduate from the Ecole Polytechnique and Ecole Nationale Supérieure de Télécommunications de Paris (post graduate degree in Optics and Electronics).

Alain Weill, CEO

Mr. Weill has been the Chairman of the board and Chief Executive Officer of Altice France S.A. (formerly known as SFR Group S.A.) and the Chief Executive Officer of SFR SA since November 9, 2017. He began his career in 1985 as Director of the radio network NRJ. In 1992, he became the CEO of NRJ Group (made of 4 radio channels). In 2000, Mr. Weill acquired RMC radio and created the NextRadio group. He defined a new positioning for RMC made-up of 3 pillars: news, talk-shows and sports, which made the success of the radio station. In 2002, Mr. Weill purchased BFM and turned it into a radio station dedicated to business and finance coverage. In 2005, he launched BFMTV, which became the leading news TV channel in France. The NextRadio group became NextRadioTV in 2005, with close to 1,000 employees. The NextRadioTV group operates several TV channels (BFMTV, BFM Business TV, RMC Découverte, BFM Paris, BFM Lyon, BFM Lille, BFM Grand Littoral, BFM Sport, RMC Story, RMC Sport 1), two radio stations (RMC, BFM Business Radio) and also includes high-tech and digital activities.

Mr. Weill holds a Bachelor's degree in Economics and an MBA from HEC Business School.

A4 S.A., Vice-President

A4 S.A. is a public limited liability company (*société anonyme*), incorporated under the laws of the Grand Duchy of Luxembourg, with its registered office at 5 rue Eugène Ruppert, L-2453 Luxembourg and registered with the Luxembourg Trade and Company register under number B 199.163. A4 S.A. is controlled by the family of Mr. Drahi. The purpose of A4 S.A. is to acquire participating interests in other entities, both local and international, as well as the administration, management, control and development of such participating interests. A4 S.A. is not a Shareholder of the Company. The permanent representative of A4 S.A. on the Board is Mr. Dennis Okhuijsen.

Mr. Okhuijsen joined the Group in September 2012 as the CFO and resigned as Executive Board Member and CFO on October 31, 2018. Since then, he has been a senior advisor to the Group and the permanent representative of A4 S.A. on the Board. Before joining the Group, he was the Treasurer for Liberty Global since 2005. From 1993 until 1996 he was a senior accountant at Arthur Andersen. Mr. Okhuijsen joined UPC in 1996 where he was responsible for accounting, treasury and investor relations up to 2005. His experience includes raising and maintaining non-investment grade capital across both the loan markets as well as the bond/equity capital market. In his previous capacities, he was also responsible for financial risk management, treasury and operational financing.

Mr. Okhuijsen holds a Master of Business Economics of the Erasmus University Rotterdam.

Natacha Marty, General Counsel

Ms. Marty has been the Company's Company Secretary since July 2015 and has become Altice Europe General Counsel after the Separation. Prior to joining Altice, she was Counsel in the Corporate Department of the law firm Davis Polk & Wardwell LLP, where she developed significant expertise in corporate governance, equity and debt capital markets and credit transactions. She also has extensive experience in cross-border merger and acquisition transactions. Ms. Marty started her career as an associate with Freshfields Bruckhaus Deringer in 1999. She joined Davis Polk & Wardwell LLP in 2005, where she contributed to founding Davis Polk & Wardwell's French law practice, and was named Counsel in 2009. Ms. Marty has a strong international background, having worked in Paris, London, Geneva and New York over the past 20 years.

Ms. Marty holds a Master in Law and is a graduate from the Université Panthéon Assas - Paris II.

Jurgen van Breukelen, Chairman

Mr. van Breukelen is a Managing Partner of Gilde Equity Management. Having spent his military service as a lieutenant in the Royal Dutch Army, he joined KPMG in 1994. In 2000, at the age of 31, he became partner at KPMG, and from 2003 to 2007 he was Head of Corporate Finance in the Netherlands. In 2007 he joined the Board of Management of KPMG, being responsible for Advisory as well as for Clients & Markets. From 2012 to 2014 he acted as CEO and Country Senior Partner of KPMG in the Netherlands. During his professional career Mr. van Breukelen has held a number of senior executive roles at KPMG International, including serving on the boards of KPMG Europe, Middle East & Africa and then, until 2014, as a member of the Global Executive Team and Global Board of KPMG International. At the Global Board he chaired KPMG's Global Quality & Risk Committee. He is a member of the supervisory board of Urus Group LLC, a director of VGG Holdco B.V. and a director of the VEUO (*Vereniging van Effecten Uitgevende Organisaties*). In addition, he is an Advisory Board Member of the Rotterdam School of Management, Erasmus University Rotterdam. Until 2014, Mr. van Breukelen held a position as a supervisory board member of the Princess Maxima Centre for Pediatric Oncology in the Netherlands. From 2015 to early 2017, he was chairman of the supervisory Board of Van Gansewinkel Groep B.V. and from 2017 to 2018, he was chairman of the board of Bosal Nederland B.V. Until 2018, he was also a Senior Adviser at the private equity fund Permira Advisers LLP and a Senior Adviser to the investment bank of Barclays Bank PLC. Until 2019, Mr. Breukelen was a member of the supervisory board of Stichting Alzheimer Nederland and an Advisory Board Member of Ponooc B.V.

Mr. van Breukelen holds a Master Degree in Business Economics at the Erasmus University in Rotterdam.

Thierry Sauvaire

Mr. Sauvaire has been a Director and the Chief Executive Officer of EUROCEMENT Holding AG since April 2008. In 1989, Mr. Sauvaire started his career within the tax and legal department of KPMG S.A., where he gained the management of the Geneva tax and legal department in 1995. Mr. Sauvaire was appointed in the partnership in 1997. In addition, he was elected at the board of directors of this company in 2002, and was a member of the remuneration committee, until its resignation in March 2008, after more than 18 years of service.

Mr. Sauvaire was involved in acquisition and financing of large stakes in listed companies. During his career, he was advising and structuring various investments and divestments in Switzerland and abroad, mainly on the tax side, and was participating to many due diligences and merger process.

Mr. Sauvaire is a graduate from the Geneva law school, a Swiss attorney-at-law and a Swiss certified tax advisor.

Nicolas Paulmier

Mr. Paulmier is a board member of Chryso Group and Inseec U Group holding companies. Mr. Paulmier had a 30 years career in Private Equity. Based in London, he is a Senior Adviser and was until December 2019 a senior partner, member of the executive committee and investment committee at Cinven, a European private equity firm. In 1999, Mr. Paulmier joined Cinven and has since then been involved in a large number of major transactions. Mr. Paulmier was a member of the Business Services, Healthcare and Technology, Media and Telecom Sector team and was responsible for the French-speaking regional team. From 1990 to 1999, Mr. Paulmier was an investment director at Pallas Finance, a private equity firm based in Paris which became Electra Partners in 1995. Prior to that, Mr. Paulmier worked as a research and development engineer with Roussel-Uclaf, now part of Sanofi, a French pharmaceutical company.

Mr. Paulmier has an MBA from INSEAD Business School. He also holds a BSc in Biology and Chemistry from the École Normale Supérieure and a MSc in Molecular Biology from the Institut Pasteur in Paris. Besides that, he was a Tower Fellow at Harvard University.

Phillippe Besnier

Mr. Besnier has dedicated most of his professional career to the industry of telecommunications. He has begun his career in 1981 as regional commercial director of Poitou-Charentes at France Telecom (Orange). From 1985 onwards, he started performing commercial functions for France Telecom at a national level. From 1989 to 1992, he was in charge of setting up and managing a subsidiary of France Telecom in the South-West of France, Atlantic Telecâble. From 1992 to 2000, he was the CEO of France Telecom Câble. From 2000 to 2004, Mr. Besnier managed the French subsidiary of UPC, first as managing director and then as CEO. In 2005, he became the CEO of Numericable and performed his duties in this function until 2008. Mr. Besnier has also been engaged in the defence of the cable networks industry in professional organisations.

Mr. Besnier holds a bachelor degree in Economics from the University of Nantes and is a graduate from the Ecole Supérieure des Sciences Economiques et Commerciales (ESSEC) and from the Ecole Nationale des Postes et Télécommunications.

Independent Board Members

In considering the independence of a Non-Executive Board Member, the Board takes the following criteria, which are based on the Code (save for the deviations indicated in section 3.6 "*Comply or explain*"), into account. A Non-Executive Board Member shall not be considered independent if the Non-Executive Board Member concerned or his/her spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree, as defined under Dutch law:

- has been an employee or an Executive Board Member of the Company (including associated companies as referred to in article 5:48 of the Dutch Financial Markets Supervision Act ("**Wft**")) in the five years prior to his/her appointment;
- receives significant personal financial compensation from the Company or a Group Company, other than the compensation received for the work performed as a Non-Executive Board Member and in so far as this is not in keeping with the normal course of business;
- has had an important business relationship with the Company or a Group Company in the year prior to his/her appointment. This includes the case where the Non-Executive Board Member, or the firm of which he/she is a shareholder, partner, associate, or adviser, has acted as an adviser to the Group (consultant, external auditor, civil law notary or lawyer), and the case where the Non-Executive Board Member is a member of the management board or an employee of a bank with which the Group has a lasting and significant relationship;
- is a member of the management board of a company in which an Executive Board Member is a member of the supervisory board or a non-executive board member;
- has temporarily performed management duties during the previous twelve months in the absence or incapacity of Board Members;
- has a shareholding in the Company of at least ten percent, taking into account the shareholding of natural persons or legal entities cooperating with him/her on the basis of an express or tacit, oral or written agreement; and
- is a member of the management board or supervisory board - or is a representative in some way - of a legal entity which holds at least ten percent of the Shares in the Company, unless that entity is a Group Company.

An independent Board Member who no longer meets the criteria for independency must immediately inform the Board accordingly.

Independent functioning

The composition of the Board shall be such that the Non-Executive Board Members are able to operate independently and critically vis-à-vis one another, the Executive Board Members and any particular interests involved. In particular, the following criteria apply to the Non-Executive Board Members:

- at most one Non-Executive Board Member is not independent pursuant to best practice provision 2.1.8 sections (i) to (v) inclusive of the Code;
- less than half of the total number of Non-Executive Board Members is not independent pursuant to best practice provision 2.1.8 of the Code; and
- for each shareholder or group of affiliated shareholders who directly or indirectly hold more than 10% of the shares in the Company, there is at most one Non-Executive Board Member who can be considered to be affiliated with or representing them as stipulated to in best practice provision 2.1.8 sections (vi) and (vii) of the Code.

3.2.3 *Board Meetings and Board resolutions*

The Chairman chairs the meetings of the Board. If the Chairman is absent or unwilling to take the chair, the meeting shall appoint one of the Non-Executive Board Members or, in the event all Non-Executive Board Members in office are absent, one of the Executive Board Members to chair the meeting of the Board.

Unless the law, the Board Rules or the Articles of Association provide otherwise, resolutions of the Board shall be adopted by an absolute majority of the votes cast, including a vote in favour of the proposal from the vice-president of the Board (the "**Vice-President**"). The vote in favour from the Vice-President shall not be required when the Vice-President cannot participate in the deliberations and decision-making in respect of a proposal due to a direct or indirect personal conflict of interest.

Each Board Member, other than the President, and if no President is in function, other than the Vice-President, shall be entitled to one vote. The President is entitled to cast a number of votes that equals the number of Board Members entitled to vote, excluding the President, that is present or represented at that meeting, with the exception of resolutions concerning the suspension or dismissal of the Vice-President, in respect of which the President is entitled to one vote. If no President is in function or if the President has a direct or indirect personal conflict of interest, the Vice-President shall be entitled to cast a number of votes that equals the number of Board Members entitled to vote, excluding the Vice-President, that is present or represented at that meeting of the Board.

3.2.4 *Board meetings held in 2019*

The Board met 9 times in 2019, and focused among other things, on the following matters:

- the approval of the annual budget for the financial year 2019;
- the approval of a 3-year business plan;
- the review of the corporate financial statements and the consolidated financial statements of the Company as at and for the year ended December 31, 2018;
- the review of the 2018 Management Report and the 2018 comply or explain list;
- the review of the strategy of the Company;
- the approval of the quarterly results presentation and earnings releases of the Company;
- the approval of the internal audit plan for 2019;
- the review of the quarterly internal audit findings;
- the proposal to the General Meeting to amend the Company's articles of association in order to reduce the Company's authorized capital;
- the proposal to the General Meeting regarding the appointment of the External Auditor for the financial years ending on December 31, 2020 up to and including December 31, 2024;
- the approval of two related party transactions involving News Participations S.A.S., a company controlled by Mr. Alain Weill, i.e. the sale to News Participations S.A.S. of a 51% equity stake of Groupe L'Express and the acquisition from News Participations S.A.S. of a 0.35% stake in Groupe News Participations;
- the cancellation of Common Shares A held by the Company;
- the approval of the acquisition of a 100% interest in Covage by SFR FTTH; and
- the approval of the sale by PT Portugal of a 49.99% minority equity stake in Altice Portugal FTTH.

In addition, the Board adopted written resolutions without holding a meeting with respect to, *inter alia*, the following matters:

- the approval of the corporate financial statements and the consolidated financial statements of the Company as at and for the year ended December 31, 2018;

- the approval of the 2018 Management Report and the 2018 comply or explain list;
- the approval of the quarterly condensed interim consolidated financial statements of the Company;
- the proposal to the General Meeting for the re-appointment of Board Members;
- the proposal to the General Meeting regarding the remuneration of Board Members, including:
  - the amendment of the Remuneration Policy;
  - the determination of the annual cash bonus for certain Executive Board Members for the financial year 2018;
  - the amendment of the remuneration of certain Executive Board Members;
  - the grant of a discretionary cash compensation to the Non-Executive Board Members for their contribution to the Separation; and
- the update of the Company's policies.

3.3 The Group Advisory Council

The Company has a group advisory council (the "**Group Advisory Council**") which advises the Company, the Board, its individual Board Members and the Group Companies on all matters that are material to the Company and the Group as a whole, including the operational, technological and general strategy of the Group. The Group Advisory Council is entitled to review any financial commitment of the Company or its subsidiaries above €10 million or not provided for in the annual budget of the Company (as approved by the Board). The President of the Group Advisory Council is Mr. Drahi.

The President or the Vice-President shall for all Board meetings invite one member of the Group Advisory Council, which member may be designated by the Group Advisory Council for the purpose of attending such meetings.

3.4 Maximum number of supervisory positions of Board Members

Restrictions apply with respect to the overall number of supervisory positions that a managing director or supervisory director (including a one-tier board) of "large Dutch companies" may hold. The restrictions only apply with regard to executive and supervisory positions in Dutch public limited liability companies, Dutch private limited liability companies and Dutch foundations that, on two successive balance sheet dates without subsequent interruption, meet at least two of the three criteria referred to in Section 2:397(1) DCC, which criteria are:

(i) the value of the company's/foundation's assets according to its balance sheet, on the basis of the purchase price or manufacturing costs, exceeds €20 million;

(ii) its net turnover in the applicable year exceeds €40 million; and

(iii) its average number of employees in the applicable year is 250 or more (such company or foundation, a "**Large Company**").

Pursuant to the DCC, a person cannot be appointed as a member of the management board if (a) he or she holds more than two supervisory positions with other Large Companies, or (b) if he or she acts as chairman of the supervisory board or, in the case of a one-tier board, serves as chairman of the board of a Large Company. The term "supervisory position" refers to the position of supervisory board member, non-executive board member in the case of a one-tier board, or member of a supervisory body established by the articles of association. A person may not be appointed as member of the supervisory board if he or she holds more than four supervisory positions with Large Companies. Acting as a chairman of a supervisory board or a supervisory body established by the articles of association or, in the case of a one-tier board, chairman of the management board, of a Large Company counts twice.

As of December 31, 2019, the Company meets the criteria of a Large Company for four successive balance sheet dates. The above-mentioned restrictions therefore apply to the Company.

3.5 Deviation from the Dutch gender diversity requirement and diversity policy

3.5.1 *Gender diversity rule*

Until January 1, 2020, Dutch law required Large Companies to pursue a policy of having at least 30% of the seats on both the management board and supervisory board held by men and at least 30% of the seats on the management board and supervisory board held by women, each to the extent these seats are held by natural persons. Under Dutch law, this was referred to as a well-balanced allocation of seats. This allocation of seats must be taken into account in connection with: (i) the appointment, or nomination for the appointment, of members of the management board; (ii) drafting the criteria for the size and composition of the management board and supervisory board, as well as the designation, appointment, recommendation and nomination for appointment of supervisory board members; and (iii) drafting the criteria for the non-executive directors, as well as the nomination, appointment and recommendation of non-executive directors.

If a Large Company did not comply with the gender diversity rule, it was required to explain in its management report (i) why the seats were not allocated in a well-balanced manner, (ii) how it had attempted to achieve a well-balanced allocation and (iii) how it aimed to achieve a well-balanced allocation in the future.

The nature and the activities of the Company and the desired expertise and background of the Board Members are decisive when Board Members are appointed or reappointed. The present composition of the Board deviates from the Dutch law rule regarding gender diversity that applied as at December 31, 2019. Although the Company pays close attention to gender diversity in the profiles of new Board Members and its diversity policy, the Company has not yet reached the 30% target. However, subject to the availability of suitable candidates at the time of Board appointments, the Company aims to reach a well-balanced mix of men and women among its Board Members in the future, especially since the recommendations of the Dutch Social and Economic Counsel (SER) in their advisory report “Diversity in the boardroom: Time to accelerate”, including the introduction of a 30% quota for both men and women for supervisory positions in Dutch listed companies, will be implemented by the Dutch cabinet.

3.5.2 *Diversity policy*

The Non-Executive Board Members have drawn up a diversity policy which is included in the Board Rules. The aim of this policy is to ensure that the Board has a diverse composition that contributes to a robust decision-making and proper functioning of the Board. The diversity targets of the Company with respect to the composition of its Board are:

- increasing the (work) experience diversity within the Board such that by 2022 the Board will at least have one member with relevant expertise and knowledge of the advertising market;
- increasing the (work) experience diversity within the Board such that by 2022 the Board will at least have one member with other business experience; and
- increasing the gender diversity within the Board such that by 2027 at least 20% of the Board will consist of women.

In 2018, the Company took an important initial step towards meeting the gender diversity target within the Board with the appointment of Ms. Marty as Executive Board Member. In addition, Mr. Sauvaire, Mr. Paulmier and Mr. Besnier, the Company’s new Non-Executive Board Members, contribute with their experiences and profiles to further diversify the Board. The Company does not yet meet the diversity targets but aims for a more diverse Board in the future and will take the diversity targets into account if vacancies in the Board must be filled.

The Non-Executive Board Members recognize that diversity should not be limited to the Board but should extend to all areas of the Company’s business, including but not limited to other key leadership positions. The diversity policy is pursued in the Group by taking the diversity targets into account in recruitment, talent development, appointment to roles, retention of employees, mentoring and coaching programs, succession planning, training and development (please see section 2.3.3.4 *“Diversity, equal opportunity and non-discrimination”* for additional information). By way of example, the CEOs of the Group’s activities in Israel and the Dominican Republic are women.

3.6 Comply or explain

3.6.1 *Introduction*

The Code applies to all Dutch companies listed on a government-recognised stock exchange, whether in the Netherlands or elsewhere. The Code therefore applies to the Company. The Code contains a number of principles and best practice provisions in respect of management boards, supervisory boards, shareholders and the general meeting of shareholders, financial reporting, auditors, disclosure, compliance and enforcement standards.

The Company is required to disclose in its Management Report whether or not it applies the provisions of the Code and, if it does not apply those provisions, to explain the reasons why in a substantive and transparent manner. Furthermore, if the departure from a principle or provision is of a temporary nature and continues for more than one financial year, the explanation should include an indication of when the Company intends to comply with that principle or provision. Where applicable, the Management Report should include a description of the alternative measure that was taken in the event of a deviation and either an explanation of how that measure attains the purpose of the principle or the provision or a clarification of how the measure contributes to good corporate governance of the Company.

In accordance with the "comply or explain" principle, the Company has outlined below departures from the Code. The entire "comply or explain" list is also published on the Company's website (www.altice.net).

The principles are based on a company with a two-tier board structure, whereby a supervisory board supervises the management board. The one-tier board structure, with non-executive directors who supervise the executive directors, is only explicitly mentioned in the best practice principle 5.1. The Committee advised that in principle all provisions for the supervisory board *mutatis mutandis* apply to non-executive directors and that all provisions for the management board *mutatis mutandis* apply to executive directors and in some instances also apply to the non-executive directors. The text of the (best practice) provisions below should be read bearing this in mind.

3.6.2 *Compliance with the Code*

The Company endorses the underlying principles of the Code and is committed to adhering to the best practices of the Code as much as possible. The Company fully complies with the Code, with the exception of the below best practice provisions or principles. Best practice provisions or principles with which the Company does not comply solely by virtue of its one-tier board structure and other non-compliance are mentioned separately below.

3.6.2.1 Non-compliance by virtue of the Company's one-tier board structure

Best practice provision 1.3.1: The Company does not entirely comply with this best practice provision. Since the Company has a one-tier board, the Board as a whole, thus including the Non-Executive Board Members, appoints and dismisses the senior internal auditor. Hence, no separate approval from the Non-Executive Board Members is requested.

Best practice provision 1.3.3: The Company does not entirely comply with this best practice provision. Since the Company has a one-tier board, the internal audit plan is submitted to the Board as a whole, thus including the Non-Executive Board Members. Hence, no separate approval from the Non-Executive Board Members is requested.

Best practice provision 1.6.3: Since the Company has a one-tier board, the engagement proposal is submitted by the Audit Committee to, and resolved upon by, the Board as a whole.

Best practice provision 2.3.10: The Company does not entirely comply with this best practice provision. Since the Company has a one-tier board, the Board as a whole, thus including the Non-Executive Board Members, appoints the company secretary. Hence, no separate approval from the Non-Executive Board Members is requested.

Best practice provision 2.7.2: The Company complies with this best practice provision, albeit that the Board Rules do not stipulate which transactions require the approval of the Non-Executive Board Members since, due to the Company's one-tier board structure, the Board as a whole, thus including the Non-Executive Board Members, decides upon such transactions. Hence, no separate approval from the Non-Executive Board Members is requested.

Best practice provision 2.7.4: The Company does not fully comply with this best practice provision since the decision to enter into a transaction that involves a conflicted Board Member is adopted by the Board as a whole. Since the Company has a one-tier board, no separate approval from the Non-Executive Board Members is requested.

Best practice provision 2.7.5: The Company does not comply with this best practice provision. Since the Company has a one-tier Board, the Board as a whole, thus including the Non-Executive Board Members, decides upon the transactions referred to in this best practice provision. Hence, no separate approval from the Non-Executive Board Members is requested.

Principle 3.1: The Company has a one-tier board, and therefore, the Board as a whole proposes the Remuneration Policy to the General Meeting for adoption, based on a recommendation of the Remuneration Committee, which consists of all Non-Executive Board Members. The Remuneration Policy is implemented by the General Meeting upon the proposal of the Board based on a recommendation of the Remuneration Committee. The Remuneration Policy is in line with the elements enumerated in this principle.

Best practice provision 3.1.1: The Company has a one-tier Board, and consequently, the Remuneration Policy is proposed to the General Meeting for adoption by the Board as a whole, based on a recommendation of the Remuneration Committee, of which all Non-Executive Board Members are members.

Best practice provision 3.2.1: Due to the Company's one-tier board structure, the Remuneration Committee submits the proposal concerning the remuneration of individual Board Members to the Board as a whole. The proposal covers the elements enumerated in this best practice provision.

Principle 3.3: The Company has a one-tier board. Therefore, the Board as a whole proposes the remuneration for its Non-Executive Board Members to the General Meeting.

3.6.2.2 Other non-compliance

Best practice provision 2.1.8: With a view to greater flexibility, the Company applies a slightly different criterion for independence referred to under subsection (ii). According to the Board Rules, a Board Member shall not be considered independent if the Board Member concerned receives significant personal financial compensation from the Company or a Group Company, other than the compensation received for the work performed as a Non-Executive Board Member and in so far as this is not in keeping with the normal course of business.

Best practice provision 2.3.4: The Company did not fully comply with this best practice provision in 2019 with regard to the Audit Committee, as Mr. van Breukelen chaired both the Board and the Audit Committee until April 10, 2019. However, since Mr. van Breukelen is considered to be a financial expert and experienced in supervising the integrity and quality of financial reporting and is also experienced in Dutch corporate governance matters, the Board regarded the combination of his roles of Chairman of the Board and chairman of the Audit Committee of significant added value to the Company. On April 10, 2019, Mr. Sauvaire replaced Mr. van Breukelen as chairman of the Audit Committee, therefore ending non-compliance with this best practice provision at that time.

Best practice provision 2.3.6: The Company complies with this best practice provision, with the exception that the responsibility to ensure that a vice-chairman is elected is not attributed to the Chairman. From a flexibility perspective, any Non-Executive Board Member (other than the Chairman) will carry out the duties of the Chairman on a case-by-case basis should the Chairman be absent or unable to chair.

Best practice provision 2.3.7: The Company does not comply with this best practice provision since no vice-chairman has been appointed. The Board Rules do, however, state that if appointed, the vice-chairman shall deputise for the Chairman when the occasion arises. The Board Rules do provide that if the Chairman or the vice-chairman are absent or unwilling to take the chair, the meeting shall appoint one of the Non-Executive Board Members or, in the event all Non-Executive Board Members in office are absent, one of the Executive Board Members as chairman of the meeting.

Best practice provision 2.3.9: In case an Executive Board Member is absent, his duties and powers will be carried out by another Executive Board Member that is designated for such purpose by the Executive Board Members. In case of long-term absence, the Non-Executive Board Members will be notified of such designation.

Best practice provision 2.4.2: The Company complies with this best practice provision, albeit that the acceptance of the membership of a supervisory board by an Executive Board Member requires the approval of the Board as a whole instead of the Non-Executive Board Members.

Best practice provision 2.4.3: The Company does not entirely comply with this best practice provision, since no vice-chairman has been appointed. The Board Rules provide that, if no vice-chairman is appointed, any Non-Executive Board Member (other than the Chairman) shall act as contact for individual Board Members regarding the functioning of the Chairman.

Best practice provision 2.6.2: The Company does not fully comply with this best practice provision, since the whistleblower policy does not provide for a specific reporting procedure in case a suspected misconduct or irregularity pertains to the functioning of a Board Member. The whistleblower policy does, however, provide for general reporting possibilities to the Company's general counsel, compliance officer, head of the internal audit team, Chairman, and in certain circumstances, the chairman of the Audit Committee. This reporting structure provides reporting employees with sufficient possibilities, also in respect of suspected misconduct or irregularities that pertain to the functioning of a Board Member.

Best practice provision 2.7.3: The Company complies with this best practice provision, provided that the Chairman will determine whether a reported (potential) conflict of interest qualifies as a conflict of interest. Where the Chairman has a (potential) conflict of interest, the vice-chairman or, if no vice-chairman is appointed, another Non-Executive Board Member, will determine whether the reported (potential) conflict of interest of the Chairman qualifies as a conflict of interest.

Best practice provision 3.1.2: The Remuneration Policy takes into consideration the aspects mentioned in this best practice provision, except that (i) 50% of the Weill 2016 FPPSs vested on the second anniversary of the date of grant, 25% of the Weill 2016 FPPSs vested on December 31, 2018, and 25% of the Weill 2016 FPPSs vested on December 31, 2019, (ii) the Weill 2018 FPPSs will vest on the earlier of the fourth anniversary of the date of grant or the annual General Meeting to be held in 2022, subject to the achievement of a performance criteria, and (iii) stock options granted under the SOP and the 2017 SOP are exercisable in various tranches, the first of which is two years after the grant of the options.

Principle 3.2: The Company does not comply with this principle since the General Meeting determines the remuneration of individual Board Members (as opposed to the Non-Executive Board Members as stipulated in this principle), upon the proposal of the Board which in turn is based on a recommendation of the Remuneration Committee, which consists of all Non-Executive Board Members.

Best practice provision 4.3.3: The Company does not comply with this best practice provision. According to the Articles of Association, Executive Board Members are appointed by the General Meeting on the binding nomination of the Nominating Shareholder. The General Meeting may at all times overrule the binding nomination by a resolution adopted by a majority of at least two thirds of the votes cast representing more than half of the issued share capital. In addition, according to the Articles of Association, the General Meeting may at any time dismiss or suspend any Board Member. If the Nominating Shareholder has not made a proposal for the dismissal of a Board Member, the General Meeting can only resolve upon the dismissal of such Board Member by resolution adopted by a majority of at least two thirds of the votes cast representing more than half of the issued capital. The majority and quorum requirements included in the Articles of Association do not comply with this best practice provision, but do comply with the statutory provisions included in section 2:133(2) DCC.

Best practice provision 5.1.1: The Company does not comply with this best practice provision because (i) Mr. Paulmier was not an independent Non-Executive Board Member until July 25, 2019 and (ii) the Board consisted, as per the end of the financial year 2019, of an even number of Executive Board Members and Non-Executive Board Members. However, the composition of the Board as a whole ensures that its duties are carried out properly, supervision of the Executive Board Members is performed sufficiently and independently, and that all the necessary expertise and experience is available.

Best practice provision 5.1.4: The Company did not fully comply with this best practice provision in 2019 with regard to the Audit Committee, as Mr. van Breukelen chaired both the Board and the Audit Committee until April 10, 2019. However, since Mr. van Breukelen is considered to be a financial expert and experienced in supervising the integrity and quality of financial reporting and is also experienced in Dutch corporate governance matters, the Board regarded the combination of his roles of Chairman of the Board and chairman of the Audit Committee of significant added value to the Company. On April 10, 2019, Mr. Sauvaire replaced Mr. van Breukelen as chairman of the Audit Committee, therefore ending non-compliance with this best practice provision at that time.

3.7 Capital, Shares and voting rights

3.7.1 *Share capital*

As of December 31, 2019, the Company's authorized capital is €261,500,000.00, divided into the following Shares:

- 4,754,551,450 Common Shares A, each with a nominal value of €0.01;
- 209,817,942 Common Shares B, each with a nominal value of €0.25;

- 4,000,000,000 Preference Shares A, each with a nominal value of €0.04; and
- 150,000,000 Preference Shares B, each with a nominal value of €0.01.

Common Shares A and Common Shares B

One Common Share A has one vote and one Common Share B has 25 votes. Common Shares A and Common Shares B must be paid up in full upon issuance and are equally entitled to dividends.

Preference Shares A

Each Preference A Share has four votes on all matters on which all voting shares have voting rights and, other than matters that require a class vote, form a single class with other voting shares in the capital of the Company for such purposes.

Pursuant to the Articles of Association, Preference Shares A may be issued against payment in cash of at least one quarter of their nominal value.

Preference Shares B

Each Preference Share B has one vote on all matters on which all voting shares have voting rights and, other than with respect to matters that require a class vote, form a single class with the other voting shares in the capital of the Company for such purposes.

Preference Shares B must be paid up in full upon issuance. Pursuant to the Articles of Association, the Board may at all times convert one or more Preference Shares B into one or more Common Shares A in accordance with the conversion ratio and other conditions as determined by the Board.

Issued capital

As of December 31, 2019, the Company's issued capital is €59,459,497.98.

Issued share capital of the Company as at December 31, 2019

Shares	**Nominal value**	**Number**	**Percentage of issued share capital**
Common Shares A	€0.01	1,038,014,875 (of which 40,265,455 are held by the Company)	17.46%
Common Shares B	€0.25	196,261,727 (none of which are held by the Company)	82.52%
Preference Shares A	€0.04	0	0%
Preference Shares B	€0.01	1,391,748	0.02%
Total		1,235,668,350	100%

The Common Shares are listed on Euronext Amsterdam. All issued Shares are fully paid-up and are subject to, and have been created under, the laws of the Netherlands.

Conversion

A holder of Common Shares B may at all times provide the Board with a written notice in the form as determined by the Board ("**Conversion Notice**") requesting to convert one or more of its Common Shares B into Common Shares A in the ratio of 25 Common Shares A for one Common Share B. The Conversion Notice must at least include an irrevocable and unconditional power of attorney to the Company, with full power of substitution, to transfer 24 of the converted Common Shares A unencumbered and without any attachments for no consideration (*om niet*) to the Company, which transfer shall be effected by the Company simultaneously with the conversion of the (relevant) Common Share(s) B into Common Shares A referred to in the Conversion Notice.

A form of Conversion Notice is available on the Company's website (www.altice.net) and can be downloaded and submitted to the Company in accordance with the instructions set forth in the Conversion Notice.

The Articles of Association provide that as per the moment of conversion of Common Shares B and/or Preference Shares B into Common Shares A, the authorized capital of the Company shall decrease with the number of Common Shares B and/or Preference Shares B included in such conversion, as applicable, and the authorized capital of the Company shall increase with the number of Common Shares A resulting from such conversion.

In addition, the Articles of Association provide for a transitory provision with respect to the authorized capital, pursuant to which the authorized capital will automatically be increased to €400,000,000 if and as soon as a resolution adopted by the General Meeting or the Board has been filed with the Trade Register of the Chamber of Commerce, pertaining to an issuance of such number of Shares pursuant to which the issued share capital of the Company will be at least €80,000,000. At the time of this Management Report, no such resolution has been filed with the Trade Register of the Chamber of Commerce. Therefore, this transitory provision did not yet take effect.

3.7.2 *Restrictions on the transfer of Shares*

Shares are freely transferable, unless agreements between the Shareholders provide otherwise. For a description of such agreements, please refer to section 3.7.6 *"Agreements between Shareholders known to the Company and which may result in restrictions on the transfer of securities and/or voting rights"*.

3.7.3 *Significant direct and indirect Shareholders*

Pursuant to the register kept by the Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten*), through December 31, 2019, the below table specifies the persons having notified a substantial holding, i.e. a holding of 3% or more, in the share capital or voting rights of the Company (the relevant further notification thresholds being 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%)[(1)]:

Shareholders	Capital	Voting rights	Date of notification (most recent notification only)
P. Drahi	75.73%	77.76%	June 28, 2019
D. Goei	0.41%	77.76%[(2)]	June 28, 2019
D. Okhuijsen	0.14%	77.76%[(2)]	June 28, 2019
J.L. Berrebi	0.28%	77.76%[(2)]	June 28, 2019
A. Weill	1.20%	77.76%[(2)]	June 28, 2019
The Goldman Sachs Group Inc.	3.06%	3.06%	June 3, 2019
EuroPacific Growth Fund	5.17%	0.00%	February 9, 2016
Capital Research and Management Company	0%	7.05%	August 10, 2015

[(1)] The percentages are based on the information registered in the register kept by the Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten*) as at December 31, 2019. These percentages may not reflect the actual shareholdings and/or voting rights as per December 31, 2019 since not all changes in shareholdings and/or voting rights require a notification. Only if a relevant threshold is exceeded or one falls below a certain threshold this must be notified. For further information on share trades by Board Members, persons discharging managerial responsibilities or closely associated persons, please see https://www.afm.nl/en/professionals/registers/meldingenregisters/bestuurders-commissarissen and https://www.afm.nl/en/professionals/registers/meldingenregisters/transacties-leidinggevenden-mar19.
[(2)] Next Alt has entered into shareholders' agreements with these Shareholders (directly or through their respective personal holding companies) in which a voting agreement is included, pursuant to which such Shareholders have to vote in favour of all items in the General Meeting proposed by Next Alt for a period of thirty years. For a description of such agreements, please refer to section 3.7.6 *"Agreements between Shareholders known to the Company and which may result in restrictions on the transfer of securities and/or voting rights"*.

3.7.4 *Voting rights and restrictions on voting rights*

Voting rights

Each issued and outstanding Common Share A confers the right to cast one vote, each issued and outstanding Common Share B confers the right to cast 25 votes, each Preference Share B confers the right to cast one vote and each Preference Share A (if it were to be issued and outstanding) confers the right to cast four votes in the General Meeting and in meetings of holders of a separate class of shares.

Each Shareholder who meets the requirements below may attend the General Meeting, address the General Meeting and, to the extent applicable, exercise voting rights pro rata to its shareholding, either in person or by proxy. Shareholders may exercise these rights if:

- they are the holders of issued shares on the record date as required by Dutch law, which is currently the 28th day before the day of the General Meeting;
- they or their proxy have notified the Company of their intention to attend the General Meeting in writing by the date specified in the notice of the General Meeting; and
- they are registered as such in (a) the records that are kept by the banks and agents that are defined as intermediaries pursuant to the Securities Giro Transfer Act (*Wet Giraal effectenverkeer*) or (b) the Company's shareholders' register.

The convocation notice shall state the record date and the manner in which the persons entitled to attend the General Meeting may register and exercise their rights. The Board may determine that the voting rights may be exercised by means of electronic communication.

To the extent the law or the Articles of Association do not require a qualified majority, all resolutions of the General Meeting shall be adopted by an absolute majority of the votes cast, in a meeting in which a quorum of at least 50% of the issued and outstanding capital is present or represented.

Restrictions on voting rights

Pursuant to Dutch law, no voting rights may be exercised for any issued Shares held by the Company or a subsidiary (as defined in the Articles of Association) nor for any issued Shares for which the Company or a subsidiary holds the depositary receipts. However, pledgees and usufructuaries (*recht van vruchtgebruik*) of issued Shares held by the Company or a subsidiary are not excluded from exercising the voting rights, if the right of pledge or the usufruct was created before the issued Share was owned by the Company or such subsidiary. The Company or a subsidiary may not exercise voting rights for an issued Share in respect of which it holds a right of pledge or usufruct. When determining how many votes are cast by Shareholders, how many Shareholders are present or represented, or which part of the Company's issued capital is represented, no account is taken of issued Shares for which, pursuant to the law or the Articles of Association, no vote can be cast.

3.7.5 *System of control of employee share scheme*

The Company has not implemented any employee share scheme granting rights to employees to acquire shares in the Company or a subsidiary where the control rights are not exercised directly by the employees.

3.7.6 *Agreements between Shareholders known to the Company and which may result in restrictions on the transfer of securities and/or voting rights*

Next Alt has entered into shareholders' agreements with Dexter Goei (through More ATC LLC), Dennis Okhuijsen, Jean-Luc Berrebi (through a personal holding company), and Alain Weill (collectively the "**AENV Shareholders**") in which procedures for transfers of Shares by the relevant AENV Shareholder and a voting agreement have been laid down. In 2019, the shareholders' agreements with Mr. Giami, Mr. Rotkoff, Mr. Bonnin and Mr. Hegesippe were terminated.

Subject to certain exceptions, the shareholders' agreements limit the rights of AENV Shareholders to enter into collar arrangements over Shares or grant options, rights or warrants to purchase Shares. In addition, Next Alt has a pre-emption right in the event any AENV Shareholder intends to transfer Shares to third parties. Prior to effecting any such transfer, the AENV Shareholder must notify Next Alt about the contemplated transfer. Following such notification, Next Alt may exercise its pre-emption right and acquire all, or some, of the Shares. In the event Next Alt does not exercise its pre-emption right timely and in accordance with the terms of the relevant shareholders' agreements, Next Alt will be deemed to have waived its pre-emption right with respect to the specific Shares and the relevant AENV Shareholder may freely transfer such Shares.

Pursuant to the voting arrangements laid down in the shareholders' agreements, in order to ensure the smooth continuation of the Company's business, the AENV Shareholders undertook to cast their votes in good faith during all General Meetings and to vote in favour of all items proposed by Next Alt in the General Meeting for a period of 30 years. Each AENV Shareholder must also give a proxy to Next Alt to represent it and to vote on its behalf in the General Meeting.

Certain other managers of the Group are also bound by similar shareholders' agreements with Next Alt, except that the relevant voting arrangement will only come into effect in case Next Alt no longer holds at least 50% of the voting rights in the Company.

3.7.7 *Appointment and replacement of Board Members / amendment to the Articles of Association*

Appointment and replacement of Board Members

The Executive Board Members and Non-Executive Board Members are appointed by the General Meeting. Only natural persons can be appointed Non-Executive Board Members. The Executive Board Members are appointed by the General Meeting at the binding nomination of Next Alt, provided that (i) Next Alt (a) holds a direct interest of at least 30% of the aggregate nominal value of the issued and outstanding Common Shares and (b) is Controlled by the Controller (both defined below), or (ii) when Next Alt does not hold a direct interest of at least 30% of the aggregate nominal value of the issued and outstanding Common Shares and/or is no longer Controlled by the Controller, any other legal entity which (x) holds a direct interest of at least 30% of the aggregate nominal value of the issued and outstanding Common Shares and (y) is Controlled by the Controller (the "**Nominating Shareholder**"). In this context, "**Controlled**" means, with respect to a legal entity, (i) the ownership of legal and/or beneficial title to voting securities that represent more than 50% of the votes in the general meeting of such legal entity; and/or (ii) being empowered to appoint, suspend or dismiss or cause the appointment, suspension or dismissal of at least a majority of the board members, supervisory board or any similar governing body of such legal entity, whether through the exercise of voting rights, by contract or otherwise; and/or (iii) the power to direct or cause the direction of the management and policies of such entity, whether through the exercise of voting rights, by contract or otherwise, and "**Controller**" means (i) Patrick Drahi individually or (if applicable) together with any of his children who indirectly hold Common Shares or (ii) Patrick Drahi's heirs jointly.

Pursuant to the Articles of Association, the General Meeting may at all times overrule such binding nomination by a resolution adopted by a majority of at least two thirds of the votes cast representing more than 50% of the issued capital. If the General Meeting overrules the binding nomination, the Nominating Shareholder may make a new binding nomination. The nomination must be included in the notice of the General Meeting at which the appointment will be considered. The Board will request the Nominating Shareholder to make its nomination at least ten days before publication of the notice of the General Meeting at which the appointment will be considered. If a nomination has not been made by the Nominating Shareholder or has not been made by the Nominating Shareholder within seven days following the request of the Board, this must be stated in the notice and the General Meeting will be free to appoint a Board Member at its discretion.

The General Meeting may at any time dismiss or suspend a Board Member. If the Nominating Shareholder proposes the dismissal of a Board Member to the General Meeting, the General Meeting can resolve upon that dismissal with an absolute majority of the votes cast. If the Nominating Shareholder has not made a proposal for the dismissal of a Board Member, the General Meeting can only resolve upon the dismissal of that Board Member with a majority of at least two-thirds of the votes cast representing more than 50% of the issued capital. An Executive Board Member may also be suspended by the Board; any resolution of the Board concerning the suspension or dismissal of the Vice-President must be adopted by unanimous votes in a meeting where all Board Members, other than the Vice-President, are present or represented. A General Meeting must be held within three months after a suspension of a Board Member has taken effect, in which General Meeting a resolution must be adopted either to dismiss such Board Member or to terminate or extend the suspension for a maximum period of three months. If neither such resolution is adopted, nor the General Meeting has resolved to dismiss the Board Member, the suspension will lapse.

The Nominating Shareholders' rights mentioned above may not be amended or withdrawn without the Nominating Shareholders' prior written consent. The Nominating Shareholder will only be entitled to these rights as long as it holds a direct interest of at least 30% of the aggregate nominal value of the issued and outstanding Common Shares and is Controlled by the Controller.

Amendment of the Articles of Association

The General Meeting may, at the proposal of the Board, resolve to amend the Articles of Association with an absolute majority of the votes cast, provided that at least 50% of the issued and outstanding capital is present or represented. A proposal to amend the Articles of Association must be included in the agenda of the relevant General Meeting. When a proposal to amend the Articles of Association is made, a copy of the proposal, containing the verbatim text of the proposed amendment, must be lodged with the Company for the inspection of every Shareholder from the date on which notice of the meeting is given until the end of the General Meeting.

3.7.8 *Power to issue and repurchase Shares*

Issuance of Shares

Shares are issued pursuant to a resolution of the General Meeting or pursuant to a resolution of the Board, to the extent so authorized by the General Meeting for a specific period not exceeding five years. The General Meeting will, for as long as any such designation of the Board for this purpose is in force, remain authorized to resolve upon the issuance of Shares. Unless otherwise stipulated at its grant, the authorization cannot be withdrawn.

The Board is irrevocably authorized in the Articles of Association to issue Shares and to grant rights to subscribe for Shares up to the amount of the Company's authorized capital for a period of five years from August 8, 2015. This authorization of the Board will expire on August 8, 2020. After that period, Shares may be issued pursuant to (i) a resolution of the General Meeting, or (ii) a resolution of the Board, if so authorized by the General Meeting.

Pre-emptive rights

In accordance with Dutch law and the Articles of Association, holders of issued Common Shares have pre-emptive rights to subscribe on a pro rata parte basis for any issue of new Common Shares or upon a grant of rights to subscribe for Common Shares. Such pre-emptive rights do not apply, however, in respect of Common Shares issued against contribution in kind, Common Shares issued to employees of the Group and Common Shares issued to persons exercising a previously granted right to subscribe for Common Shares.

Pre-emptive rights may be limited or excluded by a resolution of the General Meeting. The General Meeting may designate this authority to the Board for a period not exceeding five years, provided that the Board is at that time also authorized to issue Shares. If less than one half of the issued capital of the Company is represented at a General Meeting, a majority of at least two-thirds of the votes cast is required for a resolution of the General Meeting to limit or exclude such pre-emptive rights or to make such designation. Unless otherwise stipulated at its grant, the authorization cannot be withdrawn.

Pursuant to the Articles of Association, the Board is irrevocably authorized to limit or exclude pre-emptive rights on any issue of Shares or the granting of rights to subscribe for Shares for a period of five years from August 8, 2015. After such period, the Articles of Association stipulate that pre-emptive rights may be limited or excluded by a resolution of the General Meeting, which may again designate this authority to the Board, for a period not exceeding five years, provided that the Board at that time is also authorized to issue Shares.

In accordance with Section 2:96a DCC, Shareholders do not have pre-emptive rights on any issue of Preference Shares A or Preference Shares B. Holders of Preference Shares A or Preference Shares B do not have a pre-emptive right in respect of Common Shares.

Repurchase of Shares

The Company may not subscribe for Shares upon issue. The Company may acquire fully paid-up issued Shares at any time for no consideration, or subject to Dutch law and the Articles of Association, if (i) its equity exceeds the Distributable Equity, (ii) the number of issued Shares which the Company or a or a subsidiary (as defined in the Articles of Association) acquires, holds or holds as pledgee, is not more than as permitted by Dutch law and (iii) the Board has been authorized by the General Meeting to repurchase issued Shares.

The General Meeting's authorization as referred to above may be valid for a specific period not exceeding 18 months. As part of the authorization, the General Meeting must specify the number of issued Shares that may be acquired, the manner in which the issued Shares may be acquired and the price range within which the issued Shares may be acquired.

On June 27, 2019, the General Meeting authorized the Board for a period of 18 months, commencing on June 27, 2019, to acquire issued Shares in its own capital, subject to the following conditions: (i) the maximum number of issued Shares which may be acquired is 10% of the issued share capital of the Company at any time during the period of authorization; (ii) transactions must be executed at a price between the nominal value of the issued Shares and 110% of the opening price at Euronext Amsterdam at the date of the acquisition; and (iii) transactions may be executed on the stock exchange or otherwise.

No authorization from the General Meeting is required for the acquisition of fully paid up issued Shares for the purpose of transferring the same to employees of the Company or of a Group Company under a scheme applicable to such employees (such as the Stock Option Plans), provided that such issued Shares are listed on a stock exchange.

Capital Reduction

With due observance of the statutory requirements, the General Meeting may resolve to reduce the issued share capital by (i) reducing the nominal value of issued Shares by amending the Articles of Association or (ii) cancelling issued Shares. Pursuant to the Articles of Association, a resolution to cancel issued Shares may only relate to (a) issued Shares or depositary receipts for such issued Shares held by the Company or (b) all (issued) Preference Shares A with repayment. A reduction of the nominal value of issued Shares, with or without repayment, must be made pro rata on all issued Shares concerned. This pro rata requirement may be waived if all Shareholders concerned so agree.

Pursuant to Dutch law, a resolution of the General Meeting to reduce the share capital requires a majority of at least two-thirds of the votes cast, if less than half of the issued and outstanding share capital is present or represented at the General Meeting. In addition, Dutch law contains detailed provisions regarding the reduction of capital. A resolution to reduce the issued share capital will not take effect as long as creditors have legal recourse against the resolution.

On June 27, 2019, the General Meeting resolved to authorize the cancellation of any Shares in the share capital of the Company held or to be held by the Company. This cancellation may be executed in one or more tranches. The Board has full discretionary power to resolve not to cancel Shares. If the Board resolves to cancel Shares, it determines the number of issued Shares that will be cancelled (whether or not in a tranche). Pursuant to the relevant statutory provisions, cancellation may not be effected earlier than two months after a resolution to cancel issued Shares is adopted and publicly announced. This will apply for each tranche. On September 23, 2019, the Board resolved to cancel 200,000,000 Common Shares A (effective on November 27, 2019), in addition to the 685,000,000 Common Shares A that it resolved to cancel on April 26, 2019 (effective on June 28, 2019).

3.7.9 *Significant agreements which alter or terminate upon change of control*

Change of control event triggers under the Group's debt documents

Under the terms of certain of the Group's Indentures, Term Loans, Revolving Credit Facility Agreements and Guarantee Facility Agreements, at any time following a Change of Control (or with respect to the Indentures and Term Loans that contain "portability" features, at any time following a Change of Control Triggering Event) (each as defined in the relevant Indentures, Term Loans, Revolving Credit Facility Agreements and Guarantee Facility Agreements, as applicable), the issuer or borrower, as applicable, will be required to offer to repurchase the notes or prepay the facilities, as applicable. Change of Control is generally defined under the relevant Indentures, Term Loans, Revolving Credit Facility Agreements and Guarantee Facility Agreements as: (i) a direct or indirect change in ownership of more than 50% of the issued and outstanding voting stock in the parent of the issuer or borrower, as applicable, measured by voting power rather than number of shares, (ii) a direct or indirect change to the composition of the majority of the board (including the Board and as further described in the relevant documents), (iii) a direct or indirect sale or other disposition of all or substantially all assets of the parent, or (iv) in the case of the Altice International group, a direct or indirect change of ownership whereby the respective controlling entities cease to hold 100% of the capital stock of Altice Financing, or Altice Finco, as applicable. Under the Indentures, at any time following a Change of Control (or with respect to the Indentures that contain "portability" features, at any time following a Change of Control Triggering Event), the applicable issuer under the Indentures will be required to offer to repurchase the notes issued thereunder at a price equal to 101% of their aggregate principal amount, plus accrued and unpaid interest, if any, and additional amounts, if any. Holders of the notes are not required to tender their notes to the offer. Under the Term Loans, at any time following a Change of Control (or with respect to the Term Loans that contain "portability" features, at any time following a Change of Control Triggering Event), the applicable borrower will be required to prepay the loans plus accrued and unpaid interest, if any, and additional amounts, including unpaid accrued fees, if any. Certain of the Indentures and Term Loans contain "portability" features, under which the Change of Control Triggering Event would not be triggered as long as there is no Rating Decline (as defined in the relevant Indentures and Term Loans) following a Change of Control. Under the Revolving Credit Facility Agreements, upon the occurrence of a Change of Control, the facilities are cancelled and all outstanding loans, together with accrued interest and all other amounts accrued under the finance documents become immediately due and payable. Certain of the Revolving Credit Facility

Agreements, in addition to designating all outstanding loans as immediately payable, also require the borrower, immediately following a Change of Control, to cash collateralize its outstanding obligations.

Change of control event triggers under other agreements

Certain employment agreements may contain specific clauses in case a change of control occurs, but this is an exceptional situation and would not have a significant impact in case of a change of control.

The SOP, the LTIP, the 2017 SOP and the 2017 LTIP provide that all options will automatically vest in case a change of control occurs. A change of control means, for this purpose, Next Alt, together with related parties, owning, directly or indirectly, less than 30% of the aggregate nominal value of the issued and outstanding Common Shares in the capital of the Company.

Furthermore, certain of the Group's customer contracts may include certain terminations rights upon the occurrence of a change of control. However, the Group deems the impact of these to be non-material should this provision be triggered, in light of the volume of contracts that the Group services.

Also, the Group is subject to various rules and regulations in the jurisdictions in which the Group operates and will be required to seek regulatory approval from the applicable governing bodies upon the occurrence of certain change of control events.

Certain of the Group Companies' agreements with their telecom suppliers may contain a change of control clause which, in certain cases, only applies if the relevant Group Company is acquired by a competitor of its co-contracting party under the agreement.

Under the terms of certain agreements entered into by the Group Companies for the acquisition of content rights, the content provider may terminate the agreement upon a change of control of the relevant Group Company. A change of control is generally defined as (i) a change in the (direct or indirect) ownership of more than 50% of the share capital or voting rights of the relevant Group Company or (ii) a change in the (direct or indirect) power to direct or cause the direction of the management and policies of the relevant Group Company. In certain cases, the content provider may terminate the agreement and request the relevant Group Company to pay a portion of the amounts remaining due under the agreement if, in its reasonable opinion, the change of control is detrimental to its interests or adversely affects the ability of the Group Company to perform its obligations under the agreement.

The service agreements of the members of the Board do not provide for any benefit upon termination of employment as a result of a change of control.

3.8 Other corporate governance practices

3.8.1 *Conflict of interest and transactions with Board Members and major Shareholders*

Dutch law provides that a managing director of a Dutch public limited liability company, such as the Company, may not participate in the adoption of resolutions (including deliberations in respect of these) if he or she has a direct or indirect personal interest conflicting with the interests of the Company and the enterprise connected therewith. Such a conflict of interest only exists if in the situation at hand the managing director is deemed to be unable to serve the interests of the company and the business connected with it with the required level of integrity and objectivity.

Pursuant to the Board Rules, each Board Member (excluding the Chairman) must immediately report any (potential) personal conflict of interest to the Chairman and to the other Board Members. A Board Member with such (potential) conflict must provide the Chairman and the other Board Members with all information relevant to the conflict, including the information relevant to the situation concerning his/her spouse, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree.

The Chairman will determine, in the absence of the (potentially) conflicted Board Member, whether a reported (potential) conflict of interest qualifies as (i) a conflict of interest within the meaning of Section 2:129 DCC or (ii) any other situation which causes reasonable doubt about whether the Board Member concerned is primarily guided in the decision-taking process by the interests of the Company and its business, in which case the Board

Member cannot participate in the deliberations and the decision-making involving a subject or transaction in relation to which there is a direct or indirect personal conflict of interest.

The Chairman must immediately report any (potential) personal conflict of interest to the Vice-Chairman, or if no Vice-Chairman is appointed, any other Non-Executive Board Member (other than the Chairman) in office. The Chairman with such (potential) conflict must provide all information relevant to the conflict, including the information relevant to the situation concerning his/her spouse, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree. The Vice-Chairman, or if no Vice-Chairman is appointed, any other Non-Executive Board Member (other than the Chairman) decides whether the Chairman has a conflict of interest.

If there is a conflict of interest in respect of all Board Members, the decision will nevertheless be taken by the Board. All transactions involving personal conflicts of interest with members of the Board must be concluded on terms customary in the industry concerned.

The existence of a (potential) conflict of interest does not affect the authority to represent the Company.

The only transactions involving a conflict of interest with a Board Member that were approved in 2019 were the following:

- the sale of a 51% equity stake of Groupe L'Express to News Participations S.A.S., in respect of which an Executive Board Member, Mr. Weill, had a conflict of interest, in his capacity as controlling shareholder and president of News Participations S.A.S. (please refer to section 2.4.1 *"Significant events affecting historical results – Sale of a majority stake in Groupe L'Express"* for more details on this transaction); and

- the acquisition by Altice Content Luxembourg SA of a 0.35% stake in Groupe News Participations from News Participations, in respect of which an Executive Board Member, Mr. Weill, had a conflict of interest, in his capacity as controlling shareholder and president of News Participations S.A.S..

The Company complied with best practice provisions 2.7.3 and 2.7.4 of the Code, save for the deviations indicated in section 3.6 "*Comply or explain*".

No new transactions between the Company and holders of at least 10% of the total issued share capital were entered into in 2019.

3.8.2 *Anti-takeover measures*

On August 9, 2015, the Company issued a warrant (the "**Warrant**") to Next Alt pursuant to which, under specific circumstances, Next Alt would be entitled to subscribe for Preference A Shares in the capital of the Company to be issued upon exercise of the Warrant (the "**Warrant Shares**"). The Warrant may be exercised at any time upon and following each date of occurrence of the following event as long as the event continues to exist (the "**Exercise Event**"):

- if the shareholding of any holder of Common Shares, other than Next Alt (or the shareholding of any holder of Common Shares, other than Next Alt, when aggregated with the shareholding(s) of any Shareholder(s) with whom such Shareholder is acting in concert), is at least equal to 20% of the aggregate nominal value of the Common Shares.

Upon exercise of the Warrant (in full or partially), Next Alt has the right (but not the obligation) to subscribe for Warrant Shares. The consideration to be paid consists of payment in cash of at least one quarter of the nominal value of each Warrant Share in euro (the "**Exercise Price**"). Next Alt has the right to subscribe for such number of Warrant Shares in order for Next Alt to reach a maximum of 66.67% of the aggregate nominal value of all issued Shares in the capital of the Company from time to time, taking into account the Shares already held by Next Alt.

The right of Next Alt to exercise the Warrant is not extinguished upon exercise of the Warrant. The Warrant is a revolving instrument entitling Next Alt to exercise the Warrant when an Exercise Event occurs, notwithstanding any previous exercise of the Warrant.

The Company shall cancel all outstanding Warrant Shares against repayment of the aggregate Exercise Price following the exercise of the Warrant:

- if Next Alt transfers any Warrant Shares to any person other than the Company, except in case of a transfer to any person or entity which holds a direct interest of at least 30% of the aggregate nominal value of the Common Shares and is controlled by (i) Mr. Patrick Drahi individually or (if applicable) together with any of his children who indirectly hold Common Shares or (ii) his heirs jointly; or
- if Next Alt holds less than 30% of the aggregate nominal value of the Common Shares; or
- following the occurrence of the Exercise Event, if no single holder of Common Shares (other than Next Alt) and no holder of Common Shares (other than Next Alt) acting in concert continues to hold 20% or more of the aggregate nominal value of the Common Shares.

3.8.3 *Culture and values of the Group*

3.8.3.1 Core values and mindsets

The Group's core values are the following: together; dedicated; brave; disruptive; quick; to deliver excellence to customers. These values translate in 10 Altice Mindsets, which originate from the Group's family anchoring and are the foundation of its success:

- Everything is possible **-** We reinvent the future for our customers by challenging ourselves to deliver products that unlock the limitless potential of our assets, our people and our world. We never say "it is not possible" – we act to make everything possible.

- We make our dreams a reality - Our dreams energize all of our people and guide our decisions. We recruit and retain team members who share our dreams and we never give up until we make our dreams reality. We are never fully satisfied by our accomplishments and set further limits to our dreams.

- Simplicity means success - We think simple ideas, direct our ideas into quick actions, simplify our processes, and fine-tune our organization to achieve our goals. Complexity is the enemy of growth and bureaucracy the enemy of fun – for us, simplicity and fun will lead to success.

- People are our best asset - We own and build the strongest organizations, but our best asset is our people who form the Altice Family. We recruit, develop and retain the best talents: diversity is our culture. Our people become our partners: entrepreneurial, fearless, self-motivated, committed, always optimistic and share our dreams.

- Customers are our boss - Our attitude and our decisions benefit our customers. We work hard at providing better experiences to our customers in everything we do. We listen to our customers as we listen to our friends, and we want them to be proud of us and what we enable for them.

- We lead by example - Our leaders do not tell us what to do, they show us how to act. They listen more than they talk, and everyone has direct and informal access to them.

- Smart investment implies cost control - As we own our Group, engaging Group money is investing our own money. Our cost control makes us grow faster than others and enables investment and innovation. In the end, our growth provides for a better experience to our customers and leads to a successful workplace.

- Optimism brings solutions - We are problem solvers: we do not see problems in every idea, we bring solutions to any problem. In every situation, there is an opportunity: this is our optimism.

- Informal management favours collaboration - We favour close dialogue between all of our people with a collective spirit, fairness and transparency. There is no hierarchy; challenging ideas is more important than compromise, decisions are thoughtful and rapid; action is spontaneous; reward is fair.

- Innovation is everywhere - We invented our model not long ago, we invent our products every day and we shall reinvent ourselves all the time. Innovation is everywhere all the time.

The 10 Altice Mindsets apply throughout the Group regardless of the level of responsibility so that the Group can maintain the same entrepreneurial spirit and camaraderie that has gotten it to where it is today.

3.8.3.2 Business integrity

Company's Code of Conduct and Anti-Corruption Policy

From a business perspective, the Group has developed a culture focused on compliance and integrity and adopts a zero-tolerance approach to illegal or unethical behaviour, bribery and corruption. Conducting business in accordance with the law and maintaining the highest level of professional and ethical standards in the conduct of business affairs are essential components of the Group's corporate culture. This is outlined in and implemented through the Company's code of business conduct (the "**Code of Conduct**") and the anti-corruption policy (the "**Anti-Corruption Policy**") last adopted by the Company on April 10, 2019, which are available on the Company's website.

The Code of Conduct, which applies to all directors, officers and employees of the Group, is designed to outline the applicable ethical and legal obligations in handling the Group's business, regarding, in particular, the following areas: compliance with laws, conflicts of interest, fair dealing, protection and proper use of the Group's assets and respecting the Group's community.

The Anti-Corruption Policy, which applies to the Company, the Group Companies and their respective directors, officers and employees, describes rules and procedures for conducting business in accordance with applicable anti-corruption laws, including, but not limited to, the US Foreign Corrupt Practices Act, the UK Bribery Act (2010), the French Sapin II Act and the Dutch Penal Code, and establishes guidelines for handling corruption concerns. It is the Group's policy to: (i) conduct the Group's business in a manner designed to maintain a culture of honesty and opposition to fraud and corruption; (ii) maintain the highest moral, ethical and social standards in the Group's business and activities; (iii) maintain proper business relationships with all individuals, including government officials, regardless of whether such relationships are direct or indirect; (iv) require the Group's agents, consultants, and business partners to comply with the Anti-Corruption Policy; and (v) enforce the Anti-Corruption Policy with appropriate disciplinary measures, up to and including termination of association with the Group.

It is important for the Group that all employees act with integrity and in compliance with the values, rules of conduct and applicable laws at all times and in accordance with the Code of Conduct, the Anti-Corruption Policy and the code of ethics of each Group Company. Each employee is responsible for adhering to the values of the Group and for making every effort to ensure that the Code of Conduct and the Anti-Corruption Policy are respected by all. Employees shall at all times report irregularities regarding the implementation of the Code of Conduct or the Anti-Corruption Policy in accordance with the Company's whistleblower policy.

The effectiveness of, and compliance with, the Code of Conduct and the Anti-Corruption Policy are assessed through internal controls and procedures put in place by the Group, as well as through systematic and ad hoc financial and operational audits and special investigations carried out by the internal audit function, with a view to actively detecting and investigating any alleged misconduct and taking any disciplinary action if misconduct is substantiated.

The Group is also committed to ensure compliance with principles of business ethics through the agreements with its main telecom suppliers (please see section 2.3.5 *"Procurement and suppliers"*).

Group Companies' codes of ethics

Group Companies also have their own code of ethics, which provide a set of rules and procedures to be followed by all their employees. The code of ethics reinforces a culture based on the values that each Group Company considers essential, e.g. the value creation for customers, the respect for the individual, the value of diversity or preserving a sustainable legacy for future generations.

- *Altice France*

By way of example, Altice France adopted a code of ethics, dated January 2016, which is available on its website and applies to all its subsidiaries. The following principles are set out in the code of ethics:

- to comply with the relevant national and international laws and regulations;
- to respect employees, customers, industrial and commercial partners and shareholders' rights and dignity, including human rights and property rights as stipulated in the relevant national and international laws and regulations;
- to preserve the environment;
- to avoid personal conflicts of interest which would or could be contrary to the interest of Altice France;
- to protect information pertaining to Altice France, its customers, projects, offers and products and to manage confidentiality of information in accordance with Altice France's internal procedures;
- to protect the property and resources of Altice France; and
- to encourage any internal or external initiatives that contribute to the improvement of Altice France's social, societal and environmental responsibilities and promote sustainable development.

This code of ethics is based on several international standards, the principles of which are shared by Altice France. These standards are:
- the Universal Declaration of Human Rights;
- the European Convention on Human Rights;
- the various Conventions of the International Labour Organization, specifically Contentions 29, 105, 138 and 182 (child labour and forced labour), 87 and 98 (freedom of association, right to organize and collective bargaining);
- the OECD Guidelines for Multinational Enterprises;
- the United Nations Convention on the Rights of the Child; and
- the United Nations Global Compact.

In 2018, Altice France began updating its code of ethics in order to reflect the new requirements of the French Sapin II Act, which addresses transparency, anti-corruption and economic modernization.

In accordance with this Act, a Compliance Officer has been appointed to oversee the implementation of the Altice France's program on corruption and influence peddling risks prevention. As part of this process, Altice France pays particular attention to the awareness and commitment of its management team and employees. Hence, several trainings and a mandatory eLearning have been provided to help them identifying and preventing these risks. In addition, an "Ethics & compliance" toolbox has been created and is regularly updated with practical guides to understand Altice France's compliance management, to identify and react to corruption risks or to use the whistleblowing system. This ethical commitment is also promoted throughout the Altice France Group by "operational compliance relays" and a specific anticorruption code of conduct which is incorporated in the employment regulations.

Altice France also updated and strengthened its mapping of corruption and influence peddling risks, as well as its anticorruption assessment procedures for providers and clients, complemented with updated contractual commitments on business ethics. Lastly, in order to adapt its anticorruption program and to ensure its effectiveness on the long-term, Altice France has set up a whistleblowing system as well as specific monitoring and assessment measures.

- *Altice Portugal*

At a time when the world faces important challenges in the sphere of technological changes and the internationalization of markets, the Altice Portugal Group believes that the process of change must be experienced based on a solid commitment to ethical values and a culture of transparency and trust in relations with all interested parties. Thus, Altice Portugal updated its code of ethics in 2019. Such code is available on Altice Portugal's website and applies to all Altice Portugal's subsidiaries.

The main principles of the code of ethics are the following:

- to comply with the relevant national and international laws and regulations;
- to respect employees, customers, industrial and commercial partners and shareholders' rights and dignity, including human rights and property rights as stipulated in the relevant national and international laws and regulations;
- to be loyal and respect confidentiality of information and professional secrecy, in accordance with Altice Portugal's internal procedures;

- to contribute to the creation and maintenance of a good working climate, being inadmissible any forms of individual discrimination or conduct configured as bullying, sexual harassment or other acts of abuse of power, that are incompatible with the dignity of the human person;
- to promote good governance and integrity and create mechanisms to report irregular practices;
- to avoid personal conflicts of interest which would or could be contrary to the interest of Altice Portugal or its subsidiaries;
- to comply with market rules and criteria, not enabling forms of unfair competition;
- to protect the property and resources of Altice Portugal and its subsidiaries; and
- to assume a social and environmental responsibility with all stakeholders, aiming to be an active agent in building progress and well-being both within Altice Portugal and the surrounding communities.

This code of ethics is based on several international standards, the principles of which are subscribed by Altice Portugal. These standards are:

- the Universal Declaration of Human Rights;
- the United Nations Global Compact;
- the various Conventions of the International Labour Organization, specifically Contentions 29, 105, 138 and 182 (child labour and forced labour), 87 and 98 (freedom of association, right to organize and collective bargaining);
- the OECD Guidelines for Multinational Enterprises;
- the Corporate Responsibility Charter of the European Telecommunications Network Operator's Association (ETNO).

Altice Portugal also developed in 2019 a code of good conduct for prevention and combating harassment at work. This code complements the code of ethics regarding the establishment of guidelines on professional conduct in relation to preventing and combating harassment at work and is applicable to all workers.

The social responsibility code for suppliers was also updated in 2019 and presents the Altice Portugal Group's expectations regarding the performance of its suppliers in the areas of ethics, human rights and labour practices, safety and health at work and environment, as described in section 2.3.5 *"Procurement and suppliers"*.

4 BOARD STATEMENTS

4.1 Corporate governance statement

The information required to be included in this corporate governance statement as described in sections 3, 3a and 3b of the Decree laying down additional requirements for management reports ("*Vaststellingsbesluit nadere voorschriften inhoud bestuursverslag*") (the "**Decree**"), can be found in the following sections of this Management Report:

- the information concerning compliance with the Code, as required by article 3 of the Decree, can be found in section 3.6 "*Comply or explain*";
- the information concerning the Company's internal risk management and control systems relating to the financial reporting process of the Company and the Group Companies of which the financials are included in the Consolidated Financial Statements, as required by section 3a(a) of the Decree, can be found in section 2.7 "*Risk management and control*";
- the information regarding the functioning of the General Meeting, and the authority and rights of the Company's Shareholders, as required by article 3a(b) of the Decree, can be found in sections 3.7.7 "*Appointment and replacement of Board Members / amendment to the Articles of Association*", 3.7.4 "*Voting rights and restrictions on voting rights*" and 3.7.8 "*Power to issue and repurchase Shares*";
- the information regarding the composition and functioning of the Board and its committees, as required by article 3a(c) of the Decree, can be found in section 3.2 "*The Board*";
- the information regarding the diversity policy of the Board including the goals of that policy, the way the policy is implemented and the results of the policy in the last financial year, as required by article 3a(d) of the Decree, can be found in section 3.5.2 "*Diversity policy*"; and
- the information required by Article 10 of the European Takeover Directive ("*Besluit artikel 10 overnamerichtlijn*"), as required by article 3b of the Decree, can be found in section 3.7 "*Capital, Shares and voting rights*".

4.2 In control statement

In accordance with best practice provision 1.4.3 of the Code, the Board believes that, to the best of its knowledge:

- the Management Report provides sufficient insights into any failings in the effectiveness of the Company's internal risk management and control systems;
- the Company's internal risk management and control systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies;
- based on the current state of affairs of the Company, it is justified that the financial reporting is prepared on a going concern basis (please see also section 2.5.7 *"Going concern assumption"*); and
- the Management Report states those material risks and uncertainties that are relevant to the expectation regarding the Company's continuity for the period of twelve months after the preparation of the Management Report.

4.3 Responsibility statement

With reference to section 5.25c paragraph 2 subparagraph c of the Wft, the Board declares that, to the best of its knowledge:

- the annual financial statements for the year ended December 31, 2019 provide a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and its consolidated subsidiaries in accordance with IFRS as adopted in the European Union; and
- the Management Report provides a true and fair view of the position of the Company and its consolidated subsidiaries as at December 31, 2019 and the development of the business during the financial year 2019, accompanied by a description of the principal risks the Company faces.

4.4 Non-financial statement

The information required to be included in the Management Report as described in the Decree on disclosure of non-financial information ("*Besluit bekendmaking niet-financiële informatie*") (the "**Decree Non-Financial Information**"), can be found in the following sections of this Management Report:

- a brief description of the business model of the Company, as required by article 3(1)(a) of the Decree Non-Financial Information, can be found in sections 1 "*Principal Activities of the Group*" and 2.2 "*Strategy of the Group*";

- a description of the Company's policy, including the applied security measures, regarding:
  - environmental, social and employee matters;
  - respect for human rights;
  - anti-corruption and anti-bribery policies,

  as required by article 3(1)(b) of the Decree Non-Financial Information, can be found in sections 2.3.1 "*Sustainability strategy*", 2.3.2 "*Environmental performance*", 2.3.3 "*Social performance*", 2.3.4 "*Altice foundations*", 2.3.5 "*Procurement and suppliers*", 3.5.2 "*Diversity policy*" and 3.8.3 "*Culture and values of the Group*";

- a description of the main risks relating to the matters referred to in article 3(1)(b) of the Decree Non-Financial Information relating to the Company's activities, including to the extent relevant and proportional, a description of:
  - the Company's business relationships and products or services of the Company that likely have an adverse effect on these matters; and
  - how the Company manages the aforementioned risks,

  as required by article 3(1)(c) of the Decree Non-Financial Information, can be found in sections 2.7.1 "*Key risks*" and 3.8.3 "*Culture and values of the Group*"; and

- a description of the Company's non-financial key performance indicators relevant to the Company's activities (such as number of fibre homes passed, fibre unique customers and prepaid and postpaid mobile subscribers), as required by article 3(1)(d) of the Decree Non-Financial Information, can be found in section 2.5.8 "*Key operating measures*".

4.5 Remuneration report

The information required to be included on remuneration as described in article 2:135b DCC and best practice provision 3.4.1 of the Code can be found in section 6 "*Remuneration Report*".

5 NON-EXECUTIVE REPORT

5.1 Introduction

The Company's Non-Executive Board Members are entrusted with supervising the performance by the Board Members of their respective duties. The Board acts as a collegial body and as such the Board discussed the plans and budget for the coming financial year. Also, at least once a year, the Executive Board Members and Non-Executive Board Members formally review and discuss strategy, strategic, operational, compliance and financial risks, as well as the adequacy of the internal risk management and control systems. In addition, the Executive Board Members and Non-Executive Board Members regularly discuss the operation of the Company and its businesses. With the exception of Mr. Paulmier until July 25, 2019, each Non-Executive Board Member is "independent" within the meaning of the Code. Information regarding the activities of the Board committees, which are comprised of Non-Executive Board Members, is included below. Ms. Marty acts as Company Secretary.

5.1.1 *Non-Executive Board Members*

The following table provides information on the Non-Executive Board Members of the Company as of December 31, 2019.

	Jurgen van Breukelen	**Thierry Sauvaire**	**Philippe Besnier**	**Nicolas Paulmier**
Gender	Male	Male	Male	Male
Age[(1)]	50	56	68	55
Profession	Managing Partner of Gilde Equity Management	Director and CEO of EUROCEMENT Holding AG	None	Senior Adviser at Cinven
Principal position	Chairman	Non-executive director	Non-executive director	Non-executive director
Nationality	Dutch	Swiss	French	French
Other positions[(2)]	Advisory board member of the Rotterdam School of Management, Erasmus University Rotterdam; member of the supervisory board of Urus Group LLC; director of VGG Holdco B.V. and of the VEUO (*Vereniging van Effecten Uitgevende Organisaties*)	Director at EUROCEMENT-Ukraina	None	Board member of Chryso, an investment of Cinven Fund 6 Board member of Inseec U Group holding companies
Date of initial appointment	August 6, 2015	July 10, 2018	November 20, 2018	November 20, 2018
Current term of office	Second term of office	First term of office	First term of office	First term of office

(1) Ages as of December 31, 2019.
(2) Other positions, in so far as they are relevant to the performance of the duties of the Non-Executive Board Member.

5.1.2 *Meetings*

The following table shows the attendance at Board meetings of the Non-Executive Board Members.

Date	**Jurgen van Breukelen**	**Thierry Sauvaire**	**Philippe Besnier**	**Nicolas Paulmier**
January 29, 2019	Present	Present	Present	Present
March 28, 2019	Present	Present	Present	Present

Date	Jurgen van Breukelen	Thierry Sauvaire	Philippe Besnier	Nicolas Paulmier
May 9, 2019	Present	Present	Present	Present
July 19, 2019	Present	Present	Present	Present
July 31, 2019	Present	Present	Present	Present
September 23, 2019	Present	Present	Present	Present
November 13, 2019	Present	Present	Present	Absent
November 20, 2019	Absent	Present	Present	Present
December 12, 2019	Present	Present	Present	Absent

5.1.3 *Independence*

Mr. Paulmier was not considered to be an independent Non-Executive Board Member until July 25, 2019[61]. Since that date, all Non-Executive Board Members of the Company are considered independent within the meaning of best practice provision 2.1.8 of the Code and the independence requirements referred to in best practice provisions 2.1.7 to 2.1.9 have been fulfilled as from that date.

5.1.4 *Board Profile*

The size and composition of the Board, including the number and the selection of Non-Executive Board Members, are established in conformity with the Board Profile, which is made available on the Company's website. The Non-Executive Board Members aim to ensure a diverse composition that contributes to a robust decision-making and proper functioning of the Board. In order to meet the Board's diversity targets, as laid down in its diversity policy, diversity aspects such as nationality, age, education, work experience and listed company experience, shall be considered and be taken into account for recruitment, talent development, appointment to roles, retention of employees, mentoring and coaching programs, succession planning, training and development.

5.2 Evaluation

The Non-Executive Board Members held one meeting independent from the Executive Board Members, in March 2020, to:

- conduct a self-assessment regarding their own performance in 2019, including their interaction with the Executive Board Members and the Board;
- evaluate the functioning of the Audit Committee and the Remuneration Committee (including an evaluation of their respective chairmen), the functioning and performance of the entire Board (including an evaluation of the Chairman and the individual Board Members) and the performance of the External Auditor; and
- set objectives for improving the governance and functioning of the Non-Executive Board Members as well as the Board as a whole during the financial year 2020.

These evaluations have been carried out through detailed discussions between the Non-Executive Board Members, and with respect to the self-assessment of the Audit Committee, by filling in an extensive questionnaire and reviewing the results thereof.

Overall, the Non-Executive Board Members are of the view that during 2019 significant steps have been taken not only in executing the strategy of the Company, but also in improving the governance and functioning of the Board as a whole as well as the role of the Non-Executive Board Members therein.

The conclusions from these self-assessments and evaluations of the Board, the individual Board Members and the committees performed with respect to financial year 2019 will be used for setting up a continuous and constructive dialogue between the Executive Board Members and the Non-Executive Board Members on the way to improve the functioning of the Board and the committees in 2020, regarding in particular the scheduling and the preparation of the meetings, the information flow between the management team, the Board and the committees and the follow

[61] Because Mr. Paulmier was a board member of Numericable, a listed associated company of the Company, until July 24, 2014, Mr. Paulmier was a non-independent Non-Executive Board Member until July 25, 2019.

up of the decisions taken by the Board. The Non-Executive Board Members are committed to continue to make further improvements in that respect in the financial year 2020.

5.3 Board Committees

The Board has an audit committee (the "**Audit Committee**") and a remuneration committee (the "**Remuneration Committee**"). Each of the committees has a preparatory and/or advisory role to the Board. In accordance with the Board Rules, the Board has drawn up regulations on each committee's role, responsibilities and functioning. The committees consist of Non-Executive Board Members. They report their findings and recommendations to the Board, which is ultimately responsible for all decision-making.

5.3.1 *Audit Committee*

Duties

The Audit Committee prepares the Board's decision making regarding the supervision of the integrity and quality of the Company's financial reporting and the effectiveness of the Company's internal risk management and control systems.

The Audit Committee presents recommendations and reports upon which the Board may base its decisions and actions. However, all Board Members remain responsible for their decisions, irrespective of whether the issue in question was reviewed by the Audit Committee.

The Audit Committee focuses on monitoring the Board in matters including:

- relations with the internal auditor and External Auditor, and compliance with and follow-up on their recommendations and comments;
- the Company's funding;
- the application of information and communication technology by the Company, including risks relating to cybersecurity; and
- the Company's tax policy.

In addition, the Audit Committee carries out the following duties:

- recommending persons for appointment as senior internal auditor;
- forming a position on how the internal audit function fulfils its responsibility;
- monitoring the financial reporting process and drawing up proposals to safeguard the integrity of this process;
- monitoring the effectiveness of the internal control systems, the internal audit function and risk management systems with regard to the Company's financial reporting;
- monitoring the statutory audit of the Annual Accounts and the consolidated annual accounts;
- assessing and monitoring the independence of the External Auditor, specifically taking into account the extension of ancillary services to the Company; and
- determining the selection process for the External Auditor and the nomination to give the assignment to carry out the statutory audit to the External Auditor.

The Audit Committee shall at least annually report on its deliberations and findings to the Board for consideration. In particular, the Audit Committee reports on the results of the annual statutory audit to the Board.

At least once a year the Audit Committee shall report to the Board on the functioning of, and the developments in, the relationship with, the External Auditor. At least every four years, the Executive Board Members, together with the Audit Committee, must thoroughly assess the functioning of the External Auditor in the various entities and capacities in which the External Auditor operates. The main conclusions of the assessment shall be notified to the General Meeting for the purpose of considering the recommendation for the appointment of the External Auditor. In 2019, as part of the selection procedure that the Audit Committee initiated for the selection of an External Auditor for the coming financial years, the Executive Board Members, together with the Audit Committee, reviewed the functioning of the current External Auditor, Deloitte Accountants B.V., whose appointment ends after the audit of the Consolidated Financial Statements. Based on the outcome of this selection procedure, the Audit Committee recommended to the Board, and the Board proposed to the General Meeting, to appoint KPMG Accountants N.V. as External Auditor. On November 6, 2019, the General Meeting appointed KPMG Accountants N.V. as External Auditor for the financial years 2020 up to and including 2024.

The regulations of the Audit Committee are an annex to the Board Rules. They are also separately published on and can be downloaded from the Company's website (www.altice.net).

Composition, number of meetings and main items discussed

The Audit Committee consists of at least two and not more than four Non-Executive Board Members. At meetings, the Audit Committee is chaired by an independent Non-Executive Board Member designated by the Board. The Audit Committee meets as often as necessary to ensure effectiveness and is required to meet at least four times per year.

On December 31, 2019, the Audit Committee consisted of four Board Members: Mr. van Breukelen, Mr. Sauvaire, Mr. Besnier and Mr. Paulmier, with Mr. Sauvaire acting as the chairman. Ms. Marty acts as the Audit Committee's secretary since July 2015.

The Audit Committee must hold at least four meetings per year and whenever one or more of its members have requested a meeting. The Audit Committee held six meetings in 2019 and reviewed matters including:

- legal compliance and Dutch corporate governance;
- assessment of the Company's operational and financial performance and the results achieved;
- review of the (debt) (re)financing and capital market activities;
- review of outstanding litigations;
- review of impairment indicators and accounting topics;
- assessment of the effectiveness of financial reporting, internal control, and risk management systems;
- review of the corporate financial statements and the consolidated financial statements of the Company as at and for the year ended December 31, 2018;
- review of the 2018 Management Report and the 2018 comply or explain list;
- review of the quarterly results presentation and earnings releases;
- review of the quarterly condensed interim consolidated financial statements of the Company;
- review of the quarterly internal audit findings;
- reports from the External Auditor; and
- determination of the selection process for the External Auditor and recommendation to the Board with respect to the nomination of the External Auditor for appointment by the General Meeting.

The following table shows the attendance at meetings of the Audit Committee.

Date	**Jurgen van Breukelen**	**Thierry Sauvaire**	**Philippe Besnier**	**Nicolas Paulmier**
March 13, 2019	Present	Present	Present	Present
March 27, 2019	Present	Present	Present	Present
May 8, 2019	Present	Present	Present	Absent
July 30, 2019	Present	Present	Present	Present
September 23, 2019	Present	Present	Present	Present
November 12, 2019	Present	Present	Present	Present

The External Auditor was present at each Audit Committee meeting (except on September 23, 2019) and reported to the Audit Committee each quarter by way of its Audit Committee report, which discussed accounting topics, audit findings, treatment of acquisitions, internal controls and other matters deemed relevant by the External Auditor. The Chairman of the Audit Committee also met separately with the External Auditor on several occasions.

In addition, the Audit Committee adopted written resolutions without holding a meeting with respect to, *inter alia*, the following matters:

- recommendation to the Board with respect to the approval of the corporate financial statements and the consolidated financial statements of the Company as at and for the year ended December 31, 2018;
- recommendation to the Board with respect to the approval of the 2018 Management Report and the 2018 comply or explain list; and
- review of and recommendation to the Board with respect to the approval of the quarterly condensed interim consolidated financial statements of the Company.

5.3.2 *Remuneration Committee*

Duties

The Remuneration Committee advises the Board in relation to its responsibilities and prepares the decision-making regarding the determination of the remuneration of Board Members.

The Remuneration Committee has the following duties:

- making proposals to the Board for the remuneration policy to be pursued;
- making proposals for the remuneration of the individual Board Members, for adoption by the General Meeting, which proposals must be drawn up in accordance with the Remuneration Policy and, in any event, cover:
  - the remuneration structure;
  - the amount of the fixed remuneration and variable remuneration components;
  - the scenario analyses that are carried out, if any; and
  - the pay ratios within the Company and its business; and
- preparing the Remuneration Report.

In exercising its duties, the Remuneration Committee may request the services of a remuneration consultant. If the Remuneration Committee makes use of the services of a remuneration consultant, it must verify that the consultant concerned does not provide advice to the Executive Board Members.

The Remuneration Committee shall at least annually report on its deliberations and findings to the Board.

The regulations of the Remuneration Committee are an Annex to the Board Rules. They are also separately published on and can be downloaded from the Company's website (www.altice.net).

Composition, number of meetings and main items discussed

The Remuneration Committee consists of at least two and not more than four Non-Executive Board Members. The members of the Remuneration Committee have the requisite expertise in the area of remuneration policy required to fulfil their role effectively on the Remuneration Committee. At meetings, the Remuneration Committee is chaired by an independent Non-Executive Board Member designated by the Board.

On December 31, 2019, the Remuneration Committee consisted of four Non-Executive Board Members: Mr. van Breukelen, Mr. Sauvaire, Mr. Paulmier and Mr. Besnier, with Mr. Paulmier acting as the chairman.[62] Ms. Marty acts as the Remuneration Committee's secretary since July 2015.

The Remuneration Committee must hold at least one meeting per year and whenever one or more of its members have requested a meeting. The Remuneration Committee held one meeting in 2019 and reviewed the following matters:

- the review of the 2018 Remuneration Report; and
- the determination of the annual cash bonus for Executive Board Members for the financial year 2018.

[62] Because Mr. Paulmier was a board member of Numericable, a listed associated company of the Company, until July 24, 2014, Mr. Paulmier was a non-independent Non-Executive Board Member until July 25, 2019. This constituted a deviation from article 4.4 of the Remuneration Committee regulations, which stipulates that the chairperson of the Remuneration Committee shall be independent within the meaning of article 4.2.1 of the Board Rules.

The following table shows the attendance at meetings of the Remuneration Committee.

Date	Jurgen van Breukelen	Thierry Sauvaire	Nicolas Paulmier	Philippe Besnier
March 13, 2019	Present	Present	Present	Present

In addition, the Remuneration Committee adopted written resolutions without holding a meeting with respect to, *inter alia*, the following matters:

- the amendment of the Remuneration Policy;
- the amendment of the remuneration of certain Executive Board Members; and
- the grant of stock options under the 2017 SOP.

5.3.3 *Nomination committee*

The Board has decided not to set up a nomination committee as referred to in the Code, since the Board as a whole will perform the duties of such nomination committee. Furthermore, the Board deems it not necessary to set up a nomination committee because of the nomination right attributed to Next Alt in the Articles of Association.

5.4 Strategy

In 2019, the Non-Executive Board Members periodically reviewed matters concerning the Company's strategy, which was based on the following pillars:

- execution of the Group's strategic plan in Europe with the development of the European businesses, the disposal of non-core assets and the crystallisation of infrastructure value;

- intensified operational focus on improving customer experience and providing the best service across the customer life cycle from point of sale to installation to customer care, already seeing significant benefits from these changes, reflected in the record subscriber momentum. Key aspects of this initiative are (i) to integrate operations and centralize functions in order to optimize processes and (ii) to link sales remuneration schemes to churn, NPS and ARPU as opposed to more traditional criteria of new sales, in order to refocus the organization away from churn retention to churn prevention and on profitable organic growth;

- focus on the convergence of fixed and mobile services to offer more value to its customers and to decrease churn, and selective investment in content and media in the core markets in which the Group operates;

- investment in 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 particular, the Group has done and announced key transactions in fibre with renowned infrastructure investors becoming partners and committing large resources to build leading FTTH wholesaler platforms in France and Portugal (please refer to section 2.4.1 *"Significant events affecting historical results – Closing of the sale of an equity stake in SFR FTTH"* and *"– Agreement to sell a 49.99% interest in Altice Portugal FTTH"* for more details);

- acceleration of the monetization of content investments through various pay-TV models, including wholesale deals and distribution through OTT, while growing TV, radio and digital advertising revenue further; and

- deleveraging of the balance sheet to achieve leverage in line with or below its stated targets over time ; the operational and financial turnaround in France and the return to revenue, profitability and cash flow growth, as well as the crystallisation of infrastructure value within the Group, are central to the Group's deleveraging plan.

6 REMUNERATION REPORT

This remuneration report (the "**Remuneration Report**") gives an overview of the remuneration of the Board and explains how the Company's remuneration policy was applied in 2019. This Remuneration Report has been prepared in line with Article 2:135b DCC and best practice provision 3.4.1 of the Code, and is separately made available on the Company's website.

Since the advisory vote of the General Meeting with respect to this Remuneration Report will apply for the first time in 2020, this Remuneration Report cannot yet describe how the General Meeting's advisory vote has been taken into account when preparing this Remuneration Report.

6.1 Overview of the financial year ended December 31, 2019

2019 was another transformational year for the Group. The Group grew revenues and EBITDA during 2019, and continued to strengthen its capital structure through partially monetising its infrastructure assets and undertaking significant refinancing transactions:

- the Group continued to build on the successful commercial turnaround initiated in 2018, resulting in a significantly improved financial performance during 2019: on a constant currency basis, total revenues for the Group grew by 5.0% in 2019;

- the Group announced and closed several transactions crystallising the value of part of its infrastructure. This included a transformational fibre transaction in France, which consisted in the sale of a 49.99% equity stake in SFR FTTH in France in March 2019, as well as the agreement signed with Morgan Stanley Infrastructure Partners to create a nationwide fibre wholesaler in Portugal in December 2019 in which its subsidiary PT Portugal will sell a minority equity stake of 49.99% based on an enterprise value of €4.63 billion[63] on a 100% basis (on a debt free cash free basis) representing a pro forma 2019 EBITDA multiple of 20x; and

- the Group undertook significant refinancing activity in 2019 with €5.35 billion of debt refinancing and €1.5 billion of permanent debt repayment. In September 2019, the Group announced it expected to reduce annual cash interest costs by up to €700 million in the medium term through a combination of average cost reduction as well as debt reduction. Material progress was made in 2019 already, as the Group realized €140 million of annual cash interest cost savings from successful refinancing activity in May and September 2019. As a result of this refinancing activity, the Group's weighted average cost of debt was reduced to 5.4% and its average maturity of debt as at December 31, 2019 was 5.8 years.

The above-mentioned achievements have been taken into account by the Remuneration Committee, when making recommendations to the Board, and by the Board, when making proposals to the General Meeting with respect to the remuneration of the Executive Board Members, as further explained below.

6.2 Remuneration policy

The remuneration policy was adopted by a resolution of the General Meeting on June 27, 2019 and is made available on the Company's website (the "**Remuneration Policy**"). Pursuant to the Articles of Association, the remuneration of the Executive and Non-Executive Board Members is determined by the General Meeting in accordance with the Remuneration Policy.

In line with article 2:135a DCC, the Company will submit a new Remuneration Policy to the General Meeting in the 2020 AGM for adoption. Pursuant to the explanatory notes to the Decree on implementation of the Shareholder Rights Directive Implementation Act dated November 25, 2019, this Remuneration Report cannot yet take into consideration the items that must be mentioned in the (new) Remuneration Policy pursuant to article 2:135a DCC but that have not yet been included in the (current) Remuneration Policy.

[63] Payment terms are as follows, on a 49.99% basis: €1,565 million in 2020; €375 million in December 2021 and €375 million in December 2026 subject to some performance ratchets.

6.2.1 *Remuneration philosophy*

The Company's remuneration philosophy and framework apply to (i) the Executive Board Members, including in their capacity as employee or service provider to Group Companies and (ii) with certain limitations, to a wider group of employees. This remuneration philosophy is based on the following principles:

- provide total remuneration that attracts, motivates and retains candidates with the knowledge, expertise and experience required for each specific role;
- provide remuneration firmly geared towards pay-for-performance, with an appropriate proportion of the overall package being delivered through variable remuneration elements linked to performance over the short and long term;
- encourage and reward performance that will lead to long-term value creation; and
- take into account remuneration practices in the markets in which the Company operates and competes for talent and pay-ratios within the Group.

6.2.2 *Remuneration for Non-Executive Board Members*

The compensation of Non-Executive Board Members is currently set at €65,000 per annum per Non-Executive Board Member with further fixed compensation payable to reflect additional responsibilities and time commitment, such as chairmanship of Board committees. The members of the Audit Committee and the Remuneration Committee currently receive additional compensation of €20,000 and €5,000 per annum respectively. The chairmen of the Audit Committee and the Remuneration Committee currently receive additional compensation of €30,000 and €20,000 per annum respectively. The chairman of the Board currently receives additional compensation of €25,000 per annum.

In addition to the fixed annual compensation granted to Non-Executive Board Members, an additional discretionary cash compensation may be granted to one or more Non-Executive Board Members in case of exceptional circumstances. Such additional discretionary cash compensation is granted to the Non-Executive Board Members by the General Meeting upon a proposal of the Board.

6.2.3 *Remuneration for Executive Board Members*

Fixed remuneration

Elements of fixed remuneration, comprising annual fixed compensation and benefits (including retirement benefits), are set at appropriate levels taking into account various factors such as the nature of the role, the experience and performance of the individual, and local and sector market practice amongst peers of a similar size and scope to the Group. Fixed remuneration elements are reviewed by the Remuneration Committee annually to ensure they remain competitive.

- *Annual fixed compensation*

Notwithstanding any additional remuneration payable to the Executive Board Members by certain of the Group Companies under the Remuneration Policy for services rendered to the Group, the following annual fixed compensation is payable by the Company to the Executive Board Members:

Executive Board Member	**Amount (€)**
President	200,000
Vice-President	150,000
CEO	180,000
Other Executive Board Member(s)	150,000

- *Benefits*

In addition, certain benefits may be provided by the Group to Executive Board Members. These other benefits can include medical insurance, life assurance and retirement benefits and/or representation allowances.

Furthermore, in addition to the annual fixed compensation and certain other benefits, the Executive Board Members benefit from collective pension plans implemented by the Group Companies with whom they have entered into an employment or service agreement, in line with local practices. Group Companies may contribute to such collective pension plans a maximum of 15% of the total compensation (both as Executive Board Member and as employee or service provider to Group Companies) of each Executive Board Member benefitting from such plans.

The Company may indemnify an Executive Board Member against all expenses, financial effects of judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with an action, suit or proceeding against him in his capacity as Executive Board Member or as board member, officer, employee or service provider of any Group Company.

Variable remuneration

Variable remuneration elements are intended to motivate the Executive Board Members, in their capacity of employee or service provider to Group Companies towards the achievement of Group-wide and personal objectives which ultimately promote delivery of the corporate strategy and the creation of long-term value. The form and structure of variable remuneration elements are reviewed at regular intervals to ensure they continue to support the objectives of the Group and the creation of long-term value. Further details regarding each of the variable remuneration elements currently operated are provided below.

- *Annual cash bonuses*

The Group operates an annual performance-related cash bonus plan for the Executive Board Members, in their capacity of employee or service provider to Group Companies. Performance-related cash bonuses will be a percentage of an Executive Board Member's aggregate annual base salary (both as Executive Board Member and as employee or service provider to Group Companies) and will be determined by the General Meeting. The Board makes a proposal thereto based upon a recommendation of the Remuneration Committee.

Different percentages may apply depending upon the Executive Board Member's seniority. The annual performance-related cash bonuses will be determined based upon the achievement of certain pre-determined key performance indicators based on Group, regional, divisional and individual performance, as appropriate. The annual performance-related cash bonus will be paid only if certain minimum performance thresholds are met.

In addition to or instead of the annual performance related cash bonus, a discretionary annual cash bonus may be granted to the Executive Board Members. Such discretionary annual cash bonus is granted to the Executive Board Members by the General Meeting upon a proposal of the Board based on a recommendation of the Remuneration Committee.

- *Equity incentives*

The Executive Board Members, as reward for their employment with or provision of services to Group Companies, and other employees of the Group are eligible to participate in any equity incentive plan the Group operates. Equity incentives are granted to the Executive Board Members by the General Meeting upon a proposal of the Board based on a recommendation of the Remuneration Committee.

- *Cash incentives*

The Executive Board Members, as reward for their employment with or provision of services to Group Companies, can earn a cash incentive which vests after a certain period of time if certain pre-determined KPIs are achieved. The cash incentive will be determined by the General Meeting upon a proposal of the Board based on a recommendation of the Remuneration Committee.

Adjustments to variable remuneration

Pursuant to Dutch law, the variable remuneration of Board Members may be reduced or Board Members may be obliged to repay (part of) their variable remuneration to the Company if certain circumstances apply:

- test of reasonableness and fairness – pursuant to Dutch law, any variable remuneration payable to an Executive Board Member (in any capacity whatsoever within the Group) may be adjusted by the Board to an appropriate level if payment of the variable remuneration were to be unacceptable according to the criteria of reasonableness and fairness; or
- claw back – the Board will have the authority under Dutch law to recover from an Executive Board Member (in any capacity whatsoever within the Group) any variable remuneration paid on the basis of incorrect financial or other data.

These rules did not apply to Altice S.A. and the Company will accordingly not apply these rules to any variable remuneration, shares and options which were paid or granted to Executive Board Members (in any capacity whatsoever within the Group) prior to the Merger, or Shares or options which were allotted by the Company in exchange for shares or options of Altice S.A. pursuant to the Merger.

6.2.4 *Service agreements*

The Board Members have a service agreement with the Company. The service agreements with the Company do not contain severance provisions. The Executive Board Members may have an employment or service agreement with a Group Company. Such employment or service agreement may include a severance provision if the Group Company terminates the contract pursuant to which the Executive Board Member is entitled to a maximum severance payment which is limited to 52 weeks of the fixed annual compensation as employee or service provider to a Group Company.

6.3 Remuneration of the Board in 2019

6.3.1 *Total remuneration of the Board in 2019*

The table below provides an overview of the total remuneration of each Board Member for the financial year ended December 31, 2019 and is split out by component. The amounts mentioned in the table are gross amounts, before the impact of social security or income tax deductions, which have been recorded in the statement of income of the Company or a Group Company, as the case may be, for the financial year ended December 31, 2019.

