Altice / HOT Group Fourth quarter and full-year 2012 results

Triple play customer penetration has increased to 34%

UMTS business successfully launched in May 2012 has generated 441,000 subscribers

Unique nationwide Fixed and Mobile infrastructure in place

Luxembourg, Luxembourg – March 27, 2013: Altice Finco S.A. ("Altice" or the "Company"), today announced the financial and operating results for the year ended December 31, 2012 and three months ended December 31, 2012 ("Q4 2012") for the Company and HOT Telecommunications Systems Ltd and its subsidiaries (the "HOT Group"). References to the "Altice Finco Group" in this press release are to Altice Finco S.A. and its subsidiary, Altice Financing S.A. and references to the "Restricted Group" are to the Altice Finco Group and Cool Holding Ltd. and its subsidiaries (including the HOT Group).

Highlights for the year ended December 31, 2012, include:

- Total revenue of NIS 4,192 million and EBITDA of NIS 1,477 million
- Mobile RGUs increased to 766,000 including 441,000 UMTS RGUs
- Total Cable RGUs increased by 2.1% to 2.34 million in 2012
- Triple play cable customers relationships reached 34% of our total cable customer relationships in 2012 compared to 28% in 2011
- Cable revenue of NIS 3,361 million and Cable EBITDA of NIS 1,467 million, reflecting growth of 1.6% and 5.7% respectively
- Completed the take-private of the HOT Group on December 27, 2012

Altice CEO Dexter Goei stated, "2012 was a transformational year for our company and we finished on a high note, with the take private of the HOT Group closing on December 27th. We have transformed the business into a fully fixed and mobile infrastructure provider with national reach and scale. The cable business is improving its margins and has demonstrated continued EBITDA growth for the last 3 years. We also continue to increase the number of triple play customers, currently comprising 34% our total cable customer relationships. Since the launch in May 2012 of our UMTS services we have added over 441,000 UMTS RGUs and our UMTS network covers 41% of the inhabited territory of Israel."

Altice CFO, Dennis Okhuijsen added, “We are also pleased to announce the buy back of two minority stakes of 40% of APAX France in our Belgium/Luxembourg (“Coditel Holding S.A.”) and Portuguese (“Cabovisao”) cable businesses. Although these business are not part of the Restricted Group today, we are expecting to contribute these businesses and refinance the existing capital structures post summer subject to the 3x secured and 4x total leverage tests under the indentures governing the Senior Secured Notes and Senior Notes issued by the Altice Finco Group.”

HOT Group Financial Key figures

(NIS in millions)	2012	2011	*2012 vs 2011*	Pro-forma 2011 (6)	*2012 vs Pro forma 2011*
Revenue (*)	4,192	3,374	*24%*	4,203	*0%*
Of which : Cable (1)	*3,361*	*3,309*	*1.6%*	*3,319*	*1.3%*
Mobile	*855*	*66*	*1195%*	*899*	*(5%)*
Operating income (*)	397	640	*(38%)*	633	*(37%)*
Of which : Cable (1)	*601*	*647*	*(7%)*	*657*	*(8%)*
Mobile	*(202)*	*(7)*	*2786%*	*(24)*	*741%*
Net income	78	341	*(77%)*	285	*(73%)*
EBITDA (*) (2)	1,477	1,401	*5.4%*	1,616	*(8.7%)*
Of which : Cable (1)	*1,467*	*1,388*	*5.7%*	*1,398*	*4.9%*
Mobile	*12*	*13*	*(8%)*	*218*	*(94%)*
EBITDA Margin %	35%	42%	*(7%)*	38%	*(3%)*
Operating Cash Flow	930	1,240	*(25%)*	-	-
Of which : Cable (1)	*947*	*1,220*	*(22%)*		
Mobile	*(17)*	*20*	*(185%)*		
Capital Expenditure (*) (3)	1,384	619	*124%*	-	-
Of which : Cable (1)	*971*	*580*	*67%*		
Mobile	*415*	*39*	*964%*		
Free Cash Flow (*) (4)	(190)	732	*(126%)*	-	-
Of which : Cable (1)	*116*	*750*	*(84%)*		
Mobile	*(308)*	*(18)*	*(1611%)*		

(NIS in millions)	Q4 2012	Q3 2012	*Q4 vs Q3 2012*
Revenue (*)	1,066	1,067	*0%*
Of which : Cable (1)	*839*	*839*	*0%*
Mobile	*236*	*237*	*0%*
Operating income (*)	75	87	*(14%)*
Of which : Cable (1)	*148*	*171*	*(13%)*
Mobile	*(74)*	*(83)*	*(11%)*
Net income	13	2	*550%*
EBITDA (*) (2)	352	352	*0%*
Of which : Cable (1)	*372*	*369*	*0.8%*
Mobile	*(20)*	*(18)*	*11%*
EBITDA Revenue %	33%	33%	*0%*
Operating Cash Flow	182	240	*(24%)*
Of which : Cable (1)	*178*	*238*	*(25%)*
Mobile	*4*	*2*	*100%*
Capital Expenditure (*) (3)	297	211	*41%*
Of which : Cable (1)	*210*	*140*	*50%*
Mobile	*87*	*71*	*23%*
Free Cash Flow (*) (4)	(190)	68	*(379%)*
Of which : Cable (1)	*(85)*	*108*	*(179%)*
Mobile	*(105)*	*(40)*	*(162%)*

HOT Group Operational Key figures

in thousands	2012	2011	*2012 vs 2011*
Cable Customers	1,198	1,245	*(3.8%)*
ARPU (in NIS) (5)	220	211	*4.3%*
Triple Customers	413	348	*19%*
% Triple Customers	34%	28%	*6%*
Broadcasts Subscribers	896	891	*0.6%*
Broadband Internet subscribers	771	768	*0.4%*
Telephony lines	676	635	*6.5%*
Mobile UMTS Subscribers	441	-	-
Mobile I-Den Subscribers	325	444	*(27%)*

in thousands	Q4 2012	Q3 2012	*Q4 vs Q3 2012*
Cable Customers	1,198	1,207	*(0.8%)*
ARPU (in NIS) (5)	223	220	*1.4%*
Triple Customers	413	401	*3.0%*
% Triple Customers	34%	33%	*1%*
Broadcasts Subscribers	896	893	*0.3%*
Broadband Internet subscribers	771	768	*0.4%*
Telephony lines	676	672	*0.6%*
Mobile UMTS Subscribers	441	316	*40%*
Mobile iDen Subscribers	325	371	*(12%)*

Segment information (revenue, operating profit, EBITDA, capital expenditures and Free Cash Flow) are presented before elimination of intercompany transactions

(1) Cable segment includes the Cable television, Telecom and ISP segments

(2) EBITDA represents profit before net financing income, taxes on income, depreciation and amortization, and before expenses in respect of options and before expenses (income) derived from updates in actuary assumptions and other expenses (income), net and network set up expenses. EBITDA is an additional measure used by management to demonstrate our underlying performance and should not replace the measures in accordance with IFRS as an indicator of our performance, but rather should be used in conjunction with the most directly comparable IFRS measure. Reconciliation of EBITDA to operating income is provided on page 18 of this press release.

(3) Capital expenditures is a measure of the amount of capital expenditures accrued during the period and is not a measure of the cash used for capital expenditures during the period. The difference between accrued capital expenditures in the period and the cash used for capital expenditures during the period is a result of delayed payment obligations in relation to our capital expenditures. For the years ended December 31, 2011 and 2012 we had cash used for capital expenditures of NIS 508 million and NIS 1,122 million respectively. We also had cash used to capitalize commissions which were reflected in our operating cash flow of NIS 26 million and NIS 104 million for the years ended December 31, 2011 and 2012, respectively. We had total cash used for capital expenditures for the years ended December 31, 2011 and 2012 of NIS 534 million and NIS 1,226 million respectively.

(4) Free cash Flow is defined as net cash provided by the operating activities less purchases of property and equipment and purchase of intangibles, each as reported in the HOT Group's consolidated statement of cash flows. Free cash flow is an additional measure used by the management to demonstrate our ability to service debt and performance, but rather should be used in conjunction with the most directly comparable IFRS measure.