	Fixed remuneration				Variable remuneration		Pensions	Share-based compensation			Percentage of fixed and variable remuneration: [9]	
Name and position	Annual fixed compensation	Additional compensation for services rendered to the Group[1]	Committee membership	Benefits[2]	Annual cash bonus[3]	Cash performance bonus[4]	LPP collective plan[5]	Stock options / Preference Shares B expenses[6]	Gross cash compensation[7]	Total remuneration[8]	Fixed	Variable
P. Drahi President	€200,000	-	N/A	-	-	-	N/A	€1,522,195	€3,792,964	€5,515,159	4%	96%
A. Weill CEO	€180,000	€2,108,514[10]	N/A	-	€1,000,000[11]	-	N/A	€27,496,900	N/A	€30,785,414[10]	7%	93%
A4 S.A.[12] Vice-President	€150,000	-	N/A	N/A	-	-	N/A	N/A	N/A	€150,000	100%	0%
N. Marty Executive Board Member	€150,000	€53,038	N/A	€10,387	€200,000[13][14]	€500,000[14][15]	€132,956[16]	€3,035	€26,992	€952,163	22%	78%
J. van Breukelen Non-Executive Board Member Chairman	€108,900[17]	N/A	€40,333[17]	N/A	N/A	N/A	N/A	N/A	N/A	€149,233[17]	100%	0%
T. Sauvaire Non-Executive Board Member Chairman of the Audit Committee[18]	€65,000	N/A	€46,667	N/A	N/A	N/A	N/A	N/A	N/A	€111,667	100%	0%
P. Besnier Non-Executive Board Member	€65,000	N/A	€25,000	N/A	N/A	N/A	N/A	N/A	N/A	€90,000	100%	0%
N. Paulmier Non-Executive Board Member Chairman of the Remuneration Committee	€65,000	N/A	€45,000	N/A	N/A	N/A	N/A	N/A	N/A	€110,000	100%	0%

(1) Payable to the Executive Board Members by a Group Company as employee or service provider to such Group Company.
(2) Benefits include health and welfare benefit plans (medical, dental, vision, life insurance and disability coverage). No loans have been made by the Company or a Group Company to a Board Member in 2019.
(3) The Group operates an annual performance-related cash bonus plan for the Executive Board Members, in their capacity as employee or service provider to Group Companies. For more details on the annual performance-related cash bonus plan, please refer to sections 6.2 *"Remuneration policy"* and 6.6.1 *"Annual cash bonus"*.
(4) Please see section 6.6.2 *"Cash performance bonus"*.

(5) Please see section 6.8 *“Pension schemes”*.
(6) This refers to the expense recorded in the consolidated statement of income for the year ended December 31, 2019 with regards to the stock options and Preference Shares B granted to the Executive Board Members. Please see section 6.7.1 *“Stock options”* for a summary of the grants of stock options to the Executive Board Members under the SOP, the LTIP and the 2017 SOP and section 6.7.2 “*FPPS*” for a summary of the grants of Preference Shares B to Mr. Weill.
(7) In connection with the Separation, the exercise price of the stock options granted under the Stock Option Plans was adjusted and a gross cash compensation corresponding to the value of a stock option on 0.4163 Altice USA share, multiplied by the number of stock options held by the Executive Board Member under the relevant Stock Options Plan, was granted to the Executive Board Members who had unexercised stock options under the Stock Option Plans, subject to vesting of the relevant stock options.
(8) For calculation purposes, the average exchange rate of Swiss Francs and U.S. dollar into euros for the year ended December 31, 2019 was used (CHF1 = €0.89888; $1 = €0.89327).
(9) The percentage of fixed remuneration is calculated by dividing the fixed remuneration by the total remuneration, multiplied by 100. The percentage of variable remuneration is calculated by dividing the variable remuneration by the total remuneration, multiplied by 100. The contributions to the LPP collective plan are considered as variable remuneration, as the beneficiaries are only entitled to such contributions during a given year if, during that year, their annual cash variable remuneration exceeds 30% of their annual cash fixed remuneration.
(10) Including 20% VAT on fees paid by NextRadioTV to News Participations S.A.S., a company controlled by Mr. Weill.
(11) Mr. Weill’s annual cash bonus will be paid out in April 2020 as an advance on the annual cash bonus that he might be entitled to for the financial year 2019. The final amount of Mr. Weill’s annual bonus is to be determined by the 2020 AGM.
(12) The permanent representative of A4 S.A. on the Board is Mr. Okhuijsen. Pursuant to a services agreement entered into between the Company, A4 S.A. and Mr. Okhuijsen, the fixed remuneration to which A4 S.A. is entitled as an Executive Board Member is paid by the Company directly to Mr. Okhuijsen. In addition, Mr. Okhuijsen, as employee of a Group Company, received in 2019 a fixed remuneration of €121,888, benefits of €47,163 and an annual cash bonus of €350,000, and contributions were made by the relevant Group Company to the LPP collective plan for an amount of €57,589. As at December 31, 2019, Mr. Okhuijsen has been granted the following stock options:

Stock Option Plan	Grant date	Tranches	Number of options granted	Current status	Exercise price at the grant date (€)	Adjusted exercise price (€)	Gross cash compensation	Value at the grant date (€)	Value at vesting (€)	Stock option expenses (€)	Vesting
SOP	January 31, 2015	First (50%)	733,810	Vested	13.6275	3.32	$2,073,458	3,594,201	4,881,671	2,488	January 31, 2017
		Second (25%)	366,905	Vested	13.6275	3.32		1,797,100	0		January 31, 2018
		Third (25%)	366,905	Vested	13.6275	3.32	$691,153	1,797,100	0		January 31, 2019
LTIP	January 31, 2017	N/A	129,104	Unvested	19.3642	4.71	$219,278	118,233	N/A	24,019	January 31, 2020
2017 SOP	January 31, 2018	First (50%)	2,500,000	Unvested	N/A	2.00	N/A	0	N/A	319,530	January 31, 2020
		Second (25%)	1,250,000	Unvested	N/A	2.00	N/A	0	N/A		January 31, 2021
		Third (25%)	1,250,000	Unvested	N/A	2.00	N/A	0	N/A		January 31, 2022
PSOP	January 31, 2017	N/A	516,416	Unvested	19.3642	4.71	N/A	0	N/A	92,729	2021 (subject to performance conditions)

(13) Ms. Marty’s annual cash bonus was paid out in March 2020 as an advance on the annual cash bonus that she might be entitled to for the financial year 2019. The final amount of Ms. Marty’s annual bonus is to be determined by the 2020 AGM.
(14) Subject to the deduction of the contributions to be made to the LPP collective plan (please refer to section 6.8 *“Pension schemes”* for more details on the LPP collective plan).
(15) This amount was paid to Ms. Marty as an advance on the Interim Payment on the cash performance bonus she might be entitled to. The Interim Payment is subject to a resolution of the General Meeting that will be put on the agenda of the 2020 AGM. (please refer to section 6.6.2 “*Cash performance bonus*” for more details on the cash performance bonus).
(16) Including the amount contributed to the LPP collective plan that is deducted from the annual cash bonus or the cash performance bonus, as the case may be (please refer to section 6.8 *“Pension schemes”* for more details on the LPP collective plan).
(17) Including 21% VAT.
(18) Since April 10, 2019.

For comparison purposes, the table below provides an overview of the remuneration of each Board Member for the financial year ended December 31, 2018. For every amount specified, the amount includes gross amounts, before the impact of social security or income tax deductions.

Name	Fixed compensation	Additional compensation for services to the Group(1)	Committee membership	Annual cash bonus	Discretionary one-time cash bonus	401(k) Savings Plan / LPP collective plan(2)	Other benefits(3)	Total(4)
P. Drahi(5) President	€112,698	-	N/A	-	-	-	-	€112,698
A. Weill(6) CEO	€85,909	€996,829(7)	N/A	€500,000(8)	-	-	-	€1,582,738(7)
A4 S.A.(9) Vice-President	€150,000	-	N/A	-	-	N/A	N/A	€150,000
N. Marty(10) Executive Board Member	€71,591	€24,167	N/A	€200,000(11)(12)	€100,000(12)(13)	€88,447(14)	€4,522	€407,499
D. Goei(15) President Executive Board Member	€146,825	€182,367	N/A	€2,032,080(15)	-	€7,816	€6,323	€2,375,411
D. Okhuijsen(16) CFO	€133,333	€156,157	N/A	-	€1,000,000(12) (17)	€124,054(14)	€35,481	€1,334,384
J. van Breukelen Non-Executive Board Member Chairman Chairman of the Audit Committee	€108,900(18)	N/A	€73,944(18)	N/A	€60,500(18) (19)	N/A	N/A	€243,344(18)

Name	Fixed compensation	Additional compensation for services to the Group[1]	Committee membership	Annual cash bonus	Discretionary one-time cash bonus	401(k) Savings Plan / LPP collective plan[2]	Other benefits[3]	Total[4]
T. Sauvaire[20] Non-Executive Board Member	€31,023	N/A	€10,606	N/A	-	N/A	N/A	€41,629
P. Besnier[21] Non-Executive Board Member	€7,403	N/A	€2,847	N/A	-	N/A	N/A	€10,250
N. Paulmier[22] Non-Executive Board Member	€7,403	N/A	€5,125	N/A	-	N/A	N/A	€12,528
S. Matlock[23] Non-Executive Board Member Chairman of the Remuneration Committee	€34,247	N/A	€23,710	N/A	€50,000[19]	N/A	N/A	€107,957
J.-L. Allavena[24] Non-Executive Board Member	€34,247	N/A	€13,172	N/A	€50,000[19]	N/A	N/A	€97,419

(1) Payable to the Executive Board Members by Group Companies for services rendered to the Group.
(2) Please see section 6.8 "*Pension schemes*".
(3) Other benefits include health and welfare benefit plans (medical, dental, vision, life insurance and disability coverage). No loans have been made by the Company or a Group Company to a Board Member in 2018.
(4) For calculation purposes, the average exchange rate of U.S. dollars and Swiss Francs into euros for the year ended December 31, 2018 was used ($1.00 = €0.8467; CHF1 = €0.8657).
(5) The General Meeting appointed Mr. Drahi as Executive Board Member on May 18, 2018. Mr. Drahi's appointment as Executive Board Member and President was effective as of June 8, 2018. Amounts disclosed relate to remuneration received as from the date of appointment.
(6) The General Meeting appointed Mr. Weill as Executive Board Member on July 10, 2018. Mr. Weill's appointment as CEO was effective as of the same date. Amounts disclosed relate to remuneration received as from the date of appointment or to which he was entitled as from the date of appointment and which were paid to him in 2019.
(7) Including 20% VAT on fees paid by NextRadioTV to News Participations S.A.S., a company controlled by Mr. Alain Weill.
(8) Mr. Weill was granted a discretionary annual cash bonus of €500,000 for the financial year 2018. Such bonus was paid in April 2019.
(9) The permanent representative of A4 S.A. on the Board until October 31, 2018 was Mr. Bonnin. As from October 31, 2018, Mr. Okhuijsen has been the permanent representative of A4 S.A. on the Board. Both Mr. Bonnin and Mr. Okhuijsen have entered into services agreements with the Company and A4 S.A. that entitles Mr. Bonnin and Mr. Okhuijsen to the fixed remuneration to which A4 S.A. is entitled as Executive Board Member. In 2018, such remuneration was paid pro rata to Mr. Bonnin and Mr. Okhuijsen.
(10) Ms. Marty was appointed as Executive Board Member on July 10, 2018. Amounts disclosed relate to remuneration received as from the date of appointment.
(11) The Group operates an annual performance-related cash bonus plan for the Executive Board Members, in their capacity as employee or service provider to Group Companies. Ms. Marty's annual cash bonus was paid out in March 2019 as an advance on the annual cash bonus that she was entitled to for the financial year 2018. The final amount of Ms. Marty's annual bonus was determined by General Meeting on June 27, 2019.
(12) Subject to the deduction of the contributions to be made to the LPP collective plan (please refer to section 6.8 "*Pension schemes*" for more details on the LPP collective plan).
(13) This amount was granted to Ms. Marty prior to her appointment to the Board but was paid in December 2018 at the time Ms. Marty was an Executive Board Member.
(14) Including the amount contributed to the LPP collective plan that is deducted from the annual cash bonus or discretionary one-time cash bonus, as the case may be (please refer to section 6.8 "*Pension schemes*" for more details on the LPP collective plan).
(15) Mr. Goei occupied the position of President until June 8, 2018. He stepped down as Executive Board Member on October 31, 2018. Amounts disclosed relate only to the period in which he has served as Executive Board Member and, with respect to amounts paid by Altice USA, to the period from January 1, 2018 to June 8, 2018, which was the date of the Separation (except for the annual cash bonus for 2018 which was determined by the compensation committee of Altice USA after the Separation and was paid by Altice USA in March 2019).
(16) Mr. Okhuijsen stepped down as Executive Board Member on October 31, 2018. Amounts disclosed relate only to the time he has served as Executive Board Member.
(17) On May 18, 2018, the General Meeting granted this amount to Mr. Okhuijsen as an exceptional variable gross compensation as employee of Altice Management International S.A.
(18) Including 21% VAT.
(19) This amount, which was paid in 2018 as an additional one-time discretionary cash compensation given the additional work performed in respect of, and his substantive contribution, to the Separation, was approved by the annual General Meeting on June 27, 2019.
(20) Mr. Sauvaire was appointed as Non-Executive Board Member on July 10, 2018. Amounts disclosed relate to remuneration received as from the date of appointment.
(21) Mr. Besnier was appointed as Non-Executive Board Member on November 20, 2018. Amounts disclosed relate to remuneration received as from the date of appointment.
(22) Mr. Paulmier was appointed as Non-Executive Board Member on November 20, 2018. Amounts disclosed relate to remuneration received as from the date of appointment.
(23) Mr. Matlock stepped down as Non-Executive Board Member on July 10, 2018. Amounts disclosed relate only to the time he has served as Non-Executive Board Member.
(24) Mr. Allavena stepped down as Non-Executive Board Member on July 10, 2018. Amounts disclosed relate only to the time he has served as Non-Executive Board Member.

6.3.2 Implementation of the Remuneration Policy in 2019

The principles described in the Remuneration Policy have been applied in 2019 since all remuneration items mentioned in section 6.3 "*Remuneration of the Board in 2019*" are reflected in and in line with the Remuneration Policy.

The total remuneration package of the Executive Board Members is designed to retain, motivate and attract executives who are capable of leading the Group to achieve its strategic and business objectives and to contribute to the long-term performance of the Company and the Group. Such remuneration package aims to (i) discourage Executive Board Members to take unjustified risks that could have a positive effect on the short term but may not be beneficial for the Company and the Group on the long term and (ii) align the interests of the Executive Board Members with the Company's and the Group's long-term development. Therefore a significant proportion of the remuneration package of the Executive Board Members is variable and depends for a large part on long-term performance of the individual Executive Board Member and the Group:

- the variable remuneration of the Executive Board Members represents more than 75% of their total remuneration (please see the proportion of fixed and variable remuneration mentioned in the table included in section 6.3.1 *"Total remuneration of the Board in 2019"*);

- the annual performance-related cash bonuses are linked to the achievement of pre-determined performance conditions based on financial and non-financial objectives which are in line with the Group's strategy and contribute to the long-term value creation (please section 6.6.1 *"Annual cash bonus"* for more details on the performance criteria applied for annual cash bonuses);

- the long-term cash incentives granted to the Executive Board Members are based on multiple-year financial and strategic targets (please see section 6.6.2 *"Cash performance bonus"* for a summary of cash performance bonuses granted to Executive Board Members);

- the package of the Executive Board members includes equity-based compensation in order to link an important portion of their remuneration with the long-term share price performance the Company's Common Shares A and to align their personal interests with those of the shareholders of the Company (please see section 6.7.1 *"Stock options"* for a summary of the grants of stock options to the Executive Board Members under the SOP, the LTIP and the 2017 SOP and section 6.7.2 "*FPPS*" for a summary of the grants of Preference Shares B to Mr. Weill).

The Remuneration Committee ensures that the relationship between the chosen performance criteria for the variable remuneration components (which must be realistic and sufficiently stretching) and the strategic objectives applied, as well as the relationship between remuneration and performance, are properly reviewed and accounted for, both ex-ante and ex-post.

The Remuneration Committee regularly reviews whether the Remuneration Policy or the way it is implemented should be adjusted. For example, in 2019, the Remuneration Committee assessed the need for the amendment of the Remuneration Policy to provide for the possibility to grant (i) Non-Executive Board Members an additional discretionary cash compensation in case of exceptional circumstances and (ii) Executive Board Members a discretionary annual cash bonus, irrespective of the grant of a performance-related annual cash bonus.

In 2020, the Remuneration Committee will continue to assess whether the amount and components of the remuneration package of the Executive Board Members is appropriate and is in the best interests of the Company and its stakeholders on a long-term basis.

6.4 Scenario analyses

The Remuneration Committee regularly reviews the remuneration framework for the Executive Board Members to determine if any adjustments are required, for example to adapt such remuneration to market developments or if the mix between fixed remuneration, variable remuneration and long-term incentives would no longer be set at an appropriate level given the evolution of the Group. If so, the Remuneration Committee would make a recommendation to the Board in that respect. In that context, the Remuneration Committee may conduct pay scenario analysis modelling on an ad hoc basis, which may, for example, assess the pay-out quantum for Executive Board Members under different performance scenarios. This modelling may be undertaken to ensure that the Remuneration Policy links directly to the Company's performance and contributes to the Company's long-term performance.

6.5 Change in remuneration, Company's performance and pay ratios

6.5.1 *Change in remuneration*

The table below provides an overview of the annual compensation of each Board Member for the financial years 2015 to 2019. The amounts mentioned in the table are gross amounts, before the impact of social security or income tax deductions.

	2015[1]	2016	*Change in percentage (2016 vs. 2015)*	2017	*Change in percentage (2017 vs. 2016)*	2018	*Change in percentage (2018 vs. 2017)*	2019	*Change in percentage (2019 vs. 2017)*
Executive Board Members									
P. Drahi[2]	€4,121,929[4]	€6,633,625 [3][4]	*61%*	N/A	*N/A*	€47,846,484 [3][4]	*N/A*	€5,515,159[4]	*(88%)*
A. Weill[5]	N/A	N/A	*N/A*	N/A	*N/A*	€23,129,038 [4][6]	*N/A*	€30,785,414 [4][6]	*33%*
A4 S.A.[7]	€50,000	€150,000	*200%*	€150,000	*0%*	€150,000	*0%*	€150,000	*0%*
N. Marty[8]	N/A	N/A	*N/A*	N/A	*N/A*	€474,280[4]	*N/A*	€952,163[4]	*101%*
D. Goei[9]	€7,122,546[4]	€12,039,495 [3][4]	*69%*	€34,293,703 [3][4]	*185%*	€43,163,779 [3][4]	*26%*	N/A	*N/A*
D. Okhuijsen[10]	€1,719,778[4]	€2,005,616[4]	*17%*	€1,048,263[4]	*(48%)*	€4,409,615[4]	*197%*	N/A	*N/A*
J. Bonnin[11]	€2,076,221[4]	N/A	*N/A*	N/A	*N/A*	N/A	*N/A*	N/A	*N/A*
M. Combes[12]	N/A	€7,963,764[4]	*N/A*	€9,800,455 [4]	*23%*	N/A	*N/A*	N/A	*N/A*
Non-Executive Board Members[13]									
J. van Breukelen[14]	€63,525[15][16]	€127,050[15]	*100%*	€175,450[15]	*38%*	€243,344[15]	*39%*	€149,233[15]	*(39%)*
T. Sauvaire[17]	N/A	N/A	*N/A*	N/A	*N/A*	€41,629[18]	*N/A*	€111,667	*168%*
P. Besnier[19]	N/A	N/A	*N/A*	N/A	*N/A*	€10,250[20]	*N/A*	€90,000	*778%*
N. Paulmier[21]	N/A	N/A	*N/A*	N/A	*N/A*	€12,528[22]	*N/A*	€110,000	*778%*
S. Matlock[23]	€95,000	€95,000	*0%*	€110,000	*16%*	€107,957[24]	*(2%)*	N/A	*N/A*
J.L. Allavena[25]	€85,000	€85,000	*0%*	€90,000	*6%*	€97,419[26]	*8%*	N/A	*N/A*
M. Combes[27]	€40,384[28]	N/A	*N/A*	N/A	*N/A*	N/A	*N/A*	N/A	*N/A*
Full time employees[29]									
Average pay per FTE	€32,714	€39,537	*21%*	€47,654 / €35,025[30]	*21%*	€34,364	*(2%)*	€33,372	*(3%)*

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(1) For every amount specified, the amount includes payments from Altice S.A. in 2015 up to the date of the Merger.

(2) Mr. Drahi stepped down from his position as Executive Board Member and President of the Company on September 6, 2016 and returned as Executive Board Member and President on June 8, 2018 following the implementation of the Separation.

(3) Including (i) the expense recorded in the consolidated statement of income of Altice USA with regards to the Class C units in the US limited partnership which was set up as part of the long-term equity incentive plan implemented by Altice USA for certain members of its management team and (ii) as from 2018, the expense recorded in the consolidated statement of income of Altice USA with regards to the stock options granted by Altice USA under the long-term incentive plan adopted by Altice USA in 2017 in connection with the Altice USA IPO.

(4) Including the expense recorded in the consolidated statement of income for the relevant year with regards to the stock options and Preference Shares B granted to the Executive Board Members.

(5) Mr. Weill was appointed as Executive Board Member on July 10, 2018. His appointment as CEO was effective as of the same date.

(6) Including 20% VAT on fees paid by NextRadioTV to News Participations S.A.S., a company controlled by Mr. Weill.

(7) The permanent representative of A4 S.A. on the Board until October 31, 2018 was Mr. Bonnin. As from October 31, 2018, Mr. Okhuijsen has been the permanent representative of A4 S.A. on the Board. Both Mr. Bonnin and Mr. Okhuijsen have entered into services agreements with the Company and A4 S.A. that entitles Mr. Bonnin and Mr. Okhuijsen to the fixed remuneration to which A4 S.A. is entitled as Executive Board Member. In 2018, such remuneration was paid pro rata to Mr. Bonnin and Mr. Okhuijsen.

(8) Ms. Marty was appointed as Executive Board Member on July 10, 2018.

(9) Mr. Goei was an Executive Board Member until October 31, 2018, when he stepped down from this position. He has also had the positions of CEO from the Merger until June 28, 2016, and of President from September 6, 2016 to the date of the Separation, on June 8, 2018.

(10) Mr. Okhuijsen stepped down as Executive Board Member on October 31, 2018.

(11) Mr. Bonnin was an executive director of Altice S.A. until the Merger.

(12) Mr. Combes was appointed as Executive Board member and CEO on June 28, 2016 and stepped down from these positions on November 9, 2017.

(13) Non-Executive Board Members are independent from the Company. Their remuneration is not tied to the performance of the Group and therefore includes fixed compensation only.

(14) Mr. van Breukelen chaired both the Board and the Audit Committee until April 10, 2019, when he was replaced by Mr. Sauvaire as chairman of the Audit Committee.

(15) Including 21% VAT.

(16) Corresponding to an annualized remuneration of €127,050 (including 21% VAT).

(17) Mr. Sauvaire was appointed as Non-Executive Board Member on July 10, 2018. On April 10, 2019, Mr. Sauvaire replaced Mr. van Breukelen as chairman of the Audit Committee.

(18) Corresponding to an annualized remuneration of €90,000.

(19) Mr. Besnier was appointed as Non-Executive Board Member on November 20, 2018.

(20) Corresponding to an annualized remuneration of €90,000.
(21) Mr. Paulmier was appointed as Non-Executive Board Member on November 20, 2018.
(22) Corresponding to an annualized remuneration of €110,000.
(23) Mr. Matlock stepped down as Non-Executive Board Member on July 10, 2018.
(24) Corresponding to an annualized remuneration of €110,000 and an additional one-time discretionary cash compensation of €50,000 given the additional work performed in respect of, and his substantive contribution, to the Separation.
(25) Mr. Allavena stepped down as Non-Executive Board Member on July 10, 2018.
(26) Corresponding to an annualized remuneration of €90,000 and an additional one-time discretionary cash compensation of €50,000 given the additional work performed in respect of, and his substantive contribution, to the Separation.
(27) Mr Combes stepped down as non-executive director of Altice S.A. on May 19, 2015.
(28) Corresponding to an annualized remuneration of €105,000.
(29) Other than Board Members.
(30) Excluding Altice USA's employees for comparison purposes.

6.5.2 *Evolution of the Company's performance*

The table below provides an overview of the evolution of the Company's performance for the financial years 2015 to 2019. Figures are presented in millions of euros.

	2015	**2016**	***Change in percentage (2016 vs. 2015)***	**2017**	**2017 (revised*)**	***Change in percentage (2017 vs. 2016)***	**2018**	***Change in percentage (2018 vs. 2017 (revised*))***	**2019**	***Change in percentage (2019 vs. 2018)***
Revenue	14,550	20,756	*43%*	23,500	15,152	*13%*	14,255	*(6%)*	14,796	*4%*
Adjusted EBITDA	5,494	8,086	*47%*	9,413	5,757	*16%*	5,137	*(11%)*	5,583	*9%*
Capital expenditure	3,104	4,396	*42%*	4,193	3,256	*(5%)*	4,053	*24%*	3,171	*(22%)*
Operating free cash flow	2,390	3,690	*54%*	5,220	2,501	*41%*	1,084	*(57%)*	2,413	*123%*

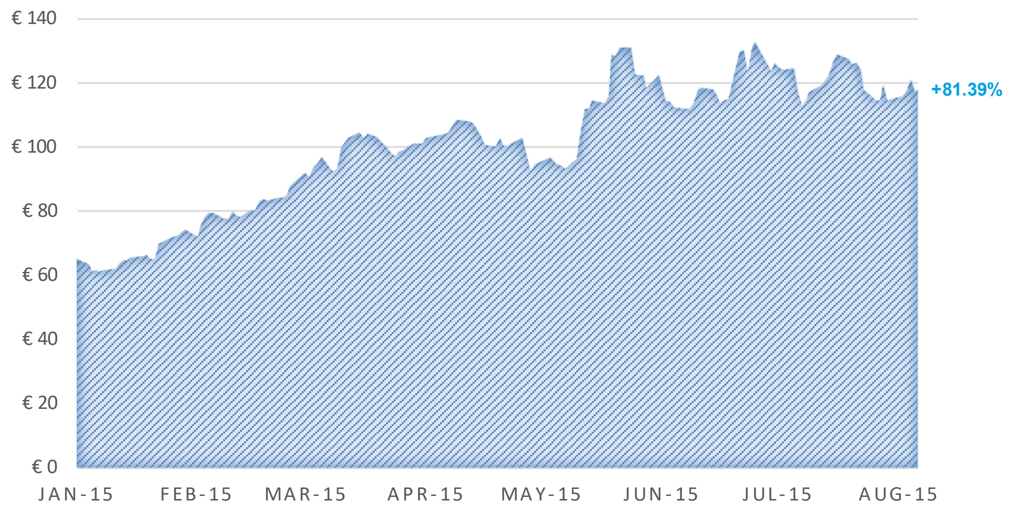
* Previously published information has been revised to take into account the impact following the classification of Altice USA as discontinued operation and the adoption of IFRS 15 *Revenue from Contracts with Customers*.

The three charts below show the evolution of the share price of:

- the Altice S.A.'s shares from January 2, 2015 to the last trading preceding the date of the Merger, i.e. August 7, 2015;
- the Common Shares A from the first trading day following the Merger, i.e. August 10, 2015 up to the last trading day preceding the ex-dividend date in connection with the Separation, i.e. May 21, 2018; and
- the Common Shares A from the ex-dividend date, i.e. May 22, 2018 up to December 31, 2019.

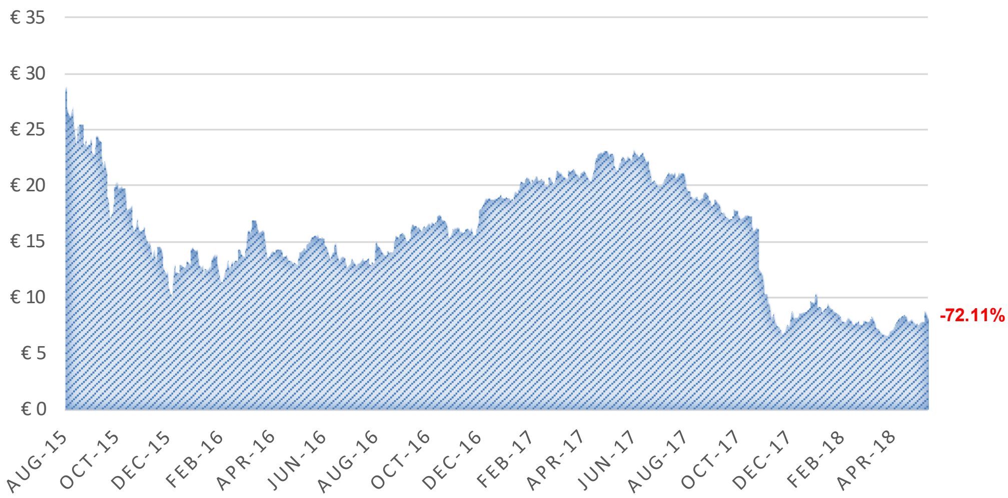
January 2, 2015 - August 7, 2015

Source: Euronext



August 10, 2015[(1)] - May 21, 2018

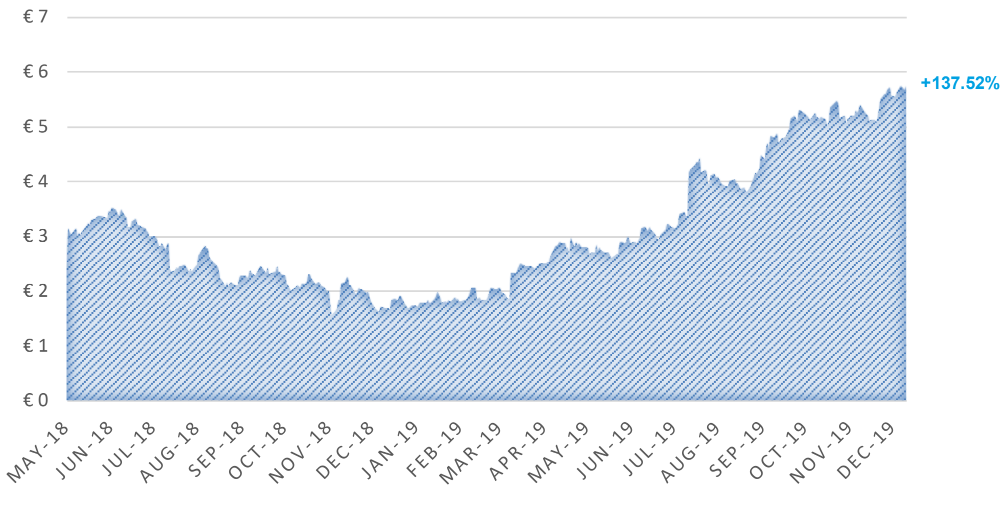
Source: Euronext



[(1)] Pursuant to the Merger, shareholders of Altice S.A. received 3 Common Shares A and one Common Share B, in exchange for each issued and outstanding share in the capital of Altice S.A. As a result, the share price went down from €118.05 at market close on August 7, 2015 to €28.34 at market opening on August 10, 2015.

May 22, 2018[(2)] - December 31, 2019

Source: Euronext



[(2)] The Common Shares A traded ex-dividend as from May 22, 2018. As a result, the share price of the Common Shares A went down from €7.90 at market close on May 21, 2018 to €2.42 at market opening on May 22, 2018.

6.5.3 *Pay ratios*

Based on best practice provision 3.4.1 of the Code, the Company shall disclose the ratios between the remuneration of the Board Members and that of a representative reference group of employees within the Group and, if applicable, comment on any important variation in the pay ratios in comparison with the previous financial year.

Reference group and average remuneration

The Company has decided to include in the reference group the entire workforce employed by the Group, expressed in the form of full-time-equivalent employees (FTE). The full-time equivalence of each employee is calculated based on the number of hours worked by the employee in each period, compared to the maximum number of hours/period allowed as per the local law prevalent in the country of operation. As at December 31, 2019, there were 45,409 FTEs.

The calculation of the pay ratios is based on the average of the remuneration received by the employees of the reference group and is made in accordance with the following rules:

- in the event that an employee of the reference group received remuneration from different companies within the Group, the calculation was based on the global remuneration received by the relevant employee;
- the remuneration of the employees of the reference group taken into account was the remuneration received during the year concerned (i.e. if a bonus was paid in 2019 relating to activities performed in 2018, the bonus was taken into account when calculating the pay ratios of the financial year 2019);
- if all or part of the remuneration was paid in a foreign currency, the exchange rate which was used was the average exchange rate of the relevant currency into euros for the year ended December 31, 2019.

Type of remuneration

The Company used both fixed and variable remuneration components when determining the pay ratios for a given year.

Period of reference

The pay ratio disclosed by the Company reflects the last financial year.

Calculated pay ratios

Based on the above, the calculated pay ratios are as follows:

- the average President-to-worker pay ratio stands at 4.6 to 1 in 2019, compared to 54.57[64] to 1 in 2018;

- the average CEO-to-worker pay ratio stands at 76.4 to 1 in 2019.

In the course of 2018, both Mr. Goei and Mr. Drahi occupied the position of President and therefore fixed and variable remuneration components for both Mr. Goei and Mr. Drahi were taken into account in calculating the President-to-worker pay ratio for 2018. In 2019, such pay ratio was calculated based on the remuneration of Mr. Drahi only. The pay ratio for 2019 is materially lower than the pay ratio for 2018 because Mr. Drahi's remuneration is significantly lower than that of Mr. Goei, as Mr. Drahi does not receive any variable remuneration in cash. Please refer to section 6.3 *"Remuneration of the Board in 2019"* for additional information.

As the position of CEO within the Board was only occupied by Mr. Weill since July 10, 2018, the Company did not calculate a pay ratio for the position of CEO in 2018. It aims to comment on changes on this pay ratio in comparison with the previous financial year in the 2020 Management Report.

In addition, the Company does not calculate a pay ratio for the position of CFO, as this position was removed from the Board in 2018.

6.6 Variable remuneration in cash

Both (i) the annual cash bonus granted to Mr. A. Weill and Ms. N. Marty and (ii) the cash performance bonus granted to Ms. N. Marty are subject to financial and non-financial performance criteria. These financial and non-financial performance criteria are described below.

[64] The average President-to-worker pay ratio for 2018 has been revised as a result of the recalculation of the number of FTEs for 2018.

6.6.1 *Annual cash bonus*

Financial and non-financial performance criteria

The performance criteria used to determine the annual cash bonuses of the Executive Board Members depend on the other duties performed by them within the Group and the Group Company of which they are an employee or a service-provider.

The annual cash bonus is determined for 2/3 based on financial performance criteria and for 1/3 based on personal performance criteria:

- with respect to the personal performance criteria: each individual's personal objectives are determined every year and assessed at the end of each year;

- with respect to the financial performance criteria:

  - the financial performance criteria are assessed at the Group level;
  - the three indicators which were used in 2019 as financial performance criteria were Revenues, Adjusted EBITDA and Adjusted EBITDA – CAPEX + change in Working Capital. The target level of each such indicator (the "**Performance Target**") was set based on the Group's annual budget for the financial year 2019, as approved by the Board. Depending on the actual amount of each such indicator, as set forth in the Consolidated Financial Statements, the calculation could either result in the variable remuneration to be nil or exceed the pre-agreed amount:

Amount of each indicator compared to the Performance Target	Result for such indicator
Less than 95% of the Performance Target	0
95% of the Performance Target	50%
100% of the Performance Target	100%
110% of the Performance Target	150%

Between such levels, a linear interpolation is applied. The average of the results of the three indicators constitute the multiplying factor to be applied to the pre-agreed amount of variable remuneration in order to determine the amount of the variable remuneration for the year.

Annual cash bonus for 2019, to be paid in 2020

The Remuneration Committee compared the amount of the three above-mentioned indicators as set forth in the Consolidated Financial Statements to the Performance Targets and calculated the multiplying factor which, at the Group level, amounts to 55.7% for 2019.

- *Annual cash bonus of Ms. Marty for 2019*

When determining the amount of the annual cash bonus of Ms. Marty, the Remuneration Committee considered that the personal performance criteria have been fully achieved. The Remuneration Committee took into account the overall work performed by Mr. Marty in 2019 and in particular her involvement in the monetisation of the Group's infrastructure assets and the refinancing transactions which were closed or announced during the year. As a result, the Remuneration Committee decided to grant Ms. Marty a total bonus of €200,000 for 2019, as follows: €140,900 as performance-related annual cash bonus and €59,100 as discretionary annual cash bonus. Ms. Marty's 2019 bonus is subject to a resolution of the General Meeting that will be put on the agenda of the 2020 AGM.

- *Annual cash bonus of Mr. Weill for 2019*

On June 27, 2019, the General Meeting decided to align the terms and conditions of the discretionary annual cash bonus granted to Mr. Weill by the General Meeting of July 10, 2018 with those applicable to the annual cash bonuses of the other Executive Board Members and therefore to replace it by a performance-related annual cash bonus of €1,000,000.

When determining the amount of the annual cash bonus of Mr. Weill, the Remuneration Committee considered that, given the outstanding contribution of Mr. Weill to the commercial recovery and turnaround of Altice France, resulting from both strong customer acquisitions and a reduction of the churn rate, and to the constant improvement of Altice France's market perception in France, the personal performance criteria have been fully achieved. In addition, the Remuneration Committee took into account the overall work performed by Mr. Weill in 2019 and in particular his contribution to the establishment of good relationships with large corporate customers and public administrations, notably in the context of expanding the FTTH footprint. As a result, the Remuneration Committee decided to grant Mr. Weill a total bonus of €1,000,000 for 2019, as follows: €704,600 as performance-related annual cash bonus and €295,400 as discretionary annual cash bonus. Mr. Weill's 2019 bonus is subject to a resolution of the General Meeting that will be put on the agenda of the 2020 AGM.

6.6.2 *Cash performance bonus*

On July 10, 2018, the General Meeting granted Ms. Marty a cash performance bonus of €1,000,000 subject to the terms set out in the explanatory notes to the agenda of the General Meeting (the "**Cash Performance Bonus**"). On June 27, 2019, the General Meeting decided to amend the terms and conditions of the Cash Performance Bonus - to align them with the terms and conditions applying to the cash performance bonuses of other managers of the Group - as follows:

(a) grant date: January 31, 2018;

(b) vesting period: 50% of the Cash Performance Bonus shall vest on the second anniversary of the grant date, 25% on the third anniversary of the grant date and 25% on the fourth anniversary of the grant date, subject, (i) in each case, to the achievement of the performance criteria mentioned in paragraph (g) below and (ii) to the possibility of an Interim Payment on the second anniversary of the grant date, as set forth in paragraph (g) below;

(c) performance criteria, to be assessed at the end of the vesting period: in the financial year ending December 31, 2021, the Company has generated an annual consolidated EBITDA (as reported on a consolidated basis and with constant perimeter and accounting standards) equal or in excess of the projected annual consolidated EBITDA in the 4-year business plan adopted by the Company on July 5, 2018 or in any other business plan to be adopted by the Company that the Remuneration Committee considers more favourable for the purposes of the calculation of the Cash Performance Bonus (the "**EBITDA Target**");

(d) exception to the vesting period: in case (i) Next Alt owns, directly or indirectly, less than 30% of the aggregate nominal value of the issued and outstanding common shares in the capital of the Company or (ii) Mr. P. Drahi owns, directly or indirectly, less than 50% of the voting rights of Next Alt, the Cash Performance Bonus will vest automatically on the date of the change of control, and the performance criteria will be assessed on average over the period starting on January 1, 2018 and ended on the date of the change of control;

(e) amount due:

Achievement of EBITDA Target	Cash Performance Bonus
Less than EUR 5,500,000,000 + 90% x (EBITDA Target minus EUR 5,500,000,000)	0% of the granted amount
Between (i) EUR 5,500,000,000 + 90% x (EBITDA Target minus EUR 5,500,000,000) and (ii) 100% of EBITDA Target	0% to 100% of the granted amount, depending on where the actual EBITDA figures falls
100%	100% of the granted amount
Between (i) 100% and (ii) EUR 5,500,000,000 + 120% x (EBITDA Target minus EUR 5,500,000,000)	100% to 200% of the granted amount, depending on where the actual EBITDA figures falls

(f) payment date: April 29, 2022;

(g) if the Board, at the initiative of the President, considers that, (i) given the level of the annual consolidated EBITDA generated by the Company in the financial year ending December 31, 2019, it can reasonably be concluded that the Company is on track to achieve the EBITDA Target in the financial year ending December 31, 2021, and/or (ii) certain corporate strategic projects of the Company approved by the Board have been successfully completed in the financial years ending December 31, 2018 and December 31, 2019 and/or (iii) Ms. Marty has successfully achieved the personal objectives which were assigned to her by the management of the Company for the financial years ending December 31, 2018 and December 31, 2019, the General Meeting may, subject to a proposal of the Board based on a recommendation of the Remuneration Committee, decide to pay Ms. Marty, on January 31, 2020, up to half of the granted amount of the Cash Performance Bonus (the "**Interim Payment**"); if the amount of the Cash Performance Bonus to be paid on April 29, 2022, calculated as set forth under paragraph (e) above, is:

- inferior to the amount of the Interim Payment, the General Meeting may, subject to a proposal of the Board based on a recommendation of the Remuneration Committee, resolve not to request Ms. Marty to reimburse the difference to the Company;

- superior to the amount of the Interim Payment, the amount of the Interim Payment will be deducted from the amount of the Cash Performance Bonus due;

(h) if Ms. Marty leaves the Group before the end of the vesting period, Ms. Marty shall keep the vested portion and forfeit the unvested portion of her Cash Performance Bonus.

The amount of the Interim Payment, if any, and the amount of the Cash Performance Bonus to be paid to Ms. Marty on April 29, 2022, if any, will thus always be determined by the General Meeting upon a proposal of the Board based on a recommendation of the Remuneration Committee.

On January 27, 2020, the Board, upon a recommendation of the Remuneration Committee, determined that the criteria for the payment of the Interim Payment to Ms. Marty were met and resolved to propose to the General Meeting to grant the Interim Payment to Ms. Marty. The Interim Payment was paid to Ms. Marty as an advance. The Interim Payment is subject to a resolution of the General Meeting that will be put on the agenda of the 2020 AGM.

6.6.3 *Claw-back*

During the financial year that ended on December 31, 2019 no variable remuneration has been clawed-back pursuant to article 2:135(8) DCC.

6.7 Share-based compensation

6.7.1 *Stock options*

The grant of stock options to Executive Board Members is designed to drive strategic and business decisions which add long-term value to the Group and to align the personal interests of the Executive Board Members with the interest of the shareholders of the Company, as their reward actually depends on the long-term share price performance of the Company.

A description of the Stock Option Plans under which Board Members have been granted options is set out below.

SOP

The Board and the General Meeting approved the establishment of the SOP on August 7, 2015, subject to and with effect as of the effective date of the Merger. The SOP was subsequently amended by the Board on recommendation of the Remuneration Committee on January 11, 2016 and on March 14, 2016, by the General Meeting on June 28, 2016 and by the Board on recommendation of the Remuneration Committee on July 25, 2016, subject to and with effect as from the moment following the 2016 EGM, when the proposed amendments to the articles of association of the Company, resolved upon in the 2016 EGM, took effect. The SOP was last amended by the Board on March 20, 2017. The purpose of the SOP is, amongst others, to provide prospective candidates to join the Group or prospective candidates for promotion within the Group with appropriate incentives and to support their retention. The number of options granted under the SOP depends on the position, the importance of the role, the seniority, the performance and the development potential of the participant on a mid/long term. The grant of stock options under the SOP may be accompanied, for certain participants, by the grant of a deferred cash bonus subject to the same vesting conditions.

The Board, upon recommendation of the Remuneration Committee, may grant stock options to eligible participants under the conditions set out by the SOP. Employees of the Group and, in exceptional cases, individuals who are not employees of the Group are eligible to participate in the SOP. In addition, the General Meeting may resolve to grant stock options to Executive Board Members under the SOP as reward for their employment with or provision of services to Group Companies and in that case determines the number and the applicable criteria of such stock options, based on a recommendation of the Remuneration Committee. Non-Executive Board Members are not eligible for participation in the SOP.

Options granted under the SOP are subject to vesting conditions, which are time-based. For each participant, the stock options will vest as follows:

- a first tranche of 50% of the stock options a participant holds vests on the 2nd anniversary of the start date of the vesting period;
- a second tranche of 25% of the stock options a participant holds vests on the 3rd anniversary of the start date of the vesting period; and
- a third tranche of 25% of the stock options a participant holds vests on the 4th anniversary of the start date of the vesting period.

Notwithstanding the foregoing, the Board, upon recommendation of the Remuneration Committee, may adjust the start date of the vesting period of any participant, provided that the Board concurrently grants a benefit to such participant.

No consideration is payable for the allocation of the stock options. The exercise price of stock options granted under the SOP is equal to the weighted average price at which the Common Shares A are traded on Euronext Amsterdam during a period of 30 days preceding (i) the date of the offer made to and accepted by the employee to join the Group, (ii) the date on which the employee is promoted to a new function within the Group, or (iii) for an existing employee within the Group, the date on which the decision was made to grant him additional or new stock options, as the case may be. The Board, upon recommendation of the Remuneration Committee, may adjust the exercise price (at the time of or after the grant of the stock options) in a more favourable way for the participants, unless such an adjustment would have the effect of creating a material detriment to the Shareholders.

The following table summarizes the stock options granted to Executive Board Members under the SOP(1).

Name	Grant date	Tranches	Number of options granted	Current status	Exercise price at the grant date (€)	Adjusted exercise price(2) (€)	Gross cash compensation(2)	Value at the grant date (€)	Value at vesting (€)	2018 stock option expenses(3) (€)	2019 stock option expenses(4) (€)	Vesting(5)
Next Alt (entity controlled by Mr. Drahi)	January 31, 2014	First (50%)	5,309,734	Vested	7.0625	1.72	$32,884,550(6)	0	32,800,882	51,584	0	January 31, 2016
		Second (25%)	2,654,867	Vested	7.0625	1.72		0	35,090,705			January 31, 2017
		Third (25%)	2,654,867	Vested	7.0625	1.72		0	4,230,530			January 31, 2018
N. Marty	January 31, 2016	First (50%)	12,660	Vested	17	4.14	$21,598(7)	0	0	7,921	1,366	January 31, 2018
		Second (25%)	6,330	Vested	17	4.14	$10,799(7)	0	0			January 31, 2019
		Third (25%)	6,330	Unvested	17	4.14	$10,799(7)	0	N/A			January 31, 2020
	June 23, 2016	First (50%)	17,975	Vested	13.9081	3.38	$38,835(7)	18,638	2,624	7,692	1,669	June 23, 2018
		Second (25%)	8,987	Vested	13.9081	3.38	$19,417(7)	9,319	0			June 23, 2019
		Third (25%)	8,988	Unvested	13.9081	3.38	$19,417(7)	9,319	N/A			June 23, 2020

(1) The share option plan of Altice S.A. ("**SOP SA**") came into effect on January 31, 2014. The Company, as surviving entity in the Merger, has adopted a stock option plan which replaced the SOP SA as of the effective date of the Merger, under (substantially) the same conditions as applicable to the SOP SA. Each option granted under the SOP SA was exchanged for four options, each entitling to one Common Share A in the share capital of the Company, at 25% of the applicable exercise price under the SOP SA.
(2) In connection with the Separation, the exercise price of the stock options granted under the SOP was adjusted and a gross cash compensation corresponding to the value of a stock option on 0.4163[65] Altice USA share, multiplied by the number of stock options held by the participant

[65] Corresponding to the number of Altice USA shares distributed to the Company's shareholders in respect of each share in the Company in connection with the Separation.

under the SOP, was granted to the participants who had unexercised stock options under the SOP, subject to vesting of the relevant stock options.
(3) This refers to the expense recorded in the consolidated statement of income for the year ended December 31, 2018 with regards to the stock options granted to the Executive Board Members under the SOP.
(4) This refers to the expense recorded in the consolidated statement of income for the year ended December 31, 2019 with regards to the stock options granted to the Executive Board Members under the SOP.
(5) Vested options can be exercised at any time until the 10th anniversary of the grant date.
(6) On July 5, 2018, the Board resolved that the payment of the cash compensation may be deferred if so agreed upon by the relevant participant and the Company and that the interest payable by the Company to the relevant participant in connection with the deferred payment would be: (i) if payment is deferred by six months, calculated as from the date on which the cash compensation is payable: EURIBOR plus 200 basis points and (ii) if payment is deferred by twelve months, calculated as from the date on which the cash compensation is payable: EURIBOR plus 300 basis points. The actual payment made to Next Alt in January 2019 was $33,225,284, including interest.
(7) Subject to the deduction of the contributions to be made to the LPP collective plan, if any (please refer to section 6.8 *"Pension schemes"* for more details on the LPP collective plan).

2017 SOP

On November 2, 2017, the Board, upon recommendation of the Remuneration Committee, adopted a new stock option plan (the "**2017 SOP**"), the terms of which are substantially the same as those of the SOP, except for the good leaver / bad leaver provisions applicable when a participant leaves the Group which have been amended to further support retention of the participants. The 2017 SOP was amended on May 18, 2018 by the General Meeting in order to extend it to Executive Board Members.

The following table summarizes the stock options granted to Executive Board Members under the 2017 SOP:

Name	**Grant date**	**Tranches**	**Number of options granted**	**Current status**	**Exercise price at the grant date (€)**	**Value at the grant date (€)**	**Value at vesting (€)**	**2018 stock option expenses(1) (€)**	**2019 stock option expenses(2) (€)**	**Vesting(3)**
N. Marty	January 31, 2018	First (50%)	250,000	Unvested	2	0	N/A	0	0	January 31, 2020
		Second (25%)	125,000	Unvested	2	0	N/A			January 31, 2021
		Third (25%)	125,000	Unvested	2	0	N/A			January 31, 2022

(1) This refers to the expense recorded in the consolidated statement of income for the year ended December 31, 2018 with regards to the stock options granted to the Executive Board Members under the 2017 SOP.
(2) This refers to the expense recorded in the consolidated statement of income for the year ended December 31, 2019 with regards to the stock options granted to the Executive Board Members under the 2017 SOP.
(2) Vested options can be exercised at any time until the 10th anniversary of the grant date.

LTIP

The General Meeting approved the establishment of the LTIP on June 28, 2016. The LTIP was subsequently amended by the Board on recommendation of the Remuneration Committee on July 25, 2016, subject to and with effect as from the moment following the 2016 EGM, when the proposed amendments to the Articles of Association, resolved upon in the 2016 EGM, took effect. The LTIP is mainly used by the Company to grant stock options to participants under the SOP whose options have partially vested, in order to support retention of such participants, such grant being accompanied, for certain participants, by the grant of a deferred cash bonus subject to the same vesting conditions. The number of options granted under the LTIP depends on the position, the importance of the role, the seniority, the performance and the development potential of the participant on a mid/long term.

The Board, upon recommendation of the Remuneration Committee, may grant stock options to eligible participants under the conditions set out by the LTIP. Employees of the Group and in exceptional cases individuals who are not employees of the Group are eligible to participate in the LTIP. In addition, the General Meeting may resolve to grant stock options to Executive Board Members under the LTIP as reward for their employment with or provision of services to Group Companies and in that case, determines the number and the applicable criteria of such stock options, based on a recommendation of the Remuneration Committee. Non-Executive Board Members are not eligible for participation in the LTIP.

Options granted under the LTIP are subject to vesting conditions, which are time-based. For each participant, all the stock options will vest on the 3rd anniversary of the start date of the vesting period. Notwithstanding the foregoing, the Board may, upon recommendation of the Remuneration Committee, adjust the start date of the vesting period of any participant, provided that the Board concurrently grants a benefit to such participant.

No consideration is payable for the allocation of the stock options. The exercise price of stock options granted under the LTIP is equal to the weighted average price at which the Common Shares A are traded on Euronext Amsterdam during a period of 30 days preceding (i) the date on which the decision was made to grant the participant additional or new stock options, or (ii) an alternative date determined by the Board. The Board, upon recommendation of the Remuneration Committee, may adjust the exercise price (at the time of or after the grant of the stock options) in a more favourable way for the participants, unless such an adjustment would have the effect of creating a material detriment to the Shareholders.

The following table summarizes the stock options granted to Executive Board Members under the LTIP.

Name	**Grant date**	**Number of options granted**	**Current status**	**Exercise price (€)**	**Adjusted exercise price[(1)] (€)**	**Gross cash compensation[(1)]**	**Value at the grant date (€)**	**Value at vesting (€)**	**2018 stock option expenses[(2)] (€)**	**2019 stock option expenses[(3)] (€)**	**Vesting[(4)]**
P. Drahi	January 31, 2016	755,287	Vested	13.24	3.22	$1,638,468	0	0	220,499	10,676	January 31, 2019

[(1)] In connection with the Separation, the exercise price of the stock options granted under the LTIP was adjusted and a gross cash compensation corresponding to the value of a stock option on 0.4163[66] Altice USA share, multiplied by the number of stock options held by the participant under the LTIP, was granted to the participants who had unexercised stock options under the LTIP, subject to vesting of the relevant stock options.
[(2)] This refers to the expense recorded in the consolidated statement of income for the year ended December 31, 2018 with regards to the stock options granted to the Executive Board Members under the LTIP.
[(3)] This refers to the expense recorded in the consolidated statement of income for the year ended December 31, 2019 with regards to the stock options granted to the Executive Board Members under the LTIP.
[(4)] Vested options can be exercised at any time until the 10th anniversary of the grant date.

Share options pursuant to the brand licence and services agreement

The Group licences the Altice brand from Next Alt as part of a brand licence and services agreement concluded in 2016. As part of this agreement, the Group has the exclusive right to use the Altice brand for corporate identification purposes and commercial purposes in the telecommunication, content and media sectors in the territory defined in the agreement (which, since the Separation, excludes North America). In 2017, the brand licence and services agreement was amended. Instead of a fee, Next Alt was granted 30 million stock options. On June 7, 2018, Next Alt transferred the options to its parent company Next Luxembourg S.C.Sp.

The following table summarizes the stock options granted to Next Alt, and subsequently transferred to Next Luxembourg S.C.Sp, in connection with the brand licence and services agreement.

Name	**Grant date**	**Number of options granted**	**Current status**	**Exercise price at the grant date (€)**	**Adjusted exercise price[(1)] (€)**	**Gross cash compensation[(1)]**	**Value at the grant date (€)**	**Value at vesting (€)**	**2018 stock option expenses[(2)] (€)**	**2019 stock option expenses[(3)] (€)**	**Vesting[(4)]**
Next Luxembourg S.C.Sp (entity controlled by Mr. Drahi)	January 31, 2017	10,000,000	50% Vested	19.3642	4.71	$8,492,312	4,759,000	0	4,238,359	1,004,398	January 31, 2019
			25% Unvested	19.3642	4.71	$4,246,156	2,339,500	N/A			January 31, 2020
			25% Unvested	19.3642	4.71	$4,246,156	2,339,500	N/A			January 31, 2021
	January 31, 2017	10,000,000	Unvested	19.3642	4.71	$7,684,085	0	N/A	1,215,985	288,162	Latest by January 31, 2021[(5)]
	January 31, 2017	10,000,000	Unvested	19.3642	4.71	$4,307,829	0	N/A	923,962	218,959	Latest by January 31, 2022[(6)]

[(1)] In connection with the Separation, the exercise price of the stock options was adjusted and a gross cash compensation corresponding to the value of a stock option on 0.4163[67] Altice USA share, multiplied by the number of outstanding stock options, was granted to Next Luxembourg S.C.Sp, subject to vesting of the relevant stock options.
[(2)] This refers to the expense recorded in the consolidated statement of income for the year ended December 31, 2018 with regards to the stock options granted in connection with the brand licence and services agreement.
[(3)] This refers to the expense recorded in the consolidated statement of income for the year ended December 31, 2019 with regards to the stock options granted in connection with the brand licence and services agreement.

[66] Corresponding to the number of Altice USA shares distributed to the Company's shareholders in respect of each share in the Company in connection with the Separation.
[67] Corresponding to the number of Altice USA shares distributed to the Company's shareholders in respect of each share in the Company in connection with the Separation.

(4) Vested options can be exercised at any time until the 10th anniversary of the grant date.
(5) Subject to performance conditions: the options will vest in the event the share price doubles in value compared to the adjusted exercise price on or before January 31, 2021.
(6) Subject to performance conditions: the options will vest in the event the share price triples in value compared to the adjusted exercise price on or before January 31, 2022.

6.7.2 *FPPS*

On July 10, 2018, the General Meeting determined the remuneration of Mr. Weill to include Weill 2018 FPPSs with the following main characteristics:

- granted number of Preference Shares B: 25,000,000;
- vesting period: earliest of four years from the grant date of the Preference Shares B and the annual General Meeting to be held in 2022;
- performance criteria: on the financial year ending on December 31, 2021, the Company having generated an annual consolidated EBITDA (as reported on a consolidated basis and with constant perimeter and accounting standards) equal or in excess of the projected annual consolidated EBITDA in the 4-year business plan adopted by the Company;
- number of Preference Shares B, each convertible into one Common Share A, ranging between 0% and 200% of the number of granted Preference Shares B, to be assessed at the end of the vesting period, according to a predetermined allocation key linked to performance criteria.

In case of a conversion of the Preference Shares B into Common Shares A, the Company will have a call option, requiring Mr. Weill to sell all or part of his Common Shares A resulting from such conversion for a price of four (4) euros per Common Share A. Mr. Weill will have a put option during 180 days after a conversion, requiring the Company to purchase all or part of his Common Shares A resulting from such conversion for a price per Listed Common Share A which shall be the result of a formula based on the Company's turnover and financial debt figures, both figures being those of the year ending 31 December 2021, or, in case of early vesting, the financial year during which the event giving rise to an early vesting occurred.

In addition, in connection with the Separation, the General Meeting also approved an adjustment of the terms and conditions governing Mr. Weill's existing right to acquire the Weill 2016 FPPSs, as follows:

- Weill 2016 FPPSs Tranche 1: 1,103,096 Weill 2016 FPPSs, each upon vesting convertible into one newly to be issued Common Share A as well as 0.4163 existing shares of Class A common stock in Altice USA;
- Weill 2016 FPPSs Tranche 2: 752,568 Weill 2016 FPPSs, each upon vesting convertible into a number of newly to be issued Common Shares A depending on the share price of the Common Shares A during the 5 trading days preceding the conversion request;
- a gross cash compensation of a maximum aggregate amount of $839,991.15, to be paid after the conversion of the Weill 2016 FPPSs Tranche 2 into Common Shares A.

As of December 31, 2019, all Weill 2016 FPPSs Tranche 1 and Weill 2016 FPPSs Tranche 2 had vested.

6.7.3 *Redemption or subscription of shares*

In connection with the exercise of rights to acquire shares, (i) no shares in the Company's share capital were repurchased as at December 31, 2019 and/or up to the date of this Remuneration Report and (ii) except for (x) 275,774 Weill 2016 FPPSs Tranche 1 and 188,142 Weill 2016 FPPSs Tranche 2 which were issued to Mr. Weill on January 9, 2019 and (y) 275,774 Weill 2016 FPPSs Tranche 1 and 188,142 Weill 2016 FPPSs Tranche 2 which were issued to Mr. Weill on January 6, 2020, no shares have been subscribed for as at December 31, 2019 and/or up to the date of this Remuneration Report.

6.8 Pension schemes

The Company operates no pension or retirement schemes for its Board Members or its members of senior management. It, however, makes contributions to mandatory social security schemes in the countries of employment of its Board Members and its members of senior management.

In addition, the Group subscribed for a LPP collective plan (*La Prévoyance Professionnelle*) for all its employees, including Board Members, who are based in Switzerland. The Swiss pension system is based on three pillars: a state pension, an occupational pension and a private pension provision, the aim of which is to maintain the accustomed standard of living for the employee and his family during retirement or in the event of disability or death. The LPP collective plan corresponds to the second pillar, i.e. the occupational pension. It is very common in Switzerland and provides for extra benefits compared to the minimum requirements imposed by Swiss law. It is based on contributions from the Group as well as from the employee**.**

APPENDIX 1: DEFINED TERMS

The following definitions are used in this Management Report.

2013 Altice Finco Dollar Senior Notes	The $400 million aggregate principal amount of 8.125% Senior Notes due 2024 issued by Altice Finco under the 2013 Altice Finco Dollar Senior Notes Indenture, which Altice Finco fully repaid on February 10, 2020.
2013 Altice Finco Dollar Senior Notes Indenture	The indenture dated as of December 12, 2013, as amended, among, inter *alios*, Altice Finco as issuer, the guarantors party thereto and the trustee and the security agent party thereto, governing the 2013 Altice Finco Dollar Senior Notes.
2013 Altice Finco Euro Senior Notes	The €250 million aggregate principal amount of 9.000% Senior Notes due 2023 issued by Altice Finco under the 2013 Altice Finco Euro Senior Notes Indenture, which Altice Finco fully repaid on January 13, 2020.
2013 Altice Finco Euro Senior Notes Indenture	The indenture dated as of June 19, 2013, as amended, among, *inter alios*, Altice Finco as issuer, the guarantors party thereto and the trustee and the security agent party thereto, governing the 2013 Altice Finco Euro Senior Notes.
2014 Altice Financing Revolving Credit Facility Agreement	The revolving credit facility agreement originally dated December 9, 2014, as amended, restated, supplemented or otherwise modified from time to time, among, *inter alios*, Altice Financing as borrower, the lenders from time to time party thereto, Citibank International Limited as facility agent and Citibank, N.A., London Branch as security agent.
2014 Altice France Senior Secured Notes	Collectively, the $1,375 million aggregate principal amount of 6.250% Senior Secured Notes due 2024 and the €1,250 million aggregate principal amount of 5.625% Senior Secured Notes due 2024, issued by Altice France under the 2014 Altice France Senior Secured Notes Indenture, which Altice France partially repaid in June 2019 and fully repaid in October 2019.
2014 Altice France Senior Secured Notes Indenture	The indenture dated as of May 8, 2014, as amended, among, *inter alios*, Altice France as issuer, the guarantors party thereto and the trustee and the security agent party thereto, governing the 2014 Altice France Senior Secured Notes.
2014 Altice Luxembourg Revolving Credit Facility Agreement	The €200 million revolving credit facility agreement originally dated May 8, 2014, as amended, restated, supplemented or otherwise modified from time to time, among, *inter alios*, Altice S.A. (succeeded to by Altice Luxembourg) as borrower, the Mandated Lead Arrangers (as defined therein), Deutsche Bank AG, London Branch as facility agent, and Deutsche Bank AG, London Branch as security agent.
2014 Altice Luxembourg Senior Notes	Collectively, the $2,900 million 7.750% Senior Notes due 2022 and the €2,075 million 7.250% Senior Notes due 2022 issued by Altice S.A. (succeeded to by Altice Luxembourg) under the 2014 Altice Luxembourg Senior Notes Indenture, which Altice Luxembourg partially repaid in June 2019 and fully repaid in October 2019.
2014 Altice Luxembourg Senior Notes Indenture	The indenture dated May 8, 2014, among, *inter alios*, Altice S.A. (succeeded to by Altice Luxembourg), and the trustee and the security agent party thereto, governing the 2014 Altice Luxembourg Senior Notes.

2015 Altice Financing Credit Facility Agreement	The credit facility agreement originally dated January 30, 2015, as amended, restated, supplemented or otherwise modified from time to time, among, *inter alios*, Altice Financing as borrower, the lenders from time to time party thereto, Deutsche Bank AG, London Branch as trustee, Deutsche Bank AG, New York Branch as administrative agent and Citibank, N.A., London Branch as security agent.
2015 Altice Financing Revolving Credit Facility Agreement	The revolving credit facility agreement originally dated January 30, 2015, as amended, restated, supplemented or otherwise modified from time to time among, *inter alios*, Altice Financing as borrower, the lenders from time to time party thereto, Citibank International Limited as facility agent and Citibank, N.A., London Branch as security agent.
2015 Altice Financing Senior Secured Notes	Collectively, the $2,060 million aggregate principal amount of 6.625% Senior Secured Notes due 2023 and the €500 million aggregate principal amount of 5.250% Senior Secured Notes due 2023 issued by Altice Financing pursuant to the 2015 Altice Financing Senior Secured Notes Indenture, which Altice Financing fully repaid on February 18, 2020.
2015 Altice Financing Senior Secured Notes Indenture	The indenture dated February 4, 2015, among, *inter alios*, Altice Financing as issuer, the guarantors party thereto and the trustee and security agent party thereto, governing the 2015 Altice Financing Senior Secured Notes.
2015 Altice Finco Senior Notes	The $385 million aggregate principal amount of 7.625% Senior Notes due 2025 issued by Altice Finco pursuant to the 2015 Altice Finco Senior Notes Indenture.
2015 Altice Finco Senior Notes Indenture	The indenture dated February 4, 2015, among, *inter alios*, Altice Finco as issuer, the guarantors party thereto and the trustee and security agent party thereto, governing the 2015 Altice Finco Senior Notes.
2015 Altice Luxembourg Senior Notes	Collectively, the $1,480 million 7.625% Senior Notes due 2025 and the €750 million 6.250% Senior Notes due 2025 issued by Altice S.A. (succeeded to by Altice Luxembourg) under the 2015 Altice Luxembourg Senior Notes Indenture, which Altice Luxembourg partially repaid on February 24, 2020 and fully repaid on March 9, 2020.
2015 Altice Luxembourg Senior Notes Indenture	The indenture dated February 4, 2015, among, *inter alios*, Altice S.A. (succeeded to by Altice Luxembourg), and the trustee and the security agent party thereto, governing the 2015 Altice Luxembourg Senior Notes.
2016 Altice Financing Senior Secured Notes	The $2,750 million aggregate principal amount of 7.500% Senior Secured Notes due 2026 issued by Altice Financing pursuant to the 2016 Altice Financing Senior Secured Notes Indenture.
2016 Altice Financing Senior Secured Notes Indenture	The indenture dated May 3, 2016, among, *inter alios*, Altice Financing as issuer, the guarantors party thereto and the trustee and security agent party thereto, governing the 2016 Altice Financing Senior Secured Notes.
2016 Altice France Senior Secured Notes	The $5,190 million aggregate principal amount of 7.375% Senior Secured Notes due 2026 issued by Altice France under the 2016 Altice France Senior Secured Notes Indenture.

2016 Altice France Senior Secured Notes Indenture	The indenture dated as of April 11, 2016, as amended, among, *inter alios*, Altice France as issuer, the guarantors party thereto and the trustee and the security agent party thereto, governing the 2016 Altice France Senior Secured Notes.
2016 EGM	The extraordinary general meeting of the Company that was held on September 6, 2016.
2017 Altice Finco Senior Notes	The €675 million aggregate principal amount of 4.750% Senior Notes due 2028 issued by Altice Finco pursuant to the 2017 Altice Finco Senior Notes Indenture.
2017 Altice Finco Senior Notes Indenture	The indenture dated October 11, 2017, among, *inter alios*, Altice Finco as issuer, the guarantors party thereto and the trustee and security agent party thereto, governing the 2017 Altice Finco Senior Notes.
2017 Guarantee Facility Agreement	The €331 million guarantee facility agreement, dated June 23, 2017, as amended, restated, supplemented or otherwise modified from time to time among, *inter alios*, Altice Financing as borrower and guarantor, the lenders from time to time party thereto, J.P. Morgan Europe Limited as facility agent, and Citibank, N.A., London Branch as security agent.
2017 LTIP	The Company's long-term incentive plan dated November 2, 2017, as amended on May 18, 2018.
2017 SOP	The Company's stock option plan dated November 2, 2017, as amended on May 18, 2018.
2018 Altice France Senior Secured Notes	The $1,750 million and €1,000 million aggregate principal amount of 8.125% and 5.875% Senior Secured Notes, respectively, due 2027 issued by Altice France under the 2018 Altice France Senior Secured Notes Indenture.
2018 Altice France Senior Secured Notes Indenture	The indenture dated as of July 31, 2018, as amended, among, *inter alios*, Altice France as issuer, the guarantors party thereto and the trustee and the security agent party thereto, governing the 2018 Altice France Senior Secured Notes.
2018 Guarantee Facility Agreements	The €31.125 million guarantee facility agreement, dated July 24, 2018, as amended, restated, supplemented or otherwise modified from time to time, with Credit Agricole Corporate and Investment Bank as issuing bank and the €93.375 million guarantee facility agreement, dated July 25, 2018, as amended, restated, supplemented or otherwise modified from time to time among, *inter alios*, Altice Financing as borrower and guarantor, the lenders from time to time party thereto, BNP Paribas SA as facility agent, and Citibank, N.A., London Branch as security agent.
2019 Altice France Senior Secured Notes	Collectively, the $1,100 million aggregate principal amount of 5.500% Senior Secured Notes due 2028, the €1,000 million aggregate principal amount of 3.375% Senior Secured Notes due 2028 and the €550 million aggregate principal amount of 2.500% Senior Secured Notes due 2025 issued by Altice France under the 2019 Altice France Senior Secured Notes Indenture.

2019 Altice France Senior Secured Notes Indenture	The indenture dated as of September 27, 2019, among, *inter alios*, Altice France as issuer, the guarantors party thereto and the trustee and the security agent party thereto, governing the 2019 Altice France Senior Secured Notes.
2019 Altice Luxembourg Dollar Senior Notes	The $1,600 million aggregate principal amount of 10.500% Senior Notes due 2027 issued by Altice Luxembourg under the 2019 Altice Luxembourg Senior Notes Indenture, which were either (i)tendered in the exchange offer launched by Ypso Finance Bis and exchanged against the Ypso Finance Bis Exchange Dollar Notes on February 27, 2020 or (ii) redeemed by Altice Luxembourg on March 6, 2020.
2019 Altice Luxembourg Euro Senior Notes	The €1,400 million aggregate principal amount of 8.000% Senior Notes due 2027 issued by Altice Luxembourg under the 2019 Altice Luxembourg Senior Notes Indenture, which were either (i)tendered in the exchange offer launched by Ypso Finance Bis and exchanged against the Ypso Finance Bis Exchange Euro Notes on February 27, 2020 or (ii) redeemed by Altice Luxembourg on March 6, 2020.
2019 Altice Luxembourg Senior Notes	Collectively, the 2019 Altice Luxembourg Dollar Senior Notes and the 2019 Altice Luxembourg Euro Senior Notes.
2019 Altice Luxembourg Senior Notes Indenture	The indenture dated as of May 8, 2019, among, *inter alios*, Altice Luxembourg as issuer, and the trustee and the security agent party thereto, governing the 2019 Altice Luxembourg Senior Notes.
2019 Hivory Revolving Credit Facility Agreement	The revolving credit facility agreement originally dated February 22, 2019, as amended, restated, supplemented or otherwise modified from time to time among, *inter alios*, Hivory as borrower and guarantor, the lenders from time to time party thereto and Wilmington Trust (London) Limited as facility agent.
2020 AGM	The annual General Meeting of the Company to be held in 2020.
2020 Altice Financing Senior Secured Notes	Collectively, the $1,200 million aggregate principal amount of 5.000% Senior Secured Notes due 2028, the €1,100 million aggregate principal amount of 3.000% Senior Secured Notes due 2028 and the €600 million aggregate principal amount of 2.250% Senior Secured Notes due 2025 issued by Altice Financing under the 2020 Altice Financing Senior Secured Notes Indenture.
2020 Altice Financing Senior Secured Notes Indenture	The indenture dated as of January 22, 2020, among, *inter alios*, Altice Financing as issuer, the guarantors party thereto and the trustee and the security agent party thereto, governing the 2020 Altice Financing Senior Secured Notes.
2020 Altice Finco Bridge Credit Facility Agreement	The credit facility agreement originally dated March 3, 2020, as amended, restated, supplemented or otherwise modified from time to time, among, *inter alios*, Altice Finco as borrower, the lenders from time to time party thereto, BNP Paribas as facility agent and Citibank, N.A., London Branch as security agent.

2020 Altice France Holding Senior Notes	The (i) $1,562,005,000 aggregate principal amount of 10.500% Senior Notes due 2027, (ii) €1,317,374,000 aggregate principal amount of 8.000% Senior Notes due 2027, (iii) $1,225 million aggregate principal amount of 6.000% Senior Notes due 2028, and (iv) €500 million aggregate principal amount of 4.000% Senior Notes due 2028, each issued by Altice France Holding as a part of the Automatic Exchange.
2020 Altice France Senior Secured Notes	The €500 million aggregate principal amount of 2.125% Senior Secured Notes due 2025 issued by Altice France under the 2020 Altice France Senior Secured Notes Indenture.
2020 Altice France Senior Secured Notes Indenture	The indenture dated as of February 6, 2020, among, *inter alios*, Altice France as issuer, the guarantors party thereto and the trustee and the security agent party thereto, governing the 2020 Altice France Senior Secured Notes.
2020 Ypso Finance Bis Dollar Senior Notes	The $1,225 million aggregate principal amount of 6.000% Senior Notes due 2028 issued by Ypso Finance Bis under the 2020 Ypso Finance Bis Senior Notes Indenture.
2020 Ypso Finance Bis Euro Senior Notes	The €500 million aggregate principal amount of 4.000% Senior Notes due 2028 issued by Ypso Finance Bis under the 2020 Ypso Finance Bis Senior Notes Indenture.
2020 Ypso Finance Bis Senior Notes	Collectively, the 2020 Ypso Finance Bis Dollar Senior Notes and the 2020 Ypso Finance Bis Euro Senior Notes.
2020 Ypso Finance Bis Senior Notes Indenture	The indenture dated as of February 6, 2020, among, *inter alios*, Ypso Finance Bis as issuer, the guarantors party thereto and the trustee party thereto, governing the 2020 Ypso Finance Bis Senior Notes.
Adjusted EBITDA	Operating income before depreciation and amortization, other expenses and income (capital gains, non-recurring litigation, restructuring costs) and share-based expenses and after operating lease expenses.
AENV Shareholders	Dexter Goei (through More ATC LLC), Dennis Okhuijsen, Alain Weill and Jean-Luc Berrebi (through a personal holding company) collectively.
Altice Corporate Financing	Altice Corporate Financing S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg.
Altice Customer Services	Intelcia Group S.A., a limited liability company incorporated under the laws of Morocco, and its subsidiaries, which are a French language-focussed player in the customer relations management outsourcing industry.
Altice Dominicana	Altice Dominicana S.A., a public limited company (*sociedade anónima*) incorporated under the laws of the Dominican Republic, formerly known as Altice Hispaniola S.A.

Altice Entertainment	Altice Entertainment News & Sport S.A., a public limited liability company *(société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg, which is in charge of (i) acquiring certain content rights, (ii) purchasing channels in particular from premium providers, and creating and distributing, either directly or indirectly, channels dedicated to sport, lifestyle, movies and series and (iii) editing and distributing the SVOD service of the Group (SFR Play).
Altice Financing	Altice Financing S.A., a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg.
Altice Finco	Altice Finco S.A., a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg.
Altice France	Altice France S.A., a public limited liability company (*société anonyme*) incorporated under the laws of France, formerly known as SFR Group S.A.
Altice France Credit Facility Agreement	The credit facility agreement originally dated May 8, 2014, as amended, restated, supplemented or otherwise modified from time to time, among, *inter alios*, Altice France and certain of its subsidiaries as borrowers, the lenders from time to time party thereto and Deutsche Bank AG, London Branch as facility agent and security agent.
Altice France CSR Group	Certain Group Companies within the Altice France Group which have telecom activities, namely Altice France, SFR, SFR Fibre, SFR Distribution, SFR Business Distribution S.A.S., Numergy S.A.S., Completel, SRR and SMR.
Altice France Group	Altice France and its subsidiaries.
Altice France Holding	Altice France Holding S.A., a public limited liability company (*société anonyme*) organized and established under the laws of the Grand Duchy of Luxembourg, formerly known as Altice Luxembourg FR S.A.
Altice France Revolving Credit Facility Agreement	The revolving credit facility agreement originally dated May 8, 2014, as amended, restated, supplemented or otherwise modified from time to time, among, *inter alios*, Altice France and certain of its subsidiaries as borrowers, the lenders from time to time party thereto and Deutsche Bank AG, London Branch as facility agent and security agent.
Altice Group Lux	Altice Group Lux S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg.
Altice Hispaniola	Altice Hispaniola S.A., a public limited company (*sociedade anónima*) incorporated under the laws of the Dominican Republic, which was renamed Altice Dominicana S.A. in November 2017.
Altice International	Altice International S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg.

Altice Labs	The Group's state-of-the-art research and development centre that aim to centralize and streamline innovative technological solutions development for the entire Group.
Altice Luxembourg	Altice Luxembourg S.A., a public limited liability company *(société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg.
Altice Picture	Altice Picture S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg, which is in charge of acquiring content rights (sport rights, films and series), producing or co-producing films or series, and sublicensing and/or providing these rights to Altice Entertainment or other Group Companies in the Altice France Group.
Altice Portugal Group	The Group Companies and entities in Portugal with the highest environment, social and community impact, i.e. MEO, Altice - Associação de Cuidados de Saúde, Altice Labs, S.A., PT Contact - Telemarketing e Serviços de Informação, S.A., PT Cloud e Data Centers, S.A., PT Sales - Serviços de Telecomunicações e Sistemas de Informação, S.A., Previsão, Sociedade Gestora de Fundos de Pensões, S.A and Fundação Altice Portugal.
Altice S.A.	Altice S.A., a public limited liability company (*société anonyme*) which was formerly incorporated under the laws of the Grand Duchy of Luxembourg and which was succeeded to by the Company pursuant to the Merger.
Altice Technical Services	Comprises all-round technical services Group Companies offering, among others, network deployment, upgrade and maintenance for the telecommunications industry.
Altice TV	Altice Entertainment and Altice Picture.
Altice USA	Altice USA, Inc., a corporation incorporated under the laws of Delaware, which is the US parent company of Cablevision and Suddenlink, or, where the context so requires, collectively, Altice USA and its subsidiaries.
Altice USA IPO	The public offering of 71,724,139 shares of its Class A common stock at an initial public offering price of $30.00 per share by Altice USA.
Annual Accounts	The annual accounts of the Company.
Anti-Corruption Policy	The anti-corruption policy of the Company last adopted on April 10, 2019.
Articles of Association	The articles of association of the Company.
Audit Committee	The audit committee of the Board.
Automatic Exchange	Collectively, the actions taken at the discretion of Ypso Finance Bis upon satisfaction of certain conditions, comprising full discharge, cancellation and/or redemption of the 2019 Altice Luxembourg Senior Notes and the 2015 Altice Luxembourg Senior Notes, to exchange each of the Ypso Finance Bis Exchange Notes and the 2020 Ypso Finance Bis Senior Notes for an equal aggregate principal amount of the 2020 Altice France Holding Senior Notes.

Board	The board of the Company.
Board Member	Any member of the Board of the Company.
Board Profile	The profile of the Board's scope and composition taking into account the nature of the business and activities of the Group, and the desired expertise, experience, diversity and independence of the Board Members.
Board Rules	The rules regarding the Board's functioning and internal organization.
Business services	B2B, wholesale, Altice Technical Services and Altice Customer Services.
Cablevision	Cablevision Systems Corporation, a corporation incorporated under the laws of Delaware.
Cash Performance Bonus	The cash performance bonus granted by the General Meeting to Ms. Marty on July 10, 2018, as amended by the General Meeting on June 27, 2019.
CEO	The chief executive officer of the Company.
CFO	The chief financial officer of the Company.
Chairman	The chairman of the Board.
CHF	The lawful currency of Switzerland.
Code	The Dutch corporate governance code as revised on December 8, 2016, which became effective per the financial year beginning on or after January 1, 2017.
Code of Conduct	The code of business conduct of the Company last adopted on April 10, 2019.
Committee	The Corporate Governance Monitoring Committee.
Common Share	Each Common Share A and each Common Share B.
Common Share A	A common share A in the capital of the Company, with one voting right and with a nominal value of €0.01.
Common Share B	A common share B in the capital of the Company, with twenty-five voting rights and with a nominal value of €0.25.
Company	Altice Europe N.V. (formerly known as Altice N.V.), a public company with limited liability (*naamloze vennootschap*) incorporated under the laws of the Netherlands, with its corporate seat in Amsterdam, the Netherlands.
Completel	Completel S.A.S., a private limited liability company (*société par actions simplifiée*) incorporated under the laws of France.
Consolidated Financial Statements	The consolidated financial statements of the Company as of and for the year ended December 31, 2019.

Controlled	With respect to a legal entity: (i) the ownership of legal and/or beneficial title to voting securities that represent more than 50% of the votes in the general meeting of such legal entity; and/or (ii) being empowered to appoint, suspend or dismiss or cause the appointment, suspension or dismissal of at least a majority of the members of the management board, supervisory board or any similar governing body of such legal entity, whether through the exercise of voting rights, by contract or otherwise; and/or (iii) the power to direct or cause the direction of the management and policies of such entity, whether through the exercise of voting rights, by contract or otherwise.
Controller	(i) Patrick Drahi individually or (if applicable) together with any of his children who indirectly hold Common Shares or (ii) Patrick Drahi's heirs jointly.
Conversion Notice	A written notice from a holder of Common Shares B requesting the Company to convert one or more of its Common Shares B into Common Shares A in the ratio of twenty-five (25) Common Shares A for one (1) Common Share B.
Covage	Covage, a private limited liability company (*société par actions simplifiée*) incorporated under the laws of France.
DCC	Dutch Civil Code.
Decree	Decree laying down additional requirements for management reports (*Vaststellingsbesluit nadere voorschriften inhoud bestuursverslag*).
Decree Non-Financial Information	Decree on disclosure of non-financial information (*Besluit bekendmaking niet-financiële informatie*).
Distributable Equity	The part of the Company's equity which exceeds the sum of (i) the paid-in and called-up share capital and (ii) the reserves which are required to be maintained by Dutch law or by the Articles of Association.
EBITDA Target	The target level of the annual consolidated EBITDA to be generated by the Company in the financial year ending December 31, 2021, the achievement of which is a condition for the vesting of the Cash Performance Bonus.
ETNO	European Telecom Network Operators' Association.
euro or **€**	The lawful currency of the European Economic and Monetary Union.
Euronext Amsterdam	Euronext in Amsterdam, a regulated market of Euronext Amsterdam N.V.
Executive Board Member	An executive member of the Board.
Exercise Event	An event whereby the shareholding of any holder of Common Shares, other than Next Alt (or the shareholding of any holder of Common Shares, other than Next Alt, when aggregated with the shareholding(s) of any Shareholder(s) with whom such Shareholder is acting in concert) is at least equal to twenty percent (20%) of the aggregate nominal value of the Common Shares.

Exercise Price	The cash consideration of at least one quarter of the nominal value of each Warrant Share in euro, to be paid upon the subscription by Next Alt for Warrant Shares.
External Auditor	The auditor of the Company as referred to in Section 2:393 DCC, being Deloitte Accountants B.V. until the end of the audit of the Consolidated Financial Statements[68].
French Overseas Territories	Guadeloupe, Martinique, French Guiana, La Réunion and Mayotte.
GDPR	General Data Protection Regulation - Regulation (EU) 2016/679 of European Parliament and of the Council of April 27, 2016 on the protection of individuals with regard to the processing of personal data and on the free movement of such data.
General Meeting	General meeting of Shareholders of the Company, being the corporate body, or where the context so requires, the physical meeting of Shareholders.
GHG	Greenhouse gas emissions.
Group	The Company and its Group Companies.
Group Advisory Council	The group advisory council of the Company.
Group Companies	The Company's subsidiaries within the meaning of Section 2:24b DCC.
Guarantee Facility Agreements	The 2017 Guarantee Facility Agreement and the 2018 Guarantee Facility Agreements.
Hivory	Hivory S.A.S., a private limited liability company (*société par actions simplifiée*) incorporated under the laws of France.
Hivory Group	Hivory and its holding companies and subsidiaries.
HOT	HOT Telecommunication Systems Ltd., a corporation incorporated under the laws of Israel, and its subsidiaries.
HOT Mobile	HOT Mobile Ltd., a corporation incorporated under the laws of Israel.
IAS	International Accounting Standards.
IASB	International Accounting Standards Board.
IFRS	The International Financial Reporting Standards as adopted by the European Union.

[68] On November 6, 2019, the General Meeting appointed KPMG Accountants N.V. as External Auditor for the financial years 2020 up to and including 2024.

Indentures	The 2013 Altice Finco Dollar Senior Notes Indenture, the 2013 Altice Finco Euro Senior Notes Indenture, the 2015 Altice Finco Senior Notes Indenture, the 2015 Altice Financing Senior Secured Notes Indenture, the 2016 Altice Financing Senior Secured Notes Indenture, the 2017 Altice Finco Senior Notes Indenture, the 2020 Altice Financing Senior Secured Notes Indenture, the 2015 Altice Luxembourg Senior Notes Indenture, the 2019 Altice Luxembourg Senior Notes Indenture, the 2016 Altice France Senior Secured Notes Indenture, the 2018 Altice France Senior Secured Notes Indenture, the 2019 Altice France Senior Secured Notes Indenture, the 2020 Altice France Senior Secured Notes Indenture, the 2020 Ypso Finance Bis Senior Notes Indenture and the Ypso Finance Bis Exchange Notes Indenture.
Interim Payment	The payment of up to half of the granted amount of the Cash Performance Bonus on January 31, 2020.
Large Company	Dutch public limited liability companies, Dutch private limited liability companies and Dutch foundations that, on two successive balance sheet dates without subsequent interruption, meet at least two of the three criteria referred to in Section 2:397(1) DCC, which criteria are: (i) the value of the company's/foundation's assets according to its balance sheet, on the basis of the purchase price or manufacturing costs exceeds €20 million, (ii) its net turnover in the applicable year exceeds €40 million, and (iii) its average number of employees in the applicable year is 250 or more.
LTIP	The Company's long-term incentive plan dated June 28, 2016, as amended on September 6, 2016.
Management Report	The management report of the Company, drawn up by the Board, as referred to in Section 2:391 DCC.
MEO	MEO - Serviços de Comunicações e Multimedia, S.A., a public limited liability company (*sociedade anónima*) organized under the laws of Portugal.
Merger	The cross-border merger between the Company (as the acquiring company) and Altice S.A. (as the disappearing company) which became effective on August 9, 2015.
Next Alt	Next Alt S.à r.l., a limited liability company (*société à responsabilité limitée*) governed by Luxembourg law, having its official seat in Luxembourg, Grand Duchy of Luxembourg, and its registered office at 5 rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg trade and companies register under number B 194.978.
NextRadioTV	NextRadioTV S.A.S, a private limited liability company (*société par actions simplifiée*) incorporated under the laws of France.

Nominating Shareholder	(i) Next Alt, provided that Next Alt (a) holds a direct interest of at least thirty percent (30%) of the aggregate nominal value of the issued and outstanding Common Shares and (b) is Controlled by the Controller, or (ii) when Next Alt does not hold a direct interest of at least thirty percent (30%) of the aggregate nominal value of the issued and outstanding Common Shares and/or is no longer Controlled by the Controller, any other legal entity which (x) holds a direct interest of at least thirty percent (30%) of the aggregate nominal value of the issued and outstanding Common Shares and (y) is Controlled by the Controller.
Non-Executive Board Member	A non-executive member of the Board.
OECD	The Organisation for Economic Co-operation and Development.
Performance Target	The target level of each of the three following indicators: Revenues, Adjusted EBITDA and Adjusted EBITDA – CAPEX + change in Working Capital, which were used as financial performance criteria in 2019 for the purposes of the determination of the annual cash bonuses of the senior leadership team of the Group, including the Executive Board Members.
PPE	Property, Plant and Equipment.
Preference Share A	A preference share A in the capital of the Company, with four voting rights and with a nominal value of €0.04.
Preference Share B	A preference share B in the capital of the Company, with one voting right and with a nominal value of €0.01.
President	The president of the Board.
PSOP	The Company's performance stock option plan dated June 28, 2017.
PT Portugal	PT Portugal, SGPS, S.A., a public limited company (*sociedade anónima*) incorporated under the laws of Portugal.
Remuneration Committee	The remuneration committee of the Board.
Remuneration Policy	The remuneration policy adopted by a resolution of the General Meeting on June 27, 2019.
Remuneration Report	The remuneration report of the Company, drawn up by the Remuneration Committee, as referred to in Section 2:135b DCC and best practice provision 341 of the Code.
Residential services	B2C fixed and B2C mobile services.
Revolving Credit Facility Agreements	Each of the 2014 Altice Financing Revolving Credit Facility Agreement, the 2015 Altice Financing Revolving Credit Facility Agreement, the 2014 Altice Luxembourg Revolving Credit Facility Agreement, the Altice France Revolving Credit Facility Agreement and the 2019 Hivory Revolving Credit Facility Agreement.
SDG	The 17 Sustainable Development Goals of the 2030 Agenda for Sustainable Development that were adopted at a United Nations Summit in September 2015 and came into force on January 1, 2016.
Separation	The separation of Altice USA from the Company.

SFR	Société Française du Radiotéléphone-SFR S.A., a public limited liability company (*société anonyme*) incorporated under the laws of France.
SFR Distribution	SFR Distribution S.A.S., a private limited liability company (*société par actions simplifiée*) incorporated under the laws of France.
SFR Fibre	SFR Fibre S.A.S., a private limited liability company (*société par actions simplifiée*) incorporated under the laws of France.
SFR FTTH	SFR FTTH S.A.S., a private limited liability company (a *société par actions simplifiée*) incorporated under the laws of France.
Share	A share in the capital of the Company; unless the contrary is apparent, this includes each Common Share A, Common Share B, Preference Share A and Preference Share B.
Shareholder	A holder of one or more Shares.
SOP	The Company's share option plan dated August 9, 2015, as amended on January 11, 2016, March 14, 2016, June 28, 2016, September 6, 2016 and March 20, 2017.
SOP SA	The share option plan of Altice S.A.
SMR	Société Mahoraise du Radiotéléphone S.A.S, a private limited liability company (a *société par actions simplifiée*) incorporated under the laws of France.
SRR	Société Réunionnaise du Radiotéléphone S.C.S., a limited partnership (*société en commandite simple*) incorporated under the laws of France and a subsidiary of Altice France.
Stock Option Plans	The SOP, the LTIP, the PSOP, the 2017 SOP and the 2017 LTIP.
Suddenlink	Cequel Communications, LLC, a limited liability company incorporated under the laws of Delaware and an indirect subsidiary of Altice USA, doing business under the brand 'Suddenlink' in the United States.
SXKP	Index that represents approximately 20 telecommunications companies of the European region.
SXXP	Index that represents 600 large, mid and small capitalization companies across 17 countries of the European region.
Teads	Teads S.A., a public limited liability company (*société anonyme*) organized under the laws of the Grand Duchy of Luxembourg, and its subsidiaries.
Term Loans	The term loan facilities available under the Altice France Credit Facility Agreement and the 2015 Altice Financing Credit Facility Agreement.
The Netherlands	The part of the Kingdom of the Netherlands located in Europe.

Tricom	Tricom S.A., a public limited company (*sociedade anónima*) incorporated under the laws of the Dominican Republic, which was merged into Altice Dominicana on January 1, 2018, and its subsidiary Global Interlink.
US or **United States**	United States of America.
U.S. dollar or **$**	The U.S. Dollar, the lawful currency in the US.
VAT	Value added tax.
Vice-President	The vice-president of the Board.
Warrant	The warrant issued by the Company which, under specific circumstances, entitles Next Alt to subscribe for Preference Shares A.
Warrant Shares	The Preference Shares A in the capital of the Company to be issued upon exercise of the Warrant.
WEEE	Waste Electrical and Electronic Equipment.
Weill 2016 FPPSs	The right of Mr. Weill to acquire in aggregate 1,855,664 Preference Shares B as granted on July 7, 2016, as amended on May 29, 2018, and as approved, in connection with the Separation, by the General Meeting on July 10, 2018.
Weill 2016 FPPSs Tranche 1	1,103,096 Weill 2016 FPPSs, each upon vesting convertible into one newly to be issued Common Share A as well as 0.4163 existing shares of Class A common stock in Altice USA.
Weill 2016 FPPSs Tranche 2	752,568 Weill 2016 FPPSs, each upon vesting convertible into a number of newly to be issued Common Shares A depending on the share price of the Common Shares A during the 5 trading days preceding the conversion request.
Weill 2018 FPPSs	The right of Mr. Weill to acquire in aggregate up to 50,000,000 Preference Shares B as determined by the General Meeting on July 10, 2018.
Wft	The Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht)*.
Ypso Finance Bis	Ypso Finance Bis S.A., a public limited liability company *(société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg.
Ypso Finance Bis Exchange Dollar Notes	The $1,562,005,000 aggregate principal amount of 10.500% Senior Notes due 2027 issued by Ypso Finance Bis under the Ypso Finance Bis Exchange Notes Indenture.
Ypso Finance Bis Exchange Euro Notes	The €1,317,374,000 aggregate principal amount of 8.000% Senior Secured Notes due 2027 issued by Ypso Finance Bis under the Ypso Finance Bis Exchange Notes Indenture.
Ypso Finance Bis Exchange Notes	Collectively, the Ypso Finance Bis Exchange Dollar Notes and the Ypso Finance Bis Exchange Euro Notes.

Ypso Finance Bis Exchange Notes Indenture	The indenture dated as of February 27, 2020, among, *inter alios*, Ypso Finance Bis as issuer, the trustee and the security agent party thereto, governing the Ypso Finance Bis Exchange Notes.

APPENDIX 2: GLOSSARY

3G	The third generation of mobile communications standards, which is based on the UMTS universal standard. 3G is referred to in the industry as IMT-2000, capable of data speeds exceeding the 14.4 Kbps of GSM technology.
4G	The fourth generation of mobile communications standards, which is based on the LTE universal standard. 4G is referred to in the industry as IMT-Advanced with a nominal data rate of 100 Mbps/s while the client physically moves at high speeds relative to the station, and 1 Gbps while client and station are in relatively fixed positions. Expected to provide a comprehensive and secure all-IP based mobile broadband solution to laptop computer wireless modems, smartphones, and other mobile devices. Facilities such as ultra-broadband Internet access, IP telephony, gaming services, and streamed multimedia may be provided to users, which allows for higher data speeds than achievable with 3G and additional network features and capabilities.
4K	Ultra HD resolution for more real-life picture.
5G	The latest generation of mobile communications standards. Compared to 4G, 5G targets higher data throughputs, reduced latency times, and the simultaneous connection of a large number of devices. It is expected that 5G will provide the foundation for new services in transportation, manufacturing, smart cities, IoT, etc. in the next decade.
ADSL	Asymmetrical DSL. ADSL is an Internet access technology that allows voice and high-speed data to be sent simultaneously over local copper telephone line.
ARPU	Average Revenue Per User. ARPU is calculated by dividing the revenue for the service provided after certain deductions for non-customer related revenue (such as hosting fees paid by channels) for the respective period by the average number of customer relationships for that period and further by the number of months in the period.
B2B	Business-to-business.
B2C	Business-to-consumers.
bandwidth	The width of a communications channel. In other words, the difference between the highest and lowest frequencies available for network signals. Bandwidth also refers to the capacity to move information.
BNG	Broadband Network Gateway. BNG is a customer management system that provides the means by which residential wireline customers connect to broadband services provided either by the wireline broadband network operator (retail services) or through an Internet Service Provider (wholesale services).
broadband	Any circuit that can transfer data significantly faster than a dial-up phone line. Within broadband circuits, distinction can be made between high-speed and very-high speed lines.
churn	The number of RGUs for a given service that have been disconnected (either at the customer's request or due to termination of the subscription by the Group) during the period divided by the average number of RGUs for such service during such period, excluding transfers between the

	Group's services (other than a transfer between its cable services and its mobile services).
CPE	Customer premise equipment.
DOCSIS	Data over cable service interface specification, a technology that enables the addition of high-speed data transfer over an existing cable television system. Compared to DOCSIS 2.0, DOCSIS 3.0 has enhanced transmission bandwidth and support for Internet Protocol version 6. The DOCSIS 3.1 standard enables higher spectral efficiency support and is expected to work on existing HFC plant and be compatible with previous DOCSIS standards.
DSL	Digital Subscriber Line. DSL is a technology that provides high-speed Internet access over traditional telephone lines.
DTH	Direct-to-home television.
DTT	Digital terrestrial television.
EMF	Electromagnetic field.
FGW	Fibre gateway. FGW is a device with combined features of Optical Network Termination and router.
FSC	Forest Stewardship Council. An international non-profit organization established in 1993 to promote responsible management of the world's forests.
FTTB	Fibre-to-the-Building network.
FTTH	Fibre-to-the-Home network.
FTTx	Topology of access network where fibre is used to provide connectivity to end users. "X" defines the various types of points where fibre terminates: C – Curb, H – Home (end-to-end fibre network).
Gbps	Gigabit per second.
GHz	Gigahertz.
GPON	Gigabit passive optical networks. A high-bandwidth optical fibre network using point-to-multipoint architecture.
GSM	Global System for Mobile Communications. A standard to describe the protocols for second-generation (2G) digital cellular networks.
HD	High definition.
HFC	Hybrid fibre coaxial.
IaaS	Infrastructure as a Service. A form of cloud computing which provides virtualized computing resources over the Internet.
ICT	Information and communication technologies.
IDEN	Integrated Digital Enhanced Network, a wireless technology developed by Motorola that combines the capabilities of a digital cellular telephone (mobile phone), two-way radio (RT), alphanumeric pager (pocket pager)

and data/fax modem (fax) into a single network. IDEN is designed to give the user quick access to information without having to carry around several devices that provide only one of the above-listed services/communication methods each.

Industry 4.0	The fourth industry revolution where there is a trend to automation based on sensing, intelligent computing with collected data and continuous improvements of manufacturing process management.
Internet	A collection of interconnected networks spanning the entire world, including university, corporate, government and research networks. These networks all use the IP communications protocol.
IIoT	Industrial IoT.
IoT	Internet of Things. A network of physical objects that feature an IP address for Internet connectivity, and the communication that occurs between such objects and other devices and systems.
IP	Internet Protocol.
IPTV	Internet Protocol television.
ISP	Internet Service Provider.
IT	Information technology, a general term referring to the use of various software and hardware components when used in a business.
Kbps	Kilobits per second.
LTE	Long-Term-Evolution technology, being a standard in mobile network technology.
M2M	Machine-to-machine.
Mbps	Megabits per second. Each megabit is one million bits.
Mesh Wi-Fi	Mesh Wi-Fi systems consist of two or more router-like devices that work together in order to blanket the house in Wi-Fi with a single network name.
MMS	Multimedia message service.
multi-play	The bundling of different telecommunications services (e.g., digital cable television, broadband Internet and fixed telephony services, by one provider).
MVNO	Mobile virtual network operator. Refers to a company that provides mobile services but does not have its own licenced frequency allocation of radio spectrum, nor necessarily all of the infrastructure required to provide mobile telephony services.
NB-IoT	Narrow-Band Internet of Things. NB-IoT refers to a Low Power Wide Area Network radio technology defined by the 3GPP standardization body in Release 13. NB-IoT can be deployed over existing licensed spectrum owned by the mobile network operator, but with improved indoor coverage and higher connection density.
network	An interconnected collection of components which would, in a telecommunications network, consist of switches connected to each

other and to customer equipment by real or virtual links. Transmission links may be based on fibre optic or metallic cable or point-to-point radio connections.

NFV Network Function Virtualization is the adoption by the telecom industry of IT methods and technologies in order to develop and implement network features. Hardware and software are addressed separately through virtualization, design, delivery and deployment phases, instead of integrated appliances.