(5) ARPU is an average monthly measure that we use to evaluate how effectively we are realizing revenues from subscribers. ARPU is calculated by dividing the revenue (for the service provided, in each case including the proportional allocation of the bundling discount, and after certain deductions) for the respective period by the average number of RGUs for that period and further by the number of months in the period. The average number of RGUs is calculated as the number of RGUs on the first day in the respective period plus the number of RGUs on the last day of the respective period, divided by two.

(6) Pro forma for the acquisition of HOT Mobile, which was completed on November 28,2011

1. Review of HOT Group operational Key figures

(NIS in millions)	For the year ending December 31				
	2012	2011	*2012 vs 2011*	2011 Proforma	*2012 vs Pro-forma 2011*
Total revenues	**4,192**	**3,374**	***24%***	**4,203**	***0%***
Of which : Cable (1)	*3,361*	*3,309*	*2%*	*3,319*	*1%*
Mobile	*855*	*66*	*1195%*	*899*	*(5%)*
Intercompany	*(24)*	*(1)*	*-*	*(15)*	*-*
Total operating income	**397**	**640**	**(38%)**	**633**	**(37%)**
Of which : Cable (1)	*601*	*647*	*(7%)*	*657*	*(8%)*
Mobile	*(202)*	*(7)*	*2786%*	*(24)*	*741%*
Intercompany	*(2)*	*-*	*-*	*-*	*-*
Total EBITDA	**1,477**	**1,401**	**5%**	**1,616**	**(9%)**
Of which : Cable (1)	*1,467*	*1,388*	*6%*	*1,398*	*5%*
Mobile	*12*	*13*	*(8%)*	*218*	*(94%)*
Intercompany	*(2)*	*-*	*-*	*-*	*-*

(1) Cable segment include the Cable television, Telecom segment and ISP services

1.1. Cable

In the Cable segment, revenues in the year ended December 31, 2012 increased by 1% to NIS 3,361 million compared to NIS 3,319 million on a pro forma basis for the year ended December 31, 2011. This was mainly due to a 2% increase in the number of RGUs to 2,343,000 in 2012 and a 4% increase in the Cable-based services ARPU to 220 NIS in 2012 from 211 NIS in 2011.

Operating income generated by the Cable segment during the year ended December 31, 2012 amounted to NIS 601 million as compared to NIS 657 million on a pro-forma basis in the comparative period last year, a decrease of 8% mainly as a result of:

- an increase in depreciation and amortization expenses, resulting from a change in the estimated average life of customers,
- a decrease in operating, marketing and administrative expenses,
- a decrease in other income, where 2011 included a reversal of provision for legal claims in an amount of NIS 110 million, whereas 2012 included income in respect of share-based compensation that expired or were cancelled in an amount of NIS 22 million.

Cable segment EBITDA for the year ended December 31, 2012 increased by 5% to 1,467 million, compared to NIS 1,398 million for 2011 on a pro forma basis. Excluding the effects from the non-recurring reversal of provision for legal claims in 2011 and non-recurring income in respect of share-based compensation that expired or were cancelled in 2012, Cable segment EBITDA increased by 12%.

1.2. Mobile

Revenue generated by our Mobile segment through our subsidiary, HOT Mobile, decreased slightly to NIS 855 million for the year ended December 31, 2012 from NIS 899 million on a pro forma basis for the year ended December 31, 2011. While the revenue provided from the sale of cellular handsets remained broadly stable at NIS 172 million in 2012 compared to NIS 177 million on a pro forma basis in 2011, the cellular services revenue, mainly including subscriptions and interconnection fees received from incoming traffic, decreased to 683 million for 2012 compared to NIS 722 million on a pro-forma basis in 2011. This revenue decrease is mainly due to the churn of iDEN customers as a result of decreased marketing and the termination in the third quarter of 2012 of our contract with the Israeli Defense Force, partially offset by an increase in total cellular RGUs as a result of new subscribers to our UMTS-based network which launched in May 2012.

The HOT Group commenced operating its own UMTS network with the 053 prefix in May

2012. Since then (and until December 31, 2012) HOT Mobile has gained approximately 441,000 UMTS residential subscribers, or approximately 8% market share of the cellular market share in Israel. The numbers of iDEN subscribers was approximately 325,000 as of December 31, 2012, compared to approximately 444,000 as of December 31, 2011. The decline was primarily due to the termination of a contract with the Israel Defense Force as described above, the natural erosion of legacy activity reflecting a declining iDEN technology and the transfer of subscribers to our new UMTS services.

Review of HOT Group's Key Financial Data

This section provides a brief analysis of our results of operations for the year ended December 31, 2012 and 2011. The operating results of HOT Mobile are not included in our historical consolidated financial statements prior to November 28, 2011. In order to provide meaningful comparisons, for the purposes of this section our results of operations for the year ended December 31, 2011 are based on pro forma statements of operations and statistical data that give effect to the acquisition of HOT Mobile as if such transaction had been completed on January 1, 2011.

(NIS in millions)	For the year ending December 31				
	2012	2011	*2012 vs 2011*	2011 Proforma *	*2012 vs Pro-forma 2011*
Revenues	**4,192**	**3,374**	**24%**	**4,203**	**0%**
Depreciation and amortization	1,094	844	30%	1,050	4%
Operating expenses	2,261	1,621	39%	2,077	9%
Sales and marketing expenses	300	242	24%	326	(8%)
Administrative and general	163	130	25%	204	(20%)
Other income, net	(23)	(103)	(78%)	(87)	(74%)
Operating income	**397**	**640**	**(38%)**	**633**	**(37%)**
Financing expenses, net	302	199	52%	244	24%
Tax expenses	17	100	(83%)	104	(84%)
Net income	**78**	**341**	**(77%)**	**285**	**(73%)**

* Gives effect to the acquisition of HOT Mobile as if such transaction had been completed on January 1, 2011

1.3. 2012 versus Pro-forma 2011

1.3.1. Revenues

The HOT Group's revenues in the year ended December 31, 2012 amounted to NIS 4,192 million, compared to NIS 4,203 million on a pro forma basis in the corresponding period last year.

In the Cable segment, revenues increased by 1% to NIS 3,361 million compared to NIS 3,319 million on a pro-forma basis for the year ended 2011. This was mainly due to a 2% increase in the number of RGUs to 2,343,000 in 2012 and a 4% increase in the Cable-based services ARPU to 220 NIS in 2012 from 211 NIS in 2011.

Revenue generated by the Mobile segment decreased slightly to NIS 855 million for the year ended December 31, 2012 from NIS 899 million on a pro-forma basis for the year ended December 31, 2011. While the revenue provided from the sale of cellular handsets remained broadly stable, the cellular services revenue decreased to 683 million for 2012 compared to NIS 722 million on a pro-forma basis in 2011. This revenue decrease is mainly due to the churn of iDEN customers as a result of decreased marketing and the termination in the third quarter of 2012 of our contract with the Israeli Defense Force, partially offset by an increase in total cellular RGUs as a result of new subscribers to our UMTS-based network which launched in May 2012.

The HOT Group commenced operating its own UMTS network with the 053 prefix in May 2012. Since then (and until December 31, 2012) HOT Mobile has gained approximately 441,000 UMTS residential subscribers, or approximately 8% market share of the cellular market share in Israel. The numbers of iDEN subscribers was approximately 325,000 as of December 31, 2012, compared to approximately 444,000 as of December 31, 2011. The decline was primarily due to the termination of a contract with the Israel Defense Force as described above, the natural erosion of legacy activity reflecting a declining iDEN technology and the transfer of subscribers to our new UMTS services.

1.3.2. Total Expenses

The HOT Group's operating expenses in the year ended December 31, 2012 amounted to NIS 2,261 million, compared to NIS 2,077 million on a pro forma basis in the corresponding period last year, an increase of approximately 9%. The increase was primarily due to:

- the launch of the UMTS services, including NIS 27 million of additional cost of cellular handsets sold as well as additional interconnect fees (related to our national roaming costs) for NIS 142 million;
- additional subscribers, infrastructure and network maintenance expenses of NIS 68 million; and
- a decrease in salaries and social benefits in an amount of NIS 53 million, reflecting certain ongoing changes in processes and organization of the HOT Group.