NGPON2 Next Generation Passive Optical Network 2 is a telecommunication standard for a Passive Optical Network (PON).

NOSSIS Altice Lab's Operation Support System suite of products to cover all operational processes from inventory, fulfilment and insurance.

NPS Net Promoter Score. An index ranging from -100 to 100 that measures the willingness of customers to recommend a company's products or services to others. It is used as a proxy for gauging the customer's overall satisfaction with a company's product or service and the customer's loyalty to the brand.

OLT Optical Line Termination.

OTT Over-the-top. OTT refers to high speed broadcasting of video and audio content without the Internet access provider being involved in the control or distribution of the program (its role is limited to transporting IP packages), as opposed to the purchase of video or audio programs from an Internet access provider such as VoD or IPTV.

PacketCable™ A CableLabs-led initiative to develop interoperable interface specifications for delivering advanced, real-time multimedia services over two-way cable plant. PacketCable networks use IP technology to enable a wide range of multimedia services, such as IP telephony, multimedia conferencing, interactive gaming and general multimedia applications.

PNF Physical Network Function. PNF is a network function hosted by a dedicated network device.

PON Passive Optical Network. Fibre optical network used in a point-to-multipoint topology to distribute light signals and where a single fibre can serve many network points.

PtP Point-to-point.

quad-play Triple-play with the addition of mobile service.

RDK-B Reference Design Kit for Broadband. RDK-B is an open source initiative standardising software functionalities for broadband devices.

RGU Revenue Generating Unit. RGUs relate to sources of revenue, which may not always be the same as customer relationships. For example, one person may subscribe for two different services, thereby accounting for only one subscriber, but two RGUs. RGUs for pay television and broadband Internet infrastructure access are counted on a per source service basis and RGUs for fixed-line telephony are counted on a per line basis. Mobile RGUs is equal to the net number of lines or SIM cards that have been activated on the Group's mobile network.

SDN	Software Defined Networking consists in programmatically implementing network configuration in order to improve service design agility, to reduce implementation time and to bring efficiency in operations.
SIM card	Subscriber Identity Modules are smart cards that store data for GSM cellular telephone subscribers.
TDD	Time-Division Duplex. TDD is a technology whereby the same physical transmission channel is used for the downlink and the uplink. TDD is the technology used for the 5G deployment in the 3.4 GHz to 3.8 GHz band.
THz	Terahertz is a unit of electromagnetic (EM) wave frequency equal to one trillion hertz (10^{12} Hz) or 1,000 times 1GHz.
triple-play	Where a customer has subscribed to a combination of three products, digital cable television, broadband Internet and fixed telephony services.
UMTS	Universal Mobile Telecommunications Service, a 3G mobile networking standard commonly used to upgrade GSM networks to 3G standards.
URLLC	Ultra-Reliable Low-Latency Communication is a set of features that provide low latency and ultra-high reliability for mission critical applications such as industrial internet, smart grids, remote surgery and intelligent transportation systems.
VDSL or **VDSL2**	Very-high-speed DSL. A high-speed variant of ADSL. VDSL2 is the latest and most advanced technology for DSL broadband Internet wireless communications.
VNF	Virtualized Network Function. VNF is a network function hosted by a NFV infrastructure.
VoD	Video on demand. VoD is a service which provides customers with enhanced playback functionality and gives customers access to a broad array of on demand programming, including movies, live events, local drama, music videos, children programming and adult programming.
VoIP	Voice-over-Internet-Protocol. VoIP is a telephone service via Internet, or via TCP/IP protocol, which can be accessed using a computer, a sound card, adequate software and a modem.
Wi-Fi	A wireless network technology.
xDSL	xDSL refers collectively to all types of DSL connections, including VDSL and ADSL.
XGSPON	XGSPON is a telecommunication standard for a Passive Optical Network (PON).
xPON	xPON means all variations of PON technology.
Zero touch provisioning	Automated provisioning process with no human intervention.

FINANCIAL STATEMENTS

I. CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019

II. STANDALONE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019

III. OTHER INFORMATION

3.1 External Auditor's report on financial statements

3.2 Statutory provisions concerning appropriation of result

I. CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019

Altice Europe N.V.

altice

ALTICE EUROPE N.V.
CONSOLIDATED
FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2019

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Altice Europe N.V.
Consolidated Financial Statements

Consolidated Statement of Income (€m)	Notes	Year ended December 31, 2019	Year ended December 31, 2018
Revenues	4	**14,796.2**	**14,255.2**
Purchasing and subcontracting costs	4	(3,948.0)	(4,480.8)
Other operating expenses	4	(2,860.9)	(3,134.5)
Staff costs and employee benefits	4	(1,553.0)	(1,545.7)
Depreciation, amortization and impairment	4	(5,238.1)	(4,124.5)
Other (expenses) and income	4	1,484.3	457.1
Operating profit	4	**2,680.5**	**1,426.9**
Interest relative to gross financial debt	28	(2,016.2)	(2,007.2)
Realized and unrealized gains on derivative instruments linked to financial debt	28	713.5	192.9
Other financial expenses	28	(833.9)	(399.4)
Finance income	28	92.2	97.3
Net result on extinguishment of a financial liability	28	(217.8)	(148.6)
Finance costs, net	28	**(2,262.3)**	**(2,265.0)**
Share of earnings of associates and joint ventures		(212.2)	(10.3)
Profit/(loss) before income tax from continuing operations		**206.1**	**(848.4)**
Income tax benefit/(expense)	24	85.0	(68.0)
Profit/(loss) for the year from continuing operations		**291.1**	**(916.4)**
Discontinued operations			
Profit after tax for the year from discontinued operations[1]	3.5	-	711.6
Profit/(loss) for the year		**291.1**	**(204.8)**
Attributable to equity holders of the parent		245.4	(332.9)
Attributable to non-controlling interests		45.7	128.0
Earnings per share			
Earnings per share (basic)	15	0.21	(0.28)
Earnings per share (diluted)	15	0.19	(0.77)

1 Following the decision of the Board of Directors of Altice N.V. made on January 8, 2018 to separate Altice USA Inc. ("Altice USA") from Altice N.V., Altice USA was classified as discontinued operations in accordance with IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations* as of December 31, 2018. Following the separation of Altice USA, Altice N.V. was renamed Altice Europe N.V. For more details, please refer to notes 3.2.4. and 3.5.

Consolidated Statement of Other Comprehensive Income (€m)	Year ended December 31, 2019	Year ended December 31, 2018
Profit/(loss) for the year	**291.1**	**(204.8)**
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	(24.5)	(292.8)
Gain on cash flow hedge	266.3	88.1
Change of fair value of equity instruments at fair value through OCI[1]	232.6	0.3
Related taxes	(77.6)	(26.0)
Other items related to associates	0.4	0.5
Item that will not be reclassified subsequently to profit or loss		
Actuarial (loss)/gain	(147.7)	43.5
Related taxes	34.2	(14.0)
Total other comprehensive gain/(loss)	**283.6**	**(200.4)**
Total comprehensive gain/(loss) for the year	**574.7**	**(405.1)**
Attributable to equity holders of the parent	528.5	(536.6)
Attributable to non-controlling interests	46.2	131.5

1 The change of value of equity instruments at fair value through OCI for the year ended December 31, 2019 represented the remaining interest held by the Group in Altice USA that was revalued at fair value through OCI based on the requirements of IFRS 9 *Financial Instruments*. This amounted to €232.6 million for the year ended December 31, 2019, an increase of €232.3 million compared to the same period in 2018.

The accompanying notes from page 181 to 283 form an integral part of these Consolidated Financial Statements.

Consolidated Statement of Financial Position (€m)	**Notes**	**As of December 31, 2019**	**As of December 31, 2018 (*revised)**
Non-current assets			
Goodwill	5	14,655.5	14,639.1
Intangible assets	6.1	7,458.4	8,662.9
Property, plant & equipment	7	9,974.6	10,008.5
Right-of-use assets[1]	6.2	4,289.8	-
Contract costs	8.1	263.8	252.5
Investment in associates and joint ventures	9	1,567.4	154.1
Financial assets	10.1	1,626.7	2,039.6
Deferred tax assets	24.2	300.2	153.9
Other non-current assets	10.2	439.6	425.7
Total non-current assets		**40,576.0**	**36,336.3**
Current assets			
Inventories	11	479.4	422.2
Contract assets	8.2	254.1	265.7
Trade and other receivables	12	4,463.7	4,509.6
Current tax assets	24	99.8	119.1
Financial assets	10.1	47.8	43.1
Cash and cash equivalents	13	1,022.1	1,837.0
Restricted cash	13	119.5	141.6
Assets classified as held for sale	3.4	119.0	1,656.2
Total current assets		**6,605.4**	**8,994.5**
Total assets		**47,181.4**	**45,330.8**
Issued capital	14.1	59.5	68.3
Treasury shares	14.2	(0.4)	(14.6)
Additional paid in capital	14	5.7	-
Other reserves	14.3	(500.5)	(783.6)
Accumulated losses	14	(2,098.9)	(2,401.5)
Equity attributable to owners of the Company		**(2,534.7)**	**(3,131.4)**
Non-controlling interests	3.3	213.7	226.7
Total equity		**(2,321.0)**	**(2,904.7)**
Non-current liabilities			
Long term borrowings, financial liabilities and related hedging instruments	18	32,101.9	34,262.1
Other financial liabilities	18.6	476.2	560.3
Non-current lease liabilities[1]	18.6	3,644.6	-
Provisions	16	1,441.8	1,178.8
Deferred tax liabilities	24.2	164.6	255.7
Non-current contract liabilities	8.3	588.4	565.2
Other non-current liabilities	23	233.0	606.4
Total non-current liabilities		**38,650.5**	**37,428.4**
Current liabilities			
Short-term borrowings, financial liabilities	18	432.7	102.3
Other financial liabilities	18.6	1,822.3	2,052.2
Current lease liabilities[1]	18.6	758.4	-
Trade and other payables	22	6,486.6	7,068.8
Contract liabilities	8.3	614.7	606.0
Current tax liabilities	24.2	261.4	247.0
Provisions	16	227.9	330.2
Other current liabilities	23	247.9	201.2
Liabilities directly associated with assets classified as held for sale	3.4	0.3	199.5
Total current liabilities		**10,852.0**	**10,807.1**
Total liabilities		**49,502.5**	**48,235.5**
Total equity and liabilities		**47,181.4**	**45,330.8**

1 Following the adoption of IFRS 16 *Leases* as of January 1, 2019, Right-of-use assets and Current and Non-current lease liabilities captions have been included in the Consolidated Statement of Financial Position. Please refer to note 1.3.3.

(*) Previously published information has been revised to take into account the reclassification of the allocated goodwill to SFR FTTH from Goodwill to Assets held for sale, please refer to notes 3.4 and 5. Please also refer to note 36 for the reconciliation to previously published results.

The accompanying notes from page 181 to 283 form an integral part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Equity	Number of shares on issue: Common Shares A	Common Shares B	Preference Shares B	Share capital	Treasury shares	Additional paid in capital	(Accumulated losses)/ retained earnings	Currency translation reserve	Cash flow hedge reserve	Fair value through OCI	Employee benefits	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
Equity at January 1, 2019	1,596,608,025	209,318,001	927,832	68.3	(14.6)	-	(2,401.5)	(280.1)	(473.2)	4.0	(34.2)	(3,131.4)	226.7	(2,904.7)
IFRS 16 transition impact				-	-	-	40.1	-	-	-	-	40.1	-	40.1
Equity at January 1, 2019[1]	1,596,608,025	209,318,001	927,832	68.3	(14.6)	-	(2,361.4)	(280.1)	(473.2)	4.0	(34.2)	(3,091.3)	226.7	(2,864.6)
Profit for the year				-	-	-	245.4	-	-	-	-	245.4	45.7	291.1
Other comprehensive (loss)/profit				-	-	-	-	(25.2)	189.0	232.6	(113.3)	283.1	0.5	283.6
Comprehensive profit/(loss)				-	-	-	245.4	(25.2)	189.0	232.6	(113.3)	528.5	46.2	574.7
Conversion Common Shares B to Common Shares A[2]	326,406,850	(13,056,274)		-	-	-	-	-	-	-	-	-	-	-
Cancellation of treasury shares[2]	(885,000,000)			(8.9)	14.2	-	(5.4)	-	-	-	-	-	-	-
Issuance of Preference Shares B[2]			463,916	0.0	-	-	-	-	-	-	-	0.0	-	0.0
Transaction on treasury shares[3]				-	-	5.7	-	-	-	-	-	5.7	-	5.7
Share-based payments[4]				-	-	-	27.2	-	-	-	-	27.2	-	27.2
Transactions with non-controlling interests[5]				-	-	-	(17.4)	-	-	-	-	(17.4)	(0.2)	(17.6)
Dividends[6]				-	-	-	-	-	-	-	-	-	(59.8)	(59.8)
Other				-	-	-	12.6	-	-	-	-	12.6	0.8	13.4
Equity at December 31, 2019	1,038,014,875	196,261,727	1,391,748	59.5	(0.4)	5.7	(2,098.9)	(305.3)	(284.2)	236.5	(147.6)	(2,534.7)	213.7	(2,321.0)

1 Equity as at January 1, 2019 includes the impact from the adoption of IFRS 16 *Leases* as of January 1, 2019 by the Group. Please refer to note 1.3.3.
2 Details on conversions of Common Shares and cancellation of treasury shares are described in note 14. Preference Shares B were issued to the Company's CEO, Mr. A. Weill, on January 9, 2019. Please refer to notes 14.1 and 26.4.
3 This relates to the impact from the transfer of 4,083,374 Company's shares to a financial institution, please refer to note 14.2.3.
4 Share-based payments related mainly to the Preference Shares B granted to the Company's CEO. Please refer to note 26.
5 Transaction with non-controlling interests consisted mainly of impacts related to the change in the fair value of minority put options of Teads and Intelcia (please refer to note 20.1.1), and the impact from the sale of SIRESP (please refer to note 3.1.4).
6 Dividends related mainly to the dividend payments by subsidiaries of Altice France, Hivory and Altice Technical Services, reducing NCI by €59.8 million, please refer to note 3.3.

Consolidated Statement of Changes in Equity	Number of shares on issue: Common Shares A	Common Shares B	Preference Shares B	Share capital	Treasury Shares	Additional paid in capital	(Accumulated losses)/ retained earnings	Currency translation reserve	Cash Flow hedge reserve	Fair value through OCI	Employee Benefits	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
Equity at January 1, 2018	1,572,352,225	243,035,949		76.5	(370.1)	2,605.9	(3,107.3)	(215.8)	(535.6)	3.6	(63.7)	(1,606.4)	1,242.9	(363.5)
IFRS 9 transition impact				-	-	-	(11.1)	-	-	-	-	(11.1)	-	(11.1)
Equity at January 1, 2018 (revised[1])	1,572,352,225	243,035,949		76.5	(370.1)	2,605.9	(3,118.4)	(215.8)	(535.6)	3.6	(63.7)	(1,617.4)	1,242.9	(374.6)
Profit/(loss) for the year				-	-	-	(332.9)	-	-	-	-	(332.9)	128.0	(204.8)
Other comprehensive profit/(loss)				-	-	-	-	(295.9)	62.4	0.3	29.4	(203.7)	3.3	(200.4)
Comprehensive profit/(loss)				-	-	-	(332.9)	(295.9)	62.4	0.3	29.4	(536.6)	131.5	(405.1)
Conversion Common Shares B to Common Shares A	810,255,800	(32,410,232)		-	-	-	-	-	-	-	-	-	-	-
Cancellation of treasury shares	(786,000,000)	(1,307,716)		(8.2)	355.6	(347.4)	-	-	-	-	-	-	-	-
Issuance of Preference Shares B[2]			927,832	0.0	-	-	-	-	-	-	-	0.0	-	0.0
Share-based payments				-	-	-	(51.8)	-	-	-	-	(51.8)	1.8	(50.0)
Separation of Altice USA[3]				-	-	(2,258.5)	(124.5)	231.5	-	-	-	(2,151.5)	(974.6)	(3,126.2)
Transactions with non-controlling interests				-	-	-	(308.5)	-	-	-	-	(308.5)	25.6	(282.9)
Sale of minority interest in Hivory[4]				-	-	-	1,534.0	-	-	-	-	1,534.0	217.6	1,751.7
Dividends				-	-	-	-	-	-	-	-	-	(416.2)	(416.2)
Other				-	-	-	0.4	-	-	-	-	0.4	(1.7)	(1.3)
Equity at December 31, 2018	1,596,608,025	209,318,001	927,832	68.3	(14.6)	-	(2,401.5)	(280.1)	(473.2)	4.0	(34.2)	(3,131.4)	226.7	(2,904.7)

1 Equity as at January 1, 2018 was adjusted for the impact following the adoption of IFRS 9 *Financial Instruments.*
2 Preference Shares B were issued to the Company's CEO, Mr. Alain Weil, on July 20, 2018. Please refer to notes 14.1 and 26.
3 The total impact of the separation of Altice USA in the equity of non-controlling interest consisted of an equity reduction of €976.3 million (please refer to note 3.2.4.1) and a €1.6 million increase in equity due to the merger of Altice Technical Services US ("ATS US") with Altice USA.
4 The sale of Hivory corresponds to a transaction with non-controlling interests related to the sale of the telecommunication towers in Altice France (please refer to note 3.2.14).

The accompanying notes from page 181 to 283 form an integral part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flows (€m)	Year ended December 31, 2019	Year ended December 31, 2018
Profit/(loss) for the year	**245.4**	**(332.9)**
adjustments for:		
Result attributable to non-controlling interests	45.7	128.0
Profit from discontinued operations	-	(711.6)
Share of profit of associates and joint ventures	212.2	10.3
Depreciation and amortization	5,238.1	4,124.5
Charge related to share-based payment	43.1	42.9
Gain on disposal of business	(2,015.9)	(797.3)
Other non-cash operating gain/(loss), net[1]	308.2	(177.3)
Pension plan liability	(116.6)	(81.3)
Finance costs recognised in the statement of income	2,262.3	2,265.0
Income tax (benefit)/expense recognised in the statement of income	(85.0)	68.0
Income tax paid[2]	(334.6)	(145.1)
Changes in working capital[3]	(489.1)	(333.6)
Net cash provided by operating activities of continuing operations	*5,313.8*	*4,059.8*
Net cash provided by operating activities of discontinued operations	-	*797.0*
Net cash provided by operating activities	**5,313.8**	**4,856.8**
Payments to acquire tangible and intangible assets	(3,438.2)	(3,516.7)
Proceeds (Payments) to acquire financial assets	1.4	(36.9)
Proceeds from disposal of business[4]	1,592.3	874.2
Proceeds from disposal of tangible, intangible and financial assets	9.7	105.5
Payment to acquire interests in associates[5]	(19.8)	(21.6)
Payment to acquire subsidiaries, net	(2.3)	(113.3)
Dividend received	3.9	894.3
Net cash used by investing activities of continuing operations	*(1,853.0)*	*(1,814.5)*
Net cash used by investing activities of discontinued operations	-	*(371.3)*
Net cash used in investing activities	**(1,853.0)**	**(2,185.8)**
Proceeds from issue of equity instruments by the parent company[6]	32.5	-
Payments to acquire own shares	-	(33.6)
Proceeds from issuance of debts	6,382.9	6,270.5
Payments to redeem debt instruments[7]	(8,179.8)	(7,154.4)
Other transactions with non-controlling interests[8]	(11.0)	(416.4)
Proceeds from the sale of minority stake[9]	(15.1)	-
Transfers from restricted cash	23.7	26.2
Proceeds on disposal of partial interest in a subsidiary that does not involve loss of control	-	1,766.8
Lease payment (principal) related to ROU[10]	(789.0)	-
Lease payment (interest) related to ROU[10]	(190.9)	-
Interest paid[11]	(1,990.7)	(1,946.5)
Proceeds from the monetization of swaps[12]	732.3	0.0
Dividend paid to non-controlling interests[13]	(60.1)	(20.7)
Other cash provided by financing activities[14]	(198.2)	129.6
Net cash used by financing activities of continuing operations	*(4,263.4)*	*(1,378.4)*
Net cash used by financing activities of discontinued operations	-	*(490.8)*
Net cash used in financing activities	**(4,263.4)**	**(1,869.2)**
Classification of cash as held for sale	(12.1)	(209.3)
Effects of exchange rate changes on the balance of cash held in foreign currencies	(0.2)	5.6
Net change in cash and cash equivalents	**(814.9)**	**598.0**
Cash and cash equivalents at beginning of year	1,837.0	1,239.0
Cash and cash equivalents at end of the year	**1,022.1**	**1,837.0**

1 Other non-cash items include allowances and writebacks for provisions and gains and losses recorded on the disposal of tangible and intangible assets. It includes a €292.5 million fully tax-deductible expense which was recorded in connection with the voluntary employee reduction program undertaken in 2019 in PT Portugal. The payments related to this program up to December 31, 2019 amounted to approximately €20 million.

2 Income tax paid includes a €35.0 million corporate income tax payment in PT Portugal related to the tax profit which resulted from the sale of towers in Portugal on September 4, 2018.

3 The largest driver for the negative working capital is France, amounting to €479.2 million, to a large extent due to the impact of settlements paid as part of the voluntary departure plan and the wind down of payables accrued as at December 31, 2018. For the year ended December 31, 2019, €99.0 million of the total change in working capital relates to payments of restructuring expenses.

4 Proceeds from the disposal of consolidated entities, net of cash, relates to the cash received for the sale of a 49.99% equity stake in SFR FTTH, amounting to €1,618.1 million. The €175.0 million of cash which had been received for the sale of a 49.99% equity stake in SFR FTTH, but which was subsequently held in escrow has been fully released in the year ended December 31, 2019. In addition, €25.7 million of cash paid in connection with the sale of Groupe L'Express has been reported as part of this line.

5 Payments to acquire interests in associates relates to a €19.6 million capital increase in La Poste.

6 Proceeds from sale of treasury shares relate to the sale of 4,083,374 Company's shares to a financial institution at the price that was determined in a forward sale agreement.

7 Payments to redeem debt instruments include an amount of €92.8 million of call premium related to the repayment of bonds and €73.8 million of redemption fees.

8 Transactions with non-controlling interest relate to payments made to former minority shareholders of ERT Luxembourg S.A.. Please also refer to note 18.6.7.

9 Proceeds from the sale of a minority interest relates to the purchase price adjustment related to the sale of the minority stake in Hivory.

10 Repayment of lease liabilities (IFRS 16 lease payment and the interest related to right-of-use ("ROU")) are reported under financing activities upon adoption of IFRS 16 *Leases*. During the year ended December 31, 2018, operating lease payments were included in net cash provided by operating activities. Please refer also to note 2.12.

11 Interest paid on debt includes interest received from / paid on interest derivatives.

12 Proceeds from the monetization of swaps relate to the swap monetization proceeds of €732.3 million, which was partially used by Altice Luxembourg S.A. and Altice France S.A. ("Altice France") to repay 2022 Altice Luxembourg Notes and 2024 Altice France Notes. Please also refer to note 18.1.3.

13 Dividends paid mainly relate to dividends paid to non-controlling interests.

14 Other cash from financing activities include net receipts from the issuance of commercial paper of €42.0 million, which was offset by repayments of factoring and securitization arrangements for an amount of €126.0 million, bank overdrafts of €32.8 million and €81.5 million for financing related items (mainly related to interest paid on factoring arrangements and other financing costs).

The accompanying notes from page 181 to 283 form an integral part of these Consolidated Financial Statements.

1. About Altice Europe N.V.

Altice Europe N.V., formerly known as Altice N.V. (the "Company"), is a public limited liability company ("*Naamloze vennootschap*") incorporated in the Netherlands and its address is Oostdam 1, 3441 EM, Woerden, the Netherlands. The Company is the parent entity of the Altice Europe N.V. consolidated group (the "Group" or "Altice"). The Company is ultimately controlled by Patrick Drahi (via Next Alt S.à r.l., "Next Alt"). As of December 31, 2019, Next Alt held 77.58% of the share capital of the Company.

Altice is a convergent leader in telecoms, content, media, entertainment and advertising. Altice delivers innovative, customer-centric products and solutions that connect and unlock the limitless potential of its over 30 million customers over fibre networks and mobile broadband. Altice is also a provider of enterprise digital solutions to millions of business customers. The Group innovates with technology, research and development and enables people to live out their passions by providing original content, high-quality and compelling TV shows, and international, national and local news channels. Altice delivers live broadcast premium sports events and enables its customers to enjoy the most well-known media and entertainment.

1.1. Basis of presentation of the Consolidated Financial Statements

The consolidated financial statements of the Group as of December 31, 2019 and for the year then ended (the "Consolidated Financial Statements") were approved by the Board of Directors and authorized for issue on April 2, 2020.

The Consolidated Financial Statements as of December 31, 2019 and for the year then ended are presented in millions of Euros, except as otherwise stated, and have been prepared in accordance with International Financial Reporting Standards as adopted in the European Union ("IFRS") and with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code.

The Consolidated Financial Statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Consolidated Financial Statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability (please refer to note 20).

Where the accounting treatment of a specific transaction is not addressed by any accounting standard and interpretation, the Board of Directors applies its judgment to define and apply accounting policies that provide information consistent with the general IFRS concepts: faithful representation and relevance.

1.2. Significant accounting judgments and estimates

In the application of the Group's accounting policies, the Board of Directors is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not clear from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

These judgments and estimates relate principally to the provisions for legal claim, the post-employments benefits, revenue recognition, fair value of financial instruments, deferred taxes, impairment of goodwill, useful lives of intangible assets and property, plant and equipment, trade receivables, other receivables and right-of-use assets and lease liabilities. These estimates and assumptions are described in the note 2.27.

1.3. Application of new and revised International Financial Reporting Standards (IFRSs)

1.3.1. *Standards applicable for the reporting period*

The following standards have mandatory application for periods beginning on or after January 1, 2019 as described in note 1.3.3:

- IFRS 16 *Leases*, effective on January 1, 2019;
- Annual improvements cycle 2015-2017, effective on or after January 1, 2019;
- IFRS Interpretation Committee ("IFRIC") 23: *Uncertainty over Income Tax Treatments*, applicable for annual periods beginning on or after January 1, 2019;
- Amendments to IFRS 9: *Prepayments features with Negative Compensation*, effective on or after January 1, 2019;
- Amendments to IAS 28: *Long term interests in Associates and Joint ventures*, effective on or after January 1, 2019;
- Amendments to IAS 19: *Plan Amendment, Curtailment or Settlement*, effective on or after January 1, 2019; and
- Interest Rate Benchmark Reform (Amendment to IFRS 9, IAS 39 and IFRS 7), effective on or after January 1, 2020.

The application of amendments to IAS 19, IAS 28, IFRS 9 and annual improvements cycle 2015-2017 had no material impact on the amounts recognised in the Consolidated Financial Statements and had no material impact on the disclosures in these Consolidated Financial Statements. In addition, IFRIC 23 had no material impact on the amounts recognised in the Consolidated Financial Statements and resulted in a reclassification of the provisions for tax risk to deferred tax liabilities and current tax payable.

The impact of the adoption of IFRS 16 *Leases* and the accounting policies relating to the application of the IFRS 16 *Leases* are described respectively in notes 1.3.3 and 2.12.

In addition, the Group has elected to make an early application, from January 1, 2019, of the amendment related to IFRS 9, IAS 39 and IFRS 7 published in September 2019 by the IASB (effective on or after January 1, 2020). In the new amendment, the IASB has modified specific hedge accounting requirements so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows of the hedging instrument are based is not altered as a result of the uncertainties of the interest rate benchmark reform. The amendments apply to all hedging relationships that are directly affected by the interest rate benchmark reform. Interest rate benchmark reform refers to the market-wide reform of an interest rate benchmark, including the replacement of an interest rate benchmark with an alternative benchmark rate such as that resulting from the recommendations set out in the FSB's July 2014 report Reforming Major Interest Rate Benchmarks.

Based on the application of the new amendment, the existing hedge accounting relationships within the Group are not impacted as a result of the uncertainties of the interest rate benchmark reform. The Group is assessing the consequences related to the future modification of the interest rate benchmark.

1.3.2. *Standards and interpretations not applicable as of reporting date*

The Group has not early adopted the following standards and interpretations, for which application is not mandatory for periods before January 1, 2020 and that may impact the amounts reported:

- Amendments to IAS 1 and IAS 8: *Definition of Material*, effective on or after January 1, 2020;
- Amendments to IFRS 3: *Definition of a Business*, effective on or after January 1, 2020;
- Amendments to References to the Conceptual Framework in IFRS Standards, effective on or after January 1, 2020;
- Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, effective date of the amendments has not yet been determined by the IASB; and
- Amendments in Classification of Liabilities as Current or Non-Current (Amendments to IAS 1), effective on or after January 1, 2022.

The Board of Directors anticipates that the application of those amendments will not have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities.

1.3.3. *IFRS 16 Leases*

IFRS 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

The change of definition of a lease mainly relates to the conception of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange of consideration.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Therefore, the Consolidated Financial Statements were not restated under the new standard.

The effect of adoption IFRS 16 as at January 1, 2019 is as follows:

Effect of adoption IFRS 16 (€m)	**January 1, 2019**
Intangible assets	(1.4)
Property, plant & equipment	(138.8)
Right-of-use assets	4,129.8
Trade and other receivables	(40.2)
Total assets	**3,949.4**
Equity	40.1
Provision - non-current	(40.0)
Deferred tax liabilities	18.9
Other financial liabilities - non-current	(92.9)
Lease liability - non-current	3,403.7
Other financial liabilities - current	(40.4)
Lease liability - current	740.3
Provision - current	(20.0)
Trade and other payables	(60.2)
Total liabilities	**3,949.4**

The Group has lease contracts related to mobile sites (land, space in cell towers or rooftop, agreement with towers company), network infrastructure (including local loop unbundling), buildings used for administrative or technical purposes and other assets (vehicles). Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease.

Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability.

In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in the consolidated statement of income on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Trade and other receivables and Trade and other payables, respectively.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases that it is the lessee. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Group:

- Right-of-use assets are reported separately in the statement of financial position.
- The recognition, measurement and disclosure requirements of IFRS 16 are also applied to short-term leases and leases of low-value assets.
- A distinction is made in leases that contain both lease components and non-lease components except for master service agreements with towers company.
- Application of the portfolio approach for the recognition and measurements of certain asset categories with similar characteristics (same residual value, same economic environment), mainly for local loop unbundling.
- Application of the standard to contracts that were previously identified as leases under IAS 17 / IFRIC 4 at the transition date.
- Calculate outstanding liability for existing operating leases using the incremental borrowing rate at date of transition.
- IFRS 16 is not applied to leases for intangible assets.
- The Group chooses to apply the relief option, which allows it to adjust the right-of-use asset by the amount of any provision for onerous leases recognised in the balance sheet immediately before the date of initial application.

Based on the aforementioned, as at January 1, 2019:

- Right-of-use assets of €4,129.8 million were recognised and presented separately in the statement of financial position. This includes the lease assets recognised previously under finance leases of €140.2 million that were reclassified from Property, plant and equipment and Intangible assets.
- Additional lease liabilities of €4,144.0 million (current and non-current) were recognised (including the reclassification of finance lease liabilities already recorded as of December 31, 2018 of €133.3 million).
- Trade and other receivables of €40.2 million and Trade and other payables of €60.2 million related to previous operating leases were derecognised.
- Deferred tax liabilities increased by €18.9 million because of the deferred tax impact of the changes in assets and liabilities.
- Provision for onerous contract (current and non-current) was reclassified in reduction on right-of-use assets for €60.0 million.
- The net effect of these adjustments had been adjusted to equity for €40.1 million.

In addition, the Group is closely monitoring the work of IASB and the IFRS Interpretation Committee, aiming to clarify interpretation of IFRS 16, which could lead to a revision of the accounting policies applied by the Group.

In June 2019, the IFRIC issued a tentative agenda decision related to subsurface rights concluding that when a contract between a land owner and another party gives the other party the right to place an oil pipeline in a specified underground space, with the land owner retaining the right to use the surface area of the land above the pipeline, that contract contains a lease. The Group finalised the assessment and there is no material impact as in most of the Group's contracts, the supplier has a substantive right to substitute the asset throughout the period of use and therefore, the contracts do not contain a lease.

The lease liabilities as at January 1, 2019 can be reconciled to the operating lease commitments as of December 31, 2018 as follows:

Reconciliation of lease liabilities (€m)	**January 1, 2019**
Operating lease obligations as at December 31, 2018	**3,592.8**
Period revised for IFRS 16[1]	1,589.4
Other[2]	69.6
Gross lease liability under IFRS 16 as at January 1, 2019	**5,251.9**
Discounting effect	(1,241.2)
Lease liability as at January 1, 2019	**4,010.7**
Long term	*3,310.8*
Short term	*699.9*
Finance lease debt	**133.3**
Total Lease liabilities as of January 1, 2019	**4,144.0**
Long term	*3,403.7*
Short term	*740.3*

1 This line includes mainly the effect of renewal options not taken in the minimum lease payments as well as the unbundling local loop rental costs that were not included in the minimum lease payments.

2 This line includes mainly the effect of the change in scope of PHI that is consolidated since January 1, 2019 (please refer to note 3.1.1).

The weighted average incremental borrowing rate as at January 1, 2019 is 4.4%.

2. Significant accounting policies

2.1. Basis of consolidation

2.1.1. *Subsidiaries*

Entities are fully consolidated if the Group has all the following:

- power over the investee;
- exposure or rights to variable returns from its involvement with the investee; and
- the ability to use its power to affect its returns.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. If the Group does not have a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Group considers all relevant facts and circumstances in assessing whether the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of income and other comprehensive income from the date the Company gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Non-controlling interests in subsidiaries are identified separately from the Group's equity therein.

Adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra group transactions, balances, income and expenses are eliminated in full on consolidation.

2.1.2. *Joint arrangements*

In accordance with IFRS 11 *Joint Arrangements*, arrangements subject to joint control are classified as either a joint venture or a joint operation. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Investment in which the Group is a joint operator recognises its shares in the assets, liabilities, revenues and expenses.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investment in which the Company is a joint venturer recognises its interest in the joint venture in accordance with the equity method.

In addition, following the closing of the sale of 49.99% in SFR Fibre to the Home ("SFR FTTH") (please refer to note 3.1.2) and the network deployment and maintenance framework agreement between Altice France and SFR FTTH, the Group adopted the following accounting policies:

- The margin realised on intercompany transactions (i.e. sales of assets from Altice France to SFR FTTH) are eliminated in the statement of income up to Altice France's share in SFR FTTH based on the provision of IAS 28 *Investments in Associates and Joint Ventures.*
- In the absence of precise IFRS guidance related to the geography of the margin elimination in the statement of income, the Group elects to eliminate the margin in the caption Share of earnings of associates and joint ventures in the consolidated statement of income in against of the caption Investment in associates and joint ventures in the statement of financial position. The margin elimination on those transactions is reversed over the useful life of the assets in the same captions.

2.1.3. *Associates*

Investments, over which the Company exercises significant influence, but not control, are accounted for under the equity method. Such investees are referred to as "associates" throughout these Consolidated Financial Statements.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies. Associates are initially recognised at cost at acquisition date. The Consolidated Financial Statements include the Group's share of income and expenses, from the date significant influence commences until the date that significant influence ceases.

The interest income and expenses recorded in the Consolidated Financial Statements of the Group on loans with associates have not been eliminated in the consolidated statement of income and therefore are still recorded in the Consolidated Financial Statements.

2.2. Foreign currencies

The presentation currency of the Consolidated Financial Statements is euro. The functional currency, which is the currency that best reflects the economic environment in which the subsidiaries of the Group operate and conduct their transactions, is separately determined for the Group's subsidiaries and associates and is used to measure their financial position and operating results.

2.2.1. *Monetary transactions*

Transactions denominated in foreign currencies other than the functional currency of the subsidiary are translated at the exchange rate on the transaction date. At each balance sheet date, monetary assets and liabilities are translated at the closing rate and the resulting exchange differences are recognised in the consolidated statement of income.

2.2.2. *Translation of financial statements denominated in foreign currencies*

Assets and liabilities of foreign entities are translated into euros using exchange rates prevailing at the end of the reporting period. The consolidated statements of income and cash flow are translated using the average exchange rates for the period. Foreign exchange differences resulting from such translations are either recorded in shareholders' equity under "Currency translation reserve" (for the Group share) or under "Non-controlling interests" (for the share of non-controlling interests) as deemed appropriate.

The exchange rates of the main currencies were as follows:

Foreign exchange rates used	Annual average rate		Rate at the reporting date	
(€)	2019	2018	Dec 31, 2019	Dec 31, 2018
Dominican Pesos (DOP)	0.01741	0.01711	0.01680	0.01738
Israeli Shekel (ILS)	0.25062	0.23572	0.25781	0.23315
United States Dollar (USD)	0.89327	0.84666	0.89055	0.87321
Swiss Franc (CHF)	0.89888	0.86568	0.92131	0.88844
Moroccan Dirham (MAD)	0.09288	0.09027	0.09317	0.09132

2.3. Revenue recognition

Revenue from the Group's activities is mainly composed of television, broadband internet, fixed and mobile telephony subscription, installations fees invoiced to residential and business clients and advertising revenues.

Revenue comprises the expected consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, discounts and after eliminating intercompany sales within the Group.

In accordance with IFRS 15 *Revenue from Contracts with Customers*, the revenue recognition model includes five steps for analysing transactions so as to determine when to recognise revenue and at what amount:

(1) Identifying the contract with the customer.
(2) Identifying separate performance obligations in the contract.
(3) Determining the transaction price.
(4) Allocating the transaction price to separate performance obligations.
(5) Recognizing revenue when or as the performance obligations are satisfied.

For bundled packages, the Group accounts for individual products and services separately if they are distinct – i.e. if a product or service is separately identifiable from other items in the bundled package and if the product or service is distinct from other items in the bundle. The consideration is allocated between separate products and services in a bundle based on their stand-alone selling prices. The stand-alone selling prices are determined based on the market prices at which the Group sells the mobile devices and telecommunications services separately. This could lead to the recognition of a contract asset – a receivable arising from the customer contract that has not yet legally come into existence – in the statement of financial position.

The contract asset is amortized over the enforceable period. Enforceable period has been determined for each agreement. It represents the period over which rights and obligation are enforceable. This period is determined not only by the commitment period as stated in the contract, but also by business practices and contracts mechanisms (early renewal, exit options, penalties and other clauses).

2.3.1. *Revenues from the sale of equipment*

The Group recognises revenues when a customer takes possession of the device, which is the performance obligation. This usually occurs when the customer signs a new contract. The amount of revenue includes the sale of mobile devices and ancillary equipment for those devices. For mobile devices sold separately, customers pay in full at the point of sale or in several instalments (credit agreement).

2.3.2. *Revenues on separable components of bundle packages*

Revenues from telephone packages are recorded as a sale with multiple components. Revenues from sales of handsets (mobile phones and other) are recorded upon activation of the line, net of discounts granted to the customer via the point of sale and the costs of activation.

When elements of these transactions cannot be identified or analysed separately from the main offer, they are considered as related elements and the associated revenues are recognised in full over the duration of the contract or the expected duration of the customer relationship.

2.3.3. *Revenue from service*

Revenues from subscriptions for basic cable services, digital television pay, Internet and telephony (fixed and mobile) are recognised in revenue on a straight-line basis over the subscription period; revenues from telephone calls are recognised in revenue when the service is rendered in accordance with the term of the contract.

The Group sells certain telephone subscriptions based on plans under which the call minutes for a given month can be carried over to the next month if they are not used. The minutes carried over are recorded based on the proportion of total telephone subscription revenues they represent, when the minutes are used or when they expire.

Revenues relative to incoming and outgoing calls and off-plan calls are recorded when the service is provided. Revenues generated by vouchers sold to distributors and by prepaid mobile cards are recorded each time use is made by the end customer, as from when the vouchers and cards are activated. Any unused portion is recorded in contract liabilities at the end of the reporting period. Revenues are in any case recognised upon the expiry date of the cards, or when the use of the vouchers is statistically unlikely.

Sales of services to subscribers managed by the Group on behalf of content providers (principally special numbers and SMS+) are recorded on a gross basis, or net of repayments to the content providers when the content providers are responsible for the content and determine the pricing applied to the subscriber.

The costs of access to the service or installation costs principally billed to operator and corporate clients in relation to DSL connection services, bandwidth services, and IP connectivity services, are recognised over the expected duration of the contractual relationship and the provision of the principal service.

Installation service revenue is deferred and recognised over the benefit period. For business service subscribers, the benefit period is the contract term, which is defined and agreed for 2 years or more. For residential customers, there is no commitment period and installation costs are recognised over the estimated benefit period.

Revenues linked to switched services are recognised each time traffic is routed. Revenues from bandwidth, IP connectivity, high-speed local access and telecommunications services are recorded as and when the services are delivered to the customers.

2.3.4. *Access to telecommunications infrastructures*

The Group provides its operator clients with access to its telecommunications infrastructures by means of different types of contracts: rental, hosting contracts or concessions of Indefeasible Rights of Use (''IRU''). The IRU contracts grant the use of an asset (ducting, fibre optic or bandwidth) for a specified period. The Group remains the owner of the asset. Proceeds generated by rental contracts, hosting contracts in Netcenters, and infrastructure IRUs are recognised over the duration of the corresponding contracts, except where these are defined as a finance lease, in which case the equipment is considered as having been sold on credit.

In the case of IRUs, and sometimes rentals or service agreements, the service is paid in advance in the first year. These prepayments, which are non-refundable, are recorded in prepaid income and recognised over the expected term of the related agreements.

2.3.5. *Sales of infrastructure*

The Group builds infrastructure on behalf of certain clients. The average duration of the construction work is less than one year; therefore, revenues are recorded when ownership is transferred. A provision is recognised when any contracts are expected to prove onerous.

2.3.6. *Advertising revenues*

Advertising revenues are recognised when commercials are aired.

For revenue related to space to display video advertisements online sold either directly to clients or to advertising agencies (the clients), the Group generates revenue when a user clicks on the banner ad or views the advertisement.

The Group prices the advertising campaigns on a cost per view ("CPV") model or a cost per mille ("CPM") model based on the number of views generated by users on each advertising campaign. Revenue is recognised when four basic criteria are met:

- persuasive evidence exists of an arrangement with the client reflecting the terms and conditions under which the services will be provided (insertion order, which are commonly based on specified CPVs and related campaign budgets);
- services have been provided or delivery has occurred. Income relating to services provided is recorded based on the stage of completion of the service. The stage of completion is assessed by reference to the work performed at the reporting date. For on-going service agreements, the stage of completion is prorated over time. In case of negative margin for a campaign, accrual for future loss is booked.
- the fee is fixed or determinable; and
- collection is probable. Collectability is assessed based on a number of factors, including the creditworthiness of a client, the size and nature of a client's website and transaction history.

Amounts billed or collected in excess of revenue recognised are included as deferred revenue. An example of such deferred revenue would be arrangements whereby clients request or are required by the Group to pay in advance of delivery.

2.3.7. *Income from credit arrangements*

Revenues deriving from long-term credit arrangements (such as the sale of devices in instalments) are recorded at the present value of the future cash flows (against long-term receivables) and are discounted in accordance with market interest rates. The difference between the original amount of the credit and the present value, as aforesaid, is spread over the length of the credit period and recorded as interest income over the length of the credit period.

2.3.8. *Gross versus net revenue recognition*

The Group determines whether it is acting as a principal or as an agent. The Group is acting as a principal if it controls a promised good or service before it is transferred to a customer.

Indicators for acting as a principal include: (1) the Group is primarily responsible for fulfilling the promise to provide the specified good or service, (2) the Group has inventory risk in the specified good or service and (3) the Group has discretion in establishing the price for the specified good or service.

On the other hand, the Group is acting as an agent or an intermediary, if these criteria are not met. When the Group is acting as an agent, revenue is presented on a net basis in the statement of income. When the Group is acting as principal, revenue is presented on a gross basis.

2.4. Finance costs, net

Finance costs, net primarily comprise:

- Interest charges and other expenses paid for financing operations recognised at amortized cost;
- Changes in the fair value of interest rate derivative instruments;
- Ineffective portion of hedges that qualify for hedge accounting;
- Foreign exchange gains and losses on monetary transactions;
- Interest income relating to cash and cash equivalents;
- Gains/losses on extinguishment of financial liability;
- Investment securities and investment securities pledged as collateral (Comcast investment) are classified as trading securities and are stated at fair value with realized and unrealized holding gains and losses included in net financial result.

2.5. Taxation

Taxes on income in the income statement include current taxes and deferred taxes. The tax expenses or income in respect of current taxes or deferred taxes are recognised in profit or loss unless they relate to items that are recorded directly in equity, in these cases the tax effect is reflected under the relevant equity item.

2.5.1. *Current tax*

The current tax liability is measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period as well as adjustments required in connection with the tax liability in respect of previous years.

2.5.2. *Deferred tax*

Deferred tax assets are recognised for all deductible temporary differences, tax loss carry-forwards and unused tax credits, insofar as it is probable that a taxable profit will be available, or when a current tax liability exists to make use of those deductible temporary differences, tax loss carry-forwards and unused tax credits, except where the deferred tax asset associated with the deductible temporary difference is generated by initial recognition of an asset or liability in a transaction which is not a business combination, and that, at the transaction date, does not impact earnings, nor income tax profit or loss.

Deferred tax assets and liabilities are measured at the expected tax rates for the year during which the asset will be realized or the liability settled, based on tax rates (and tax regulations) enacted or substantially enacted by the closing date. They are reviewed at the end of each year, in line with any changes in applicable tax rates.

The carrying value of deferred tax assets is reviewed at each closing date and revalued or reduced to the extent that it is more or less probable that a taxable profit will be available to allow the deferred tax asset to be utilized. When assessing the probability of a taxable profit being available, account is taken, primarily, of prior years' results, forecasted future results, non-recurring items unlikely to occur in the future and the tax strategy.

Taxable temporary differences arising from investments in subsidiaries, joint ventures and other associated entities, deferred tax liabilities are recorded except to the extent that both of the following conditions are satisfied: the parent, investor or venturer can control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future.

All deferred tax assets and liabilities are presented in the statement of financial position as non-current assets and non-current liabilities, respectively. Deferred taxes are offset if an enforceable legal right exists, which enables the offsetting of a current tax asset against a current tax liability and the deferred taxes relate to the same entity, which is chargeable to tax, and to the same tax authority.

2.5.3. *Uncertain tax positions*

The Group determines the accounting tax position when there is uncertainty over income tax treatments based on the provisions of IFRIC 23 *Uncertainty over Income tax.* Based on the Interpretation, the Group determines whether uncertain tax positions are assessed separately or as a group and assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:

- If yes, the Group determines its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
- If no, the Group reflects the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

2.6. Site dismantling and restoration

The Company has a contractual obligation to dismantle and restore the sites of its mobile and fixed network upon expiry of a lease, if the lease is not renewed. Considering this obligation, site restoration costs are capitalized based on:

- an average unit cost of restoring sites;
- assumptions concerning the lifespan of the dismantling asset; and
- a discount rate.

2.7. Goodwill and business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred to the Group, liabilities incurred by the Group from the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based payments* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9 *Financial Instruments*, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Acquisition under common control

In the absence of specific guidance under IFRS for transactions between entities under common control, the Company considered and applied standards on business combination and transactions between entities under common control issued by the accounting standard-setting bodies in the United States (Accounting Standards Codification Topic 810-10-45-10 and Topic 810-10-55-1B Consolidation and SEC Regulation S-X Article 3A – *Consolidated and Combined Financial Statements*) and in the United Kingdom (FRS 6 *Acquisitions and mergers*) to prepare the Consolidated Financial Statements.

Acquisition under common control uses the following methods and principles:

- Carrying values of the assets and liabilities of the parties to the combination are not required to be adjusted to fair value on consolidation, although appropriate adjustments should be made to achieve uniformity of accounting policies in the combining entities;
- The results and cash flows of all the combining entities should be brought into the Consolidated Financial Statements of the combined entity from the beginning of the financial year preceding the year in which the combination occurred, adjusted to achieve uniformity of accounting policies;
- The difference, if any, between the nominal value of the shares issued plus the fair value of any other consideration given, and the nominal value of the shares received in exchange should be shown as a movement on Additional Paid in Capital in the Consolidated Financial Statements.

Any existing balance on the share premium account of the new subsidiary undertaking should be brought in by being shown as a movement on Additional Paid in Capital. These movements should be shown in the reconciliation of movements in shareholders' equity.

2.8. Intangible assets

Intangible assets acquired separately are recorded at cost on initial recognition, with the addition of direct acquisition costs. Intangible assets acquired in a business combination are measured at fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and less any accumulated impairment losses. Intangible assets have either definite or indefinite useful lives.

Assets with definite useful lives are amortized over their useful lives and tested for signs that would indicate impairment in value. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least once a year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits that are expected to derive from the asset are treated as a change in an accounting estimate which is treated prospectively.

The useful lives of the intangible assets are as follows:	**Duration**
Software	3 years
Brands	5 to 15 years
Customer relations	4 to 17 years
Licences	over the period of licences
Indefeasible Right of use	3-30 years
Subscriber purchase costs	based on average duration of subscriptions
Franchises	finite and indefinite

Customer relations established in connection with acquisitions that are finite lived are amortized in a manner that reflects the pattern in which the projected net cash inflows to the Company are expected to occur, such as the sum of the years' digits method, or when such pattern does not exist, using the straight-line basis over their respective estimated useful lives.

Franchise rights are periodically reviewed to determine if each franchise has a finite life or an indefinite life in accordance with goodwill and other intangible asset financial accounting standards. Accordingly, the Company believes its franchises qualify for indefinite life treatment and are not amortized but instead are tested for impairment annually or more frequently as warranted by events or changes in circumstances. Costs incurred in negotiating and renewing broadband franchises are amortized on a straight-line basis over the life of the renewal period.

Other intangible assets with indefinite useful lives are tested for impairment annually as well as where there is an indication that it may be impaired by comparing their carrying amount with their recoverable amount.

Operating licenses for telephony services are recorded based on the fixed amount paid upon acquisition of the license.

Investments made in the context of concessions or public service contracts, and linked to the rollout of the telecommunications network, are recorded in intangible assets in accordance with interpretation IFRIC 12 *Service Concession Arrangements*. The ''intangible asset'' model stipulated by this interpretation applies when the concession holder receives a right to bill users of the public service and the concession holder is essentially paid by the user. These intangible assets are amortized over the shorter of the estimated useful life of the categories of assets in question and the duration of the concession.

Intangible assets also comprise rights of use or access rights obtained. Amortization is generally calculated on a straight-line basis over the shorter of the contractual term and 30 years.

Research costs are expensed as incurred. Development costs are capitalised as intangible assets when the following can be demonstrated:

- the technical feasibility of the project and the availability of the adequate resources for the completion of the intangible assets;
- the ability of the asset to generate future economic benefit;
- the ability to measure reliably the expenditures attributable to the asset; and
- the feasibility and intention of the Group to complete the intangible asset and use or sell it.

Content rights

Exclusive sports broadcasting rights are recognised in the consolidated statement of financial position from the point at which the legally enforceable licence period begins. Rights for which the licence period has not started are disclosed as contractual commitments in note 31. Payments made to acquire broadcasting rights in advance of the legal right to broadcast the programmes are classified as prepayments in the caption "other financial assets" in the statement of financial position. Broadcasting rights are initially recognised at cost and are amortised from the point at which they are available for use, on a straight-line basis over the broadcasting period. The amortisation charge is recorded in the caption "depreciation and amortisation" in the consolidated statement of income. The costs of exclusive in-house content and external content are recognised as an intangible asset. The cost of the rights is recognised at the cost of production of the shows and is amortized based on the actual screenings. The amortisation charge is recorded in the caption "depreciation and amortisation" in the income statement.

2.9. Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.10. Property, plant and equipment

Property, plant and equipment are presented at cost with the addition of direct purchase costs less accumulated depreciation and accumulated losses on impairment and they do not include routine maintenance expenses. The cost includes spare parts and ancillary equipment that can only be used in connection with the plant and machinery.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

The estimated useful lives of property, plant and equipment were:	**Duration**
Buildings	5 to 50 years
Cables and mobile network	5 to 40 years
Converters and modems	3 to 5 years
Computers and ancillary equipment	2 to 8 years
Office furniture and equipment	3 to 15 years

Leasehold contracts are depreciated according to the straight-line method during the rental period.

Elements of a fixed asset item, having a cost that is significant in comparison to the overall cost of the item, are depreciated separately, using the components method. The depreciation is calculated in accordance with the straight-line method at annual rates that are sufficient to depreciate the assets over the length of their estimated useful lives.

The useful life, depreciation method and residual value of an asset are reviewed at least annually; any changes are accounted for prospectively as a change in accounting estimate.

2.11. Contract costs

The Group recognises as an asset the incremental costs of obtaining a contract with a customer if it expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Commissions to third parties and sales incentives to employees are considered as costs to obtain a contract and are recognised under the balance sheet caption “contract costs”.

Assets recognised as contract costs are amortized on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. The asset may relate to goods or services to be transferred under a specific anticipated contract. The amortization charge is recognised in the statement of income, within caption “Depreciation, amortization and impairment”.

As a practical expedient, the Group recognises the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the Group otherwise would have recognised is one year or less.

2.12. Leasing

2.12.1. *Policy applicable from January 1, 2019*

2.12.1.1. *The Group as a lessee*

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expenses in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases, to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal.

After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy). The Group included the renewal period as part of the lease term for leases of technical sites due to the significance of these assets to its operations.

The recognition and measurement requirements for lessee are also applied to short-term leases and leases of low-value assets.

2.12.1.2. *The Group as lessor*

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes and overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

When the Group is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right of use asset arising from the head lease.

The Group recognises lease payments received under operating leases as income on a straight line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.12.2. *Policy applicable before January 1, 2019*

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

2.12.2.1. *The Group as lessee*

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs (please refer to note 2.13 below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

If lease incentives are received to enter operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.12.2.2. *The Group as a lessor*

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated in an accounting period so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.13. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period to get ready for their intended use or sale, are added to the cost of those assets, until the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.14. Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as a deduction of the related asset in the consolidated statement of financial position and amortized over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. The benefit of a government loan at a below-market interest rate is measured at the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

2.15. Financial assets

Except for certain trade receivables, under IFRS 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Debt financial assets are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI).

The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The classification and measurement of the Group's debt financial assets are, as follows:

- Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's Trade and other receivables, and Loans included under balance sheet caption "Financial assets" (non-current and current portion).
- Debt instruments at FVOCI, with gains or losses recycled to profit or loss on derecognition. The Group has no instrument in this new category.

Other financial assets are classified and subsequently measured, as follows:

- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Group intends to hold for the foreseeable future and which the Group has irrevocably elected to so classify upon initial recognition or transition. The Group classified its quoted and unquoted equity instruments as equity instruments at FVOCI. Equity instruments at FVOCI are not subject to an impairment assessment under IFRS 9.
- Financial assets at FVPL comprise derivative instruments. This category would also include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Financial assets at FVPL are stated at fair value, with any gains and losses arising on remeasurement recognised in the caption “Other Financial expense” or “Other Financial income” in the income statements.

Under IFRS 9, embedded derivatives are not separated from a host financial asset.

The assessment of the Group’s business models was made as of the date of initial application, January 1, 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

Impairment of financial assets

Under IFRS 9, accounting for impairment losses for financial assets is based on a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset’s original effective interest rate.

For contract assets, trade and other receivables, the Group has applied the standard’s simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group records provision for doubtful debt based on the Group’s historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.16. Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories comprises costs of purchase and costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated selling costs. Cost of inventories is determined using the weighted average cost method. The Company periodically evaluates the condition and age of inventories and makes provisions for slow moving inventories accordingly.

2.17. Cash and cash equivalents

Cash consists of cash in banks and deposits. Cash equivalents are considered as highly liquid investments, including unrestricted short-term bank deposits with an original maturity of three months or less from the date of acquisition or with a maturity of more than three months, but which are redeemable on demand without penalty and which form part of the Group’s cash management.

2.18. Restricted cash

Restricted cash can consist of balances dedicated to the repayment of the Company’s liabilities to banking entities in accordance with the Company’s credit agreement and therefore amounts that the Group cannot use at its discretion. Restricted cash can also consist of cash held in escrow to finance certain acquisitions (in the period between the agreement to acquire and the actual closing of the acquisition and the transfer of shares and cash and other considerations). Restricted cash may also consist of guarantees provided by different Group companies to financial institutions related to financing or other activities. Restricted cash is not considered as a component of cash and cash equivalents since such balances are not held for the purposes of meeting short-term cash commitments.

2.19. Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered and are subsequently reassessed at their fair value.

The Company has entered various forward and interest rate swaps (cross currency and fixed/floating) to mitigate risks associated with making investments in currencies other than the functional currency of the underlying component.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered and are subsequently remeasured to their fair value at the end of each reporting period. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

2.20. Hedge accounting

The Group continues to apply the requirement of IAS 39 relating to hedge accounting.

The Group may designate certain hedging instruments, (which may include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk), as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in the line ‘other financial expense’.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

2.21. Classification as debt or equity

Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.21.1. *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by a Group entity are recognised at the value of the proceeds received, net of direct issue costs.

Repurchase of the Group’s own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group’s own equity instruments.

2.22. Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities at amortized cost:

2.22.1. *Financial liabilities at amortized cost*

These financial liabilities are measured at amortized cost calculated based on the effective interest rate method. The effective interest rate is the internal yield rate that exactly discounts future cash flows through the term of the financial liability. Fees, debt issuance and transaction costs are included in the calculation of the effective interest rate over the expected life of the instrument.

2.22.2. *Financial liabilities measured at fair value through profit or loss (FVPL)*

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as financial liabilities at FVPL if they are acquired for sale in the near term. Gains or losses on liabilities held for trading are recognised in profit or loss.

Derivatives, including bifurcated embedded derivatives, are classified as financial liabilities at FVPL unless they are designated as effective hedging instruments. In the event of a financial instrument that contains one or more embedded derivatives, the entire combined instrument may be designated as a financial liability at fair value through profit or loss only upon initial recognition.

The Group assesses whether embedded derivatives are required to be bifurcated from host contracts when the Group first becomes party to the contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

The fair value of financial instruments that are traded in an active market is determined by reference to quoted market prices at the close of business on the balance sheet date. For financial instruments for which there is no active market, fair value is determined using valuation techniques. Such techniques include evaluation based on transactions that have been executed recently under market terms, reference to the current market value of another instrument, which is substantially the same, discounted cash flow analysis or other valuation models.

2.22.3. *Liabilities related to put options granted to non-controlling interests*

The Group granted put options to third parties with non-controlling interests in certain consolidated subsidiaries. These options give the holders the right to sell part or all of their investment in these subsidiaries.

At inception, in accordance with IAS 32 *Financial Instruments: Presentation*, when non-controlling interests hold put options enabling them to sell their investment in the Group, a financial liability is recognised for an amount corresponding to the present value of liability assumed and the counterpart of the liability arising from these obligations is:

- the reclassification as debt of the carrying amount of the corresponding non-controlling interests;
- a reduction in the equity attributable to owners of the Company (other reserves attributable to equity holders of the parent) for the difference between the present value of the strike price of the options granted and the carrying amount of non-controlling interests.

In the absence of specific IFRS guidance, the accounting at the end of each reporting period is as follows, while the non-controlling interest put remains unexercised:

(1) recognition of the non-controlling interest, including an allocation of profit or loss, allocation of changes in other comprehensive income and dividends declared for the reporting period, as required by IFRS 10 *Consolidated Financial Statements* as mentioned in note 2.1.1;
(2) derecognition of the non-controlling interest as if it was acquired at that date;
(3) recognition of a financial liability at the present value of the amount payable on exercise of the NCI put in accordance with IFRS 9 *Financial Instruments*: Recognition and Measurement; and
(4) the difference between no (2) and (3) above is accounted for as an equity transaction.

If the NCI put is exercised, the same treatment is applied up to the date of exercise. The amount recognised as the financial liability at that date is extinguished by the payment of the exercise price.

If the NCI put expires unexercised, the position is unwound so that the non-controlling interest is recognised at the amount it would have been, as if the put option had never been granted (i.e. measured initially at the date of the business combination, and remeasured for subsequent allocations of profit or loss, other comprehensive income and changes in equity attributable to the non-controlling interest). The financial liability is derecognised, with a corresponding credit to the same component of equity.

The Group is closely monitoring the work of the IASB and the IFRIC, which could lead to a revision of the treatment of put options granted to non-controlling interests.

2.23. Provisions

A provision is recognised in the statement of financial position when the Group has a present obligation (legal or implicit) as the result of a past event and it is expected that the use of economic resources will be required to settle the obligation and it is possible to reliably estimate it. Where the impact is significant, the provision is measured by discounting the forecasted future cash flows, using a pre-tax interest rate that reflects the expectations of the market in respect of the time frame of the money and in certain cases, the risks that are specific to the liability.

The following types of provisions are recorded in the Consolidated Financial Statements:

2.23.1. *Claims*

A provision regarding claims is recognised when the Group has a present legal commitment or an implicit commitment resulting from a past event; when it is more likely than not that the Group will be required to expand economic resources to clear the commitment, when it is possible to estimate it reliably and when the effect of time is significant, the provision is measured according to the present value.

2.23.2. *Onerous contracts*

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.23.3. *Restructuring*

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Group.

2.24. Liabilities for employment benefits

2.24.1. *Retirement benefit costs and termination benefits*

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement.

The Group presents the service cost and the net interest expense in profit or loss in the line item “Staff cost and employee benefit expenses” and “Other financial expenses” respectively. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group’s defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

2.24.2. *Short-term and other long-term employee benefits*

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

2.25. Share-based payments

2.25.1. *Share-based payment transactions of the Company*

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group’s estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is re-measured, with any changes in fair value recognised in profit or loss for the year.

2.25.2. *Share-based payment transactions of the acquiree in a business combination*

When the share-based payment awards held by the employees of an acquiree (acquiree awards) are replaced by the Group’s share-based payment awards (replacement awards), both the acquiree awards and the replacement awards are measured in accordance with IFRS 2 *Share-based Payment* ("market-based measure") at the acquisition date. The portion of the replacement awards that is included in measuring the consideration transferred in a business combination equals the market-based measure of the acquiree awards multiplied by the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the acquiree award. The excess of the market-based measure of the replacement awards over the market-based measure of the acquiree awards included in measuring the consideration transferred is recognised as remuneration cost for post-combination service.

However, when the acquiree awards expire because of a business combination and the Group replaces those awards when it does not have an obligation to do so, the replacement awards are measured at their market-based measure in accordance with IFRS 2 *Share-based Payment*. All market-based measures of the replacement awards are recognised as remuneration cost for post-combination service.

At the acquisition date, when the outstanding equity-settled share-based payment transactions held by the employees of an acquiree are not exchanged by the Group for its share-based payment transactions, the acquiree share-based payment transactions are measured at their market-based measure at the acquisition date. If the share-based payment transactions have vested by the acquisition date, they are included as part of the non-controlling interest in the acquiree. However, if the share-based payment transactions have not vested by the acquisition date, the market-based measure of the unvested share-based payment transactions is allocated to the non-controlling interest in the acquiree based on the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the share-based payment transaction. The balance is recognised as remuneration cost for post-combination service.

2.26. Non-current assets held for sale and discontinued operations

Pursuant to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, assets and liabilities of affiliates that are held for sale are presented separately on the face of the statement of financial position. Depreciation of assets ceases from the date of classification in “Non-current assets held for sale”. Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A discontinued operation is a component of the Group for which cash flows are independent. It represents a major line of business or geographical area of operations which has been disposed of or is currently being held for sale. If the Group reports discontinuing operations, net income from discontinued operations is presented separately on the face of the statement of income. Therefore, the notes to the Consolidated Financial Statements related to the statement of income only refer to continuing operations.

2.27. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group’s accounting policies, which are described above, the Board of Directors of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not clear from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2.27.1. *Critical accounting judgements*

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the Board of Directors of the Company has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Consolidated Financial Statements.

- Revenue recognition

Judgement and estimates are made for (i) the identification of the separable elements of a packaged offer and allocation based on the relative stand-alone selling prices of each element; (ii) the period of deferred revenues related to costs to access the service based on the type of product and the term of the contract; (iii) presentation as net or gross revenues depending on whether the Group is acting as agent or principle.

2.27.2. *Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are discussed below.

- Claims

In estimating the likelihood of outcome of claims filed against the Group and its investees and the estimated provision, the Group companies rely on the opinion of internal and/or external counsel. These estimates are based on the counsel's best professional judgment, considering the stage of proceedings and historical precedents in respect of the different issues. Since the outcome of the claims will be determined via settlement or court's decision, the results could differ from these estimates.

- Post-employment benefits

The liability in respect of post-employment defined benefit plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about, among others, discount rates, expected rates of return on assets, future salary increases and mortality rates. Due to the long-term nature of these plans, such estimates are subject to uncertainty.

- Fair value of financial instruments Level 1, Level 2 and Level 3

Fair value is determined by reference to the market price at the end of the period, when the data is available. For financial instruments for which there is no active market such as interest rate swaps (which the Company currently may use to hedge its interest rate risk), call options and put options granted to non-controlling interests fair value is estimated based on models that rely on observable market data or using various valuation techniques, such as discounted future cash flows.

- Deferred tax assets

Deferred tax assets relate primarily to tax loss carried forwards and to deductible temporary differences between reported amounts and the tax bases of assets and liabilities. The assets relating to the tax loss carried forwards are recognised if it is probable that the Group will generate future taxable profits against which these tax losses can be set off. Evaluation of the Group's capacity to utilize tax loss carried forward relies on significant judgment. The Group analyses past events, and the positive and negative elements of certain economic factors that may affect its business in the foreseeable future to determine the probability of its future utilization of these tax losses carried forward.

- Intangible assets and Property, plant and equipment

Estimates of useful lives are based on the effective obsolescence of fixed assets and the use made of these assets.

- Impairment of intangible assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. If there is an indication that an asset may be impaired, the recoverable amount of the asset is determined. The recoverable amount of goodwill, intangible assets with an indefinite useful life and intangible assets that are not available for use on the reporting date, are measured at least on an annual basis, irrespective of whether any impairment indicators exist.

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash generating units to which goodwill has been allocated. The value in use calculation requires the Board of Directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

- Contract assets and trade receivables

For contract assets and trade receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

- Determination of the right-of-use and lease liabilities

The right-of-use and the lease liabilities are determined based on the lease term and the discount rate.

- For the lease term, the Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.
- The discount rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

3. Scope of consolidation

A full list of subsidiaries is included in note 37.

3.1. Transactions completed in the current period

3.1.1. *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 of 50% in PHI's assets, liabilities, revenues and expenses) instead of equity method.

3.1.2. *Closing of the sale of 49.99% in SFR Fibre to the Home ("SFR FTTH")*

On November 30, 2018, Altice France entered into an exclusivity agreement with Allianz Capital Partners, AXA Investment Managers - Real Assets, acting on behalf of its clients and OMERS Infrastructure (together the "Partners") regarding the sale of a 49.99% equity stake in SFR FTTH.

The transaction closed on March 27, 2019. The consideration received was €1.7 billion, based on a €3.4 billion equity value. The total capital gain recorded for the year ended December 31, 2019 was €2,085.6 million (please refer to note 4.3.2.4). This partnership created the leading FTTH infrastructure wholesaler in France and brought an additional €1.7 billion of cash to Altice France. Following the closing of the transaction, Altice France lost exclusive control over SFR FTTH as Altice France and the Partners have joint control over the new entity based on the provisions of IFRS 11 *Joint Arrangements*. Furthermore, as SFR FTTH is a joint venture (joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement), SFR FTTH is accounted for under the equity method based on the provisions of IAS 28 *Investments in Associates and Joint Ventures.*

3.1.3. *Sale of a majority stake in Groupe L'Express S.A.*

On February 12, 2019, Altice France and Groupe L'Express S.A. ("L'Express") announced the potential sale by Altice France to News Participations S.A.S, a company controlled by Mr. A. Weill, of a majority stake in L'Express. On July 19, 2019, the Board approved the sale of a 51% equity stake to News Participations S.A.S., the remaining 49% of the share capital of L'Express being held by Altice Group Lux S.à r.l. ("Altice Group Lux").

The sale closed on July 30, 2019. Following the closing of the transaction, the Group lost control over L'Express and the remaining 49% equity stake held by Altice Group Lux. is accounted for under the equity method in accordance with IAS 28 *Investments in Associates and Joint Ventures* in the Consolidated Financial Statements within the caption Investment in associates and joint ventures (please refer to note 9). The capital loss recorded in the consolidated statement of income for the year ended December 31, 2019 was €67.7 million in the caption Other expenses and income, of which €23.0 million was recorded in Altice Group Lux which corresponded to the contribution by Altice Group Lux to L'Express before the closing of the sale.

3.1.4. *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 in 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. Please refer to note 3.3.

3.2. Transactions completed in the prior period

3.2.1. *Sale of telecommunications solutions business and data centre operations in Switzerland*

On February 12, 2018, the Company announced the closing of the transaction to sell its telecommunications solutions business and data centre 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 year ended December 31, 2018 amounted to €88.8 million, net of tax. The total proceeds received related to the sale amounted to €156.4 million.

3.2.2. *Acquisition by Altice France of the minority stake held by News Participations in Altice Content Luxembourg*

On April 5, 2018, Altice France acquired the minority stake held by News Participations (NP) in Altice Content Luxembourg (ACL) for the amount of €100 million by exercising the call option it held on NP's 25% stake in ACL. On May 31, 2018, Altice France increased its ownership in NextRadioTV S.A. via conversion of convertible bonds into equity. Following the transactions described above, the Group's ownership in NextRadioTV S.A. and its subsidiaries increased to 99.7%. The acquisition of the remaining 0.35% minority stake occurred on September 26, 2019 (please refer to note 3.3).

3.2.3. *Exercise of the ATS call option*

In April 2018, the Group exercised the call option for the acquisition of the remaining 49% in Altice Technical Services ("ATS") for a price determined on acquisition of ATS of €147 million, bearing interests at an annual rate of EURIBOR 1 month plus 3.5%. The total amount of €156.3 million was paid on November 26, 2018. As a result of the exercise of the call option, the Group's ownership in ATS increased to 100%.

3.2.4. *Altice USA separation from the Company*

On June 8, 2018, the Company and Altice USA announced that the planned separation of Altice USA from the Company (the "Separation") had been implemented. In the context of the Separation, the corporate name of the Company was changed from Altice N.V. to Altice Europe N.V.

The Separation took place by way of a special distribution in kind by the Company of its 67.2% interest in Altice USA to the Company's shareholders out of the Company's share premium reserve (the "Distribution"). The Distribution excluded the shares of Altice USA indirectly owned by the Company through Neptune Holding US LP. Company instructed its agent to transfer to each of its shareholders 0.4163 shares of Altice USA common stock for every share held by such shareholder in the Company's capital on the Distribution record date.

As announced by the Company and Altice USA on June 7, 2018, the total number of shares of Altice USA Class A common stock and Altice USA Class B common stock that have been distributed are:

- Altice USA Class A common stock: 247,683,489
- Altice USA Class B common stock: 247,683,443

Following the Distribution, there were 489,384,523 shares of Altice USA Class A common stock and 247,684,443 shares of Altice USA Class B common stock outstanding.

As part of the Separation, on June 6, 2018, Altice USA paid a $1.5 billion of cash dividend to its shareholders, including $1.1 billion to the Company.

In connection with the Separation, on March 19, 2018, the Group sold the 30% interest held in Altice Technical Services US LLC ("ATS US") to CSC Holdings LLC, which was a US indirect subsidiary of the Company, for the price of $1. On April 23, 2018, the Group completed the sale of i24news and i24 US Corp. (international 24-hour news and current affairs television channel) to Altice USA for a total consideration of $10.1 million (€8.3 million).

3.2.4.1. *The accounting principles used for the transaction and accounting impact*

The distribution in kind by the Company of its 67.2% interest in Altice USA[1] to the Company's shareholders was excluded from the provisions of IFRIC 17 *Distribution of Non-cash Assets to Owners* and was treated as a common control transaction, as Altice USA is controlled by Next Alt, the ultimate company owned by Patrick Drahi before and after the distribution. Therefore, the distribution was recorded at book value through shareholders' equity, resulting in a decrease by €3,126.2 million of equity during the year ended December 31, 2018.

The remaining interest in Altice USA indirectly owned through Neptune Holding US LP was recorded at fair value through the statement of income at the Separation date (June 8, 2018), which resulted in an increase in net income from discontinued operations by $329.1 million or €278.6 million (please refer to note 3.5). The remaining interest in Altice USA after the Separation date was revalued at fair value through Other Comprehensive Income, based on the requirements of IFRS 9 Financial Instruments, as of December 31, 2018 which resulted in an increase in fair value of €1.3 million. The fair value of Altice USA and Neptune Holding US LP shares was $438.2 million (€382.6 million) as of December 31, 2018 (please refer to note 10.1.4), composed of:

- the remaining ownership of Altice USA held directly by the Company through CVC3 B.V. is 1.37% or 9,706,089 class A shares, for a value of $160.3 million (€140.0 million).
- the investment retained in Altice USA via Neptune Holding US LP is 2.37% or 16,818,359 shares, for a fair value of $277.8 million (€242.6 million).

The Separation was treated as a discontinued operation as specified in IFRS 5 *Non-currents assets Held for sale and discontinued operations*, all the statement of income line items were restated to remove the impact of Altice USA including ATS US and their contribution to the net result was presented in the line "discontinued operation" in the statement of income.

Information related to the impact of discontinued operation of Altice USA including ATS US in the statement of income and the statement of cash flows for the years ended December 31, 2018 is presented in note 3.5. The contribution of i24news entities for the year ended December 31, 2018 was not treated as discontinued operations as it was not a major line of business or segment (please refer to note 4.1).

3.2.5. *Share capital increase in Altice Teads S.A.*

On July 3, 2018, following an earn-out payment of Teads, the former owners of Teads reinvested a part of the earn-out payment into the shares of Altice Teads S.A.. The share capital of Altice Teads S.A increased by €5.2 million as a result of an issuance of 43,546 new Class B Shares having a nominal value of €1 each, and the balance related to the payment of Share Premium B. As of July 3, 2018, the Group's interest in Altice Teads S.A. decreased from 98.5% to 96.2%.

3.2.6. *Sale of international wholesale business*

On July 18, 2018, three Sale and Purchase Agreements were signed by Altice France, Altice Dominicana and MEO with Tofane Global related to the sale of the international wholesale voice carrier business in France, the Dominican Republic and Portugal, respectively. The transaction closed on September 6, 2018. The total consideration received was €33.0 million. The capital gain recorded for the year ended December 31, 2018 was €9.5 million.

3.2.7. *Sale and purchase agreements signed for the purchase by Altice Technical Services France S.à r.l. of the minority interests in ERT Luxembourg S.A.*

On August 29, 2018, Altice Technical Services France S.à r.l. ("ATS France") signed sale and purchase agreements with each of the five minority shareholders of ERT Luxembourg S.A. ("ERT Lux") in order to acquire 253 shares of ERT Lux for a total price of €42.0 million. Four of the five sale and purchase agreements contemplated a transfer of the ERT Lux shares to ATS France upon signing. As a result, on the date thereof and as at December 31, 2018, ATS France owned 84.3 % of the share capital of ERT Lux. Upon completion of the sale under the fifth sale and purchase agreement, which occurred on January 31, 2019, ATS France owns 100% of the share capital of ERT Lux. The

[1] The Distribution excluded the shares of Altice USA indirectly owned by the Company through Neptune Holding US LP.

payment of this acquisition will be made in several instalments from January 2019 until January 2023, of which €11.1 million have been paid during 2019.

3.2.8. *Altice France acquired the minority interest in DTV Holding*

On September 1, 2018, NextRadioTV S.A., a subsidiary of Altice France, acquired 49% minority interest in DTV Holding ("DTV"), previously known as Pho Holding, for a total consideration of €32.7 million. Following this acquisition and the take-over of DTV in the third quarter of 2017, the ownership of NextRadioTV in DTV and its subsidiary Diversité TV France S.A.S increased to 100%.

3.2.9. *Sale of towers of Portugal*

On July 18, 2018, PT Portugal reached an agreement with a consortium including Morgan Stanley Infrastructure Partners and Horizon Equity Partners for the sale of the newly formed tower company called OMTEL, that comprises 2,961 sites operated by Altice Portugal, and an acquisition of 25% of the stake in OMTEL by PT Portugal. The transaction closed on September 4, 2018.

The capital gain for the year ended December 31, 2018 amounted to €601.6 million, which consisted of:

- capital gain of €611.7 million that corresponds to the difference between the purchase price of €648 million (including a cash consideration €539.5 million and the acquisition of 25% stake in OMTEL measured at fair value of €108.8 million) and the carrying value of the net assets transferred, amounting to €37 million, including mainly the towers, prepaid rents and asset retirement obligations; and
- €10.1 million of deferred capital gain.

3.2.10. *Closing of transaction to sell telecommunication towers in the Dominican Republic*

On October 3, 2018, the Company announced the closing of the transaction to sell 100% in the tower company Teletorres del Caribe, which comprises 1,039 sites formerly operated by its subsidiary Altice Dominicana, to Phoenix Tower International, a portfolio company of Blackstone. The capital gain recorded amounted to €88.1 million. The consideration received was $168.0 million (€148.6 million).

3.2.11. *PT Portugal acquired the shares of SIRESP*

On October 31, 2018, PT Móveis ("PT – Móveis – Serviços de Telecomunicações, SGPS, S.A."), a subsidiary of PT Portugal, purchased the shares of SIRESP and thus became majority stakeholder with 52.1% ownership. The number of shares purchased was 4,775 shares (equal to 9.55% share capital of SIRESP) from Datacomp S.A. for the price of €0.8 million and 6,000 shares (equal to 12% share capital of SIRESP) from Esegur S.A. for the price of €1.0 million.

3.2.12. *Altice West Europe purchased shares and preferred equity certificates of Deficom Invest S.à r.l.*

On November 2, 2018, a sale and purchase agreement was signed by Altice West Europe and Deficom Invest S.à r.l. to acquire 44,793 shares held by Deficom Invest in Deficom Telecom and 20,756,575 preferred equity certificates ("PEC"). The total transaction value was €22.5 million. As a result of the purchase, Altice West Europe's ownership in Deficom Telecom increased to 100%. On December 27, 2018, Deficom Telecom was dissolved.

3.2.13. *The sale of 49.99% equity stake in fibre infrastructure in Altice France*

On November 30, 2018, the Company announced that its subsidiary, Altice France, had entered into an exclusivity agreement with Allianz Capital Partners, AXA Investment Managers - Real Assets, acting on behalf of its clients and OMERS Infrastructure (together the "Partners") regarding the sale of 49.99% equity stake in SFR Fibre to the home ("SFR FTTH") for a total cash consideration of €1.8 billion based on an estimated €3.6 billion equity value at closing. As a consequence, the assets and liabilities were classified as held for sale as of December 31, 2018 (please refer to note 3.4). The transaction closed on March 27, 2019. The consideration received was €1.7 billion, based on a €3.4 billion equity value. Please refer to note 3.1.2.

3.2.14. *The sale of minority stake in telecommunication towers by Altice France*

On June 20, 2018, Altice France entered into an exclusivity agreement with Starlight BidCo S.A.S., an entity controlled by funds affiliated with KKR for the sale of 49.99% of the shares in a newly incorporated tower company called SFR TowerCo that will comprise 10,198 sites currently operated by the Group. Altice France will continue to fully consolidate SFR TowerCo and hence the assets and liabilities related to SFR TowerCo were not classified as held for sale. The Sale and Purchase Agreement was signed on August 7, 2018 for a transaction value of €3.6 billion. The closing of the transaction was subject to customary conditions precedent, including that at least 90% of the sites have been contributed to SFR TowerCo, as well as regulatory approvals. On December 18, 2018, Altice France and KKR announced the closing of the transaction and the creation of the new tower company, named Hivory. The consideration received was €1.8 billion, corresponding to approximately 49.99% of the total transaction value.

3.3. Variations in non-controlling interests

The variations in non-controlling interests are presented in the table below:

Variations in non-controlling interests (€m)	**Altice USA**	**Altice France**	**Hivory[1]**	**Altice Technical Services**	**Other**	**Group**
Opening balance at January 1, 2018	**1,238.5**	**9.7**	**-**	**24.9**	**(30.1)**	**1,243.0**
Net income	129.1	(3.8)	3.1	(4.3)	3.8	**128.0**
Other comprehensive income	2.6	0.1	-	0.3	0.3	**3.3**
Share-based payment	1.8	-	-	-	-	**1.8**
Dividends	(395.5)	(4.4)	-	(16.3)	-	**(416.2)**
Acquisition of ATS France and ACS by Altice France	-	7.2	-	(8.1)	0.9	-
Transaction with NCI in ACL and GNP	-	78.8	-	-	-	**78.8**
Transaction with NCI in ERT Lux	-	(7.1)	-	-	-	**(7.1)**
Transaction with NCI in DTV Holding	-	17.1	-	-	-	**17.1**
Transaction with NCI in Deficom	-	-	-	-	35.6	**35.6**
Disposal of Hivory's minority stake	-	-	217.6	-	-	**217.6**
Consolidation of SIRESP		-	-	-	5.0	**5.0**
Variation in minority interest put	-	(94.8)	-	(10.3)	(0.6)	**(105.7)**
Separation of Altice USA	(976.3)	-	-	-	-	**(976.3)**
Other	(0.2)	0.4	-	-	1.4	**1.7**
Closing at December 31, 2018	**-**	**3.3**	**220.7**	**(13.8)**	**16.5**	**226.7**
Net income	-	9.5	36.3	(1.9)	1.8	**45.7**
Other comprehensive income	-	(0.1)	-	0.5	0.1	**0.5**
Transaction with NCI in ERT Lux	-	(2.0)	-	-	-	**(2.0)**
Transaction with NCI in GNP	-	6.1	-	-	-	**6.1**
Sale of SIRESP	-	-	-	-	(3.6)	**(3.6)**
Dividends	-	(10.1)	(37.6)	(12.1)	-	**(59.8)**
Other	-	(0.1)	-	(0.2)	0.4	**0.1**
Closing at December 31, 2019	**-**	**6.7**	**219.3**	**(27.4)**	**15.1**	**213.7**

1 This column presents the impact of the sale by Altice France of a minority stake in Hivory (an entity created by Altice France to which Altice France contributed some of its telecommunication towers) that was closed on December 18, 2018. Following the closing of the sale, Altice France keeps an exclusive control on Hivory which is consolidated in Altice France.

The main change in non-controlling interests ("NCI") as at December 31, 2019 was mainly due to:

- net income attributable to the non-controlling interest for the year ended December 31, 2019 of €45.7 million, mainly in Altice France and Hivory. The profit allocated to equity holders of the Group for the year ended December 31, 2019 was €1,382.3 million;
- dividend payments by subsidiaries of Altice France, Hivory and Altice Technical Services, reducing NCI by €59.8 million;
- the acquisition of minority interests in ERT Lux by ATS France, reducing NCI by €2.0 million (please refer to note 3.2.7);
- the acquisition of a 0.35% minority stake in Groupe News Participations S.A.S. by Altice Content Luxembourg S.A. from a holding company controlled by Mr. A. Weill, increasing NCI by €6.1 million. Following this acquisition, the Group's ownership in NextRadioTV S.A. and its subsidiaries increased to 100% (please refer to note 3.2.2); and
- the sale of SIRESP by PT Portugal that was completed in December 30, 2019, reducing NCI by €3.6 million (please refer to note 3.1.4).

3.4. Assets held for sale

During 2018, PT Portugal classified real estate properties as held for sale with a book value of €15.9 million as at December 31, 2018, following the signature of promise of sale agreements entered with the entity Almost Future, S.A., for a total consideration of €17.7 million. As of December 31, 2019, the real estate deeds were not yet entered into, and the assets were not derecognised. The book value of the assets held for sale as at December 31, 2019 was €9.3 million.

On January 2, 2020, the Company announced the sale of 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 proceed of approximately €200 million. Following this announcement, the investment in Belmont was classified as assets held for sale as of December 31, 2019. Please refer to notes 9.2 and 35.1.

On November 30, 2018, the Company announced that its subsidiary, Altice France, had entered into an exclusivity agreement with Allianz Capital Partners, AXA Investment Managers - Real Assets, acting on behalf of its clients and OMERS Infrastructure regarding the sale of a 49.99% equity stake in SFR FTTH for a total cash consideration of €1.8 billion, based on an estimated €3.6 billion equity value at closing. As a consequence, the related assets and liabilities were classified as held for sale as of December 31, 2018. The transaction closed on March 27, 2019. The final cash consideration at closing was €1.7 billion, based on a €3.4 billion equity value. This partnership created the leading FTTH infrastructure wholesaler in France and brought an additional €1.7 billion of cash to Altice France. Please refer to note 3.1.2.

Table below provides the details of assets and liabilities classified as held for sale as of December 31, 2019 and December 31, 2018:

Disposal groups held for sale	**December 31, 2019**			**December 31, 2018 (*revised)**		
(€m)	**Belmont**	**Other**	**Total**	**SFR FTTH**	**Other**	**Total**
Goodwill	-	-	-	1,118.2	-	1,118.2
Tangible and intangible assets	-	9.3	9.3	438.7	15.9	454.6
Other non-current assets	-	-	-	0.6	0.1	0.7
Investment in associates	103.3	4.4	107.7	-	-	-
Currents assets	-	2.0	2.0	82.7	-	82.7
Total assets held for sale	**103.3**	**15.7**	**119.0**	**1,640.1**	**16.0**	**1,656.2**
Non-current liabilities	-	(0.1)	(0.1)	(95.7)	(0.1)	(95.8)
Current liabilities	-	(0.3)	(0.3)	(103.7)	-	(103.7)
Total liabilities related to assets held for sale	**-**	**(0.3)**	**(0.3)**	**(199.4)**	**(0.1)**	**(199.5)**

(*) Revised following the reclassification of goodwill allocated to SFR FTTH (see below). Please refer to notes 5 and 36.

The Company has reassessed the application of paragraph IAS 36.86 with respect to goodwill allocation related to the SFR FTTH transaction, which was included in the group of CGUs Altice France. In 2018, the goodwill associated with SFR FTTH was not measured on the basis of the relative values of the operation disposed of and the portion of the group of CGUs retained and therefore no goodwill was allocated to SFR FTTH Assets held for sale. As a consequence of this reassessment, based on the provisions of IAS *8 Accounting Policies, Changes in Accounting Estimates and Errors*, the Company revised the statement of financial position as of December 31, 2018 and reclassified the allocated goodwill to SFR FTTH from Goodwill to Assets held for sale for an amount of €1,118.2 million without any impact on the total assets and profit and loss of the year.

3.5. Discontinued operations

Table below presents the impacts of discontinued operations of Altice USA in the statement of income for the period ended June 8, 2018, which was the date of the Separation (please refer to note 3.2.4. for more details) and for the year ended December 31, 2018:

Disposal groups held for sale	**Altice USA**
(€m)	**June 8, 2018**
Revenue	3,363.3
Operating profit	1,315.1
Finance costs	(696.8)
Share of earnings of associates and joint ventures	(9.0)
Income tax expenses	(176.4)
Net income related to discontinued operations	**433.0**

In addition to the net income related to discontinued operation of Altice USA mentioned above, the total net income from discontinued operation presented in the consolidated statement of income for year ended December 31, 2018 also includes a gain of €278.7 million recorded in CVC 3 B.V.. This amount relates to the fair value of the remaining investment in Altice USA indirectly held by Neptune Holding US LP on the date of the Separation (please refer to note 3.2.4.1).

Therefore, the total net result from discontinued operation attributable to owners of the Company was €711.6 million for the year ended December 31, 2018.

The net cash flows of Altice USA for the period ended June 8, 2018 are presented in the table below.

Disposal groups held for sale (€m)	**Altice USA June 8, 2018**
Net cash provided by operating activities	797.0
Net cash used in investing activities	(371.3)
Net cash provided by financing activities	(490.8)

The amount of assets and liabilities of Altice USA on the date of the Separation is summarized below:

Discontinued operations (€m)	**Altice USA June 8, 2018**
Goodwill	6,477.1
Tangible and intangible assets	20,646.9
Other non-current assets	1,342.9
Currents assets	659.3
Total assets of discontinued operations	**29,126.3**
Equity	3,484.5
Non-current liabilities	23,217.6
Current liabilities	2,424.2
Total liabilities of discontinued operations	**29,126.3**

3.6. Other significant events of the current period

The transactions below were not completed by December 31, 2019 and therefore did not change the scope of the consolidation of the Group for the year ended December 31, 2019.

3.6.1. *Agreement to acquire 100% of Covage by SFR FTTH*

On November 25, 2019, SFR FTTH, alongside its consortium of financial investors (led by OMERS Infrastructure and including Allianz Capital Partners and AXA Investment Managers - Real Assets, acting on behalf of its clients), entered into an exclusivity agreement with Cube Infrastructure Fund and Partners Group (acting on behalf of its clients) regarding the acquisition of 100% of Covage for a total cash consideration of circa €1.0 billion, out of which €70 million non-recourse debt is expected to be raised at SFR FTTH, €465 million cash equity is expected to be contributed by the Group and €465 million cash equity is expected to be contributed by SFR FTTH's consortium of financial investors.

The parties entered into the share purchase agreement on December 24, 2019. The transaction is expected to close in the first half of 2020.

3.6.2. *Agreement to sell a 49.99% interest in Altice Portugal Fibre to the Home (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, 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. The sale proceeds are expected to amount to €1,565 million in 2020 and, subject to certain performance ratchets, €375 million in December 2021 and €375 million in December 2026, based on an enterprise value for Altice Portugal FTTH on a 100% basis of €4.63 billion. The transaction is subject to regulatory approval, including antitrust and foreign investment clearance and expected to close in the first half of 2020.

Altice Portugal FTTH will sell wholesale services to all operators at the same financial terms. MEO will sell technical services to Altice Portugal FTTH for the construction, the subscriber connection and the maintenance of its fibre network.

4. Segment reporting

4.1. Definition of segments

Given the geographical spread of the entities within the Group, analysis by geographical area is fundamental in determining the Group's strategy and managing its different businesses. The Group's chief operating decision maker is the Board of Directors. The Board of Directors analyses the Group's results across geographies, and certain key areas by activity. The presentation of the segments here is consistent with the reporting used internally by the Board of Directors to track the Group's operational and financial performance. The businesses that the Group owns and operates do not show significant seasonality, except for the mobile residential and business services, which can show significant changes in sales at year end and at the end of the summer season (the "back to school" period). The business services are also impacted by the timing of preparation of the annual budgets of public and private sector companies. The accounting policies of the reportable segments are the same as the Group's accounting policies.

The segments that are presented are detailed below:

- **France**: The Group controls Altice France S.A. ("Altice France"), the second largest telecom operator in France, which provides residential, business, mobile and high-speed internet services using SFR and the associated brands. Additionally, the media division of Altice France includes NextRadioTV and SFR Presse companies, which cover audio-visual and press activities in France, respectively. As of 2018, this segment also comprises of the French Overseas Territories ("FOT"), ATS France and Altice Customer Services S.à r.l. ("ACS").
- **Portugal**: Altice 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. 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 fixed residential, mobile residential 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.
- **Others**: The Board of Directors believes that these corporate operations are not substantial enough to require a separate reporting segment, and so are reported under "Others". In 2018, this segment also included i24 US LLC. i24 US LLC, which was as a subsidiary of i24 US Corp., was no longer part of the Group as from April 23, 2018 (please refer to note 3.2.4).

As of 2018, United States is no longer defined as a segment as the result of the classification of Altice USA as discontinued operations (please refer to note 3.2.4).

4.2. Financial Key Performance Indicators ("KPIs")

The Board of Directors has defined certain financial KPIs that are tracked and reported by each operating segment every month to the senior executives of the Company. The Board of Directors believes that these indicators offer them the best view of the operational and financial efficiency of each segment and this follows best practices in the rest of the industry, thus providing investors and other analysts a suitable base to perform their analysis of the Group's results.

The financial KPIs tracked by the Board of Directors are:

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

4.2.1. *Non-GAAP measures*

Adjusted EBITDA, Capex and OpFCF are non-GAAP measures. These measures are useful to readers of the Consolidated Financial Statements as they provide a measure of operating results excluding certain items that Altice's management believe are either outside of its recurring operating activities, or items that are non-cash. Excluding such items enables trends in the Group's operating results and cash flow generation to be more easily observable. The non-GAAP measures are used by the Group internally to manage and assess the results of its operations, make decisions with respect to investments and allocation of resources, and assess the performance of management personnel. Such performance measures are also the de facto metrics used by investors and other members of the financial community to value other companies operating in the same industry as the Group and thus are a basis for comparability between the Group and its peers. Moreover, the debt covenants of the Group are based on the Adjusted EBITDA and other associated metrics. The definition of Adjusted EBITDA used in the covenants has not changed with the adoption of IFRS 15 *Revenue from Contracts with Customers* and IFRS 16 *Leases* by the Group.

4.2.1.1. *Adjusted EBITDA*

Following the application of IFRS 16 *Leases*, Adjusted EBITDA is defined as operating income before depreciation and amortization, other expenses and incomes (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 lease). This may not be comparable to similarly titled measures used by other entities. Further, this measure should not be considered as an alternative for operating income as the effects of depreciation, amortization and impairment, excluded from Adjusted EBITDA, do ultimately affect the operating results. Operating results presented in the Consolidated Financial Statements are in accordance with IAS 1 *Presentation of Financial Statements*.

4.2.1.2. *Capex*

Capex is an important indicator to follow, as the profile varies greatly between activities:

- The fixed business has fixed Capex requirements that are mainly discretionary (network, platforms, general), and variable capex requirements related to the connection of new customers and the purchase of Customer Premise Equipment (TV decoder, modem, etc.).
- Mobile Capex is mainly driven by investment in new mobile sites, upgrade to new mobile technology and licenses to operate; once engaged and operational, there are limited further Capex requirements.
- Other Capex is mainly related to costs incurred in acquiring content rights.

4.2.1.3. *Operating free cash flow*

OpFCF is defined as Adjusted EBITDA less Capex. This may not be comparable to similarly titled measures used by other entities. Further, this measure should not be considered as an alternative for operating cash flow as presented in the consolidated statement of cash flows in accordance with IAS 7 *Statement of Cashflows*.

4.2.2. *Revenues*

As of January 1, 2019, additional information on the revenue split is presented as follows:

- Fixed residential: revenues from fixed business to B2C customers;
- Mobile residential: revenues from mobiles services and equipment business to B2C subscribers;
- Business services: revenues from B2B customers, wholesale (including the construction of the FTTH network for SFR FTTH) and other revenues; and
- Media: media, content and advertisement revenues in Altice France, Teads and Altice TV.

Intersegment revenues represented 2.2% of total revenues for the year ended December 31, 2019, compared to 1.5% of total revenues for the year ended December 31, 2018 (€327.0 million compared to €211.1 million). Intersegment revenues mainly relate to services rendered by certain centralized Group functions (relating to content production, technical services and customer services) to the operational segments of the Group. The majority of Altice TV's revenues (based on contractual terms) and activities are within the Group and therefore are eliminated.

4.3. Segment results

4.3.1. *Operating profit per segment*

For the year ended December 31, 2019 €m	France	Portugal	Israel	Dominican Republic	Teads	Altice TV	Others	Inter-segment elimination	Total
Revenues	**10,798.4**	**2,110.2**	**961.8**	**560.7**	**453.0**	**238.2**	**0.8**	**(327.0)**	**14,796.2**
Purchasing and subcontracting costs	(2,897.8)	(562.0)	(298.9)	(141.3)	-	(366.1)	-	318.1	**(3,948.0)**
Other operating expenses	(1,910.0)	(379.1)	(198.1)	(86.4)	(266.2)	(1.0)	(20.1)	(0.1)	**(2,860.9)**
Staff costs and employee benefit expenses	(1,060.5)	(265.2)	(71.1)	(32.3)	(100.3)	(1.7)	(22.2)	0.4	**(1,553.0)**
Total	**4,930.1**	**903.8**	**393.7**	**300.8**	**86.5**	**(130.5)**	**(41.5)**	**(8.6)**	**6,434.4**
Share-based expense	30.8	-	-	-	-	-	12.3	-	**43.1**
Rental expense operating lease[1]	(761.1)	(71.7)	(34.5)	(22.6)	(4.0)	-	-	-	**(894.0)**
Adjusted EBITDA	**4,199.8**	**832.1**	**359.2**	**278.2**	**82.5**	**(130.5)**	**(29.2)**	**(8.6)**	**5,583.5**
Depreciation, amortisation and impairment	(3,511.7)	(735.3)	(368.2)	(132.0)	(20.9)	(469.9)	(0.2)	-	**(5,238.1)**
Share-based expense	(30.8)	-	-	-	-	-	(12.3)	-	**(43.1)**
Other expenses and income	1,846.6	(334.6)	(14.4)	(3.1)	(9.6)	-	(1.7)	1.0	**1,484.3**
Rental expense operating lease[1]	761.1	71.7	34.5	22.6	4.0	-	-	-	**894.0**
Operating profit/(loss)	**3,265.0**	**(166.0)**	**11.1**	**165.7**	**56.0**	**(600.4)**	**(43.4)**	**(7.6)**	**2,680.5**

For the year ended December 31, 2018 €m	France	Portugal	Israel	Dominican Republic	Teads	Altice TV	Others	Inter-segment elimination	Total
Revenues	**10,358.8**	**2,109.5**	**941.2**	**590.2**	**342.1**	**119.4**	**5.1**	**(211.1)**	**14,255.2**
Purchasing and subcontracting costs	(3,372.8)	(545.0)	(257.2)	(166.0)	-	(334.3)	(0.9)	195.4	**(4,480.8)**
Other operating expenses	(2,176.0)	(418.3)	(214.5)	(102.9)	(197.3)	(7.1)	(25.6)	7.2	**(3,134.5)**
Staff costs and employee benefit expenses	(1,023.5)	(276.5)	(64.0)	(27.4)	(84.5)	(5.2)	(64.9)	0.4	**(1,545.7)**
Total	**3,786.5**	**869.8**	**405.5**	**293.9**	**60.2**	**(227.3)**	**(86.3)**	**(8.1)**	**5,094.2**
Share-based expense	1.7	-	0.2	-	-	-	41.0	-	**42.9**
Adjusted EBITDA	**3,788.2**	**869.8**	**405.7**	**293.9**	**60.2**	**(227.3)**	**(45.3)**	**(8.1)**	**5,137.2**
Depreciation, amortisation and impairment	(2,704.3)	(680.2)	(319.1)	(125.5)	(16.4)	(283.9)	4.9	-	**(4,124.5)**
Share-based expense	(1.7)	-	(0.2)	-	-	-	(41.0)	-	**(42.9)**
Other expenses and income	(497.1)	532.7	(7.4)	12.6	(1.1)	300.2	117.4	**(0.4)**	**457.1**
Operating profit/(loss)	**585.2**	**722.3**	**79.0**	**181.1**	**42.7**	**(211.0)**	**36.1**	**(8.5)**	**1,426.9**

1 This line corresponds to the operating lease expenses which impacts are included in Adjusted EBITDA following the definition stated in note 4.2.1.1.

Regarding the share-based expenses, the Group has several share-based compensation plans across its various entities comprising of mainly the Long-Term Incentive Plan (“LTIP”), the Share Option Plan (“SOP”), the options granted to Next Alt and the Preference Shares granted to the Company’s CEO, Mr. A. Weill. During the year ended December 31, 2019, the Group incurred share-based expenses of €43.1 million, an increase of €0.2 million compared to the year ended December 31, 2018.

4.3.2. *Other expenses and (income)*

Other expenses and income pertain mainly to ongoing and announced restructuring and other non-cash expenses (for example gains and losses on disposal of assets, deal fees on acquisitions of entities and provisions for litigation, etc.). Details of the expenses incurred during the years ended December 31, 2019 and 2018 are provided below:

Other expenses and income (€m)	For the year ended December 31, 2019	For the year ended December 31, 2018
Restructuring costs	294.1	2.0
Net loss/(gain) on disposal of assets	33.4	(11.0)
Disputes and litigation	75.2	(37.1)
Penalties	-	124.5
Net gain on sale of consolidated entities	(2,015.9)	(787.9)
Deal fees	19.6	41.5
Other expenses and income (net)	109.3	210.9
Other expenses and (income)	**(1,484.3)**	**(457.1)**

4.3.2.1. *Restructuring costs*

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. The payments made up to December 31, 2019 amounted approximately to €20 million.

4.3.2.2. *Disputes and litigation*

For the year ended December 31, 2019, disputes and litigation mainly related to the provisions recorded in Altice France for tax litigation and fines and in PT Portugal for labour and tax litigations.

For the year ended December 31, 2018, disputes and litigation mainly related to the release of Altice France litigation provisions with Orange of €122.0 million which was offset by additional provision for VAT and tax litigations of €57 million. Additionally, €24.7 million litigation provision was recorded in PT Portugal.

4.3.2.3. *Penalties*

For the year ended December 31, 2018, penalties corresponded to the fine imposed to the Group following the European Commission's investigation on gun jumping during the acquisition of PT Portugal by the Group. The €124.5 million fine was recorded in the Portugal segment in 2018 (2019: nil). Please refer to note 32.2.1 for more details.

4.3.2.4. *Net gain on sale of consolidated entities*

For the year ended December 31, 2019, this mainly related to the capital gain from the sale of a 49.99% equity stake in SFR FTTH and the remeasurement at fair value of residual interest in SFR FTTH of €2,085.6 million (please refer to note 3.1.2), and the capital loss from the sale of a majority stake in L'Express of €67.7 million (please refer to note 3.1.3).

For the year ended December 31, 2018, this mainly related to the gain on the sale of the tower business in PT Portugal of €601.6 million (please refer to note 3.2.9), and the sale of telecommunications solutions business and data centre operations in Switzerland, green.ch AG and Green Datacenter AG (please refer to note 3.2.1).

4.3.2.5. *Other expenses and income (net)*

For the year ended December 31, 2019, other expenses and income consisted mainly of expenses in Altice France of €61.7 million of termination payment and rental charges related to the Saint Denis office building.

For the year ended December 31, 2018, it consisted mainly of the costs in Altice France related to the change in office premises to the new Altice Campus (€52.6 million), the settlement costs with Bouygues and Orange (€94 million) and expenses for network claims (€28 million).

4.4. Revenue by activity

In previously published information in 2018, the revenues of French Overseas Territories ("FOT") were classified as Other revenue caption within the France segment. Following the change in the way that the management looks at the business, the sale of FOT to Altice France in October 2018 and to maintain comparability over the years, the revenues of FOT for the year ended December 31, 2018 presented in this note were reclassified according to the revenue split per activity defined in note 4.2.2 and in line with 2019 classification.

The tables below provide the split of revenues by activity as defined in note 4.2.2.

For the year ended December 31, 2019 €m	France	Portugal	Israel	Dominican Republic	Teads	Altice TV	Others	Total
Fixed residential	2,528.8	621.6	564.2	103.9	-	-	-	**3,818.5**
Mobile residential	4,219.5	569.3	268.6	353.2	-	-	-	**5,410.6**
Residential	6,748.3	1,190.9	832.8	457.1	-	-	-	**9,229.1**
Business services	3,597.2	919.3	128.9	103.6	-	-	0.8	**4,749.9**
Media	452.9	-	-	-	453.0	238.2	-	**1,144.1**
Total standalone revenues	**10,798.4**	**2,110.2**	**961.8**	**560.7**	**453.0**	**238.2**	**0.8**	**15,123.1**
Intersegment eliminations	(102.6)	(65.0)	(0.4)	(0.2)	(2.6)	(155.3)	(0.8)	**(327.0)**
Total consolidated revenues	**10,695.8**	**2,045.2**	**961.4**	**560.5**	**450.4**	**82.9**	**-**	**14,796.2**

For the year ended December 31, 2018 €m	France	Portugal	Israel	Dominican Republic	Teads	Altice TV	Others	Total
Fixed residential	2,596.2	618.4	580.6	100.7	-	-	-	**3,895.9**
Mobile residential	4,249.0	561.7	243.3	354.1	-	-	-	**5,408.1**
Residential	6,845.2	1,180.1	823.9	454.8	-	-	-	**9,304.0**
Business services	3,050.7	929.4	117.3	135.4	-	-	5.1	**4,237.9**
Media	462.9	-	-	-	342.1	119.4	-	**924.4**
Total standalone revenues	**10,358.8**	**2,109.5**	**941.2**	**590.2**	**342.1**	**119.4**	**5.1**	**14,466.3**
Intersegment eliminations	(79.4)	(43.8)	(0.6)	(0.8)	(2.8)	(80.8)	(2.9)	**(211.1)**
Total consolidated revenues	**10,279.4**	**2,065.8**	**940.7**	**589.4**	**339.3**	**38.6**	**2.1**	**14,255.2**

The table below provides the standalone and consolidated revenues in accordance to IFRS 15 *Revenue from Contracts with Customers* for the year ended December 31, 2019 and 2018.

Revenues split IFRS 15 (€m)	December 31, 2019	December 31, 2018
Fixed residential	3,807.4	3,895.9
Mobile residential	4,490.5	4,551.3
Business services	4,452.3	4,104.9
Total telecom excluding equipment sales	**12,750.3**	**12,552.1**
Equipment sales	1,228.7	989.8
Media	1,144.1	924.4
Total standalone revenues	**15,123.1**	**14,466.3**
Intersegment elimination	(327.0)	(211.1)
Total consolidated	**14,796.2**	**14,255.2**

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at December 31, 2019:

Maturity of revenues (€m)	2020	2021	2022	Beyond 2023	Total
Total	**2,676.5**	**970.1**	**195.3**	**321.1**	**4,163.0**

4.5. Capital expenditure

Capital expenditure is a key performance indicator tracked by the Group. The schedule below details the capital expenditure by segment and reconciles it to the payments to acquire capital items (tangible and intangible assets) as presented in the statement of cash flows.

For the year ended December 31, 2019 €m	France	Portugal	Israel	Dominican Republic	Teads	Altice TV	Others	Eliminations	Total
Capital expenditure (accrued)	2,354.9	435.6	245.1	114.5	7.5	20.6	-	(7.6)	**3,170.7**
Capital expenditure - working capital items	(89.3)	(5.8)	6.3	1.4	-	351.6	-	3.3	**267.5**
Payments to acquire tangible and intangible assets	**2,265.7**	**429.9**	**251.4**	**115.9**	**7.5**	**372.2**	**-**	**(4.3)**	**3,438.2**

For the year ended December 31, 2018 €m	France	Portugal	Israel	Dominican Republic	Teads	Altice TV	Others	Eliminations	Total
Capital expenditure (accrued)	2,269.6	423.3	234.1	115.2	1.4	1,014.1	-	(4.7)	**4,053.0**
Capital expenditure - working capital items	126.0	36.3	8.7	(3.5)	-	(703.6)	-	-	**(536.2)**
Payments to acquire tangible and intangible assets	**2,395.6**	**459.6**	**242.8**	**111.7**	**1.4**	**310.5**	**-**	**(4.7)**	**3,516.7**

4.5.1. *Adjusted EBITDA less accrued Capex (Non-GAAP measures)*

The table below details the calculation of Adjusted EBITDA less accrued Capex or operating free cash flows ("OpFCF"), as presented to the Board of Directors. This measure is used as an indicator of the Group's financial performance as the Board of Directors believes it is one of several benchmarks used by investors, analysts and peers for comparison of performance in the Group's industry, although it may not be directly comparable to similar measures reported by other companies. Adjusted EBITDA and accrued Capex are both reconciled to GAAP reported figures in this note; this measure is a calculation using these two non-GAAP figures, therefore, no further reconciliation is provided.

For the year ended December 31, 2019 €m	**France**	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Altice TV**	**Others**	**Eliminations**	**Total**
Adjusted EBITDA	4,199.8	832.1	359.2	278.2	82.5	(130.5)	(29.2)	(8.6)	**5,583.4**
Capital expenditure (accrued)	(2,354.9)	(435.6)	(245.1)	(114.5)	(7.5)	(20.6)	-	7.6	**(3,170.7)**
Operating free cash flow (OpFCF)	**1,844.9**	**396.5**	**114.0**	**163.8**	**74.9**	**(151.1)**	**(29.2)**	**(1.0)**	2,412.7

For the year ended December 31, 2018 €m	**France**	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Altice TV**	**Others**	**Eliminations**	**Total**
Adjusted EBITDA	3,788.2	869.8	405.7	293.9	60.2	(227.3)	(45.3)	(8.1)	**5,137.2**
Capital expenditure (accrued)	(2,269.6)	(423.3)	(234.1)	(115.2)	(1.4)	(1,014.1)	-	4.7	**(4,053.0)**
Operating free cash flow (OpFCF)	**1,518.6**	**446.5**	**171.5**	**178.8**	**58.9**	**(1,241.4)**	**(45.3)**	**(3.4)**	1,084.2

5. Goodwill

Goodwill recorded in the consolidated statement of financial position was allocated to the different groups of cash generating units ("GCGU" or "CGU" for cash generating units) as defined by the Group. In the table below, the goodwill of Altice TV, Teads and other corporate entities in 2019 and 2018 were aggregated in the caption Others.

Goodwill (€m)	**January 1, 2019**	**Recognised on business combination**	**Changes in foreign currency translation**	**Held for sale**	**Other[1]**	**December 31, 2019**
France	11,428.8	4.5		(28.4)	0.1	11,405.0
Portugal	1,727.4	-	-	-	-	1,727.4
Israel	726.9	-	73.1	-	-	800.0
Dominican Republic	694.4	-	(21.0)	-	-	673.4
Others[2]	212.8	-	-	-	3.2	216.0
Gross value	**14,790.3**	**4.5**	**52.1**	**(28.4)**	**3.3**	**14,821.7**
France	(8.6)	-	-	28.4	(28.4)	(8.6)
Portugal	-	-	-	-	-	-
Israel	(142.6)	-	(15.1)	-		(157.7)
Dominican Republic	-	-	-	-	-	-
Others	-	-	-	-	-	-
Cumulative impairment	**(151.2)**	**-**	**(15.1)**	**28.4**	**(28.4)**	**(166.4)**
France	11,420.2	4.5	-	-	(28.3)	11,396.3
Portugal	1,727.4	-	-	-	-	1,727.4
Israel	584.3	-	58.1	-	-	642.3
Dominican Republic	694.4	-	(21.0)	-	-	673.4
Others	212.8	-	-	-	3.2	216.0
Net book value	**14,639.1**	**4.5**	**37.0**	**-**	**(25.1)**	**14,655.5**

1 The value of goodwill in Altice France in column Other represents the impairment of goodwill as part of the sale of the majority stake of L'Express (please refer to note 3.1.3).

2 The increase in goodwill of Others of €3.2 million as of December 31, 2019 related to the acquisition of Buzzeff by Teads in the first quarter of 2019.

Goodwill (€m)	January 1, 2018	Recognised on business combination	Changes in foreign currency translation	Held for sale	Distribution[1]	Other	December 31, 2018 (*revised)
France	12,594.3	-	0.2	(1,118.2)	-	(47.6)	11,428.8
United States	6,378.9	-	-	-	(6,378.9)	-	-
Portugal	1,727.4	-	-	-	-	-	1,727.4
Israel	746.4	-	(19.6)	-	-	-	726.9
Dominican Republic	800.2	-	(105.8)	-	-	-	694.4
Others	210.2	2.6	-	-	-	-	212.8
Gross value	**22,457.6**	**2.6**	**(125.2)**	**(1,118.2)**	**(6,378.9)**	**(47.6)**	**14,790.3**
France	(8.6)	-	-	-	-	-	(8.6)
United States	-	-	-	-	-	-	-
Portugal	-	-	-	-	-	-	-
Israel	(146.7)	-	4.0	-	-	-	(142.6)
Dominican Republic	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Cumulative impairment	**(155.2)**	**-**	**4.0**	**-**	**-**	**-**	**(151.2)**
France	12,585.8	-	0.2	(1,118.2)	-	(47.6)	11,420.2
United States	6,378.9	-	-	-	(6,378.9)	-	-
Portugal	1,727.4	-	-	-	-	-	1,727.4
Israel	599.8	-	(15.5)	-	-	-	584.3
Dominican Republic	800.2	-	(105.8)	-	-	-	694.4
Others	210.2	2.6	-	-	-	-	212.8
Net book value	**22,302.4**	**2.6**	**(121.1)**	**(1,118.2)**	**(6,378.9)**	**(47.6)**	**14,639.1**

(*) Revised following the reclassification of goodwill allocated to SFR FTTH. Please refer to notes 3.4 and 36.

1 Distribution contains the impact of the Separation of Altice USA in 2018. Please refer to notes 3.2.4 and 3.5.

5.1. Impairment of goodwill

The Group has chosen to organise its GCGUs based on the geographies that it operates in. For more details on the GCGUs, please refer to note 2.9 and 5.

Goodwill is tested at the level of each GCGU or CGU annually for impairment and whenever changes in circumstances indicate that its carrying amount may not be recoverable. Goodwill was tested at the CGU/GCGU level for impairment as of December 31, 2019. The CGU/GCGU is at the country level where the subsidiaries operate. The recoverable amounts of the GCGUs are determined based on their value in use. The Group determined value in use for purposes of its impairment testing and, accordingly, did not determine the fair value less cost of disposal of the GCGUs. The key assumptions for the value in use calculations are primarily the post-tax discount rates, the terminal growth rate, revenue, Adjusted EBITDA and capital expenditures. Following the application of IFRS 16 *Leases*, Adjusted EBITDA is defined as operating income before depreciation and amortization, other expenses and incomes (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 lease).

The Board of Directors and the Group's senior executives have determined that there have not been any changes in circumstances indicating that the carrying amount of goodwill may not be recoverable. In addition, there were no significant changes in assets or liabilities in any CGU/GCGU, while the recoverable amounts continue to significantly exceed the carrying amounts. Therefore, no updated impairment testing was performed, nor any impairment recorded, for the year ended December 31, 2019.

5.1.1. *Key assumptions used in impairment testing*

The Group has made use of various external indicators and internal reporting tools to estimate the revenue growth rates used in the Group's impairment testing for the year ended December 31, 2019.

5.1.1.1. *Cash flows*

The value in use of each GCGU was determined by estimating cash flows for a period of five years for the operating activities. Cash flow forecasts are derived from the most recent business plans approved by the Board of Directors. Beyond the specifically forecasted period of five years, the Company extrapolates cash flows for the remaining years based on an estimated constant growth rate between 0.5% - 4.3%. The growth rate is estimated at an individual subsidiary level and does not exceed the average long-term growth rate for the relevant markets.

5.1.1.2. *Discount rates*

Discount rates have been estimated using post-tax rates, which reflect current market rates for investments of similar risk. The discount rate for the GCGUs was estimated using the weighted average cost of capital ("WACC") of companies that operate a portfolio of assets similar to the Group's. The WACC used across the Group for the calculation of the value in use at December 31, 2019 ranges from 6.0% to 11.5%.

5.1.1.3. *Other internal assumptions*

The Groups makes assumptions of customer churn rates and operating income, or Adjusted EBITDA (and the Adjusted EBITDA margin). These assumptions were based on historical experience and expectations of future changes in the market. The Group also assumes that recurring capex is expected to be proportional to sales, related to the acquisition of new clients, and thus is indexed to the growth in revenues.

5.1.1.4. *Assumptions about external factors*

In addition to using internal indicators to assess the carrying amount in use, the Board of Directors also relies on external factors which can influence the cash generating capacity of the CGUs or GCGUs and indicate that certain factors beyond the control of the Board of Directors might influence the carrying amounts in use:

- Indicators of market slowdown in a country of operation,
- Indicators of degradation in financial markets, that can impact the financing ability of the Group.

Key assumptions used in estimating value in use	**France**	**Portugal**	**Israel**	**Dominican Republic**	**Teads**
At December 31, 2019					
Average terminal growth rate (%)	1.5%	1.5%	0.5%	4.25%	1.5%
5-year average Adjusted EBITDA ratio (%)	40.7%	38.1%	36.0%	50.40%	20.1%
5-year average CAPEX ratio (%)	-22.5%	-20.2%	-24.5%	-18.10%	-1.1%
Post tax weighted average cost of capital (%)	6.0%	6.0%	7.0%	11.5%	10.0%
At December 31, 2018					
Average terminal growth rate (%)	1.75%	1.75%	1.0%	4.0%	1.75%
5-year average Adjusted EBITDA ratio (%)	41.3%	38.7%	38.5%	50.1%	18.5%
5-year average CAPEX ratio (%)	-21.3%	-17.4%	-23.2%	-19.2%	-0.3%
Post tax weighted average cost of capital (%)	7.0%	7.5%	7.0%	11.5%	11.0%

5.1.2. *Sensitivity analysis*

In validating the value in use determined for the GCGU, key assumptions used in the discounted cash-flow model were subject to a sensitivity analysis to test the resilience of value in use. The sensitivity analysis of the GCGUs is presented below, given changes to the material inputs to the respective valuations:

Sensitivity to changes in key inputs in the value in use calculation (€m)	**France**	**Portugal**	**Israel**	**Dominican Republic**	**Teads**
Amount by which the CGU exceeds the book value	15,712.0	1,665.8	288.4	784.0	1,603.9
Terminal growth rate for which recoverable amount is equal to carrying amount	-2.3%	-0.4%	-1.0%	-3.8%	nm
Discount rate for which recoverable amount is equal to carrying amount	9.2%	7.6%	8.2%	16.7%	44.5%
Adjusted EBITDA ratio for which recoverable amount is equal to carrying amount	32.5%	33.1%	33.6%	36.7%	4.5%
0.5% increase in the discount rate	(3,798.5)	(643.5)	(134.0)	(121.0)	(116.0)
1.0% decrease in the terminal growth rate	(6,209.5)	(1,022.4)	(206.7)	(180.9)	(158.2)

The analysis did not result in any scenarios whereby a reasonable possible change in the EBITDA margin would result in a recoverable amount for the GCGU which is inferior to the carrying value, if applied to any other GCGU.

5.2. Business combinations

The Group has not concluded any material acquisition during the past 12 months. When the Group acquires an entity, it records the provisional value of the assets and liabilities as being equivalent to the book values in the accounting records of the entity being acquired. The Group then identifies the assets and liabilities to which the purchase price needs to be allocated. The fair value is determined by an independent external appraiser based on a business plan prepared as of the date of the acquisition.

5.2.1. *Acquisitions where the purchase price allocations have been finalized during 2018*

5.2.1.1. *DTV Holding (previously known as Pho Holding)*

On July 26, 2017, Altice France obtained approval for the take-over of Pho Holding, owner of the Numero 23 channel, by NextRadioTV. Following the take-over, the consolidation method changed as of September 30, 2017 (from equity accounted to full consolidation) and fair value adjustment was booked for €8.9 million gain and recorded in the Other expenses and income caption in the statement of income in 2017. The purchase price allocation was finalized. The total additional goodwill resulted from the take-over was €53.4 million in 2017.

On September 1, 2018, Altice France acquired the remaining 49% interest in DTV Holding, the new name of Pho Holding, and there was no change in fair value adjustment (please refer to note 3.2.8).

	€m
Total consideration transferred	8.9
Allocation to minority interest	(14.6)
Change in investments in associates	29.1
Fair value of identified assets and liabilities	(29.9)
Goodwill	53.4

5.2.1.2. *Teads*

On June 22, 2017, Altice Teads (a company in which the Group has 98.5% of the financial interest, with 1.5% attributable to the managers of Teads) closed the acquisition of Teads. The acquisition purchase price was €302.3 million, with 75% due at closing, and the remaining 25% earn-out subject to Teads obtaining defined revenue performance in 2017, which targets have been met. As the defined revenue targets for 2017 were met, an earn-out payment of €48.6 million was made to the former owners of Teads during the second quarter of 2018, with an additional earn-out payment of €13.1 million made on July 3, 2018.

Following the preliminary purchase price allocation, the Group identified the following assets and liabilities. Their fair value was determined by an independent external appraiser based on a business plan prepared as of the date of the acquisition as follows:

- the Teads brand was measured using the relief from royalty method using a useful life of 5 years, resulting in a fair value of €26.6 million;
- a fair value of €50.2 million was attributed to Programatic and Managed Service technology and measured using the relief from royalty method with a useful life of 5 years.

There was no change in the preliminary purchase price allocation compared to December 31, 2018 and the purchase price allocation has been finalized.

	€m
Total consideration transferred	302.3
Fair value of identifiable assets, liabilities and contingent liabilities	100.6
Goodwill	201.7

6. Intangible assets and right-of-use assets

6.1. Intangible assets

Intangible assets December 31, 2019 (€m)	**January 1, 2019**	**Additions**	**Disposals**	**Business Combinations**	**Changes in foreign currency**	**Held for sale**	**Other[1]**	**December 31, 2019**
Software	3,455.7	412.3	(392.7)	0.4	22.6	-	398.5	3,896.9
Brand name	1,543.1	-	(0.5)	-	3.3	-	(13.6)	1,532.3
Customer relations	4,761.1	-	-	0.9	31.0	-	-	4,793.1
Licenses and franchises	2,664.0	(9.0)	(3.3)	-	(2.5)	-	37.7	2,687.0
R&D costs acquisitions	46.7	2.3	-	-	-	-	10.9	59.9
Subscriber acquisition costs	-	-	-	-	-	-	-	-
Intangible assets under construction	178.3	135.6	(0.1)	0.4	-	-	(122.8)	191.3
IRU & other concessions	898.2	8.5	(3.3)	-	-	-	77.1	980.6
Content rights	1,925.8	109.2	-	1.4	27.9	-	6.6	2,070.8
Other intangible assets	1,838.1	166.3	(37.0)	-	17.8	-	53.6	2,038.8
Gross value	**17,311.1**	**825.3**	**(436.9)**	**3.1**	**100.1**	**-**	**447.9**	**18,250.7**
Software	(2,154.5)	(435.6)	388.6	(0.4)	(19.8)	-	(348.5)	(2,570.2)
Brand name	(1,012.9)	(142.3)	0.3	-	(2.5)	-	(0.2)	(1,157.6)
Customer relations	(2,481.6)	(496.4)	-	-	(22.3)	-	-	(3,000.3)
Licenses and franchises	(835.7)	(191.3)	3.3	-	0.9	-	-	(1,022.8)
R&D costs acquisitions	(29.2)	(14.9)	-	-	-	-	1.5	(42.7)
Subscriber acquisition costs	-	-	-	-	-	-	-	-
Intangible assets under construction	(1.5)	(0.7)	-	-	-	-	0.2	(2.0)
IRU & other concessions	(579.7)	(96.2)	3.3	-	-	-	(1.8)	(674.4)
Content rights	(789.4)	(564.4)	-	(1.0)	(20.3)	-	(16.0)	(1,391.1)
Other intangible assets	(764.0)	(193.1)	39.1	-	(9.7)	-	(3.4)	(931.1)
Cumulative amortization	**(8,648.5)**	**(2,134.9)**	**434.6**	**(1.4)**	**(73.8)**	**-**	**(368.2)**	**(10,792.3)**
Software	1,301.2	(23.3)	(4.1)	-	2.8	-	50.0	1,326.7
Brand name	530.3	(142.3)	(0.1)	-	0.7	-	(13.8)	374.7
Customer relations	2,279.5	(496.4)	-	0.9	8.7	-	-	1,792.7
Licenses and franchises	1,828.3	(200.2)	-	-	(1.6)	-	37.7	1,664.1
R&D costs acquisitions	17.5	(12.6)	-	-	-	-	12.4	17.2
Subscriber acquisition costs	-	-	-	-	-	-	-	-
Intangible assets under construction	176.7	134.9	(0.1)	0.4	-	-	(122.6)	189.3
IRU & other concessions	318.8	(87.7)	-	-	-	-	75.3	306.2
Content rights	1,136.5	(455.2)	-	0.3	7.6	-	(9.4)	679.7
Other intangible assets	1,074.2	(26.8)	2.1	-	8.1	-	50.1	1,107.7
Net book value	**8,662.9**	**(1,309.6)**	**(2.2)**	**1.7**	**26.4**	**-**	**79.7**	**7,458.4**

1 The column Other includes the impact from the adoption of IFRS 16 *Leases* of (€1.4) million. Please refer to note 1.3.3.

Intangible assets December 31, 2018 (€m)	January 1, 2018	Additions	Disposals	Business Combinations	Changes in foreign currency	Held for sale	Distribution[1]	Other	December 31, 2018
Software	3,304.1	454.4	(19.9)	-	(5.2)	-	(592.4)	314.7	3,455.7
Brand name	2,431.4	-	-	-	(0.8)	-	(901.6)	14.1	1,543.1
Customer relations	9,740.6	-	-	-	(8.0)	-	(5,044.7)	73.2	4,761.1
Licenses and franchises	13,558.0	1.0	(1.6)	-	1.1	-	(11,017.5)	123.1	2,664.0
R&D costs acquisitions	32.6	1.2	-	-	-	-	-	12.9	46.7
Subscriber acquisition costs	548.4	-	-	-	-	-	-	(548.4)	-
Intangible assets under construction	171.5	55.5	(0.7)	-	-	-	(26.1)	(21.9)	178.3
IRU & other concessions	889.4	20.7	(19.3)	-	-	(133.4)	-	140.8	898.2
Content rights	830.4	1,115.3	(0.4)	0.5	(6.5)	-	-	(13.5)	1,925.8
Other intangible assets	989.3	158.7	(46.0)	-	(4.0)	-	(14.3)	754.4	1,838.1
Gross value	**32,495.6**	**1,806.8**	**(87.9)**	**0.5**	**(23.3)**	**(133.4)**	**(17,596.4)**	**849.2**	**17,311.1**
Software	(1,792.2)	(434.6)	18.7	-	4.5	-	328.4	(279.4)	(2,154.5)
Brand name	(1,379.7)	(123.3)	-	-	0.6	-	460.8	28.6	(1,012.9)
Customer relations	(3,115.9)	(546.5)	-	-	5.1	-	1,238.8	(63.1)	(2,481.6)
Licenses and franchises	(708.0)	(173.7)	1.4	-	(0.4)	-	5.2	39.9	(835.7)
R&D costs acquisitions	(17.5)	(12.4)	-	-	-	-	-	0.7	(29.2)
Subscriber acquisition costs	(401.5)	-	-	-	-	-	-	401.5	-
Intangible assets under construction	(0.2)	(1.3)	-	-	-	-	-	(0.1)	(1.5)
IRU & other concessions	(425.4)	(96.7)	14.4	-	-	21.1	-	(93.1)	(579.7)
Content rights	(425.9)	(359.7)	4.1	(0.5)	4.3	-	-	(11.6)	(789.4)
Other intangible assets	34.5	(220.2)	28.6	-	1.4	-	4.9	(613.1)	(764.0)
Cumulative amortization	**(8,231.8)**	**(1,968.4)**	**67.2**	**(0.5)**	**15.4**	**21.1**	**2,038.2**	**(589.7)**	**(8,648.5)**
Software	1,511.9	19.9	(1.2)	-	(0.7)	-	(264.0)	35.4	1,301.2
Brand name	1,051.8	(123.3)	-	-	(0.2)	-	(440.7)	42.7	530.3
Customer relations	6,624.7	(546.5)	-	-	(2.9)	-	(3,805.8)	10.0	2,279.5
Licenses and franchises	12,850.0	(172.8)	(0.2)	-	0.6	-	(11,012.2)	163.0	1,828.3
R&D costs acquisitions	15.1	(11.3)	-	-	-	-	-	13.6	17.5
Subscriber acquisition costs	146.9	-	-	-	-	-	-	(146.9)	-
Intangible assets under construction	171.3	54.3	(0.7)	-	-	-	(26.1)	(22.1)	176.7
IRU & other concessions	464.0	(75.9)	(4.9)	-	-	(112.3)	-	47.8	318.8
Content rights	404.6	755.6	3.7	-	(2.2)	-	-	(25.2)	1,136.5
Other intangible assets	1,023.8	(61.5)	(17.4)	-	(2.6)	-	(9.3)	141.3	1,074.2
Net book value	**24,264.0**	**(161.6)**	**(20.7)**	**-**	**(7.9)**	**(112.3)**	**(15,558.2)**	**259.5**	**8,662.9**

1 Distribution corresponds to the impact of the Separation, please refer to note 3.2.4.

The decrease in net book value of intangible assets compared to 2018 was caused mainly by higher amortization of the content rights of UEFA Champions League and Europa League in Altice TV. The total amortization expense for the years ended December 31, 2019 and 2018 was €2,134.9 million and €1,968.4 million, respectively, please refer to note 27.

The majority of intangible assets are related to the recognition of intangible assets on acquisition of business combinations as a reduction in the value of attributable goodwill. The key items include:

- Customer relations: these assets are valued using the excess earnings method upon acquisition and subsequently amortized based on the local churn rate. The carrying amount of customer relations by segment was: (i) France: €1,185.3 million, (ii) Portugal: €533.4 million, (iii) Israel: €72.3 million, (iv) the Dominican Republic: €1.1 million.
- Brand name: the carrying amounts of the Group's main brand names includes: (i) SFR in France: €315.5 million, (ii) MEO in Portugal: €39.6 million, (iii) HOT in Israel: €6.3 million, (iv) Teads: €13.3 million.
- Licenses and franchises: include mainly licenses held by Altice France amounting to €1,530.2 million (of which €37.9 million relates to licenses held by NextRadioTV).
- Content rights: during 2018, the Group acquired a multi-year sport rights of UEFA Champions League and Europe League for France for €1,013.5 million. The content rights were capitalized in accordance with IAS 38 *Intangible Assets* and are amortized over their respective useful lives. When useful lives extend beyond one year the nominal cash flows are discounted to their present value on initial recognition of the asset. The amortization related to content rights recorded for the year ended December 31, 2019 were €454.9 million for Sport in Altice TV (useful life is 2-4 years), €13.9 million for fiction in Altice TV and €43.9 million for local production and fiction in Israel (average useful life is 3 years).

6.2. Right-of-use assets

The following table provides the summary of right-of-use assets as of December 31, 2019 following the first adoption of IFRS 16 *Leases*:

Right-of-use assets December 31, 2019 (€m)	January 1, 2019 First adoption of IFRS 16	Additions	Business combinations	Contract modifications and terminations	Changes in foreign currency	Other	Total
Lands and buildings	1,341.3	225.7	0.2	(106.3)	3.1	(2.0)	1,462.1
Technical installations	3,042.0	939.1	-	(124.7)	12.9	1.5	3,870.8
Other	120.6	61.8	-	(17.0)	1.1	(7.2)	159.3
Gross carrying value	**4,503.9**	**1,226.6**	**0.2**	**(248.0)**	**17.2**	**(7.6)**	**5,492.3**
Lands and buildings	(60.0)	(157.1)	(0.1)	7.0	(0.0)	0.2	(210.0)
Technical installations	(253.0)	(661.2)	-	21.5	(5.4)	(4.7)	(902.8)
Other	(61.2)	(40.1)	-	10.4	(0.1)	1.4	(89.6)
Accumulated amortisation and impairment	**(374.2)**	**(858.4)**	**(0.1)**	**38.8**	**(5.6)**	**(3.0)**	**(1,202.4)**
Lands and buildings	1,281.3	68.6	0.1	(99.3)	3.1	(1.7)	1,252.1
Technical installations	2,789.0	277.9	-	(103.3)	7.5	(3.1)	2,967.9
Other	59.4	21.7	-	(6.6)	1.0	(5.7)	69.8
Net carrying amount	**4,129.8**	**368.2**	**0.1**	**(209.2)**	**11.6**	**(10.6)**	**4,289.8**

7. Property, plant and equipment

Property, plant and equipment December 31, 2019 (€m)	January 1, 2019	Additions	Disposals	Business Combinations	Changes in foreign currency	Held for sale	Other[1]	December 31, 2019
Land	277.5	16.1	(3.1)	-	(0.6)	(2.7)	2.8	290.1
Buildings	2,720.6	131.2	(74.0)	-	6.5	(14.1)	(518.2)	2,252.1
Technical and other equipment	11,792.1	1,148.1	(566.2)	1.9	302.8	-	845.7	13,524.4
Assets under construction	491.7	330.2	(12.6)	-	-	-	(376.5)	432.9
Other tangible assets	2,642.1	450.1	(181.2)	1.1	2.2	-	117.7	3,032.0
Gross value	**17,924.1**	**2,075.7**	**(837.0)**	**3.0**	**310.9**	**(16.8)**	**71.6**	**19,531.6**
Land	-	-	-	-	-	-	-	-
Buildings	(861.4)	(151.0)	61.3	-	(4.5)	7.5	358.4	(589.8)
Technical and other equipment	(5,516.7)	(1,350.8)	528.9	(1.8)	(241.2)	-	(385.0)	(6,966.7)
Assets under construction	-	-	-	-	-	-	-	-
Other tangible assets	(1,537.5)	(477.8)	179.0	(0.9)	(6.6)	-	(156.8)	(2,000.6)
Cumulative depreciation	**(7,915.6)**	**(1,979.7)**	**769.2**	**(2.7)**	**(252.2)**	**7.5**	**(183.4)**	**(9,557.0)**
Land	277.5	16.1	(3.1)	-	(0.6)	(2.7)	2.8	290.1
Buildings	1,859.2	(19.8)	(12.6)	-	2.0	(6.6)	(159.7)	1,662.4
Technical and other equipment	6,275.3	(202.7)	(37.3)	0.1	61.6	-	460.7	6,557.7
Assets under construction	491.7	330.2	(12.6)	-	-	-	(376.5)	432.9
Other tangible assets	1,104.7	(27.8)	(2.2)	0.2	(4.4)	-	(39.1)	1,031.4
Net book value	**10,008.5**	**96.1**	**(67.8)**	**0.3**	**58.6**	**(9.3)**	**(111.8)**	**9,974.6**

1 Includes the impact of the first adoption of IFRS 16 *Leases* of (€138.4) million. Please refer to note 1.3.3.

Property, plant and equipment December 31, 2018 (€m)	January 1, 2018	Additions	Disposals	Business Combinations	Changes in foreign currency	Held for sale	Distribution[1]	Other	December 31, 2018
Land	331.4	0.7	(2.0)	-	0.2	(4.0)	(40.2)	(8.6)	277.5
Buildings	2,687.9	173.4	(294.6)	26.5	(1.2)	(24.1)	(427.5)	580.4	2,720.6
Technical and other equipment	16,240.2	961.6	(461.6)	95.3	(72.3)	(293.2)	(6,208.6)	1,530.7	11,792.1
Assets under construction	934.9	396.1	(0.9)	9.0	0.7	(59.5)	(268.6)	(519.9)	491.7
Other tangible assets	1,836.5	578.4	(117.2)	6.6	(0.4)	-	-	338.2	2,642.1
Gross value	**22,030.9**	**2,110.1**	**(876.4)**	**137.4**	**(73.0)**	**(380.8)**	**(6,944.9)**	**1,920.7**	**17,924.1**
Land	-	-	-	-	-	-	-	-	-
Buildings	(450.5)	(187.4)	233.8	(20.2)	0.8	12.0	75.2	(525.1)	(861.4)
Technical and other equipment	(5,526.6)	(1,256.6)	352.8	(80.2)	58.1	26.3	1,796.8	(887.4)	(5,516.7)
Assets under construction	-	-	-	-	-	-	-	-	-
Other tangible assets	(892.4)	(449.8)	100.8	(5.3)	1.3	0.2	-	(292.2)	(1,537.5)
Cumulative depreciation	**(6,869.5)**	**(1,893.8)**	**687.4**	**(105.7)**	**60.1**	**38.5**	**1,872.0**	**(1,704.7)**	**(7,915.6)**
Land	331.4	0.7	(2.0)	-	0.2	(4.0)	(40.2)	(8.6)	277.5
Buildings	2,237.4	(14.0)	(60.9)	6.3	(0.5)	(12.1)	(352.3)	55.3	1,859.2
Technical and other equipment	10,713.6	(295.1)	(108.7)	15.1	(14.2)	(266.9)	(4,411.8)	643.3	6,275.3
Assets under construction	934.9	396.1	(0.9)	9.0	0.7	(59.5)	(268.6)	(519.9)	491.7
Other tangible assets	944.1	128.6	(16.5)	1.3	0.9	0.2	-	46.0	1,104.7
Net book value	**15,161.5**	**216.3**	**(189.0)**	**31.7**	**(12.8)**	**(342.3)**	**(5,072.9)**	**216.1**	**10,008.5**

1 Distribution corresponds to the impact of the Separation, please refer to note 3.2.4.

Further details on the captions in the table above include:

- Buildings mostly comprises the hosting of technical sites, buildings and their respective fittings.
- Technical equipment principally includes network equipment (radio, switching, network administration, network core) and transmissions. It also includes the cable network owned across the Group, which provides the ability to supply cable-based pay television, broadband internet and fixed line telephony services to its subscribers.
- Call centres that represent centralized offices used for receiving or transmitting a large volume of administrative, technical or commercial requests by telephone.
- Office furniture and equipment that refer to furnishings and IT equipment.
- Communication network infrastructure that include the digital technologies for the transmission of multi-channel television services.

As part of the various debt issuance completed by the Group, the assets of certain subsidiaries have been pledged as collateral. This includes, amongst others, the shares of certain holding companies and intercompany loans, the shares of HOT Telecom and all material assets of HOT Telecom, including the cable network (but excluding licenses and end user equipment and assets of HOT Mobile), all material assets of Altice Dominicana (other than licenses and real estate assets valued at less than €5 million), the shares of PT Portugal and certain other operating subsidiaries in Portugal, the shares of certain subsidiaries of Altice France and the bank accounts, intercompany receivables and intellectual property rights of such subsidiaries and a pledge over the business of certain operating subsidiaries of Altice France (but excluding any network assets).

8. Contract balances

The following table provides information about contract costs, contract assets and contract liabilities from contracts with customers.

Contract balances (€m)	**December 31, 2019**	**December 31, 2018**
Contract costs, net (non-current)	263.8	252.5
Contract assets, net (current)	254.1	265.7
Contract liabilities non-current	(588.4)	(565.2)
Contract liabilities current	(614.7)	(606.0)
Total	**(685.2)**	**(652.9)**

8.1. Contract costs (non-current)

The Group recognizes in the caption Contract costs the incremental costs of obtaining a contract with a customer if it expects to recover those costs. Commissions to third parties and sales incentives to employees are considered as costs to obtain a contract.

Contract costs, net (non-current)	**December 31, 2019**			**December 31, 2018**		
(€m)	**Gross value**	**Amortization**	**Net value**	**Gross value**	**Amortization**	**Net value**
Opening balances	1,455.9	(1,203.4)	252.5	1,220.7	(964.0)	256.7
Additions	272.6	-	272.6	263.3	-	263.3
Amortization	-	(265.3)	(265.3)	-	(252.3)	(252.3)
Impairment losses	-	-	-	-	-	-
Change in consolidation scope	-	-	-	(22.6)	7.1	(15.5)
Translation adjustments	43.1	(39.2)	3.8	(10.4)	9.5	(0.9)
Reclassification to held for sale	-	-	-	-	-	-
Other	(0.1)	0.2	0.1	4.8	(3.6)	1.2
Closing Balances	**1,771.5**	**(1,507.7)**	**263.8**	**1,455.9**	**(1,203.4)**	**252.5**

8.2. Contract assets (current)

Contract assets are recognised when devices are sold in bundled packages in the mobile activities as revenue related to the device is recognised upfront and is billed to the customer over the service period.

Contract assets, net (current) (€m)	**December 31, 2019**	**December 31, 2018**
Opening balances contract assets	**265.7**	**302.3**
Business related movements[1]	(9.9)	(30.2)
Change in consolidation scope	-	-
Translation adjustments	(0.6)	0.2
Reclassification to held for sale	-	-
Other	0.2	3.2
Closing balances of contract assets	**255.3**	**275.5**
Impairment loss	(1.2)	(9.8)
Contract assets, net	**254.1**	**265.7**

1 This line includes increase related to new contracts and decrease following the transfer from contract assets to trade receivables.

8.3. Contract liabilities

In the case of IRUs, and sometimes rentals or service agreements, the service is paid in advance. These prepayments, which are non-refundable, are recorded in prepaid income and amortized over the expected term of the related agreements.

Contract liabilities (€m)	**December 31, 2019**	**December 31, 2018**
Contract liabilities - current	614.7	606.0
Contract liabilities - non current	588.4	565.2
Total	**1,203.1**	**1,171.2**
Explained as follows:		
Prepaid revenue - IRU	207.4	213.7
Prepaid revenue - Telecom contract	334.3	324.3
Prepaid revenue - Other	645.3	614.4
Connection fees / Service access fees	7.4	7.9
Loyalty programs	8.7	10.9
Total	**1,203.1**	**1,171.2**

Contract liabilities (€m)	**December 31, 2019**	**December 31, 2018**
Opening balances of contract liabilities	**1,171.2**	1,283.8
Business related movements[1]	18.9	34.7
Change in consolidation scope	5.5	(74.9)
Translation adjustments	(0.4)	1.2
Reclassification to held for sale	-	(63.8)
Other	7.9	(9.8)
Closing balances of contract liabilities	**1,203.1**	**1,171.2**

1 This line includes increase related to cash received on new agreements and decrease related to the reversal of deferred revenue in the revenue line.

9. Investment in associates and joint ventures

Main interests in associates and joint ventures (€m)		**Year ended December 31, 2019**	**Year ended December 31, 2018**
France	La Poste Telecom	-	-
	Synerail Construction	8.1	8.1
	Other associates	7.7	8.8
	Associates	**15.8**	**16.9**
	SFR FTTH	1,531.7	-
	Synerail	3.4	2.1
	Foncière Rimbaud	0.5	0.7
	Joint ventures	**1,535.6**	**2.8**
Portugal	Sport TV	10.2	13.8
	Janela Digital	2.3	2.2
	Sportinvest - Multimédia, S.A.	-	2.7
	Hungaro Digitel	-	5.5
	Belmont Infra Holding, S.A.	-	107.5
	Other associates	3.4	2.3
	Associates	**15.9**	**134.0**
Other	Other associates[1]	-	0.3
Total		**1,567.4**	**154.1**

1 Include L'Express, please refer to note 9.3.

The increase in investment in associates and joint ventures as of December 31, 2019 compared to December 31, 2018 was mainly related to the increase in Altice France following the sale of a 49.99% equity stake in SFR FTTH. Following the closing of the sale, the carrying value of the investment in SFR FTTH as at December 31, 2019 was €1.5 billion. Please refer to note 3.1.2.

The key financial information of the significant investments in associates is listed below:

Group	Investments in associates and joint ventures (€m)	Year ended December 31, 2019				
		Revenues	Net income/(loss)	Net equity	Cash (-)/Net debt (+)	Total Assets
Altice France	La Poste Telecom	282.0	(53.0)	(76.0)	50.7	64.0
	Synerail	84.9	5.9	10.2	334.4	414.4
	Synerail Construction	0.1	-	20.3	(23.8)	23.8
	SFR FTTH	82.4	(51.7)	3,365.8	643.7	4,981.8
PT Portugal	Sport TV	186.8	(13.9)	18.0	6.0	184.0
	Janela Digital	5.8	2.1	4.5	(4.6)	8.0
	Ericsson Inovação S.A.	19.3	4.3	3.3	(0.0)	9.8
	Multicert	4.1	(0.2)	1.2	(0.0)	3.5
	Auto Venda Já	0.6	(0.0)	0.0	0.2	0.6
Other	L'Express	17.5	(8.5)	(128.8)	123.7	67.1

Group	Investments in associates and joint ventures (€m)	Year ended December 31, 2018				
		Revenues	Net income/(loss)	Net equity	Cash (-)/Net debt (+)	Total Assets
Altice France	La Poste Telecom	251.0	(36.0)	(63.0)	46.0	61.0
	Synerail	86.6	6.0	6.2	390.4	461.2
	Synerail Construction	0.7	0.1	20.3	(22.0)	24.0
PT Portugal	Sport TV	185.7	3.0	31.9	(13.9)	171.9
	Janela Digital	5.5	2.4	4.9	(2.8)	6.2
	Sportinvest - Multimédia, S.A.	3.3	0.4	5.4	(2.6)	11.1
	Ericsson Inovação S.A.	19.4	5.1	3.7	(0.1)	8.1
	Hungaro Digitel	16.0	3.5	12.3	(4.2)	26.9
	Multicert	4.4	0.2	1.4	0.2	3.5
	Auto Venda Já	0.6	(0.0)	0.0	0.2	0.5
	Belmont Infra Holding, S.A.	6.5	(6.5)	431.1	-	431.2

9.1. Investment in associates of Altice France group

The main associates of Altice France group and the carrying amount of invested equity as of December 31, 2019 were:

- *La Poste Telecom* (€0 million): in 2011, SFR and La Poste formed La Poste Telecom, of which they own 49% and 51%, respectively. This subsidiary is a virtual mobile operator in the retail mobile telephony market under the trademark La Poste Mobile. The negative value of the equity interests in La Poste Telecom was adjusted to zero by offsetting against provisions totalling €19.4 million at year-end 2019;
- *Synerail* (€3.4 million): on February 18, 2010, a group comprised of SFR, Vinci and AXA (30% each) and TDF (10%) signed a GSM-R public-private partnership contract with Réseau Ferré de France. This contract, worth a total of one billion euros over a 15-year term, is to finance, build, operate and maintain a digital telecommunications network. Synerail Construction, a subsidiary of Vinci (60%) and SFR (40%), is responsible for a part of the construction of this network; and
- *SFR FTTH* (€1,531.7 million): created in 2019, SFR FTTH is a partnership between Altice France and a consortium led by OMERS Infrastructure, AXA IM - Real Assets and Allianz Capital Partners, in order to develop the 'fibre to the home' business within the framework of the private investment zone (AMII / AMEL areas). SFR FTTH is the largest alternative FTTH infrastructure wholesale operator in France with five million homes to be covered within the next 4 years and more to be franchised or acquired. SFR FTTH is specialized in the design, construction and operation of telecommunications networks and infrastructures for local authorities. Please refer to note 3.1.2.

9.2. Investment in associates of PT Portugal

Associates of PT Portugal had a carrying amount for €15.9 million for the year ended December 31, 2019 (2018: €134.0 million). The main associates of PT Portugal and the carrying amount of invested equity as of December 31, 2019 were:

- *Sport TV* (€10.2 million): on February 24, 2017, PT Portugal acquired a 25% stake in the capital of SPORT TV for €12.3 million. SPORT TV is a sports broadcaster based in Portugal. Following this investment, SPORT TV's shareholders are PT Portugal, NOS, Olivedesportos and Vodafone, each of which with a 25% stake; and
- *Janela Digital* (€2.3 million): in 2000, PT Portugal and Netholding created Janela Digital, held at 50% both. This subsidiary is responsible for the development of IT solutions in the real estate market.

In 2018, PT Portugal acquired a 25% stake in the capital of Belmont Infra Holding, S.A. and the carrying amounted of invested equity was €107.5 million as of December 31, 2018. Belmont Infra Holding, S.A. is an entity that holds 100% of BIH - Belmont Infrastructure Holding, S.A., which in turn holds a 100% interest in OMTEL. As of December 31, 2019, this investment was classified as assets held for sale. Please refer to notes 3.4 and 35.3.

9.3. L'Express

On July 19, 2019, the Board approved the sale of a 51% equity stake of L'Express by Altice France to News Participations S.A.S.. The remaining 49% of the share capital of L'Express are held by Altice Group Lux and are accounted for under the equity method in accordance with IAS 28 *Investments in Associates and Joint Ventures*. Please refer to note 3.1.3.

10. Financial assets and other non-current assets

10.1. Financial assets

Financial assets (€m)	**Note**	**Year ended December 31, 2019**	**Year ended December 31, 2018**
Derivative financial assets	10.1.1	746.0	1,465.9
Loans and receivables	10.1.2	160.1	135.9
Call options with non-controlling interests	10.1.3	142.1	63.5
Equity instruments at fair value through OCI	10.1.4	601.0	388.2
Other financial assets	10.1.5	25.2	29.3
Total		**1,674.5**	**2,082.7**
Current		47.8	43.1
Non-current		1,626.7	2,039.6

10.1.1. *Derivative financial instruments related to debt*

The Group has a significant debt book and executes derivative contracts to hedge its position in compliance with its treasury policy. All derivatives are measured at their fair value at the balance sheet date. The total asset position as of December 31, 2019 was €746.0 million (2018: €1,465.9 million) and the decrease was mainly caused by restructuring of swaps in Altice France and Altice Luxembourg. Refer also to note 18.3 for details on each of these derivatives held by the Group and to note 20 for information on the fair value of the derivatives, including the fair value hierarchy.

10.1.2. *Loans and receivables*

The Group's main loans and receivables as of December 31, 2019, were mainly consisting of:

- Secured subordinated notes in Wananchi: the notes are convertible at the discretion of the holder. The investment amounts to €37.8 million and bears interest at a rate of 11% per annum (or 13% on default) payable in kind and matures in October 2021 (2018: €57.6 million bearing 11% interest).
- Altice France loans receivables totalling €105.0 million (2018: €72.6 million) comprising mainly loans and deposits with related parties (please refer to note 30 for further information on related party transactions).

10.1.3. *Call options with non-controlling interests*

Through the various acquisitions that the Group has completed in recent years the Group signed agreements whereby it has a call option to acquire certain residual non-controlling interests in entities that it has not acquired 100%. The call options are derivative financial instruments and must be re-measured to their fair value at balance sheet date. The carrying amount of the call options is detailed in note 20.1.

10.1.4. *Equity instrument at fair value through OCI*

As of December 31, 2019, the increase in the equity instruments at fair value through OCI mostly correspond to the fair value of investments of the Group held by Altice CVC Lux S.à r.l. in Altice USA. This amounted to $669.2 million (€595.5 million) as of December 31, 2019. Additionally, the Group also recorded €5.1 million of investments in Partner Co. Ltd (please refer to note 20.1.1). These investments in equity instruments are not held for trading. Instead, they are held for medium term. Accordingly, the directors of the Company have elected to designate these as equity instruments at FVTOCI.

10.1.5. *Other financial assets*

The decrease in other financial assets as of December 31, 2019 compared to December 31, 2018 reflected mainly the impact from the sale of SIRESP by PT Portugal of €5.9 million.

10.2. Other non-current assets

Other non-current assets (€m)	**December 31, 2019**	**December 31, 2018**
Pension assets	2.8	3.9
Prepaid expenses	247.7	261.3
Other receivables	189.1	160.5
Total	**439.6**	**425.7**

Other non-current assets increased by €13.9 million to €439.6 million, due to:

- higher other receivables mainly in PT Portugal due to the transfer of the long-term portion of receivables under instalments (€20.1 million) from current to non-current assets, and the increase in pension funds with surplus (€2.6 million); and
- lower prepaid expenses in Altice France and Altice TV.

11. Inventories

Inventories are almost exclusively comprised of consumable goods corresponding to customer premises equipment (modems, decoders, mobile handsets etc.), which are used in the daily business activity of the Group's subsidiaries. The Group considers that all inventory will be fully utilised in the next twelve months and is therefore classified as a current asset in the Statement of Financial Position.

Inventories (€m)	**December 31, 2019**	**December 31, 2018**
Raw materials and consumables	444.2	406.7
Work in progress	78.5	66.2
Gross value	**522.7**	**472.9**
Raw materials and consumables	(41.2)	(48.2)
Work in progress	(2.1)	(2.5)
Allowance for obsolescence	**(43.3)**	**(50.7)**
Raw materials and consumables	403.0	358.5
Work in progress	76.4	63.7
Total carrying amount	**479.4**	**422.2**

11.1. Inventory obsolescence

Inventory obsolescence (€m)	**Raw materials and consumables**	**Work in progress (goods)**	**Total**
Opening balance: January 1, 2019	**(48.2)**	**(2.5)**	**(50.7)**
Allowances/write-backs	11.7	0.4	12.1
Variation	(4.9)	-	(4.9)
Held for sale	0.3	-	0.3
Other	(0.1)	-	(0.1)
Closing balance: December 31, 2019	**(41.2)**	**(2.1)**	**(43.3)**

Inventory obsolescence (€m)	**Raw materials and consumables**	**Work in progress (goods)**	**Total**
Opening balance: January 1, 2018	**(55.8)**	**(2.6)**	**(58.4)**
Business combinations	(1.1)	-	(1.1)
Allowances/write-backs	4.9	0.1	5.0
Variation	2.6	-	2.6
Held for sale	1.1	-	1.1
Closing balance: December 31, 2018	**(48.2)**	**(2.5)**	**(50.7)**

12. Trade and other receivables

Trade and other receivables (€m)	**Year ended December 31, 2019**	**Year ended December 31, 2018**
Trade receivables	3,227.1	3,254.6
Other receivables	1,236.6	1,255.0
Total	**4,463.7**	**4,509.6**

12.1. Trade receivables

Trade receivables (€m)	**Gross trade receivables**	**Allowance for doubtful debts**	**Total**
Opening balance: January 1, 2019	**4,206.5**	**(951.9)**	**3,254.6**
Recognised through business combinations	4.3	(0.1)	4.2
Net decrease	(36.2)	(25.2)	(61.4)
Other changes	35.7	(6.0)	29.8
Closing balance: December 31, 2019	**4,210.4**	**(983.2)**	**3,227.1**

Trade receivables (€m)	**Gross trade receivables**	**Allowance for doubtful debts**	**Total**
Closing balance: December 31, 2017	**4,576.0**	**(874.7)**	**3,701.4**
IFRS 9 adjustment	**-**	**(43.6)**	**(43.6)**
Opening balance: January 1, 2018	**4,576.0**	**(918.3)**	**3,657.8**
Recognised through business combinations	6.2	13.1	19.3
Net increase	93.4	(26.0)	67.4
Held for sale	(10.5)	(24.3)	(34.8)
Distribution[1]	(317.5)	10.7	(306.9)
Other changes	(141.1)	(6.9)	(148.0)
Closing balance: December 31, 2018	**4,206.5**	**(951.9)**	**3,254.6**

1 Distribution corresponds to the impact of the Separation, please refer to note 3.2.4.

The decrease in trade receivables is explained mainly by the reduction in trade receivable in Altice France by €106.1 million compared to 2018 due to higher collections of receivables in media business and FOT, as well as netting of invoices related to the roaming business. This decrease was partially offset by higher receivables in Teads which increased by €50.7 million compared to 2018.

12.1.1. *Aging of trade receivables*

Age of trade receivables (€m)	**Year ended December 31, 2019**	**Year ended December 31, 2018**
Not yet due	2,933.4	2,945.6
30 - 90 days	118.3	120.5
> 90 days	175.5	188.5
Total	**3,227.1**	**3,254.6**

The Group routinely evaluates the credit that is provided to its customers, while checking their financial situations; however, it does not demand collateral for those debts. The Group records provision for doubtful debt based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Group believes there is no risk of concentration of counterparties given the much-diversified customer basis, especially on the residential business' side (in the Group's largest segments a major portion of clients pay using direct debit, credit cards or online banking). For the business services, the top 20 clients of the Group represent less than 5% of total Group revenues.

The largest clients of the Group are telecom operators in France and Portugal (such as Orange, Bouygues Telecom, Free Mobile, Vodafone and NOS). The risk of recoverability for these clients is low, given the balance in interconnection transactions between these companies and different companies of the Group.

12.2. Other receivables

Other receivables (€m)	Year ended December 31, 2019	Year ended December 31, 2018
Prepaid expenses	264.8	222.6
Business taxes receivable (e.g. VAT)	796.1	807.8
Other	175.6	224.6
Total	**1,236.6**	**1,255.0**

12.2.1. *Prepaid expenses*

Prepaid expenses mainly relate to services for which payments are made before the service is rendered (such as rental, insurance or other services). The increase compared to 2018 was mainly due to higher prepaid expenses in Altice France by €46.7 million, of which €18 million was for the expenses related to RAN sharing agreement with Bouygues Telecom. Additionally, prepaid expenses in Altice Picture increased by €18.5 million related to the advance payment for the rights of Premier League and in PT Portugal by €10.0 million for direct costs, maintenance agreements and marketing. This was partially offset by the impact of IFRS 16 *Leases*, reducing prepaid expenses by €40.2 million.

12.2.2. *Business taxes receivable*

This caption comprises mostly receivables due from VAT payments made on supplier invoices.

12.2.3. *Other*

Other is mainly composed of receivables due from advances to employees and other miscellaneous. The decrease was mainly due to lower social security receivables in Altice France by €31.5 million compared to 2018.

13. Cash and cash equivalents and restricted cash

Cash balances (€m)	December 31, 2019	December 31, 2018
Term deposits	75.0	333.6
Bank balances	947.1	1,503.3
Cash and cash equivalents	**1,022.1**	**1,837.0**
Restricted cash	119.5	141.6
Total	**1,141.6**	**1,978.6**

The restricted cash balance at December 31, 2019 included:

- €82.1 million in Altice Corporate Financing as cash collateral for debt services;
- €31.1 million in Altice Financing as collateral for a bank guarantee;
- €6.2 million in HOT for various purposes.

14. Shareholders' equity

The Group's equity was comprised as follows:

Equity attributable to owners of the Company (€m)	Notes	As of December 31, 2019	As of December 31, 2018
Issued capital	14.1	59.5	68.3
Treasury shares	14.2	(0.4)	(14.6)
Additional paid in capital	14	5.7	-
Other reserves	14.3	(500.5)	(783.6)
Accumulated losses	14	(2,098.9)	(2,401.5)
Total		**(2,534.7)**	**(3,131.4)**

14.1. Issued capital

Share capital December 31, 2019	Total shares authorized (number)	Total capital authorized (€m)	Number of shares issued (number)	Value per share (cents)	Total capital issued (€m)
Common Shares A	4,754,551,450	47.5	1,038,014,875	0.01	10.4
Common Shares B	209,817,942	52.5	196,261,727	0.25	49.1
Preference Shares A	4,000,000,000	160.0	-	0.04	-
Preference Shares B	150,000,000	1.5	1,391,748	0.01	0.0
Total	**9,114,369,392**	**261.5**	**1,235,668,350**		**59.5**

Share capital December 31, 2018	Total shares authorized (number)	Total capital authorized (€m)	Number of shares issued (number)	Value per share (cents)	Total capital issued (€m)
Common Shares A	5,928,144,600	59.3	1,596,608,025	0.01	16.0
Common Shares B	222,874,216	55.7	209,318,001	0.25	52.3
Preference Shares A	4,700,000,000	188.0	-	0.04	-
Preference Shares B	150,000,000	1.5	927,832	0.01	0.0
Total	**11,001,018,816**	**304.5**	**1,806,853,858**		**68.3**

As at December 31, 2019, the Company had a total of 1,194,011,147 Common Shares outstanding (997,749,420 Common Shares A and 196,261,727 Common Shares B) and 1,391,748 Preference Shares B outstanding in the market. The Company held a total of 40,265,455 Common Shares A with a nominal value of €0.01 as treasury shares as of December 31, 2019. The Preference Shares B were issued to the Company's CEO (927,832 shares issued on July 20, 2018 and additional 463,916 shares issued on January 9, 2019).

Issued capital decreased by €8.8 million during the year ended December 31, 2019 to €59.5 million as the result of the cancellation of treasury shares. Please refer to note 14.2.2 for more details.

14.2. Treasury shares

Reconciliation of treasury shares	Year ended December 31, 2019	Year ended December 31, 2018
Opening	**615,998,253**	**625,385,229**
Conversions	313,350,576	777,845,568
Shares utilised in share exchange	-	(4,083,374)
Purchase of treasury shares	-	4,083,374
Cancellation of treasury shares	(885,000,000)	(787,307,716)
Share transfer	(4,083,374)	-
Share buybacks	-	75,172
Closing	**40,265,455**	**615,998,253**
Common shares A	40,265,455	615,998,253
Common shares B	-	-

14.2.1. *Shares conversions*

For the year ended December 31, 2019, the Company received and executed conversion orders amounting to a total of 13,056,274 Common Shares B. For each conversion, 1 Common Share B is converted to 25 Common Shares A and 24 Common Shares A are subsequently acquired by the Company for nil consideration and retained as treasury shares. As a result, a total of 326,406,850 Common Shares A was created during the period, of which 313,350,576 shares were held as treasury shares.

14.2.2. *Cancellation of treasury shares*

On May 18, 2018, the General Meeting of the Company granted the authority to the Board of Directors to cancel any shares in the share capital of the Company held or to be held by the Company. On April 26, 2019, the Board of Directors resolved to cancel 685,000,000 Common Shares A held by the Company. The cancellation of such shares became effective on June 28, 2019.

On June 27, 2019, the General Meeting of the Company granted the authority to the Board of Directors to cancel any shares in the share capital of the Company held or to be held by the Company. On September 23, 2019, the Board of Directors resolved to cancel 200,000,000 Common Shares A held by the Company. This cancellation became effective on November 27, 2019.

14.2.3. *Share transfer*

On May 2, 2018, the Company bought back 4,083,374 Common Share A shares from a financial institution for €32.5 million plus a fee, per a share forward agreement dated May 1, 2018, to facilitate the implementation of the Separation on June 8, 2018.

The share forward agreement was amended on December 13, 2018 to take into account the impact of the Separation and postpone the settlement date by six months. Under the amended confirmation, the Company was obliged to deliver back the exact number of its shares bought in May 2018, plus an additional 0.4163 Altice USA share for every share bought.

As a result of the above, 4,083,374 shares of the Company and 1,699,909 Altice USA shares were transferred to the financial institution on June 18, 2019. Upon delivery of the shares, the Company received €32.5 million.

14.3. Other reserves

The tax effects of the Group's currency translation, fair value through OCI, cash flow hedge and employee benefits reserves are provided below:

Other reserves	**December 31, 2019**			**December 31, 2018**		
(€m)	**Pre-tax amount**	**Tax effect**	**Net amount**	**Pre-tax amount**	**Tax effect**	**Net amount**
Actuarial gains and losses	(193.1)	45.5	(147.6)	(45.7)	11.5	(34.2)
Items not reclassified to profit or loss	**(193.1)**	**45.5**	**(147.6)**	**(45.7)**	**11.5**	**(34.2)**
Fair value through OCI	236.5	-	236.5	4.0	-	4.0
Currency translation reserve	(305.3)	-	(305.3)	(280.1)	-	(280.1)
Cash flow hedge reserve	(438.8)	154.6	(284.2)	(705.4)	232.2	(473.2)
Items potentially reclassified to profit or loss	**(507.6)**	**154.6**	**(353.0)**	**(981.6)**	**232.2**	**(749.4)**
Total	**(700.7)**	**200.1**	**(500.5)**	**(1,027.3)**	**243.7**	**(783.6)**

15. Earnings per share

Earnings per share **(€m)**	**For the year ended December 31, 2019**	**For the year ended December 31, 2018**
Profit/(loss) after tax for the year from continuing operations	245.4	(915.3)
Profit after tax for the year from discontinued operations	-	582.5
Profit/(loss) for the year attributable to equity holders of the parent	**245.4**	**(332.9)**
Weighted average number of ordinary shares (millions)	**1,193.6**	**1,190.5**
Basic earnings per share in €		
Earnings per ordinary share from continuing operations	0.21	(0.77)
Earnings per ordinary share from discontinued operations	-	0.49
Earnings per ordinary share from continuing and discontinued operations	0.21	(0.28)
Weighted average number of ordinary shares including dilutive shares	**1,261.9**	**1,241.4**
Dilutive shares: stock options and management investment plan	68.3	51.0
Diluted earnings per share from continuing operations	0.19	(0.77)
Diluted earnings per share from discontinued operations	-	0.47

As both Common Shares A and Common Shares B have the same economic rights, basic earnings per share is calculated using the aggregate number of shares in circulation, excluding treasury shares held by the Company.

The Preference Shares B issued on January 9, 2019 and July 20, 2018 to the Company's CEO (please refer to notes 14.1 and 26.4) are convertible into Common Shares and thus included in the calculation of the weighted average of dilutive shares.

16. Provisions

Provisions **(€m)**	**Note**	**Year ended December 31, 2019**	**Year ended December 31, 2018**
Provisions	16	564.2	718.5
Employee benefit provisions	17	1,105.5	790.4
Total		**1,669.7**	**1,508.9**
Current		227.9	330.2
Non-current		1,441.8	1,178.8

A breakdown of the main types of provisions, and their movements during the year, is presented in the table below:

Provisions December 31, 2019 (€m)	**January 1, 2019**	**Business Combinations**	**Additions**	**Utilization**	**Held for sale**	**Other[1]**	**December 31, 2019**
Litigations and other provisions	521.5	0.1	161.1	(83.3)	(6.8)	(176.3)	416.2
Onerous contract	69.6	-	36.0	(8.7)	-	(61.9)	35.0
Site renovation	102.9	-	2.5	(4.8)	(0.2)	5.9	106.2
Restructuring charges	24.6	-	3.0	(13.5)	-	(7.4)	6.7
Total Gross Value	**718.5**	**0.1**	**202.5**	**(110.3)**	**(7.0)**	**(239.7)**	**564.2**

1 The Column Other mainly includes the reclassification of a provision for onerous contract to a right of use impairment (€60) million following the adoption of IFRS 16 *Leases* (please refer to note 1.3.3) and a reclassification of the provisions for tax risk to deferred tax liabilities and current tax payable following the adoption of IFRIC 23 *Uncertainty over Income Tax Treatments*.

Provisions December 31, 2018 (€m)	**January 1, 2018**	**Business Combinations**	**Additions**	**Utilization**	**Held for sale**	**Other[1]**	**December 31, 2018**
Litigations and other provisions	697.9	(3.1)	210.1	(130.1)	-	(253.4)	521.5
Onerous contract	68.5	-	19.9	(12.7)	-	(6.1)	69.6
Site renovation	128.9	0.2	4.1	(8.8)	-	(21.6)	102.9
Restructuring charges	148.8	0.3	7.9	(24.6)	(0.3)	(107.6)	24.6
Total Gross Value	**1,044.2**	**(2.6)**	**242.0**	**(176.1)**	**(0.3)**	**(388.6)**	**718.5**

1 Altice USA Separation, please refer to note 3.2.4.

16.1. Litigations and other provision

These mainly relate to litigations that have been brought against the Group for which the Board of Directors believes that the risk of cash outflows is probable. Management considers that all potential risks of cash outflows on such litigations and claims is properly evaluated and represented correctly in the Consolidated Financial Statements. Such litigations cover VAT related risks as well.

These provisions include amounts for which the nature and amounts cannot be disclosed on a case by case basis as this might expose the Group to further litigation. Such cases are outlined in note 32 (Litigation) and note 24 (Taxation). All litigation pending against the Group is either being heard or appealed as of December 31, 2019.

Other provisions mainly include provisions for risks involving distributors and suppliers, material not returned, disputes with employees and related to investments in associates, amongst others

16.2. Onerous contract

As of December 31, 2018, the provision for onerous contracts is mainly related to the vacancy of the current SFR campus in Saint Denis (Paris) following the move to the new Altice campus in Paris during the fourth quarter of 2017. As part of the transition to IFRS 16, this provision has been reclassified in the ROU assets for an amount of €60 million (please refer to note 1.3.3). As of December 31, 2019, the provision for onerous contracts is mainly related to Saint Denis premises.

16.3. Site renovation costs

In certain cases, the Company and its subsidiaries (mainly Altice France and PT Portugal) have contractual obligations to repair and renovate technical sites and network components at the end of the contractual period or in case of an anticipated contract cancellation.

17. Employee benefit provisions

Depending on the laws and practices in force in the countries where it operates, the Group has obligations in terms of employee benefits. The notes below describe the defined benefit plans across the Group and provide information about the amounts recognised in the Consolidated Financial Statements during the year.

The amount included in the consolidated statement of financial position in respect of defined benefit plans is as follows:

Defined benefit plan (€m)	Year ended December 31, 2019	Year ended December 31, 2018
Present value of defined benefit obligation	1,239.2	916.9
Fair value of plan assets	(136.5)	(130.4)
Unfunded status	**1,102.7**	**786.5**
Employee benefit recorded in provision	1,105.5	790.4
Employee benefit recorded as asset	(2.8)	(3.9)

17.1. Details of the significant defined benefit plans

17.1.1. *Portugal*

PT Portugal sponsors defined benefit plans, under which it is responsible for the payment of pension supplements to retired and active employees and healthcare services to retired employees and eligible relatives. In addition, PT and other subsidiaries of PT Portugal are also responsible for the payment of salaries to suspended and pre-retired employees until retirement age. A detailed nature of these benefits is presented below:

- Pension supplements - Retirees and employees of Companhia Portuguesa Rádio Marconi, S.A. ("Marconi", a company merged into PT in 2002) hired prior to February 1, 1998 and retirees and employees of Telefones de Lisboa e Porto, S.A. ("TLP", a company merged into PT in 1994) and Teledifusora de Portugal, S.A. ("TDP", a company merged into PT in 1994) hired prior to June 23, 1994 are entitled to receive a supplemental pension benefit, which complements the pension paid by the Portuguese social security system. In addition, on retirement, PT pays a lump sum gratuity of a fixed amount which depends on the length of service completed by the employee and its salary. Employees hired by PT or any of its predecessor companies after the dates indicated above are not entitled to these benefits and are thus covered only by the general Portuguese Government social security system, which is a defined contribution plan in accordance with IAS 19 Employee Benefits.
- Healthcare benefits - PT sponsors the payment of post-retirement health care benefits to certain suspended employees, pre-retired employees and retired employees and their eligible relatives. Health care services are rendered by PT - Associação de Cuidados de Saúde ("PT ACS"), which was incorporated with the only purpose of managing PT's Health Care Plan. This plan, sponsored by PT, includes all employees hired by PT until December 31, 2000 and by Marconi until February 1, 1998. The financing of the Health Care Plan comprises defined contributions made by participants to PT ACS and the remainder by PT, which incorporated an autonomous fund in 2004 for this purpose.
- Salaries to suspended and pre-retired employees - PT and other subsidiaries of PT Portugal are also responsible for the payment of salaries to suspended and pre-retired employees until the retirement age, which result from agreements between both parties. These liabilities are not subject to any legal funding requirement and therefore the monthly payment of salaries is made directly by each of the subsidiaries of PT Portugal.

17.1.2. *France*

The rights to conventional retirement benefits vested by employees are measured individually, based on various parameters and assumptions such as the employee's age, position, length of service and salary, according to the terms of their employment agreement. This plan is a defined benefit plan in accordance with IAS 19 *Employee Benefits*. In addition, in France, the employees of the Group benefit from a general pension plan. Accordingly, the Group contributes to mandatory social security plans. This regime is a defined contribution plan in accordance with IAS 19 *Employee Benefits*. In France, severance payments are made in accordance with the collective agreement of the company to which they are attached.

17.1.3. *Israel*

In Israel, the plans are normally financed by contributions to insurance companies and classified as defined contribution plans or as defined benefit plans. The Group has defined contribution plans pursuant to Section 14 of the Severance Pay Law under which the Group pays regular contributions and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient amounts to pay all employee benefits relating to employee service in the current and prior periods. In addition, the Group has a defined benefit plan in respect of severance pay pursuant to the Severance Pay Law. According to the law, employees are entitled to receive severance pay upon dismissal or retirement. In respect of its severance pay obligation to certain of its employees, the Group makes current deposits in pension funds and insurance companies (the "plan assets"). Plan assets comprise assets held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the Group's own creditors and cannot be returned directly to the Group.

17.2. Defined benefit obligations and fair value of plan assets

17.2.1. *Movements in the present value of the defined benefit obligation*

Defined benefit obligations (€m)	**Year ended December 31, 2019**	**Year ended December 31, 2018**
Opening balance at January 1	**916.9**	**1,297.9**
Interest expense	12.3	10.5
Current service cost	16.6	17.4
Benefits paid	(131.7)	(123.4)
Curtailment[1]	290.0	2.0
Net actuarial (loss)/gain in other comprehensive income	135.7	(39.6)
Separation of Altice USA[2]	-	(252.7)
Other (including currency translation adjustment)	(0.6)	4.8
Closing balance at December 31	**1,239.2**	**916.9**
including commitments not financed	686.8	482.2
including commitments totally financed or partially financed	552.7	434.7

1 Curtailment mainly includes the effect of Portugal restructuring plan as described in note 4.3.2.1.
2 Altice USA Separation, please refer to note 3.2.4.

17.2.2. *Fair value of plan assets*

Fair value of plan assets (€m)	**Year ended December 31, 2019**	**Year ended December 31, 2018**
Opening balance at January 1	**130.4**	**324.1**
Interest income	2.6	2.7
Deposits paid by the employer into the plan	1.8	1.7
Participant contributions	1.7	(27.7)
Benefits paid	(8.0)	(8.1)
Net actuarial gain in other comprehensive income	6.3	1.3
Separation of Altice USA[1]	-	(165.4)
Other (including currency translation adjustment)	1.7	1.8
Closing balance at December 31	**136.5**	**130.4**

1 Altice USA Separation, please refer to note 3.2.4.

Fair value of plan assets	**December 31, 2019**		**December 31, 2018**	
(€m)	**Amount**	**%**	**Amount**	**%**
Shares	18.1	13.3%	16.7	12.8%
Bonds	54.6	40.0%	54.3	41.7%
Real estate	0.1	0.1%	0.2	0.1%
Other[1]	63.6	46.6%	59.2	45.4%
Closing balance at December 31	**136.5**	**100.0%**	**130.4**	**100.0%**

1 Included in other are mainly cash and cash equivalents and investment funds held.

17.2.3. *Amounts recognised in comprehensive income*

Defined benefit plan: amounts recognised in comprehensive income (€m)	**Year ended December 31, 2019**	**Year ended December 31, 2018**
Current service cost	16.6	17.4
Net interest expense	9.7	7.8
Settlement	-	-
Curtailment[1]	290.0	2.0
Expenses recognised in profit or loss	**316.2**	**27.2**
Net actuarial gain/(loss):		
Differences arising from experience	52.5	(7.2)
Differences arising from changes in assumptions	83.2	(32.3)
Return on plan assets (excluding interest income)	(6.3)	(1.4)
Expenses recognised in other comprehensive income	**129.4**	**(41.0)**
Total expenses recorded in comprehensive income	**445.6**	**(13.8)**

1 Curtailment mainly includes the effect of Portugal restructuring plan as described in note 4.3.2.1.

17.2.4. *Defined benefit plan valuation assumptions*

The principal assumptions used in the actuarial valuations were as follows:

Assumptions used in actuarial valuation: Europe (%)	**Year ended December 31, 2019**	**Year ended December 31, 2018**
Expected rate of salary increase	0-2%	0-2%
Discount rate - pension	0.65%	1.56%
Discount rate - salaries to suspended and pre-retired	0.00%	0.50%
Discount rate - healthcare	1.25%	2.00%
Inflation rate	1.80%	1.81%

Assumptions used in actuarial valuation: Rest of world (%)	**Year ended December 31, 2019**	**Year ended December 31, 2018**
Expected rate of salary increase	2-4%	1-4%
Discount rate - pension	3.58%	3.58%
Inflation rate	1.52%	1.52%

17.2.5. *Sensitivity analysis*

The discount rate is the main assumption used in the actuarial valuation that can have a significant effect on the defined benefit obligation. A variation of the discount rate would have the following impact on the liability:

Sensitivity to a change in discount rate (€m)	**Year ended December 31, 2019**	**Year ended December 31, 2018**
Discount rate decreases 0.25%	32.3	26.2
Discount rate increases 0.25%	(22.8)	(29.4)

18. Borrowings and other financial liabilities

Borrowings, other financial liabilities and lease liabilities (€m)	**Notes**	**December 31, 2019**	**December 31, 2018**
Long term borrowings, financial liabilities and related hedging instruments		**32,101.9**	**34,262.1**
- Debentures	*18.1*	*20,627.3*	*22,287.4*
- Loans from lenders	*18.1*	*10,767.9*	*10,704.7*
- Derivative financial instruments	*18.3*	*706.8*	*1,270.0*
Other non-current financial liabilities	*18.6*	**476.2**	**560.3**
- Finance leases[1]		*-*	*92.9*
- Other financial liabilities		*476.2*	*467.4*
Lease liabilities non-current[2,3]	*18.6*	**3,644.6**	-
Non-current liabilities		**36,222.7**	**34,822.3**
Short term borrowing, financial liabilities and related hedge instruments		**432.7**	**102.3**
- Debentures	*18.1*	*257.5*	*-*
- Loans from lenders	*18.1*	*163.5*	*101.1*
- Derivative financial instruments	*18.3*	*11.8*	*1.2*
Other financial liabilities	*18.6*	**1,822.3**	**2,052.2**
- Other financial liabilities		*1,274.4*	*1,310.7*
- Bank overdraft		*6.7*	*39.2*
- Accrued interests		*541.1*	*661.8*
- Finance leases[1]		*-*	*40.4*
Lease liabilities current[2,3]	*18.6*	**758.4**	-
Current liabilities		**3,013.4**	**2,154.5**
Total		**39,236.2**	**36,976.8**

1 Following the adoption of IFRS 16 *Leases* as of January 1, 2019, Finance leases non-current and current have been reclassified to Lease liabilities non-current and current, respectively. Please refer to note 1.3.3.

2 Following the adoption of IFRS 16 *Leases* as of January 1, 2019, liabilities arising from leases are recognised in Lease liabilities non-current and current. Please refer to note 1.3.3.

3 As of December 31, 2019, the amounts of finance lease non-current and current existing under IAS 17 *Leases* (before the adoption of IFRS 16 *Leases*) were €66.0 million and €39.9 million, respectively.

18.1. Debentures and loans from lenders

Debentures and loans from lenders (€m)	**Notes**	**December 31, 2019**	**December 31, 2018**
Debentures	18.1.1	20,884.8	22,287.4
Loans from lenders	18.1.2	10,931.4	10,805.8
Total		**31,816.2**	**33,093.2**

18.1.1. *Debentures*

Maturity of debentures (€m)	Less than one year	One year or more	December 31, 2019	December 31, 2018
Altice France	-	9,671.9	9,671.9	9,447.5
Altice Luxembourg	-	4,839.6	4,839.6	6,582.5
Altice Financing	-	4,750.8	4,750.8	4,660.3
Altice Finco	257.5	1,365.0	1,622.5	1,597.0
Total	**257.5**	**20,627.3**	**20,884.8**	**22,287.4**

The credit ratings of the entities, and details of where the debt is publicly traded, as at December 31, 2019, is provided in the table below:

Issuer of debt	Type of debt	Credit rating of notes Moody's/Standard & Poor's	Markets (if any) bonds are traded on
Altice France	Senior secured notes	B2/B	Euro MTF Market
Altice Luxembourg	Senior unsecured notes	Caa1/B-	Euro MTF Market
Altice Financing	Senior secured notes	B2/B+	Euro MTF Market
Altice Finco	Senior unsecured notes	Caa1/CCC+	Euro MTF Market

The table below provides details of all debentures, shown in order of maturity.

Instrument	Issuer	Face value	Coupon	Year of maturity	December 31, 2019		December 31, 2018	
(€m, unless stated)					Fair value	Carrying amount	Fair value	Carrying amount
Senior notes	Altice Luxembourg S.A.	$2,900 million	7.75%	2022	-	-	2,309.5	2,532.3
Senior notes	Altice Luxembourg S.A.	€2,075 million	7.25%	2022	-	-	1,931.8	2,075.0
Senior notes	Altice Luxembourg S.A.	$1,480 million	7.63%	2025	1,372.4	1,318.0	969.3	1,292.4
Senior notes	Altice Luxembourg S.A.	€750 million	6.25%	2025	776.7	750.0	596.3	750.0
Senior notes	Altice Luxembourg S.A.	$1,600 million	10.50%	2027	1,634.5	1,424.9	-	-
Senior notes	Altice Luxembourg S.A.	€1,400 million	8.00%	2027	1,570.7	1,400.0	-	-
Senior secured notes	Altice France S.A.	$1,375 million	6.25%	2024	-	-	1,119.0	1,200.7
Senior secured notes	Altice France S.A.	€1,250 million	5.63%	2024	-	-	1,261.3	1,250.0
Senior secured notes	Altice France S.A.	€550 million	2.50%	2025	556.9	550.0	-	-
Senior secured notes	Altice France S.A.	$5,190 million	7.38%	2026	4,968.8	4,622.0	4,155.8	4,532.0
Senior secured notes	Altice France S.A.	$1,750 million	8.13%	2027	1,758.8	1,558.5	1,441.0	1,528.1
Senior secured notes	Altice France S.A.	€1,000 million	5.88%	2027	1,126.4	1,000.0	987.0	1,000.0
Senior secured notes	Altice France S.A.	$1,100 million	5.50%	2028	1,009.8	979.6	-	-
Senior secured notes	Altice France S.A.	€1,000 million	3.38%	2028	1,030.6	1,000.0	-	-
Senior notes[1]	Altice Finco S.A.	$250 million	9.00%	2023	267.0	257.5	257.8	250.0
Senior notes	Altice Finco S.A.	$400 million	8.13%	2024	366.8	356.2	325.5	349.3
Senior notes	Altice Finco S.A.	$385 million	7.63%	2025	353.4	342.9	279.0	336.2
Senior unsecured notes	Altice Finco S.A.	€675 million	4.75%	2028	681.9	675.0	540.7	675.0
Senior secured notes	Altice Financing S.A.	$2,060 million	6.63%	2023	1,872.6	1,834.5	1,730.5	1,798.8
Senior secured notes	Altice Financing S.A.	€500 million	5.25%	2023	510.7	500.0	504.5	500.0
Senior secured notes	Altice Financing S.A.	$2,750 million	7.50%	2026	2,632.5	2,449.0	2,192.4	2,401.3
Transaction costs						(133.2)	-	(183.6)
Total value of bonds					**22,490.6**	**20,884.8**	**20,601.3**	**22,287.4**
Of which due within one year					267.0	257.5	-	-
Of which due after one year					22,223.6	20,627.3	20,601.3	22,287.4

1 On January 13, 2020, Altice Finco redeemed in full the outstanding 2013 Altice Finco Euro Senior Notes, in an aggregate principal amount of €250 million excluding €7.5 million of call premium, in accordance with the 2013 Altice Finco Euro Senior Notes Indenture. Please refer to note 35.2.

18.1.2. *Loans from financial institutions*

A summary of the loans by entity and a detailed list of all loans is provided in the following tables. For an overview of the revolving credit facilities drawn as at December 31, 2019, and included in the figures below, please refer to note 18.5.

Maturity of loans from lenders (€m)	Less than one year	One year or more	December 31, 2019	December 31, 2018
Altice France (including RCF) *	144.4	7,196.0	7,340.4	7,224.3
Altice Corporate Financing	-	1,728.0	1,728.0	1,728.0
Altice Financing (including RCF) *	19.1	1,842.3	1,861.4	1,848.5
Others	-	1.6	1.6	4.9
Total	**163.5**	**10,767.9**	**10,931.4**	**10,805.8**

* RCF amounts are being classified as amounts which mature in less than one year but can be extended till the end of the maturity date of the RCF agreement. Please refer to note 18.5 for further details regarding the credit facilities.

Term loans and revolving credit facilities				December 31, 2019		December 31, 2018	
Type	Borrower	Currency	Year of maturity	Face value (currency)	Carrying amount (€)	Face value (currency)	Carrying amount (€)
Facility	Altice France S.A.	EUR	2023	90.0	88.5	-	-
Term loan	Altice France S.A.	USD	2025	1,384.5	1,143.7	1,398.7	1,121.1
Term loan	Altice France S.A.	EUR	2025	823.9	823.0	832.3	831.3
Term loan	Altice France S.A.	EUR	2025	292.5	279.5	295.5	280.3
Term loan	Altice France S.A.	EUR	2026	980.0	980.0	990.0	990.0
Term loan	Altice France S.A.	USD	2026	2,475.0	2,149.5	2,500.0	2,143.1
Term loan	Altice France S.A.	USD	2026	2,107.0	1,876.3	2,128.5	1,858.5
Term loan	Altice Financing S.A.	USD	2025	887.3	786.0	896.4	778.2
Term loan	Altice Financing S.A.	USD	2026	882.0	782.6	891.0	774.7
Term loan	Altice Financing S.A.	EUR	2026	294.0	292.9	297.0	295.7
Term loan	Altice Corporate Financing	EUR	2021	1,728.0	1,728.0	1,728.0	1,728.0
Term loan	Other loans	EUR	various	1.6	1.6	4.9	4.9
					10,931.4		**10,805.8**

18.1.3. *Refinancing*

18.1.3.1. *May 2019 refinancing*

On May 6, 2019, Altice Luxembourg S.A. priced €2.8 billion equivalent of new 8-year Senior Notes at an all-inclusive cost of 7.9% (fully euro swapped), consisting of a 2027 Senior Note of €1.4 billion with a nominal interest rate of 8.0% and a 2027 Senior Note of $1.6 billion with a nominal interest rate of 10.5%. The Group repaid €1.5 billion of debt from cash on hand to reduce gross leverage. In June 2019, the proceeds from this transaction, together with €500 million cash from Altice France and swap monetization proceeds of €435 million were used by Altice Luxembourg S.A. to partially repay its existing $2,900 million and €2,075 million 2022 Notes. As a result, there was approximately €1.0 billion equivalent remaining outstanding of the 2022 Altice Luxembourg Notes.

Furthermore, in June 2019, the Group used €1.0 billion of cash on balance sheet at Altice France to partially redeem the existing €1,250 million and $1,375 million 2024 Altice France Notes on a pro rata basis.

18.1.3.2. *September 2019 refinancing*

On September 16, 2019 Altice France priced and allocated €2.55 billion (equivalent) of new Senior Secured Notes, €2.0 billion (equivalent) of 8.25-year euro with a nominal interest rate of 3.375% and dollar Senior Secured Notes maturing in January 2028 with a nominal interest rate of 5.5%, resulting in a weighted average cost on a fully euro swapped basis of 3.375% and €550 million of 5.25-year euro Senior Secured Notes maturing in January 2025 with a nominal interest rate of 2.50%.

The proceeds from this transaction were used by respectively Altice France and Altice Luxembourg to redeem in full the 2024 Senior Secured Notes and 2022 Senior Notes. The existing Altice France $815 million 2024 Senior Secured Notes and the Altice Luxembourg $636 million 2022 Senior Notes were repaid on October 15, 2019. The existing Altice France €750 million 2024 Senior Secured Notes and the Altice Luxembourg €445 million 2022 Senior Notes were repaid on October 16, 2019.

18.2. Covenants

The debt issued by the subsidiaries of the Company is subject to certain restrictive covenants, which apply in the case of debt issued by:

- Altice Luxembourg, to Altice Luxembourg and its restricted subsidiaries,
- Altice Financing S.A. and Altice Finco S.A., to Altice International S.à r.l. and its restricted subsidiaries,
- Altice France, to Altice France and its restricted subsidiaries.

Other than the revolving credit facilities, described below, such debt issued by the Group's subsidiaries is subject to incurrence based covenants, which do not require ongoing compliance with financial ratios, but place certain limitations on the relevant restricted group's ability to, among other things, incur or guarantee additional debt (including to finance new acquisitions), create liens, pay dividends and other distributions to shareholders or prepay subordinated indebtedness, make investments, sell assets, engage in affiliate transactions or engage in mergers or consolidations. These covenants are subject to several important exceptions and qualifications.

To be able to incur additional debt under an applicable debt instrument, the relevant restricted group must either meet the ratio test described below (on a pro forma basis for any contemplated transaction giving rise to the debt incurrence) or have available capacity under the general debt basket described below or meet certain other exceptions to the limitation on indebtedness covenant in such debt instrument.

Senior Secured Debt and Senior Debt is subject to an incurrence test as follows:

- Senior Secured debt of Altice International is subject to an incurrence test of 3:1 (Adjusted EBITDA to Net Senior Secured Debt) and Senior Debt is subject to an incurrence test of 4:1 (Adjusted EBITDA to Net Total Debt);
- Senior Secured Debt of Altice France is subject to an incurrence test of 3.25:1 (Adjusted EBITDA to Net Senior Secured Debt);
- Senior Debt of Altice Luxembourg is subject to an incurrence test of 4:1 (Adjusted EBITDA to Net Total Debt).

The Company or its relevant subsidiaries are allowed to fully consolidate the EBITDA from any subsidiaries in which they have a controlling interest and that are contained in the restricted group as defined in the relevant debt instruments.

The Group has access to various Revolving Credit Facilities, which are subject to maintenance covenants in addition to the incurrence covenants described above.

Revolving Credit Facilities are subject to a maintenance test as follows:

- Revolving Credit Facilities of Altice International are subject to a maintenance test of 5.25:1 (Adjusted EBITDA to Net Total Debt) if outstanding at the end of the quarter;
- Revolving Credit Facilities of Altice France are subject to a maintenance test of 4.5:1 (Adjusted EBITDA to Net Senior Secured Debt) if outstanding at the end of the quarter;
- Revolving Credit Facilities of Altice Luxembourg are subject to a maintenance test of 5.5:1 (Adjusted EBITDA to Net Total Debt) if outstanding at the end of the quarter.

For details of the Revolving Credit Facilities, please refer to note 18.5. As at December 31, 2019, €90.0 million was drawn at Altice France and a maintenance test was required to be performed at Altice France.

The Group was in compliance with all the covenants described above, as of December 31, 2019.

18.3. Derivatives financial instruments

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

18.3.1. *Designation of derivative financial instruments*

18.3.1.1. *Hedged instruments*

The Group continues to apply hedge accounting for those historical hedging operations that met the eligibility criteria as defined by IAS 39 *Financial Instruments: Recognition and Measurement*. Where subsidiaries of the Group have issued debt in a currency that is different to the functional currency of the subsidiary, for example, issuing USD denominated debt in its European subsidiaries, the Group has entered into CCIRS to mitigate risks arising from the variations in foreign exchange rates. These instruments secure future cash flows in the subsidiaries functional currency and they are designated as cash flow hedges by the Group. As from 2019, hedge accounting is not applied to new CCIRS that mitigate risks arising from the variations in foreign exchange rates.

18.3.1.2. *Instruments not eligible for hedge accounting*

Those derivatives not designated in a cash flow hedge relationship are classified as derivative financial instruments recognised at fair value through profit or loss (FVPL); the change in fair value of these derivatives is recognised immediately in profit or loss.

18.3.2. *Characteristics of the Group's derivatives*

18.3.2.1. *CCIRS*

The following table provides a summary of the Group's CCIRS.

Entity Maturity	**Notional amount due from counterparty (millions)**	**Notional amount due to counterparty (millions)**	**Interest rate due from counterparty**	**Interest rate due to counterparty**	**Accounting treatment[1]**
Altice France S.A.					
July 2022	USD 550	EUR 498	3m LIBOR+3.25%	3m EURIBOR+2.73%	FVPL
January 2023	USD 1,240	EUR 1,096	3m LIBOR+4.00%	3m EURIBOR+4.15%	FVPL
January 2024	USD 1,425	EUR 1,104	3m LIBOR+4.25%	3m EURIBOR+4.46%	FVPL
April 2024	USD 2,349	EUR 2,069	7.38%	6.67%	CFH
July 2024	USD 1,989	EUR 1,468	7.38%	6.68%	FVPL
January 2026	USD 350	EUR 298	LIBOR+3.00%	3m EURIBOR+2.76%	FVPL
May 2026	USD 852	EUR 768	7.38%	5.74%	CFH
August 2026	USD 2,514	EUR 2,073	LIBOR+4.00%	5.50%	FVPL
February 2027	USD 654	EUR 588	8.13%	5.78%	FVPL
February 2027	USD 1,082	EUR 846	8.13%	6.41%	FVPL
January 2028	USD 1,100	EUR 996	5.50%	3.32%	FVPL
Altice Luxembourg S.A.					
February 2023	USD 1,480	EUR 1,308	7.63%	6.50%	CFH
Altice Financing S.A.					
May 2022	USD 350	EUR 305	7.50%	5.25%	FVPL
May 2026	USD 1,150	EUR 1,004	10.50%	7.91%	FVPL
February 2023	USD 2,060	EUR 1,821	6.63%	5.30%	CFH
May 2026	USD 930	EUR 853	7.50%	7.40%	FVPL
July 2025	USD 485	EUR 449	3m LIBOR+2.75%	3m EURIBOR+2.55%	FVPL
July 2024	USD 500	EUR 442	7.50%	6.03%	FVPL
July 2024	USD 541	EUR 416	7.50%	6.37%	FVPL
July 2024	USD 779	EUR 686	7.50%	5.80%	CFH
Altice Finco S.A.					
February 2023	USD 385	EUR 340	7.63%	6.25%	CFH

1 The derivatives are all measured at fair value. The change in fair value of derivatives classified as cash flow hedges (CFH) in accordance with IAS 39 *Financial Instruments: Recognition and Measurement* is recognised in the cash flow hedge reserve. The derivatives not hedge accounted have the change in fair value recognised immediately in profit or loss ("FVPL").

The change in fair value of all derivative instruments designated as cash flow hedges was recorded in other comprehensive income for the full year ended December 31, 2019. Before the impact of taxes, gains of €266.3 million were recorded in other comprehensive income, €189.0 million net of taxes.

18.3.2.2. *Interest rate swaps*

The Group enters interest rate swaps to cover its interest rate exposure in line with its treasury policy. These swaps cover the Group's debt portfolio and do not necessarily relate to specific debt issued by the Group.

The details of the instruments are provided in the following table.

Entity Maturity	**Notional amount due from counterparty (millions)**	**Notional amount due to counterparty (millions)**	**Interest rate due from counterparty**	**Interest rate due to counterparty**	**Accounting treatment**
Altice France S.A.					
August 2020	USD 2,481	USD 2,481	1m LIBOR +0.14%	3m LIBOR	FVPL
April 2020	USD 3,510	USD 3,510	1m LIBOR	3m LIBOR	FVPL
January 2023	EUR 4,000	EUR 4,000	3m EURIBOR	-0.12%	FVPL
May 2024	USD 5,375	USD 5,375	3m LIBOR+1.98%	6.11%	FVPL
Altice Luxembourg S.A.					
May 2024	USD 370	USD 370	3m USD LIBOR +3.78%	7.90%	FVPL
Altice Financing S.A.					
April 2020	USD 892	USD 892	1m LIBOR	3m LIBOR -0.105%	FVPL
April 2020	USD 886	USD 886	1m LIBOR	3m LIBOR -0.105%	FVPL
May 2026	USD 720	USD 720	1.81%	6m LIBOR	FVPL
January 2023	EUR 750	EUR 750	3m EURIBOR	-0.13%	FVPL

18.4. Reconciliation to swap adjusted debt

As mentioned in the note above, the Group has entered into various hedge transactions to mitigate interest rate and foreign exchange risks on the different debt instruments issued by the Group. Such instruments cover both the principal and the interests due on different debts (both debentures and loans from financial institutions).

A reconciliation between the carrying amount of the Group's financial debt and the due amount of the debts after considering the effect of the hedge operations (the "Swap adjusted debt") are given below:

Reconciliation to swap adjusted debt (€m)	**December 31, 2019**	**December 31, 2018**
Debentures and loans from lenders	**31,816.2**	**33,093.2**
Transaction costs	300.9	349.2
Total (excluding transaction costs and fair value adjustments)	**32,117.0**	**33,442.4**
Conversion of debentures and loans in foreign currency (at closing spot rate)	(35,837.1)	(35,351.1)
Conversion of debentures and loans in foreign currency (at hedged rates)	34,992.7	34,003.7
Total swap adjusted value	**31,272.6**	**32,095.0**

18.5. Available credit facilities

Available credit facilities (€m)	**Total facility**	**Drawn**
Altice France S.A.	1,415.0	100.0
Altice Financing S.A.	581.0	-
Altice Luxembourg S.A.	186.0	-
Revolving credit facilities	**2,182.0**	**100.0**

Compared to December 31, 2018, the available credit facilities in Altice France increased by €290.0 million due to additional capacity, mainly the additional Hivory facility of €300.0 million, the available credit facility in Altice Financing decreased by an amount of €250.0 million due to the irrevocable cancellation of part of the available credit facility and the available credit facilities in Altice Luxembourg decreased by €14.0 million due to the maturity of certain tranches.

Altice France has drawn €100.0 million, of which €10.0 million relates to Hivory. The remainder of €90.0 million was mainly used for working capital related expenditures.

18.6. Other financial liabilities

The main items within the caption "other financial liabilities" are summarized below:

Other financial liabilities and lease liabilities	**December 31, 2019**			**December 31, 2018**		
(€m)	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Lease liabilities	758.4	3,644.6	4,403.0	-	-	-
Finance leases	-	-	-	40.4	92.9	133.3
Reverse factoring and securitisation	1,046.1	-	1,046.1	1,100.6	-	1,100.6
Accrued interest	541.1	-	541.1	661.8	-	661.8
Put options with non-controlling interests	-	193.4	193.4	-	161.6	161.6
Deposits received	33.9	167.3	201.2	37.2	162.7	200.0
Bank overdraft	6.7	-	6.7	39.2	-	39.2
Commercial paper	149.0	-	149.0	107.0	-	107.0
Buy out minority interest ERT Lux	11.1	30.0	41.1	11.1	41.1	52.2
Perpetual subordinated notes ("TSDI") - Altice France	-	56.8	56.8	-	50.0	50.0
Other	34.3	28.8	63.1	54.8	52.0	106.7
Total	**2,580.7**	**4,120.8**	**6,701.5**	**2,052.2**	**560.3**	**2,612.5**

The current portion of other financial liabilities amounts to €2,580.7 million as at December 31, 2018, an increase of €528.5 million compared to December 31, 2018. The non-current portion of other financial liabilities amounts to €4,120.8 million as at December 31, 2019, an increase of €3,560.5 million compared to December 31, 2018. Details of the main items within the caption, and the movements from the prior period, are detailed below.