Sales and marketing expenses in the year ended December 31, 2012 amounted to NIS 300 million, compared to NIS 326 million on a pro forma basis in the corresponding period last year, a decrease of 8%. The decrease was primarily due to lower sales commissions (NIS 26 million) and reduced advertising and sales promotion expenses (NIS 21 million), partially offset by a NIS 24 million increase in salaries and social benefits of sales personnel, resulting from the cessation of the capitalization of sales commissions due to a regulatory change pursuant to which telecom operators are no longer able to charge early termination fees to subscribers.

The HOT Group's administrative and general expenses in the year ended December 31, 2012 amounted to NIS 163 million, compared to NIS 204 million on a pro forma basis in the corresponding period last year, a decrease of approximately 20% attributable to lower salaries and social benefits.

The HOT Group's depreciation and amortization expenses in the year ended December 31, 2012 amounted to NIS 1,094 million, compared to NIS 1,050 million on a pro forma basis in the corresponding period last year, an increase of 4%. This was a result of increases in depreciation of hardware and commissions related to our cable based services and depreciation of our iDEN network and was offset by a decrease in depreciation of our cellular handsets.

The HOT Group's other expenses (income), net, and network set up expenses amounted to an income of NIS 23 million in the year ended December 31, 2012, compared to pro-forma income of NIS 87 million in the corresponding period last year. The other income in 2011 included income recognized as a result of updating of the provision for legal claims in an amount of NIS 110 million, whereas in 2012 other income included income in respect of share-based payment that expired or were cancelled in an amount of NIS 22 million.

1.3.3. Net income

The HOT Group's net financing expenses in the year ended December 31, 2012 amounted to NIS 302 million, compared to financing expenses of NIS 244 million on a pro forma basis in the corresponding period last year, an increase of 24%. This increase was primarily due to a negative NIS 27 million mark-to-market effect in the fair value of financial derivatives (resulting from an income of NIS 6 million in the year ended December 31, 2012 as compared to an income of NIS 33 million in the corresponding period last year), and additional interest expenses of NIS 18 million relating to the bonds listed on the Tel Aviv stock exchange (reflecting the full year interest impact of unsecured bonds issued in March 2011).

The HOT Group's tax expenses in the year ended December 31, 2012 amounted to NIS 17 million, compared to pro-forma tax expenses of NIS 104 million in the corresponding period last year. The decrease in income tax expense was primarily due to a decrease in net income as discussed below.

The HOT Group's net income for the year ended December 31, 2012 was NIS 78 million, compared to NIS 285 million on a pro forma basis in the corresponding period last year, a decrease of 73%. The decrease in the net income primarily reflects a decrease in operating income of the Mobile segment due to the launch of our UMTS services in May 2012.

1.3.4. EBITDA

The HOT Group's EBITDA for the year ended December 31, 2012 amounted to NIS 1,477 million (35% of revenues), compared to NIS 1,616 million (38% of revenues) on a pro forma basis in the corresponding period last year, a decrease of 9%. The decrease primarily reflects a decrease of operating income in the Mobile segment due to the launch of our UMTS services in May 2012.

Cable segment EBITDA for the year ended December 31, 2012 increased by 5% to 1,467 million, compared to NIS 1,398 million for 2011 on a pro-forma basis. Excluding the effects from the non-recurring reversal of provision for legal claims in 2011 and non-recurring income in respect of share based compensation that expired or were cancelled in 2012, Cable segment EBITDA increased by 12%.

1.4. HOT Group Quarterly review

(NIS in millions)	Q4 2012	Q3 2012	*Q4 vs Q3*
Revenues	**1,066**	**1,067**	**-**
Depreciation and amortization	302	283	7%
Operating expenses	610	601	1%
Sales and marketing expenses	62	75	(17%)
Administrative and general	40	42	(5%)
Other income, net	(23)	(21)	9%
Operating income	**75**	**87**	**(14%)**
Financing expenses, net	90	77	17%
Tax expenses	(28)	8	(450%)
Net income	**13**	**2**	**550%**

The HOT Group's net income for the three months ended December 31, 2012 amounted to NIS 13 million, as compared to a net income of NIS 2 million for the three months ended September 30, 2012, an increase of NIS 11 million.