18.6.1. *Leases*

The increase in current and non-current lease liabilities recorded as at December 31, 2019 is mainly explained by the impact of the adoption of IFRS 16 *Leases* as at January 1, 2019. The amount of finance lease existing under IAS 17 *Leases* as at December 31, 2018 have been reclassified under the caption lease liabilities in the statement of financial position and amounts to €105.9 million as of December 31, 2019 compared to €133.3 million as at December 31, 2018. The amounts of non-current and current finance lease existing under IAS 17 *Leases* (before the adoption of IFRS 16 *Leases*) as at December 31, 2019 were €66.0 million and €39.9 million, respectively. Please also refer to note 1.3.3

for more details on IFRS 16 *Leases*.

18.6.2. *Reverse factoring and securitization*

Through the use of reverse factoring structures, the Group extends its payment terms up to 360 days, reducing its requirements for working capital. The contractual arrangements in place permit the supplier to obtain the amounts invoiced at agreed payment term with the amounts paid by the banks that participate in the reverse factoring structure. The Group will repay the banks the full invoice amount, with interest, on the scheduled payment date as required by the reverse factoring agreement. Based on the scheduled payment dates, the amounts payable under this arrangement are accounted for as current liabilities. As the amounts are payable to the participating banks, the amounts have been presented under Other financial liabilities. In the Consolidated Statement of Cash Flows, the cash flows related to reverse factoring are presented under Changes in working capital for the movement in Trade payable and Other cash provided by financing activities relating to the net payment to the banks. The decrease in reverse factoring and securitisation as at December 31, 2019 compared to December 31, 2018 is due to the combination of timing of reverse factoring capacity with the banks and a reduction of secured business services receivables resulting from recovery efforts in Altice France.

18.6.3. *Accrued interest*

The decrease of the accrued interest is largely explained by Altice France due to the timing of the interest payments as certain interest payments are either due on quarterly basis or on semi-annual basis and the decrease of nominal amount of debentures.

18.6.4. *Put options with non-controlling interests*

The Group executes agreements with the non-controlling interests in certain acquisitions whereby the non-controlling interests have the option to sell their non-controlling interests to the Group. These instruments are measured at their fair value at the balance sheet date (please refer to note 20.1.2 for further information).

18.6.5. *Deposits received*

Altice France receives deposits from customers largely in relation to equipment that it provides customers that Altice France retains ownership of.

18.6.6. *Commercial paper*

During the year ended December 31, 2019, Altice France increased its borrowings under its commercial paper program by €42.0 million.

18.6.7. *Buy out minority interest in ERT Lux*

On August 29, 2018, ATS France signed sale and purchase agreements with each of the five minority shareholders of ERT Lux in order to acquire 253 shares of ERT Lux for a total price of €57.0 million. Four of the five sale and purchase agreements contemplated a transfer of the ERT Lux shares to ATS France upon signing. As a result, on the date thereof and as at December 31, 2018, ATS France owned 84.3% of the share capital of ERT Lux. Upon completion of the sale under the fifth sale and purchase agreement, which occurred on January 31, 2019, ATS France owned 100% of the share capital of ERT Lux. The payment of this acquisition will be made in several instalments until January 2023, of which €11.1 million has been paid during the year ended December 31, 2019.

18.6.8. *Perpetual subordinated Notes (“TSDI”) – Altice France*

Related to the liability for the perpetual subordinated notes (“TSDI”) recorded in Altice France.

18.6.9. *Other*

Other consists mainly of various other debts and liabilities recorded by Group companies.

18.7. Reconciliation of change in borrowings and other financial liabilities

Total borrowings and other financial liabilities increased by €2,259.3 million compared to the prior year largely due to the adoption of IFRS 16 *Leases*, which resulted in an increase of Lease liabilities for an amount of €4,022.6 million.

This increase was partially offset by a decrease in the value of Senior Notes, resulting from the refinance activities (as explained in note 18.1.3) which occurred during the year ended December 31, 2019. The table below provides a full reconciliation of the movement in the balance sheet and a reconciliation to the cash payments as presented in the financing section of the consolidated statement of cash flows.

Reconciliation of debt movements (€m)	December 31, 2018	Net cash flows	Non-cash transactions	Change in fair value	Change in foreign exchange	Change in accounting policies[1]	December 31, 2019
Senior notes	22,287.4	(1,867.4)	464.8	-	-	-	20,884.8
Term loans	10,805.8	70.9	54.5	-	0.2	-	10,931.4
Derivative financial instruments	1,271.1	732.3	(762.2)	(522.7)	-	-	718.5
Other financial liabilities	2,612.4	(3,167.2)	3,014.1	31.8	187.7	4,022.6	6,701.5
Total	**36,976.8**	**(4,231.5)**	**2,771.2**	**(490.9)**	**187.9**	**4,022.6**	**39,236.1**

Reconciliation of debt movements (€m)	December 31, 2017	Net cash flows	Non-cash transactions	Change in fair value	Change in foreign exchange	Altice USA Separation	December 31, 2018
Senior notes and term loans	36,750.7	(2,379.6)	1,112.5	-	(3.3)	(13,192.9)	22,287.4
Term loans	13,190.0	1,558.1	(79.8)	-	-	(3,862.5)	10,805.8
Derivative financial instruments	1,911.6	253.9	(589.2)	(79.7)	-	(225.5)	1,271.1
Other financial liabilities	4,357.1	(1,942.2)	1,974.4	(13.2)	(39.8)	(1,723.8)	2,612.4
Total	**56,209.4**	**(2,509.8)**	**2,417.9**	**(92.9)**	**(43.2)**	**(19,004.6)**	**36,976.8**

1 Change in accounting policies relates to the adoption of IFRS 16 *Leases* as of January 1, 2019 and the subsequent recognition of Lease liabilities.

The net cash flows presented above can be reconciled to the financing activities in the cash flow statement as follows:

Reconciliation to financing cash flow (€m)	Year ended December 31, 2019	Year ended December 31, 2018
Net cash flow (as above)	**(4,231.5)**	**(2,509.8)**
Consisting of:		
Proceeds from issuance of debts	6,382.9	6,333.0
Payments to redeem debt instruments	(8,179.8)	(7,154.4)
Net cash flows on derivatives	732.3	253.9
Net cash flows on commercial paper	42.0	72.5
Net cash flows from factoring/securitization	(126.0)	(9.3)
Interest paid	(1,990.7)	(1,946.5)
Lease payments related to ROU	(979.9)	-
Other financing cash flow	(112.4)	(59.0)

The net cash flows from commercial paper and factoring/securitization are included in Other financing cash flows in the cash flow statement but are presented in a footnote to the main statement. Other items included in the Other financing cash flows are not related to the debt items presented in borrowings and financing activities. Similarly, the other cash flows presented in financing activities, and not identified in this reconciliation, are not related to borrowings or other financial liabilities.

18.8. Maturity of financial liabilities

Maturity of financial liabilities (€m)	Less than 1 year	Between 1 and 5 years	More than 5 years	December 31, 2019
Loans, debentures and related hedging instruments	432.7	6,279.9	25,822.1	32,534.7
Lease liabilities[1]	758.4	2,133.6	1,511.0	4,403.0
Accrued interest	541.1	-	-	541.1
Bank overdraft	6.7	-	-	6.7
Other financial liabilities	1,274.4	247.7	228.8	1,750.9
Interest payments until maturity date[2]	1,706.4	6,200.3	2,668.0	10,574.7
Nominal value of borrowings	**4,719.8**	**14,861.6**	**30,229.8**	**49,811.2**

Maturity of financial liabilities (€m)	Less than 1 year	Between 1 and 5 years	More than 5 years	December 31, 2018
Loans, debentures and related hedging instruments	102.3	9,107.7	25,154.3	34,364.3
Finance leases	40.4	64.8	28.1	133.3
Accrued interest	661.8	-	-	661.8
Bank overdraft	39.2	-	-	39.2
Other financial liabilities	1,310.7	263.5	203.9	1,778.1
Interest payments until maturity date[2]	1,193.5	6,611.4	3,138.3	10,943.3
Nominal value of borrowings	**3,347.9**	**16,047.4**	**28,524.6**	**47,920.0**

1 Following the adoption of *IFRS 16 Leases* as of January 1, 2019, Finance leases non-current and current have been reclassified to Lease liabilities non-current and current, respectively. Please refer to note 1.3.3. and liabilities arising from leases are recognised in Lease liabilities

non-current and current. Please refer to note 1.3.3. As of December 31, 2019, the amounts of finance lease non-current and current existing under IAS 17 *Leases* (before the adoption of IFRS 16 *Leases*) were €66.0 million and €39.9 million, respectively.

2 In accordance with IFRS 7:39, the maturity of financial liabilities includes the future contractual undiscounted interest payments related to the loans and debentures as at December 31, 2018 and December 31, 2019 respectively. These future contractual undiscounted interest payments have been prepared on the following basis:

- For loans and debentures at variable interest rates, the interest rates have been used which were applicable at balance sheet date December 31, 2018 and December 31, 2019 respectively;
- For loans and debentures in foreign currency, the exchange rates have been used which were applicable at balance sheet date December 31, 2018 and December 31, 2019 respectively;
- In case the interest payments have been hedged, the cash flows after hedge impact have been reported.

18.9. Currency of borrowings

Currency of borrowings (€m)	Euro	US Dollar	Israeli Shekel	Others	December 31, 2019
Loans, debentures and related hedging instruments	13,955.9	18,578.4	-	0.3	32,534.6
Finance leases	4,101.2	148.1	147.8	5.9	4,403.1
Accrued interest	192.7	348.5	-	-	541.2
Bank overdraft	6.2	0.5	-	-	6.7
Other financial liabilities	1,505.9	69.5	175.2	-	1,750.6
Nominal value of borrowings	**19,762.0**	**19,144.9**	**323.1**	**6.1**	**39,236.1**

Currency of borrowings (€m)	Euro	US Dollar	Israeli Shekel	Others	December 31, 2018
Loans, debentures and related hedging instruments	11,844.5	22,519.4	-	0.4	34,364.3
Finance leases	117.1	10.5	5.6	-	133.3
Accrued interest	330.2	331.6	-	-	661.8
Bank overdraft	39.2	-	-	-	39.2
Other financial liabilities	1,583.6	58.8	135.7	-	1,778.1
Nominal value of borrowings	**13,914.7**	**22,920.3**	**141.3**	**0.4**	**36,976.8**

18.10. Nature of interest rate

Nature of interest rate	December 31, 2019			December 31, 2018		
(€m)	Fixed	Floating	Total	Fixed	Floating	Total
Loans, debentures and related hedging instruments	21,604.9	10,929.8	32,534.7	23,557.8	10,806.5	34,364.3
Finance leases	4,403.0	-	4,403.0	133.3	-	133.3
Accrued interest	541.1	-	541.1	661.8	-	661.8
Bank overdraft	6.7	-	6.7	39.2	-	39.2
Other financial liabilities	1,750.6	-	1,750.6	1,778.1	-	1,778.1
Nominal value of borrowings	**28,306.4**	**10,929.8**	**39,236.2**	**26,170.2**	**10,806.5**	**36,976.8**

19. Financial risk factors

In the course of its business, the Group is exposed to several financial risks: credit risk, liquidity risk, market risk (including foreign currency risk and interest rate risk) and other risks, including equity price risk. This note presents the Group's objectives, policies and processes for managing its financial risk and capital.

Financial risk management is an integral part of the way the Group is managed. The Board of Directors establishes the Group's financial policies and the executive management establishes objectives in line with these policies.

The Group is not subject to any externally imposed capital requirements.

19.1. Credit risk

The Group does not have significant concentrations of credit risk. The credit risk may arise from the exposures of commitments under a number of financial instruments with one body or as the result of commitments with a number of groups of debtors with similar economic characteristics, whose ability to meet their commitments could be similarly affected by economic or other changes.

The Group's income mainly derives from customers in France, Portugal, Israel and the Dominican Republic. The Group regularly monitors its customers' debts and provisions for doubtful debts are recorded in the Consolidated Financial Statements, which provide a fair value of the loss that is inherent to debts whose collection lies in doubt.

Additionally, retail customers represent a major portion of revenues and these clients generally pay in advance for the services they buy, or in more significant regions, such as France, retail customers generally pay using direct debit, a practice that reduces the Group's credit risk.

The Group does not have significant concentration of credit risk, as a result of the Group's policy, which ensures that the sales are mostly made under standing orders or via credit cards.

19.2. Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which manages liquidity risk by maintaining adequate reserves, banking facilities and reserves borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Group has a strong track record of driving operating free cash flow generation and specializes in turning around struggling businesses and optimizing the cash generation of existing businesses. As all external debt is issued and managed centrally, executive Directors of the Group have a significant amount of control and visibility over the payments required to satisfy obligations under the different external debts.

Additionally, the Group has access to undrawn revolving credit facilities for an aggregate amount of €2,082.0 to cover liquidity needs not met by operating cash flow generation.

19.3. Market risks

The Group is exposed to risk from movements in foreign currency exchange rates, interest rates and market prices that affect its assets, liabilities and anticipated future transactions.

19.3.1. *Interest rate risk*

Interest rate risk comprises the interest price risk that results from borrowings at fixed rates and the interest cash flow risk that results from borrowings at variable rates.

The Company has an exposure to changes of interest rate in the market, deriving from long-term loans that have been received and which bear variable rate interest.

Interest structure of non-current financial debt (€m)	**December 31, 2019**	**December 31, 2018**
Financial debt at fixed rates	28,306.4	26,170.2
Financial debt at variable rates	10,929.8	10,806.5
Total	**39,236.2**	**36,976.7**

The Group's proportion of variable rate debt increased from 27.9% for the year ended December 31, 2018 to 29.2% for the year ended December 31, 2019. When it can, the Group endeavours to issue fixed rate debt (which also typically offers longer maturities).

The Group has entered into different hedging contracts to manage interest rate risk related to debt instruments with variable interest rates. See note 18.3 for more information.

A sensitivity analysis was performed on the impact of an increase of interest rates applicable to floating rate debt: An Euribor/Libor rate increase by 1 percentage point would result in an additional annual interest expense of €25 million.

19.3.2. *Foreign currency risk*

The Group is exposed to foreign currency risk from transactions and translation. Transactional exposures are managed within a prudent and systematic hedging policy in accordance with the Company's specific business needs. Translation exposure arises from the consolidation of the financial statements of foreign operations in euros, which is, in principle, not hedged. The Group's objective is to manage its foreign currency exposure using currency forwards, futures and swaps.

The Group estimates that a 10% variation of foreign currencies against euro parity is a relevant change of variables and reasonably possible risk in any given year. The table below provides the assessment of the impact of a 10% change in foreign currencies against euro on net result and reserves.

Sensitivity to variations in exchange rates (€m)	**December 31, 2019**			
	US Dollar[1]	**Israeli Shekel**	**Dominican Peso**	**Total**
Profit for the year				
Increase of 10% in exchange rate	nm	(21.6)	(2.5)	**(24.1)**
Decrease of 10% in exchange rate	nm	21.6	2.5	**24.1**
Equity				
Increase of 10% in exchange rate	(75.6)	(85.1)	(27.5)	**(188.2)**
Decrease of 10% in exchange rate	75.6	85.1	27.5	**188.2**

Sensitivity to variations in exchange rates (€m)	**December 31, 2018**			
	US Dollar	**Israeli Shekel**	**Dominican Peso**	**Total**
Profit for the year				
Increase of 10% in exchange rate	57.6	(12.2)	(0.2)	**45.2**
Decrease of 10% in exchange rate	(57.6)	12.2	0.2	**(45.2)**
Equity				
Increase of 10% in exchange rate	20.1	(53.5)	(9.4)	**(42.8)**
Decrease of 10% in exchange rate	(20.1)	53.5	9.4	**42.8**

1 The Group holds certain cash & cash equivalent balances in US dollar and an interest in Altice USA, which shares are denominated in US dollar, also refer to notes 20.1.1 and 20.1.2. In addition, the Group has issued a portion of its debt in US dollar, which is partially hedged to manage associated currency exchange risk. Other financial liabilities which are denominated in US dollar are reported in note 18.9. The Group enters from time to time into transactions for the acquisition of assets and incurs expenses or recognizes revenues denominated in US dollar. The Group believes that the foreign currency price risk of such transactions is limited.

Exchange differences recorded in the income statement amounted to a loss of €481.4 million (2018: €186.0 million).

Additionally, the Group is exposed to foreign currency risk on the different debt instruments that it has issued over time. The Board of Directors believes that the foreign currency price risk related to such debt issuance was limited because:

- Foreign currency debt issued in currencies other than Euros or USD is borne by companies that have issued such debt in their functional currencies.
- A portion of the USD debt issued by Altice France and other subsidiaries of the Group is hedged to manage the associated FX risk. A reconciliation between the nominal amount of the total debt measured at its balance sheet rate and the swap adjusted debt is presented in note 18.4.

19.3.3. *Price risk*

The Group has investments in listed financial instruments, shares and debentures that are classified as available-for-sale financial assets and financial assets at fair value through profit or loss in respect of which the Group is exposed to risk of fluctuations in the security price that is determined by reference to the quoted market price. As of December 31, 2019, the carrying amount of these investments was €601.0 million (€388.2 million as of December 31, 2018).

The main explanation for the increase in the investments relates to the increase in the market value of Altice USA shares held by Altice CVC Lux, which amounted to $669.2 million (€595.5 million) as at December 31, 2019.

The interest in Altice USA is revalued at fair value through Other Comprehensive Income based on the requirements of IFRS 9 *Financial Instruments*. A 10% increase or decrease in the share price of Altice USA would increase or decrease Other Comprehensive Income by $66.9 million (€59.6 million).

20. Fair value of financial assets and liabilities

20.1. Fair value of assets and liabilities

Fair values of assets and liabilities	December 31, 2019		December 31, 2018	
(€m)	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
Cash and cash equivalents	1,022.1	1,022.1	1,837.0	1,837.0
Restricted cash	119.5	119.5	141.6	141.6
Derivatives	31.0	31.0	38.1	38.1
Other financial assets	16.8	16.8	5.0	5.0
Current assets	**1,189.4**	**1,189.4**	**2,021.7**	**2,021.7**
Derivatives	715.0	715.0	1,427.8	1,427.8
Call options on non-controlling interests	142.1	142.1	63.5	63.5
Equity instruments at fair value through OCI	601.0	601.0	388.1	388.1
Other financial assets	168.6	168.6	160.2	160.2
Non-current assets	**1,626.7**	**1,626.7**	**2,039.6**	**2,039.6**
Short term borrowings and financial liabilities	421.0	421.0	102.3	102.3
Derivatives	11.8	11.8	1.2	1.2
Lease liabilities	758.4	758.4	40.4	40.4
Reverse factoring and securitisation	1,046.1	1,046.1	1,100.6	1,100.6
Accrued interest	541.1	541.1	661.8	661.8
Commercial paper	149.0	149.0	107.0	107.0
Bank overdrafts	6.7	6.7	39.2	39.2
Other financial liabilities	79.4	79.4	101.9	101.9
Current liabilities	**3,013.4**	**3,013.4**	**2,154.5**	**2,154.5**
Long term borrowings and financial liabilities	31,395.2	33,039.6	32,992.1	30,881.1
Put options with non-controlling interests	193.4	193.4	161.6	161.6
Derivatives	706.8	706.8	1,270.0	1,270.0
Lease liabilities	3,644.6	3,644.6	92.9	92.9
Other financial liabilities	282.8	282.8	305.8	305.8
Non-current liabilities	**36,222.7**	**37,867.2**	**34,822.3**	**32,711.3**

During the year there were no transfers of assets or liabilities between levels of the fair value hierarchy. There are no non-recurring fair value measurements. The Group's trade and other receivables and trade and other payables are not shown in the table above as their carrying amounts approximate their fair values.

20.1.1. *Fair value hierarchy*

The following table provides information on the fair values of financial assets and financial liabilities, their valuation technique, and the fair value hierarchy of the instrument given the inputs used in the valuation method.

Fair value measurement (€m)	Fair value hierarchy	Valuation technique	December 31, 2019	December 31, 2018
Financial Liabilities				
Derivative financial instruments	Level 2	Discounted cash flows	718.5	1,271.1
Minority Put Option - Teads	Level 3	Discounted cash flows	153.4	133.6
Minority Put Option - Intelcia	Level 3	Discounted cash flows	40.0	28.0
Financial Assets				
Derivative financial instruments	Level 2	Discounted cash flows	746.0	1,465.9
Minority Call option - Teads	Level 3	Black and Scholes model	113.6	53.8
Minority Call option - Intelcia	Level 3	Black and Scholes model	28.5	9.7
Neptune US Holding shares	Level 2	Share price	-	242.6
Altice USA shares[1]	Level 1	Quoted share price	595.9	140.0
Equity instruments at FVOCI - Partner Co. Ltd.	Level 1	Quoted share price	5.1	5.5

1 The interest in Altice USA was revalued at fair value through Other Comprehensive Income, based on the requirements of IFRS 9 *Financial Instruments*, which resulted in an increase in fair value of €233.3 million as of December 31, 2019. The fair value of Altice USA shares held by the Group was $669.2 million (€595.5 million) as of December 31, 2019, which corresponded to 3.87% or 24,475,295 class A shares.

20.1.2. *Information on valuation techniques*

20.1.2.1. *Investments in listed entities*

Quoted prices directly available from an active market are used to source the fair value, i.e. the quoted share price of the listed investments in Altice USA and Partner Co. These valuations are directly observable in an open market and therefore the Group has concluded that these instruments should be classified within Level 1 of the fair value hierarchy.

20.1.2.2. *Derivative financial instruments*

Future cash flows are estimated using market observable data at the end of the reporting period (namely, forward exchange rates and interest rates) and the contracted rates of the derivative discounted at a rate that reflects the counterparty credit risk. Since model inputs can generally be verified and do not involve significant management judgement, the Company has concluded that these instruments should be classified within Level 2 of the fair value hierarchy.

20.1.2.3. *Put options*

Each contract has specific terms and conditions, and the valuation is performed using the contracted terms and assessment against market comparable information where appropriate. For example, the exercise price in the option may be determined based on an EBITDA multiple minus the net financial debt. In all instances, the probabilities of the option being exercised is determined using management's best estimate and judgement. The resulting fair value is discounted using appropriate discount rates of the related funding pool (4.5%). These models use a variety of inputs that use judgements not able to be verified externally, therefore the Group has concluded that these instruments should be classified within Level 3 of the fair value hierarchy.

20.1.2.4. *Call options*

The valuation is derived by calculating the intrinsic value, being the difference in the value of the underlying asset and the options exercise price, and time value of the option, which accounts for the passage of time until the option expires. Various inputs are used, including the price of the underlying asset and its volatility (47%), the strike price and maturity in the contract, and the risk-free rate (ranging between -0.632% and -0.624%) and dividend yield (0%). The model calculates the possible prices of the underlying asset and their respective probability of occurrence, given these inputs. These models use a variety of inputs that use judgements not able to be verified externally, therefore the Group has concluded that these instruments should be classified within Level 3 of the fair value hierarchy.

20.2. Level 3 instruments

20.2.1. *Assumptions with management judgement used in fair value measurement*

The instruments in Level 3 are the put and call options with the non-controlling interests in acquired entities. The valuation methods used to determine the fair value of these instruments include certain inputs that do not use publicly available information and therefore require management's judgement. Those with significant impact on the fair value of the instruments concerned are deemed to be categorized as Level 3 of the fair value hierarchy. Further details on these valuation methods and the associated inputs using judgements and which can have a significant impact on the fair value are presented below.

Valuation method	**Inputs with significant judgement**	**How management determines inputs**	**Relationship to fair value**
Black and Scholes model (call options)	Price of the underlying asset	Based on EBITDA multiple approach using business plans prepared by management to derive an appropriate EBITDA of the company to use in the valuation	An increase in projected EBITDA used in isolation would result in increase in the fair value
	Volatility of underlying asset	Based on analysis of peers' volatility to derive an appropriate volatility rate	A significant increase in the volatility used in isolation would result in significant increase in the fair value
Multiples approach (put options)	Projected group net sales	Projected sales are determined using internally produced budgets using management's best estimates of future operations of the entities concerned	A slight increase in the projected group net sales used in isolation would result in significant increase in the fair value
	Projected group financial net debt	Projected net debt is determined using internally produced budgets using management's best estimates of future operations of the entities concerned	An increase in the projected net debt used in isolation would result in decrease in the fair value
	Discount rate	Based upon the cost of debt of the funding pool	An increase in the discount rate used in isolation would result in decrease in the fair value

20.2.2. *Reconciliation of movement in fair value of Level 3 financial instruments*

Change in fair value of level 3 instruments (€m)	**Available for sale unlisted shares**	**Minority put options**	**Minority call options**	**December 31, 2019**
Opening balance	**-**	**(161.6)**	**63.5**	**(98.1)**
Change in value of minority put options recorded in equity	-	(31.8)	-	(31.8)
Gains or losses recognised in profit or loss	-	-	78.6	78.6
Closing balance	**-**	**(193.4)**	**142.1**	**(51.3)**

Change in fair value of level 3 instruments (€m)	**Available for sale unlisted shares**	**Minority put options**	**Minority call options**	**December 31, 2018**
Opening balance	**1.2**	**(301.6)**	**50.6**	(249.8)
Additions	-	(52.1)	-	(52.1)
Exercises	-	152.1	(18.8)	133.3
Change in value of minority put options recorded in equity	-	40.0	-	40.0
Gains or losses recognised in profit or loss	(1.2)	-	31.7	30.5
Closing balance	**-**	**(161.6)**	**63.5**	**(98.1)**

21. Leases

Following the adoption of IFRS 16 *Leases*, the Group recognises right-of-use assets and lease liabilities for contracts that contains a lease.

For the lessee, the contractual undiscounted cash flows related to lease payments were as follows:

Obligations under leases - after IFRS 16 adoption (€m)	**December 31, 2019**
Less than one year	937.8
Between one and two years	846.7
Between two and three years	774.4
Between three and four years	734.1
Five years and beyond	2,289.6
Total minimum payments	**5,582.7**
Less: future finance expenses	(1,179.7)
Nominal value of contracts	**4,403.0**
Included in the Consolidated Financial Statements as:	
- Current lease liabilities (note 18)	758.4
- Non-current lease liabilities (note 18)	3,644.6

Obligations under leases - before IFRS 16 adoption	**December 31, 2018**	
(€m)	**Operating leases**	**Finance leases**
Less than one year	463.4	41.9
Between one and two years	361.7	34.6
Between two and three years	359.2	17.4
Between three and four years	322.7	16.0
Five years and beyond	2,085.8	26.0
Total minimum payments	**3,592.8**	**135.8**
Less: future finance expenses		(2.5)
Nominal value of contracts		**133.3**
Included in the Consolidated Financial Statements as:		
- Current borrowings (note 18)		40.4
- Non-current borrowings (note 18)		92.9

For the lessor, the contractual undiscounted cash flows related to lease income were as follows:

Lessor (€m)	**December 31, 2019**
Less than one year	43.7
Between one and two years	36.3
Between two and three years	34.4
Between three and four years	32.3
Five years and beyond	214.9
Total minimum payments	**361.6**

The amount of lease income where the Groups is lessor recognised in the income statement was €47.6 million for the year ended December 31, 2019.

22. Trade and other payables

Trade and other payables (€m)	Year ended December 31, 2019	Year ended December 31, 2018
Trade payables	4,040.2	4,587.4
Fixed asset payables	1,096.7	1,001.5
Corporate and social security contributions	456.4	666.2
Indirect tax payables	891.6	811.9
Other payables	1.8	1.8
Total	**6,486.6**	**7,068.8**

Trade and other payables decreased to €6,481.9 million as of December 31, 2019. The decrease in trade payable was mainly due to the transition impact of IFRS 16 *Leases*, which decreased trade payable by €60.2 million and lower trade payable in Altice France by €568.7 million mainly related to unwind of 2018 accruals in the first quarter of 2019 and payments of capital expenditure and network deployment suppliers during the course of the year.

The change in corporate and social security payable compared to 2018 was mainly explained by the decreases in corporate and social security payable in Altice France by €193.1 million as a result of restructuring pay-outs of €132 million during 2019, as well as a decrease in bonus provision and lower accruals for social security. Additionally, corporate and social security payables decreased in the Company by €33.1 million compared to 2018 due to payments made in 2019 related to social security payable.

These decreases in payables were partially offset by higher fixed asset payables in France and an increase in indirect tax payables mainly due to higher VAT and other tax payables in Altice France related to the increased tax collections from SFR FTTH in December 2019.

23. Other liabilities

Other liabilities (€m)	Year ended December 31, 2019	Year ended December 31, 2018
Other	247.9	201.2
Current liabilities	**247.9**	**201.2**
Fixed asset payables	182.7	560.7
Other	50.2	45.8
Non-current liabilities	**233.0**	**606.4**
Total	**480.9**	**807.6**

23.1. Other current liabilities

Other current liabilities increased compared to 2018 mainly in Altice France by €46.6 million, mainly related to payable with Hivory and third-party levies.

23.2. Non-current fixed asset payables

The decrease in non-current fixed asset payables mainly related to reclassification of payables in Altice TV from non-current to current related to payables to be paid in 2020.

24. Taxation

Taxation (€m)	Note	December 31, 2019	December 31, 2018
Tax benefit recognised in the Statement of Income			
Current tax		(366.7)	(340.4)
Deferred tax		451.7	272.4
Income tax benefit/(expenses)	24.1	**85.0**	**(68.0)**
Deferred tax balances recognised in the Statement of Financial Position			
Deferred tax assets		300.2	153.9
Deferred tax liabilities		(164.6)	(255.7)
Deferred tax	24.2	**135.6**	**(101.8)**

24.1. Reconciliation to effective tax rate

Reconciliation between effective tax rate and theoretical tax rate (€m)	**December 31, 2019**	**December 31, 2018**
Profit/(loss) for the year	**291.1**	**(916.4)**
Share of earnings of associates and joint ventures	(212.2)	(10.3)
Income tax benefit/(expenses)	85.0	(68.0)
Profit/(loss) before income tax and share of earnings of associates and joint ventures	**418.3**	**(838.1)**
Statutory tax rate in the Netherlands	25.0%	25.0%
Income tax calculated on theoretical tax	(104.6)	209.5
Impact of:		
Difference between Parent company and foreign income tax rates	(166.7)	22.5
Effect of permanent differences[1]	(164.5)	(145.5)
Effect of permanent differences - SFR FTTH capital gain[2]	704.7	-
Recognition of tax losses and variation in related allowances[3]	5.4	(95.7)
French business tax	(59.1)	(49.9)
Effect of change in tax rate[4]	(93.4)	39.5
Other current tax adjustment	(62.1)	(52.8)
Other deferred tax adjustment	25.3	4.4
Income tax benefit/(expenses)	**85.0**	**(68.0)**
Effective tax rate	-20.3%	-8.1%

1 Permanent differences are mainly due to financial interests that are non-deductible, penalties (mainly related to gun jumping in Portugal, please refer to note 32.2.1) and other non-deductible expenses.
2 Permanent differences related to the closing of the sale of SFR FTTH (please refer to section 3.2.1).
3 Recognition of tax losses and variation in tax allowance line is related mainly to the reassessment of the realization of the net operating losses and carried forward tax credit and the non-recognition of tax losses.
4 During 2018, change in tax rate is mainly due to France (article 84 of law 2017-1837 of December 30, 2017 that introduced a reduction of the income tax rate over the five next years to 25.83%, including the social surtax of 3.3%) and is explained by the application of the different tax rates on the long term temporary differences and in the change in the timing of long term temporary differences. During 2019, change in tax rate is mainly due to France (Article 4 of the Act 2019-759 dated July 24, 2019) that moderated the decrease of the tax rate in 2020 and 2021. The new income tax rate has been applied to loss carry forwards and intangible and tangible assets (customer base, brand and fair value of the network).

24.2. Deferred tax

The following tables show the deferred tax balances before netting deferred tax assets and liabilities by fiscal entity:

Components of deferred tax balances (€m)	**December 31, 2019**	**December 31, 2018**
Employee benefits	267.3	281.8
Other temporary non-deductible provisions	90.2	114.4
Fair value adjustment (derivative)	57.3	119.3
Difference between tax and accounting depreciation[1]	(933.0)	(1,249.4)
Other temporary tax deductions	196.4	249.2
Net operating losses and tax carry forwards	1,916.5	1,929.0
Valuation allowance on tax losses and tax carry forwards	(1,361.2)	(1,327.2)
Valuation allowance on deferred tax asset	(97.7)	(218.8)
Total	**135.6**	**(101.8)**
Comprising:		
Deferred tax assets	300.2	153.9
Deferred tax liabilities	(164.6)	(255.7)

Variation in deferred tax balances (€m)	**December 31, 2019**	**December 31, 2018**
Opening balance	**(101.8)**	**(4,298.7)**
Deferred tax on income	451.7	272.3
Deferred tax on shareholder's equity	(52.9)	(24.9)
Change in consolidation scope and other adjustments[1]	(152.5)	3,947.1
Currency translation adjustment	(9.0)	2.4
Closing balance	**135.6**	**(101.8)**

1 For 2018, the change in consolidation scope and other adjustments includes the effect of the Separation (please refer to note 3.2.4). For 2019, the change in consolidation scope and other adjustments mainly includes a reclassification of a provision for tax risk to deferred tax liabilities following the adoption of IFRIC 23 *Uncertainty over Income Tax Treatments*.

24.3. Net operating losses and carried forward tax credits

Deferred tax assets related to carried forward tax credit on net operating losses expire in the following years:

Variation in deferred tax balances (€m)	December 31, 2019	December 31, 2018
Within one year	-	0.3
Between two and five years	5.6	0.8
More than five years	663.2	198.6
Unlimited	1,247.7	1,729.4
Net operating losses and tax carry forward, gross	**1,916.5**	**1,929.0**
Valuation allowance	(1,361.2)	(1,327.2)
Net operating losses and tax carry forward, net	**555.2**	**601.8**

Net operating losses ("NOLs") and tax carry forward as of December 31, 2019 were related mainly to holding companies as well as Altice France and PT Portugal. The decrease in the amount of Net operating losses and tax carry forward net of the valuation allowance as of December 31, 2019 is mainly due to PT Portugal partly offset by an increase in Altice France. The Group does not believe that the unrecognised deferred tax losses can be used given the Group's current structure, but the Group will continue exploring opportunities to offset these against any future profits that the Company or its subsidiaries may generate.

Deferred tax assets have resulted primarily from the Group's future deductible temporary differences and NOLs. In assessing the realizability of deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax asset will not be realized. In evaluating the need for a valuation allowance, management takes into account various factors, including the expected level of future taxable income, available tax planning strategies and reversals of existing taxable temporary differences. If such estimates and related assumptions change in the future, the Group may be required to record additional valuation allowances against its deferred tax assets, resulting in additional income tax expense in the consolidated income statement. As of December 31, 2019, and 2018, the Group recognised deferred tax asset on the basis of projections of future use of the loss carry forward deemed probable.

24.4. Tax litigation

This note describes the new proceedings and developments in existing tax litigations that have occurred since the publication of the consolidated financial statements for the year ended December 31, 2018 and that have had or that may have a significant effect on the financial position of the Group.

24.4.1. *Altice France*

Altice France estimated the probable tax contingencies arising from tax audit carried out by the French tax authorities on various Group companies and recognised the appropriate amount of provision in its accounts according to the risk assessment as of December 31, 2019. The provision covers risks related to the following topics:

- *VAT*

The French tax authorities have conducted various audits since 2005 with respect mainly to the VAT rates applicable to the Group's multi-play offerings, and to a lesser extent to the tax on telecommunication services. Pursuant to the French tax code, television services are subject to a reduced VAT rate at 10%, and press services are subject to a reduced VAT rate of 2.1%, whereas internet and telecommunication services are subject to the normal VAT rate at 20%. French tax authorities have reassessed the application of VAT rates on certain multi-play offerings for fiscal years 2011 to 2016.

Finally, Group companies are subject to a tax audit for fiscal year 2017.

- *TST*

The CNC ("Centre National du Cinéma") has conducted an audit on the tax on television services ("TST") for 2014 to 2017, which led to a reassessment related to the scope of such tax, which should include, according to the tax authorities, all services included in an offer and not only those allowing the access to a television service.

- *Income tax*

Tax authorities have conducted an audit on the taxable income of the tax group of Altice France for fiscal years 2014 to 2016. Main proposed tax reassessments relate to the amount of the fiscal losses inherited from previous tax groups pursuant to the mechanism of imputation on a broad base (“*mécanisme d’imputation sur une base élargie*”). In addition, tax authorities have conducted an audit on deduction of foreign tax credits on foreign dividends, deduction of bad debts and deduction of certain intra-group charges on fiscal years 2011 to 2016 and an audit on deduction of financial charges on fiscal years 2012 to 2018.

For all these litigations, Group companies are disputing all proposed reassessments and have filed appeals and litigation at various levels depending on fiscal years adjusted and have recognised the appropriate amount of provision in its accounts according to their risk assessments as of December 31, 2019. Globally, the total amount of tax reassessment proposed by the tax authorities amounted €451 million.

24.4.2. *Portugal*

MEO estimated the probable tax contingencies arising from tax audits carried out by the Portuguese tax authorities on various Group companies and recognised the appropriate amount of provision in its accounts according to its risk assessment as of December 31, 2019. The provision covers risks related mainly to the potential return of tax credits/incentives and VAT on indemnities charged as result of the breach of loyalty contracts entered with post-paid customers. The VAT contingency relates to both the fixed and mobile businesses and covers years since 2012. The claim for the VAT of the mobile company in 2012 was being discussed in an arbitral court, which decided to send the matter to the European Court of Justice (ECJ), that issued a decision on November 22, 2018 which was not favourable to MEO, concluding that, under certain circumstances, indemnities should be charged with VAT, and at the same time referring that ultimately VAT should only be assessed based on indemnities received from customers. The tax assessments of the fixed-line company in 2012 and both the mobile and fixed-line companies in 2013 and 2014, were submitted to the arbitral court as well, and all were suspended and waited for the decision of the ECJ. Following the ECJ decision, MEO was notified of the arbitral court decisions on the 2013 fixed and 2012 mobile actions, both unfavourable but both referring that VAT should only be assessed based on indemnities received from customers, which is less than 20% of the overall indemnities invoiced. MEO will be appealing from both these decisions to the Administrative Central Court. For the years 2015, 2016 and 2017 MEO reached an agreement with the tax authorities resulting in the payment of approximately €3 million. For following years, it is not certain that the tax authorities accept similar agreements.

24.4.3. *Israel*

On July 4, 2019, HOT signed a compromise agreement with the Israeli tax authorities for an amount of €7.6 million related to tax assessment for periods 2015-2016.

24.4.4. *Other tax jurisdictions*

Tax assessments are conducted in other tax jurisdictions within the Group (Israel, Netherlands, Luxembourg). The provisions recorded in the Consolidated Financial Statements are based on the assessment of the risk by the management's and its professional advisors.

25. Other operating expenses

Operating expenses (€m)	**Year ended December 31, 2019**	**Year ended December 31, 2018**
Technical and maintenance costs	(903.0)	(954.6)
Customer services	(439.2)	(525.4)
Business Taxes	(294.2)	(285.2)
Sales and marketing expenses	(898.1)	(899.6)
General and administrative expenses	(326.5)	(469.7)
Total	**(2,860.9)**	**(3,134.5)**

26. Share-based compensation

For the year ended December 31, 2019, the Group recorded €43.1 million as expenses related to share-based expenses in the line item “staff costs and employee benefits” (2018: €42.9 million):

- €12.3 million at Altice Europe N.V. and Altice Management International combined (2018: €41.0 million),
- €30.8 million at Altice France (2018: €1.7 million),
- nil at Israel (2018: €0.2 million).

Details of the plans across the Group, grants under these plans and the computation of the fair value of each grant is provided below.

26.1. Stock options

26.1.1. *Overview of the stock option plans*

The Company had two existing stock option plans as of January 1, 2017, the Stock Option Plan ("SOP") and the Long-Term Incentive Plan ("LTIP").

The purpose of the SOP is, amongst others, to provide prospective candidates to join the Group or prospective candidates for promotion within the Group with appropriate incentives and to support their retention. The number of options granted under the SOP depends on the position, the importance of the role, the seniority, the performance and the development potential of the participant on a mid/long term. The grant of stock options under the SOP may be accompanied, for certain participants, by the grant of a deferred cash bonus subject to the same vesting conditions.

The LTIP is mainly used by the Company to grant stock options to participants under the SOP whose options have partially vested, in order to support retention of such participants, such grant being accompanied, for certain participants, by the grant of a deferred cash bonus subject to the same vesting conditions. The number of options granted under the LTIP depends on the position, the importance of the role, the seniority, the performance and the development potential of the participant on a mid/long term.

During the year 2017, the following plans were adopted:

- On June 28, 2017, the Group adopted a new performance stock option plan (the "PSOP"). The PSOP is used to grant stock options to selected employees of the Group, including Executive Board Members, the vesting of which is subject to the achievement of a financial performance target. The number of options granted under the PSOP depends on the position, the importance of the role, the seniority and the anticipated contribution of the participant in the performance of the Group in the mid-term.
- On November 2, 2017, the Group adopted two new stock option plans (the "2017 SOP" and the "2017 LTIP"), the terms of which are substantially the same as those of the SOP and LTIP; the amendments are related to further support the retention of the participants.

The 2017 SOP and the 2017 LTIP were amended on May 18, 2018 by the annual General Meeting in order to extend their application to Executive Board Members.

Further, in May 2017, the Board approved a management proposal whereby the fee paid as part of the brand license and services agreement with Next Alt, which was entered into on November 15, 2016, would cease and would no longer be included in corporate costs. The fee was replaced with the grant of 30 million stock options issued by the Company to Next Alt, in three tranches of 10 million stock options:

- a first tranche of 10 million stock options will vest 50% after 2 years, 25% after 3 years and the final 25% after 4 years;
- a second tranche of 10 million stock options will vest in the event the share price doubles in value compared to the exercise price on or before January 31, 2021; and
- a third tranche of 10 million share options will vest in the event the share price triples in value compared to the exercise price on or before January 31, 2022.

26.1.2. *Grants of options under the stock option plans*

The Board, upon recommendation of the Remuneration Committee, may grant stock options to eligible participants under the conditions set out by the specific plan.

Employees of the Group and, in exceptional cases, individuals who are not employees of the Group but who, in view of their activities for the benefit of the Group, made an important contribution to the success of the business of the Group, are eligible to participate in the SOP, the 2017 SOP, the LTIP, the 2017 LTIP and the PSOP.

In addition, the General Meeting may resolve to grant stock options to Executive Board Members under the SOP, the 2017 SOP, the LTIP, the 2017 LTIP or the PSOP as reward for their employment with or provision of services to

Group Companies and in that case determines the number and the applicable criteria of such stock options, based on a recommendation of the Remuneration Committee.

Non-Executive Board Members are not eligible for participation in any of the stock option plans.

26.1.3. *Vesting conditions of the plans*

SOP and 2017 SOP

Options granted under the SOP and the 2017 SOP are subject to time-based vesting conditions. The stock options will vest as follows:

- a first tranche of 50% of the stock options a participant holds vests on the 2nd anniversary of the start date of the vesting period;
- a second tranche of 25% of the stock options a participant holds vests on the 3rd anniversary of the start date of the vesting period; and
- a third tranche of 25% of the stock options a participant holds vests on the 4th anniversary of the start date of the vesting period.

The Board, upon recommendation of the Remuneration Committee, may adjust the start date of the vesting period of any participant, provided that the Board concurrently grants a benefit to such participant.

LTIP and 2017 LTIP

Options granted under the LTIP and the 2017 LTIP plans are subject to time-based vesting conditions. All stock options will vest on the third anniversary of the start date of the vesting period. The Board may, upon recommendation of the Remuneration Committee, adjust the start date of the vesting period of any participant, provided that the Board concurrently grants a benefit to such participant.

PSOP

The vesting of options granted under this plan is subject to the achievement of a financial performance target (the "Target"). The Target is set at the date of grant and will be achieved if Adjusted EBITDA less CAPEX of the third full financial year following the date of grant is equal to or superior to the Target. The Board, based on a recommendation of the Remuneration Committee (or the General Meeting, as the case may be), may adjust the Target to reflect recapitalization events, acquisitions, divestitures, or any other corporate events or actions, which require an adjustment to the Target. All stock options shall lapse if the Group does not achieve the Target. The participant needs to be employed, or to provide services to the Company or to any Group Company, at the moment that it is determined that the Group has achieved the Target. Participants who leave the Group before the vesting date forfeit their stock options.

26.1.4. *Consideration and exercise price*

No consideration is payable for the allocation of stock options. The exercise price of stock options granted under the plans is equal to the weighted average price at which the Common Shares A are traded on Euronext Amsterdam during a period of 30 days preceding certain dates, which differ by stock option plan as follows:

	SOP and 2017 SOP	**LTIP, 2017 LTIP and PSOP**
i	the date of the offer made to and accepted by the employee to join the Group, or	the date on which the decision was made to grant the participant stock options, or
ii	the date on which the employee is promoted to a new function within the Group, or	an alternative date determined by the Board.
iii	for an existing employee within the Group, the date on which the decision was made to grant him stock options.	

The Board, upon recommendation of the Remuneration Committee, may adjust the exercise price (at the time of or after the grant of the stock options) in a more favourable way for the participants, unless such an adjustment would have the effect of creating a material detriment to the shareholders.

26.1.5. *Adjustment of the terms and conditions of the stock options in connection with the Separation*

On April 30, 2018, the Board resolved, on the recommendation of the Remuneration Committee, to amend the terms and conditions of the stock options issued under the stock option plans (other than the PSOP), which was approved by the General Meeting on June 11, 2018. The General Meeting approved the modification for the Board Members but the same principles were applicable for all participants under the stock option plans (other than the PSOP): the exercise price of the stock options granted under the stock option plans (other than the PSOP)[2] was adjusted to reflect the Separation and a gross cash compensation corresponding to the value of a stock option on 0.4163[3] Altice USA share, multiplied by the number of stock options held by the participant under the relevant stock option plan, was granted to the participants who had unexercised stock options granted under the stock option plans (other than the PSOP), subject to vesting of the relevant stock options.

In addition, on May 29, 2018, the Board resolved, on the recommendation of the Remuneration Committee; to amend the terms and conditions of the stock options granted to Mr. Okhuijsen under the PSOP, which was approved by the General Meeting on July 10, 2018. The General Meeting approved the amendment for Mr. Okhuijsen, in its capacity of Board Member, but the same principles were applicable for all participants under the PSOP: the exercise price of the stock options granted under the PSOP, as well as the financial performance target to be achieved for the stock options to vest, were adjusted to reflect the Separation.

26.1.6. *Stock option plan – impact of the Separation*

The modification of the terms and conditions of the stock options has been treated based on the provisions of IFRS 2 *Share-based Payments*:

(1) For the Altice Europe part of the stock option plans:
The stock options were repriced in order to take into account the Separation and this repricing was considered as a replacement of cancelled options. The Company continues to expense the portion of the initial fair value not yet recognised over the original vesting period, after taking into account the decrease related to the Altice USA stock option part (based on 24.33% ratio).

(2) For the Altice USA part of the stock option plans:

For specific reasons related to market regulations in the USA, it was decided to replace Altice USA stock option by payment in cash based on vesting dates of existing plans (no change in vesting conditions).

The treatment of a change from equity settled to cash settled is treated according to IFRS 2 B43:

(1) The vested part of the liability was recognised as a liability with a corresponding reduction of equity for an amount of $96.7 million (€82.9 million) at the Separation date June 8, 2018. Of this $32.9 million relate to Patrick Drahi/Next Alt and $32.9 million relate to Dexter Goei.
(2) The unvested liability will be recorded in the statement of income over the vesting period.

26.1.7. *Grants of awards*

Details of movements in the number of awards outstanding under each of the Company's various stock option plans are provided in the following tables:

[2] Including the stock options issued pursuant to the brand license and services agreement.
[3] Corresponding to the number of Altice USA shares distributed to the Company's shareholders in respect of each share in the Company in connection with the Separation.

Altice Europe N.V.	**Number granted (m)**	**Weighted average exercise price[1] (€)**
Options outstanding as at January 1, 2018	**76.1**	**3.3**
Granted	9.8	2.0
Exercised	(0.2)	1.8
Cancelled, lapsed	(2.9)	4.1
Options outstanding as at December 31, 2018	**82.9**	**3.1**
Exercisable options as at December 31, 2018	**37.3**	**2.1**
Options outstanding as at January 1, 2019	**82.9**	**3.1**
Granted	-	-
Exercised	(3.1)	1.1
Cancelled, lapsed	(1.9)	2.6
Options outstanding as at December 31, 2019	**77.9**	**3.3**
Exercisable options as at December 31, 2019	**43.0**	**2.6**

1 The weighted average exercise price for stock option plans of the Company as at December 31, 2019 correspond to the repriced and adjusted weighted average exercise price following the Separation. Please refer to note 26.1.5.

26.1.8. *Fair value of options granted*

All stock options are initially measured based on the fair value of the award at grant date. An option pricing model was used to determine the fair value, which requires subjective assumptions; changes in these assumptions could materially affect the fair value of the options outstanding. No grants were made during the year ended December 31, 2019. The details of each material grant during the year ended December 31, 2018 (or summary of grants) per the date of grant are set out below.

Altice Europe N.V.	**January 31, 2018**	**January 31, 2018**	**January 31, 2018**	**Summary of 2 grants**
Units granted (million)	5.00	1.75	1.75	1.26
Expiry date	January 31, 2028	January 31, 2028	January 31, 2028	Nov 2027 - Jan 2028
Unit fair value at the grant date (€)[1]	0.66	0.66	0.66	0.32 - 0.66
Share price at the grant date (€)[2]	2.11	2.11	2.11	2.49 - 2.11
Exercise price of the option (€)[2]	2.00	2.00	2.00	4.60 - 2.00
Anticipated volatility (weighted average)[3]	24.7%	24.7%	24.7%	26.69% - 24.67%
Anticipated dividends[4]	2.50%	2.50%	2.50%	2.50%
Risk free interest rate (governments bonds)	0.77%	0.77%	0.77%	0.41% - 0.77%

1 The expected life of the options used in determining the fair value of the share options is assumed to be the same as the expiry date (10 years).
2 The share price at the grant date and the exercise price of the option have been adjusted for the Separation. Please refer to note 26.1.5.
3 The anticipated volatility is based on the average historical volatility of a select peer group over the last 10 years, given that the Company's shares have been traded just over 5 years.
4 Anticipated dividends are based on a consistent 2.5% policy over a 10-year horizon, in line with the Company's policy. With the exception of the special distribution in kind of its 67.2% interest in Altice USA to its shareholders out of its share premium reserve on June 8, 2018, the Company has not paid any dividends since its incorporation. However, the Company will at times consider returning capital to shareholders through ordinary and exceptional dividends as well as share buybacks if deemed adequate on the basis of its strategy.

26.2. Grant of free Preference Shares B

On July 10, 2018, the General Meeting determined the remuneration of Mr. A. Weill to include the right to acquire in aggregate up to 50,000,000 Preference Shares B with the following characteristics:

- granted number of Preference Shares B: 25,000,000;
- vesting period: earliest of four years from the grant date of the Preference Shares B and the Company's annual General Meeting to be held in 2022;
- performance criteria: on the financial year ending on December 31, 2021, the Company having generated an annual consolidated EBITDA (as reported on a consolidated basis and with constant perimeter and accounting standards) equal or in excess of the projected annual consolidated EBITDA in the 4-year business plan adopted by the Company;
- number of Preference Shares B, each convertible into one Common Share A, ranging between 0% and 200% of the number of granted Preference Shares B, to be assessed at the end of the vesting period, according to a predetermined allocation key linked to performance criteria.

In addition, in connection with the Separation, the General Meeting approved an adjustment of the terms and conditions governing Mr. A. Weill's existing right to acquire in aggregate 1,855,664 Preference Shares B as granted on July 7, 2016 and amended on May 29, 2018, as follows:

- Tranche 1: 1,103,096 Preference Shares B, each upon vesting convertible into one newly to be issued Common Share A as well as 0.4163 existing shares of Class A Common Stock in Altice USA;
- Tranche 2: 752,568 Preference Shares B, each upon vesting convertible into a number of newly to be issued Common Shares A depending on the share price of the Common Shares A during the 5 trading days preceding the conversion request; and
- a gross cash compensation of a maximum aggregate amount of $839,991.15.

As of December 31, 2019, all Preference Shares B Tranche 1 and all Preference Shares B Tranche 2 had vested.

27. Depreciation, amortization and impairment losses

Depreciation, amortization and impairment losses (€m)	December 31, 2019	December 31, 2018
Amortization of intangible assets	(2,134.9)	(1,968.4)
Amortization of contract costs	(265.3)	(252.3)
Depreciation of right-of-use assets	(856.9)	-
Depreciation of tangible assets	(1,979.7)	(1,892.3)
Impairments	(1.5)	(11.5)
Depreciation, amortization and impairment	**(5,238.1)**	**(4,124.5)**

Depreciation, amortization and impairment expenses for the year ended December 31, 2019 were higher compared to 2018 mainly due to the amortization of right-of-use assets following the adoption of IFRS 16 *Leases* and higher amortization of the content rights of UEFA Champions League and Europa League in Altice TV.

28. Net finance costs

Net finance costs (€m)	Year ended December 31, 2019	Year ended December 31, 2018
Interest relative to gross financial debt	**(2,016.2)**	**(2,007.2)**
Realized and unrealized gains on derivative instruments linked to financial debt	**713.5**	**192.9**
Other financial expenses	(138.6)	(209.7)
Interest on lease liabilities	(192.1)	-
Net foreign exchange losses	(481.4)	(186.0)
Impairment of available for sale financial assets	(21.8)	(3.7)
Other financial expenses	**(833.9)**	**(399.4)**
Interest income	15.2	25.0
Other financial income	77.0	72.3
Finance income	**92.2**	**97.3**
Net result on extinguishment of financial liabilities	**(217.8)**	**(148.6)**
Finance costs, net	**(2,262.3)**	**(2,265.0)**

28.1. Interest relative to gross financial debt

The increase in interest expense for the year ended December 31, 2019 was primarily due to higher interest relative to gross financial debt mainly in Altice France of €837.4 million (2018: €807.0 million), explained by a higher cost of debt related to the refinancing from July and August 2018.

As of December 31, 2019, the pre-tax weighted average cost of debt of the Group was 5.4% (2018: 5.7%).

28.2. Realized and unrealized gains on derivative instruments linked to financial debt

The increase in realized and unrealized gains on derivative instruments was mainly due to higher gains in variation in the mark to market of the swaps of Altice Luxembourg (€511.9 million in 2019 compared to €49.3 million in 2018) and Altice Financing (€195.8 million in 2019 compared to €152.4 million in 2018).

28.3. Other financial expenses

The significant contributors to other financial expenses for the year ended December 31, 2019 were:

- net foreign exchange losses of €481.4 million (2018: €186.0 million), mainly in Altice Luxembourg related to the repayment of 2022 Altice Luxembourg Notes;
- an increase in interest expenses related to lease liabilities, included in the caption Other financial expenses,

that amounted to €192.1 million following the adoption of IFRS 16 *Leases* (2018: nil); and
- write down of accrued interests on the Wananchi secured subordinated notes, amounting to €20.9 million.

28.4. Financial income

The decrease in financial income for the year ended December 31, 2019 compared to the same period in 2018 was mainly due to lower interest received by the Group.

28.5. Net result on extinguishment of financial liabilities

Increase in loss on extinguishment of financial liability amounted to €217.8 million as of December 31, 2019 (2018: €148.6 million), which mainly resulted from repayments of the Group's 2022 Altice Luxembourg Notes and 2024 Altice France Notes following the refinancing of debts in Altice Luxembourg and in Altice France (please refer to note 18.1.3).

29. Average workforce

The workforce employed by the Group, expressed in the form of full-time-equivalent employees (FTE), is presented below. The full-time equivalence of each employee is calculated based on the number of hours worked by the employee in each period, compared to the maximum number of hours/period allowed as per the local law prevalent in the country of operation.

Average workforce	**Year ended December 31, 2019**	**Year ended December 31, 2018 (*revised)**
Managers	12,816	11,905
Technicians	4,763	5,559
Employees	27,830	24,041
Total	**45,409**	**41,505**

* The number for workforce of 2018 was revised to take into account the number of FTE in Altice Customer Services that were not included in the published consolidated financial statements of 2018.

30. Related party transactions

30.1. Related party transactions and balances

Transactions with related parties during 2019 are mainly related to transactions with Altice USA, transactions with associates and joint ventures of the various operating entities of the Group and payments for services rendered by the controlling shareholder of the Group. Such transactions include:

- exchange of services between Altice France and PT Portugal and their associates (please refer to note 9 for more details on Altice France's and PT Portugal's associates);
- exchange of services between Altice USA, Teads, PT Portugal and Altice Dominicana;
- exchange of services like healthcare insurance, infrastructure services, management of emergency network and broadcasting of sport events between PT Portugal and its associates;
- services between Altice France and SFR FTTH, its joint venture partner for FTTH build-out services;
- rental agreements entered into with Quadrans, a company controlled by the ultimate beneficial owner of the Group, for office space in France for the Altice France group; and
- please see notes 3.1.3 and 3.2.2. for more related party transactions.

Revenue reported with the Company's equity holder of €26.1 million and €22.1 million was recognised in the consolidated statement of income for the year ended December 31, 2019 and December 31, 2018, respectively. The revenues for the year ended December 31, 2019 mainly related to the sale of equipment from PT Portugal and online advertising services from Teads to Altice USA. For the year ended December 31, 2018, the revenue primarily related to the sale of software licences and equipment, online advertising services and long-distance traffic to Altice USA.

A total operating expense with the Company's equity holder of €43.0 million and €58.0 million was recognised in the consolidated statement of income for the year ended December 31, 2019 and December 31, 2018, respectively. A financial expense related to the interest expense of lease liabilities recognised under IFRS 16 *Leases* with the Company's equity holder of €20.7 million and zero was recognised in the consolidated statement of income for the year ended December 31, 2019 and December 31, 2018, respectively.

Transactions with related parties are not subject to any guarantees. The table below shows a summary of the Group's related party transactions for the year and outstanding balances as at December 31, 2019 and December 31, 2018.

Related party transactions - income and expense	**December 31, 2019**				
(€m)	**Revenue**	**Operating expenses**	**Financial expenses**	**Financial income**	**Capex**
Equity holder	26.1	43.0	20.7	-	3.4
Associates, joint ventures and NCI	880.3	184.7	21.9	1.4	57.2
Total	**906.4**	**227.8**	**42.6**	**1.4**	**60.7**

Related party transactions - income and expense	**December 31, 2018**				
(€m)	**Revenue**	**Operating expenses**	**Financial expenses**	**Financial income**	**Capex**
Equity holder	22.1	58.0	-	-	0.2
Associates, joint ventures and NCI	145.3	166.1	0.7	7.8	14.1
Total	**167.4**	**224.0**	**0.7**	**7.8**	**14.3**

Related party balances - assets	**December 31, 2019**			**December 31, 2018**		
(€m)	**Investment, Right-of-use assets, loans and receivables**	**Trade receivables and other**	**Current accounts**	**Investment, Right-of-use assets, loans and receivables**	**Trade receivables and other**	**Current accounts**
Equity holder	474.3	3.4	-	14.7	17.3	11.3
Associates, joint ventures and NCI	62.9	210.0	25.2	85.4	51.8	25.0
Total	**537.2**	**213.4**	**25.2**	**100.2**	**69.1**	**36.3**

Related party balances - liabilities	**December 31, 2019**			**December 31, 2018**		
(€m)	**Lease and Other financial liabilities**	**Trade payables and other**	**Current accounts**	**Lease and Other financial liabilities**	**Trade payables and other**	**Current accounts**
Equity holder	449.1	3.1	0.5	-	41.7	13.0
Associates, joint ventures and NCI	0.4	141.3	-	0.9	93.0	0.6
Total	**449.5**	**144.3**	**0.5**	**0.9**	**134.7**	**13.6**

The revenue reported with associates, joint ventures and NCI mainly related to:

- in France:
  - revenues for the mobile services delivered to La Poste Telecom; and
  - revenues for the build out of the FTTH network for SFR FTTH.

- in Portugal:
  - revenues for the specialized works and the lease to Fibroglobal - Comunicações Electrónicas of ducts, posts and technical spaces through which the Group's network passes.

The operating expense reported with associates, joint ventures and NCI mainly related to:

- in France:
  - La Poste Telecom for the use of mobile services on their network;
  - SFR FTTH for operating expenses for the access to the FTTH network; and
  - VOD Factory for providing VOD services during 2018 but no services in 2019.
- in Portugal:
  - Fibroglobal - Comunicações Electrónicas for fibre network infrastructure management, which related to a fee for any new customer installation and a monthly fee for PT Portugal's customer base through the network of Fibroglobal - Comunicações Electrónicas;
  - Sport TV for broadcasting of sports events; and
  - OMTEL for operating expenses related to fees of the infrastructure service of towers.
- in Israel:
  - PHI for operating expenses for a mobile network in Israel during 2018 (PHI is consolidated as of January 1, 2019).

For the year ended December 31, 2019, the Company recorded an operating expense with its equity holder which mainly relates to depreciation expenses related to the right-of-use assets recognised under IFRS 16 *Leases* in connection with rental agreements with Quadrans (which is controlled by the Company's controlling shareholder) and a share-based compensation expense. For the year ended December 31, 2018, the recorded operating expense with the Company's equity holder mainly related to rental expenses from Quadrans and a share-based compensation expense.

The financial expense with the Company's equity holder is related to the interest expense of lease liabilities recognised under IFRS 16 *Leases*. The financial expense reported with associates, joint ventures and NCI related to the write down of the accrued interest on the Wananchi subordinated loan.

The capital expenditures reported with associates, joint ventures and NCI mainly related to capital expenditures with SFR FTTH for the build out of the FTTH network in 2019 and for capital expenditures with PHI for the mobile network in 2018.

The investment, right-of-use assets, loans and receivables of associates, joint ventures and NCI and with the Company's equity holder as of December 31, 2019 mainly related to:

- a loan granted to Fibroglobal - Comunicações Electrónicas that provides fibre network and infrastructure management services to PT Portugal;
- a loan receivable with Synerail in relation to the GSMR project in France; and
- a subordinated loan with Wananchi.

Right-of-use assets with the Company's equity holder related to right-of-use assets as recorded under IFRS 16 *Leases* for rental agreements for office space in France for the Altice France group entered into by the Group with Quadrans, a company controlled by the ultimate beneficial owner of the Group for €439.0 million (zero as of December 31, 2018 as IFRS 16 *Leases* is effective as of January 1, 2019). Additionally, the Group had a deposit with Quadrans of €12.7 million as of December 31, 2019 and €12.4 million as of December 31, 2018.

The trade receivables and other and the current accounts of associates, joint ventures and NCI as of December 31, 2019 mainly related to:

- in France:
  - La Poste Telecom trade receivables and current account; and
  - SFR FTTH trade receivables.
- in Portugal:
  - Altice - Associação de Cuidados de Saúde trade receivables related to the employee healthcare insurance in PT Portugal; and
  - Sport TV trade receivables.

Lease and other financial liabilities with the Company's equity holder related to lease liabilities as recorded under IFRS 16 *Leases* for rental agreements for office space in France for the Altice France group entered into by the Group with Quadrans, a company controlled by the ultimate beneficial owner of the Group for €449.1 million (zero as of December 31, 2018 as IFRS 16 *Leases* is effective as of January 1, 2019). The trade payables and other with equity holders as of December 31, 2018 mainly related to trade payable with Quadrans for rental of office space for the Altice France group.

The trade payables and other of associates, joint ventures and NCI as of December 31, 2019 mainly related to:

- in France:
  - SFR FTTH trade payables.
- in Portugal:
  - OMTEL trade payable related to infrastructure services of towers;
  - Altice - Associação de Cuidados de Saúde, which provides healthcare insurance for the PT Portugal's active and retired employees; and
  - Sport TV trade payable for broadcasting services of sport events.

30.2. Compensation of key management personnel and Board members

30.2.1. *Board members*

Compensation paid to members of the Board of Directors of the Company is listed below. As per the guidelines of remuneration policy of the Company, compensation paid to executive members of the Board has a fixed and variable component that is determined and approved by the general meeting of the Company, upon a proposal of the Board based on a recommendation of the remuneration committee. Board members receive compensation from the Company for their roles on the Board, as follows:

Board Member	Amount (€)
President	200,000
Vice-President	150,000
CEO	180,000
Other Executive Board Member	150,000

The compensation of Non-Executive Board Members is currently set at €65,000 per annum per Non-Executive Board Member with further fixed compensation payable to reflect additional responsibilities and time commitment, such as chairmanship of Board committees. The members of the Audit Committee and the Remuneration Committee currently receive additional compensation of €20,000 and €5,000 per annum respectively. The chairmen of the Audit Committee and the Remuneration Committee currently receive additional compensation of €30,000 and €20,000 per annum respectively. The chairman of the Board currently receives additional compensation of €25,000 per annum.

In addition to the fixed annual compensation granted to Non-Executive Board Members, an additional discretionary cash compensation may be granted to one or more Non-Executive Board Members in case of exceptional circumstances. Such additional discretionary cash compensation is granted to the Non-Executive Board Members by the General Meeting upon a proposal of the Board.

Details of amounts paid to directors for the year ended December 31, 2019 are provided in the following table, reference is made to the Management Report of the Company; section 6.2.1 “Remuneration of the Board”:

Directors' remuneration €	Period on the Board in 2019	Fixed fee	Additional fee for services to the Group	Annual cash bonus & Discretionary one-time cash bonus	Other benefits & LPP collective plan	Committee fees	Cash settlement of USA part of stock option plans	Share-based expense	Total
P. Drahi	January 1 - December 31	200,000	-	-	-	-	3,792,964	1,522,195	5,515,159
A. Weill	January 1 - December 31	180,000	2,108,514	1,000,000	-	-	-	27,496,900	30,785,414
A4 S.A.	January 1 - December 31	150,000	-	-	-	-	-	-	150,000
N. Marty	January 1 - December 31	150,000	53,038	700,000	19,099	-	26,992	3,035	952,163
J. van Breukelen	January 1 - December 31	108,900	-	-	-	40,333	-	-	149,233
T. Sauvaire	January 1 - December 31	65,000	-	-	-	46,667	-	-	111,667
P. Besnier	January 1 - December 31	65,000	-	-	-	25,000	-	-	90,000
N. Paulmier	January 1 - December 31	65,000	-	-	-	45,000	-	-	110,000
Closing balance		**983,900**	**2,161,552**	**1,700,000**	**19,099**	**157,000**	**3,819,955**	**29,022,130**	**37,863,636**

Details of amounts paid to directors for the year ended December 31, 2018 are provided in the following table:

Directors' remuneration €	Period on the Board in 2018	Fixed fee	Additional fee for services to the Group	Annual cash bonus & Discretionary one-time cash bonus	Other benefits & LPP collective plan	Committee fees	Cash settlement of USA part of stock option plans	Share-based expense	Total
P. Drahi	June 8 - December 31	112,698	-	-	-	-	27,843,348	6,650,000	34,606,047
D. Goei	January 1 - October 31	146,825	182,366	2,032,080	14,139	-	27,843,348	408,000	30,626,759
D. Okhuijsen	January 1 - October 31	133,333	156,157	1,000,000	44,893	-	2,404,009	614,000	4,352,393
A4 S.A.	January 1 - December 31	150,000	-	-	-	-	-	-	150,000
J. van Breukelen	January 1 - December 31	108,900	-	60,500	-	73,944	-	-	243,344
A. Weill	July 10 - December 31	85,909	996,829	500,000	-	-	-	21,500,000	23,082,738
T. Sauvaire	July 10 - December 31	31,023	-	-	-	10,606	-	-	41,629
P. Besnier	November 20 - December 31	7,403	-	-	-	2,847	-	-	10,250
N. Paulmier	November 20 - December 31	7,403	-	-	-	5,125	-	-	12,528
N. Marty	July 10 - December 31	71,591	24,167	300,000	11,741	-	51,169	51,000	509,667
S. Matlock	January 1 - July 10	34,247	-	50,000	-	23,710	-	-	107,957
J.-L. Allavena	January 1 - July 10	34,247	-	50,000	-	13,172	-	-	97,419
Closing balance		**923,580**	**1,359,519**	**3,992,580**	**70,772**	**129,404**	**58,141,875**	**29,223,000**	**93,840,731**

30.2.2. *Key management personnel*

Key management personnel include the executive directors of the Company and certain other members of the executive management team. The remuneration of key management personnel during the year was as follows:

Key management personnel (€m)	Year ended December 31, 2019	Year ended December 31, 2018
Short-term benefits	9.1	7.8
Post-employment benefits	-	-
Other long-term benefits	-	-
Share-based expenses	33.5	96.8
Termination benefits	-	-
Total[1]	**42.6**	**104.6**

1 In addition to the Company's executive directors, the Group considers Mr. D Okhuijsen, Mr. M Corbin and Mr. A. Pereira as key management personnel for 2019 and Mr. J. Bonnin, Mr. M. Corbin and Mr. A. Pereira as key management personnel for 2018.

30.2.3. *Equity based compensation*

Reference is made to the Management Report of the Company, section 6.7 "Share-based compensation", for preference shares and stock options granted to Executive Board Members under the different option plans.

31. Contractual obligations and commercial commitments

The Group has contractual obligations to various suppliers, customers and financial institutions that are summarized below. A detailed breakdown by operating entity is provided below. These contractual obligations listed below do not contain operating leases (detailed in note 21).

Unrecognised contractual commitments December 31, 2019	< 1 year	Between 1 and 2 years	Between 2 and 4 years	Five years or more	Total
Goods and service purchase commitments	882.1	513.3	349.3	275.5	**2,020.2**
Investment commitments	783.9	37.3	20.4	0.3	**841.9**
Guarantees given to suppliers/customers	57.7	13.0	19.9	59.3	**149.8**
Guarantees given to lenders	4.2	4.1	0.1	48.1	**56.5**
Guarantees given to government agencies	13.0	0.1	11.0	71.9	**96.0**
Indemnities related to sales of businesses	-	-	-	-	**-**
Other commitments	-	-	-	25.3	**25.3**
Total	**1,740.9**	**567.8**	**400.5**	**480.5**	**3,189.7**

Unrecognised contractual commitments December 31, 2018	< 1 year	Between 1 and 2 years	Between 2 and 4 years	Five years or more	Total
Goods and service purchase commitments	702.1	531.6	581.6	346.4	**2,161.6**
Investment commitments	817.0	82.0	142.0	408.3	**1,449.2**
Guarantees given to suppliers/customers	64.4	24.5	0.5	31.8	**121.2**
Guarantees given to lenders	5.9	-	4.0	40.9	**50.8**
Guarantees given to government agencies	4.0	8.8	16.0	97.2	**126.1**
Indemnities related to sales of businesses	-	-	-	-	**-**
Other commitments	-	-	-	34.2	**34.2**
Total	**1,593.4**	**646.9**	**744.0**	**958.9**	**3,943.3**

31.1. Commitment to purchase goods and services

Commitments to purchase goods and services mainly refer to long term contracts that different operating entities have with suppliers of goods and services that are used to provide services to end customers:

- PT Portugal: commitments amounting to a total of €849.8 million include commitments to purchase inventory (mainly mobile phones, set-top-boxes and Home Gateways), commitments for other services, primarily related to maintenance contracts as well as commitments under football-related content agreements, namely:
  - o agreements entered into in the end of 2015 for the acquisition of the exclusive broadcasting rights of home football games of several clubs (Porto, Vitória de Guimarães, Rio Ave, Boavista and Desportivo das Aves), including sponsorship agreement with Porto;
  - o an agreement entered into with the other Portuguese telecom operators in July 2016 for the reciprocal sharing of broadcasting rights of football-related content for an eight year period, in accordance with which the acquisition cost of such rights is split between all operators based on their market share and accordingly PT Portugal has commitments to pay a portion of the acquisition cost of the rights acquired by its competitors based on PT Portugal's market share and is entitled to recharge other operators for a portion of the acquisition cost of its own exclusive rights based on the market share of such operators; and

  - o a distribution agreement with the Portuguese sports premium channel (Sport TV) in July 2016, for a two-season period, in accordance with which PT Portugal is committed to pay a non-contingent fixed component.
- Altice TV: commitments include a total of €559.5 million related to content agreements, including mainly Discovery Communications and NBC Universal agreements.
- Altice France had total commitments amounting to €306.0 million related to broadcasting rights.
- Israel: commitments amounted to €236.2 million including commitments to purchase content, mainly channels.

31.2. Investment commitments

The commitments this year mainly refer to commitments made by different Group companies to suppliers of tangible and intangible assets (including content capex).

The investment commitments also include commitments made to government or local bodies to make certain investments in the context of Public-Private Partnerships (“PPP”) entered by some subsidiaries of the Group. At Altice France, a total of €613.4 million was committed to suppliers of tangible and intangible assets over a period of over five years. Additionally, a total of €63.9 million as of December 31, 2019 (€638.8 million as of December 31, 2018) has been committed to PPPs entered between various local governments in France and Altice France to connect houses with Fibre to the Home (FTTH) sockets and to deploy FTTH in moderately dense areas; the decrease in those commitments is explained by the transfer of assets to SFR FTTH (please refer to section 3.1.2).

31.3. Guarantees given to suppliers/customers

This caption mainly consists of guarantees given to suppliers or customers by different Group companies as part of the normal course of the companies concerned.

31.4. Guarantees given to financial institutions

This caption mainly consists of bank guarantees given by different Group companies during their business. It mainly includes a commitment of €38.3 million made by Altice France as part of a Public Private Partnership that it has entered with Vinci, AXA and TDF along with Réseau Ferré de France (R.F.F.).

31.5. Guarantees given to government agencies

This caption mainly consists of guarantees given by different Group companies to government agencies as part of their regular operations. At PT Portugal, guarantees to government agencies for an amount of €63.4 million include bank guarantees related to tax litigation.

31.6. Other commitments and guarantees

This caption mainly consists of guarantees given by different Group companies during their business.

31.7. Other commitments

31.7.1. *Network sharing agreement*

In the mobile segment, the Group has signed network sharing agreements in several subsidiaries. In France, on January 31, 2014, SFR and Bouygues Telecom signed a strategic agreement to share their mobile networks. They will deploy a new shared-access mobile network in an area covering 57% of the population. The agreement allows the two operators to improve their mobile coverage and to achieve significant savings over time. The deployment of the RAN sharing has started in September 2015 and 11,916 sites have been deployed as of December 31, 2019. SFR consider that the agreement’s commitments given amount to approximately €1,158 million and commitments received amount to approximately €1,607 million, which results in a net commitment received of approximately €449 million over the long-term agreement period.

31.7.2. *Commitments related to the deployment of fibre in AMII zones*

To meet the French government expectations, Altice France made the commitment, based upon the article L.33-13 of the French Postal and Electronic Communications to deploy 2.55 million access points on the AMII areas.

By the end of 2020, the Group will deploy and connect at least 92% of the homes and business premises of the 641 listed cities in the appendix of the commitment letter, representing 2.35 million access points.

31.7.3. *Commitments linked to telecommunications activities*

31.7.3.1. *France*

SFR is the holder of operating authorizations for its networks and the provision of its telecommunications services on the French territory, as presented below:

Band	Technology	Decisions	Start	End
700 MHz	4G (2 × 5 MHz)	ARCEP Dec. n° 15-1569	December 8, 2015	December 8, 2035
800 MHz	4G (2 × 10 MHz)	ARCEP Dec. n° 12-0039	January 17, 2012	January 17, 2032
900 MHz	2G/3G/4G (2 × 10 MHz)	ARCEP Dec. n° 06-0140 ARCEP Dec. n° 18-0683	March 25, 2006	March 25, 2021
	2G/3G/4G (2 × 8.7 MHz)	ARCEP Dec. n° 18-1393	March 25, 2021	March 25, 2031
1800 MHz	2G/4G (2 × 20 MHz)	ARCEP Dec. n° 15-0976	May 25, 2016	March 25, 2021
	2G/3G/4G (2 × 20 MHz)	ARCEP Dec. n° 18-1393	March 25, 2021	March 25, 2031
2.1 GHz	3G (2 × 14.8 MHz)	Dec. Issued on July 8, 2001	August 21, 2001	August 21, 2021
	3G (2 × 5 MHz)	ARCEP Dec. n° 10-0633	June 8, 2010	June 8, 2030
	2G/3G/4G (2 × 9.8 MHz)	ARCEP Dec. n° 18-1393	August 21, 2021	August 20, 2031
2.6 GHz	4G (2 × 15 MHz)	ARCEP Dec. n° 11-1171	October 11, 2011	October 11, 2031

The applicable financial terms are as follows:

- For the license in 900 MHz and 1800 MHz bands granted from March 25, 2006: annual payments for 15 years which are broken down each year into two parts: a fixed component amounting to €25 million per year (this discounted amount was capitalized as €278 million in 2006) and a variable component corresponding to 1% of the annual revenue generated by the use of those frequencies.
- For the license in the 2.1 GHz band granted from August 21, 2001: the fixed component paid in 2001, i.e., €619 million, was recognised in intangible assets and the variable component of the royalty amounted to 1% of the annual revenue generated by the use of this frequency. Additionally, under this license, SFR acquired new frequencies for €300 million in June 2010, for a 20-year period.
- For the licenses in the 2.6 GHz, 800 MHz and700 MHz bands: the fixed components paid in October 2011 (€150 million) and January 2012 (€1,065 million) were recognised in intangible assets on the license allocation dates respectively in 2.6 GHz, 800 MHz and 700MHz bands. SFR acquired new frequencies in December 2015, for €466 million, payable in four instalments. The variable portion of the royalty is 1% of the annual revenue generated by the use of those frequencies. The variable component of these license fees, which cannot be reliably measured in advance, are not recorded on the balance sheet but are recognised under expenses for the period in which they are incurred.
- For the license in 900 MHz and 1800 MHz bands granted from March 25, 2021: the fixed part of the annual license fee amounts to €1068 per kHz duplex allocated in the 900 MHz and €571 per kHz duplex allocated in the 1800 MHz band. The variable component corresponding to 1% of the annual revenue by the use of those frequencies.
- For the license in 2.1 GHz band granted from August 21, 2021: the fixed part of the annual license fee amounts to €571 per kHz duplex allocated. The variable component corresponding to 1% of the annual revenue by the use of those frequencies.

Furthermore, SFR is paying a contribution to the spectrum development fund for frequency bands which were thus developed, as decided by the French Prime Minister (700 MHz, 800 MHz, 2.1 GHz and 2.6 GHz,) as well as a tax to the National Frequencies Agency intended to cover the complete costs incurred by this establishment for the collection and treatment of claims of users of audiovisual communications services related to interference caused by the start-up of radio-electric stations (700 MHz and 800 MHz).

31.7.3.2. *Portugal*

MEO is the holder of operating authorizations for its networks and the provision of its telecommunications services on the Portugal territory, as presented below:

Band	Technology	Decisions	Start	End
800 MHz	4G (2 × 10 MHz)	Usage Rights for Terrestrial ECS ICP-ANACOM Nº 02/2012	March 9, 2012	March 9, 2027
900 MHz	2G/3G/ 4G (2 × 8 MHz)		February 28, 2007	March 16, 2022
1800 MHz	2G/4G (2 × 6 MHz)		February 28, 2007	March 16, 2022
	2G/4G (2 × 14 MHz)		March 9, 2012	March 9, 2027
2.1 GHz	3G/4G (2 × 20 MHz)		April 21, 2018	April 21, 2033
2.6 GHz	4G (2 × 20 MHz)		March 9, 2012	March 9, 2027

Historically, there were no costs upon renewals except for further coverage obligations. Furthermore, MEO pays spectrum fees based on the MHz acquired in the several auctions.

32. Litigation

In the normal course of its activities, the Group is accused in a certain number of governmental, arbitration and administrative lawsuits. Provisions are recognised by the Group when management believe that it is more likely than not that such lawsuits will result in an expense being recognised by the Group, and the magnitude of the expenses can be reliably estimated. The magnitude of the provisions recognised is based on the best estimate of the level of risk on a case-by-case basis, considering that the occurrence of events during the legal action involves constant re-estimation of this risk.

The Group is not aware of other disputes, arbitration, governmental or legal action or exceptional fact (including any legal action of which the Group is aware, which is outstanding or by which it is threatened) that may have been, or is in, progress during the last months and that has a significant effect on the financial position, the earnings, the activity and the assets of the Company and the Group, other than those described below.

This note describes the new proceedings and developments in existing litigations that have occurred since the publication of the consolidated financial statements for the financial year ended December 31, 2018 and that have had or that may have a significant effect on the financial position of the Group.

32.1. France

32.1.1. *Complaint by Bouygues Telecom against SFR and Orange*

The French Competition Council received a complaint from Bouygues Telecom against SFR and Orange claiming that the latter were engaged in anticompetitive practices in the mobile call termination and mobile telephony markets. On May 15, 2009, the French Competition Authority decided to postpone its decision and remanded the case for further investigation. On August 18, 2011, SFR received a complaint claiming unfair pricing. On December 13, 2012, the Competition Authority fined SFR €66 million for abuse of dominant position, which SFR has paid.

SFR appealed the decision. The case was heard by the Paris Court of Appeal on February 20, 2014. The Paris Court of Appeal rendered its judgment on June 19, 2014, dismissing SFR's appeal (the judgment was appealed to the Court of Cassation, the French Supreme Court, by SFR on July 9, 2014; on October 6, 2015, the Court of Cassation rejected SFR’s appeal) and asked the European Commission to provide an Amicus Curiae to shed light on the economic and legal issues raised by the case. The Court of Appeal postponed ruling on the merits of the case pending the Commission's opinion. The Commission rendered its opinion on December 1, 2014, which went against SFR. The Court of Appeal issued its ruling on May 19, 2016; it granted a 20% fine rebate to SFR due to the new nature of the infraction. The French treasury (Trésor Public) returned €13.1 million to SFR. SFR appealed on a point of law on June 20, 2016.

As a result of the French Competition Authority's decision of December 13, 2012, Bouygues Telecom, Omea Telecom and EI Telecom (NRJ Mobile) brought suit against SFR in the Commercial Court for damages. In accordance with the transaction between SFR and Bouygues Telecom in June 2014, the closing hearing of the conciliation proceedings was held on December 5, 2014. The motion for discontinuance granted on September 11, 2014 ended the legal action between the two companies. With respect to the claim by Omea Telecom and EI Telecom, SFR applied for stay on a ruling pending the decision of the Paris Court of Appeal and obtained it. Omea withdrew its claim on May 24, 2016. EI Telecom decided to recommence its legal proceedings and updated the amount of its claim. The procedure is pending.

32.1.2. *eBizcuss.com against Virgin*

eBizcuss.com filed a complaint against Virgin on April 11, 2012 before the French Competition Authority regarding an anticompetitive vertical agreement between Apple and its wholesale distributors (including Virgin). The case is pending.

32.1.3. *Complaint against Orange to the Competition Authority regarding the market in mobile telephony services for businesses*

On August 9, 2010, SFR filed a complaint against Orange with the Competition Authority for anticompetitive practices in the business mobile telephony services market. On March 5, 2015 the Competition Authority sent a notice of complaints to Orange. Four complaints were filed against Orange. On December 17, 2015, the Authority ordered Orange to pay a fine of €350 million.

On June 18, 2015, SFR filed a suit against Orange in the Commercial Court and is seeking €2.4 billion in damages subject to adjustment as remedy for the loss suffered as a result of the practices in question in the proceedings with the Competition Authority.

A first hearing on the merits of the case was held in February 2020 regarding in particular the fault committed by Orange and the causal link between such fault and the damages suffered by SFR. A second hearing was held in March 2020 regarding the quantum of the prejudice claimed by SFR. A last hearing is scheduled for April 29, 2020 regarding the potential indexation of the prejudice suffered by SFR.

32.1.4. *Potential failure to meet commitments made by Altice France as part of the takeover of exclusive control of SFR relating to the agreement signed by SFR and Bouygues Telecom on November 9, 2010 (Faber)*

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

On March 8, 2017, the Competition Authority imposed a financial sanction of €40 million against Altice and Altice France, for not having respected the commitments set out in the "Faber Agreement" at the time of the SFR acquisition by Numericable (now SFR Fibre). This amount was recognised in the consolidated financial statements as of December 31, 2016 and was paid during the second quarter of 2017. The Competition Authority also imposed injunctions (new schedule including levels of achievement, with progressive penalty, in order to supply all the outstanding access points).

A summary was lodged on April 13, 2017 before the Council of State. The judge in chambers of the Council of State said there is no matter to be referred. On September 28, 2017, the Council of State rejected the application for cancellation of the decision of the Competition Authority requested by Altice Europe and the Altice France group.

The French Competition Authority withdrew all of SFR's commitments for the future on October 28, 2019. The control by the French Competition Authority of SFR commitments for the past is still ongoing. As of December 31, 2019, the Group considers that the risk is difficult to estimate reliably and is hence considered to be a contingent liability under IAS 37 *Provision, Contingent Liabilities and Contingent Assets*.

32.1.5. *SFR against Orange: abuse of dominant position in the second homes market*

On April 24, 2012, SFR filed a complaint against Orange with the Paris Commercial Court for practices abusing its dominant position in the retail market for mobile telephony services for non-residential customers.

On February 12, 2014, the Paris Commercial Court ordered Orange to pay to SFR €51 million for abuse of dominant position in the second homes market.

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

On April 12, 2016, the French Supreme Court overturned the Court of Appeal's decision and referred the case back to the Paris Court of Appeal. Orange returned €52.7 million to SFR on May 31, 2016. Orange refiled the case before the Paris Court of Appeal on August 30, 2016.

On June 8, 2018, the Paris Court of Appeal rejected Orange's appeal. On December 24, 2018, Orange refiled an appeal with the Supreme Court. SFR filed its conclusions in defence on February 15, 2019. The case is still pending.

32.1.6. *SCT against SFR*

On October 11, 2017, SCT summoned SFR before the Paris Commercial Court for some supposed dysfunctions and multiple failings in the delivery of its fixed services, such as the loss of final clients as part of the supply of mobile services (MVNO).

For this reason, SCT asks, on various grounds, for an amount around €48 million.

This case was subject to a conciliation proceeding between the parties. After the failure of this proceeding, the case was sent on the merits and the procedure is pending.

32.1.7. *Free against SFR: unfair practices for non-compliance with consumer credit provisions in a subsidized offer*

On May 21, 2012, Free filed a complaint against SFR in the Paris Commercial Court. Free challenged the subsidy used in SFR's "Carrés" offers sold over the web between June 2011 and December 2012, claiming that it constituted a form of consumer credit and, as such, SFR was guilty of unfair practices by not complying with the consumer credit provisions, in particular in terms of prior information to customers. Free asked the Paris Commercial Court to require SFR to inform its customers and to order it to pay €29 million in damages. On January 15, 2013, the Commercial Court dismissed all of Free's requests and granted SFR €0.3 million in damages. On January 31, 2013, Free appealed the decision.

On March 9, 2016, the Paris Court of Appeal confirmed the Paris Commercial Court's ruling and denied all claims filed by Free. The amount of damages payable by Free to SFR was increased from €0.3 million to €0.5 million. On May 6, 2016, Free filed an appeal.

The Court of Cassation rendered a decision on March 7, 2018. This decision overturned and partially cancelled the decision rendered by the Court of Appeal and referred the case back to the Court of Appeal. The Court of Cassation considered that the Paris Court of Appeal had based its prior judgment on improper motives to exclude the mobile subsidy provided by SFR on its subscriptions from the scope of consumer credit. In addition, the Court of Cassation reaffirmed the sentencing for Free mobile to pay €0.5 million for the defamation suffered by SFR.

On April 24, 2019, the Court of Appeal considered that disputed "Carrés" offers have to be considered as consumer credit and that SFR is consequently liable for unfair commercial practices during the litigation period. However, the Court dismissed Free from its other claims and an expertise has been requested by the Court to determine the damage suffered by Free. This expertise is pending.

32.1.8. *SFR against Iliad, Free and Free mobile: unfair competition by disparagement*

On May 27, 2014, SFR filed a complaint against Iliad, Free and Free Mobile in the Paris Commercial Court for unfair competition claiming that when Free Mobile was launched and afterwards, Iliad, Free and Free Mobile were guilty of disparaging SFR services. SFR claimed €493 million in damages.

On September 9, 2016 by pleadings on counterclaims, Free requested the Court to judge that SFR denigrated their capacities and services and claimed €475 million in damages. The Paris Commercial Court rendered its judgment on January 29, 2018. The Court sentenced Free Mobile to pay to SFR €20 million as moral damage as a result of unfair competition made by disparagement.

In addition, the Court sentenced SFR to pay to Free Mobile €25 million as moral and material damage as a result of unfair competition made by disparagement.

Accordingly, the Court sentenced, as compensation, SFR to pay to Free Mobile €5 million as damages. This decision was executed and the Group paid the €5 million net amount to Free Mobile in June 2018. SFR appealed this decision. The case is still pending.

32.1.9. *Disputes regarding the transfer of customer call centres from Toulouse, Lyon and Poitiers*

Following the transfer of customer call centres from Toulouse and Lyon to the company Infomobile and the Poitiers call centres to a subsidiary of the Bertelsmann Group, the former employees at those sites filed legal actions at Labour Tribunals in each city to penalize what they claim were unfair employment contracts constituting fraud under Article L. 1224-1 of the French Labour Code and also contravening the legal provisions regarding dismissal for economic reasons. The rulings in 2013 were mixed as the Toulouse Court of Appeal penalized SFR and Téléperformance in half of the cases while the Lyon and Poitiers courts ruled in favour of SFR. The cases are now at different stages of proceedings: Labour Tribunal, Court of Appeal and Court of Cassation.

32.1.10. *Litigation over distribution in the independent network (Consumer market and SFR Business Team)*

SFR, like companies operating an indirect distribution model, faces complaints from a certain number of its distributors and almost routinely from former distributors. Such recurring complaints revolve around claims of sudden breach of contractual relations, abuse of economic dependency and/or demands for requalification as a sales agent as well as, more recently, demands for requalification as a contractual branch manager and requalification as SFR contracted point of sale staff.

32.1.11. *Free against SFR*

In July 2015, Free filed suit against SFR in order to stop it from using the word “Fibre,” claiming that the solution marketed by SFR is not a fibre to the home (FTTH) solution; Free considers SFR’s communication to be deceptive about substantial qualities and, on that basis, is asking the court to find there is parasitism and unfair competition.

On January 19, 2018, the Court rendered a decision. The decision condemned SFR to:

- €1 million as moral damages;
- communicate, within 90 days following the date of the judgment notification, to each client having subscribed to SFR or SFR Fibre, of an offer including the term « fibre » (excluding FTTH offers) on IT support and paper support information relating to: (i) the precise nature of its connection to optical fibre (ii) the number of subscribers sharing coaxial connection and (iii) the average connection speed at peak hours and off-peak hours;
- inform, within 90 days following the date of the judgment notification, each client having subscribed to SFR or SFR Fibre to an offer including the term « fibre » (excluding FFTH offers) that they benefit from a possibility of immediate termination for default of previous information about the exact characteristics of the offer;
- €0.1 million as article 700 of the Civil Proceedings Code.

The Court considered having made a material error in failing to mention provisional enforcement in the judgment. Accordingly, the Court decided, by the judgment dated February 12, 2018, the provisional enforcement for all convictions in this case.

Despite its appeal before the Court of Appeal of Paris, SFR was obliged to execute the judgment.

Free challenged SFR's proper execution of the judgment and referred the matter to the Enforcement judge, which confirmed the proper execution of the ruling by SFR. Free decided to appeal this judgment and the proceedings are still pending.

32.1.12. *Tracetel and Intermobility against SFR: Velib*

In May 2017, Tracetel and Intermobility sued SFR before the Paris Commercial Court in order to obtain compensation for the damage allegedly suffered by the two contracting parties in the context of the response to the tender procedure of the Velib DSP. They accused SFR of not having filed the joint offer and asked for the sentencing of SFR to the tune of €76.7 million for loss of tender.

In November 2018, at the time of the submission of summary conclusions, Tracetel and Intermobility requested that, in the event of rejection of their principal claim, SFR will be ordered to pay a minimum amount of €2.5 million.

The judgment was delivered on December 16, 2019 and ordered SFR to pay €0.4 million with a provisional execution of the judgment ordered. Tracetel and Intermobility did not appeal the judgment within the appeal period. This case is definitely closed.

32.1.13. *In-depth inquiry of the European Commission into the assignment of cable infrastructures by certain local authorities*

On July 17, 2013, the European Commission signalled that it had decided to open an investigation to verify whether the transfer of public cable infrastructure between 2003 and 2006 by several French municipalities to SFR Fibre was consistent with European Union government aid rules. In announcing the opening of this in-depth investigation, the European Commission indicated that it believes that the sale of public assets to a private company without proper compensation gives the latter an economic advantage not enjoyed by its competitors, and that it therefore constitutes government aid within the meaning of the rules of the European Union and that the free-of-charge transfer of the cable networks and ducts by 33 French municipalities to SFR Fibre, they have argued, confers a benefit of this type and, as such, is government aid. The Group strongly denies the existence of any governmental aid.

32.1.14. *Dispute with Orange concerning certain IRUs*

The Group signed four non-exclusive IRUs with Orange on May 6, 1999, May 18, 2001, July 2, 2004 and December 21, 2004, in connection with the Group's acquisition of certain companies operating cable networks built by Orange. These cable networks, accessible only through the civil engineering installations of Orange (mainly its ducts), are made available to the Group by Orange through these non-exclusive IRUs. Each of these IRUs covers a different geographic area and was signed for a term of 20 years.

Following ARCEP's Decision 2008-0835 of July 24, 2008, Orange published, on September 15, 2008, a technical and commercial offer made to telecommunication operators allowing them access to the civil engineering infrastructures of the local wire-based network, pursuant to which the operators can roll out their own fibre networks in Orange's ducts. The terms of this mandatory technical and commercial offer are more restrictive than the terms that the Group enjoys under the Orange IRUs.

As a result, in December 2011, SFR Fibre and Orange signed amendments to the IRUs in order to comply with the November 4, 2010 ARCEP decision and to align the operating procedures set out in the IRUs with the procedures set out in the Orange general technical and commercial offer.

Lastly, SFR Fibre initiated parallel proceedings against Orange before the Commercial Court of Paris on October 7, 2010 claiming damages of €2.7 billion for breach and modification of the IRUs by Orange. On April 23, 2012, the Commercial Court of Paris ruled in favour of Orange and dismissed the Group's claims for damages, ruling that there were no material differences between the original operational procedures and the new operational procedures imposed on SFR Fibre by Orange under the terms of its general technical and commercial offer, published on September 15, 2008. SFR Fibre appealed this decision before the Paris Court of Appeal and claimed the same amount of damages as it had before the Paris Commercial Court. Orange, in turn, claims that this proceeding materially impaired its brand and image, and is seeking an order to make SFR Fibre pay damages of €50 million. In a ruling dated June 20, 2014, the Paris Court of Appeal dismissed SFR Fibre's appeal, which was referred to the Court of Cassation on August 14, 2014. On February 2, 2015, the Court of Cassation set aside the ruling of the Paris Court of Appeal except in that it recognised SFR Fibre's interest in acting and referred the case back to the Paris Court of Appeal.

The Paris Court of Appeal, in its judgment of June 16, 2017, rejected SFR Fibre's claims. This judgment was confirmed by the Court of Cassation in a judgment of March 27, 2019, thus putting a definitive end to this case.

32.1.15. *Action by Colt, Free and Orange in the General Court of the European Union concerning the DSP 92 project*

Colt, Free and Orange, in three separate motions filed against the European Commission before the General Court of the European Union seeking to annul the European Commission's final decision of September 30, 2009 (Decision C (2009) 7426), which held that the compensation of €59 million granted for the establishment and operation of a high-speed electronic communications network in the department of Hauts-de-Seine does not constitute government aid within the meaning of the rules of the European Union. The Group is not party to this proceeding. Its subsidiary Sequalum is acting as the civil party, as well as the French government and the department of Hauts-de-Seine. In three rulings dated September 16, 2013, the General Court of the European Union rejected the requests of the three applicants and confirmed the aforementioned decision of the European Commission. Free and Orange have appealed to the Court of Justice of the European Union. The procedure is pending.

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

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

Pursuant to two decisions rendered on March 16, 2017, the Administrative Court of Cergy Pontoise rejected the actions brought by Sequalum against two enforcement measures issued by the department of Hauts-de-Seine in respect of penalties, for amounts of €51.6 million and €45.1 million. Sequalum appealed the two decisions before the Administrative Court of Versailles but paid the amount of €97 million over the month of July 2017.

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

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

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

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

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

In September 2017, the department issued three revenue orders (*titres de recette*) in order to minimize the balance due to Sequalum at the time of counting. These demands were contested:

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

The department issued a revenue order of €212 million for damages suffered as a result of the faults based on which the contract was terminated. The judgment was rendered on February 15, 2018. It reduces the indemnity by €187 million and reduces, correlatively, the amount of the revenue order to €26 million. The department appealed this decision. The judgment rendered on July 5, 2018 granted Sequalum's request for cancellation of the compensation. On the other hand, the request for repayment was rejected. This rejection was appealed.

32.1.17. *Claim from Free concerning the acquisition of Virgin Mobile by the Group*

On April 5, 2019, Altice France and Altice Luxembourg, *inter alios*, received a claim from Free stating that the practices sanctioned by the French Competition Authority in November 2016 in the SFR Fibre/SFR/Virgin Mobile gun jumping case caused Free to lose the tender process for the acquisition of Virgin Mobile. Free is now seeking €216 million in monetary damages.

Altice France is now expected to produce its conclusions in defence on May 15, 2020. Altice France requested from the judge to require from Free some documents that will help Altice France to understand the damages suffered and the amount claimed by Free. At this stage, the Group strongly challenges the merits of this claim.

32.1.18. *Litigation arising from the voluntary redundancy plan of 2017*

In the context of the voluntary redundancy plan initiated in 2017 by the Group, certain former employees have introduced claims before the "Conseils de Prud'hommes" (labour law ombudsman) based on the breach of the legal provisions in the French labour code applicable to lay-off for economic reasons. The Group contested the foundation of these claims and decisions were rendered in favour of the Group. Several cases are still pending.

32.2. Portugal

32.2.1. *European Commission Investigation*

After having approved the acquisition of PT Portugal by the Group on April 20, 2015, the European Commission initiated an investigation into infringement by the Company of the obligation of prior notification of concentrations under Article 4(1) of the Merger Regulation and/or of the stand-still obligation laid down in Article 7(1) of the Merger Regulation. The European Commission issued a statement of objections on May 18, 2017, informing the Company of the objections raised against it.