The increase in the net income is primarily due to a decrease of NIS 13 million in sales and marketing expenses (primarily as the result of a decrease in salaries and social benefits expenses) and a decrease of NIS 13 million in financing expense. These decreases were partially offset by an increase of NIS 19 million in depreciation and amortization expenses, primarily reflecting the impact of a change in the estimated period in which customers remain with us, and by an increase of NIS 9 million in operating expenses, primarily as a result of an increase in interconnect fees.

1.5. HOT Group Cashflow

(NIS in millions)	For the year ending December 31	
	2012	2011
Cash and cash equivalents at beginning of period	16	1
Net cash provided by current operations	930	1,240
Net cash provided by (used in) investment operations	(1,189)	(867)
Net cash provided by (used in) financing operations	275	(358)
Cash and cash equivalents at end of period	**32**	**16**

1.5.1. Net cash generated by current operations

The net cash generated by current operations in the year ended December 31, 2012 amounted to NIS 930 million, compared to NIS 1,240 million in the corresponding period last year. This NIS 310 million decrease was mainly due to a decrease of NIS 263 million in net income, from a decrease of NIS 189 million in working capital and an increase of NIS 29 million in cash paid, which were offset by an increase of NIS 171 million in adjustments of net income required to present cash flows from current activity. The decrease in working capital was mainly driven by an increase in trade receivables as a result of migrating to invoicing on a post-services basis as opposed to pre-services, which we were required by the Council for Cable and Satellite Broadcasting to complete by the end of 2012 and offset by an increase in trade payables as a result of increasing the Days Payable Outstanding. HOT Mobile contributed to net cash used in current operations of NIS 17 million during the year ended December 31, 2012 compared to net cash generated by current operations of NIS 20 million in the year ended December 31, 2011 (for the period from November 28, 2011 to December 31, 2011).

1.5.2. Net cash provided by (used in) investment operations

The net cash used in investment operations by the HOT Group in investment activities in the year ended December 31, 2012 amounted to NIS 1,189 million, compared to NIS 867 million for the corresponding period last year, an increase of NIS 322 million. The increase was primarily due to an increase in the purchases of fixed assets and intangible assets, in an amount of NIS 614 million (which included cash used by HOT Mobile for investment activities of NIS 358 million) and by a decrease of NIS 190 million in restricted cash. The cash absorbed by investment activities in the corresponding period in 2011 included the amount of NIS 480 million resulting from the acquisition of HOT Mobile.

1.5.3. Net cash provided by (used in) financing operations

The net cash provided by financing activities of the HOT Group in the year ended December 31, 2012 amounted to NIS 275 million, compared to a net cash absorption of NIS 358 million in the corresponding period last year, a change of NIS 633 million. The cash generated by financing activities in the period included:

- the receipt of short-term and long term loans from a related party (within the Restricted Group), for a total amount of NIS 1,970 million (as described in Note 20 to the consolidated financial statements of HOT as of December 31, 2012);
- the repayment of banking credit and bonds, for a net amount of NIS 1,071 million;
- the payment of a dividend in an amount of NIS 365 million in February 2012;

- the buy-back of shares in an amount of NIS 184 million, which closed in June 2012; and
- the repayment of other long-term liabilities for NIS 76 million.

The net cash absorbed by financing activities in the corresponding period last year, in an amount of NIS 358 million, mainly included the repayment of banking credit and bonds for a net amount of NIS 382 million and the issuance of NIS 83 million of share capital via a private issue.

1.6. HOT Group Capital expenditures

(NIS in millions)	For the year ending December 31		
	2012	2011	*2012 vs 2011 %*
Modems and converters Related	344	178	*93%*
Cable Network related (Including Centers)	416	289	*44%*
Other	211	113	*87%*
Total Cable Capital Expenditures	**971**	**580**	***67%***
Infrastructures	276	32	*763%*
Other	139	7	*1886%*
Total Cellular Capital Expenditures (1)	**415**	**39**	***964%***
Adjustment related to intercompany	*(2)*	-	-
Total Capital Expenditures	**1,384**	**619**	***124%***

(1) Beginning from November 28, 2011, following the consolidation of HOT Mobile

Total capital expenditure in the year ended December 31, 2012 increased by 124% compared to the year ended December 31, 2011. This increase was primarily due to the roll out of new state-of-the-art decoders and modem and the construction of the UMTS network, as well as a result of the expenditure incurred to complete the upgrade to 100Mb capacity throughout our cable network and fiber roll out in certain areas in 2012.

1.7. ALTICE / HOT Group Debt profile

As of December 31, 2012, the HOT Group had local unsecured bonds obligations for an outstanding amount of NIS 1,451 million. As of this date, the Altice Finco Group had Senior Notes and Senior Secured Notes outstanding in an aggregate principal amount of EUR 210 million and USD 885 million, respectively (i.e. NIS 4,343 million cumulatively). Total cash available within the Restricted Group was NIS 446 million as of December 31, 2012. In addition, the Altice Finco Group benefits from a committed USD 80 million working capital facility, which was undrawn as of December 31, 2012 and still undrawn as of the date of this press release.

(NIS in millions)	As of December 31, 2012		
	HOT Group	Altice	Combined
Unsecured bonds HOT (4)	1,451		1,451
Senior Secured Notes Altice (1)		2,755	2,755
Senior Notes Altice (2)		1,588	1,588
Total Altice Restricted Group Bonds	**1,451**	**4,343**	**5,794**
Total Cash	**32**	**412**	**446**
Net Leverage (LTM)(3)			**3.62X**

(1) USD 460 million and Euro 210 million at an exchange rate of NIS 1 = $0.2677 and NIS 1= €0.2025

(2) USD 425 million at an exchange rate of NIS 1 = $0.2677

(3) Excluding network lease amounting to NIS 129 million as of December 31, 2012

(4) The amount reflected above is reduced by capitalized debt issuance costs

The Altice Finco Group has entered into certain hedging foreign exchange transactions to effectively exchange a portion of the payment obligations for interest and principal of such indebtedness from EUR and USD to NIS. See note 11 of the financial statements of Altice Financing S.A. for a detailed description.

1.8. HOT Outlook

Guidance for year 2013 can be summarized as follows:

	Outlook FY 2013
EBITDA growth	8-10%
EBITDA less CAPEX	≈NIS 700 mln
Mobile UMTS average Roaming expenses %	≈50%
Cable Capital intensity to normalize	

Our actual results may vary due a number of unpredictable factors. See “Forward-Looking Statements” on page 23 of this press release.

Schedule of upcoming events

- May 14, 2013 **:** first quarter 2013 results

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HOT Group – Consolidated Income Statement

(NIS in millions)	For the year ending December 31				
	2012	2011	*2012 vs 2011*	2011 Pro-forma	*2012 vs Pro-forma 2011*
Revenues	**4,192**	**3,374**	***24%***	**4,203**	***0%***
Cost of revenues					
Depreciation and amortization	1,094	844	*30%*	1,050	*4%*
Operating expenses	2,261	1,621	*39%*	2,077	*9%*
Total cost of revenues	3,355	2,465	*36%*	3,127	*7%*
Gross profit	**837**	**909**	***(8%)***	**1076**	***(22%)***
Administrative and general expenses	163	130	*25%*	204	*(20%)*
Sales and marketing expenses	300	242	*24%*	326	*(8%)*
Other (income) expenses, net	(23)	(103)	*(78%)*	(87)	*(74%)*
Operating income	**397**	**640**	***(38%)***	**633**	***(37%)***
Financing income	18	31	*(26%)*	43	*(47%)*
Financing expenses	(320)	(230)	*41%*	(287)	*13%*
Income before taxes on income	**95**	**441**	***(78%)***	**389**	***(76%)***
Taxes on income (tax benefit)	17	100	*(83%)*	104	*(84%)*
Net income	**78**	**341**	***(77%)***	**285**	***(73%)***

HOT Group – Consolidated balance sheet

	As of December 31	
Assets (NIS million)	**2012**	**2011**
Cash and cash equivalents	32	16
Restricted cash	69	-
Trade receivables	549	361
Other receivables	62	79
Inventory	27	24
Current assets	**739**	**480**
Long-term trade receivables	82	85
Other long term receivables	115	103
Investment in available for sale financial asset	28	42
Fixed assets, net	4,136	3,763
Intangible assets, net	753	837
Goodwill	1,264	1,264
Deferred taxes	61	71
Non-Current assets	**6,439**	**6,165**
TOTAL Assets	**7,178**	**6,645**