On April 24, 2018, the European Commission notified the Company of its decision to impose upon it two fines totalling €124.5 million. The Commission found that the Company infringed the prior notification obligation of a concentration under Article 4(1) of the EU Merger Regulation, and the stand-still obligation under Article 7(1) of the EU Merger Regulation. The Company fully disagrees with the Commission's decision, and in particular, it considers that this case differs entirely from the French Numéricable/Altice France/Virgin gun jumping case, in which the Group had agreed not to challenge the allegations brought against it. In the Company's opinion, the Commission's decision relies on a wrongful definition of the notion of "implementation" of a concentration. Further, the transaction agreement governing the management of the target during the pre-closing period provided the Company with a consultation right on certain exceptional matters relating to PT Portugal aimed at preserving the value and integrity of the target prior to closing and was in accordance with well-established M&A market practice.

In any event, the Company considers that the elements in the Commission's file do not establish the exercise of influence, as alleged by the Commission, by the Company over PT Portugal's business conduct neither prior to the merger notification to the Commission nor prior to the Commission's clearance.

On July 5, 2018, the Company filed an Application for annulment against the Commission's decision before the EU General Court to request that the decision as a whole be annulled or, at the very least, that the sanction be significantly reduced (Case T-425/18). The Commission's decision does not affect the approval granted by the European Commission on April 20, 2015 for the acquisition of PT Portugal by the Group.

On November 6, 2018, the Council of the European Union filed an Application to intervene in the case before the EU General Court. Both the Company and the European Commission confirmed they had no observations to the Council's Application to intervene. The Council requested an extension of the time-limit to file its Statement of intervention. The Court granted that extension until February 25, 2019.

On November 30, 2018, the European Commission filed its Defence requesting the Court (1) to dismiss the Company's Application and (2) to order the Company to pay the costs. The said Defence was notified to the Company on December 14, 2018. On December 20, 2018, the Company requested an extension of one month to lodge its Reply. The extension was granted on January 4, 2019, until February 25, 2019.

On February 25, 2019, the Company filed its Reply to the Commission's Defence adhering to the conclusions and orders sought in its Application for annulment.

On March 15, 2019, the Company filed its observations on the Statement of intervention of the Council of the European Union, which essentially mirror the corresponding allegations in the Company's Application and reply to the Commission's defence.

On March 18, 2019, the Company received the copy of the Commission's observations on the Statement of intervention of the Council of the European Union, which merely state it does not have any observations, as its position and that of the Council of the European Union are aligned.

After an extension of the deadline, the Commission filed its Rejoinder to the Company's reply on May 10, 2019.

The written phase of the procedure has now been closed. The President will fix a date on which the Judge-Rapporteur is to present a preliminary report to the General Court. The preliminary report shall contain an analysis of the relevant issues of fact and of law raised by the action, proposals as to whether measures of organization of procedure or measures of inquiry should be undertaken, whether there should be an oral part of the procedure and whether the case should be referred to the Grand Chamber or to a Chamber sitting with a different number of Judges.

The Company submitted a reasoned request for a hearing on May 29, 2019.

On March 10, 2020, the Company received from the General Court an invitation addressed to all the parties to submit observations regarding the possible consequences of the Court of Justice of the European Union (CJEU) judgment on another case by March 25, 2020. On March 25, 2020, the Company lodged its observations and reiterated its submission filed on May 29, 2019, regarding the importance of a hearing in the present case. On March 23, 2020, the Commission and the Council of the European Union lodged their observations, which have been transmitted to the Company on March 31, 2020. In essence, the Commission and the Council concluded by reiterating that the Company's application should be rejected.

Depending on the Court's evaluation of the observations received from the parties on the relevance of such judgment from the CJEU for the Company's case, the General Court will decide whether or not to hold an oral hearing, which would most likely take place in 2020. In that case, the Company would expect a judgment in 2021.

As of December 31, 2019, a liability of €127.2 million (including accrued interests) is recorded at Altice Portugal, as it is the acquiring entity of PT Portugal. On July 25, 2018, the Group issued a bank guarantee to the European Commission of €124.5 million (excluding accrued interests).

32.2.2. *Vodafone – Network Sharing Agreement*

Vodafone and PT Comunicações (currently MEO) signed, on July 21, 2014, an agreement for the acquisition of exclusive rights of use of the PON Network, which consisted in the possibility of access to the installed infrastructure owned by each of the parties to offer new generation services and integrated offerings (voice, internet and television) autonomously in the retail market. On November 4, 2015, MEO informed Vodafone that it has decided to individually develop a new, ambitious plan for the expansion of its fibre optic network, both in geographical areas already covered by a new generation network and in other geographical areas, while continuing to comply with the agreed. Notwithstanding, Vodafone states that this was a breach of the agreement and is claiming an amount of approximately €132 million from MEO for damages and losses allegedly caused by that non-compliance with the agreed.

MEO submitted its defence to these claims in June 2018, stating that (i) Vodafone did not have a contractual right to prevent MEO from developing its network autonomously and independently from the agreement, (ii) all of Vodafone rights, resulting from the agreement, were respected by MEO, and Vodafone was in no way limited by MEO in the investment in the construction of its own network, which it developed freely and voluntarily, choosing to invest where it found greater profitability for its business, and (iii) Vodafone´s claims for damages and losses were not factually sustainable.

An experts' report should be submitted to the Court and the experts asked the Court for a 45 days extension for the report submission, so the report should be submitted in April 2020. MEO will wait for the notification from the Court for analysis and response with respect to the experts' report.

32.2.3. *Optimus (currently NOS Comunicações) - Interconnection agreement*

This legal action is dated from 2001 and relates to the price that Telecomunicações Móveis Nacionais ("TMN", PT Portugal's mobile operation at that time) charged Optimus - Comunicações S.A. ("Optimus", one of MEO's mobile competitors at that time, currently NOS) for mobile interconnection services, price that Optimus did not agree with. TMN transferred to PT Comunicações (PT Portugal's fixed operation at that time, currently named MEO) the receivables from Optimus, and subsequently PT Comunicações offset those receivables with payables due to Optimus. NOS argues for the annulment of the offset made by PT Comunicações and accordingly claims from PT Comunicações the settlement of the payables due before the offset plus accrued interest. In August 2015, the Court decided that the transfer of the interconnection receivables from TMN to PT Comunicações and consequently the offset of those receivables with payables due by PT Comunicações to Optimus were not legal and therefore sentenced MEO to settle those payables plus interest up to date in the total amount of approximately €35 million. MEO appealed this decision in October 2015 to the Court of Appeal of Lisbon. In September 2016, MEO was notified of the decision from the Court of Appeal of Lisbon, which confirmed the initial ruling against MEO, as a result of which MEO decided to appeal to the Supreme Court. On March 13, 2017, MEO was notified of the Supreme Court's decision of dismissal of its appeal and as a result MEO decided to appeal to the Constitutional Court. In January 8, 2018, MEO was notified of the Constitutional Court decision of dismissal of the appeal, after which MEO appealed to the Constitutional Court Conference. MEO was notified that the Constitutional Court Conference did not accept and consequently will not analyse the appeal. In July 2018, MEO paid €41 million to settle the action which had been accrued for in 2015.

NOS claimed an additional amount of interests during the judicial procedure and is now claiming an additional payment of €5 million. The contestation of the legal action by MEO was submitted and preliminary hearing should be scheduled.

32.2.4. *Anacom litigation*

MEO has several outstanding proceedings filed from Anacom, for some of which MEO has not yet received formal condemnations. This litigation includes matters such as the violation of rules relating to portability, TDT, the non-compliance of obligations under the universal service (public phones) and regulated offers (ORAC). Historically, MEO paid amounts significantly lower than the administrative fines set by Anacom in final decisions. The initial value of the proceedings is normally set at the maximum applicable amount of the administrative fine until the final decision is formally issued.

32.2.5. *Zon TV Cabo Portugal – Violation of portability rules*

Zon TV Cabo Portugal (currently NOS) claims that MEO has not complied with the applicable rules for the portability of fixed numbers, as a result of which claims for an indemnity of €22 million corresponding to profits lost due to unreasonable rejections and the delay in providing the portability of the number. An expert indicated by each party and a third-party expert evaluated this matter and presented the final report to the Court, which decided to change the scope of the work to be performed by the experts, and accordingly the action moved back again. The experts presented the new final report to the Court in January 2019 and the parties are waiting for the appointment date of the preliminary hearing.

32.2.6. *Municipal taxes and rights-of-way*

Pursuant to a statute enacted on August 1, 1997, as an operator of a basic telecommunications network, MEO was exempt from municipal taxes and rights-of-way and other fees with respect to its network in connection with its obligations under the Concession. The Portuguese Government has advised MEO in the past that this statute confirmed the tax exemption under MEO's former Concession and that it will continue to take the necessary actions in order for MEO to maintain the economic benefits contemplated by the former Concession.

Law 5/2004, dated 10 February 2004, established a new rights-of-way regime in Portugal whereby each municipality may establish a fee, up to a maximum of 0.25% of each wireline services bill, to be paid by the customers of those wireline operators which network infra-structures are located in each such municipality. Meanwhile, Decree-Law 123/2009, dated 21 May 2009, clarified that no other tax should be levied by the municipalities in addition to the tax established by Law 5/2004. This interpretation was confirmed by the Supreme Administrative Court of Portugal in several legal actions. Some municipalities continue to perceive that the Law 5/2004 does not expressly revoke other taxes that the municipalities wish to establish, because Law 5/2004 is not applicable to the public municipality domain.

Currently, there are legal actions with some municipalities regarding this matter and some of the municipalities have initiated enforcement proceedings against MEO to demand the payment of those taxes.

32.2.7. *Invesfundo II - Disposal of plots of land*

Invesfundo II, acquired from one of MEO's former pension fund assets, has a group of plots of land for a total amount of €41 million, including one plot of land that Invesfundo II argues was not MEO's property, as a result of which Invesfundo II had to acquire that plot of land from a third party for €4 million, amount that is claiming from MEO. Judicial decision was totally favourable to MEO and the process was finalized in December 2019.

32.2.8. *Opway– Construction of Covilhã data centre*

In connection with construction of a data centre in Covilhã, PT Data Center had contracted Opway-Somague consortium as its main contractor responsible for the project, while Opway-Somague contracted Isolux as a subcontractor. Isolux filed an action against the Opway-Somague consortium for alleged delays in the construction works and changes to the initial project that resulted in higher costs for Isolux. The amount of this action is approximately €17.4 million. PT Data Center is only an accessory intervener in this action and thus no amount can be directly claim from it as a result of this action. Following the action filed by Isolux, the Opway-Somague consortium filed an action against PT Data Center in late 2016 for an amount of €16.7 million, claiming that PT Data Center orientations caused changes to the work plan and other vicissitudes in the realization of the construction plan that were never paid and caused damages to the Opway-Somague consortium.

By an extra judicial agreement between Opway and PT Data Center, closed in December 2018, with a broader scope than the facts that were being discussed in the judicial process, it was possible to close all the issues that involved the construction of the Covilhã data centre and the final reception of the contract took place. PT Data Center made a single payment, in face of the commitment of both parties that there was nothing more to claim from each other, and that they would desist from all legal proceedings.

The process has been finalized since the beginning of February 2019, as the request by Opway to the Court for the process to be terminated occurred.

32.2.9. *National Commission for Data Protection*

MEO has several outstanding proceedings filed by the National Commission for Data Protection (CNPD), for some of which MEO has not yet received formal condemnations. This litigation includes matters such as the violation of rules relating to marketing contact with clients and alleged non-compliance of obligations under the database of debtors to telecom operators.

Historically, MEO paid significantly lower (or even no amounts) of the administrative fines set by CNPD in final decisions. The initial value of the proceedings is normally set at the maximum applicable amount of the administrative fine until the final decision is formally issued.

32.2.10. *Portuguese Competition Authority investigation*

On December 20, 2019, MEO has received a Statement of Objections from the Portuguese Competition Authority regarding its preliminary view that both MEO and NOWO, which operates as a MVNO using MEO's network, were part of a cartel for market sharing and price fixing of mobile services, sold either on a standalone basis or in bundles of fixed and mobile telecommunications services. The Competition Authority concluded that this alleged illegal practice took place between 2017 and 2018. MEO firmly denies the existence of any cartel.

The maximum fine applicable for this kind of infraction corresponds to 10% of the turnover of each company in the specific markets that were impacted by the alleged illegal practices of both MEO and NOWO. In relation to MEO, such maximum fine amounts to approximately €52 million. On February 19, 2020, MEO has submitted its written defence to the Statement of Objections, after which the Portuguese Competition Authority will decide whether to issue a condemnatory decision and in that case the amount of the fine. The decision to impose a fine will end the administrative procedure with MEO having the possibility of challenging this decision in court.

32.3. Altice USA

32.3.1. *Altice USA and the Company – securities lawsuit*

In the latter half of 2018, eight named plaintiffs, each on behalf of a putative class of stockholders who purchased Altice USA common stock in the Altice USA's IPO pursuant to the Registration Statement and Prospectus, filed complaints (seven in New York State Supreme Court, one in United States District Court for the Eastern District of

New York). The lawsuits name as defendants Altice USA, Altice Europe, and Altice USA's directors, among others, and assert that all defendants violated Sections 11 and 12 of the Securities Act of 1933 (the "Securities Act") and that the individual defendants violated Section 15 of the Securities Act as control persons. In a consolidated amended complaint filed in the lawsuit in the Eastern District of New York, plaintiff also asserts violations of Section 10(b) of the Securities Act of 1934, Rule 10b-5 promulgated thereunder, and Section 20 of the Securities Act of 1934 against Altice USA, Altice Europe, and certain individual directors. The facts underlying each case are substantively similar, with plaintiffs alleging that the Registration Statement and Prospectus misrepresented or omitted material facts relating to the negative performance of Altice France and Altice Portugal, the disclosure of which in November 2017 negatively impacted the value of Altice USA's stock. In June 2019, plaintiffs in the New York State action filed a consolidated amended complaint, which Altice USA and Altice Europe moved to dismiss in July 2019. They moved to dismiss the complaint in the Eastern District of New York in October 2019. Altice USA and Altice Europe intend to vigorously defend the lawsuits. Although the outcome of the matter cannot be predicted and the impact of the final resolution of this matter on the Group's results of operations in any particular subsequent reporting period is not known at this time, management does not believe that the ultimate resolution of the matter will have a material adverse effect on the operations or financial position of the Group or the ability of the Group to meet its financial obligations as they become due.

33. Going concern

As of December 31, 2019, the Group had net current liability position of €4,246.6 million (mainly due to trade payables amounting to €6,486.6 million) and a negative working capital of €1,543.5 million. During the year ended December 31, 2019, the Group registered a net profit of €291.1 million from continuing operations and generated cash flows of €5,313.8 million from continuing operations.

As at December 31, 2019, the Group had a negative equity position of €2,321.0 million compared to a negative equity position of €2,904.7 million as at December 31, 2018. The equity position improved from the prior period mainly due to the net profit and Other comprehensive profits recorded for the year ended December 31, 2019.

The negative working capital position is structural and follows industry norms. Customers generally pay subscription revenues early or mid-month, with short days of sales outstanding and suppliers are paid under standard commercial terms, thus generating a negative working capital. This is evidenced by the difference in the level of receivables and payables: €4,463.7 million and €6,486.6 million for the year ended December 31, 2019, as compared to €4,509.6 million and €7,068.8 million for the year ended December 31, 2018. Payables due the following month are covered by revenues and cash flows from operations (if needed).

As of December 31, 2019, the Group's short-term borrowings comprised mainly debentures in Altice Finco of €257.5 million and loans from lenders for Altice France and Altice Financing for €144.4 million and €19.1 million respectively. As of December 31, 2018, the Group's short-term borrowings comprised mainly loans from lenders for Altice France and Altice Financing for €77.8 million and €18.8 million respectively. The short-term obligations are expected to be covered by the operating cash flows of the operating subsidiaries. As at December 31, 2019, the amount drawn on the revolving credit facilities at Altice France and Altice Financing amounted to €100.0 million. A listing of available credit facilities by silo is provided in note 18.5 and the amounts available per segments are sufficient to cover the short-term debt and interest expense needs of each of these segments if needed.

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

- The Group's performance on Adjusted EBITDA and operating cash flows:
    - Adjusted EBITDA for the year ended December 31, 2019 amounted to €5,583.5 million, an increase of 8.7% compared to the Adjusted EBITDA for the year ended December 31, 2018.
    - Operating cash flows for the year ended December 31, 2019 were €5,313.8 million.
- The Group had unrestricted cash reserves of €1,022.1 million as of December 31, 2019, compared to €1,837.0 million as of December 31, 2018, which would allow it to cover any urgent cash needs. The Group can move its cash from one segment to another under certain conditions as allowed by the covenants under its various debentures and loan agreements. Cash reserves in operating segments carrying debt obligations were as follows:
    - France: €556.8 million;
    - Altice International: €395.5 million.

- Additionally, as of December 31, 2019, the Group had access to revolving credit facilities of up to €2,182.0 million (of which €100.0 million were drawn as at December 31, 2019) and has access to an equity market where it can issue additional equity.

The Group's senior executives track operational key operating measures (KPIs) on a weekly basis, thus tracking top line trends closely. This allows the Group's senior executives and local CEOs to ensure proper alignment with budget targets and respond with speed and flexibility to counter any unexpected events and help to ensure that the budgeted targets are met.

Following the sale of a 49.99% equity stake in SFR FTTH on March 27, 2019, the Group continues to review its infrastructure to further accelerate its deployment and is exploring financial partnerships. On December 12, 2019, PT Portugal signed an agreement with Morgan Stanley Infrastructure Partners to create a nationwide fibre wholesaler in Portugal. PT Portugal will sell to Morgan Stanley Infrastructure Partners a minority equity stake of 49.99% in Altice Portugal FTTH based on an enterprise value of €4.63 billion. The transaction is expected to close in the first quarter of 2020. In addition, on January 2, 2020, PT Portugal sold its 25% equity interest in the tower company OMTEL to Cellnex Telecom S.A. for total cash proceeds of approximately €200 million. Furthermore, through the successful refinancing of Altice International and Altice France in the first quarter of 2020, significant annual interest savings through both average cost and debt reduction are expected.

Based on the above, the Board is of the view that the Group will continue to act as a going concern for twelve months from the date of approval of the Consolidated Financial Statements and has hence deemed it appropriate to prepare the Consolidated Financial Statements using the going concern assumption.

34. Auditors' remuneration

Audit fees paid to the Group's auditors (Deloitte) were:

Audit fees (€m)	**December 31, 2019**	**December 31, 2018**
Audit services	6.5	5.5
Other assurance services	1.3	0.6
Non-audit services	0.1	1.6
Total	**7.9**	**7.7**

35. Events after the reporting period

35.1. Sale of a 25% equity stake in OMTEL

On January 2, 2020, PT Portugal sold its 25% equity interest in the tower company OMTEL to Cellnex Telecom S.A. for total cash proceeds of approximately €200 million.

OMTEL is the first independent tower company in Portugal and operated approximately 3,000 tower sites in the country as at December 31, 2019. The sale by PT Portugal of its 25% equity interest in OMTEL 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.

35.2. Redemption of Notes

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

- On January 13, 2020, Altice Finco redeemed in full the outstanding 2013 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 2013 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 2015 Altice Financing Senior Secured Notes, in an aggregate principal amount of €2,334.5 million equivalent, in accordance with the 2015 Altice Financing Senior Secured Notes Indenture;

- On February 24, 2020 and March 9, 2020, Altice Luxembourg redeemed in full the outstanding 2015 Altice Luxembourg Senior Notes, in two parts, in an aggregate principal amount of €2,100.7 million equivalent, in accordance with the 2015 Altice Luxembourg Senior Notes Indenture;
- On March 6, 2020, Altice Luxembourg redeemed in full the outstanding 2019 Altice Luxembourg Euro Senior Notes, in an aggregate principal amount of €82,626,000, in accordance with the 2019 Altice Luxembourg Senior Notes Indenture; and
- On March 6, 2020, Altice Luxembourg redeemed in full the outstanding 2019 Altice Luxembourg Dollar Senior Notes, in an aggregate principal amount of $37,995,000, in accordance with the 2019 Altice Luxembourg Senior Notes Indenture.

35.3. 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").

35.4. Exchange offer completed by Ypso Finance Bis

On January 24, 2020, Ypso Finance Bis commenced an exchange offer to noteholders of Altice Luxembourg's (i) 2019 Altice Luxembourg Dollar Senior Notes and (ii) 2019 Altice Luxembourg Euro Senior Notes, to exchange the 2019 Altice Luxembourg Dollar Senior Notes for an equal aggregate principal amount of corresponding dollar denominated 10.500% senior notes due 2027 issued by Ypso Finance Bis (the "Ypso Finance Bis Exchange Dollar Notes") and the 2019 Altice Luxembourg Euro Senior Notes for an equal aggregate principal amount of corresponding euro denominated 8.000% senior notes due 2027 issued by Ypso Finance Bis (the "Ypso Finance Bis Exchange Euro Notes" and, together with the Ypso Finance Exchange Dollar Notes, the "Ypso Finance Bis Exchange Notes").

At the expiration of the exchange offer, a total of $1,562,005,000 (accounting for 97.63% of the outstanding aggregate principal) of the 2019 Altice Luxembourg Dollar Senior Notes and €1,317,374,000 (accounting for 94.10% of the outstanding aggregate principal) of the 2019 Altice Luxembourg Euro Senior Notes were tendered and accepted. On February 27, 2020, $1,562,005,000 of Ypso Finance Bis Exchange Dollar Notes and €1,317,374,000 of Ypso Finance Bis Exchange Euro Notes were issued by Ypso Finance Bis.

On March 6, 2020, Altice Luxembourg redeemed the remaining €82,626,000 aggregate principal amount of the 2019 Altice Luxembourg Euro Senior Notes and the remaining $37,995,000 aggregate principal amount of the 2019 Altice Luxembourg Dollar Senior Notes, in each case not tendered in and exchanged in connection with the exchange offer.

35.5. Issuance of the 2020 Altice France Senior Secured Notes

On February 6, 2020, Altice France issued €500 million aggregate principal amount of its euro denominated 2.125% Senior Secured Notes due February 15, 2025.

35.6. Issuance of the 2020 Ypso Finance Bis Senior Notes

On February 6, 2020, Ypso Finance Bis issued $1,225 million aggregate principal amount of its dollar denominated 6.000% Senior Notes due February 15, 2028 (the "2020 Ypso Finance Bis Dollar Senior Notes") and €500 million aggregate principal amount of its euro denominated 4.000% Senior Notes due February 15, 2028 (the "2020 Ypso Finance Bis Euro Senior Notes" and, together with the 2020 Ypso Finance Bis Dollar Senior Notes, the "2020 Ypso Finance Bis Senior Notes").

35.7. 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.

35.8. 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

Agreement”). 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 Agreement (March 5, 2020) and the maturity date of the 2020 Altice Finco Bridge Credit Facility Agreement (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 Agreement were used to fund in part the redemption of the 2015 Altice Luxembourg Senior Notes.

35.9. 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 weeks in the countries in which the Group operates, the Group continues to assess conditions in order to adapt to the business and social environment in which it operates.

The COVID-19 pandemic can have an adverse effect on the Group’s business, financial condition and results of operations, depending on the nature and period of governmental measures in the countries in which the Group operates. Impact may include:

(i) the slowdown of the production capabilities of China or other affected countries may have a negative impact on hardware, software and other providers of outsourced services that the Group relies on to provide its services, and the global reach of the pandemic may lead to a situation where there are no clear or cost effective alternatives;
(ii) delay in infrastructural projects;
(iii) productivity of the workforce may decline due to an increase in sick leaves, quarantine procedures and work or travel restrictions; and
(iv) habits and financial situation of customers may change due to the economic slowdown and possibility of a worldwide recession e.g., postponing purchase decisions, breaking contracts and personal or corporate bankruptcies.

The Group has activated a response program in order to minimize the impact of this risk, by protecting employees, securing the supply chain, and continuously monitoring the situation and leveraging at the same time the Group’s services that may help in the virus containment efforts, such as videoconferencing and online classes. In addition, networks play a key role in keeping people connected and the Group is monitoring its network usage and assessing its policies and procedures to best support its customers.

As of the date of issuance of the Consolidated Financial Statements, the Group is facing a decline in handsets sales (low margin activity) in the context of the closure of the shops in many countries where the Group operates, some delays in the construction of FTTH homes passed in France and a decline in the advertising businesses (Teads and NextRadioTV) but the impact has been limited, since the crisis only began at the beginning of March 2020.

The situation continues to evolve, including further regulatory requirements published by governments, and it is difficult to predict the effect on the Group’s operations and financial performance. Based on the above and information in note 33, the Group considers that the assessment of the going concern assumption for the Group is not impacted.

35.10. New revolving credit facility at Altice France Holding

On March 26, 2020, all of the lenders under the 2014 Altice Luxembourg Revolving Credit Facility Agreement agreed to amend and restate the 2014 Altice Luxembourg Revolving Credit Facility Agreement to replace Altice Luxembourg as borrower thereunder with Altice France Holding, and make certain other related changes.

35.11. Automatic Exchange

On March 26, 2020, upon satisfaction of certain conditions, comprising full discharge, cancellation and/or redemption of the 2019 Altice Luxembourg Senior Notes and the 2015 Altice Luxembourg Senior Notes, (i) the Ypso Finance Bis Exchange Dollar Notes were automatically exchanged for an equal aggregate principal amount of dollar-denominated 10.500% senior notes due 2027 issued by Altice France Holding, (ii) the Ypso Finance Exchange Euro Notes were automatically exchanged for an equal aggregate principal amount of euro-denominated 8.000% senior notes due 2027 issued by Altice France Holding, (iii) the 2020 Ypso Finance Bis Dollar Senior Notes were automatically exchanged for an equal aggregate principal amount of dollar-denominated 6.000% senior notes due 2028 issued by Altice France Holding and (iv) the 2020 Ypso Finance Bis Euro Senior Notes were automatically exchanged for an equal aggregate principal amount of euro-denominated 4.000% senior notes due 2028 issued by Altice France Holding (the actions described in sub-clauses (i)-(iv) collectively, the "Automatic Exchange").

36. Revised information

The Company has reassessed the application of paragraph IAS 36.86 with respect to goodwill allocation related to the SFR FTTH transaction, which was included in the group of CGUs Altice France. In 2018, the goodwill associated with SFR FTTH was not measured on the basis of the relative values of the operation disposed of and the portion of the group of CGUs retained and therefore no goodwill was allocated to SFR FTTH Assets held for sale. As a consequence of this reassessment, based on the provisions of IAS *8 Accounting Policies, Changes in Accounting Estimates and Errors*, the Company revised the statement of financial position as of December 31, 2018 and reclassified the allocated goodwill to SFR FTTH from Goodwill to Assets held for sale for an amount of €1,118.2 million without any impact on the total assets and profit and loss of the year.

Consolidated Statement of Financial Position (€m)	**As of December 31, 2018 Reported**	**As of December 31, 2018 Adjustment**	**As of December 31, 2018 Revised**
Non-current assets	**37,454.5**	**(1,118.2)**	**36,336.3**
of which Goodwill	15,757.3	(1,118.2)	14,639.1
Current assets	**7,876.3**	**1,118.2**	**8,994.5**
of which Assets classified as held for sale	538.0	1,118.2	1,656.2
Total assets	**45,330.8**	**-**	**45,330.8**
Equity	(2,904.7)	-	(2,904.7)
Non-current liabilities	37,428.4	-	37,428.4
Current liabilities	10,807.1	-	10,807.1
Total liabilities	**48,235.5**	**-**	**48,235.5**
Total equity and liabilities	**45,330.8**	**-**	**45,330.8**

37. List of entities included in the scope of consolidation

The table on the following pages provides a list of all entities consolidated into the Consolidated Financial Statements. The method of consolidation is provided; fully consolidated ("FC") or consolidated using the equity method ("EM"), as is the percentage of capital held by the Group and the entity's country of incorporation.

Name of subsidiary	**Country of incorporation**	**Method of consolidation**	**Economic Interest**
Altice Europe N.V.	Netherlands	Parent Entity	Parent Entity
A Nous Paris S.A.S.	France	FC	100%
Alsace Connexia S.A.S.	France	FC	70%
Altice Africa S.à r.l.	Luxembourg	FC	100%
Altice B2B France S.A.S.	France	FC	100%
Altice Bahamas S.à r.l.	Luxembourg	FC	100%
Altice Blue Two S.A.S.	France	FC	100%
Altice Caribbean S.à r.l.	Luxembourg	FC	100%
Altice Content Luxembourg S.A.	Luxembourg	FC	100%
Altice Corporate Financing S.à r.l.	Luxembourg	FC	100%
Altice Customer Services S.à r.l.	Luxembourg	FC	65%
Altice CVC Lux S.à r.l.	Luxembourg	FC	100%
Altice Dominicana, S.A.	Dominican Republic	FC	100%
Altice Entertainment News & Sport S.A.	Luxembourg	FC	100%
Altice Financing S.A.	Luxembourg	FC	100%
Altice Finco S.A.	Luxembourg	FC	100%
Altice France IO S.A.S.	France	FC	100%
Altice France S.A.	France	FC	100%
Altice Group Lux S.à r.l.	Luxembourg	FC	100%
Altice Holdings S.à r.l.	Luxembourg	FC	100%
Altice International S.à r.l.	Luxembourg	FC	100%
Altice Labs, S.A.	Portugal	FC	100%
Altice Luxembourg FR Bis S.à r.l.	Luxembourg	FC	100%
Altice Luxembourg FR S.A.	Luxembourg	FC	100%
Altice Luxembourg S.A.	Luxembourg	FC	100%
Altice Management International S.A.	Switzerland	FC	100%
Altice Media Events S.A.S.	France	FC	100%
Altice Media Publicité S.A.S.	France	FC	100%
ALTICE PAY, S.A. (Ex. Pt Pay, S.A.)	Portugal	FC	100%
Altice Picture S.à r.l.	Luxembourg	FC	100%

Name of subsidiary	Country of incorporation	Method of consolidation	Economic Interest
Altice Portugal, S.A.	Portugal	FC	100%
Altice Teads S.A.	Luxembourg	FC	96%
Altice Technical Services France S.à r.l.	Luxembourg	FC	100%
Altice Technical Services S.A.	Luxembourg	FC	100%
Altice US Cable Holdings S.à r.l.	Luxembourg	FC	100%
Altice West Europe S.à r.l.	Luxembourg	FC	100%
Ariège Telecom S.A.S.	France	FC	100%
ATEXO S.A.	Morocco	FC	65%
Auberimmo S.A.S.	France	FC	100%
Audience Square S.A.S.	France	EM	18%
Auto Venda Já, S.A.	Portugal	EM	50%
Belmont Infra Holding, S.A.	Portugal	EM	25%
BFM Business TV SASU	France	FC	100%
BFM Lyon Métropole S.A. (Ex. SALT S.A.)	France	FC	95%
BFM Paris SASU	France	FC	100%
BFM PUBLICITE SASU	France	FC	100%
BFM Radio SASU (Ex. Newco G SASU)	France	FC	100%
BFM REGIONS S.A.S.	France	FC	100%
BFM TV SASU	France	FC	100%
BRTLC Holding S.A. (Ex. Portugal Telecom Brasil, S.A.)	Portugal	FC	100%
BRTLC Media, Ltda. (Ex. Pt Multimédia.Com Brasil, Ltda.)	Portugal	FC	100%
Business FM SASU	France	FC	100%
Buzzef Middle East FZ-LLC (Dubai)	Morocco	FC	96%
Buzzeff Holding S.A.	Luxembourg	FC	96%
Buzzeff S.à r.l. (Morocco)	Morocco	FC	96%
Cap Connexion S.A.S.	France	FC	100%
CID S.A.	France	FC	100%
City Call Ltd	Mauritius	FC	100%
Coditel Holding II S.à r.l.	Luxembourg	FC	100%
Coditel Holding S.A.	Luxembourg	FC	100%
Completel S.A.S.	France	FC	100%
Comstell S.A.S.	France	FC	50%
Contact Cabo Verde - Telemarketing E Serviços De Informação, S.A.	Portugal	FC	100%
Cool Holdings Limited S.A.	Israel	FC	100%
CVC 3 B.V.	Netherlands	FC	100%
Diversité TV France S.A.S.	France	FC	100%
DTV Holding S.A.S. (Ex. Pho Holding SASU)	France	FC	100%
Emashore S.A.	Morocco	FC	65%
EOS Telecom S.A.S.	France	FC	70%
Ericsson Inovação S.A.	Portugal	EM	49%
ERT Holding France S.A.S.	France	FC	100%
ERT Luxembourg S.A.	Luxembourg	FC	100%
ERT Technologies S.A.S.	France	FC	100%
Fischer Telecom S.A.S.	France	EM	34%
FOD SND	France	FC	100%
Foncière Rimbaud 1 S.A.S.	France	EM	50%
Foncière Rimbaud 2 S.A.S.	France	EM	50%
Foncière Rimbaud 3 S.A.S.	France	EM	50%
Foncière Rimbaud 4 S.A.S.	France	EM	50%
Foncière Velizy Sci	France	FC	100%
Global Interlink, LTD.	Bahamas	FC	100%
Groupe L'Express S.A.	France	EM	49%
Groupe News Participations S.A.S.	France	FC	100%
Groupe Tests Holding SASU	France	FC	100%
H. Hadaros 2012 Ltd	Israel	FC	100%
Haut-Rhin Telecom S.A.S.	France	FC	100%
Hivory S.A.S.	France	FC	50%
Hot Mobile Ltd	Israel	FC	100%
Hot Mobile Slika Ltd	Israel	FC	100%
Hot Net Internet Services Ltd	Israel	FC	100%
Hot Telecom Ltd	Israel	FC	100%
Hot Telecom Ltd Partnership	Israel	FC	100%
Hot Telecommunications Systems Ltd	Israel	FC	100%
Hungaro Digitel Kft (Hdt)	Portugal	EM	45%
Icart S.A.S.	France	FC	100%
Informatique Telematique Ocean Indien S.à r.l.	France	FC	50%
Infracos S.A.S.	France	EM	50%
Inolia S.A.	France	FC	60%

Name of subsidiary	Country of incorporation	Method of consolidation	Economic Interest
Inovendys S.A.	Morocco	FC	65%
Intelcia (Maurice) Ltee (Ex. Outremer-Telecom Maurice Ltee)	Mauritius	FC	100%
Intelcia Cameroun S.A.	Cameroon	FC	46%
Intelcia Cote d’Ivoire	Cote d’Ivoire	FC	65%
Intelcia France S.A.S.	France	FC	65%
Intelcia Group S.A.	Morocco	FC	65%
Intelcia IT Solutions S.A.	France	FC	65%
Intelcia Madagascar S.A. (Ex. Outremer-Telecom Madagascar S.A.)	Madagascar	FC	100%
Intelcia Management International S.à r.l.	France	FC	65%
INTELCIA MAROC INSHORE S.A. (Ex. Atento Maroc S.A.)	Morocco	FC	65%
INTELCIA MAROC Offshore S.A.	Morocco	FC	65%
INTELCIA MAROC S.A. (Ex. TWW S.A.)	Morocco	FC	65%
Intelcia Portugal Inshore, S.A. (Ex. OpenIdea, Tecnologias de Telecomunicações e Sistemas de Informação S.A.)	Portugal	FC	100%
Intelcia Portugal S.à r.l.	Portugal	FC	65%
Intelcia Senegal S.A.S.	Senegal	FC	65%
Iris 64 S.A.S.	France	FC	70%
Irisé S.A.S.	France	FC	25%
IT Rabat S.à r.l.	Morocco	FC	65%
Janela Digital-Informática E Telecomunicações, Lda	Portugal	EM	50%
La Poste Telecom S.A.S.	France	EM	49%
LD Communications Italie Srl	Italy	FC	100%
LD Communications Suisse S.A.	Switzerland	FC	100%
Le Studio Next SASU (Ex. RMC - BFM Production SASU)	France	FC	100%
Liberation S.à r.l.	France	FC	100%
Macs Thd S.A.S.	France	FC	100%
Manche Telecom S.A.S.	France	FC	70%
Martinique TV Cable S.A.S.	France	FC	100%
Mcall Contact Center	Portugal	FC	100%
MCS S.A.S.	France	FC	100%
Medi@Lys S.A.S.	France	FC	70%
Media Consumer Group S.A.S.	France	FC	100%
MeilleurTX Maroc S.A.	France	FC	65%
MEO - Serviços Técnicos de Redes de Comunicações Eletrónicas S.A.	Portugal	FC	100%
Meo-Serviços De Comunicações E Multimédia, S.A.	Portugal	FC	100%
Milibris S.A.S.	France	FC	100%
Moselle Telecom Part. S.A.S.	France	FC	56%
Moselle Telecom S.A.S.	France	FC	39%
Multicert - Serviços De Certificação Electrónica, S.A.	Portugal	EM	20%
NEW POST - Atividades e serviços de telecomunicações, de linha de apoio e de administração e operação de sistemas, A.C.E.	Portugal	FC	51%
Newco B SASU	France	FC	100%
Newco C SASU	France	FC	100%
Newco E SASU	France	FC	100%
Next Media Solutions SASU (Ex. NextRégie SASU)	France	FC	100%
Next Pictures SASU	France	FC	100%
Nextdev SASU	France	FC	100%
Nextinteractive SASU	France	FC	100%
Nextprod S.A.S.	France	FC	100%
NextRadioTV S.A.S.	France	FC	100%
Numergy S.A.S.	France	FC	100%
Numericable US LLC	USA	FC	100%
Numericable US S.A.S.	France	FC	100%
Ocealis S.A.S.	France	EM	25%
Omer Telecom Ltd	UK	FC	100%
OMT Ocean 4 S.A.S.	France	FC	100%
Opalys Telecom S.A.S.	France	FC	100%
Open Idea, Tecnologias De Telecomunicações E Sistemas De Informação Lda (Angola)	Portugal	FC	100%
Open Labs Pesquisa E Desenvolvimento Ltda	Portugal	FC	100%
OpenLabs S.A. (Brazil) (Ex. Portugal Telecom Inovação Brasil, S.A.)	Portugal	FC	100%
OPS S.A.S.	France	FC	100%
OTR2 S.à r.l.	Luxembourg	FC	100%
Outremer Télécom S.A.S.	France	FC	100%
Pays Voironnais Network S.A.S.	France	FC	100%
PHI Networks (2015) Limited Partnership	Israel	JO	50%
Portugal Telecom Data Center, S.A.	Portugal	FC	100%
Portugal Telecom Imobiliária, S.A.	Portugal	FC	100%
Previsão-Sociedade Gestora De Fundos De Pensões, S.A.	Portugal	FC	82%

Name of subsidiary	Country of incorporation	Method of consolidation	Economic Interest
Pt Blueclip -Serviços De Gestão, S.A.	Portugal	FC	100%
Pt Cloud E Data Centers, S.A.	Portugal	FC	100%
Pt Contact-Telemarketing E Serviços De Informação, S.A.	Portugal	FC	100%
PT Portugal, Sgps, S.A.	Portugal	FC	100%
Pt Prestações - Mandatária De Aquisições E Gestão De Bens, S.A.	Portugal	FC	100%
Pt Sales - Serviços De Telecomunicações E Sistemas De Informação, S.A.	Portugal	FC	100%
PT-Móveis-Serviços de Telecomunicações, SGPS, S.A.	Portugal	FC	100%
Redgreen S.A.	Luxembourg	FC	100%
Rennes Métropole Telecom S.A.S.	France	FC	100%
Rhon'telecom S.A.S.	France	FC	60%
Rimbaud Gestion B Sci	France	FC	100%
RMC BFM Edition SASU	France	FC	100%
RMC Découverte S.A.S.	France	FC	100%
RMC S.A. Monegasque	France	FC	100%
RMC Sport News SASU (Ex. BFM Sport SASU)	France	FC	100%
RMC Sport SASU	France	FC	100%
S.G.P.I.C.E. - Sociedade de Serviços de Gestão de Portais na Internet e de Consultoria de Empresas, S.A.	Portugal	EM	33%
Sadotel S.A.S.	Dominican Republic	FC	60%
Sequalum Participation S.A.S.	France	FC	100%
Sequalum S.A.S.	France	FC	100%
SFCM S.A.	France	FC	100%
SFR 14 S.A.S.	France	FC	100%
SFR Business Distribution S.A. (Ex. Cinq Sur Cinq S.A.)	France	FC	100%
SFR Business Morocco S.A. (Ex. Telindus Morocco S.A.)	Morocco	FC	100%
SFR Développement S.A.S.	France	FC	100%
SFR Distribution S.A. (Ex. SFD S.A.)	France	FC	100%
SFR Fibre S.A.S. (Ex. NC Numericable S.A.S)	France	FC	100%
SFR FTTH S.A.S.	France	EM	50%
SFR Participation S.A.S.	France	FC	100%
SFR Presse Distribution S.A.S.	France	FC	100%
SFR Presse S.A.S.	France	FC	100%
SFR S.A.	France	FC	100%
SHD S.A.	France	FC	100%
Smartshore S.à r.l.	Morocco	FC	65%
SNC Les Manguiers	France	FC	100%
Société Nouvelle de Télécommunication et Communication S.à r.l.	France	FC	100%
Sofialys S.A.S.	France	EM	24%
Sport TV Portugal, S.A.	Portugal	EM	25%
Sportinvest Multimedia S.A.	Portugal	EM	50%
Sportinvest Multimédia, Sgps, S.A.	Portugal	EM	50%
Sportscotv SASU	France	FC	100%
SRR SCS	France	FC	100%
Sud Partner S.à r.l.	France	EM	24%
Sudtel France S.A.S.	France	FC	70%
Sudtel Tecnologia S.A.	Portugal	FC	70%
Synerail Construction S.A.S.	France	EM	40%
Synerail Exploitation S.A.S.	France	FC	60%
Synerail S.A.S.	France	EM	30%
T2MP S.A.S.	France	FC	100%
TAT Ltd.	Israel	FC	51%
Teads Argentina S.A.	Argentina	FC	48%
TEADS AUSTRALIA PTY LTD	Australia	FC	96%
Teads Brasil Solucoes Em Propaganda e Video Ltd	Brazil	FC	96%
Teads Canada Inc.	Canada	FC	96%
Teads Colombia S.A.S.	Colombia	FC	96%
Teads Deutschland GmbH	Germany	FC	96%
Teads Espana SLU	Spain	FC	96%
Teads France S.A.S.	France	FC	96%
Teads Hong-Kong Limited	Hong-Kong	FC	96%
Teads Inc.	USA	FC	96%
Teads Italia SRL	Italy	FC	96%
Teads Japan	Japan	FC	96%
Teads Korea	Korea	FC	96%
Teads Latam LLC	USA	FC	96%
Teads Ltd	UK	FC	96%
Teads Mexico SA de CV	Mexico	FC	96%
Teads NL B.V.	Netherlands	FC	96%

Name of subsidiary	Country of incorporation	Method of consolidation	Economic Interest
Teads Rus LLC	Russia	FC	96%
Teads S.A.	Luxembourg	FC	96%
Teads Schweiz Gmbh	Switzerland	FC	96%
Teads Sing. Pte	Singapore	FC	96%
Teads Studio Ltd	United Kingdom	FC	96%
Teads Studio SRL	Romania	FC	96%
Teloise S.A.S.	France	FC	70%
The Marketing Group S.A.S.	France	FC	65%
TME France S.A.	France	FC	100%
TMG Succ	Morocco	FC	65%
Tnord S.A.	Portugal	FC	60%
TRC Belgium Sprl	Belgium	FC	100%
WMC S.A.S.	France	FC	100%
World Satellite Guadeloupe S.A.S.	France	FC	100%
Ypso Finance S.à r.l.	Luxembourg	FC	100%
Ypso France S.A.S.	France	FC	100%
Zira Ltd.	Israel	EM	20%

II. STANDALONE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019

Altice Europe N.V.

COMPANY-ONLY ANNUAL ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019

Altice Europe N.V.
Oostdam 1
3441 EM Woerden
The Netherlands
Chamber of Commerce: 63329743

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1. Balance sheet

Balance sheet (after appropriation of the result) As at December 31, 2019 (€m)	Notes	As of December 31, 2019	As of December 31, 2018
Financial fixed assets			
Participation in Group companies	4.1	8,650.1	7,062.9
Total financial fixed assets		**8,650.1**	**7,062.9**
Current assets			
Amounts due from Group companies	4.2	157.8	1,358.8
Current tax assets		0.1	0.1
Other receivables		0.0	0.0
Cash	4.3	16.3	38.2
Total current assets		**174.2**	**1,397.1**
Total assets		**8,824.3**	**8,460.0**
Shareholders' equity			
Share capital	4.4	59.5	68.3
Additional paid in capital	4.5	6,452.7	6,438.2
Other reserves	4.6	78.5	78.5
Retained earnings	4.7	2,097.2	1,438.6
Total shareholders' equity[1]		**8,687.9**	**8,023.6**
Short-term liabilities			
Amounts due to Group companies	4.9	-	265.1
Accrued liabilities	4.10	134.1	165.8
Trade creditors		0.8	1.2
Taxes and social security contributions		1.5	4.3
Total short-term liabilities		**136.4**	**436.4**
Total equity and liabilities		**8,824.3**	**8,460.0**

[1] Please refer to note 4.8 for the reconciliation of the Group equity to the Company-only equity.

2. Profit and loss account

Profit and loss account For the year ended December 31, 2019 (€m)	Notes	Year ended December 31, 2019	Year ended December 31, 2018
Net turnover	5.1	42.1	125.7
Total operating income		**42.1**	**125.7**
Wages and salaries	5.2	(41.8)	(123.6)
Other operating expenses	5.3	(7.4)	7.4
Total operating expenses		**(49.2)**	**(116.2)**
Interest expense and similar charges		(8.6)	(28.9)
Interest income and similar income		648.2	1,189.4
Finance income, net	5.4	**639.6**	**1,160.5**
Result before taxation		**632.5**	**1,170.0**
Taxation		-	-
Net result		**632.5**	**1,170.0**

3. Notes to the company-only annual accounts

The company-only annual accounts have been prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code and are part of the 2019 statutory financial statements of Altice Europe N.V. (the "Company"). The Company is the parent entity of the Altice Europe N.V. consolidated group (the "Group"). The financial information of the Company is included in the Group's consolidated financial statements. The Group's consolidated financial statements are prepared using IFRS. The annual accounts of the Company are prepared under Title 9 of the Netherlands Civil Code, without using the option to apply the accounting principles the Company applied for the preparation of its consolidated financial statements (combination 2).

Valuation of assets and liabilities and determination of the result take place under the historical cost convention, unless presented otherwise.

Income and expenses are accounted for on accrual basis. Profit is only included when realised on the balance sheet date. Liabilities and any losses originating before the end of the financial year are taken into account if they have become known before preparation of the annual accounts.

3.1 About the Company

The Company is a public limited liability company ("*Naamloze Vennootschap*") incorporated in the Netherlands on May 18, 2015. The address of the Company is at Oostdam 1, 3441 EM Woerden, the Netherlands, and its registered number with the Chamber of Commerce is 63329743. The Company is a holding company. The Group of which the Company is the parent is a convergent leader in telecoms, content, media, entertainment and advertising. The ultimate majority controlling shareholder of the Company is Patrick Drahi (via Next Alt S.à r.l., "Next Alt"); as of December 31, 2019, Next Alt held 77.58% of the share capital of the Company.

On January 8, 2018, the Company announced that its Board has approved plans for the separation of Altice USA, Inc. ("Altice USA") from the Company (the "Separation"). On May 18, 2018, the shareholders of the Company approved the Separation in the annual General Meeting of the Company. On June 8, 2018, the Separation was effected by a special distribution in kind by the Company of its 67.2% interest in Altice USA to its shareholders out of its share premium reserve.

3.2 Financial reporting period

The Company-only annual accounts cover the 2019 year, which ended at the balance sheet date of December 31, 2019.

3.3 Functional and presentation currency

The Company-only annual accounts are presented in euros ('€'), which is the Company's functional currency. All amounts have been rounded to the nearest thousand.

3.4 Financial instruments

Financial instruments include the primary financial instruments (such as receivables and debts). All financial instruments are recorded in the balance sheet. Financial assets and liabilities are recognised in the balance sheet at the moment that the contractual risks or rewards with respect to that financial instrument originate. The notes to the annual accounts disclose the fair value of the related instrument if this deviates from the carrying amount.

Financial instruments are derecognised if a transaction results in a considerate part of the contractual risks or rewards with respect to that financial instrument being transferred to a third party.

For the principles of primary financial instruments, reference is made to the recognition per the line item of the balance sheet as per the 'Principles for the valuation of assets and liabilities.

3.5 Translation of foreign currency

Receivables, liabilities and obligations denominated in foreign currency are translated at the exchange rates prevailing as of December 31, 2019 (the "balance sheet date").

Transactions in foreign currency during the financial year are recognised in the annual accounts at the exchange rates prevailing at the transaction date. Balances held in foreign currencies are translated at the closing rate on the balance date. Exchange differences resulting from the translation of foreign currency amounts are recognised in profit or loss in net finance income.

3.6 Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the "other reserves".

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

3.7 Estimates

The preparation of the annual accounts requires Management to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. The actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences.

3.8 Principles of valuation of assets and liabilities

3.8.1 Financial fixed assets

The Company measures its participations in Group companies at cost less impairment, with reference to article 389.9, Book 2 of the Netherlands Civil Code, which enables departure from valuing subsidiaries at equity value if the company forms part of an internationally entangled group that values its direct and indirect subsidiaries at cost less impairment.

The Company recognises dividends received in profit and loss, as a direct result of measuring its subsidiaries at cost less impairment. If the investment in subsidiaries where measured using the net asset value method, the dividends received would have been recognised in the balance sheet, reducing the cost price of the investment. Additional investment in subsidiaries measured at cost price are capitalized to the cost price of the investment.

Dividends received are recognised on the payment date and measured at the face value of the amount received.

3.8.2 Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3.8.3 Receivables

Upon initial recognition the receivables are valued at fair value and subsequently measured at amortised cost on the basis of the effective interest method, less impairment losses. The effective interest and impairment losses, if any, are directly recognised in the profit and loss account. The fair value and amortised cost equal the face value. Provisions deemed necessary for possible bad debt losses are deducted and are calculated by using an incurred loss model. These provisions are determined by individual assessment of the receivables.

Fair value is determined by reference to the market price at the end of the period, when the data is available. There are no instruments measured at fair value at the balance sheet date in these financial statements; all items are subsequently measured at amortized cost.

3.8.4 Cash

Cash is measured at nominal value. If cash is not freely disposable, this has been taken into account upon measurement.

3.8.5 Liabilities

Non-current and current liabilities and other financial commitments are measured after their initial recognition at amortised cost on the basis of the effective interest rate method. The effective interest is directly recorded in the profit and loss account.

3.9 Principles for the determination of the result

3.9.1 Net turnover

Net turnover represents amounts invoiced for services supplied during the financial year reported on, net of discounts and value added taxes.

Revenues from services are recognised in proportion to the services rendered, based on the cost incurred in respect of the services performed up to December 31, 2019, in proportion to the estimated costs of the aggregate services to be performed. The cost price of these services is allocated to the same period.

3.9.2 Wages and salaries

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group’s estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

3.9.3 Taxation

Corporate income tax is calculated at the applicable rate (2019: 25%; 2018: 25%) on the result for the financial year, taking into account permanent differences between profit calculated according to the financial statements and profit calculated for taxation purposes. Deferred tax assets (if applicable) are recognised only to the extent that realisation is probable.

4. Notes to the balance sheet

4.1 Participations in Group companies

Name of Group company	Place of business	Note	Economic interest	Investment December 31, 2019 (€)	Investment December 31, 2018 (€)
Altice Group Lux S.à r.l.	Luxembourg, Luxembourg	4.1.1	100.0%	7,433.9	5,676.5
CVC 1 B.V.	Amsterdam, the Netherlands	4.1.2	0.0%	-	-
CVC 3 B.V.	Amsterdam, the Netherlands	4.1.3	100.0%	0.0	170.2
Altice France S.A.[1]	Paris, France	4.1.4	100.0%[1]	1,216.2	1,216.2
i24news B.V.	Amsterdam, the Netherlands	4.1.5	0.0%	-	-
Altice Technical Services B.V.	Amsterdam, the Netherlands	4.1.6	0.0%	-	-
Total				**8,650.1**	**7,062.9**

[1] The Company's investment in Altice France S.A. consist of a 9.32% direct share ownership, and a 90.68% indirect share ownership through its subsidiary, Altice Group Lux S.à r.l.

During December 2018, CVC 1 B.V., i24news B.V., Altice Technical Services B.V. and Altice Management Americas Corporation were dissolved.

During 2019, the Company's investment in Altice Group Lux S.à r.l. increased as a result of various contribution, assignment and set-off agreements, and the investment in CVC 3 B.V. decreased due to the sale of the remaining Altice USA shares previously owned by CVC 3 B.V. to Altice CVC Lux S.à r.l., a Group affiliate registered in Luxembourg.

The detailed movements in participations held in Group companies are as follows:

4.1.1 Altice Group Lux S.à r.l.

***Altice Group Lux S.à r.l., Luxembourg, Luxembourg* (€m)**	**Year ended December 31, 2019**	**Year ended December 31, 2018**
Opening balance	5,676.5	5,676.5
Contributions	1,895.8	-
Repayment of capital	(138.4)	-
Closing balance	**7,433.9**	**5,676.5**

On June 28, 2019, the Company entered into various contribution, assignment and set-off agreements related to the settlement of intercompany balances owed to/by the Company from/to various Group related entities (including Altice Group Lux S.à r.l.), which was, in total, ultimately converted into capital contributions to, and repayment of capital from, Altice Group Lux S.à r.l. (please refer to notes 4.2 and 4.9).

On December 9, 2019, CVC 3 B.V. distributed a receivable note amounting to €575.7 million ($637.6 million) to the Company, which related to the sale of the remaining shares held by CVC 3 B.V. in Altice USA to Altice CVC Lux S.à r.l. On the same day, the receivable note was contributed by the Company to Altice Group Lux S.à r.l.

In addition to the above, during 2019 the Company contributed the cash amounts received as advances to/from Altice Group Lux S.à r.l., dividends received from Altice France S.A. and cash received from a financial institution (as part of the share basket forward transaction related to the Separation), to Altice Group Lux S.à r.l. as capital contributions.

4.1.2 CVC 1 B.V.

***CVC 1 B.V., Amsterdam, The Netherlands* (€m)**	**Year ended December 31, 2019**	**Year ended December 31, 2018**
Opening balance	-	3,863.2
Contributions	-	0.2
Distributions of shares	-	(3,863.4)
Closing balance	**-**	**-**

During 2018, CVC 1 B.V. acquired all the shares in the share capital of CVC 3 B.V. from its subsidiary, CVC 2 B.V., being 3,453,000,977 shares, each with a par value of $1, by way of a distribution in kind of CVC 3 B.V.'s book value of $5.873 million.

CVC 1 B.V. distributed the shares of CVC 3 B.V. to the Company for the same amount. CVC 1 B.V. was dissolved on December 14, 2018, preceded by the dissolution of its only subsidiary, CVC 2 B.V., which was dissolved on December 12, 2018.

4.1.3 CVC 3 B.V.

CVC 3 B.V., Amsterdam, The Netherlands (€m)	Year ended December 31, 2019	Year ended December 31, 2018
Opening balance	170.2	-
Contributions	11.5	5,016.4
Sale of shares	(181.7)	(4,846.2)
Closing balance	**0.0**	**170.2**

During 2018, the Company became the new shareholder of CVC 3 B.V., due to the distribution of all the shares of CVC 3 B.V. held by CVC 2 B.V. to CVC 1 B.V. and then by CVC 1 B.V. to the Company.

On June 7, 2018, all the Altice USA shares held directly by CVC 3 B.V. on January 8, 2018 (the date of the announcement of the Separation), were transferred to the Company, and subsequently distributed to the shareholders of the Company out of the share premium reserve of the Company as part of the Separation on June 8, 2018. These shares represented 67.2% of the share capital of Altice USA.

On January 30, 2019, the Company made a capital contribution of €11.5 million in cash to CVC 3 B.V.

On June 13, 2019, the Company received 1,699,909 Altice USA shares from CVC 3 B.V. with a book value of €26.8 million ($30.2 million), which were subsequently transferred to a financial institution, as part of the share forward agreement described in note 4.4.2.3.

On December 9, 2019, CVC 3 B.V. distributed a receivable note amounting to €575.7 million ($637.6 million) to the Company, which related to the sale of the remaining shares held by CVC 3 B.V. in Altice USA, to Altice CVC Lux S.à r.l. On the same day, the receivable note was contributed by the Company to Altice Group Lux S.à r.l. From this date, CVC 3 B.V. no longer held any investment in Altice USA, and its net asset value reduced to €36,270 (consisting of only the remaining cash balances).

4.1.4 Altice France S.A.

Altice France S.A., Paris, France (€m)	Year ended December 31, 2019	Year ended December 31, 2018
Opening balance	1,216.2	1,216.2
Closing balance	**1,216.2**	**1,216.2**

4.1.5 i24news B.V.

i24news B.V., Amsterdam, The Netherlands (€m)	Year ended December 31, 2019	Year ended December 31, 2018
Opening balance	-	10.0
Contributions	-	2.5
Repayment of capital	-	(6.2)
Impairment	-	(6.3)
Closing balance	**-**	**-**

During 2018, the Company contributed share premium amounting to €2.5 million ($3 million) to i24news B.V. and received a distribution amounting to €6.3 million from i24news B.V. There was a loss of €6.3 million due to the sale of i24 US Corporation by i24news B.V., and i24news B.V. was subsequently dissolved on December 27, 2018.

4.1.6 Altice Technical Services B.V.

Altice Technical Services B.V., Amsterdam, The Netherlands (€m)	Year ended December 31, 2019	Year ended December 31, 2018
Opening balance	-	0.1
Acquisition of shares	-	0.1
Liquidation	-	(0.2)
Closing balance	**-**	**-**

During 2018, the Company bought additional shares of Altice Technical Services B.V. for a price of €60,000, increasing its investment to €200,000, and its ownership interest from 70% to 100%.

Due to the dissolution of Altice Technical Services B.V., the Company received a total cash amount of €198,815, of which €48,884 was used to settle the current account with the Company and the balance of €149,931 was used to partially settle the share capital, resulting in a liquidation loss of €50,069. Altice Technical Services B.V. was dissolved on December 15, 2018.

4.2 Amounts due from Group companies

Amounts due from Group companies (€m)	December 31, 2019	December 31, 2018
Altice Corporate Financing S.A.	-	551.7
Altice Group Lux S.à r.l.	-	383.1
Altice International S.à r.l.	0.1	-
Altice Luxembourg S.A.	0.0	185.5
Altice Portugal S.A.	127.2	124.5
Altice Management International S.A.	3.1	111.9
Altice USA, Inc.	-	1.6
Altice France S.A.	27.3	0.4
Others	0.1	0.1
Total	**157.8**	**1,358.8**

On June 28, 2019, the Company entered into various contribution, assignment and set-off agreements with effective dates of January 1, 2019 (for balances as at December 31, 2018) and April 15, 2019 (for balances originating in the 2019 financial year, up to and including April 15, 2019), related to the settlement of intercompany balances owed to the Company from Altice Corporate Financing S.A., Altice Group Lux S.à r.l., Altice International S.à r.l., Altice Luxembourg S.A. and Altice Management International S.A., which were ultimately converted into capital contributions to, and repayment of capital from, Altice Group Lux S.à r.l.

The amount due from Altice USA as at December 31, 2018, was received on January 29, 2019.

The amount due from Altice Portugal S.A. relates to the provisional fine issued by the European Commission to the Company for gun jumping in connection with the Group's acquisition of PT Portugal in June 2015 (please refer to note 4.12.2). Interest of 1.5% is accrued on the original amount of the fine of €124.5 million, as of 3 months after the date on which the notification of the fine was received.

The amounts due from Group companies are all due from entities within the Company's control. None of these receivables are long-term in nature and they all are repayable on demand. During 2018, interest income of €15.5 million was accrued on the amount due from Altice Luxembourg S.A., at a rate of 7% per year per facility agreement, and interest income of €21 million was accrued on the amount due from Altice Corporate Financing S.A., at a rate of 8% per year per facility agreement. These loans were settled on January 1, 2019, and therefore did not accrue any interest in 2019.

The receivables from Altice Management International S.A for €3.1 million and Altice France S.A. for €27.3 million are as a result of SOP expense recharges per invoices dated December 31, 2019. These receivables are short term in nature and did not accrue any interest.

4.3 Cash

Cash (€m)	December 31, 2019	December 31, 2018
Current accounts	16.3	38.2
Total	**16.3**	**38.2**

The current accounts are freely available to the Company.

4.4 Share capital

4.4.1 Share capital paid up and called up

Share capital December 31, 2019	Total shares authorized (number)	Total capital authorized (€m)	Number of shares issued (number)	Value per share (cents)	Total capital issued (€m)
Common Shares A	4,754,551,450	47.5	1,038,014,875	0.01	10.4
Common Shares B	209,817,942	52.5	196,261,727	0.25	49.1
Preference Shares A	4,000,000,000	160.0	-	0.04	-
Preference Shares B	150,000,000	1.5	1,391,748	0.01	0.0
Total	**9,114,369,392**	**261.5**	**1,235,668,350**		**59.5**

Share capital December 31, 2018	Total shares authorized (number)	Total capital authorized (€m)	Number of shares issued (number)	Value per share (cents)	Total capital issued (€m)
Common Shares A	5,928,144,600	59.3	1,596,608,025	0.01	16.0
Common Shares B	222,874,216	55.7	209,318,001	0.25	52.3
Preference Shares A	4,700,000,000	188.0	-	0.04	-
Preference Shares B	150,000,000	1.5	927,832	0.01	0.0
Total	**11,001,018,816**	**304.5**	**1,806,853,858**		**68.3**

As of December 31, 2019, the Company's authorized capital is €261,500,000, divided into the following shares:

- 4,754,551,450 Common Shares A, each with a nominal value of €0.01;
- 209,817,942 Common Shares B, each with a nominal value of €0.25;
- 4,000,000,000 Preference Shares A, each with a nominal value of €0.04; and
- 150,000,000 Preference Shares B, each with a nominal value of €0.01.

As of December 31, 2019, the Company's issued share capital consists of €59,459,497.98, divided into:

- 1,038,014,875 Common Shares A, of which 40,265,455 are held by the Company as treasury shares;
- 196,261,727 Common Shares B, of which zero are held by the Company as treasury shares; and
- 1,391,748 Preference Shares B, of which zero are held by the Company as treasury shares.

Issued capital decreased by €8.8 million during the year as a result of the cancellation of treasury shares. Please refer to note 4.4.2.2.

As of December 31, 2019, no Preference Shares A have been issued. The Preference Shares B were issued to the Company's CEO (927,832 shares issued on July 20, 2018 and additional 463,916 shares issued on January 9, 2019).

Common Shares A and Common Shares B

One Common Share A has one vote and one Common Share B has 25 votes. Common Shares A and Common Shares B must be paid up in full upon issuance and are equally entitled to dividends.

Preference Shares A

Each Preference Share A has four votes on all matters on which all voting shares have voting rights and, other than matters that require a class vote, form a single class with other voting shares in the capital of the Company for such purposes.

Pursuant to the Articles of Association, Preference Shares A may be issued against payment in cash of at least one quarter of their nominal value.

Preference Shares B

Each Preference Share B has one vote on all matters on which all voting shares have voting rights and, other than with respect to matters that require a class vote, form a single class with the other voting shares in the capital of the Company for such purposes.

Preference Shares B must be paid up in full upon issuance. Pursuant to the Articles of Association, the Board may at all times convert one or more Preference Shares B into one or more Common Shares A in accordance with the conversion ratio and other conditions as determined by the Board.

Issuance of shares

Shares are issued pursuant to a resolution of the General Meeting or pursuant to a resolution of the Board, to the extent so authorized by the General Meeting for a specific period not exceeding five years. The General Meeting will, for as long as any such designation of the Board for this purpose is in force, remain authorized to resolve upon the issuance of shares. Unless otherwise stipulated at its grant, the authorization cannot be withdrawn.

The Board is irrevocably authorized in the Articles of Association to issue shares and to grant rights to subscribe for shares up to the amount of the Company's authorized capital for a period of five years from August 8, 2015. This authorization of the Board will expire on August 8, 2020. After that period, shares may be issued pursuant to (i) a resolution of the General Meeting, or (ii) a resolution of the Board, if so authorized by the General Meeting.

4.4.2 Treasury shares

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

Reconciliation of treasury shares	**Note**	**Year ended December 31, 2019**	**Year ended December 31, 2018**
Opening		**615,998,253**	**625,385,229**
Share conversions	4.4.2.1	313,350,576	777,845,568
Share exchanges		-	(4,083,374)
Share buybacks		-	4,158,546
Cancellation of treasury shares	4.4.2.2	(885,000,000)	(787,307,716)
Share transfer	4.4.2.3	(4,083,374)	-
Closing		**40,265,455**	**615,998,253**

4.4.2.1 Share conversions

For the year ended December 31, 2019, the Company received and executed conversion orders amounting to a total of 13,056,274 Common Shares B. For each conversion, 1 Common Share B is converted to 25 Common Shares A and 24 Common Shares A are subsequently acquired by the Company for nil consideration and retained as treasury shares. As a result, a total of 326,406,850 Common Shares A was created during the period, of which 313,350,576 shares were held as treasury shares.

4.4.2.2 Cancellation of treasury shares

On May 18, 2018, the General Meeting of the Company granted the authority to the Board of Directors to cancel any shares in the share capital of the Company held or to be held by the Company.

On April 26, 2019, the Board of Directors resolved to cancel 685,000,000 Common Shares A held by the Company. The cancellation of such shares became effective on June 28, 2019.

On June 27, 2019, the General Meeting of the Company granted the authority to the Board of Directors to cancel any shares in the share capital of the Company held or to be held by the Company. On September 23, 2019, the Board of Directors resolved to cancel 200,000,000 Common Shares A held by the Company. This cancellation became effective on November 27, 2019.

4.4.2.3 Share transfer

On May 2, 2018, the Company bought back 4,083,374 Common Share A from a financial institution for €32.5 million plus a fee, per a share forward agreement dated May 1, 2018, to facilitate the implementation of the Separation on June 8, 2018.

The share forward agreement was amended on December 13, 2018 to take into account the impact of the Separation and postpone the settlement date by six months. Under the amended confirmation, the Company was obliged to deliver back the exact number of its shares bought in May 2018, plus an additional 0.4163 Altice USA share for every share bought.

As a result of the above, 4,083,374 shares of the Company and 1,699,909 Altice USA shares were transferred to the financial institution on June 18, 2019. Upon delivery of the shares, the Company received €32.5 million.

4.5 Additional paid in capital

Additional paid in capital (€m)	**December 31, 2019**	**December 31, 2018**
Opening balance	6,438.2	10,379.9
Share buybacks from share premium	-	(33.6)
Share premium distribution	-	(3,949.0)
Additional investments	14.5	40.9
Total	**6,452.7**	**6,438.2**

On June 7, 2018, all the Altice USA shares held directly by CVC 3 B.V. on January 8, 2018 (the date of the announcement of the Separation), were transferred to the Company, and subsequently distributed to the shareholders of the Company out of the share premium reserve of the Company as part of the Separation on June 8, 2018. These shares represented 67.2% of the share capital of Altice USA.

The additional investment of €14.5 million in 2019 consists of €8.9 million related to the cancellation of treasury shares (please refer to note 4.4.2.2), and the net amount of €5.7 million related to the share forward agreement with a financial institution, which consists of the €32.5 million cash amount received for the transfer of the Company's shares to such financial institution, and the €26.8 million book value of the Altice USA shares transferred to such financial institution (please refer to note 4.4.2.3).

4.6 Other reserves

Other reserves (€m)	**December 31, 2019**	**December 31, 2018**
Opening balance	78.5	78.5
Total	**78.5**	**78.5**

4.7 Retained earnings

Retained earnings (€m)	**December 31, 2019**	**December 31, 2018**
Opening balance	1,438.6	241.2
Result for the period	632.5	1,170.0
Retained earnings SOP	29.8	27.4
SOP cash settlement	(3.7)	-
Total	**2,097.2**	**1,438.6**

The Board of Directors proposes to the General Meeting to allocate the result of the Company for the 2019 financial year, amounting to €632.5 million, as follows: (i) €1.39 to the Retained Earnings Reserve Preference Shares B, for the benefit of the holders of Preference Shares B, as required by the Articles of Association of the Company, and (ii) €632.5 million to Retained Earnings, and that no dividend be paid.

This proposal has already been reflected in these annual accounts. The result for the 2018 financial year has been fully transferred to Retained Earnings as proposed by the Board of Directors to the General Meeting during the previous year.

The Retained earnings SOP amount of €29.8 million consists of share-based expenses of the Company for the 2019 financial year amounting to €27.5 million related to the Preference Shares B granted to Mr. Weill (please refer to note 5.2.2) and €2.3 million related to share-based compensation.

4.8 Reconciliations to the consolidated financial statements

The difference between equity and net result according to the Company's annual accounts and those of the consolidated Group are due to the net asset value of the companies consolidated into the Group's consolidated financial statements. No declaration of liability or other securities have been provided for the Company.

		Reconciling items between consolidated equity and standalone equity															
Reconciliation of Group equity to Company-only equity	**Group equity[1]**	**Revision IFRS 15[2]**	**IFRS 16**	**Equity of Group companies at date of merger**	**Merger with Altice S.A.**	**Transactions with non-controlling interest**	**Group currency translation reserve**	**Group cash flow hedge reserve**	**Group stock option plan**	**Group available for sale reserve**	**Group employee benefits reserve**	**Accumulated losses of Group companies**	**Dividends paid by Group companies**	**Other movements in equity**	**Total**	**Standalone equity**
Opening balance	(2,904.7)	(216.7)	-	(5,224.1)	6,934.0	3,678.0	577.8	426.8	(49.8)	(2.0)	35.0	3,973.4	1,362.6	(566.7)	10,928.3	8,023.6
IFRS 16 transition impact[3]	40.1	-	(40.1)	-	-	-	-	-	-	-	-	-	-	-	(40.1)	-
Consolidated profit for the period	291.1	-	-	-	-	-	-	-	-	-	-	341.4	-	-	341.4	632.5
Transactions recorded in comprehensive income in consolidated accounts[4]	283.6	-	-	-	-	-	24.5	(189.0)	-	(232.6)	113.5	-	-	-	(283.6)	-
Share-based payment	27.2	-	-	-	-	-	-	-	2.6	-	-	-	-	-	2.6	29.8
Dividends[5]	(59.8)	-	-	-	-	-	-	-	-	-	-	-	59.8	-	59.8	-
Transactions with non-controlling interest	(17.6)	-	-	-	-	17.6	-	-	-	-	-	-	-	-	17.6	-
Other	19.1	-	-	-	-	-	-	-	-	-	-	-	-	(17.1)	(17.1)	2.0
Total Closing	**(2,321.0)**	**(216.7)**	**(40.1)**	**(5,224.1)**	**6,934.0**	**3,695.6**	**602.3**	**237.8**	**(47.2)**	**(234.6)**	**148.5**	**4,314.8**	**1,422.4**	**(583.8)**	**11,008.9**	**8,687.9**

1. Equity as at January 1, 2018 was adjusted for the impact following the adoption of IFRS 9 *Financial Instruments.*
2. The amount is related to the impact of adoption of IFRS 15 *Revenue from Contracts with Customers* as of January 1, 2018.
3. Equity as at January 1, 2019 includes the impact from the adoption of IFRS 16 *Leases* as of January 1, 2019.
4. These transactions are recorded in other comprehensive income in the Group's consolidated financial statements, there are no such transactions in the Company.
5. Dividends paid by Group companies during the period, no dividends were paid by the Company.

4.9 Amounts due to Group companies

Amounts due to Group companies (€m)	December 31, 2019	December 31, 2018
Altice Luxembourg S.A.	-	262.5
Altice Management International S.A.	-	2.6
Total	**-**	**265.1**

On June 28, 2019, the Company entered into various contribution, assignment and set-off agreements with effective date of January 1, 2019 (for balances as at December 31, 2018) and April 15, 2019 (for balances originating in the 2019 financial year, up to and including April 15, 2019), related to the settlement of intercompany balances owed by the Company to Altice Luxembourg S.A. and Altice Management International S.A., which were ultimately converted into capital contributions to, and repayment of capital from, Altice Group Lux S.à r.l.

These liabilities all related to companies in which the Group has control. None of the payables were long-term in nature and they were repayable on demand. During 2018, interest expense of €21.1 million was accrued on the amount due to Altice Luxembourg S.A. at a rate of 7% per year per facility agreement. The other payables are short term in nature and did not accrue any interest. These loans were settled on January 1, 2019, and therefore did not accrue any interest in 2019.

4.10 Accrued liabilities

Accrued liabilities (€m)	December 31, 2019	December 31, 2018
Accruals	128.2	124.9
Other employee benefits	5.9	40.9
Total	**134.1**	**165.8**

The accruals relate to legal, audit and other short-term payables mainly consisting of a provisional fine of €127.2 million, which consisted of the original fine of €124.5 million plus accrued interest of €2.7 million at a rate of 1.5% (2018: €124.5 million) issued to the Company for gun jumping in connection with the Group's acquisition of PT Portugal in June 2015, for which a Company's subsidiary, Altice Financing S.A., issued a bank guarantee to the European Commission (please refer to note 4.12.2). None of these liabilities are long-term in nature.

Other employee benefits mainly consist of accruals of €5.9 million (2018: €89.6 million) recognized for the granting of stock options during the year, related to the Separation, of which €42.9 million had already been paid in cash as at December 31, 2019 (2018: €49.1 million); please refer to note 5.2 for details of the share-based compensation.

4.11 Non-recognised assets and liabilities and contingent assets and liabilities

As of April 1, 2016, the Company was the head of a fiscal unity with CVC 1 B.V. for corporate income tax purposes. The Company is charged as if it were liable for corporate income tax, unless the corporate income tax payable for the fiscal unity does not result in a payable position. The Company is charged as if it were liable for all liabilities of the fiscal unity as a whole. In case CVC 1 B.V. cannot pay its income tax position, the Dutch Tax Authorities will charge the Company for this. Due to the dissolution of CVC 1 B.V. on December 14, 2018, the Company is no longer a fiscal unity with CVC 1 B.V. as of December 14, 2018.

4.12 Litigation

In the normal course of its activities, the Company and its subsidiaries are accused in a certain number of governmental, arbitration and administrative lawsuits. Provisions are recognized by the Company when management believe that it is more likely than not that such lawsuits will result in an expense being recognized by the Company, and the magnitude of the expenses can be reliably estimated. The magnitude of the provisions recognised is based on the best estimate of the level of risk on a case-by-case basis, considering that the occurrence of events during the legal action involves constant re-estimation of this risk.

The Company is not aware of other disputes, arbitration, governmental or legal action or exceptional fact (including any legal action of which the Company is aware, which is outstanding or by which it is threatened) that may have been, or is in, progress during the last months and that has a significant effect on the financial position, the earnings, the activity and the assets of the Company, other than those described below.

This note describes the new proceedings and developments in existing litigations that have occurred since the publication of the annual financial statements for the year ended December 31, 2018, and that have had or that may have a significant effect on the financial position of the Company.

4.12.1 *Altice USA and the Company – securities lawsuit*

In the latter half of 2018, eight named plaintiffs, each on behalf of a putative class of stockholders who purchased Altice USA Common Stock in the Altice USA's IPO pursuant to the Registration Statement and Prospectus, filed complaints (seven in New York State Supreme Court, one in United States District Court for the Eastern District of New York). The lawsuits name as defendants Altice USA, Altice Europe, and Altice USA's directors, among others, and assert that all defendants violated Sections 11 and 12 of the Securities Act of 1933 (the "Securities Act") and that the individual defendants violated Section 15 of the Securities Act as control persons. In a consolidated amended complaint filed in the lawsuit in the Eastern District of New York, plaintiff also asserts violations of Section 10(b) of the Securities Act of 1934, Rule 10b-5 promulgated thereunder, and Section 20 of the Securities Act of 1934 against Altice USA, Altice Europe, and certain individual directors. The facts underlying each case are substantively similar, with plaintiffs alleging that the Registration Statement and Prospectus misrepresented or omitted material facts relating to the negative performance of Altice France and Altice Portugal, the disclosure of which in November 2017 negatively impacted the value of Altice USA's stock. In June 2019, plaintiffs in the New York State action filed a consolidated amended complaint, which Altice USA and Altice Europe moved to dismiss in July 2019. Altice USA and Altice Europe moved to dismiss the complaint in the Eastern District of New York in October 2019. Altice USA and Altice Europe intend to vigorously defend the lawsuits. Although the outcome of the matter cannot be predicted and the impact of the final resolution of this matter on the Company's statutory results of operations in any particular subsequent reporting period is not known at this time, management does not believe that the ultimate resolution of the matter will have a material adverse effect on the operations or financial position of the Company or the ability of the Company to meet its financial obligations as they become due.

4.12.2 *European Commission Investigation*

After having approved the acquisition of PT Portugal by an indirect subsidiary of the Company on April 20, 2015, the European Commission initiated an investigation into infringement by the Company of the obligation of prior notification of concentrations under Article 4(1) of the Merger Regulation and/or of the stand-still obligation laid down in Article 7(1) of the Merger Regulation. The European Commission issued a statement of objections on May 18, 2017, informing the Company of the objections raised against it.

On April 24, 2018, the European Commission notified the Company of its decision to impose upon it two fines totalling €124.5 million. The Commission found that the Company infringed the prior notification obligation of a concentration under Article 4(1) of the EU Merger Regulation, and the stand-still obligation under Article 7(1) of the EU Merger Regulation. The Company fully disagrees with the Commission's decision, and in particular, it considers that this case differs entirely from the French Numéricable/Altice France/Virgin gun jumping case, in which the Group had agreed not to challenge the allegations brought against it. In the Company's opinion, the Commission's decision relies on a wrongful definition of the notion of "implementation" of a concentration. Further, the transaction agreement governing the management of the target during the pre-closing period provided the Company with a consultation right on certain exceptional matters relating to PT Portugal aimed at preserving the value and integrity of the target prior to closing and was in accordance with well-established M&A market practice.

In any event, the Company considers that the elements in the Commission's file do not establish the exercise of influence, as alleged by the Commission, by the Company over PT Portugal's business conduct neither prior to the merger notification to the Commission nor prior to the Commission's clearance.

On July 5, 2018, the Company filed an Application for annulment against the Commission's decision before the EU General Court to request that the decision as a whole be annulled or, at the very least, that the sanction be significantly reduced (Case T-425/18). The Commission's decision does not affect the approval granted by the European Commission on April 20, 2015 for the acquisition of PT Portugal by the Group.

On November 6, 2018, the Council of the European Union filed an Application to intervene in the case before the EU General Court. Both the Company and the European Commission confirmed they had no observations to the Council's Application to intervene. The Council requested an extension of the time-limit to file its Statement of intervention. The Court granted that extension until February 25, 2019.

On November 30, 2018, the European Commission filed its Defence requesting the Court (1) to dismiss the Company's Application and (2) to order the Company to pay the costs. The said Defence was notified to the Company on December 14, 2018. On December 20, 2018, the Company requested an extension of one month to lodge its Reply. The extension was granted on January 4, 2019, until February 25, 2019.

On February 25, 2019, the Company filed its Reply to the Commission's Defence adhering to the conclusions and orders sought in its Application for annulment.

On March 15, 2019, the Company filed its observations on the Statement of intervention of the Council of the European Union, which essentially mirror the corresponding allegations in the Company's Application and reply to the Commission's defence.

On March 18, 2019, the Company received the copy of the Commission's observations on the Statement of intervention of the Council of the European Union, which merely state it does not have any observations, as its position and that of the Council of the European Union are aligned.

After an extension of the deadline, the Commission filed its Rejoinder to the Company's reply on May 10, 2019.

The written phase of the procedure has now been closed. The President will fix a date on which the Judge-Rapporteur is to present a preliminary report to the General Court. The preliminary report shall contain an analysis of the relevant issues of fact and of law raised by the action, proposals as to whether measures of organization of procedure or measures of inquiry should be undertaken, whether there should be an oral part of the procedure and whether the case should be referred to the Grand Chamber or to a Chamber sitting with a different number of Judges.

The Company submitted a reasoned request for a hearing on May 29, 2019.

On March 10, 2020, the Company received from the General Court an invitation addressed to all the parties to submit observations regarding the possible consequences of the Court of Justice of the European Union (CJEU) judgment on another case by March 25, 2020. On March 25, 2020, the Company lodged its observations and reiterated its submission filed on May 29, 2019, regarding the importance of a hearing in the present case. On March 23, 2020, the Commission and the Council of the European Union lodged their observations, which have been transmitted to the Company on March 31, 2020. In essence, the Commission and the Council concluded by reiterating that the Company's application should be rejected.

Depending on the Court's evaluation of the observations received from the parties on the relevance of such judgment from the CJEU for the Company's case, the General Court will decide whether or not to hold an oral hearing, which would most likely take place in 2020. In that case, the Company would expect a judgment in 2021.

As of December 31, 2019, the Company recorded a liability of €127.2 million, including accrued interests (please refer to note 4.10) and a corresponding Group company receivable from Altice Portugal S.A. (please refer to note 4.2), as it is the acquiring entity of PT Portugal. On July 25, 2018, the Group issued a bank guarantee to the European Commission of €124.5 million (excluding accrued interests).

5. Notes to the profit and loss account

5.1 Net turnover

Net turnover (€m)	**Year ended December 31, 2019**	**Year ended December 31, 2018**
Recharge share-based expenses	38.2	121.3
Management fees	3.9	4.4
Total	**42.1**	**125.7**

Share-based expenses are recharged according to the Group's policy, whereby expenses related to share-based compensation are recharged to various Group affiliates and notably to the employers of the beneficiaries.

The Company charges management fees to companies within the Group that benefit from a variety of services that the Company provides.

5.2 Wages and salaries

Wages and salaries (€m)	Year ended December 31, 2019	Year ended December 31, 2018
Share-based expenses[1]	(39.6)	(121.3)
Salaries[2]	(1.0)	(1.1)
Directors fee	(1.2)	(1.2)
Total	**(41.8)**	**(123.6)**

[1] For the year ended December 31, 2019, the Company recorded €12.1 million (2018: €99.8 million) as share-based compensation related to the stock option plans and €27.5 million (2018: €21.5 million) related to the Preference Shares B granted to Mr. Alain Weill.
[2] Salaries includes €236,467 (2018: €206,275) for social security costs.

During the year the Company employed 5 employees (2018: 5) in the Netherlands in the finance sector. The Company has four executive directors and four non-executive directors; please refer to page 308 for the names of the directors.

5.2.1 Share-based compensation

5.2.1.1 Stock options

5.2.1.1.1 Overview of the stock option plans

The Company had two existing stock option plans as of January 1, 2017, the Stock Option Plan ("SOP") and the Long-Term Incentive Plan ("LTIP").

The purpose of the SOP is, amongst others, to provide prospective candidates to join the Group or prospective candidates for promotion within the Group with appropriate incentives and to support their retention. The number of options granted under the SOP depends on the position, the importance of the role, the seniority, the performance and the development potential of the participant on a mid/long term. The grant of stock options under the SOP may be accompanied, for certain participants, by the grant of a deferred cash bonus subject to the same vesting conditions.

The LTIP is mainly used by the Company to grant stock options to participants under the SOP whose options have partially vested, in order to support retention of such participants, such grant being accompanied, for certain participants, by the grant of a deferred cash bonus subject to the same vesting conditions. The number of options granted under the LTIP depends on the position, the importance of the role, the seniority, the performance and the development potential of the participant on a mid/long term.

During the year 2017, the following plans were adopted:

- On June 28, 2017, the Group adopted a new performance stock option plan (the "PSOP"). The PSOP is used to grant stock options to selected employees of the Group, including Executive Board Members, the vesting of which is subject to the achievement of a financial performance target.
  The number of options granted under the PSOP depends on the position, the importance of the role, the seniority and the anticipated contribution of the participant in the performance of the Group in the mid-term.
- On November 2, 2017, the Group adopted two new stock option plans (the "2017 SOP" and the "2017 LTIP"), the terms of which are substantially the same as those of the SOP and LTIP; the amendments are related to further support the retention of the participants.

The 2017 SOP and the 2017 LTIP were amended on May 18, 2018 by the annual General Meeting in order to extend their application to Executive Board Members.

Further, in May 2017, the Board approved a management proposal whereby the fee paid as part of the Brand licence and services agreement with Next Alt, which was entered into on November 15, 2016, would cease and would no longer be included in corporate costs. The fee was replaced with the grant of 30 million stock options issued by the Company to Next Alt, in three tranches of 10 million stock options:

- a first tranche of 10 million stock options will vest 50% after 2 years, 25% after 3 years and the final 25% after 4 years;
- a second tranche of 10 million stock options will vest in the event the share price doubles in value compared to the exercise price on or before January 31, 2021; and

- a third tranche of 10 million share options will vest in the event the share price triples in value compared to the exercise price on or before January 31, 2022.

5.2.1.1.2 Grants of options under the stock option plans

The Board, upon recommendation of the Remuneration Committee, may grant stock options to eligible participants under the conditions set out by the specific plan.

Employees of the Group and, in exceptional cases, individuals who are not employees of the Group but who, in view of their activities for the benefit of the Group, made an important contribution to the success of the business of the Group, are eligible to participate in the SOP, the 2017 SOP, the LTIP, the 2017 LTIP and the PSOP.

In addition, the General Meeting may resolve to grant stock options to Executive Board Members under the SOP, the 2017 SOP, the LTIP, the 2017 LTIP or the PSOP as reward for their employment with or provision of services to Group Companies and in that case determines the number and the applicable criteria of such stock options, based on a recommendation of the Remuneration Committee.

Non-Executive Board Members are not eligible for participation in any of the stock option plans.

5.2.1.1.3 Vesting conditions of the plans

SOP and 2017 SOP

Options granted under the SOP and the 2017 SOP are subject to time-based vesting conditions. The stock options will vest as follows:

- a first tranche of 50% of the stock options a participant holds vests on the 2nd anniversary of the start date of the vesting period;
- a second tranche of 25% of the stock options a participant holds vests on the 3rd anniversary of the start date of the vesting period; and
- a third tranche of 25% of the stock options a participant holds vests on the 4th anniversary of the start date of the vesting period.

The Board, upon recommendation of the Remuneration Committee, may adjust the start date of the vesting period of any participant, provided that the Board concurrently grants a benefit to such participant.

LTIP and 2017 LTIP

Options granted under the LTIP and the 2017 LTIP plans are subject to time-based vesting conditions. All stock options will vest on the third anniversary of the start date of the vesting period.

The Board may, upon recommendation of the Remuneration Committee, adjust the start date of the vesting period of any participant, provided that the Board concurrently grants a benefit to such participant.

PSOP

The vesting of options granted under this plan is subject to the achievement of a financial performance target (the “Target”). The Target is set at the date of grant and will be achieved if Adjusted EBITDA less CAPEX of the third full financial year following the date of grant is equal to or superior to the Target. The Board, based on a recommendation of the Remuneration Committee (or the General Meeting, as the case may be), may adjust the Target to reflect recapitalization events, acquisitions, divestitures, or any other corporate events or actions, which require an adjustment to the Target. All stock options shall lapse if the Group does not achieve the Target. The participant needs to be employed, or to provide services to the Company or to any Group Company, at the moment that it is determined that the Group has achieved the Target. Participants who leave the Group before the vesting date forfeit their stock options.

5.2.1.1.4 Consideration and exercise price

No consideration is payable for the allocation of stock options.

The exercise price of stock options granted under the plans is equal to the weighted average price at which the Common Shares A are traded on Euronext Amsterdam during a period of 30 days preceding certain dates, which differ by stock option plan as follows:

	SOP and 2017 SOP	LTIP, 2017 LTIP and PSOP
i	the date of the offer made to and accepted by the employee to join the Group, or	the date on which the decision was made to grant the participant stock options, or
ii	the date on which the employee is promoted to a new function within the Group, or	an alternative date determined by the Board.
iii	for an existing employee within the Group, the date on which the decision was made to grant him stock options.	

The Board, upon recommendation of the Remuneration Committee, may adjust the exercise price (at the time of or after the grant of the stock options) in a more favourable way for the participants, unless such an adjustment would have the effect of creating a material detriment to the shareholders.

5.2.1.1.5 Adjustment of the terms and conditions of the stock options in connection with the Separation

On April 30, 2018, the Board resolved, on the recommendation of the Remuneration Committee, to amend the terms and conditions of the stock options issued under the stock option plans (other than the PSOP), which was approved by the General Meeting on June 11, 2018. The General Meeting approved the modification for the Board Members, but the same principles were applicable for all participants under the stock option plans (other than the PSOP): the exercise price of the stock options granted under the stock option plans (other than the PSOP)[(1)] was adjusted to reflect the Separation and a gross cash compensation corresponding to the value of a stock option on 0.4163[(2)] Altice USA share, multiplied by the number of stock options held by the participant under the relevant stock option plan, was granted to the participants who had unexercised stock options granted under the stock option plans (other than the PSOP), subject to vesting of the relevant stock options.

In addition, on May 29, 2018, the Board resolved, on the recommendation of the Remuneration Committee; to amend the terms and conditions of the stock options granted to Mr. Okhuijsen under the PSOP, which was approved by the General Meeting on July 10, 2018. The General Meeting approved the amendment for Mr. Okhuijsen, in its capacity of Board Member, but the same principles were applicable for all participants under the PSOP: the exercise price of the stock options granted under the PSOP, as well as the financial performance target to be achieved for the stock options to vest, were adjusted to reflect the Separation.

Stock option plan – impact of the Separation

The modification of the terms and conditions of the stock options have been treated based on the provisions of IFRS 2 *Share-based Payments*:

(1) For the Altice Europe part of the stock option plans:
The stock options were repriced in order to take into account the Separation and this repricing was considered as a replacement of cancelled options. The Company continues to expense the portion of the initial fair value not yet recognized over the original vesting period, after taking into account the decrease related to the Altice USA stock option part (based on 24.33% ratio).

(2) For the Altice USA part of the stock option plans:
For specific reasons related to market regulations in the USA, it was decided to replace Altice USA stock option by payment in cash based on vesting dates of existing plans (no change in vesting conditions).

[(1)] Including the stock options issued pursuant to the Brand licence and services agreement.

[(2)] Corresponding to the number of Altice USA shares distributed to the Company's shareholders in respect of each share in the Company in connection with the Separation.

The treatment of a change from equity settled to cash settled is treated according to IFRS 2 B43:

(1) The vested part of the liability was recognized as a liability with a corresponding reduction of equity for an amount of $96.7 million (€82.9 million) at the Separation date (June 8, 2018). Of this, $32.9 million relate to Patrick Drahi/Next Alt and $32.9 million relate to Dexter Goei.

(2) The unvested liability will be recorded in the statement of income over the vesting period.

5.2.1.1.6 Grants of awards

Details of movements in the number of awards outstanding under each of the Company's various stock option plans are provided in the following tables:

Altice Europe N.V.	Number granted (m)	Weighted average exercise price[1] (€)
Options outstanding as at January 1, 2018	**76.1**	**3.3**
Granted	9.8	2.0
Exercised	(0.2)	1.8
Cancelled, lapsed	(2.9)	4.1
Options outstanding as at December 31, 2018	**82.9**	**3.1**
Exercisable options as at December 31, 2018	**37.3**	**2.1**
Options outstanding as at January 1, 2019	**82.9**	**3.1**
Granted	-	-
Exercised	(3.1)	1.1
Cancelled, lapsed	(1.9)	2.6
Options outstanding as at December 31, 2019	**77.9**	**3.3**
Exercisable options as at December 31, 2019	**43.0**	**2.6**

[1] The weighted average exercise price for stock option plans of the Company as at December 31, 2019 correspond to the repriced and adjusted weighted average exercise price following the Separation.

5.2.1.1.7 Fair value of options granted

All stock options are initially measured based on the fair value of the award at grant date. An option pricing model was used to determine the fair value, which requires subjective assumptions; changes in these assumptions could materially affect the fair value of the options outstanding. No grants were made during the year ended December 31, 2019. The details of each material grant during the year ended December 31, 2018 (or summary of grants) per the date of grant are set out below.

Altice Europe N.V.	January 31, 2018	January 31, 2018	January 31, 2018	Summary of 2 grants
Units granted (million)	5.00	1.75	1.75	1.26
Expiry date	January 31, 2028	January 31, 2028	January 31, 2028	Nov 2027 - Jan 2028
Unit fair value at the grant date (€)[1]	0.66	0.66	0.66	0.32 – 0.66
Share price at the grant date (€)[2]	2.11	2.11	2.11	2.49 – 2.11
Exercise price of the option (€)[2]	2.00	2.00	2.00	4.60 – 2.00
Anticipated volatility (weighted average)[3]	24.7%	24.7%	24.7%	26.69%-24.67%
Anticipated dividends[4]	2.50%	2.50%	2.50%	2.50%
Risk free interest rate (governments bonds)	0.77%	0.77%	0.77%	0.41% - 0.77%

[1] The expected life of the options used in determining the fair value of the stock options is assumed to be the same as the expiry date (10 years).
[2] The share price at the grant date and the exercise price of the option have been adjusted for the Separation.
[3] The anticipated volatility is based on the average historical volatility of a select peer group over the last 10 years, given that the Company's shares have been traded just over 5 years.
[4] Anticipated dividends are based on a consistent 2.5% policy over a 10-year horizon, in line with the Company's policy. With the exception of the special distribution in kind of its 67.2% interest in Altice USA to its shareholders out of its share premium reserve on June 8, 2018, the Company has not paid any dividends since its incorporation. However, the Company will at times consider returning capital to shareholders through ordinary and exceptional dividends as well as share buybacks if deemed adequate on the basis of its strategy.

5.2.2 Grant of free Preference Shares B

On July 10, 2018, the General Meeting determined the remuneration of Mr. Weill to include the right to acquire in aggregate up to 50,000,000 Preference Shares B with the following characteristics:

- granted number of Preference Shares B: 25,000,000;
- vesting period: earliest of four years from the grant date of the Preference Shares B and the Company's annual General Meeting to be held in 2022;

- performance criteria: on the financial year ending on December 31, 2021, the Company having generated an annual consolidated EBITDA (as reported on a consolidated basis and with constant perimeter and accounting standards) equal or in excess of the projected annual consolidated EBITDA in the 4-year business plan adopted by the Company;
- number of Preference Shares B, each convertible into one Common Share A, ranging between 0% and 200% of the number of granted Preference Shares B, to be assessed at the end of the vesting period, according to a predetermined allocation key linked to performance criteria.

In addition, in connection with the Separation, the General Meeting approved an adjustment of the terms and conditions governing Mr. Weill's existing right to acquire in aggregate 1,855,664 Preference Shares B as granted on July 7, 2016 and amended on May 29, 2018, as follows:

- Tranche 1: 1,103,096 Preference Shares B, each upon vesting convertible into one newly to be issued Common Share A as well as 0.4163 existing shares of Class A Common Stock in Altice USA;
- Tranche 2: 752,568 Preference Shares B, each upon vesting convertible into a number of newly to be issued Common Shares A depending on the share price of the Common Shares A during the 5 trading days preceding the conversion request;
- a gross cash compensation of a maximum aggregate amount of $839,991.15.

As of December 31, 2019, all Preference Shares B Tranche 1 and all Preference Shares B Tranche 2 had vested.

5.3 Other operating expenses

Other operating expenses (€m)	Note	Year ended December 31, 2019	Year ended December 31, 2018
Impairment of Group company receivable	5.3.1	0.0	9.5
Insurance fees	5.3.2	-	(1.0)
Other	5.3.3	(7.4)	(1.1)
Total		**(7.4)**	**7.4**

5.3.1 Impairment of Group company receivable

During 2017 the Group company receivable from Redgreen S.A. was fully impaired. In 2018 amounts were recovered from this entity and the impairment was partially reversed.

5.3.2 Insurance fees

The insurance fees relate to the directors and officer's liability insurance, which was cancelled during the 2019 financial year.

5.3.3 Other

Other fees include audit expenses the Company incurred with its principal auditor Deloitte, legal and advisory fees and general administration fees.

5.4 Net finance income

Net financial income (€m)	Year ended December 31, 2019	Year ended December 31, 2018
Dividend income	220.9	1,153.0
Distribution received	420.8	-
Interest income	6.5	36.4
Interest expense	(8.1)	(21.6)
Impairment	-	(6.6)
Loss on foreign exchange transactions	(0.5)	(0.6)
Liquidation losses	-	(0.1)
Total	**639.6**	**1,160.5**

The dividend income received in 2018 relates to the dividend that was received from the Company's subsidiary CVC 1 B.V. In this dividend distribution, the Company received all the shares of CVC 3 B.V. (please refer to note 4.1.2).

The dividend income received in 2019 relates to the dividend that was received from the Company's subsidiary Altice France S.A. based on the 9.32% shareholding of the Company.

The distribution received directly relates to the distribution of the note receivable from the Company's subsidiary CVC 3 B.V. as a result of the sale of the remaining Altice USA shares from CVC 3 B.V. to Altice CVC Lux S.à r.l., a Group affiliate registered in Luxembourg (please refer to note 4.1.3).

The interest income relates to the accrued interest on the Group current accounts receivable from Altice Corporate Financing S.A. and Altice Luxembourg S.A. The interest expenses relate to the interest paid to banks, interest accrued on the Group current account payable to Altice Luxembourg S.A. and Altice International S.à r.l., and interest expense on the provision for the fine imposed on the Company by the European Commission (please refer to note 4.12.2).

The impairment relates to the loss of selling i24 US Corp. by i24news B.V. The foreign exchange translation is related to balances held in US dollar at the bank at the balance sheet date. The liquidation losses relate to the losses incurred due to the liquidation of the subsidiaries CVC 1 B.V., CVC 2 B.V., i24news B.V., Altice Technical Services B.V. and Altice Management Americas Corporation which occurred in December 2018 (please refer to note 4.1).

6. Appropriation of result for the year

The Board proposes to allocate the profit for the year, amounting to €632,508,558.95, as follows: (i) €1.39 to the Retained Earnings Reserve Preference Shares B, for the benefit of the holders of Preference Shares B, and (ii) €632,508,557.56 to the retained earnings, and that no dividend be paid.

7. Events after the reporting period

7.1 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 weeks in the countries in which the Group operates, the Group continues to assess conditions in order to adapt to the business and social environment in which it operates.

The COVID-19 pandemic can have an adverse effect on the Group's business, financial condition and results of operations, depending on the nature and period of governmental measures in the countries in which the Group operates. Impact may include:

- (i) the slowdown of the production capabilities of China or other affected countries may have a negative impact on hardware, software and other providers of outsourced services that the Group relies on to provide its services, and the global reach of the pandemic may lead to a situation where there are no clear or cost effective alternatives;
- (ii) delay in infrastructural projects;
- (iii) productivity of the workforce may decline due to an increase in sick leaves, quarantine procedures and work or travel restrictions; and
- (iv) habits and financial situation of customers may change due to the economic slowdown and possibility of a worldwide recession e.g., postponing purchase decisions, breaking contracts and personal or corporate bankruptcies.

The Group has activated a response program in order to minimize the impact of this risk, by protecting employees, securing the supply chain, and continuously monitoring the situation and leveraging at the same time the Group's services that may help in the virus containment efforts, such as videoconferencing and online classes. In addition, networks play a key role in keeping people connected and the Group is monitoring its network usage and assessing its policies and procedures to best support its customers.

As of the date of issuance of the company-only annual accounts, the Group is facing a decline in handsets sales (low margin activity) in the context of the closure of the shops in many countries where the Group operates, some delays in the construction of FTTH homes passed in France and a decline in the advertising businesses (Teads and NextRadioTV) but the impact has been limited, since the crisis only began at the beginning of March 2020.

The situation continues to evolve, including further regulatory requirements published by governments, and it is difficult to predict the effect on the Group's operations and financial performance. Based on the above, the Group considers that the assessment of the going concern assumption for the Group is not impacted.

The Company had no other material events after the reporting period.

Directors

The Company has four executive directors and four non-executive directors.

Executive directors

P. Drahi	A. Weill
N. Marty	A4 S.A.

Non-executive directors

J. van Breukelen	T. Sauvaire
N. Paulmier	P. Besnier

Amsterdam, April 2, 2020

III. OTHER INFORMATION

3.1 External Auditor’s report on financial statements

Deloitte.

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Independent auditor's report

To the shareholders and Board of Directors of Altice Europe N.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2019 INCLUDED IN THE ANNUAL REPORT

Our opinion

We have audited the financial statements 2019 of Altice Europe N.V., based in Amsterdam. The financial statements comprise the consolidated and company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of Altice Europe N.V. as at December 31, 2019, and of its result and its cash flows for 2019 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

- The accompanying company financial statements give a true and fair view of the financial position of Altice Europe N.V. as at 31 December 2019, and of its result for 2019 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. The consolidated statement of financial position as at December 31, 2019.

2. The following statements for 2019: the consolidated statement of income, the consolidated statements of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows.

3. The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. The company balance sheet as at December 31, 2019.

2. The company profit and loss account for 2019.

3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the “Our responsibilities for the audit of the financial statements” section of our report.

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We are independent of Altice Europe N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at € 150 million (2018: € 140 million). The materiality is based on 2.7% (2018: 2.7%) of Adjusted EBITDA from continuing operations as defined by the company in note 4.2.1.1. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons. The materiality increased compared to 2018 in line with the developments in the Group's performance.

Audits of the group entities (components) were performed using materiality levels determined by the judgment of the group audit team, taking into account the materiality of the financial statements as a whole and the reporting structure within the group. Component materiality did not exceed € 115 million (2018: component materiality did not exceed € 95 million).

We agreed with the Audit Committee that misstatements in excess of € 7.5 million (2018: € 7 million), which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Altice Europe N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Altice Europe N.V.

Our group audit mainly focused on significant group entities. Our assessment of entities that are significant to the Group was done as part of our audit planning and was aimed to obtain sufficient coverage of the risks of a material misstatement for significant account balances and disclosures that we have identified. In addition, we considered qualitative factors as part of our assessment. In establishing the overall group audit strategy and plan, we determined the type of work that needed to be performed at the components by the group audit team and by component auditors. All components are audited by Deloitte Member Firm auditors, except in France. In France the audit is a joint audit between Deloitte and KPMG.

Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the financial statements as a whole. The group audit engagement team provided detailed audit instructions to all component auditors, directed the planning, visited the (significant) components (France, Portugal, Israel and Dominican Republic) several times, reviewed the audit files and the results of the work undertaken by component auditors, assessed and discussed the findings with the component auditors during conference calls and site visits. Any further work deemed necessary by the group audit team was subsequently performed.

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The group consolidation, financial statements disclosures and a number of complex items were audited by the group audit engagement team. These include (the oversight on) impairment testing on goodwill and (certain) intangible fixed assets for certain cash generating units, share-based payments, (part of) borrowings, related interests, valuation of derivative financial instruments and an overall assessment of claims and litigations. Specialists were involved at group and component level amongst others, in the areas of treasury, information technology, accounting and valuation.

As part of our yearend audit procedures we have considered our assessment of significant group entities in order to ensure that we have obtained appropriate coverage of the risks of a material misstatement for significant account balances and disclosures that we have identified.

In summary, the group audit engagement team has:

- Performed procedures at group level on the centralized key audit matters and complex items.
- Performed audit procedures at Altice Europe N.V. company-only.
- Used the work of component auditors when auditing or performing specified audit procedures at the (significant) components, being Altice France S.A., Portugal Telecom SGPS S.A., Cool Holding Ltd. S.A., Teads S.A. and Altice Dominicana S.A.
- Performed analytical procedures or specific audit procedures at the other group entities.

The group entities subject to full-scope audits and audits of specified account balances comprise approximately 99% of consolidated revenues from continuing operations and approximately 98% of consolidated total assets. For the remaining entities we performed a combination of specific audit procedures and analytical procedures at group level relating to the risks of material misstatement for significant account balances and disclosures that we have identified.

Audit coverage	
Audit coverage of consolidated revenues from continuing operations	99%
Audit coverage of consolidated total assets	98%

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Scope of fraud and non-compliance with laws and regulations

In accordance with Dutch Standards on Auditing, we are responsible for obtaining reasonble assurance that the financial statements taken as a whole are free from material misstatements, whether due to fraud or error.

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Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the auditing standards. Also, we are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

We have exercised professional judgement and have maintained professional skepticism throughout our audit in identifying and assessing the risks of material misstatement of the financial statements due to fraud or non-compliance, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Consideration of fraud

In identifying fraud risks, we assessed fraud risk factors, which we discussed with Management, those charged with governance and others within the group. Fraud risk factors are events or conditions that indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Based on the auditing standards, we considered the following presumed fraud risk relevant to our audit:

- Fraud risk in relation to management override of controls.

Furthermore, we identified and considered the following other fraud risk, which could have a material impact on the financial statements:

- Revenue transactions may be subject to manual adjustments outside the billing systems.

As part of our audit procedures to respond to fraud risks, we evaluated the internal controls relevant to mitigate these fraud risks and performed supplementary substantive audit procedures, including detailed testing of journal entries and supporting documentation in relation to post-closing adjustments. Data analytics, including testing journal entries based on certain risk-based characteristics, is part of our audit approach to address fraud risks, which could have a material impact on the financial statements.

We refer to the audit procedures as described in the separate Key Audit Matters in addressing fraud risks in connection with revenue recognition, and potential management override on specific estimates on i.e. the valuation of goodwill.

Consideration of laws and regulations

We assessed factors related to the risks of non-compliance with law and regulations that could reasonably be expected to have a material effect on the financial statements taken as a whole from our general and industry experience and through discussions with management.

The potential effect of these laws and regulations on the financial statements varies considerably. Firstly, the company is subject to laws and regulations that directly affect the financial statements including corporate tax law, financial reporting regulations and requirements under Part 9 of Book 2 of the Dutch Civil Code. We assessed the compliance with these laws and regulations as part of our procedures on the related financial statements.

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Secondly, the group is subject to many other (sector specific) laws and regulations where the consequences of non-compliance with these laws could have a material effect on amounts and/or disclosures in the financial statements, for instance through imposing fines or litigation.

As required by auditing standards, we performed certain audit procedures that address non-compliance with laws and regulations, including inquiries of Management, those charged with Governance and others within the group and inspecting (board) minutes, correspondence with relevant authorities and lawyers' letters. We also remained alert to indications of (suspected) non-compliance throughout the audit, both at component and group levels. Furthermore, we performed corroborative inquiry with Group legal counsel and Internal Audit. Finally, we obtained written representations that all known instances of (suspected) non-compliance with laws and regulations have been disclosed to us.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Audit Committee. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the Key Audit Matter was addressed in our audit
Impairment of Goodwill Reference is made to note 5 Goodwill of the consolidated financial statements. At December 31, 2019, the company's goodwill carrying balance is € 14,686.5 million. Under IAS 36 "Impairment of Assets", the Group is required to annually perform an impairment test of goodwill. This annual impairment was significant to our audit because the assessment process involves significant management judgement and is based on assumptions that are affected by expected future market and economic conditions. The key assumptions used in the preparation of cash flow forecasts are: • EBITDA margin; • perpetuity growth rates; • weighted average cost of capital.	Our audit procedures included amongst others: • Obtaining an understanding of the process in place and identifying controls in the Group's impairment assessment for goodwill as a basis for our substantive audit approach. • Testing the identified controls for design and implementation. • Assessing the appropriateness of management's identification of the Group's CGUs based on management's reporting and organizational structure. • Evaluating and benchmarking, with the assistance of our valuation experts, the assumptions and the valuation methodologies used to determine the recoverable amount in the annual impairment tests prepared by the Group. • Challenging management's assumptions that were most sensitive including projected EBITDA margin, weighted average cost of capital and perpetuity growth rates.

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The board engaged independent and qualified external experts in relation to the evaluation for impairments and related impairment tests and concluded that no impairment on goodwill was needed. The key assumptions and sensitivities are disclosed in note 5 to the consolidated financial statements. Due to the size of the goodwill balance and its dependence on management judgement, we considered this area to be a key audit matter. We have pinpointed the risk to those areas that are particularly sensitive to changes in key assumptions.	These procedures included corroborating management's judgements by comparing the assumptions to historic performance, analyst reports, local economic development and industry outlook. • Recalculating the carrying values, exchange rates and calculations used in the impairment test. • Assessing the sensitivity of changes to the respective assumptions on the outcome of the impairment calculations. We also assessed the adequacy of the company's related disclosures in note 5 to the consolidated financial statements.
	Observation
	Our procedures did not identify material exceptions and we considered management's key assumptions to be within a reasonable range of our own expectations.

Key Audit Matter	How the Key Audit Matter was addressed in our audit
Provision for litigation and disclosures of litigation contingencies The company and certain of its subsidiaries are involved as a party in governmental, arbitration and administrative lawsuits. Reference is made to note 16 "Provisions" and Note 32 "Litigation" of the consolidated financial statements. This area is significant to our audit, since the accounting and disclosure for (contingent) legal liabilities is complex and judgmental (due to the difficulty in predicting the outcome of the matter and estimating the potential impact if the outcome is unfavorable), and the amounts involved are, or can be, material to the financial statements as a whole.	Our audit procedures included amongst others: • Obtaining an understanding of management's process for the identification and evaluation of claims, proceedings and investigations at different levels in the Group, and the recording and continuous re-assessment of the related (contingent) liabilities and provisions and disclosures. • Performing substantive procedures on the underlying calculations supporting the provisions recorded. • Performing substantive procedures for claims settled during the year, such as verifying the cash payments, as appropriate, and reading the related settlement agreements in order to verify whether the settlements were properly accounted for.

	• Where relevant, reading external legal opinions obtained by management. • Meeting with Group and local management and reading relevant correspondence, such as minutes of meetings of the Audit Committee and Board of Directors. • Assessing management's conclusions through understanding precedents set in similar cases. • Circularization where appropriate of relevant third party legal representatives and direct discussion with them regarding certain material cases. We also assessed the adequacy of the company's disclosure around legal claims, litigations, regulatory matters and contingencies as included in note 16 "Provisions" and note 32 "Litigation".
	Observation
	Our procedures did not result in material findings with respect to the provisions for litigation recorded or disclosures of litigation contingencies provided in the financial statements.

Key Audit Matter	How the Key Audit Matter was addressed in our audit
Significant transactions During 2019, the Group entered into and/or closed a number of significant transactions as disclosed in note 3.1 of the annual report. We focused our audit procedures on this area given the amounts, management judgment involved and the complexity of the relating accounting for these transactions, including the at arm's length nature of the transactions.	Our audit procedures included amongst others: • Obtaining an understanding of the company's relevant internal controls around the financial closing process. • Meeting with the Board of Directors and Audit Committee and other executive management representatives on a regular basis to understand the status of these transactions. • Assessing management's evaluation of the accounting for these transactions including the adequacy of company's disclosures included in note 3.1. and 18.1.3.

These transactions, amongst others, include: • The sale of a majority stake in SFR Fibre to the Home ("SFR FTTH") for a total consideration of €1.7 billion. • As disclosed in note 3.1, the Group sold a majority stake (51%) in Groupe L'Express S.A. to News Participations S.A.S., a company controlled by Alain Weill, CEO of Altice Europe N.V., for a nominal consideration of €0.019 million. Reference is made to the key audit matter "Corporate Governance". • As disclosed in note 18.1.3., the Group finalized the May 2019 and September refinancings with proceeds of €5.35 billion. These proceeds of these transactions were used to redeem Senior (Secured) Notes.	• Reviewing the signed agreements, contracts and other relevant documents that were prepared for the purpose of these transactions. • In particular, we investigated, with the assistance of forensic specialists, whether the transactions were performed with related parties of the Group. • For the transactions with related parties we investigated whether the transaction was performed on an arm's length basis and the decision making in the board was in line with the company's board rules.
	Observation
	Our procedures did not result in material findings with respect to the recording of these transactions or disclosures of these provided in the financial statements.

Key Audit Matter	How the Key Audit Matter was addressed in our audit
Revenue recognition given complexity of systems The company's revenues for the year 2019 amounts to €14,796.2 million and consist of high amounts of relatively small transactions in combination with multiple pricing plans. There is an inherent risk around the recording of revenue given the complexity of systems. Moreover, processes are highly automated, emphasizing the importance of the reliability and security of the Group's IT systems and robustness of related controls. Furthermore, revenue transactions may be subject to manual adjustments outside the billing systems. The magnitude as well as the increased risk, combined with control deficiencies identified, required substantial audit attention and effort with respect to the controls and substantive test procedures to be performed and assessment of management's mitigation and remediation of identified deficiencies.	Our audit procedures included amongst others: • Obtaining an understanding of the revenue processes, including relevant IT applications and controls. For the revenue processes and related IT applications the component auditors, with the assistance of IT specialists, tested the operating effectiveness of all relevant manual, automated and general IT controls. • Assessing the remediation or mitigation of identified (IT) control deficiencies and amended our substantive audit procedures to address these deficiencies. • Performing substantive analytical procedures based on historical revenues adjusted for changes in market conditions and other information obtained during the audit. Additionally, using test of details and where relevant, we verified the accuracy of the customer billing and the (subsequent) collection of the related revenue.

Therefore, we consider this a key audit matter.	• Performing reconciliations between the billing systems and accounting records, thereby specifically challenging manual journal entries in revenue that were not derived from the billing systems. Lastly, we assessed the appropriateness of disclosures and proper revenue allocation over the various reportable segments as disclosed in note 2.3 and 4.3 respectively of the consolidated financial statements.
	Observation
	Our procedures did not result in material findings with respect to the revenues recorded in the year.

Key Audit Matter	**How the Key Audit Matter was addressed in our audit**
Corporate Governance In accordance with Dutch Standards on Auditing 315 “Identifying and assessing the risks of material misstatements through understanding the entity and its environment” we have obtained an understanding of the Group’s control environment. The control environment includes the governance and management functions and the attitudes, awareness, and actions of those charged with governance and management concerning the entity's internal control and its importance in the entity. The company is required to comply with the Dutch Corporate Governance Code. As disclosed by the company in chapter 3.6, the company complies with the majority of the articles of the Dutch Corporate Governance Code. Reasons for non-compliance with the remaining articles have been explained by the Board of Directors in chapter in 3.6.2. The president of the Group, a function held by the controlling shareholder since June 8, 2018, has power to control the decision making within the Board of Directors through:	Our procedures or actions taken to address the attention areas within the Corporate Governance of the company included amongst others: • Appointing experienced, senior, dedicated team-members. • Holding periodic private sessions with the non-executive board members. • Holding periodic private sessions with the head of internal audit. • Using (internal) experts in a number of areas, including IT, forensic, valuation, financing, derivatives, tax and going concern. • Appointing experienced, senior and dedicated quality reviewers. • Performing procedures around the operating effectiveness of related party mechanisms as included in the articles of association and board rules. • Using data analytical solutions to challenge the completeness of related parties and transactions.

	Observation
• Being entitled to cast a number of votes that equals the number of board members entitled to vote, excluding the president that is present or represented at that meeting. This will decide the outcome of the vote if the Vice-President votes in favor of the resolution. • Having the possibility to, as a shareholder with majority voting rights, impact the composition of the board. We consider this as a key audit matter as the controlling shareholder has the power to control the decision making within the board. As disclosed in note 3.1.3, the Group sold a majority stake (51%) in Groupe L'Express S.A. to News Participations S.A.S., a company controlled by Alain Weill, CEO of Altice Europe N.V., for a nominal consideration of €0.019 million. The impairment loss recorded in the 2019 consolidated statement of income was €67.7 million in the caption Other expenses and income, of which €23.0 million is related to the cash contribution by the Group to L'Express before the closing of the sale. Based on the company's board rules there is no limitation for the CEO, nor other board members to perform investment or other activities for entities outside Altice. Furthermore, in line with the board rules an external valuation of the company was obtained and all non-conflicted board members (including the independent board members) approved the transaction.	During 2018, the company took a number of actions to further strengthen its Corporate Governance following our recommendations made in that context and our system of quality control, being, amongst others: • The appointment of two additional non-executive directors and the resignation of two executive directors from the board to ensure a better ratio of executives and non-executives. • Splitting the roles of Chairman of the Board and Chairman of the Audit Committee, which was effectuated in 2019 after completion of the 2018 financial statements. • Amending the board rules to allow non-executives to appoint their own legal or financial advisor when deemed necessary. • Amending the board rules to clarify that transactions with a related party who holds at least ten percent of the shares shall be agreed in the normal course of business. In 2019, no further actions were taken on our 2018 recommendations. Furthermore, our procedures did not result in material findings with respect to the disclosures provided in the Management Board's report and financial statements. Our procedures with regard to the sale of Groupe L'Express S.A. to News Participations S.A.S., a company controlled by Alain Weill, CEO of Altice Europe N.V. included: • Reading board rules and board minutes to ensure that the (decision making with respect to the) transaction was in line with the Group's governance principles. • Reconciling relevant elements to underlying agreements.

	• Assessing the external valuator's report and the underlying assumptions and judgments, with the assistance of our valuation experts, resulting in the valuation of L'Express. These procedures did not result in material findings with respect to the disclosure provided in the Management Board's report and financial statements.

Key Audit Matter	**How the Key Audit Matter was addressed in our audit**
First adoption of IFRS 16 As disclosed in notes 1.3.3. and 2.12. to the consolidated financial statements, 'IFRS 16 – Leases' becomes effective for annual reporting beginning on or after 1 January 2019. The Group has adopted this new standard on 1 January 2019 using the modified retrospective approach. IFRS 16 introduces a new lease accounting model, where lessees are required to recognize a right-of-use ("ROU") asset and a lease liability arising from a lease on its balance sheet. The application of the new standard gave rise to material impacts on the Group's opening balances as of 1 January 2019, such as, the recognition of ROU assets of €4,129.8 million, an increase of current and non-current lease liabilities of €4,144.0 million and an increase in equity of €40.1 million. This first time adoption also implied the exercise of judgment from management and created situations increasing the risk of accounting errors: • Identification of all contracts in the scope of IFRS 16 and collection of all related relevant data. This step was critical considering that the Group is considerably decentralized and has a significant amount of contracts. • Determination of lease terms considering termination and renewal options. • Application of exemptions allowed by IFRS 16.	Our audit procedures included amongst others: • Obtaining an understanding of the Group's process in identifying lease contracts as well as testing the design, and implementation of related relevant controls. • Reviewing the Group's accounting policies and option elections in respect of IFRS 16 and challenging these for compliance with the standard. • Obtaining the complete list of Group's lease contracts. • Testing a selection of contracts on which the Group applied IFRS 16 to assess whether leases have been properly identified and properly accounted for. • Testing a sample of contracts excluded from the scope of IFRS 16 by the Group and challenge whether their exclusion met standard's requirements. • Testing the incremental borrowing rate for a selection of countries. We also assessed the adequacy of the Group's related disclosures in note 1.3.3. to the consolidated financial statements. **Observation** Our procedures did not result in material findings with respect to the first time adoption of IFRS 16.

• Valuation of incremental borrowing rates at country level. • Measurement of ROU and lease liabilities. Considering the above, the effect of the first adoption of IFRS 16 had a material impact on our audit, and was therefore considered as a key audit matter.	

Emphasis of the impact of the coronavirus (COVID-19)

The coronavirus also impacts Altice Europe N.V. Management disclosed the current impact and her plans to deal with these events or circumstances in note 35 "Events after the reporting period" to the consolidated financial statements. Management indicates that it is currently difficult to predict the impact of the coronavirus on the financial performance and health of Altice Europe N.V. Our opinion is not modified in respect of this matter.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- Management Board's report.
- Remuneration report.
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code.
- Letter from the CEO.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code and Sections 2:135b and 2:145 sub-Section 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Deloitte.

Management is responsible for the preparation of the other information, including the Management Board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code, the other information as required by Part 9 of Book 2 of the Dutch Civil Code, and the Remuneration report in accordance with Sections 2:135b and 2:145 sub-Section 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Engagement

We were engaged by the Audit Committee as auditor of Altice Europe N.V. on August 7, 2015, as of the audit for the year 2015 and have operated as statutory auditor ever since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of management and Board of Directors for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Board of Directors is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.

- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, April 2, 2020

Deloitte Accountants B.V.

Signed on the original: B.C.J. Dielissen

3.2 Statutory provisions concerning appropriation of result

According to article 30 of the Articles of Association:

- Out of the profits accrued in a financial year, primarily and insofar as possible, first a preferred amount of 0.01% per annum of the paid up part of the aggregate nominal value of all issued and outstanding Preference Shares A is added to the retained earnings reserve exclusively for the benefit of the holders of Preference Shares A (Retained Earnings Reserve Preference Shares A), and subsequently an amount equal to 0.01% per annum of the aggregate nominal value of all issued and outstanding Preference Shares B is added to the retained earnings reserve exclusively for the benefit of the holders of Preference Shares B (Retained Earnings Reserve Preference Shares B). If, in a financial year, no profit is made or the profits are insufficient to allow the addition to the Retained Earnings Reserve Preference Shares A, the deficit shall be added from profits earned in following financial years (Article 30.1).

- Each year the Board may determine which part of the profits after application of Article 30.1 shall be reserved (Article 30.2).

- The General Meeting may resolve to distribute any part of the profits remaining after reservation in accordance with Article 30.2, provided that out of such profits (i) no further additions shall be made to the Retained Earnings Reserve Preference Shares A and/or Retained Earnings Reserve Preference Shares B and (ii) no distributions shall be made on the Preference Shares A and Preference Shares B. If the General Meeting does not resolve to distribute these profits in whole or in part, such profits (or any profits remaining after distribution) shall also be reserved (Article 30.3).

- Distributions may be made only up to an amount which does not exceed the amount of the Distributable Equity (Article 30.4).

- Distribution of profits shall be made after adoption of the Annual Accounts if permissible under the law given the contents of the Annual Accounts (Article 30.5).

- The Board may resolve to distribute interim dividend on the Shares with due regard to Articles 30.1 and 30.3 (Article 30.6).

- The Board may resolve that distributions on Shares are made from the Distributable Equity, provided that the holders of Preference Shares A shall not be entitled to any reserves other than the Retained Earnings Reserves Preference Shares A and the holders of Preference Shares B shall not be entitled to any reserves other than the Retained Earnings Reserves Preference Shares B (Article 30.7).

- The General Meeting may at the proposal of the Board resolve that a distribution on Shares shall not be paid in whole or in part in cash but in Shares or in any other form (Article 30.8).

- In calculating the amount of any distribution on Shares, Shares held by the Company, or Shares for which the Company holds depositary receipts shall be disregarded, unless such Shares or depositary receipts are encumbered with a right of usufruct or pledge (Article 30.9).

- Any and all distributions on the Common Shares shall be made in such a way that on each Common Share an equal amount or value will be distributed (Article 30.10).

- Sections 2:104 and 2:105 DCC shall apply to distributions (Article 30.11).

13.7 Special Purpose Condensed Interim Consolidated Financial Statements as of and for the three and six-month periods ended 30 June 2020, and the review report in respect thereof

Altice Europe N.V.

Special Purpose Condensed Interim Consolidated Financial Statements

As of and for the three and six-month periods ended 30 June 2020

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Condensed Consolidated Statement of Income (€m)	Notes	Three months ended June 30, 2020	Three months ended June 30, 2019 *(unaudited and not reviewed)* (*restated)	Six months ended June 30, 2020	Six months ended June 30, 2019 *(unaudited and not reviewed)* (*restated)
Revenues	4	**3,540.1**	**3,593.2**	**7,165.5**	**7,104.3**
Purchasing and subcontracting costs	4	(912.3)	(977.0)	(1,883.7)	(1,878.0)
Other operating expenses	4	(601.0)	(596.6)	(1,337.9)	(1,320.5)
Staff costs and employee benefits	4	(325.3)	(368.4)	(712.5)	(754.8)
Depreciation, amortization and impairment	4	(1,190.0)	(1,343.6)	(2,463.8)	(2,627.5)
Other (expenses) and income	4	(112.9)	7.4	(33.2)	1,769.2
Operating profit	4	**398.6**	**315.0**	**734.4**	**2,292.7**
Interest relative to gross financial debt	13	(422.7)	(542.2)	(873.7)	(1,043.9)
Realized and unrealized gains on derivative instruments linked to financial debt	13	(255.2)	394.1	339.9	432.1
Other financial expenses	13	(29.1)	(484.4)	(327.3)	(568.8)
Finance income	13	1.1	(9.5)	4.2	14.4
Net result on extinguishment of a financial liability	13	(28.7)	(127.8)	(200.3)	(127.8)
Finance costs, net	13	**(734.6)**	**(769.8)**	**(1,057.2)**	**(1,294.0)**
Share of loss of associates and joint ventures	6	(76.6)	(66.8)	(129.0)	(69.0)
(Loss)/profit before income tax		**(412.6)**	**(521.6)**	**(451.8)**	**929.7**
Income tax (expense)/benefit	12	(58.9)	9.7	(131.6)	58.7
(Loss)/profit for the period		**(471.5)**	**(511.9)**	**(583.4)**	**988.4**
Attributable to equity holders of the parent		(502.6)	(525.1)	(626.4)	961.6
Attributable to non-controlling interests		31.1	13.3	43.0	26.9
Earnings per share					
(Loss)/earnings per share (basic)	9	(0.4)	(0.4)	(0.5)	0.8
(Loss)/earnings per share (diluted)	9	(0.4)	(0.4)	(0.5)	0.8

Condensed Consolidated Statement of Comprehensive Income (€m)	Three months ended June 30, 2020	Three months ended June 30, 2019 *(unaudited and not reviewed)*	Six months ended June 30, 2020	Six months ended June 30, 2019 *(unaudited and not reviewed)* (*restated)
(Loss)/profit for the period	**(471.5)**	**(511.9)**	**(583.4)**	**988.4**
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	(0.1)	(42.7)	10.5	(46.1)
Gain on cash flow hedge	20.5	85.8	201.5	153.7
Related taxes	(5.2)	(23.8)	(50.5)	(45.3)
Other items related to associates	(0.1)	-	-	0.1
Item that will not be reclassified subsequently to profit or loss				
Change of fair value of equity instruments at fair value through OCI	39.7	56.8	(73.0)	166.0
Actuarial gain/(loss)	(44.1)	(32.4)	30.1	(59.8)
Related taxes	6.8	10.2	(9.8)	18.8
Total other comprehensive income	**17.5**	**53.9**	**108.8**	**187.4**
Total comprehensive (loss)/income for the period	**(454.0)**	**(458.0)**	**(474.6)**	**1,175.8**
Attributable to equity holders of the parent	(484.8)	(470.9)	(517.0)	1,148.4
Attributable to non-controlling interests	30.8	13.0	42.4	27.5

(*) Previously published information has been restated to take into account the impact from capital gain correction of SFR FTTH. Please refer to note 19 for the reconciliation to previously published results.

The accompanying notes on pages 6 to 38 form an integral part of these special purpose condensed interim consolidated financial statements.

Condensed Consolidated Statement of Financial Position (€m)	Notes	As of June 30, 2020	As of December 31, 2019
Non-current assets			
Goodwill	5	14,536.5	14,655.5
Other intangible assets		6,827.1	7,458.4
Property, plant & equipment		9,896.7	9,974.6
Right-of-use assets		4,256.6	4,289.8
Contract costs		245.6	263.8
Investment in associates and joint ventures	6	1,457.9	1,567.4
Financial assets	7	1,461.4	1,626.7
Deferred tax assets		219.2	300.2
Other non-current assets		764.3	439.6
Total non-current assets		**39,665.3**	**40,576.0**
Current assets			
Inventories		514.1	479.4
Contract assets		225.1	254.1
Trade and other receivables		4,489.9	4,463.7
Current tax assets		164.9	99.8
Financial assets	7	36.1	47.8
Cash and cash equivalents		1,573.3	1,022.1
Restricted cash		35.4	119.5
		7,038.8	6,486.4
Assets classified as held for sale		43.4	119.0
Total current assets		**7,082.2**	**6,605.4**
Total assets		**46,747.5**	**47,181.4**
Equity			
Issued capital	8.1	59.5	59.5
Treasury shares	8.2	(0.4)	(0.4)
Additional paid in capital		5.7	5.7
Other reserves	8.3	(551.8)	(500.5)
Accumulated losses		(1,513.8)	(2,098.9)
Equity attributable to equity holders of the parent		**(2,000.8)**	**(2,534.6)**
Non-controlling interests	3.3	267.0	213.7
Total equity		**(1,733.8)**	**(2,320.9)**
Non-current liabilities			
Long term borrowings, financial liabilities and related hedging instruments	10	31,126.3	32,101.9
Other financial liabilities	10.7	1,277.9	476.2
Non-current lease liabilities	10	3,607.9	3,644.6
Provisions		1,401.9	1,441.8
Deferred tax liabilities		132.3	164.6
Non-current contract liabilities		568.8	588.4
Other non-current liabilities		52.7	233.0
Total non-current liabilities		**38,167.8**	**38,650.5**
Current liabilities			
Short-term borrowings and financial liabilities	10	421.4	432.7
Other financial liabilities	10.7	1,654.0	1,822.3
Current lease liabilities	10	785.7	758.4
Trade and other payables		6,147.7	6,486.6
Contract liabilities		656.9	614.3
Current tax liabilities		228.1	261.4
Provisions		202.6	227.9
Other current liabilities		193.6	247.9
		10,290.0	10,851.5
Liabilities directly associated with assets classified as held for sale		23.5	0.3
Total current liabilities		**10,313.5**	**10,851.8**
Total liabilities		**48,481.3**	**49,502.3**
Total equity and liabilities		**46,747.5**	**47,181.4**

The accompanying notes on pages 6 to 38 form an integral part of these special purpose condensed interim consolidated financial statements.

Condensed Consolidated Statement of Changes in Equity	Number of shares on issue Common Shares A	Common Shares B	Preference Shares B	Share capital	Treasury shares	Additional paid in capital	(Accumulated losses)/ retained earnings	Currency translation reserve	Cash flow hedge reserve	Fair value through OCI	Employee benefits	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
Equity at January 1, 2020	**1,038,014,875**	**196,261,727**	**1,391,748**	**59.5**	**(0.4)**	**5.7**	**(2,098.9)**	**(305.3)**	**(284.2)**	**236.5**	**(147.5)**	**(2,534.6)**	**213.7**	**(2,320.9)**
(Loss)/profit for the period				-	-	-	(626.4)	-	-	-	-	**(626.4)**	43.0	**(583.4)**
Other comprehensive profit/(loss)				-	-	-	-	11.1	151.0	(73.0)	20.3	**109.4**	(0.6)	**108.8**
Comprehensive profit/(loss)				**-**	**-**	**-**	**(626.4)**	**11.1**	**151.0**	**(73.0)**	**20.3**	**(517.0)**	**42.4**	**(474.6)**
Conversion Common Shares B to Common Shares A	19,515,025	(780,601)		-	-	-	-	-	-	-	-	-	-	-
Issuance of Preference Shares B[1]			463,916	-	-	-	-	-	-	-	-	-	-	-
Share-based payments				-	-	-	(31.0)	-	-	-	-	**(31.0)**	-	**(31.0)**
Altice USA shares disposal							160.7	(1.1)		(159.6)		-		-
Transactions with non-controlling interests[2]				-	-	-	1,084.1	-	-	-	-	**1,084.1**	10.8	**1,094.9**
Other				-	-	-	(2.3)	-	-	-	-	**(2.3)**	0.1	**(2.2)**
Equity at June 30, 2020	**1,057,529,900**	**195,481,126**	**1,855,664**	**59.5**	**(0.4)**	**5.7**	**(1,513.8)**	**(295.3)**	**(133.2)**	**3.9**	**(127.2)**	**(2,000.8)**	**267.0**	**(1,733.8)**

1 Preference Shares B were issued to the Company's CEO, Mr. Alain Weil, on January 6, 2020. Please refer to note 8.1.
2 Transactions with non-controlling interests mainly related to the acquisition of minority stakes of Irisé S.A.S. and Rhon'Telecom S.A.S. by Altice France (please refer to note 3.3), the change in the fair value of minority put options of Teads (please refer to note 11.1.2) and the sale of 49.99% of the Portuguese fibre business (please refer to note 3.1.2).

Condensed Consolidated Statement of Changes in Equity *(unaudited and not reviewed)* (*restated)	Number of shares on issue Common shares A	Common shares B	Preference shares B	Share capital	Treasury shares	Additional paid in capital	(Accumulated losses)/ retained earnings	Currency translation reserve	Cash flow hedge reserve	Fair value through OCI	Employee Benefits	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
Equity at January 1, 2019	**1,596,608,025**	**209,318,001**	**927,832**	**68.3**	**(14.6)**	**-**	**(2,401.5)**	**(280.1)**	**(473.2)**	**4.0**	**(34.2)**	**(3,131.4)**	**226.7**	**(2,904.7)**
IFRS 16 transition impact				-	-	-	40.1	-	-	-	-	**40.1**	-	**40.0**
Equity at January 1, 2019[1]	**1,596,608,025**	**209,318,001**	**927,832**	**68.3**	**(14.6)**	**-**	**(2,361.4)**	**(280.1)**	**(473.2)**	**4.0**	**(34.2)**	**(3,091.3)**	**226.7**	**(2,864.6)**
Profit for the period				-	-	-	961.6	-	-	-	-	**961.6**	26.9	**988.5**
Other comprehensive (loss)/profit				-	-	-	-	(46.7)	108.5	166.0	(41.0)	**186.8**	0.6	**187.4**
Comprehensive profit/(loss)				**-**	**-**	**-**	**961.6**	**(46.7)**	**108.5**	**166.0**	**(41.0)**	**1,148.4**	**27.5**	**1,175.9**
Conversion common shares B to common shares A	261,603,450	(10,464,138)		-	-	-	-	-	-	-	-	-	-	-
Cancellation of treasury shares	(685,000,000)			(6.9)	11.6	-	(4.8)	-	-	-	-	**(0.1)**	-	**(0.1)**
Transaction on treasury shares				-	-	-	32.5	-	-	-	-	**32.5**	-	**32.5**
Issuance of preference shares B[2]			463,916	-	-	-	-	-	-	-	-	-	-	-
Distribution of Altice USA shares				-	-	-	(26.8)	-	-	-	-	**(26.8)**	-	**(26.8)**
Share based payments				-	-	-	16.2	-	-	-	-	**16.2**	-	**16.2**
Transactions with non-controlling interests				-	-	-	(8.2)	-	-	-	-	**(8.2)**	(0.2)	**(8.4)**
Dividends				-	-	-	-	-	-	-	-	-	(22.6)	**(22.6)**
Other				-	-	-	13.8	-	-	-	-	**13.8**	(1.9)	**11.9**
Equity at June 30, 2019	**1,173,211,475**	**198,853,863**	**1,391,748**	**61.4**	**(3.0)**	**-**	**(1,377.1)**	**(326.8)**	**(364.7)**	**170.0**	**(75.2)**	**(1,915.5)**	**229.5**	**(1,686.0)**

1 Equity as at January 1, 2019 includes the impact from the adoption of IFRS 16 *Leases* as of January 1, 2019 by the Group.
2 Preference Shares B were issued to the Company's CEO, Mr. Alain Weil, on January 9, 2019. Please refer to note 8.1.

(*) Previously published information has been restated to take into account the impact from capital gain correction of SFR FTTH.

The accompanying notes on pages 6 to 38 form an integral part of these special purpose condensed interim consolidated financial statements.

Condensed Consolidated Statement of Cash Flows	**Six months ended**	
(€m)	**June 30, 2020**	**June 30, 2019** ***(unaudited and not reviewed)*** **(*restated)**
(Loss)/profit for the period	**(583.4)**	**988.4**
adjustments for:		
Share of loss of associates and joint ventures	129.0	69.0
Depreciation and amortization	2,463.8	2,627.5
Gain/(loss) related to share-based payment	(23.9)	24.5
Loss (gain) on disposal of business	62.3	(2,083.8)
Gain on sale of interest in associates	(97.7)	-
Other non-cash operating (gain) loss, net[1]	(44.7)	189.6
Pension plan liability	(50.1)	(50.2)
Finance costs recognised in the statement of income	1,057.2	1,293.9
Income tax expense/(benefit) recognised in the statement of income	131.6	(58.7)
Income tax paid	(232.5)	(176.1)
Changes in working capital[2]	(85.4)	(403.0)
Net cash provided by operating activities	**2,726.2**	**2,421.1**
Payments to acquire tangible and intangible assets	(1,687.1)	(1,676.7)
Proceeds (payments) related to disposal or acquisition of financial assets[3]	509.6	(169.3)
(Payments)/proceeds from disposal of business[4]	(6.7)	1,618.5
Proceeds from disposal of tangible and intangible assets	5.7	4.2
Proceeds (payments) related to sale or acquisition of interests in associates[5]	201.0	(19.6)
Payment to acquire subsidiaries, net of cash[6]	(16.6)	(0.3)
Transfers from restricted cash[7]	84.1	-
Dividend received	4.6	-
Net cash (used in)/provided by investing activities	**(905.4)**	**(243.2)**
Proceeds from issue of equity instruments by a subsidiary	-	32.5
Proceeds from issuance of debts	6,166.6	3,200.0
Payments to redeem debt instruments[8]	(7,600.8)	(5,019.8)
Payments to non-controlling interests[9]	(11.1)	(11.1)
Proceeds (payments) from the sale of minority stake[10]	1,573.1	(15.1)
Lease payment (principal) related to ROU[11]	(428.8)	(417.1)
Lease payment (interest) related to ROU[11]	(86.9)	(98.3)
Interest paid[12]	(872.4)	(1,030.3)
Proceeds from the monetization of swaps[13]	281.3	540.3
Dividend paid to non-controlling interests	-	(20.3)
Other cash used by financing activities[14]	(282.5)	(221.8)
Net cash used in financing activities	**(1,261.5)**	**(3,061.0)**
Classification of cash as held for sale	-	(10.2)
Effects of exchange rate changes on the balance of cash held in foreign currencies	(8.1)	1.8
Net change in cash and cash equivalents	**551.2**	**(891.5)**
Cash and cash equivalents at beginning of the period	1,022.1	1,837.0
Cash and cash equivalents at end of the period	**1,573.3**	**945.5**

1 Other non-cash items include allowances and writebacks for provisions and gains and losses recorded on the disposal of tangible and intangible assets.
2 Changes in working capital relate to payments and receipts related to inventories, trade and other receivables and trade and other payables.
3 The net proceeds related to financial assets relate mainly to proceeds of the sale of 24.2 million Altice USA shares of Class A common stock for an amount of €528.8 million.
4 Payments for the disposal of consolidated entities include purchase price adjustments related to the sale of the international wholesale business which was closed on July 18, 2018.
5 Proceeds from the sale of interests in associates mainly relate to the proceeds received from the sale of PT Portugal's 25% equity interest in the tower company OMTEL to Cellnex Telecom S.A. which was closed on January 2, 2020.
6 Payment to acquire subsidiaries relates to participations acquired by Altice France in Rhon'Telecom S.A.S. and in certain DSP's (*Délégation de service public*).
7 The transfer of restricted cash related to the release of the restricted cash in connection with the Altice Corporate Financing facility.
8 Payments to redeem debt instruments include net repayments of €117.5 million related to commercial paper and €15.4 million related to various other loans.
9 Transactions with non-controlling interest relate to payments made to former minority shareholders of ERT Luxembourg S.A.
10 Proceeds from the sale of a minority stake relates to the sale of the 49.99% interest in the Portuguese FTTH business to Morgan Stanley Infrastructure Partners on April 17, 2020.
11 Repayment of lease liabilities (IFRS 16 lease payment and the interest related to right-of-use ("ROU")) are reported under financing activities upon adoption of IFRS 16 Leases.
12 Interest paid on debt includes interest received from / paid on interest derivatives.
13 Proceeds from the monetization of swaps relate to the swap monetization proceeds of €281.3 million recorded in Altice Luxembourg, Altice France and Altice Financing.
14 Other cash used in financing activities include an amount of €156.9 million of call premium related to the repayment of bonds resulting from the refinancing transactions which occurred during the six months ended June 30, 2020, €128.9 million of net repayments related to factoring arrangements (consisting of €684.8 million of payments made to suppliers through the factoring arrangements and €813.7 million of payments made to the factoring company), €24.0 million related to interest on factoring arrangements and payments of €6.1 million related to other financing related activities. These payments were partially offset by proceeds of €24.1 million related to cash received for an FX forward contract and €9.2 million related to securitisation arrangements.

(*) Previously published information has been restated to take into account the impact from capital gain correction of SFR FTTH and other adjustments. Please refer to note 19 for the reconciliation to previously published results.

The accompanying notes on pages 6 to 38 form an integral part of these special purpose condensed interim consolidated financial statements.

1. About Altice Europe N.V.

Altice Europe N.V. (the "Company") is a public limited liability company ("*Naamloze vennootschap*") incorporated in the Netherlands and its address is Oostdam 1, 3441 EM, Woerden, the Netherlands. The Company is the parent entity of the Altice Europe N.V. consolidated group (the "Group"). The Company is ultimately controlled by Patrick Drahi (via Next Alt S.à r.l., "Next Alt"). As of June 30, 2020, Next Alt held 77.58% of the share capital of the Company.

The Group is a convergent leader in telecoms, content, media, entertainment and advertising. The Group delivers innovative, customer-centric products and solutions that connect and unlock the limitless potential of its over 30 million customers over fibre networks and mobile broadband. The Group is also a provider of enterprise digital solutions to millions of business customers. The Group innovates with technology, research and development and enables people to live out their passions by providing original content, high-quality and compelling TV shows, and international, national and local news channels. The Group delivers live broadcast premium sports events and enables its customers to enjoy the most well-known media and entertainment.

2. Accounting policies

2.1 Basis of preparation

These special purpose condensed interim consolidated financial statements of the Group as of June 30, 2020 and for the three and six-month periods then ended were approved by the Board of Directors and authorized for issue on November 24, 2020.

These special purpose condensed interim consolidated financial statements of the Group as of June 30, 2020 and for the three and six-month periods 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, 2019 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 special purpose condensed interim consolidated financial statements as of June 30, 2020 do not differ from those applied in the annual consolidated financial statements as of and for the year ended December 31, 2019, except for the adoption of new standards effective as of January 1, 2020.

The condensed interim consolidated financial information as of and for the three and six-month periods ended June 30, 2019 is not audited or reviewed by an external auditor. Consequently, the corresponding figures included in the statements of income and comprehensive income and the statements of changes in equity and cash flows and in the related notes have not been audited or reviewed.

2.1.1. *Standards applicable for the reporting period*

The following standards have mandatory application for periods beginning on or after January 1, 2020 as described in note 1.3.2 to the annual consolidated financial statements:

- Amendments to IAS 1 and IAS 8 *Definition of Material*, effective on or after January 1, 2020;
- Amendments to IFRS 3 *Definition of a Business*, effective on or after January 1, 2020;
- Amendments to References to the Conceptual Framework in IFRS Standards, effective on or after January 1, 2020.

The application of amendments to IAS 1 and IAS 8, IFRS 3 and to References of the Conceptual Framework in IFRS standards had no material impact on the amounts recognised and on the disclosures in these special purpose condensed interim consolidated financial statements.

2.1.2. *Standards and interpretations not applicable as of reporting date*

The Group has not early adopted the following standards and interpretations, for which application is not mandatory for period started from January 1, 2020 and that may impact the amounts reported:

- Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, effective date of the amendments has not yet been determined by the IASB; and

- Amendments in Classification of Liabilities as Current or Non-Current (Amendments to IAS 1), effective on or after January 1, 2023;
- Annual Improvements to IFRS Standards 2018-2020, effective on or after January 1, 2022;
- Amendments to IFRS 16 *Leases*, *Covid-19-Related Rent Concessions*, effective on or after June 1, 2020, with early application permitted.

The Board of Directors anticipates that the application of those amendments will not have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities.

2.1.3. *Significant accounting judgments and estimates*

In the application of the Group's accounting policies, the Board of Directors is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

These key areas of judgments and estimates are:

- Revenue recognition
- Estimations of provisions for claims;
- Measurement of post-employment benefits;
- Fair value measurement of financial instruments;
- Measurement of deferred taxes;
- Estimation of useful lives of intangible assets and property, plant and equipment;
- Impairment of intangible assets;
- Estimation of impairment losses for contract assets and trade receivables;
- Determination of the right-of-use and lease liabilities; and
- Assessment of control over SFR FTTH and FastFiber Portugal.

As of June 30, 2020, there were no changes in the key areas of judgements and estimates.

2.1.4. *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 (please refer to note 35.9 of the annual consolidated financial statements for further detail).

The COVID-19 pandemic had a limited impact on the special purpose condensed interim consolidated financial statements of the Group as of June 30, 2020 and for the three and six-month periods then ended. Indeed, 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, some delays in the construction of FTTH homes passed in France and a decline in the advertising businesses (Teads and NextRadioTV). 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.

As part of economic measures meant to mitigate the impact of the COVID-19 pandemic on industry, the French State announced a series of measures, some of which the Group had recourse to during the mandatory stay at home period, especially partial unemployment. The Group decided to apply for partial unemployment for c. 4,200 employees whose jobs were directly impacted by the mandatory quarantine imposed by the French State. Thus, the State paid the concerned employees the equivalent of 84% of their fixed and variable pay per month and the Group paid the remaining 16%. There were no restrictions associated with using this measure. The total reimbursement received from the French State amounted to €20.0 million and is recognized in the line item 'Staff costs and employee benefits' in the condensed consolidated statement of income. In other 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). The valuation of the non-current and current assets has not been adjusted as of June 30, 2020 as a result of the COVID-19 outbreak.

Based on the above and information in note 17, the Group determined that the going concern assumption is still appropriate.

3. Acquisition and divestments

The following changes occurred during the six-month period ended June 30, 2020, which impacted the scope of consolidation compared to that presented in the annual consolidated financial statements.

3.1. Transactions completed in the current period

3.1.1. *Sale of a 25% equity stake in OMTEL*

On January 2, 2020, the Company announced the sale of 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.. Total cash proceeds amounted to €201.0 million. The total capital gain recorded for the six-month period ended June 30, 2020 amounted to €97.7 million (please refer to note 4.3.2.2).

The sale by PT Portugal of its 25% equity interest in OMTEL 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.

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 €1,573.1 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 convertible notes (please refer to note 10.7.2). The proceeds from the transaction were partly used to further deleverage the Group's debt (please refer to note 10.2). Furthermore, the Group recorded a receivable representing the net present value of an earnout of €375.0 million due December 2021. The transaction resulted in the recognition of a non-controlling interest of €4.0 million (please refer to note 3.3) and a gain of €1,111.5 million in equity.

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

3.1.3. *Monetization of the Altice USA stake*

On June 22, 2020, the Company completed the sale of a large part of its remaining indirect stake in Altice USA, commensurate with its previously stated strategy. The Group sold 24.2 million Altice USA shares of Class A common stock over the period from June 4, 2020 until June 22, 2020, for a total consideration of approximately $583.0 million (€528.8 million). The Company retained approximately 0.3 million Altice USA shares of Class A common stock.

3.2. Transactions completed in the prior period

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, revenues and expenses) instead of equity method.

3.2.2. *Closing of the sale of 49.99% in SFR FTTH*

On November 30, 2018, Altice France entered into an exclusivity agreement with Allianz Capital Partners, AXA Investment Managers - Real Assets, acting on behalf of its clients and OMERS Infrastructure (together the “Partners”) regarding the sale of a 49.99% equity stake in SFR FTTH.

The transaction closed on March 27, 2019. The consideration received was €1.7 billion, based on a €3.4 billion equity value. The total capital gain recorded for the six-month period ended June 30, 2019 was €2,085.6 million (please refer to note 4.3.2.3 and note 19). This partnership created the leading FTTH infrastructure wholesaler in France and brought an additional €1.7 billion of cash to Altice France. Following the closing of the transaction, Altice France lost exclusive control over SFR FTTH as Altice France and the Partners have joint control over the new entity based on the provisions of IFRS 11 *Joint Arrangements*. Furthermore, as SFR FTTH is a joint venture (joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement), SFR FTTH is accounted for under the equity method based on the provisions of IAS 28 *Investments in Associates and Joint Ventures.*

3.3. Variations in non-controlling interests

Variations in non-controlling interests (€m)	**Altice France**	**Hivory[1]**	**Altice Technical Services**	**Other**	**Group**
Opening balance at January 1, 2019	**3.3**	**220.7**	**(13.8)**	**16.5**	**226.7**
Net income	9.5	36.3	(1.9)	1.8	**45.7**
Other comprehensive income	(0.1)	-	0.5	0.1	**0.5**
Transaction with NCI in ERT Lux	(2.0)	-	-	-	**(2.0)**
Transaction with NCI in GNP	6.1	-	-	-	**6.1**
Sale of SIRESP	-	-	-	(3.6)	**(3.6)**
Dividends	(10.1)	(37.6)	(12.1)	-	**(59.8)**
Other	(0.1)	-	(0.2)	0.4	**0.1**
Closing at December 31, 2019	**6.6**	**219.4**	**(27.5)**	**15.2**	**213.7**
Net income	9.9	28.6	(1.6)	6.1	**43.0**
Other comprehensive income	(0.1)	-	(0.5)	-	**(0.6)**
Transaction with NCI in Rhon'Telecom S.A.S.	1.5	-	-	-	**1.5**
Transaction with NCI in Irisé S.A.S.	4.5	-	-	-	**4.5**
Transaction with NCI in Moselle Telecom S.A.S.	1.4	-	-	-	**1.4**
Transation with NCI in Fastfiber	-	-	-	4.0	**4.0**
Sale of SBS Morocco to Intelcia	(0.5)	-	-	-	**(0.5)**
Sale of Tnord and Sudtel to Portugal	-	-	-	-	**-**
Other	-	-	-	-	**-**
Closing at June 30, 2020	**23.3**	**248.0**	**(29.6)**	**25.3**	**267.0**

1 This column presents the impact of the sale by Altice France of a minority stake in Hivory (an entity created by Altice France to which Altice France contributed some of its telecommunication towers) that was closed on December 18, 2018. Following the closing of the sale, Altice France keeps exclusive control of Hivory which is consolidated in Altice France.

The main change in non-controlling interests (“NCI”) as at June 30, 2020 was mainly due to:

- net income attributable to the non-controlling interest for the six-month period ended June 30, 2020 of €43.0 million, mainly in Altice France and Hivory; and
- transactions with NCI which mainly related to the acquisition of minority interests by Altice France in Irisé S.A.S., Rhon’Telecom S.A.S and Moselle Telecom S.A.S., increasing NCI by €7.4 million and the sale of 49.99% of the Portuguese fibre business increasing NCI by €4.0 million.

3.4. Assets held for sale

On May 14, 2020, Altice France announced that it would transfer Libération, the daily newspaper, to Presse Indépendante SAS, a management and holding company mainly owned by a non-profit organization (Fonds de Dotation pour une Presse Indépendante “FDPI”). As part of the project, Altice France will make an initial donation to FDPI, which FDPI can then use to invest into Presse Indépendante.

The closing of the sale is expected in the third quarter of 2020. Following the closing of the transaction, the Group will no longer exercise control over Libération and therefore the assets and associated liabilities of Libération were classified as held for sale as per the provisions of IFRS 5 Non-currents assets Held for sale and discontinued operations. The estimated capital loss has been recorded in the statement of income for the six-month period ended June 30, 2020 for €52.0 million in the caption Other expense and income.

Disposal groups held for sale		**June 30, 2020**			**December 31, 2019**	
(€m)	**Libération**	**Other**	**Total**	**Belmont**	**Other**	**Total**
Goodwill	1.2	-	1.2			
Tangible and intangible assets	15.4	4.6	20.0	-	9.3	9.3
Investment in associates	-	4.1	4.1	103.3	4.4	107.7
Currents assets	16.2	1.9	18.1	-	2.0	2.0
Total assets held for sale	**32.8**	**10.6**	**43.4**	**103.3**	**15.7**	**119.0**
Non-current liabilities	6.9	-	6.9	-	(0.1)	(0.1)
Current liabilities	16.3	0.3	16.6	-	(0.3)	(0.3)
Total liabilities related to assets held for sale	**23.2**	**0.3**	**23.5**	**-**	**(0.4)**	**(0.4)**

4. Segment reporting

4.1. Definition of segments

Given the geographical spread of the entities within the Group, analysis by geographical area is fundamental in determining the Group's strategy and managing its different businesses. The Group's chief operating decision maker is the Board of Directors. The Board of Directors analyses the Group's results across geographies, and certain key areas by activity. The presentation of the segments here is consistent with the reporting used internally by the Board of Directors to track the Group's operational and financial performance. The businesses that the Group owns and operates do not show significant seasonality, except for the mobile residential and business services, which can show significant changes in sales at year end and at the end of the summer season (the "back to school" period). The business services are also impacted by the timing of preparation of the annual budgets of public and private sector companies. The accounting policies of the reportable segments are the same as the Group's accounting policies.

The segments that are presented are detailed below:

- **France**: The Group controls Altice France S.A. ("Altice France"), the second largest telecom operator in France, which provides residential, business, mobile and high-speed internet services using SFR and the associated brands. Additionally, the media division of Altice France includes NextRadioTV and SFR Presse companies, which cover audio-visual and press activities in France, respectively. This segment also comprises of the French Overseas Territories ("FOT"), ATS France and Altice Customer Services S.à r.l. ("ACS").
- **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.
- **Altice TV**: Content business from the use of content rights.
- **Others**: Corporate entities are reported under "Others".

4.2. Financial Key Performance Indicators ("KPIs")

The Board of Directors has defined certain financial KPIs that are tracked and reported by each operating segment every month to the senior executives of the Company. The Board of Directors believes that these indicators offer them the best view of the operational and financial efficiency of each segment and this follows best practices in the rest of the industry, thus providing investors and other analysts a suitable base to perform their analysis of the Group's results.

The financial KPIs tracked by the Board of Directors are:

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

4.2.1. *Non-GAAP measures*

Adjusted EBITDA, Capex and OpFCF are non-GAAP measures. These measures are useful to readers of the special purpose condensed interim consolidated financial statements as they provide a measure of operating results excluding certain items that the Group's management believe are either outside of its recurring operating activities, or items that are non-cash. Excluding such items enables trends in the Group's operating results and cash flow generation to be more easily observable. The non-GAAP measures are used by the Group internally to manage and assess the results of its operations, make decisions with respect to investments and allocation of resources, and assess the performance of management personnel. Such performance measures are also the de facto metrics used by investors and other members of the financial community to value other companies operating in the same industry as the Group and thus are a basis for comparability between the Group and its peers. Moreover, the debt covenants of the Group are based on the Adjusted EBITDA and other associated metrics. The definition of Adjusted EBITDA used in the covenants has not changed with the adoption of IFRS 15 *Revenue from Contracts with Customers* and IFRS 16 *Leases* by the Group.

4.2.1.1. *Adjusted EBITDA*

Following the application of IFRS 16 *Leases*, Adjusted EBITDA is defined as operating income before depreciation and amortization, other expenses and income (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 lease). This may not be comparable to similarly titled measures used by other entities. Further, this measure should not be considered as an alternative for operating income as the effects of depreciation, amortization and impairment, excluded from Adjusted EBITDA, do ultimately affect the operating results. Operating results presented in the special purpose condensed interim consolidated financial statements are in accordance with IAS 1 *Presentation of Financial Statements*.

4.2.1.2. *Capex*

Capex is an important indicator to follow, as the profile varies greatly between activities:

- The fixed business has fixed Capex requirements that are mainly discretionary (network, platforms, general), and variable capex requirements related to the connection of new customers and the purchase of Customer Premise Equipment (TV decoder, modem, etc.).
- Mobile Capex is mainly driven by investment in new mobile sites, upgrade to new mobile technology and licenses to operate; once engaged and operational, there are limited further Capex requirements.
- Other Capex is mainly related to costs incurred in acquiring content rights.

4.2.1.3. *Operating free cash flow*

OpFCF is defined as Adjusted EBITDA less Capex. This may not be comparable to similarly titled measures used by other entities. Further, this measure should not be considered as an alternative for operating cash flow as presented in the condensed consolidated statement of cash flows in accordance with IAS 7 *Statement of Cashflows*.

4.2.2. *Revenues*

Additional information on the revenue split is presented as follows:

- Residential revenue
  - Fixed: revenues from fixed services to B2C customers;
  - Mobile: revenues from mobile services to B2C subscribers;
  - Equipment business to B2C subscribers;
- Business services: revenues from B2B customers, wholesale (including the construction of the FTTH network for SFR FTTH) and other revenues; and
- Media: media, content and advertisement revenues in Altice France, Teads and Altice TV.

Intersegment revenues represented 1.9% of total revenues for the six-month period ended June 30, 2020, compared to 2.1% of total revenues for the six-month period ended June 30, 2019 (€136.0 million compared to €147.0 million). Intersegment revenues mainly relate to services rendered by certain centralized Group functions (relating to content production, content distribution and centralized research and development) to the operational segments of the Group. A significant proportion of Altice TV's revenues (based on contractual terms) and activities are within the Group and therefore are eliminated.

4.3. Segment results

4.3.1. *Operating profit by segment*

For the three months ended June 30, 2020 €m	France	Portugal	Israel	Dominican Republic	Teads	Altice TV	Others	Inter-segment elimination	Total
Revenues	**2,601.1**	**499.5**	**245.6**	**117.9**	**82.3**	**58.0**	**0.2**	**(64.4)**	**3,540.1**
Purchasing and subcontracting costs	(698.7)	(118.7)	(74.8)	(27.3)	-	(54.5)	-	61.6	**(912.3)**
Other operating expenses	(398.3)	(92.0)	(49.4)	(18.8)	(38.1)	(0.1)	(5.4)	1.1	**(601.0)**
Staff costs and employee benefit expenses	(212.4)	(69.8)	(18.4)	(7.4)	(18.7)	(0.0)	1.3	0.1	**(325.3)**
Total	**1,291.8**	**219.0**	**102.9**	**64.4**	**25.5**	**3.4**	**(3.9)**	**(1.6)**	**1,701.5**
Share-based expense	(29.4)	0.2	0.0	0.2	-	-	(5.0)	-	**(34.0)**
Rental expense operating lease1	(198.8)	(18.0)	(7.5)	(5.8)	(1.6)	-	-	-	**(231.6)**
Adjusted EBITDA	**1,063.6**	**201.2**	**95.4**	**58.9**	**23.9**	**3.4**	**(8.9)**	**(1.6)**	**1,435.9**
Depreciation, amortisation and impairment	(821.9)	(180.3)	(83.6)	(35.8)	(6.2)	(62.2)	-	-	**(1,190.0)**
Share-based expense	29.4	(0.2)	(0.0)	(0.2)	-	-	5.0	-	**34.0**
Other expenses and income	(52.6)	(18.8)	(5.7)	1.6	(0.2)	(10.4)	(26.8)	-	**(112.9)**
Rental expense operating lease1	198.8	18.0	7.5	5.8	1.6	-	-	-	**231.6**
Operating profit/(loss)	**417.2**	**19.8**	**13.6**	**30.2**	**19.1**	**(69.2)**	**(30.6)**	**(1.6)**	**398.6**

For the three months ended June 30, 2019 €m	France	Portugal	Israel	Dominican Republic	Teads	Altice TV	Others	Inter-segment elimination	Total
Revenues	**2,606.3**	**521.6**	**234.9**	**140.5**	**109.3**	**56.6**	**0.3**	**(76.4)**	**3,593.2**
Purchasing and subcontracting costs	(735.2)	(133.9)	(68.9)	(36.3)	-	(77.5)	-	74.9	**(977.0)**
Other operating expenses	(363.2)	(91.7)	(50.1)	(20.6)	(63.3)	(1.7)	(4.5)	(1.5)	**(596.6)**
Staff costs and employee benefit expenses	(240.6)	(64.5)	(17.2)	(7.5)	(25.4)	(0.5)	(12.8)	0.1	**(368.4)**
Total	**1,267.3**	**231.5**	**98.7**	**76.1**	**20.7**	**(23.2)**	**(17.0)**	**(2.9)**	**1,651.2**
Share-based expense	1.4	-	-	-	-	-	8.6	-	**10.1**
Rental expense operating lease1	(196.4)	(18.1)	(8.7)	(6.3)	(1.1)	-	-	-	**(230.5)**
Adjusted EBITDA	**1,072.3**	**213.4**	**90.0**	**69.8**	**19.6**	**(23.2)**	**(8.4)**	**(2.9)**	**1,430.7**
Depreciation, amortisation and impairment	(898.2)	(180.0)	(89.2)	(33.1)	(4.7)	(138.2)	(0.1)	-	**(1,343.3)**
Share-based expense	(1.4)	-	-	-	-	-	(8.6)	-	**(10.1)**
Other expenses and income	8.2	(11.1)	(2.4)	(1.0)	(0.9)	-	14.5	0.1	**7.4**
Rental expense operating lease1	196.4	18.1	8.7	6.3	1.1	-	-	-	**230.5**
Operating profit/(loss)	**377.2**	**40.4**	**7.1**	**42.0**	**15.0**	**(161.5)**	**(2.6)**	**(2.8)**	**315.2**

1 This line corresponds to the operating lease expenses which impacts are included in Adjusted EBITDA following the definition stated in note 4.2.1.1.

For the six months ended June 30, 2020 €m	France	Portugal	Israel	Dominican Republic	Teads	Altice TV	Others	Inter-segment elimination	Total
Revenues	**5,243.8**	**1,021.8**	**492.1**	**250.5**	**172.2**	**120.7**	**0.4**	**(136.0)**	**7,165.5**
Purchasing and subcontracting costs	(1,401.7)	(255.7)	(153.2)	(58.9)	-	(145.6)	-	131.4	**(1,883.7)**
Other operating expenses	(912.7)	(184.6)	(99.9)	(39.8)	(94.5)	(0.4)	(7.8)	1.9	**(1,337.9)**
Staff costs and employee benefit expenses	(476.9)	(135.3)	(36.7)	(15.4)	(42.6)	(0.3)	(5.4)	0.1	**(712.5)**
Total	**2,452.6**	**446.2**	**202.2**	**136.5**	**35.1**	**(25.6)**	**(12.9)**	**(2.6)**	**3,231.4**
Share-based expense	(22.5)	0.3	0.0	0.2	-	-	(2.0)	-	**(23.9)**
Rental expense operating lease[1]	(391.9)	(35.1)	(16.2)	(11.4)	(2.6)	-	-	-	**(457.1)**
Adjusted EBITDA	**2,038.2**	**411.4**	**186.0**	**125.3**	**32.5**	**(25.6)**	**(14.9)**	**(2.6)**	**2,750.4**
Depreciation, amortisation and impairment	(1,672.6)	(362.6)	(167.0)	(67.7)	(11.1)	(182.8)	-	**-**	**(2,463.8)**
Share-based expense	22.5	(0.3)	(0.0)	(0.2)	-	-	2.0	**-**	**23.9**
Other expenses and income	(70.6)	75.1	(8.1)	0.3	(0.2)	(10.4)	(19.3)	-	**(33.2)**
Rental expense operating lease[1]	391.9	35.1	16.2	11.4	2.6	-	-	-	**457.1**
Operating profit/(loss)	**709.4**	**158.7**	**27.1**	**69.1**	**23.7**	**(218.8)**	**(32.1)**	**(2.6)**	**734.4**

For the six months ended June 30, 2019 €m	France	Portugal	Israel	Dominican Republic	Teads	Altice TV	Others	Inter-segment elimination	Total
Revenues	**5,164.7**	**1,030.5**	**466.6**	**279.4**	**193.4**	**116.3**	**0.4**	**(147.0)**	**7,104.3**
Purchasing and subcontracting costs	(1,389.9)	(260.8)	(143.0)	(70.3)	-	(157.5)	-	143.5	**(1,878.0)**
Other operating expenses	(873.0)	(179.7)	(98.9)	(41.0)	(115.1)	(2.3)	(10.3)	(0.2)	**(1,320.5)**
Staff costs and employee benefit expenses	(495.9)	(134.0)	(33.3)	(15.0)	(50.2)	(1.3)	(25.3)	0.2	**(754.8)**
Total	**2,405.9**	**456.0**	**191.4**	**153.1**	**28.1**	**(44.8)**	**(35.2)**	**(3.5)**	**3,151.0**
Share-based expense	2.2	-	-	-	-	-	22.3	-	**24.5**
Rental expense operating lease[1]	(380.1)	(36.1)	(16.9)	(12.5)	(2.0)	-	-	-	**(447.6)**
Adjusted EBITDA	**2,028.0**	**419.9**	**174.5**	**140.6**	**26.1**	**(44.8)**	**(12.9)**	**(3.5)**	**2,727.9**
Depreciation, amortisation and impairment	(1,731.4)	(358.5)	(179.7)	(63.4)	(9.8)	(284.6)	(0.1)	**-**	**(2,627.5)**
Share-based expense	(2.2)	-	-	-	-	-	(22.3)	**-**	**(24.5)**
Other expenses and income	2,031.9	(283.3)	(3.5)	(5.3)	(0.9)	-	30.5	(0.2)	**1,769.2**
Rental expense operating lease[1]	380.1	36.1	16.9	12.5	2.0	-	-	**-**	**447.6**
Operating profit/(loss)	**2,706.4**	**(185.8)**	**8.2**	**84.4**	**17.4**	**(329.4)**	**(4.8)**	**(3.7)**	**2,292.7**

1 This line corresponds to the operating lease expenses which impacts are included in Adjusted EBITDA following the definition stated in note 4.2.1.1.

Regarding the share-based expenses, the Group has several share-based compensation plans across its various entities comprising of mainly the Long-Term Incentive Plan (“LTIP”), the Share Option Plan (“SOP”), the options granted to Next Alt and the preference shares granted to the Company’s CEO, Mr. Alain Weill. During the six-month period ended June 30, 2020, the Group recorded a share-based expense credit of €23.9 million, compared to a charge of €24.5 million in the six-month period ended June 30, 2019. Following the reassessment by management of the non-market vesting conditions included in free Preference Shares B granted to Mr. Weill in July 10, 2018 (please refer to section 26.2 of annual financial statements for the year ended December 31, 2019), the Company has reversed the share based payment expense recognized from the grant date for an amount of €35.0 million in the six-month period ended June 30, 2020.

4.3.2. *Other expenses and income*

Other expenses and income mainly relate to provisions for ongoing and announced restructuring, net gain of sale of interest in associates and consolidated entities and other expenses (for example gains and losses on disposal of assets, deal fees on acquisitions of entities and provisions for litigations).

Details of costs incurred during the three and six-month periods ended June 30, 2020 and 2019 are provided in the following table:

Other expenses and income **(€m)**	**For the three months ended June 30, 2020**	**For the three months ended June 30, 2019 (*restated)**	**For the six months ended June 30, 2020**	**For the six months ended June 30, 2019 (*restated)**
Restructuring costs	2.3	4.3	6.1	264.8
Disputes and litigation	12.3	(0.8)	14.8	12.1
Net gain on sale of interest in associates	-	-	(97.7)	-
Net loss/(gain) on sale of consolidated entities	62.3	(28.0)	62.3	(2,083.8)
Other, net	35.9	17.1	47.7	37.7
Other expenses and (income)	**112.9**	**(7.4)**	**33.2**	**(1,769.2)**

4.3.2.1. *Restructuring costs*

For the six-month period ended June 30, 2020, restructuring costs related to restructuring costs in France of €3.3 million and in PT Portugal of €2.8 million. Restructuring costs for the six-month period ended June 30, 2019 mainly related to the restructuring plans in PT Portugal for which a €254.7 million provision fully tax deductible 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.

4.3.2.2. *Net loss/gain on sale of interest in associates*

For the six-month period ended June 30, 2020, this related to the capital gain of €97.7 million from the sale of Portugal's 25% equity stake in Belmont (please refer to note 3.1.1).

4.3.2.3. *Net gain on sale of consolidated entities*

For the six-month period ended June 20, 2020, the loss resulted from the sale of Milibris SAS and Libération (please refer to note 3.4). For the six-month period ended June 30, 2019, the gain related to the capital gain from the sale of a 49.99% equity stake in SFR FTTH and the remeasurement at fair value of residual interest in SFR FTTH of €2,085.6 million (please refer to note 3.2.2 and note 19).

4.3.3. *Revenues by activity*

The tables below provide the split of revenues by activity as defined in note 4.2.2.

For the three months ended June 30, 2020 **€m**	**France**	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Altice TV**	**Others**	**Total**
Fixed	633.6	149.3	145.9	23.3	-	-	-	**952.0**
Mobile	866.6	113.1	54.1	66.2	-	-	-	**1,100.1**
Residential service	1,500.1	262.4	200.1	89.5	-	-	-	**2,052.2**
Residential equipment	131.2	21.3	14.6	8.1	-	-	-	**175.1**
Total Residential	1,631.3	283.6	214.6	97.6	-	-	-	**2,227.2**
Business services	907.6	215.9	30.9	20.1	-	-	0.2	**1,174.8**
Media	62.1	-	-	-	82.3	58.0	-	**202.3**
Total standalone revenues	**2,601.1**	**499.5**	**245.6**	**117.7**	**82.3**	**58.0**	**0.2**	**3,604.4**
Intersegment elimination	(6.9)	(19.5)	(0.1)	-	(0.5)	(37.3)	-	**(64.4)**
Total consolidated	**2,594.2**	**480.0**	**245.5**	**117.7**	**81.8**	**20.7**	**0.2**	**3,540.1**

For the three months ended June 30, 2019 **€m**	**France**	**Portugal**	**Israel**	**Dominican Republic**	**Teads**	**Altice TV**	**Others**	**Total**
Fixed	617.6	154.1	135.1	26.0	-	-	-	**932.8**
Mobile	869.6	115.9	49.5	76.1	-	-	-	**1,111.2**
Residential service	1,487.2	270.0	184.6	102.1	-	-	-	**2,044.0**
Residential equipment	181.2	21.6	16.6	12.0	-	-	-	**231.4**
Total Residential	1,668.4	291.6	201.2	114.1	-	-	-	**2,275.3**
Business services	817.2	230.1	33.7	26.5	-	-	0.3	**1,107.8**
Media	120.7	-	-	-	109.3	56.6	-	**286.5**
Total standalone revenues	**2,606.3**	**521.6**	**235.0**	**140.5**	**109.3**	**56.6**	**0.3**	**3,669.6**
Intersegment elimination	(19.5)	(17.5)	(0.0)	(0.3)	(0.6)	(38.3)	-	**(76.4)**
Total consolidated	**2,586.8**	**504.1**	**234.9**	**140.2**	**108.6**	**18.3**	**0.3**	**3,593.2**

For the six months ended June 30, 2020 €m	France	Portugal	Israel	Dominican Republic	Teads	Altice TV	Others	Total
Fixed	1,274.4	304.4	291.9	48.5	-	-	-	**1,919.2**
Mobile	1,766.5	230.8	108.2	141.5	-	-	-	**2,246.9**
Residential service	3,040.9	535.1	400.1	190.0	-	-	-	**4,166.1**
Residential equipment	266.0	44.7	29.7	17.2	-	-	-	**357.6**
Total Residential	3,306.8	579.7	429.8	207.3	-	-	-	**4,523.6**
Business services	1,779.3	442.1	62.3	43.3	-	-	0.4	**2,327.2**
Media	157.7	-	-	-	172.2	120.7	-	**450.7**
Total standalone revenues	**5,243.8**	**1,021.8**	**492.1**	**250.5**	**172.2**	**120.7**	**0.4**	**7,301.5**
Intersegment elimination	(23.1)	(33.8)	(0.1)	-	(0.9)	(78.0)	-	**(136.0)**
Total consolidated	**5,220.8**	**988.0**	**491.9**	**250.4**	**171.3**	**42.7**	**0.4**	**7,165.5**

For the six months ended June 30, 2019 €m	France	Portugal	Israel	Dominican Republic	Teads	Altice TV	Others	Total
Fixed	1,245.4	307.6	274.6	51.3	-	-	-	**1,879.0**
Mobile	1,748.2	231.5	94.4	152.9	-	-	-	**2,227.0**
Residential service	2,993.5	539.2	369.0	204.2	-	-	-	**4,105.9**
Residential equipment	314.3	42.0	35.5	22.3	-	-	-	**414.0**
Total Residential	3,307.8	581.2	404.5	226.4	-	-	-	**4,519.9**
Business services	1,624.1	449.4	62.1	53.0	-	-	0.4	**2,188.9**
Media	232.9	-	-	-	193.4	116.3	-	**542.5**
Total standalone revenues	**5,164.7**	**1,030.5**	**466.6**	**279.4**	**193.4**	**116.3**	**0.4**	**7,251.3**
Intersegment elimination	(40.7)	(27.7)	(0.1)	(0.3)	(1.4)	(76.7)	-	**(147.0)**
Total consolidated	**5,124.1**	**1,002.8**	**466.5**	**279.1**	**191.9**	**39.6**	**0.4**	**7,104.3**

The table below provides the standalone and consolidated revenues in accordance with IFRS 15 *Revenue from Contracts with Customers* for the three and six-month periods ended June 30, 2020 and 2019.

Revenues split IFRS 15 (€m)	For the three months ended June 30, 2020	For the three months ended June 30, 2019	For the six months ended June 30, 2020	For the six months ended June 30, 2019
Fixed residential	952.0	932.8	1,919.2	1,879.0
Mobile residential	1,100.1	1,111.2	2,246.9	2,227.0
Business services	1,115.8	1,063.5	2,200.4	2,107.5
Total telecom excluding equipment sales	**3,168.0**	**3,107.4**	**6,366.4**	**6,213.5**
Equipment sales	234.1	275.6	484.4	495.3
Media	202.3	286.5	450.7	542.5
Total standalone revenues	**3,604.4**	**3,669.7**	**7,301.5**	**7,251.3**
Intersegment elimination	(64.4)	(76.4)	(136.0)	(147.0)
Total consolidated	**3,540.1**	**3,593.2**	**7,165.5**	**7,104.3**

4.3.4. *Capital expenditure*

The table below details capital expenditure by segment and reconciles to the payments to acquire capital items (tangible and intangible assets) as presented in the condensed consolidated statement of cash flows.

For the six months ended June 30, 2020 €m	France	Portugal	Israel	Dominican Republic	Teads	Altice TV[1]	Others	Eliminations	Total
Capital expenditure - accrued	978.5	218.2	130.2	57.2	3.7	-	-	(2.6)	**1,385.3**
Capital expenditure - working capital items	119.3	14.7	(2.9)	(5.3)	-	175.7	-	0.4	**301.9**
Payments to acquire tangible and intangible assets[1]	**1,097.8**	**232.9**	**127.3**	**52.0**	**3.7**	**175.7**	**-**	**(2.3)**	**1,687.1**

For the six months ended June 30, 2019 €m	France	Portugal	Israel	Dominican Republic	Teads	Altice TV[1]	Others	Eliminations	Total
Capital expenditure - accrued	1,147.2	196.4	117.7	59.4	2.1	7.5	-	(3.7)	**1,526.5**
Capital expenditure - working capital items	(43.5)	12.1	2.7	(5.3)	-	184.1	-	-	**150.2**
Payments to acquire tangible and intangible assets[1]	**1,103.8**	**208.5**	**120.4**	**54.1**	**2.1**	**191.6**	**-**	**(3.7)**	**1,676.8**

1 The capital expenditure – working capital items in Altice TV for the six-month period ended June 30, 2020 and 2019 corresponded to the payments of Champions League rights for France acquired by the Group in 2018.

4.3.5. *Adjusted EBITDA less accrued Capex*

The table below details the calculation of operating free cash flows ("OpFCF") from Adjusted EBITDA less accrued Capex, as presented to the Board of Directors. This measure is used as an indicator of the Group's financial performance as the Board of Directors believes it is one of several benchmarks used by investors, analysts and peers for comparison of performance in the Group's industry, although it may not be directly comparable to similar measures reported by other companies. Adjusted EBITDA and accrued Capex are both reconciled to GAAP reported figures in this note; this measure is a calculation using these two non-GAAP figures, therefore no further reconciliation is provided.

For the six months ended June 30, 2020 €m	France	Portugal	Israel	Dominican Republic	Teads	Altice TV	Others	Eliminations	Total
Adjusted EBITDA	2,038.2	411.4	186.0	125.3	32.5	(25.6)	(14.9)	(2.6)	**2,750.4**
Capital expenditure - accrued	(978.5)	(218.2)	(130.2)	(57.2)	(3.7)	-	-	2.6	**(1,385.3)**
Operating free cash flow (OpFCF)	**1,059.7**	**193.2**	**55.8**	**68.1**	**28.8**	**(25.6)**	**(14.9)**	**-**	**1,365.1**

For the six months ended June 30, 2019 €m	France	Portugal	Israel	Dominican Republic	Teads	Altice TV	Others	Eliminations	Total
Adjusted EBITDA	2,028.0	419.8	174.5	140.7	26.1	(44.8)	(12.9)	(3.5)	**2,727.8**
Capital expenditure - accrued	(1,147.2)	(196.4)	(117.7)	(59.4)	(2.1)	(7.5)	-	3.7	**(1,526.5)**
Operating free cash flow (OpFCF)	**880.7**	**223.4**	**56.8**	**81.3**	**24.1**	**(52.3)**	**(12.9)**	**0.2**	**1,201.3**

5. Goodwill

Goodwill is reviewed at the level of each different group of cash generating units ("GCGU" or "CGU" for cash generating units) annually for impairment and whenever changes in circumstances indicate that its carrying amount may not be recoverable. Goodwill was tested at the CGU/GCGU level for impairment as of December 31, 2019. The CGU/GCGU is at the country level where the subsidiaries operate. The recoverable amounts of the GCGUs are determined based on their value in use. The Group determined to calculate value in use for purposes of its impairment testing and, accordingly, did not determine the fair value of the GCGUs. The key assumptions for the value in use calculations are primarily the post-tax discount rates, the terminal growth rate, revenue, Adjusted EBITDA and capital expenditures.

The Board of Directors and the Group's senior executives have determined that there have not been any changes in circumstances indicating that the carrying amount of goodwill may not be recoverable. In addition, there were no significant changes in assets or liabilities in any CGU/GCGU, while the recoverable amounts continue to significantly exceed the carrying amounts. Therefore, no updated impairment testing was performed, nor any material impairment recorded, for the six-month period ended June 30, 2020.

6. Associates and joint ventures

6.1. Investment in associates and joint ventures

Investments in associates and joint ventures (€m)	As of June 30, 2020	As of December 31, 2019
Associates and joint ventures of Altice France	1,446.8	1,551.4
Associates and joint ventures of PT Portugal	11.1	16.0
Total	**1,457.9**	**1,567.4**

6.2. Share of earnings of associates and joint ventures

Share of earnings/(loss) of associates and joint ventures (€m)	Six months ended June 30, 2020	Six months ended June 30, 2019
Associates and joint ventures of Altice France	(114.1)	(68.6)
Associates and joint ventures of PT Portugal	(1.8)	(0.4)
L'Express	(13.1)	-
Total	**(129.0)**	**(69.0)**

Share of loss of associates and joint ventures for the six-month period ended June 30, 2020 amounted to €129.0 million loss, an increase in loss of €60.0 million compared to the same period in 2019. The increase was mainly related to the share of loss related to SFR FTTH (please refer to note 3.2.2) and L'Express.

7. Financial assets

Financial assets (€m)	Note	As of June 30, 2020	As of December 31, 2019
Derivative financial assets	7.1	1,165.0	746.0
Loans and receivables		170.0	160.1
Call options with non-controlling interests	7.2	122.3	142.1
Equity instruments at fair value through OCI	7.3	10.5	601.0
Other financial assets		29.7	25.3
Total		**1,497.5**	**1,674.5**
Current		36.1	47.8
Non-current		1,461.4	1,626.7

7.1. Derivative financial assets

The Group has a significant debt book and executes derivative contracts to hedge its position in compliance with its treasury policy. All derivatives are measured at their fair value at the balance sheet date. The total asset position as of June 30, 2020 was €1,165.0 million (2019: €746.0 million) and the increase was mainly caused by the increase in the fair value of derivative assets in Altice France of €210.2 million and in Altice Financing of €217.5 million. Please also refer to note 10.3 for details on each of these derivatives held by the Group and to note 11 for information on the fair value of the derivatives, including the fair value hierarchy.

7.2. Call options with non-controlling interests

Through the various acquisitions that the Group has completed in recent years, the Group signed agreements whereby it has a call option to acquire certain residual non-controlling interests in entities that it has not acquired 100%. The call options are derivative financial instruments and must be re-measured to their fair value at the balance sheet date. The carrying amount of the call options is detailed in note 11.1.

7.3. Equity instrument at fair value through OCI

As of June 30, 2020, the decrease in the equity instruments at fair value through OCI was mostly due to the sale of 24.2 million Altice USA shares of Class A common stock (please see note 3.1.3) for $583.0 million (€528.8 million). These investments in equity instruments are not held for trading. Instead, they are held for medium term. Accordingly, the Board of Directors has elected to designate these as equity instruments at fair value through other comprehensive income ("FVTOCI").

8. Shareholders' equity

Equity attributable to owners of the Company (€m)	**Notes**	**As of June 30, 2020**	**As of December 31, 2019**
Issued capital	8.1	59.5	59.5
Treasury shares	8.2	(0.4)	(0.4)
Additional paid in capital		5.7	5.7
Other reserves	8.3	(551.8)	(500.5)
Accumulated losses		(1,513.8)	(2,098.9)
Total		**(2,000.8)**	**(2,534.6)**

8.1. Issued capital

Share capital June 30, 2020	**Total shares authorized (number)**	**Total capital authorized (€m)**	**Number of shares issued (number)**	**Value per share (cents)**	**Total capital issued (€m)**
Common Shares A	4,774,066,475	47.7	1,057,529,900	0.01	10.6
Common Shares B	209,037,341	52.3	195,481,126	0.25	48.9
Preference Shares A	4,000,000,000	160.0	-	0.04	-
Preference Shares B	150,000,000	1.5	1,855,664	0.01	0.0
Total	**9,133,103,816**	**261.5**	**1,254,866,690**		**59.5**

Share capital December 31, 2019	**Total shares authorized (number)**	**Total capital authorized (€m)**	**Number of shares issued (number)**	**Value per share (cents)**	**Total capital issued (€m)**
Common Shares A	4,754,551,450	47.5	1,038,014,875	0.01	10.4
Common Shares B	209,817,942	52.5	196,261,727	0.25	49.1
Preference Shares A	4,000,000,000	160.0	-	0.04	-
Preference Shares B	150,000,000	1.5	1,391,748	0.01	0.0
Total	**9,114,369,392**	**261.5**	**1,235,668,350**		**59.5**

As at June 30, 2020, the Company had a total of 1,194,011,147 common shares outstanding (998,530,021 common shares A and 195,481,126 common shares B) and 1,855,664 preference shares B outstanding in the market. The Company held a total of 58,999,879 common shares A with a nominal value of €0.01 as treasury shares as of June 30, 2020. The preference shares B were issued to the Company's CEO (927,832 shares issued on July 20, 2018, 463,916 shares issued on January 9, 2019 and 463,916 shares issued on January 6, 2020).

8.2. Treasury shares

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

Reconciliation of treasury shares	**Six months ended June 30, 2020**	**Year ended December 31, 2019**
Opening	**40,265,455**	**615,998,253**
Conversions	18,734,424	313,350,576
Cancellation of treasury shares	-	(885,000,000)
Share transfer	-	(4,083,374)
Closing	**58,999,879**	**40,265,455**
Common shares A	58,999,879	40,265,455
Common shares B	-	-

8.2.1. *Shares conversions*

For the six-month period ended June 30, 2020, the Company received and executed conversion orders, amounting to a total of 780,601 common shares B. For each conversion, 1 common share B is converted to 25 common shares A and 24 common shares A are subsequently acquired by the Company for nil consideration and retained as treasury shares. As a result, a total of 19,515,025 common shares A was created during the period, of which 18,734,424 shares were held as treasury shares.

8.3. Other reserves

The tax effects of the Group's currency, fair value through OCI, cash flow hedge and employee benefits reserves are provided below:

Other reserves	**June 30, 2020**			**December 31, 2019**		
(€m)	**Pre-tax amount**	**Tax effect**	**Net amount**	**Pre-tax amount**	**Tax effect**	**Net amount**
Actuarial gains and losses	(162.9)	35.7	(127.2)	(193.1)	45.5	(147.6)
Items not reclassified to profit or loss	**(162.9)**	**35.7**	**(127.2)**	**(193.1)**	**45.5**	**(147.6)**
Fair value through OCI	3.9	-	3.9	236.5	-	236.5
Currency translation reserve	(295.3)	-	(295.3)	(305.3)	-	(305.3)
Cash flow hedge reserve	(237.3)	104.1	(133.2)	(438.8)	154.6	(284.2)
Items potentially reclassified to profit or loss	**(528.7)**	**104.1**	**(424.6)**	**(507.6)**	**154.6**	**(353.0)**
Total	**(691.6)**	**139.8**	**(551.8)**	**(700.7)**	**200.1**	**(500.6)**

9. Earnings per share

Earnings per share (€m)	**For the three months ended June 30, 2020**	**For the three months ended June 30, 2019**	**For the six months ended June 30, 2020**	**For the six months ended June 30, 2019 (*restated)**
(Loss)/profit for the period attributable to equity holders of the parent	**(502.6)**	**(525.1)**	**(626.4)**	**961.6**
Basic earnings per share				
Weighted average number of ordinary shares	**1,195.9**	**1,191.7**	**1,195.9**	**1,191.7**
Basic (loss)/earnings per ordinary share (in €)	(0.4)	(0.4)	(0.5)	0.8
Diluted earnings per share				
Dilutive shares: stock options and management investment plan	-	-	-	65.6
Weighted average number of ordinary shares including dilutive shares	1,195.9	1,191.7	1,195.9	1,257.3
Diluted (loss)/earnings per ordinary share (in €)	(0.4)	(0.4)	(0.5)	0.8

As both common shares A and common shares B have the same economic rights, basic earnings per share is calculated using the aggregate number of shares in circulation, excluding treasury shares held by the Company.

10. Borrowings, other financial liabilities and lease liabilities

Borrowings, other financial liabilities and lease liabilities (€m)	**Notes**	**June 30, 2020**	**December 31, 2019**
Long term borrowings, financial liabilities and related hedging instruments		**31,126.3**	**32,102.0**
- Debentures	*10.1*	*20,136.1*	*20,627.3*
- Loans from lenders	*10.1*	*10,057.6*	*10,767.9*
- Derivative financial instruments	*10.3*	*932.6*	*706.8*
Other non-current financial liabilities	*10.7*	**1,277.9**	**476.2**
Lease liabilities non-current		**3,607.9**	**3,644.6**
Non-current liabilities		**36,012.1**	**36,222.8**
Short term borrowing, financial liabilities and related hedging instruments		**421.4**	**432.8**
- Debentures	*10.1*	*355.5*	*257.5*
- Loans from lenders	*10.1*	*70.3*	*163.5*
- Derivative financial instruments	*10.3*	*(4.4)*	*11.8*
Other financial liabilities	*10.7*	**1,654.0**	**1,822.2**
- Other financial liabilities		*1,132.3*	*1,274.4*
- Bank overdraft		*12.2*	*6.7*
- Accrued interests		*509.5*	*541.1*
Lease liabilities current		**785.7**	**758.4**
Current liabilities		**2,861.1**	**3,013.4**
Total		**38,873.2**	**39,236.2**

10.1. Debentures and loans from lenders

Debentures and loans from lenders (€m)	Notes	June 30, 2020	December 31, 2019
Debentures	10.1.1	20,491.6	20,884.8
Loans from lenders	10.1.2	10,127.9	10,931.4
Total		**30,619.5**	**31,816.2**

10.1.1. *Debentures*

Maturity of debentures (€m)	Less than one year	One year or more	June 30, 2020	December 31, 2019
Altice France	-	10,160.4	10,160.4	9,671.9
Altice France Holding	-	4,258.3	4,258.3	-
Altice Luxembourg	-	-	-	4,839.6
Altice Financing	-	5,043.9	5,043.9	4,750.8
Altice Finco	355.5	673.5	1,029.0	1,622.5
Total	**355.5**	**20,136.1**	**20,491.6**	**20,884.8**

10.1.2. *Loans from lenders*

Maturity of loans from lenders (€m)	Less than one year	One year or more	June 30, 2020	December 31, 2019
Altice France (including RCF) *	51.2	7,166.5	7,217.7	7,340.4
Altice Corporate Financing	-	1,059.6	1,059.6	1,728.0
Altice Financing (including RCF) *	19.1	1,831.3	1,850.4	1,861.4
Others	-	0.2	0.2	1.6
Total	**70.3**	**10,057.6**	**10,127.9**	**10,931.4**

* RCF amounts have been classified as amounts which mature in less than one year, but can be extended till the maturity date of the RCF agreement. Please refer to note 10.6 for further details regarding the credit facilities.

10.2. Financing activities

During the six-month period ended June 30, 2020, the following financing transactions have been closed.

10.2.1. Redemption and repurchase of notes

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

- On January 13, 2020, Altice Finco redeemed in full the outstanding 2013 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 2013 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 2015 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;
- On February 24, 2020 and March 9, 2020, Altice Luxembourg redeemed in full the outstanding 2015 Altice Luxembourg Senior Notes, in two parts, in an aggregate principal amount of €2,108.0 million equivalent, in accordance with the 2015 Altice Luxembourg Senior Notes Indenture;
- On March 6, 2020, Altice Luxembourg redeemed in full the outstanding 2019 Altice Luxembourg Euro Senior Notes, in an aggregate principal amount of €82.6 million, in accordance with the 2019 Altice Luxembourg Senior Notes Indenture; and
- On March 6, 2020, Altice Luxembourg redeemed in full the outstanding 2019 Altice Luxembourg Dollar Senior Notes, in an aggregate principal amount of $38.0 million, in accordance with the 2019 Altice Luxembourg Senior Notes Indenture.

In addition, over the period from June 4, 2020 until June 30, 2020, Altice Financing repurchased and cancelled $156.7 million of its 7.5% 2026 notes.

10.2.2. *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”).

10.2.3. *Exchange offer completed by Ypso Finance Bis*

As part of this transaction, on January 24, 2020, the Company announced that it would significantly simplify the Group’s capital structure through the removal of Altice Luxembourg HoldCo, a long-standing objective for the Group. Following an exchange offer and the Automatic Exchange (please also refer to note 10.2.9), this resulted in a Group’s capital structure with direct access to cashflows from two distinct, diversified funding pools.

On January 24, 2020, Ypso Finance Bis, a subsidiary of the Group, commenced an exchange offer to noteholders of Altice Luxembourg’s (i) 2019 Altice Luxembourg Dollar Senior Notes and (ii) 2019 Altice Luxembourg Euro Senior Notes, to exchange the 2019 Altice Luxembourg Dollar Senior Notes for an equal aggregate principal amount of corresponding dollar denominated 10.500% senior notes due 2027 issued by Ypso Finance Bis (the “Ypso Finance Bis Exchange Dollar Notes”) and the 2019 Altice Luxembourg Euro Senior Notes for an equal aggregate principal amount of corresponding euro denominated 8.000% senior notes due 2027 issued by Ypso Finance Bis (the “Ypso Finance Bis Exchange Euro Notes”).

At the expiration of the exchange offer, a total of $1,562 million (accounting for 97.63% of the outstanding aggregate principal) of the 2019 Altice Luxembourg Dollar Senior Notes and €1,317 million (accounting for 94.10% of the outstanding aggregate principal) of the 2019 Altice Luxembourg Euro Senior Notes were tendered and accepted. On February 27, 2020, $1,562 million of Ypso Finance Bis Exchange Dollar Notes and €1,317 million of Ypso Finance Bis Exchange Euro Notes were issued by Ypso Finance Bis.

On March 6, 2020, Altice Luxembourg redeemed the remaining €82.6 million aggregate principal amount of the 2019 Altice Luxembourg Euro Senior Notes and the remaining $38.0 million aggregate principal amount of the 2019 Altice Luxembourg Dollar Senior Notes, in each case not tendered in and exchanged in connection with the exchange offer.

10.2.4. *Issuance of the 2020 Altice France Senior Secured Notes*

On February 6, 2020, Altice France issued €500 million aggregate principal amount of its euro denominated 2.125% Senior Secured Notes due February 15, 2025.

10.2.5. *Issuance of the 2020 Ypso Finance Bis Senior Notes*

On February 6, 2020, Ypso Finance Bis issued $1,225 million aggregate principal amount of its dollar denominated 6.000% Senior Notes due February 15, 2028 (the “2020 Ypso Finance Bis Dollar Senior Notes”) and €500 million aggregate principal amount of its euro denominated 4.000% Senior Notes due February 15, 2028 (the “2020 Ypso Finance Bis Euro Senior Notes” and, together with the 2020 Ypso Finance Bis Dollar Senior Notes, the “2020 Ypso Finance Bis Senior Notes”).

10.2.6. *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.

10.2.7. *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.

10.2.8. *New revolving credit facility at Altice France Holding*

On March 26, 2020, all of the lenders under the 2014 Altice Luxembourg Revolving Credit Facility Agreement agreed to amend and restate the 2014 Altice Luxembourg Revolving Credit Facility Agreement to replace Altice

Luxembourg as borrower thereunder with Altice France Holding, and make certain other related changes.

10.2.9. *Automatic Exchange*

On March 26, 2020, upon satisfaction of certain conditions, comprising full discharge, cancellation and/or redemption of the 2019 Altice Luxembourg Senior Notes and the 2015 Altice Luxembourg Senior Notes, (i) the Ypso Finance Bis Exchange Dollar Notes were automatically exchanged for an equal aggregate principal amount of dollar-denominated 10.500% senior notes due 2027 issued by Altice France Holding, (ii) the Ypso Finance Exchange Euro Notes were automatically exchanged for an equal aggregate principal amount of euro-denominated 8.000% senior notes due 2027 issued by Altice France Holding, (iii) the 2020 Ypso Finance Bis Dollar Senior Notes were automatically exchanged for an equal aggregate principal amount of dollar-denominated 6.000% senior notes due 2028 issued by Altice France Holding and (iv) the 2020 Ypso Finance Bis Euro Senior Notes were automatically exchanged for an equal aggregate principal amount of euro-denominated 4.000% senior notes due 2028 issued by Altice France Holding (the actions described in sub-clauses (i)-(iv) collectively, the "Automatic Exchange").

After the Automatic Exchange, the Altice Luxembourg group does not hold any third party debentures or loans from lenders and therefore does not have any reporting requirements towards lenders anymore.

10.2.10. *Partial repayment and extension of the maturity of the Altice Corporate Financing facility*

On May 19, 2020, the Company announced the extension of the maturity and a partial repayment of the Altice Corporate Financing ("ACF") facility. The Company repaid €668 million of the ACF facility with cash available on balance sheet. After this repayment, the ACF facility has been reduced from €1,728 million to €1,060 million. The coupon has been reduced from 6.85% to 6.625%. The maturity of the remaining facility has been extended from June 30, 2021 to June 30, 2023.

10.3. Derivatives and hedge accounting

As part of its financial risk management strategy, the Group enters certain hedging operations. The main instruments used are fixed to fixed or fixed to floating cross-currency and interest rate swaps ("CCIRS") that cover against foreign currency and interest rate risk related to the Group's debt obligations. The Group applies hedge accounting for the operations that meet the eligibility criteria as defined by IAS 39 *Financial Instruments: Recognition and Measurement* (the Group continues to apply the requirement of IAS 39 related to hedge accounting, as allowed under IFRS 9 *Financial Instruments*).

For calculating the value of the derivatives, the future cash flows are estimated using market observable data at the end of the reporting period (namely, forward exchange rates and interest rates) and the contracted rates of the derivative discounted at a rate that reflects the counterparty credit risk.

10.3.1. *CCIRS*

The following table provides a summary of the Group's CCIRS.

Entity Maturity	**Notional amount due from counterparty (millions)**	**Notional amount due to counterparty (millions)**	**Interest rate due from counterparty**	**Interest rate due to counterparty**	**Accounting treatment[1]**
Altice France S.A.					
July 2022	USD 550	EUR 498	3m LIBOR+3.25%	3m EURIBOR+2.93%	FVPL
January 2023	USD 1,240	EUR 1,096	3m LIBOR+4.00%	3m EURIBOR+4.27%	FVPL
January 2024	USD 1,425	EUR 1,164	3m LIBOR+4.25%	3m EURIBOR+4.41%	FVPL
April 2024	USD 2,349	EUR 2,069	7.38%	5.76%	FVPL
July 2024	USD 1,989	EUR 1,644	7.38%	6.21%	FVPL
February 2028	USD 1,150	EUR 1,046	6.00%	4.06%	FVPL
January 2026	USD 350	EUR 298	LIBOR+3.00%	3m EURIBOR+2.76%	FVPL
May 2026	USD 852	EUR 768	7.38%	4.78%	FVPL
August 2026	USD 2,514	EUR 2,073	LIBOR+4.00%	5.50%	FVPL
February 2027	USD 1,736	EUR 1,435	8.13%	6.15%	FVPL
May 2027	USD 200	EUR 175	10.50%	7.86%	FVPL
January 2028	USD 1,100	EUR 996	5.50%	3.32%	FVPL
Altice Financing S.A.					
May 2022	USD 350	EUR 305	7.50%	5.25%	FVPL
May 2026	USD 1,150	EUR 1,004	10.50%	7.91%	FVPL
May 2026	USD 930	EUR 853	7.50%	7.40%	FVPL
July 2025	USD 485	EUR 449	3m LIBOR+2.75%	3m EURIBOR+2.55%	FVPL
July 2024	USD 1,660	EUR 1,403	7.50%	6.06%	FVPL
February 2022	EUR 94	USD 107	3m EURIBOR+4.13%	3m LIBOR+4.25%	FVPL
January 2028	USD 1,200	EUR 1,079	5.00%	3.04%	FVPL

1 The derivatives are all measured at fair value. The change in fair value of derivatives classified as cash flow hedges ("CFH") in accordance with IAS 39 is recognized in the cash flow hedge reserve. The derivatives for which no hedge accounting has been applied have the change in fair value recognised immediately in profit or loss ("FVPL").

The change in fair value of all derivative instruments designated as cash flow hedges was recorded in other comprehensive income for the six-month period ended June 30, 2020. Before the impact of taxes, gains of €201.5 million were recorded in other comprehensive income (€151.0 million net of taxes).

10.3.2. *Interest rate swaps*

The Group enters into interest rate swaps to cover its interest rate exposure in line with its treasury policy. These swaps cover the Group's debt portfolio and do not necessarily relate to specific debt issued by the Group. The details of the instruments are provided in the following table.

Entity Maturity	**Notional amount due from counterparty (millions)**	**Notional amount due to counterparty (millions)**	**Interest rate due from counterparty**	**Interest rate due to counterparty**	**Accounting treatment**
Altice France S.A.					
August 2020	USD 2,481	USD 2,481	1m LIBOR+0.14%	3m LIBOR	FVPL
July 2024	EUR 1,400	EUR 1,400	6.68%	6m EURIBOR + 3.0%	FVPL
April 2024	EUR 2,000	EUR 2,000	5.76%	6m EURIBOR + 3.0%	FVPL
January 2030	EUR 3,400	EUR 3,400	6m EURIBOR+3.0%	4.63%	FVPL
January 2023	EUR 4,000	EUR 4,000	3m EURIBOR	-0.12%	FVPL
Altice Financing S.A.					
April 2021	USD 878	USD 878	1m LIBOR	3m LIBOR - 0.200%	FVPL
April 2021	USD 883	USD 883	1m LIBOR	3m LIBOR - 0.200%	FVPL
January 2030	EUR 750	EUR 750	3m EURIBOR	-0.44%	FVPL

10.4. Reconciliation to swap adjusted debt

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

Net debt reconciliation (€m)	**June 30, 2020**	**December 31, 2019**
Debentures and loans from lenders	**30,619.5**	**31,816.2**
Transaction costs	265.9	300.9
Total (including transaction costs)	**30,885.4**	**32,117.1**
Conversion of debentures and loans in foreign currency (at closing spot rate)	(43,387.9)	(35,837.1)
Conversion of debentures and loans in foreign currency (at hedged rates)	42,861.6	34,992.7
Total swap adjusted debt	**30,359.0**	**31,272.7**
Finance lease liabilities	94.6	105.9
Commercial paper	31.5	149.0
Other	39.3	66.0
Gross debt	**30,524.4**	**31,593.6**
Cash and cash equivalents	(1,573.3)	(1,022.1)
Restricted cash related to Altice Corporate Financing facility	-	(82.1)
Net debt	**28,951.1**	**30,489.4**

10.5. Reconciliation between net financial liabilities and net financial debt

The following table shows the reconciliation between net financial liabilities in the consolidated statement of financial position and the net financial debt:

Reconciliation between Net Financial Liabilities and Net Financial Debt (€m)	**June 30, 2020**	**December 31, 2019**
Financial liabilities	38,873.2	39,236.2
Derivative assets	(1,165.0)	(746.0)
Cash and cash equivalents	(1,573.3)	(1,022.1)
Restricted cash related to Altice Corporate Financing facility	-	(82.1)
Net financial debt - consolidated statement of financial position	**36,134.9**	**37,386.0**
Reconciliation:		
Transaction costs	265.9	300.9
Rate impact derivative instruments	(289.6)	(817.0)
Lease liabilities	(4,299.0)	(4,297.1)
Reverse factoring and securitisation	(1,042.1)	(1,046.1)
Accrued interest	(509.5)	(541.1)
Mandatory Convertible Notes	(799.8)	-
Put options with non-controlling interests	(197.5)	(193.4)
Deposits received	(199.2)	(201.2)
Buy out minority interest ERT Lux	(30.0)	(41.1)
Perpetual subordinated notes ("TSDI") - Altice France	(58.7)	(56.8)
Other	(24.3)	(3.7)
Net financial debt	**28,951.1**	**30,489.4**

10.6. Available credit facilities

Available credit facilities (€m)	Total facility	Drawn
Altice France S.A.	1,601.0	10.0
Altice Financing S.A.	581.0	-
Revolving credit facilities	**2,182.0**	**10.0**

Compared to December 31, 2019, the available credit facilities in Altice France increased by €186.0 million due to new revolving credit facility at Altice France Holding, please also refer to note 10.2.8. Drawings of the revolving credit facilities are mainly used for working capital related expenditures.

10.7. Other financial liabilities

Other financial liabilities	June 30, 2020			December 31, 2019		
(€m)	Current	Non-current	Total	Current	Non-current	Total
Reverse factoring and securitisation	1,042.1	-	1,042.1	1,046.1	-	1,046.1
Accrued interest	509.5	-	509.5	541.1	-	541.1
Mandatory Convertible Notes	-	799.8	799.8			-
Put options with non-controlling interests	-	197.5	197.5	-	193.4	193.4
Deposits received	27.6	171.6	199.2	33.9	167.3	201.2
Bank overdraft	12.2	-	12.2	6.7	-	6.7
Commercial paper	31.5	-	31.5	149.0	-	149.0
Buy out minority interest ERT Lux	10.0	20.0	30.0	11.1	30.0	41.1
Perpetual subordinated notes ("TSDI") - Altice France	-	58.7	58.7	-	56.8	56.8
Other	21.2	30.3	51.5	34.3	28.7	63.0
Total	**1,654.0**	**1,277.9**	**2,931.9**	**1,822.2**	**476.2**	**2,298.4**

10.7.1. *Reverse factoring and securitisation*

Through the use of reverse factoring structures, the Group extends its payment terms up to 360 days, reducing its requirements for working capital. The contractual arrangements in place permit the supplier to obtain the amounts invoiced at agreed payment term with the amounts paid by the banks that participate in the reverse factoring structure. The Group will repay the banks the full invoice amount, with interest, on the scheduled payment date as required by the reverse factoring agreement. Based on the scheduled payment dates, the amounts payable under this arrangement are accounted for as current liabilities. As the amounts are payable to the participating banks, the amounts have been presented under Other financial liabilities. In the condensed consolidated statement of cash flows, the cash flows related to reverse factoring are presented under Changes in working capital for the movement in Trade payable and Other cash provided by financing activities relating to the net payment to the banks. The decrease in reverse factoring and securitisation as at June 30, 2020 compared to December 31, 2019 is due to the combination of timing of reverse factoring capacity with the banks and a reduction of secured business services receivables resulting from recovery efforts in Altice France.

10.7.2. *Mandatory convertible notes*

On April 17, 2020, PT Portugal and Morgan Stanley Infrastructure Partners entered into a subscription agreement regarding the issuance and subscription of €1,600.0 million mandatory convertible notes in which the parties subscribed considering the percentage of interest in equity of Fastfiber. The €799.8 million relates to the financial liability of the Group towards Morgan Stanley Infrastructure Partners. The notes will bear interest on their aggregate principal amount at the fixed rate of 6.00% per annum. At any time on or after the date that is twenty years after the date of issue, all or part of the notes issued can be converted into shares with mutual consent. The principle of the convertible notes do not have a stated maturity and will never become payable in cash.

10.7.3. *Commercial paper*

During the six-month period ended June 30, 2020, Altice France decreased its borrowings under its commercial paper program by €117.5 million.

11. Fair value of financial assets and liabilities

11.1. Fair value of assets and liabilities

The table below shows the carrying value compared to fair value of financial assets and liabilities:

Fair values of assets and liabilities (€m)	June 30, 2020 Carrying value	Fair value	December 31, 2019 Carrying value	Fair value
Cash and cash equivalents	1,573.3	1,573.3	1,022.1	1,022.1
Restricted cash	35.4	35.4	119.5	119.5
Derivatives	22.4	22.4	31.0	31.0
Other financial assets	13.7	13.7	16.8	16.8
Current assets	**1,644.8**	**1,644.8**	**1,189.4**	**1,189.4**
Derivatives	1,142.6	1,142.6	715.0	715.0
Call options on non-controlling interests	122.3	122.3	142.1	142.1
Equity instruments at fair value through OCI	10.5	10.5	601.0	601.0
Other financial assets	186.0	186.0	168.6	168.6
Non-current assets	**1,461.4**	**1,461.4**	**1,626.7**	**1,626.7**
Short term borrowings and financial liabilities	425.8	425.8	421.0	421.0
Derivatives	(4.4)	(4.4)	11.8	11.8
Lease liabilities	785.7	785.7	758.4	758.4
Reverse factoring and securitisation	1,042.1	1,042.1	1,046.1	1,046.1
Accrued interest	509.5	509.5	541.1	541.1
Commercial paper	31.5	31.5	149.0	149.0
Bank overdrafts	12.2	12.2	6.7	6.7
Other financial liabilities	58.7	58.7	79.3	79.3
Current liabilities	**2,861.1**	**2,861.1**	**3,013.4**	**3,013.4**
Long term borrowings and financial liabilities	30,193.7	30,310.6	31,395.2	33,039.6
Put options with non-controlling interests	197.5	197.5	193.4	193.4
Mandatory Convertible Notes	799.8	799.8	-	-
Derivatives	932.6	932.6	706.8	706.8
Lease liabilities	3,607.9	3,607.9	3,644.6	3,644.6
Other financial liabilities	280.6	280.6	282.8	282.8
Non-current liabilities	**36,012.1**	**36,129.0**	**36,222.8**	**37,867.2**

During the six-month period ended June 30, 2020, there were no transfers of assets or liabilities between levels of the fair value hierarchy. There are no non-recurring fair value measurements. The Group's trade and other receivables and trade and other payables are not shown in the table above as their carrying amounts approximate their fair values.

11.1.1. *New put and call options*

During the six-month period ended June 30, 2020, the Group did not enter into new put-call option contracts.

11.1.2. *Fair value hierarchy*

The following table provides information about the fair values of the Group's financial assets and liabilities and which level in the fair value hierarchy they are classified.

Fair value measurement (€m)	Fair value hierarchy	Valuation technique	June 30, 2020	December 31, 2019
Financial Liabilities				
Derivative financial instruments	Level 2	Discounted cash flows	928.2	718.5
Minority Put Option - Teads	Level 3	Discounted cash flows	157.3	153.4
Minority Put Option - Intelcia	Level 3	Discounted cash flows	40.0	40.0
Financial Assets				
Derivative financial instruments	Level 2	Discounted cash flows	1,165.0	746.0
Minority Call option - Teads	Level 3	Black and Scholes model	93.8	113.6
Minority Call option - Intelcia	Level 3	Black and Scholes model	28.5	28.5
Altice USA shares[1]	Level 1	Quoted share price	6.1	595.9
Equity instruments at FVOCI - Partner Co. Ltd.	Level 1	Quoted share price	4.4	5.1

1 The interest in Altice USA was revalued at fair value through Other Comprehensive Income, based on the requirements of IFRS 9 *Financial Instruments.* During June 2020, 24.2 million of the 24.5 million Altice USA shares of Class A common stock have been sold for an amount of €528.8 million (please refer to note 3.1.3).

11.1.3. *Information on valuation techniques*

11.1.3.1. *Investments in listed entities*

Quoted prices directly available from an active market are used to source the fair value, i.e. the quoted share price of the listed investments in Altice USA and Partner Co. These valuations are directly observable in an open market and therefore the Group has concluded that these instruments should be classified within Level 1 of the fair value hierarchy.

11.1.3.2. *Derivative financial instruments*

Future cash flows are estimated using market observable data at the end of the reporting period (namely, forward exchange rates and interest rates) and the contracted rates of the derivative discounted at a rate that reflects the counterparty credit risk. Since model inputs can generally be verified and do not involve significant management judgement, the Company has concluded that these instruments should be classified within Level 2 of the fair value hierarchy.

11.1.3.3. *Put options*

Each contract has specific terms and conditions, and the valuation is performed using the contracted terms and assessment against market comparable information where appropriate. For example, the exercise price in the option may be determined based on an EBITDA multiple minus the net financial debt. In all instances, the probabilities of the option being exercised is determined using management's best estimate and judgement. The resulting fair value is discounted using appropriate discount rates of the related funding pool (4.0%). These models use a variety of inputs that use judgements not able to be verified externally, therefore the Group has concluded that these instruments should be classified within Level 3 of the fair value hierarchy.

11.1.3.4. *Call options*

The valuation is derived by calculating the intrinsic value, being the difference in the value of the underlying asset and the options exercise price, and time value of the option, which accounts for the passage of time until the option expires. Various inputs are used, including the price of the underlying asset and its volatility, the strike price and maturity in the contract, and the risk-free rate and dividend yield. The model calculates the possible prices of the underlying asset and their respective probability of occurrence, given these inputs. These models use a variety of inputs that use judgements not able to be verified externally, therefore the Group has concluded that these instruments should be classified within Level 3 of the fair value hierarchy.

11.2. Level 3 financial instruments

11.2.1. *Assumptions with management judgement used in fair value measurement*

The instruments in Level 3 are the put and call options with the non-controlling interests in acquired entities. The valuation methods used to determine the fair value of these instruments include certain inputs that do not use publicly available information and therefore require management's judgement. Those with significant impact on the fair value of the instruments concerned are deemed to be categorized as Level 3 of the fair value hierarchy. Further details on these valuation methods and the associated inputs using judgements and which can have a significant impact on the fair value are presented below.

Valuation method	Inputs with significant judgement	How management determines inputs	Relationship to fair value
Black and Scholes model (call options)	Price of the underlying asset	Based on EBITDA multiple approach using business plans prepared by management to derive an appropriate EBITDA of the company to use in the valuation	An increase in projected EBITDA used in isolation would result in increase in the fair value
	Volatility of underlying asset	Based on analysis of peers' volatility to derive an appropriate volatility rate	A significant increase in the volatility used in isolation would result in significant increase in the fair value
Multiples approach (put options)	Projected group net sales	Projected sales are determined using internally produced budgets using management's best estimates of future operations of the entities concerned	A slight increase in the projected group net sales used in isolation would result in significant increase in the fair value
	Projected group financial net debt	Projected net debt is determined using internally produced budgets using management's best estimates of future operations of the entities concerned	An increase in the projected net debt used in isolation would result in decrease in the fair value
	Discount rate	Based upon the cost of debt of the funding pool	An increase in the discount rate used in isolation would result in decrease in the fair value

11.2.2. *Reconciliation of movement in fair value of Level 3 financial instruments*

Change in fair value of level 3 instruments (€m)	Available for sale unlisted shares	Minority put options	Minority call options	June 30, 2020
Opening balance	**-**	**(193.4)**	**142.1**	**(51.3)**
Change in value of minority put options recorded in equity	-	(3.9)	-	(3.9)
Gains or losses recognised in profit or loss	-	-	(19.8)	(19.8)
Closing balance	**-**	**(197.3)**	**122.3**	**(75.0)**

Change in fair value of level 3 instruments (€m)	Available for sale unlisted shares	Minority put options	Minority call options	December 31, 2019
Opening balance	**-**	**(161.6)**	**63.5**	**(98.1)**
Change in value of minority put options recorded in equity	-	(31.8)	-	(31.8)
Gains or losses recognised in profit or loss	-	-	78.6	78.6
Closing balance	**-**	**(193.4)**	**142.1**	**(51.3)**

12. Taxation

Tax expense (€m)	Six months ended June 30, 2020	Six months ended June 30, 2019 (*restated)
Profit before income tax and share of earnings of associates and joint ventures	(322.8)	998.7
Income tax (expense)/benefit	(131.6)	58.7
Effective tax rate	**-41%**	**-6%**

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

The Group recorded an income tax expense of €131.6 million for the six-month period ended June 30, 2020, reflecting a negative effective tax rate of 41% compared to an income tax benefit of €58.7 million for the six-month period ended June 30, 2019, reflecting a negative effective tax rate of 6%. Without the effect of the capital gain in France related to the disposal of a 49.99% equity stake in SFR FTTH on March 27, 2019 (please refer to note 3.2.2), the effective tax rate for the six-month period ended June 30, 2019 would have been an effective tax rate of 6.5%.

Non-deductible expenses and other permanent differences as well as non-recognition of tax losses as deferred tax assets had the impact of increasing the Group's income tax expense for the six-month period ended June 30, 2020, which resulted in a more negative effective tax rate in the context of a negative income.

Income tax litigation

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

13. Net finance costs

Net finance costs (€m)	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Interest relative to gross financial debt	**(422.7)**	**(542.2)**	**(873.7)**	**(1,043.9)**
Realized and unrealized gains on derivative instruments linked to financial debt	**(255.2)**	**394.1**	**339.9**	**432.1**
Interest on lease liabilities	(47.5)	(45.3)	(87.6)	(93.7)
Net foreign exchange losses	45.0	(406.0)	(179.3)	(406.0)
Impairment of available for sale financial assets	(7.9)	(3.2)	(3.7)	(3.2)
Other	(18.8)	(29.9)	(56.7)	(65.9)
Other financial expenses	**(29.1)**	**(484.4)**	**(327.3)**	**(568.8)**
Finance income	**1.1**	**(9.5)**	**4.2**	**14.4**
Net result on extinguishment of financial liabilities	**(28.7)**	**(127.8)**	**(200.3)**	**(127.8)**
Finance costs, net	**(734.6)**	**(769.7)**	**(1,057.2)**	**(1,294.0)**

The net finance costs for the six-month period ended June 30, 2020 decreased by €236.8 million compared to €1,294.0 million for the same period in 2019. The decrease was mainly attributed to:

- lower interest relative to gross financial debt mainly in Altice Luxembourg and Altice France following the refinancing activities in 2018, 2019 and in the first quarter of 2020 (please refer to note 10.2);
- lower realized and unrealized gains on derivative instruments due to higher gains in variation in the mark to market of the swaps of Altice Financing and Altice France;
- a decrease in interest expenses related to lease liabilities, included in the caption Other financial expenses, that amounted to €87.6 million (2019: €93.7 million);
- lower net foreign exchange loss, amounting to a €179.3 million loss (2019: €406.0 million gain) mainly in Altice Financing and Altice Luxembourg; and
- a higher loss on extinguishment of financial liability that amounted to €200.3 million (2019: €127.8 million), which resulted from redemptions of the Group's notes in Altice Luxembourg, Altice Financing and Altice Finco (please refer to note 10.2.1).

14. Related party transactions

Transactions with related parties during the six-month period ended June 30, 2020 are mainly related to transactions with Altice USA, transactions with associates and joint ventures of the various operating entities of the Group and payments for services rendered by the controlling shareholder of the Group. Such transactions include:

- exchange of services between Altice France and PT Portugal and their associates (please refer to note 6 for more details on Altice France's and PT Portugal's associates);
- exchange of services between Altice USA, Teads and PT Portugal;
- exchange of services like healthcare insurance, infrastructure services and broadcasting of sport events between PT Portugal and its associates;
- services between Altice France and SFR FTTH, its joint venture partner for FTTH build-out services; and
- rental agreements entered into with Quadrans, a company controlled by the ultimate beneficial owner of the Group, for office space in France for the Altice France group.

Revenue reported with the Company's equity holder of €21.6 million and €7.8 million was recognised in the consolidated statement of income for the six-month period ended June 30, 2020 and June 30, 2019, respectively. The revenues with the Company's equity holder for the six-month period ended June 30, 2020 mainly related to the sale of equipment from PT Portugal and online advertising services from Teads to Altice USA. For the six-month period ended June 30, 2019, the revenue primarily related to the sale of software licences and equipment, online advertising services and long-distance traffic to Altice USA.

A total operating expense with the Company's equity holder of €24.0 million and €20.0 million was recognised in the consolidated statement of income for the six-month period ended June 30, 2020 and June 30, 2019, respectively, related to the share-based expense and rental expenses from Quadrans (which is controlled by the Company's controlling shareholder). A financial expense related to the interest expense of lease liabilities recognised under IFRS 16 *Leases* with the Company's equity holder of €7.8 million and €10.6 million was recognised in the consolidated statement of income for the six-month period ended June 30, 2020 and June 30, 2019, respectively.

Transactions with related parties are not subject to any guarantees. The table below shows a summary of the Group's related party transactions for the six-month period ended June 30, 2020 and 2019, respectively and outstanding balances as at June 30, 2020 and December 31, 2019.

Related party transactions - income and expense	**June 30, 2020**				
(€m)	**Revenue**	**Operating expenses**	**Financial expenses**	**Financial income**	**Capex**
Equity holder	21.6	24.0	7.8	-	-
Associates, joint ventures and NCI	474.1	72.2	20.7	1.0	31.9
Total	**495.7**	**96.2**	**28.5**	**1.0**	**31.9**

Related party transactions - income and expense	**June 30, 2019**				
(€m)	**Revenue**	**Operating expenses**	**Financial expenses**	**Financial income**	**Capex**
Equity holder	7.8	20.0	10.6	-	-
Associates, joint ventures and NCI	284.1	62.7	-	0.7	20.0
Total	**291.9**	**82.7**	**10.6**	**0.7**	**20.0**

Related party balances - assets	**June 30, 2020**			**December 31, 2019**		
(€m)	**Investment, Right-of-use assets, loans and receivables**	**Trade receivables and other**	**Current accounts**	**Investment, Right-of-use assets, loans and receivables**	**Trade receivables and other**	**Current accounts**
Equity holder	485.6	6.7	-	474.3	3.4	-
Associates, joint ventures and NCI	65.6	374.4	28.9	62.9	210.0	25.2
Total	**551.2**	**381.2**	**28.9**	**537.2**	**213.4**	**25.2**

Related party balances - liabilities	**June 30, 2020**			**December 31, 2019**		
(€m)	**Lease and Other financial liabilities**	**Trade payables and other**	**Current accounts**	**Lease and Other financial liabilities**	**Trade payables and other**	**Current accounts**
Equity holder	463.2	0.6	0.7	449.1	3.1	0.5
Associates, joint ventures and NCI	-	147.3	0.1	0.4	141.3	-
Total	**463.2**	**147.9**	**0.8**	**449.5**	**144.3**	**0.5**

The revenue reported with associates, joint ventures and NCI mainly related to:

- in France:
  - revenues for the mobile services delivered to La Poste Telecom; and
  - revenues for the build out of the FTTH network for SFR FTTH.

- in Portugal:
  - revenues for the specialized works and the lease to Fibroglobal - Comunicações Electrónicas of ducts, posts and technical spaces through which the Group's network passes.

The operating expense reported with associates, joint ventures and NCI mainly related to:

- in France:
  - La Poste Telecom for the use of mobile services on their network;
  - SFR FTTH for operating expenses for the access to the FTTH network; and

- in Portugal:
  - Fibroglobal - Comunicações Electrónicas for fibre network infrastructure management, which related to a fee for any new customer installation and a monthly fee for PT Portugal's customer base through the network of Fibroglobal - Comunicações Electrónicas;
  - Sport TV for broadcasting of sports events; and
  - OMTEL for operating expenses related to fees of the infrastructure service of towers during 2019 (the remaining 25% equity stake held by PT Portugal in OMTEL was sold on January 2, 2020).

For the six-month period ended June 30, 2020 and June 30, 2019, the Company recorded an operating expense with its equity holder which mainly relates to depreciation expenses related to the right-of-use assets recognised under IFRS 16 *Leases* in connection with rental agreements with Quadrans (which is controlled by the Company's controlling shareholder) and a share-based compensation expense.

The financial expense with the Company's equity holder is related to the interest expense of lease liabilities recognised under IFRS 16 *Leases*. The financial expense reported with associates, joint ventures and NCI related to the write down of the accrued interest on the Wananchi subordinated loan.

The capital expenditures reported with associates, joint ventures and NCI mainly related to capital expenditures with SFR FTTH for the build out of the FTTH network in 2019 and 2020.

The investment, right-of-use assets, loans and receivables of associates, joint ventures and NCI and with the Company's equity holder as of June 30, 2020 and December 31, 2019 mainly related to:

- a loan granted to Fibroglobal - Comunicações Electrónicas that provides fibre network and infrastructure management services to PT Portugal;
- a loan receivable with Synerail in relation to the GSMR project in France; and
- a subordinated loan with Wananchi.

Right-of-use assets with the Company's equity holder related to right-of-use assets as recorded under IFRS 16 *Leases* for rental agreements for office space in France for the Altice France group, entered into by the Group with Quadrans, a company controlled by the ultimate beneficial owner of the Group for €485.6 million as of June 30, 2020 and €474.3 million as of December 31, 2019.

The trade receivables and other and the current accounts of associates, joint ventures and NCI as of June 30, 2020 and December 31, 2019 mainly related to:

- in France:
  - La Poste Telecom trade receivables and current account; and
  - SFR FTTH trade receivables.
- in Portugal:
  - Altice - Associação de Cuidados de Saúde trade receivables related to the employee healthcare insurance in PT Portugal; and
  - Sport TV trade receivables.

Lease and other financial liabilities with the Company's equity holder related to lease liabilities as recorded under IFRS 16 *Leases* for rental agreements for office space in France for the Altice France group entered into by the Group with Quadrans, a company controlled by the ultimate beneficial owner of the Group for €463.2 million as of June 30, 2020 and €449.1 million as of December 31, 2019.

The trade payables and other of associates, joint ventures and NCI as of December 31, 2019 mainly related to:

- in France:
  - SFR FTTH trade payables.
- in Portugal:
  - OMTEL trade payable related to infrastructure services of towers (the remaining 25% equity stake held by PT Portugal in OMTEL was sold on January 2, 2020);
  - Altice - Associação de Cuidados de Saúde, which provides healthcare insurance for the PT Portugal's active and retired employees; and
  - Sport TV trade payable for broadcasting services of sport events.

15. Contractual obligations and commercial commitments

During the six-month period ended June 30, 2020, no significant contractual obligations and commercial commitments have been signed as compared to the year ended December 31, 2019 except the additional commitments described below:

- In connection with the VAT contingencies related to the sale of credits, MEO has provided bank guarantees for an amount of €28.4 million;
- Teads and publishers' commitments under the Minimum Guarantee Agreements were suspended from March 17, 2020 to June 30, 2020 following the force majeure event caused by the global pandemic and triggered by the World Health Organizations declaration of global pandemic on March 11, 2020. The quarterly and annually commitments for the next periods are currently under renegotiation, both in terms of volume and pricing.

16. Litigation

In the normal course of its activities, the Group is accused in a certain number of governmental, arbitration and administrative lawsuits. Provisions are recognised by the Group when management believe that it is more likely than not that such lawsuits will result in an amount to be settled by the Group, and the magnitude of the amount can be reliably estimated. The magnitude of the provisions recognised is based on the best estimate of the level of the expenditure required to settle the obligation, on a case-by-case basis, considering that the occurrence of events during the legal action involves constant re-estimation of the risk.

This note describes the new proceedings and developments in existing litigations that have occurred since the publication of the annual consolidated financial statements as of December 31, 2019 and that have had or that may have a significant effect on the financial position of the Group.

16.1. Portugal

16.1.1. *European Commission Investigation*

After having approved the acquisition of PT Portugal by the Group on April 20, 2015, the European Commission initiated an investigation into infringement by the Company of the obligation of prior notification of concentrations under Article 4(1) of the Merger Regulation and/or of the stand-still obligation laid down in Article 7(1) of the Merger Regulation. The European Commission issued a statement of objections on May 18, 2017, informing the Company of the objections raised against it.

On April 24, 2018, the European Commission notified the Company of its decision to impose upon it two fines totalling €124.5 million. The Commission found that the Company infringed the prior notification obligation of a concentration under Article 4(1) of the EU Merger Regulation, and the stand-still obligation under Article 7(1) of the EU Merger Regulation. The Company fully disagrees with the Commission's decision, and in particular, it considers that this case differs entirely from the French Numéricable/Altice France/Virgin gun jumping case, in which the Group had agreed not to challenge the allegations brought against it. In the Company's opinion, the Commission's decision relies on a wrongful definition of the notion of "implementation" of a concentration. Further, the transaction agreement governing the management of the target during the pre-closing period provided the Company with a consultation right on certain exceptional matters relating to PT Portugal aimed at preserving the value and integrity of the target prior to closing and was in accordance with well-established M&A market practice.

In any event, the Company considers that the elements in the Commission's file do not establish the exercise of influence, as alleged by the Commission, by the Company over PT Portugal's business conduct neither prior to the merger notification to the Commission nor prior to the Commission's clearance.

On July 5, 2018, the Company filed an Application for annulment against the Commission's decision before the EU General Court to request that the decision as a whole be annulled or, at the very least, that the sanction be significantly reduced (Case T-425/18). The Commission's decision does not affect the approval granted by the European Commission on April 20, 2015 for the acquisition of PT Portugal by the Group.

On November 6, 2018, the Council of the European Union filed an Application to intervene in the case before the EU General Court. Both the Company and the European Commission confirmed they had no observations to the Council's Application to intervene. The Council requested an extension of the time-limit to file its Statement of intervention. The Court granted that extension until February 25, 2019.

On November 30, 2018, the European Commission filed its Defence requesting the Court (1) to dismiss the Company's Application and (2) to order the Company to pay the costs. The said Defence was notified to the Company on December 14, 2018. On December 20, 2018, the Company requested an extension of one month to lodge its Reply. The extension was granted on January 4, 2019, until February 25, 2019.

On February 25, 2019, the Company filed its Reply to the Commission's Defence adhering to the conclusions and orders sought in its Application for annulment.

On March 15, 2019, the Company filed its observations on the Statement of intervention of the Council of the European Union, which essentially mirror the corresponding allegations in the Company's Application and reply to the Commission's defence.

On March 18, 2019, the Company received the copy of the Commission's observations on the Statement of intervention of the Council of the European Union, which merely state it does not have any observations, as its position and that of the Council of the European Union are aligned.

After an extension of the deadline, the Commission filed its Rejoinder to the Company's reply on May 10, 2019. The written phase of the procedure was closed. The President fixed a date on which the Judge-Rapporteur was to present a preliminary report to the General Court. The preliminary report should contain an analysis of the relevant issues of fact and of law raised by the action, proposals as to whether measures of organization of procedure or measures of inquiry should be undertaken, whether there should be an oral part of the procedure and whether the case should be referred to the Grand Chamber or to a Chamber sitting with a different number of Judges.

The Company submitted a reasoned request for a hearing on May 29, 2019.

On March 10, 2020, the Company received from the General Court an invitation addressed to all the parties to submit observations regarding the possible consequences of the Court of Justice of the European Union (CJEU) judgment on another case by March 25, 2020. On March 25, 2020, the Company lodged its observations and reiterated its submission filed on May 29, 2019, regarding the importance of a hearing in the present case.

On March 23, 2020, the Commission and the Council of the European Union lodged their observations, which have been transmitted to the Company on March 31, 2020. In essence, the Commission and the Council concluded by reiterating that the Company's application should be rejected.

On June 3, 2020, the Company received the decision from the General Court to open the oral part of the procedure. The hearing took place on September 24, 2020. On July 21, 2020, the Company received the report for the hearing prepared by the Judge-Rapporteur summarizing the facts relied on and the arguments of each party and of the Council as the intervener.

On October 5, 2020, the Company sent a letter to the General Court with some observations to respond to a question posed by the Judge Rapporteur during the Hearing.

On November 16, 2020, the Company received the decision from the General Court to reopen the oral part of the procedure, to hear the other parties on the Company's observations and to request the Commission to produce certain documents. The Commission and the Council have until November 27, 2020 to submit their response.

The Company would expect a judgment in the first half of 2021.

As of June 30, 2020, a liability of €128.1 million (including accrued interests) is recorded at Altice Portugal, as it is the acquiring entity of PT Portugal. On July 25, 2018, the Group issued a bank guarantee to the European Commission of €124.5 million (excluding accrued interests).

16.2. Altice USA

Altice USA and the Company – securities lawsuits

In the latter half of 2018, eight named plaintiffs, each on behalf of a putative class of stockholders who purchased Altice USA common stock in the Altice USA's IPO pursuant to the Registration Statement and Prospectus, filed complaints (seven in New York State Supreme Court, one in United States District Court for the Eastern District of New York). The lawsuits name as defendants Altice USA, the Company, and Altice USA's directors, among others, and assert that all defendants violated Sections 11 and 12 of the Securities Act of 1933 (the "Securities Act") and that the individual defendants violated Section 15 of the Securities Act as control persons. In a consolidated amended complaint filed in the lawsuit in the Eastern District of New York, plaintiff also asserts violations of Section 10(b) of the Securities Act of 1934, Rule 10b-5 promulgated thereunder, and Section 20 of the Securities Act of 1934 against Altice USA, the Company, and certain individual directors. The facts underlying each case are substantively similar, with plaintiffs alleging that the Registration Statement and Prospectus misrepresented or omitted material facts relating to the negative performance of Altice France and Altice Portugal, the disclosure of which in November 2017 negatively impacted the value of Altice USA's stock. In June 2019, plaintiffs in the New York State action filed a consolidated amended complaint, which Altice USA and the Company moved to dismiss in July 2019. They moved to dismiss the complaint in the Eastern District of New York in October 2019. On June 26, 2020, the state Court granted Altice USA and the Company's motion to dismiss. Plaintiffs in the New York State action filed a notice of appeal on July 21, 2020 and moved for leave to file an amended complaint on September 4, 2020. On September 23, 2020, the federal district court granted Altice USA and the Company's motion to dismiss with leave for plaintiff to refile. On October 7, 2020, plaintiffs filed a second amended complaint in the Eastern District of New York.

Altice USA and the Company intend to vigorously defend the lawsuits. Although the outcome of the matter cannot be predicted and the impact of the final resolution of this matter on the Group's results of operations in any particular subsequent reporting period is not known at this time, management does not believe that the ultimate resolution of the matter will have a material adverse effect on the operations or financial position of the Group or the ability of the Group to meet its financial obligations as they become due.

16.3. Israel

Consumer class action

In June 2014, a claim and a motion to approve it as class action was filed at the Central District Court against HOT- Telecommunication Systems Ltd. and HOT Telecom (together "HOT"). The claim is based on the allegation that HOT violated its licenses terms by failing to meet the required standards for response times in its call centers and by failing to operate the call centers during the entire working hours as required. In addition, the claimants argue that HOT did not comply with the Consumer Protection Regulations regarding the operation of a call back service in its call centers. The amount of the claim was estimated by the claimants at €10.3 million. On August 26, 2017, the Court certified the motion to approve the claim as class action based on the causes described above. Following the Court's decision, the parties submitted their statements of claim and defense and preliminary proceedings were conducted. At the recommendation of the Court, the parties agreed to conduct mediation proceedings. The mediation is still in progress and a provision was recorded as of June 30, 2020 based on management's estimation after consulting with the company's external legal attorneys.

17. Going concern

As at June 30, 2020, the Group had net current liability position of €3,231.3 million (mainly due to trade payables amounting to €6,147.7 million) and a negative working capital of €1,143.7 million. During the six-month period ended June 30, 2020, the Group registered a net loss of €583.4 million and generated cash flows of €2,726.2 million from operating activities.

As at June 30, 2020, the Group had a negative equity position of €1,733.8 million compared to negative equity position of €2,320.9 million as at December 31, 2019. The equity position improved from the prior period due to the positive impact of the sale of 49.99% of the Portuguese fibre business on equity although this was partially offset by the comprehensive loss for the six-month period ended June 30, 2020.

The negative working capital position is structural and follows industry norms. Customers generally pay subscription revenues early or mid-month, with short days of sales outstanding and suppliers are paid under standard commercial terms, except for invoices of suppliers under factoring arrangements, thus generating a negative working capital. This is evidenced by the difference in the level of receivables and payables; €4,489.9 million compared to €6,147.7 million as at June 30, 2020, as compared to €4,463.7 million and €6,486.6 million as at December 31, 2019. Payables due the following month are covered by revenues and cash flows from operations (if needed).

As at June 30, 2020, the Group's short-term borrowings comprised mainly of short-term loans of €355.5 million for Altice Finco, €51.2 million for Altice France and €19.1 million for Altice Financing. As at December 31, 2019, the Group's short-term borrowings amounted to €421.4 million. The short-term obligations are covered by the proceeds of the refinancing transaction in Altice France and the operating cash flows of the operating subsidiaries. The expected interest payments for the 12 months period ending June 30, 2021 amount to approximately €1,402.0 million.

As at June 30, 2020, the amount drawn on the revolving credit facilities at Altice France and Altice Financing amounted to €10.0 million. A listing of available credit facilities by silo is provided in note 10.6 and the amounts available per segments are sufficient to cover the short-term debt and interest expense needs of each of these segments, if needed.

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

- The Group's performance on Adjusted EBITDA and operating cash flows:

   - Adjusted EBITDA for the six-month period ended June 30, 2020 amounted to €2,750.4 million, an increase of 0.82% compared to the same period last year. This increase in Adjusted EBITDA is mainly linked to a better performance in the France, Israel, Teads and Altice TV segments, which was partially offset by a decrease in performance in Portugal and the Dominican Republic segments.
   - Operating cash flows for the six-month period ended June 30, 2020 were €2,726.2 million.
- The Group had unrestricted cash reserves of €1,573.3 million as at June 30, 2020, an increase of €551.3 million compared to €1,022.1 million as at December 31, 2019. The unrestricted cash reserves as at June 30, 2020 will allow it to cover any urgent cash needs. The Group can move its cash from one segment to another under certain conditions as allowed by its debentures and debt covenants**.** Cash reserves in operating segments carrying debt obligations were as follows:
   - France: €485.5 million
   - Altice International: €1,076.3 million
- Additionally, as of June 30, 2020, the Group had access to revolving credit facilities of up to €2,182.0 million (of which €10.0 million were drawn as of June 30, 2020) and has access to an equity market where it can issue additional equity.

The Group's senior executives track operational KPIs on a weekly basis, thus tracking trends closely. This allows the Group's senior executives and local CEOs to ensure proper alignment with budget targets and respond with speed and flexibility to counter any unexpected events and help to ensure that the budgeted targets are met.

On April 17, 2020, the Group closed the transaction to sell 49.99% interest in the Portuguese fibre business to Morgan Stanley Infrastructure Partners. On April 17, 2020, the Group received €1,573.1 million of proceeds from this transaction.

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. The COVID-19 pandemic had a limited impact on the special purpose condensed interim consolidated financial statements of the Group as of June 30, 2020 and for the three and six-month periods then ended. 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. Please refer to note 2.1.4 for more details.

Management expects the available cash on hand at June 30, 2020 and the expected limited impact of COVID-19 on the Group's cash flows to be sufficient to continue the Group's operations and to repay all contractual obligations that fall due in the next 12 months. Accordingly, the Board of Directors is of the view that the Group will continue to act as a going concern for 12 months from the date of approval of these financial statements and has hence deemed it appropriate to prepare these special purpose condensed interim consolidated financial statements using the going concern assumption.

18. Events after the reporting period

18.1. Portuguese Competition Authority Investigation

On July 16, 2020, the Portuguese Competition Authority issued a Statement of Objections regarding its preliminary view that MEO, NOS – Comunicações, S.A. NOWO – Communications, S.A. and Vodafone Portugal – Comunicações Pessoas, S.A. were part of an agreement in accordance with which all those entities would not bid for certain key Google AdWords of the other operators, which according to the Portuguese Competition Authority is similar to an agreement to indirectly fix the acquisition price of certain Google AdWords related to the retail telecommunications market. The Portuguese Competition Authority concluded that telecommunications operators distorted competition of the Portuguese online search advertising, between 2010 and 2018 in the case of MEO. The maximum fine applicable for this kind of infraction corresponds to 10% of the turnover of each company in the specific markets that were impacted by the alleged illegal practices. In relation to MEO, such maximum fine amounts to approximately €136 million, based on the Portuguese Competition Authority's estimate of the relevant market for this purpose. MEO submitted its written defense to the Statement of Objections on October 2, 2020, after which the Portuguese Competition Authority will decide whether to issue a final condemnatory action and in that case the amount of the fine. Due to the early stage of the process and little previous background in similar cases, management determined that it cannot reliably estimate the probability of the outcome of this case at this time. As such, no provision was recognized as of June 30, 2020.

18.2. Redemption of the Altice Finco $385 million 2025 senior notes

On June 22, 2020, Altice Finco announced that it will fully redeem $385 million 7.63%, 2025 notes at call date on July 22, 2020. On July 22, 2020, Altice Finco redeemed in full the outstanding $385 million 7.63%, 2025 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).

18.3. Media restructuring

On May 19, 2020, NextRadioTV announced a restructuring plan to take into account the changing environment for the media industry in France. This plan, based on voluntary departures, aims at reducing the employee workforce by limiting the use of part time workers, freelancers and consultants. The details of the plan (the Livre 2) were shared with the workers' council in accordance with French law and had to be consequently homologated by the French Labour Authorities ("DIRECCTE"). As the details had not been shared with the workers' council and the conditions of the departure plan were not yet final as of June 30, 2020, management considered that the conditions for recording a provision were not met as per IAS 37 - *Provisions, contingent liabilities and contingent assets* as at June 30, 2020.

On July 24, 2020, management of the Group presented the Livre 2, the document that outlines the restructuring plan announced in May 2020, to the workers' council. As per the document, the Group intends to introduce a voluntary departure plan aimed at reducing the workforce by around 228 full time employees. The plan is expected to start at the end of 2020 or in early 2021. Management has also committed not to undertake a compulsory employee redundancy plan before November 2021 in the event that the targeted redundancies are not met. An agreement was signed with the workers' council on September 15, 2020. Consequently, management considered that the conditions for recording a provision were met and thus a provision was recorded for an amount of €50.0 million during the third quarter of 2020.

18.4. Mediapro

On July 27, 2020, Altice Europe announced two agreements with Mediapro. Firstly, for the season 2020/21, Altice Europe will resell the UEFA rights to Mediapro in exchange for Altice Europe's right to resell Mediapro's TELEFOOT channel (including the main football matches for French Ligue 1 and Ligue 2). This will allow Mediapro to broadcast the UEFA Champions League and Europa League. Both the RMC Sport channel and Mediapro's TELEFOOT channel will broadcast the two competitions from October 2020. SFR will offer all of the football to its customers with RMC Sport, TELEFOOT, Canal+ and BeIN SPORTS. SFR will be the only operator in France to offer its subscribers all French (Ligue 1, Ligue 2) and European (UEFA Champions League, UEFA Europa League, English Premier League, Spanish and Italian championships) football. Secondly, for the seasons 2021/22, 2022/23 and 2023/24, Altice Europe entered into a distribution agreement with Mediapro to resell the TELEFOOT channel (including the main football matches for French Ligue 1 and Ligue 2) with a revenue share mechanism. This is expected to generate additional revenues for the Altice France residential segment. With this agreement, Altice Europe maintains the commitment to improve Altice TV cash flow trends, approaching break-even, while SFR customers will continue to benefit from the best football offer in France.

18.5. Agreement on recommended all-cash offer for all common shares A and common shares B in the capital of the Company by Next Private B.V.

On September 11, 2020, the Company and Next Private B.V. (the "Offeror"), a direct subsidiary of Next Alt, jointly announced that a conditional 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 the Company for €4.11 in cash per share (cum dividend). This represents a total consideration of approximately €2.5 billion. Following the Offer, the Offeror wishes to delist the Company.

18.6. Issue of 8.25-year Senior Secured Notes at Altice France and repayment of the Altice Corporate Financing facility and the Altice France Revolving Credit Facility

On September 15, 2020, Altice France successfully priced and allocated €900.0 million (equivalent) of new 8.25-year Senior Secured Notes. The weighted average cost on a fully euro swapped basis is 4.125%. This consists of €500.0 million of 8.25-year Senior Secured Notes with a coupon of 4.125% and $475 million of 8.25-year Senior Secured Notes with a coupon of 5.125%.

The proceeds from this transaction were used to repay the outstanding amount under the Altice France Revolving Credit Facility of €150.0 million, and the remaining proceeds of €750.0 million were used to partly repay the Altice Corporate Financing facility of €1.1 billion. The remainder of this facility was repaid with cash on balance sheet at Altice International.

18.7. Partial repurchase and cancellation of the Altice Financing 2026 notes

Over the period from July 2, 2020 until September 25, 2020, Altice Financing repurchased and cancelled $122.7 million of its 7.5% 2026 notes.

18.8. France 5G spectrum acquisition

On October 1, 2020, Altice France announced that it had successfully acquired 80Mhz of spectrum in the 3.4 to 3.8 Ghz band as part of the French government's spectrum auction to support the deployment of 5G mobile technology in France. The frequencies have been allotted for 20 years.

The total price for the acquisition amounts to €728 million. Of the total amount, €350 million is payable over 15 years and €378 million over 4 years. The first payment of c. €118 million is expected to take place in the fourth quarter of 2020.

18.9. Covage expected closing

The Company expects the closing of the Covage transaction to occur during the fourth quarter of 2020.

18.10 Sale of Libération

On May 14, 2020, Altice France announced that it would transfer Libération, the daily newspaper, to Presse Indépendante, a management and holding company mainly owned by a non-profit organization (Fonds de Dotation pour une Presse Indépendante "FDPI"). As part of this project, Altice France made a donation to FDPI including cash and the shares of Presse Indépendante and Presse Indépendante acquired the shares of Libération. The sale was closed on September 3, 2020. Following the closing of the transaction, the Group no longer exercises control over Libération.

19. Restated information

The Company had reassessed the application of paragraph IAS 36.86 with respect to goodwill allocation related to the SFR FTTH transaction, which was included in the group of CGUs Altice France. In 2018, the goodwill associated with SFR FTTH was not measured on the basis of the relative values of the operation disposed of and the portion of the group of CGUs retained and therefore no goodwill was allocated to SFR FTTH Assets held for sale. As a consequence of this reassessment, based on the provisions of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the Company restated the condensed consolidated statement of income for the six-month period ended June 30, 2019 and restated the capital gain from the sale of SFR FTTH by €1,118.2 million. In addition, the restated condensed consolidated statement of income for the six-month period ended June 30, 2019 also includes a reclassification within net finance costs since the Group decided to separate impacts of the variations of derivative instruments in order to improve the readability of its interest expense.

Condensed Consolidated Statement of Income **(€m)**	**Three months ended June 30, 2019**	**Reclassifications**	**Adjustments**	**Three months ended June 30, 2019**
Revenues	**3,593.2**	**-**	**-**	**3,593.2**
Purchasing and subcontracting costs	(977.0)	-	-	(977.0)
Other operating expenses	(596.6)	-	-	(596.6)
Staff costs and employee benefits expenses	(368.4)	-	-	(368.4)
Depreciation, amortization and impairment	(1,343.6)	-	-	(1,343.6)
Other (expenses) and income	7.4	-	-	7.4
Operating profit/(loss)	**315.0**	**-**	**-**	**315.0**
Interest relative to gross financial debt	(148.1)	(394.1)	-	(542.2)
Realized and unrealized gains on derivative instruments linked to financial debt	-	394.1	-	394.1
Other financial expenses	(484.4)	-	-	(484.4)
Finance income	(9.5)	-	-	(9.5)
Net result on extinguishment of a financial liability	(127.8)	-	-	(127.8)
Finance costs, net	**(769.8)**	**-**	**-**	**(769.8)**
Share of earnings of associates	(66.8)	-	-	(66.8)
Loss before income tax	**(521.6)**	**-**	**-**	**(521.6)**

Income tax benefit	9.7	-	-	9.7
Loss for the period	**(511.9)**	**-**	**-**	**(511.9)**
Attributable to equity holders of the parent	(525.1)	-	-	(525.1)
Attributable to non-controlling interests	13.3	-	-	13.3

Condensed Consolidated Statement of Income (€m)	**Six months ended June 30, 2019 reported**	**Reclassifications**	**Adjustment SFR FTTH**	**Six months ended June 30, 2019 restated**
Revenues	**7,104.3**	**-**	**-**	**7,104.3**
Purchasing and subcontracting costs	(1,878.0)	-	-	(1,878.0)
Other operating expenses	(1,320.5)	-	-	(1,320.5)
Staff costs and employee benefits expenses	(754.8)	-	-	(754.8)
Depreciation, amortization and impairment	(2,627.5)	-	-	(2,627.5)
Other (expenses) and income	2,887.4	-	(1,118.2)	1,769.2
Operating profit/(loss)	**3,410.9**	**-**	**(1,118.2)**	**2,292.7**
Interest relative to gross financial debt	(611.8)	(432.1)	-	(1,043.9)
Realized and unrealized gains on derivative instruments linked to financial debt	-	432.1	-	432.1
Other financial expenses	(568.9)	-	-	(568.8)
Finance income	14.4	-	-	14.4
Net result on extinguishment of a financial liability	(127.8)	-	-	(127.8)
Finance costs, net	**(1,294.0)**	**-**	**-**	**(1,294.0)**
Share of earnings of associates	(69.0)	-	-	(69.0)
Gain/(loss) before income tax from continuing operations	**2,047.9**	**-**	**(1,118.2)**	**929.7**
Income tax benefit	58.7	-	-	58.7
Gain/(loss) for the period	**2,106.6**	**-**	**(1,118.2)**	**988.4**
Attributable to equity holders of the parent	2,079.8	-	(1,118.2)	961.6
Attributable to non-controlling interests	26.9	-	-	26.9

The condensed consolidated statement of cash flows had been restated as of and for the six-month period ended June 30, 2019 to take into account the adjustment in the capital gain from the sale of SFR FTTH and reclassifications of repayments of commercial paper and interest proceeds from interest rate swaps from net cash used in financing activities to payments to redeem debt instruments and interest paid respectively.

Condensed Consolidated Statement of Cash Flows (€m)	**Six months ended June 30, 2019 Reported**	**Reclassifications**	**Adjustment SFR FTTH**	**Six months ended June 30, 2019 Restated**
Profit/(loss) for the period	**2,106.6**	**-**	**(1,118.2)**	**988.4**
adjustments for:				
Share of profit of associates and joint ventures	69.0	-	-	69.0
Depreciation and amortization	2,627.5	-	-	2,627.5
Charge related to share-based payment	24.5	-	-	24.5
Gain on disposal of business	(3,202.0)	-	1,118.2	(2,083.8)
Other non-cash operating gain/(loss), net	189.6	-	-	189.6
Pension plan liability	(50.2)	-	-	(50.2)
Finance costs recognised in the statement of income	1,294.0	-	-	1,294.0
Income tax (benefit)/expense recognised in the statement of income	(58.7)	-	-	(58.7)
Income tax paid	(176.1)	-	-	(176.1)
Changes in working capital	(403.0)	-	-	(403.0)
Net cash provided by operating activities	**2,421.2**	**-**	**-**	**2,421.2**
Payments to acquire tangible and intangible assets	(1,676.7)	-	-	(1,676.7)
Proceeds (Payments) to acquire financial assets	(169.4)	-	-	(169.4)
Proceeds from disposal of business	1,618.5	-	-	1,618.5
Proceeds from disposal of tangible, intangible and financial assets	4.2	-	-	4.2
Payment to acquire interests in associates	(19.6)	-	-	(19.6)
Payment to acquire subsidiaries, net	(0.3)	-	-	(0.3)
Net cash used in investing activities	**(243.3)**	**-**	**-**	**(243.3)**
Proceeds from issue of equity instruments by a subsidiary	32.5	-	-	32.5
Proceeds from issuance of debts	3,200.0	-	-	3,200.0
Payments to redeem debt instruments	(5,012.8)	(7.0)	-	(5,019.8)
Other transactions with non-controlling interests	(11.1)	-	-	(11.1)
Proceeds on disposal of partial interest in a subsidiary that does not involve loss of control	(15.1)	-	-	(15.1)
Lease payment (principal) related to ROU	(417.1)	-	-	(417.1)
Lease payment (interest) related to ROU	(98.3)	-	-	(98.3)
Dividends paid	(20.3)	-	-	(20.3)
Interest paid	(1,088.6)	58.3	-	(1,030.3)
Swap proceeds	540.3	-	-	540.3
Other cash provided by financing activities	(170.3)	(51.3)	-	(221.6)
Net cash used in financing activities	**(3,060.8)**	**-**	**-**	**(3,060.8)**
Classification of cash as held for sale	(10.2)	-	-	(10.2)
Effects of exchange rate changes on the balance of cash held in foreign currencies	1.8	-	-	1.8
Net change in cash and cash equivalents	**(891.3)**	**-**	**-**	**(891.3)**
Cash and cash equivalents at beginning of the period	1,837.0	-	-	1,837.0
Cash and cash equivalents at end of the period	**945.7**	**-**	**-**	**945.7**

INDEPENDENT AUDITOR'S REVIEW REPORT

To: the Board of Directors of Altice Europe N.V.

Our conclusion

We have reviewed the accompanying Special Purpose Condensed Interim Consolidated Financial Statements as of and for the three and six-month periods ended June 30, 2020 of Altice Europe N.V.(or hereafter: the "Company") based in Woerden. Based on our review, nothing has come to our attention that causes us to believe that these Special Purpose Condensed Interim Consolidated Financial Statements are not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

The Special Purpose Condensed Interim Consolidated Financial Statements comprises:

1. Condensed Consolidated Statement of Income for three and six-month periods ended June 30, 2020;
2. Condensed Consolidated Statement of Comprehensive Income for three and six-month periods ended June 30, 2020;
3. Condensed Consolidated Statement of Financial Position as of June 30, 2020;
4. Condensed Consolidated Statement of Changes in Equity for the six-month period ended June 30, 2020;
5. Condensed Consolidated Statement of Cash Flows for the six-month period ended June 30, 2020; and
6. the notes comprising of a summary of the accounting policies and other explanatory information.

Basis for our conclusion

We conducted our review in accordance with Dutch law, including the Dutch Standard 2410, 'Het beoordelen van tussentijdse financiële informatie door de accountant van de entiteit' (Review of interim financial information performed by the independent auditor of the entity). A review of interim financial information in accordance with the Dutch Standard 2410 is a limited assurance engagement. Our responsibilities under this standard are further described in the 'Our responsibilities for the review of the Special Purpose Condensed Interim Consolidated Financial Statements' section of our report.

We are independent of Altice Europe N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Corresponding figures not audited or reviewed

The condensed interim consolidated financial information as of and for the three and six-month periods ended June 30, 2019 are not audited or reviewed. Consequently, the corresponding figures included in the Condensed Consolidated Statement of Income, Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Statement of Changes in Equity, and Condensed Consolidated Statement of Cash Flows and in the related notes have not been audited or reviewed.

Responsibilities of management and the Board of Directors for the Special Purpose Condensed Interim Consolidated Financial Statements

Management is responsible for the preparation and presentation of the Special Purpose Condensed Interim Consolidated Financial Statements in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the Special Purpose Condensed Interim Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the review of the Special Purpose Condensed Interim Consolidated Financial Statements

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

The level of assurance obtained in a limited assurance engagement is substantially less than the level of assurance obtained in an audit conducted in accordance with the Dutch Standards on Auditing. Accordingly, we do not express an audit opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with Dutch Standard 2410.

Our review included among others:

- Updating our understanding of the entity and its environment, including its internal control, and the applicable financial reporting framework, in order to identify areas in the Special Purpose Condensed Interim Consolidated Financial Statements where material misstatements are likely to arise due to fraud or error, designing and performing procedures to address those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion;
- Obtaining an understanding in the internal control, as it relates to the preparation of the Special Purpose Condensed Interim Consolidated Financial Statements;
- Making inquiries of management and others within the entity;
- Applying analytical procedures with respect to information included in the Special Purpose Condensed Interim Consolidated Financial Statements;

- Obtaining assurance evidence that the Special Purpose Condensed Interim Consolidated Financial Statements agrees with, or reconciles to the entity's underlying accounting records;
- Evaluating the assurance evidence obtained;
- Considering whether there have been any changes in accounting principles or in the methods of applying them and whether any new transactions have necessitated the application of a new accounting principle;
- Considering whether management has identified all events that may require adjustment to or disclosure in the Special Purpose Condensed Interim Consolidated Financial Statements; and
- Considering whether the Special Purpose Condensed Interim Consolidated Financial Statements have been prepared in accordance with the applicable financial reporting framework and represents the underlying transactions free from material misstatement.

Amstelveen, November 24, 2020

KPMG Accountants N.V.

M. Meester RA

14 AMENDMENTS TO THE COMPANY ARTICLES OF ASSOCIATION

ARTICLES OF ASSOCIATION

of:

Altice Europe N.V.

with corporate seat in Amsterdam

dated [●]

1 Definitions

1.1 In these Articles of Association the following words shall have the following meanings:

Accountant: an accountant as referred to in Section 2:393 of the Dutch Civil Code, or an organisation in which such accountants work together;

Articles of Association: these articles of association;

Board: the board of directors of the Company;

CEO: the chief executive officer of the Board;

Chairman: the chairman of the Board;

Common Share: each Common Share A and each Common Share B;

Common Share A: a common share A in the capital of the Company;

Common Share B: a common share B in the capital of the Company;

Company: Altice Europe N.V.;

Company Body: the Board or the General Meeting;

Control: over a Shareholder that is a legal entity means:

(a) the ownership of legal and/or beneficial title to voting securities that represent more than fifty percent (50%) of the votes in the general meeting of such legal entity; and/or

(b) being empowered to appoint, suspend or dismiss or cause the appointment, suspension or dismissal of at least a majority of the members of the management board, supervisory board or any similar governing body of such legal entity, whether through the exercise of voting rights, by contract or otherwise; and/or

(c) the power to direct or cause the direction of the management and policies of such entity, whether through the exercise of voting rights, by contract or otherwise;

Controller: (i) Patrick Drahi, born in Casablanca, Morocco, on the twentieth day of August nineteen hundred sixty-three, individually or (if applicable) together with any of his children who indirectly hold Common Shares or (ii) Patrick Drahi's heirs jointly;

Depositary Receipts: depositary receipts issued in respect of Shares;

Distributable Equity: the part of the Company's equity which exceeds the aggregate of the paid in and called up part of the capital and the reserves which must be maintained pursuant to the law;

DRH rights: the rights conferred by law upon holders of depositary receipts issued with the Company's cooperation for shares in its capital;

General Meeting: a meeting of Shareholders and other persons entitled to attend meetings of Shareholders or the corporate body of the Company consisting of Shareholders entitled to vote, together with pledgees and usufructuaries to whom voting rights attributable to Shares accrue, as the case may be;

in writing: by letter, by telecopier, by e-mail, or by a legible and reproducible message otherwise electronically sent, provided that the identity of the sender can be sufficiently established;

Nominating Shareholder: (i) Next Alt S.à r.l., a limited liability company (*société à responsabilité limitée*) governed by Luxembourg law, having its official seat in Luxembourg, Grand Duchy of Luxembourg, and its registered office at 5, Rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg trade and companies register (*Registre* *de Commerce et des Sociétés*) under number B 194.978, provided that Next Alt S.à r.l. (a) holds a direct interest of at least thirty percent (30%) of the aggregate nominal value of the issued and outstanding Common Shares and (b) is Controlled by the Controller, or (ii) when Next Alt S.à r.l. does not hold a direct interest of at least thirty percent (30%) of the aggregate nominal value of the issued and outstanding Common Shares and/or is no longer Controlled by the Controller, any other legal entity which (x) holds a direct interest of at least thirty percent (30%) of the aggregate nominal value of the issued and outstanding Common Shares and (y) is Controlled by the Controller;

Preference Share: each Preference Share A and each Preference Share B;

Preference Share A: a preference share A in the capital of the Company;

Preference Share B: a preference share B in the capital of the Company;

President: the president of the Board;

Secretary: the secretary of the Company;

Share: a share in the capital of the Company; unless the contrary is apparent, this shall include each Common Share and Preference Share;

Shareholder: a holder of one or more Shares;

Subsidiary: a subsidiary of the Company as referred to in Section 2:24a of the Dutch Civil Code;

Vice-President: the vice-president of the Board;

1.2 References to Articles shall be deemed to refer to articles of these Articles of Association, unless the contrary is apparent.

2 Name and Official Seat

2.1 The Company's name is: **Altice Europe N.V.**

2.2 The official seat of the Company is in Amsterdam, the Netherlands.

3 Objects

The objects of the Company are:

(a) to incorporate, to participate in any way whatsoever in, to manage, to supervise, to develop and to sell businesses and companies;

(b) to finance businesses and companies;

(c) to borrow, to lend and to raise funds, including the issue of (convertible) bonds, promissory notes, warrants or other securities or evidence of indebtedness as well as to enter into agreements in connection with aforementioned activities;

(d) to render advice and services to businesses and companies with which the Company forms a group and to third parties;

(e) to grant guarantees, to bind the Company and to pledge its assets for obligations of the Company, its group companies and/or third parties;

(f) to acquire, alienate, manage and exploit registered property and items of property in general;

(g) to trade in currencies, securities and items of property in general;

(h) to develop and trade in patents, trade marks, licenses, know-how and other intellectual and industrial property rights; and

(i) to perform any and all activities of an industrial, financial or commercial nature,

and to do all that is connected therewith or may be conducive thereto, all to be interpreted in the broadest sense.

4 Authorised Capital

4.1 The authorised capital of the Company equals two hundred sixty-one million and five hundred thousand euro (EUR 261,500,000).

4.2 The authorised capital of the Company is divided into four billion seven hundred forty-three million three hundred seventy-six thousand four hundred and fifty (4,743,376,450) Common

Shares A, with a nominal value of one eurocent (EUR 0.01) each, two hundred ten million two hundred sixty-four thousand nine hundred and forty-two (210,264,942) Common Shares B, with a nominal value of twenty-five eurocent (EUR 0.25) each, four billion (4,000,000,000) Preference Shares A, with a nominal value of four eurocent (EUR 0.04) each, and one hundred and fifty million (150,000,000) Preference Shares B, with a nominal value of one eurocent (EUR 0.01) each.

4.3 As per the moment of conversion of Common Shares B and/or Preference Shares B into Common Shares A as referred to in Article 14, the authorised capital of the Company shall decrease with the number of Common Shares B and/or Preference Shares B included in such conversion, as applicable, and the authorised capital of the Company shall increase with the number of Common Shares A resulting from such conversion.

4.4 All Shares are to be registered. No share certificates (*aandeelbewijzen*) shall be issued.

5 Register of Shareholders

5.1 In due observance of the applicable statutory provisions in respect of registered Shares, a register of Shareholders shall be kept by or on behalf of the Company.

5.2 The name, address and such further information as required by law or considered appropriate by the Board, of each Shareholder, each pledgee of Shares and each usufructuary of Shares, shall be recorded in the register of Shareholders.

5.3 On application by a holder of Shares or a pledgee or usufructuary of Shares, the Board shall furnish an extract from the register of Shareholders, free of charge, insofar as it relates to the applicant's right in respect of a Share. If a right of pledge or a usufruct is created in a Share, the extract shall state to whom the voting rights accrue and to whom the DRH rights accrue.

5.4 The Board shall make the register of Shareholders available at the Company's office for inspection by the Shareholders and the persons to whom the DRH rights accrue.

6 Transferability of Shares

6.1 The transfer of Shares shall - in all cases and without exception - require the approval of the Board or the General Meeting.

6.2 Approval for the transfer shall be requested by written notification to the Board. In this notification, the requesting party shall indicate:

(a) the number and class of Shares it wants to transfer;

(b) the person(s) to whom it wants to transfer those Shares; and

(c) the price to be paid for the Shares in the transfer, if applicable.

6.3 The transfer must take place within three months after the Board's or the General Meeting's approval has been granted or the Board's approval is deemed to have been granted.

6.4 The Board's approval will be deemed to have been granted:

(a) if no decision has been taken within one month of a request to that effect; or

(b) if the decision in which the approval is denied does not contain the name(s) of one or more potential acquirers who are willing to purchase, in cash, the Shares to which the request for approval related.

6.5 If the requesting party accepts the potential acquirer(s) proposed by the Board, and the parties are unable, within two (2) months after the acceptance, to agree on the price to be paid for the Share(s), the price shall be determined by one independent expert to be designated by the requesting party and potential acquirer(s) by mutual agreement. If the parties have failed to reach agreement on the appointment of the expert within one month of the end of the period referred to in the preceding sentence, any of the parties may apply to the president of the district court in whose district the Company has its corporate seat for the appointment of one independent expert.

6.6 Potential acquirers shall be free to withdraw at any time, provided they do so within fourteen days of being notified of the outcome of the price determination referred to in Article 6.5. If, following one or more such withdrawals, not all the Shares are sold:

(a) because all of the potential acquirers have withdrawn; or

(b) in the event that some of the potential acquirers have withdrawn, because the others have not, within six (6) weeks of the notification referred to above, declared their willingness to acquire the Shares that have become available, in accordance with the allocation criteria indicated by the Board,

the requesting party shall be free to transfer all of the Shares to which the request for approval related to the person(s) it has indicated as referred to in Article 6.2 (b), provided the transfer takes place within three (3) months after the above has been established.

6.7 The requesting party shall have the right to withdraw at any time, provided it does so within one month of being definitively informed of the identity of the potential acquirers to whom it can sell the Shares to which the request for approval related, and of the selling price.

6.8 The Company may only be a potential acquirer under the provisions of this Article 6 with the consent of the requesting party.

6.9 The preceding provisions of this Article 6 do not apply if it concerns a transfer of Shares in connection with an enforcement of a pledge pursuant to Section 3:248 of the Dutch Civil Code in conjunction with Sections 3:250 or 3:251 of the Dutch Civil Code.

7 Issue of Shares

7.1 Shares shall be issued pursuant to a resolution of the General Meeting, or pursuant to a resolution of the Board if the Board has been authorised for a specific period not exceeding five (5) years to issue Shares by resolution of the General Meeting. The resolution granting the aforesaid authorisation must determine the number of Shares that may be issued. The authorisation may from time to time be extended for a period not exceeding five (5) years. Unless otherwise stipulated at its grant, the authorisation cannot be withdrawn. The General Meeting shall, for as long as any such designation of the Board for this purpose is in force, remain authorised to resolve upon the issuance of Shares.

7.2 Article 7.1 shall apply correspondingly to the granting of rights to subscribe for Shares, but shall not be applicable to the issue of Shares to persons exercising a previously granted right to subscribe for Shares.

8 Pre-emptive Rights

8.1 Each holder of Common Shares shall have a pre-emptive right on any issue of Common Shares pro rata to the aggregate amount of its Common Shares. No Shareholder shall, however, have a pre-emptive right on Common Shares issued for a non-cash contribution. Shareholders shall also not have a pre-emptive right on Common Shares issued to employees of the Company or a group company of the Company.

8.2 Pre-emptive rights may be limited or excluded by a resolution of the General Meeting. The General Meeting may designate this authority to the Board for a period not exceeding five (5) years, provided that the General Meeting has also authorised the Board to issue Shares in accordance with Article 7.1. Unless otherwise stipulated at its grant, the authorisation cannot be withdrawn. If less than one half of the issued capital of the Company is represented at a General Meeting, a majority of at least two-thirds of the votes cast shall be required for a resolution of the General Meeting to limit or exclude such pre-emptive rights or to make such designation.

8.3 In accordance with Section 2:96a of the Dutch Civil Code, no Shareholders shall have pre-emptive rights on any issue of Preference Shares.

9 Payment on Shares

9.1 The price and other terms of issue shall be determined at the time of the resolution to issue Shares. The issue price shall not be less than par.

9.2 If the amount of Shares to be issued is announced and only a lesser amount can be placed, this latter amount shall only be placed if expressly allowed by the conditions of issue.

9.3 Common Shares and Preference Shares B may only be issued against payment in full of the amount at which such Common Shares or Preference Shares B are issued and with due observance of the provisions of the Sections 2:80a and 2:80b of the Dutch Civil Code.

9.4 Preference Shares A may be issued against payment in cash of at least one quarter of their nominal value.

9.5 The Company Body authorised to issue Shares, grant rights to subscribe for Shares and restrict or exclude pre-emptive rights, in accordance with the provisions of the Articles 7 and 8, shall be authorised to resolve that in respect of any issuance of Shares and/or granting of rights to Shares, the nominal value of these Shares shall be paid up on account of the Distributable Equity with observance of Article 30.3.

9.6 Legal acts relating to a non-cash contribution on Shares and other legal acts as referred to in Section 2:94 of the Dutch Civil Code, may be performed by the Board without prior approval of the General Meeting.

10 Shares in the Company's Own Capital

10.1 The Company may not subscribe for its own Shares on issue.

10.2 Subject to authorisation by the General Meeting and subject to the applicable statutory provisions, the Board may cause the Company to acquire fully paid-up Shares and Depositary Receipts, for a consideration.

10.3 Shares in the Company's own capital or Depositary Receipts may be disposed of pursuant to a resolution of the Board.

11 Financial Assistance

The Company may grant loans for the purpose of a subscription for or an acquisition of Shares or Depositary Receipts subject to any applicable statutory provisions.

12 Reduction Issued Capital

12.1 With due observance of the statutory requirements the General Meeting may resolve to reduce the issued capital by (i) reducing the nominal value of Shares by amending the Articles of Association or (ii) cancelling Shares.

12.2 A resolution to cancel Shares may only relate to:

(a) Shares or Depositary Receipts held by the Company; or

(b) all Preference Shares A with repayment.

13 Right of Pledge and Usufruct on Shares

13.1 Upon the establishment of a right of pledge on a Share or the creation of a right of usufruct on a Share, the right to vote may be vested in the pledgee or the usufructuary, with due observance of the relevant provisions of the law. In deviation of Sections 2:88 (3) and 2:89 (3) of the Dutch Civil Code, no approval of the Board or the General Meeting shall be required and the Shareholder and the pledgee or usufructuary concerned shall each notify the Board in writing without delay upon the establishment of such right of pledge or the creation of such right of usufruct. In this notification, the following information shall be included: the name and address of the Shareholder and pledgee or usufructuary concerned, the number and class of Shares on which the right of pledge has been established or the right of usufruct has been created, the fact that it has been provided that the right to vote vests or may become vested in the pledgee or usufructuary and, if the right to vote does not yet vest in the pledgee or usufructuary at the time of such notification, the conditions under which the right to vote would become vested in the pledgee or usufructuary.

13.2 Both the Shareholder without voting rights and the pledgee or usufructuary with voting rights shall have the DRH rights. The DRH rights may also be granted to the pledgee or usufructuary without voting rights, but only if the Board has approved the same and with due observance of the relevant provisions of the law.

14 Conversion of Shares

14.1 A holder of Common Shares B may at all times provide the Board with a written notice in the form as determined by the Board (Conversion Notice) requesting to convert one or more of his Common Shares B into Common Shares A in the ratio of twenty-five (25) Common Shares A for one (1) Common Share B.

14.2 The Conversion Notice shall at least include an irrevocable and unconditional power of attorney to the Company, with full power of substitution, to transfer twenty-four (24) of the converted Common Shares A unencumbered and without any attachments for no consideration (*om niet*) to the Company, which transfer shall be effected by the Company simultaneously with the conversion of (relevant) Common Share(s) B into Common Shares A referred to in the Conversion Notice.

14.3 The Board may at all times convert one or more Preference Shares B into one or more Common Shares A in accordance with the conversion ratio and other conditions as determined by the Board.

15 Depositary Receipts

The Company shall not cooperate with the issuance of registered Depositary Receipts.

16 Management

16.1 The management of the Company shall be conducted by the Board, consisting of Executive Board members and Non-Executive Board members.

16.2 The Board shall consist of at least three (3) Board members and no more than ten (10) Board members. Only individuals can be Non-Executive Board members.

16.3 The Executive Board members and Non-Executive Board members shall be appointed as such by the General Meeting. The Executive Board members are appointed by the General Meeting at the binding nomination of the Nominating Shareholder. The General Meeting may at all times overrule the binding nomination by a resolution adopted by a majority of at least two thirds of the votes cast representing more than half of the issued capital. If the General Meeting overruled the binding nomination the Nominating Shareholder shall make a new binding nomination. The nomination shall be included in the notice of the General Meeting at which the appointment shall be considered. The Board shall request the Nominating Shareholder to make its nomination at least ten (10) days before publication of the notice of the General Meeting at which the appointment shall be considered. If a nomination has not been made by the Nominating Shareholder or has not been made by the Nominating Shareholder within seven (7) days following the request of the Board, this shall be stated in the notice and the General Meeting shall be free to appoint a member of the Board at its discretion. The provisions in this Article 16.3 relating to the binding nomination right only apply if one of the Shareholders qualifies as Nominating Shareholder.

16.4 The Company must establish a policy in respect of the remuneration of the Board. The policy is adopted by the General Meeting upon the proposal of the Board. A resolution of the General Meeting to adopt the remuneration policy requires an absolute majority of the votes cast in a meeting in which at least fifty percent (50%) of the issued and outstanding share capital is present or represented. The remuneration of the Board members shall be determined by the General Meeting with due observance of the remuneration policy adopted by the General Meeting.

17 Term of Office. Resignation, Suspension and Dismissal

17.1 Each Board member shall be appointed for a term to be determined by the General Meeting.

17.2 The General Meeting may at any time dismiss or suspend any member of the Board. If the Nominating Shareholder proposes the dismissal of a Board member to the General Meeting, the General Meeting can resolve upon such dismissal by resolution adopted by an absolute majority of the votes cast. If the Nominating Shareholder has not made a proposal for the dismissal of a Board member, the General Meeting can only resolve upon the dismissal of such Board member by resolution adopted by a majority of at least two thirds of the votes cast representing more than half of the issued capital. The two preceding sentences only apply if one of the Shareholders qualifies as Nominating Shareholder.

17.3 An Executive Board member may also be suspended by the Board. Contrary to Article 21.7 (b), any resolution of the Board concerning the suspension or dismissal of the Vice-President shall be adopted by unanimous votes in a meeting where all Board members, other than the Vice-President, are present or represented.

17.4 If either the Board or the General Meeting has resolved upon a suspension of a Board member, the General Meeting shall within three (3) months after the suspension has taken effect, resolve either to dismiss such Board member with due observance of the provisions in Article 17.2, or to terminate or continue the suspension, failing which the suspension shall lapse. A resolution to continue the suspension may be adopted only once and in such event the suspension may be continued for a maximum period of three (3) months commencing on the day that the General Meeting has adopted the resolution to continue the suspension. If the General Meeting has not decided to terminate or to continue the suspension within the required period, the suspension shall lapse.

18 Chairman, President and CEO of the Board

18.1 The Board shall appoint a Non-Executive Board member to be Chairman of the Board for such period as the Board may decide.

18.2 The General Meeting shall grant to an Executive Board member the title of Vice-President. Only the General Meeting may deprive such Executive Board member from its vice-president title. The Board may grant to Executive Board members the titles of President and CEO. Each title shall be granted only to one Executive Board member at the same time.

18.3 The Board may also grant other titles to Board members.

18.4 The Board may appoint one or more of the Non-Executive Board members as vice-chairman of the Board for such period as the Board may decide. If the Chairman is absent or unwilling to fulfil his duties, a vice-chairman shall be entrusted with such duties.

18.5 If no Chairman has been appointed or if the Chairman is absent or unwilling to take the chair, a meeting of the Board shall be presided over by a vice-chairman of the Board or in the event of his absence or unwillingness to take the chair, by a Non-Executive Board member or, in the event all Non-Executive Board members in office are absent or unwilling to take the chair, an Executive Board member designated for such purpose by the meeting.

19 Secretary

19.1 The Board shall appoint a Secretary. The Secretary does not have to be a Board member.

19.2 The Secretary shall have such powers as are assigned to him by the Articles of Association and, subject to the Articles of Association, by the Board on or after his appointment.

19.3 The Secretary may be removed from office at any time by the Board.

20 Regulations

With due observance of the Articles of Association the Board shall adopt one or more sets of regulations dealing with such matters as its internal organization, the manner in which decisions are taken (such as majority requirements and affirmative votes), the composition, the duties and organization of committees and any other matters concerning the Board, the Executive Board members, the Non-Executive Board members and any committees established by the Board.

21 Meetings

21.1 Meetings of the Board may be called at any time, either by (i) the President, (ii) the Vice-President, (iii) any two members of the Board jointly, or (iv) the Secretary, on instruction of the persons mentioned under (i), (ii) and (iii) of this Article 21.1.

21.2 The Secretary may attend the meetings of the Board. Both the President and the Vice-President, each individually, may decide to permit others to attend a meeting as well.

21.3 A Board member shall not participate in deliberations and the decision-making process in the event of a direct or indirect personal conflict of interest between that Board member and the Company and the enterprise connected with it. If there is such personal conflict of interest in respect of all Board members, the decision shall nevertheless be taken by the Board.

21.4 The minutes of meetings of the Board shall be kept by the Secretary. The minutes shall be adopted by the Board at the same meeting or at a subsequent meeting.
If the Board has adopted resolutions without holding a meeting, the Secretary shall keep a record of each resolution adopted without holding a meeting. Such record shall be signed by the Chairman and the Secretary.

21.5 Each Board member, other than the President, and if no President is in function, other than the Vice-President, shall be entitled to one vote. The President is entitled to cast a number of votes that equals the number of Board members entitled to vote, excluding the President, that is present or represented at that meeting, with the exception of resolutions concerning the suspension or dismissal of the Vice-President, in respect of which the President is entitled to one vote. If no President is in function or if the President is conflicted within the meaning of Article 21.3, the Vice-President shall be entitled to cast a number of votes that equals the number of Board members entitled to vote, excluding the Vice-President, that is present or represented at that meeting.

21.6 Unless the law, these Articles of Association or the regulations referred to under Article 20 provide otherwise, resolutions of the Board shall be adopted by an absolute majority of the votes cast, including a vote in favor of the proposal from the Vice-President. The vote in favor of the proposal from the Vice-President shall not be required when the Vice-President cannot participate in the deliberations and decision-making in respect of a proposal due to a direct or indirect personal conflict of interest with the Company within the meaning of Article 21.3 and a resolution is adopted in accordance with Article 21.7 (b) or Article 21.7 (c).

21.7 Resolutions of the Board shall be adopted in a meeting where at least the President and the Vice-President are present or represented or, when no President is in function, the Vice-President is present or represented. If the quorum is not present or represented, a second meeting of the Board may be convened, where resolutions shall be adopted if at least the Vice-President is present or represented. In the event the President or the Vice-President cannot participate in the deliberations and the decision-making in respect of the resolutions concerned due to a direct or indirect personal conflict of interest with the Company within the meaning of Article 21.3, the following applies:

(a) if the President is conflicted within the meaning of Article 21.3, the Board shall adopt resolutions in a meeting where at least the Vice-President is present or represented;

(b) if the Vice-President is conflicted within the meaning of Article 21.3, the Board shall adopt resolutions in a meeting where at least the majority of the Board members including the President is present or represented. If the quorum is not present or represented, a second meeting of the Board may be convened, where resolutions shall be adopted if at least the majority of the Board members is present or represented;

(c) if both the President and the Vice-President are conflicted within the meaning of Article 21.3, the Board shall adopt resolutions in a meeting where the majority of the Board members is present or represented. If the quorum is not present or represented, a second meeting of the Board may be convened, where resolutions shall be adopted if at least two Board members are present or represented.

22 Powers, Division of Duties, Restrictions

22.1 Subject to the division of duties referred to in Article 22.2, the Board shall be entrusted with the management of the Company and shall for such purpose have all the powers within the limits of the law that are not granted by the Articles of Association to others.

22.2 The Board may divide its duties among the Board members by regulations referred to in Article 20, provided that the day to day management of the Company shall be entrusted to the Executive Board members and provided further that the task to supervise the performance by the Board members of their duties cannot be taken away from the Non-Executive Board members.

22.3 The Board may establish such committees as it may deem necessary which committees may consist of one or more members of the Board or other persons. The Board appoints the members of each committee.

The Board determines the tasks of each committee. The Board may at any time change the duties and the composition of each committee.

22.4 The Executive Board members shall timely provide the Non-Executive Board members with all information required for the exercise of their duties.

22.5 Without prejudice to any other applicable provisions of the Articles of Association, the Board shall require the approval of the General Meeting for resolutions of the Board regarding a significant change in the identity or nature of the Company or the enterprise, including in any event:

(a) the transfer of the enterprise or practically the entire enterprise to a third party;

(b) the conclusion or cancellation of any long-lasting cooperation by the Company or a Subsidiary with any other legal person or company or as a fully liable general partner of a limited partnership or a general partnership, provided that such cooperation or the cancellation thereof is of essential importance to the Company; and

(c) the acquisition or disposal of a participating interest in the capital of a company with a value of at least one third of the sum of the assets according to the consolidated balance sheet with explanatory notes thereto according to the last adopted annual accounts of the Company, by the Company or a Subsidiary.

23 Vacancy or inability of the Board members

23.1 If the seat of an Executive Board member is vacant (*ontstentenis*) or upon the inability of an Executive Board member, the remaining Executive Board members or member shall temporarily be entrusted with the executive management of the Company. If the seats of all Executive Board members are vacant or upon the inability of all Executive Board members or the sole Executive Board member, as the case may be, the executive management of the Company shall temporarily be entrusted to the Non-Executive Board members, with the authority to temporarily entrust the executive management of the Company to one or more Non-Executive Board members and/or one or more other persons.

23.2 If the seat of a Non-Executive Board member is vacant (*ontstentenis*) or upon inability of a Non-Executive Board member, the remaining Non-Executive Board members or member shall temporarily be entrusted with the performance of the duties and the exercise of the authorities of that Non-Executive Board member. If the seats of all Non-Executive Board members are vacant or upon inability of all Non-Executive Board members or the sole Non-Executive Board member, as the case may be, the General Meeting shall be authorised to temporarily entrust the performance of the duties and the exercise of the authorities of Non-Executive Board members to one or more other individuals.

24 Representation

24.1 The Board shall be authorised to represent the Company. The President acting individually shall also be authorised to represent the Company.

24.2 The Board shall have the power, without prejudice to its responsibility, to cause the Company to be represented by one or more Board members or others as attorneys. These attorneys shall have such powers as shall be assigned to them on or after their appointment and in conformity with the Articles of Association, by the Board.

25 Indemnification

25.1 The Company shall indemnify each member of the Board as well as each former member of the Board against all expenses (including reasonably incurred and substantiated attorneys' fees), financial effects of judgements, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding, provided he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company or out of his mandate, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

25.2 Notwithstanding Article 25.1, no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for gross negligence or wilful misconduct in the performance of his duty to the Company.

25.3 Any indemnification by the Company referred to in Article 25.1 shall be made only (unless ordered by a court) upon a determination that indemnification of the (former) member of the Board is proper under the circumstances because he had met the applicable standard of conduct set forth in Article 25.1.

25.4 Expenses that he has incurred in defending a civil or criminal action, suit or proceeding may be paid by the Company in advance of the final disposition of such action, suit or proceeding, upon a resolution of the Board with respect to the specific case upon receipt by the Company of an undertaking from the indemnified (former) Board member to repay such amount, unless it shall ultimately be determined that he is entitled to be indemnified by the Company as authorised in Article 25.1.

25.5 A (former) member of the Board shall not be entitled to any indemnification as mentioned in this Article 25, if and to the extent:

(a) a Dutch court, a judicial tribunal or, in case of an arbitration, an arbitrator has established by final judgement that is not open to challenge or appeal, that the acts or omissions of the (former) member of the Board can be considered intentional, wilfully reckless or seriously culpable, unless this would in the given circumstances be unacceptable according to the standards of reasonableness and fairness;

(b) the costs or the decrease in assets of the (former) member of the Board are/is covered by an insurance and the insurer started payment of the costs or the decrease in assets; or

(c) the Company and/or a Subsidiary brought the procedure in question up before court.

26 Financial Year and Annual Accounts

26.1 The Company's financial year shall be the calendar year.

26.2 Annually, within the term set by law, the Board shall prepare annual accounts, and shall deposit the same for inspection at the Company's office.

26.3 The annual accounts shall be accompanied by the accountant's statement referred to in Article 27, if the assignment referred to in that Article has been given, by the board report, unless

Section 2:391 of the Dutch Civil Code does not apply to the Company, as well as the other particulars to be added to those documents by virtue of applicable statutory provisions.

26.4 The annual accounts shall be signed by the members of the Board; if one or more of their signatures is lacking, this shall be stated, giving the reasons therefor.

27 Accountant

27.1 The Company shall instruct an accountant to audit the annual accounts.

27.2 The General Meeting shall be authorised to furnish such instruction. If the General Meeting fails to do so, the Board shall be competent thereto. With due observance of Section 2:393 subsection 2 of the Dutch Civil Code, instructions to the accountant may be withdrawn at any time.

27.3 The accountant shall render an account of his audit to the Board.

27.4 The accountant shall reflect the results of his audit in a statement attesting to the fidelity of the annual accounts.

28 Deposition at the Office of the Company

The annual accounts as prepared, the board report and the information to be added pursuant to Section 2:392 subsection 1 of the Dutch Civil Code must be available at the Company's office as of the date of the notice convening the annual General Meeting. Shareholders and persons with DRH rights may inspect the documents at that place and obtain a copy thereof free of charge.

29 Adoption

29.1 The annual accounts shall be adopted by the General Meeting.

29.2 The annual accounts may not be adopted if the General Meeting has been unable to inspect the accountant's statement referred to in Article 27.4, unless the information to be added by virtue of the law includes a legal ground for the lacking of the statement.

30 Profits and Distributions

30.1 Out of the profits accrued in a financial year, primarily and insofar as possible, first a preferred amount equal to zero point zero one percent (0.01%) per annum of the paid up part of the aggregate nominal value of all issued and outstanding Preference Shares A is added to the retained earnings reserve exclusively for the benefit of the holders of Preference Shares A (**Retained Earnings Reserve Preference Shares A**), and subsequently an amount equal to zero point zero one percent (0.01%) per annum of the aggregate nominal value of all issued and outstanding Preference Shares B is added to the retained earnings reserve exclusively for the benefit of the holders of Preference Shares B (**Retained Earnings Reserve Preference Shares B**). If, in a financial year, no profit is made or the profits are insufficient to allow the addition to the Retained Earnings Reserve Preference Shares A provided for in this Article 30.1, the deficit shall be added from profits earned in following financial years.

30.2 Each year the Board may determine which part of the profits after application of Article 30.1 shall be reserved.

30.3 The General Meeting may resolve to distribute any part of the profits remaining after reservation in accordance with Article 30.2, provided that out of such profits (i) no further additions shall be made to the Retained Earnings Reserve Preference Shares A and/or Retained Earnings Reserve Preference Shares B and (ii) no distributions shall be made on the Preference Shares. If the General Meeting does not resolve to distribute these profits in whole or in part, such profits (or any profits remaining after distribution) shall also be reserved.

30.4 Distributions may be made only up to an amount which does not exceed the amount of the Distributable Equity.

30.5 Distribution of profits shall be made after adoption of the annual accounts if permissible under the law given the contents of the annual accounts.

30.6 The Board may resolve to distribute interim dividend on the Shares with due regard to the Articles 30.1 and 30.3.

30.7 The Board may resolve that distributions on Shares are made from the Distributable Equity, provided that the holders of Preference Shares A shall not be entitled to any reserves other than the Retained Earnings Reserves Preference Shares A and the holders of Preference Shares B shall not be entitled to any reserves other than the Retained Earnings Reserves Preference Shares B.

30.8 The General Meeting may at the proposal of the Board resolve that a distribution on Shares shall not be paid in whole or in part in cash but in Shares or in any other form.

30.9 In calculating the amount of any distribution on Shares, Shares held by the Company, or Shares for which the Company holds the Depositary Receipts shall be disregarded, unless such Shares or Depositary Receipts are encumbered with a right of usufruct or pledge.

30.10 Any and all distributions on the Common Shares shall be made in such a way that on each Common Share an equal amount or value will be distributed.

30.11 The Sections 2:104 and 2:105 of the Dutch Civil Code shall apply to distributions.

31 Date for Payment

31.1 The date on which dividends and other distributions shall be made payable shall be announced in accordance with the provisions of Article 40.

31.2 Unless the Company Body authorised to make distributions determines another date of payment, distributions on Shares shall be made payable within thirty (30) days after they have been declared.

31.3 A claim of a Shareholder for payment of a distribution shall be time barred by an elapse of five (5) years.

32 Annual General Meeting

32.1 The annual General Meeting shall be held each year, within six (6) months after the end of the financial year.

32.2 The agenda for such meeting shall announce, inter alia, the following matters:

(a) discussion of the board report, including corporate governance;
(b) discussion and adoption of the annual accounts;
(c) discharge of the Board members;
(d) appointments for any vacancies;
(e) reservation- and dividend policy, including the policy regarding the allocation of profits;
(f) proposal to cancel Shares the Company holds in its own capital;
(g) any other proposals presented by the Board and announced with due observance of Article 40 as well as proposals made by Shareholders in accordance with provisions of the law and the provisions of the Articles of Association.

32.3 Matters will only be put to vote if and to the extent the General Meeting is authorised by law or the Articles of Association to resolve on the subject matter. All other matters are put on the agenda for discussion purposes only.

33 Other Meetings

Other General Meetings shall be held as often as the Board, the President, the Vice-President, the Chairman or the Nominating Shareholder deems necessary, without prejudice to the provisions of Sections 2:110, 2:111 and 2:112 of the Dutch Civil Code.

34 Convening a Meeting. Agenda

34.1 General Meetings shall be convened by the Board, the Vice-President or the Nominating Shareholder.

34.2 The notice of the meeting shall be given in due observance of the statutory notice period.

34.3 The notice of the meeting shall state the items to be dealt with, the items to be discussed and which items to be voted on, the place and time of the meeting, the procedure for participating at the meeting by written proxy-holder, the address of the website of the Company and, if applicable, the procedure for participating at the meeting and exercising one's right to vote by electronic means of communication as referred to in Article 38.2, without prejudice to the relevant provisions of these Articles of Association, and in addition with due observance of the relevant provisions of Dutch law.

34.4 The notice of the meeting shall also state the requirement for admission to the meeting as described in Article 38.2.

34.5 Matters not stated in the notice of the meeting may be further announced in the manner stated in Article 40, with due observance of the notice period in Article 34.2.

34.6 Shareholders authorised to do so pursuant to Dutch law, have the right to request the Board to place items on the agenda of the General Meeting.

34.7 A subject for discussion requested in writing by one or more Shareholders authorised to do so pursuant to Dutch law, shall be included in the notice or shall be notified in the same way as the other subjects for discussion, if the Company has received the request (including the reasons for such request) not later than sixty (60) days before the day of the meeting.

34.8 The Shareholder that has put a subject on the agenda, shall clarify it at the meeting and shall answer any questions relating thereto.

34.9 Written requests as referred to in Article 34.7 may not be submitted electronically. Written requests as referred to in Article 34.7 shall comply with conditions stipulated by the Board, which conditions shall be posted on the Company's website.

34.10 For purposes of this Article 34, the terms Shareholder and Shareholders shall include persons to whom DRH rights accrue.

35 Place of Meetings

The General Meetings shall be held at Amsterdam or Haarlemmermeer (including Schiphol Airport).

36 Chairperson

36.1 The General Meetings shall be presided over by the Chairman or, in his absence, by the vice-chairman of the Board; in the event that the latter is also absent, the Board members present shall appoint a chairperson from their midst. The Board may appoint another person to act as chairperson of a General Meeting.

36.2 If the chairperson has not been appointed in accordance with Article 36.1, the meeting itself shall appoint a chairperson. Until that moment, the eldest person present at the General Meeting shall act as chairperson.

37 Minutes

37.1 Minutes shall be kept of the proceedings at every General Meeting by a secretary to be designated by the chairperson. The minutes shall be adopted by the chairperson and the secretary of the meeting and shall be signed by them as evidence thereof.

37.2 The Board or the chairperson may determine that a notarial report must be drawn up of the proceedings of a meeting. The notarial report shall be co-signed by the chairperson.

38 Rights at Meetings. Admittance

38.1 Each Shareholder entitled to vote and each person with DRH rights shall be entitled to attend the General Meeting, to address such meeting and, to the extent applicable, exercise his voting rights, provided that such person:

(a) is as such registered in a register (or one or more parts thereof) designated thereto by the Board, hereinafter referred to as: the "register"; and

(b) has given notice in writing to the Company prior to a date set in the notice to attend a General Meeting.

The notice will contain the name and the number of Shares the person will represent in the meeting. The provision above under (b) concerning the notice to the Company also applies to the proxy holder of a person authorised to attend a General Meeting.

38.2 The Board may determine that the powers set out in the first sentence of Article 38.1 may be exercised by means of electronic communication. If a person entitled to attend meetings participates by means of electronic communication, it shall be required that the electronic communication allows for identification of such person, for such person to directly take notice of the proceedings in the meeting and for the casting of votes. Furthermore, it shall be required that the electronic communication allows for the person entitled to attend meetings to participate in discussions in the meeting. The Board may subject the use of the electronic communication and the manner in which the requirements mentioned in Article 38.1 should be satisfied to further conditions, provided that these conditions are reasonable and necessary to establish the identity of the Shareholder and the reliability and security of the communication and are included in the notice of the meeting.

38.3 Each Common Share A and each Preference Share B confers the right to cast one (1) vote. Each Preference Share A confers the right to cast four (4) votes. Each Common Share B confers the right to cast twenty-five (25) votes.

38.4 The Board may determine in the convocation that any vote cast prior to the meeting by means of electronic communication or by means of a letter, shall be deemed to be a vote cast in the meeting. A Shareholder who has cast his vote prior to the meeting by means of electronic communication, remains entitled to, whether or not represented by a holder of a written proxy, participate in the meeting and to address the meeting. Once cast, a vote cannot be revoked.

38.5 Each person entitled to vote or his proxy shall, whether or not by means of electronic communication, sign the attendance list.

38.6 The Board members shall, as such, have the right to render advice in the General Meeting.

38.7 The chairperson shall decide whether persons, other than those entitled to be admitted pursuant to this Article 38, shall be admitted to the meeting.

39 Voting

39.1 To the extent the law or these Articles of Association do not require a qualified majority, all resolutions of the General Meeting shall be adopted by an absolute majority of the votes cast, in a meeting in which a quorum of at least fifty percent (50%) of the issued and outstanding capital is present or represented.

39.2 Notwithstanding any other provisions of these Articles of Association, resolutions of the General Meeting in relation to the application for bankruptcy, suspension of payments, legal merger or legal demerger, can only be adopted at the proposal of the Board.

39.3 To the extent these Articles of Association do not provide otherwise, with respect to resolutions of the General Meeting which can only be adopted if part of the issued capital is represented, a second General Meeting may be convened, at which second General Meeting such part of the issued capital does not have to be represented.

39.4 All votes shall be cast in writing or electronically. The chairperson may, however, determine that voting by raising hands shall be permitted. Voting by acclamation shall be permitted if none of the Shareholders present or represented in the meeting objects.

39.5 Abstentions and invalid votes shall not be counted as votes.

39.6 The ruling pronounced by the chairperson of the meeting in respect of the outcome of a vote shall be decisive. The same shall apply to the contents of a resolution passed, in as far as voting related to a proposal not made in writing.

39.7 In the General Meeting, no voting rights may be exercised for any Share held by the Company or a Subsidiary, nor for any Share for which the Company or a Subsidiary holds the Depositary Receipts. However, pledgees and usufructuaries of Shares owned by the Company or a Subsidiary are not excluded from exercising the voting rights, if the right of pledge or the usufruct was created before the Share was owned by the Company or such Subsidiary. The Company or a Subsidiary may not exercise voting rights for a Share in respect of which it holds a right of pledge or usufruct.

39.8 When determining how many votes are cast by Shareholders, how many Shareholders are present or represented, or which part of the Company's issued capital is represented, no account shall be taken of Shares for which, pursuant to the law or these Articles of Association, no vote can be cast.

40 Notices and Announcements

Notices of General Meetings shall be effected in accordance with the provisions prescribed by law. Announcements concerning dividend and other distributions and other announcements to Shareholders and persons with DRH rights shall be effected on the Company's website.

41 Amendment of the Articles of Association

41.1 At the proposal of the Board the General Meeting may resolve to amend these Articles of Association.

41.2 When a proposal to amend these Articles of Association is to be made at a General Meeting, the notice of such meeting must state so and a copy of the proposal, including the verbatim text thereof, shall be deposited and kept available at the Company's office for inspection by, and must be made available free of charge to, Shareholders and persons with DRH rights, until the conclusion of the meeting. An amendment of these Articles of Association shall be laid down in a notarial deed.

41.3 The rights of the Nominating Shareholder in these Articles of Association may not be amended without the prior written consent of the Nominating Shareholder.

42 Dissolution and Liquidation

42.1 At the proposal of the Board the General Meeting may resolve to dissolve the Company.

42.2 If the Company is dissolved pursuant to a resolution of the General Meeting, the Board members shall become liquidators of the dissolved Company's property. The General Meeting may decide to appoint other persons as liquidators.

42.3 During liquidation, the provisions of these Articles of Association shall remain in force to the extent possible.

42.4 From the balance remaining after payment of the debts of the dissolved Company shall first, insofar as possible, be paid:

(a) on each Preference Share as repayment: an amount equal to the paid up nominal value of a Preference Share; and

(b) to each holder of Preference Shares A any balance of the Retained Earnings Reserve Preference Shares A in proportion to the paid up part of the aggregate nominal value of the Preference Shares A held by each and to each holder of Preference Shares B any balance of the Retained Earnings Reserve Preference Shares B in proportion to the aggregate nominal value of the Preference Shares B held by each.

42.5 The balance remaining after application of Article 42.4 shall be transferred to the holders of Common Shares in proportion to the number of Common Shares held by each.

43 Transitory provision authorised capital

If and as soon as a resolution adopted by the authorised Company Body has been filed with the Dutch trade register pertaining to an issuance of such number of Shares pursuant to which the entire issued Share capital of the Company shall be at least eighty million euro (EUR

80,000,000) under the condition precedent that such resolution has been filed with the Dutch trade register, the provisions of the Articles 4.1 and 4.2 shall read as follows:

"4.1 The authorised capital of the Company equals four hundred million euro (EUR 400,000,000).

4.2 The authorised capital of the Company is divided into eight billion four hundred ninety-five million (8,495,000,000) Common Shares A, with a nominal value of one eurocent (EUR 0.01) each, three hundred sixty million (360,000,000) Common Shares B, with a nominal value of twenty-five eurocent (EUR 0.25) each, five billion five hundred eighty-eight million seven hundred fifty thousand (5,588,750,000) Preference Shares A, with a nominal value of four eurocent (EUR 0.04) each, and one hundred fifty million (150,000,000) Preference Shares B, with a nominal value of one eurocent (EUR 0.01) each.".

15 ADVISORS

ADVISORS TO OFFEROR

Legal Advisors

NautaDutilh N.V.	Luther S.A.	Ropes & Gray International LLP

ADVISORS TO THE COMPANY

Financial Advisor

Lazard Frères SAS

Legal Advisor

De Brauw Blackstone Westbroek N.V.

ADVISORS TO THE NON-EXECUTIVE DIRECTORS

Financial Advisor

LionTree Advisors UK LLP

Legal Advisor

Allen & Overy LLP