HOT Group – Consolidated balance sheet

Equity and Liabilities (NIS million)	As of December 31 2012	2011
Credit from financial institutions and current maturities of bonds	125	436
Trade payables	1,062	814
Other payables	412	310
Short term loan from a related party	70	-
Provision for legal claims	68	168
Current Liabilities	**1,737**	**1,728**
Loans from financial institutions and bonds	1,326	2,064
Loans from a related party	1,900	-
Other long-term liabilities	374	555
Advances received for terminal equipment installation	52	42
Employee benefit liabilities, net	32	23
Deferred taxes	312	302
Non-Current Liabilities	**3,996**	**2,986**
Equity	**1,445**	**1,931**
TOTAL Equity and Liabilities	**7,178**	**6,645**

HOT Group – Consolidated statement of cash flow

Millions of NIS	For the Year Ending December 31 2012	2011
Cash Flow from Current Activities		
Net income	**78**	**341**
Adjustments required to present cash flows from current activities :		
Depreciation and amortization	1,094	844
Gain on disposal of fixed assets	(1)	-
Taxes on income, net	17	100
Change in employee benefit liabilities, net	9	5
Linkage differentials on bonds	31	15
Revaluation of other long term liabilities	4	19
Cost of share based payment	(5)	22
Financing and other expenses, net	137	110
	1,286	1,115
Change in asset and liability items		
Increase in trade receivables	(188)	(2)
Increase in other receivable and long-term receivables	(17)	(33)
Increase in subscription acquisition costs	-	(26)
Prepaid expenses paid to marketers	(104)	-
Decrease (increase) in inventories	(3)	1
Decrease (increase) in non-current trade receivable	3	(6)
Increase in trade liabilities	144	43
Increase (decrease) in other payables	(28)	-
Increase (decrease) in provision for legal claims	(100)	(105)
Increase(decrease) in other long term liabilities	(30)	2
Increase (decrease) in income in advance from the installation of terminal equipment, net	13	5
	(310)	(121)
Cash paid and received over the course of the year for :	(124)	(95)
Net cash from current operations	**930**	**1,240**

HOT Group – Consolidated statement of cash flow

Millions of NIS	For the Year Ending December 31 2012	2011
Net cash from current operations	**930**	**1,240**
Cash Flow from Investment Activities		
Purchase of newly consolidated subsidiary	-	(480)
Acquisition of fixed assets and intangible assets	(1,122)	(508)
Proceeds from the disposal of fixed assets	2	-
Repayment (investment) in restricted cash, net	(69)	121
Net cash used in investment activities	**(1,189)**	**(867)**
Cash Flow from Financing Activities		
Short-term credit from financial institutions, net	(295)	(225)
Receipt of long-term loans from financial institutions, net of re-organization commissions and the issuance of bonds	1,050	2,181
Receipt of loan from a related party	1,900	-
Receipt of short-term loan from a related party	70	-
Receipt of long-term loans from financial institutions	(1,826)	(2,338)
Increase in other long-term liabilities	-	-
Repayment of other long-term liabilities	(76)	(59)
Issuance of share capital	1	83
Dividend for shareholders in the Company	(365)	-
Purchase of treasury shares	(184)	-
Net cash used in financing Activities	**275**	**(358)**
Increase (decrease) in cash and cash equivalents	**16**	**15**
Balance of cash and cash equivalents at the beginning of the year	16	1
Balance of cash and cash equivalents at the end of the year	32	16

HOT Group Reconciliation of operating income to EBITDA

(NIS in millions)	For the year ending December 31		
	2012	2011	2011 Pro-forma
Operating income	**397**	**640**	**633**
Depreciation and amortization	1,094	844	1,050
Other income, net	(23)	(103)	(87)
Actuarial gain/loss from change in actuarial assumptions	-	2	2
Options (capital and phantom)	9	18	18
EBITDA (1)	**1,477**	**1,401**	**1,616**

(1) EBITDA represents profit before net financing income, taxes on income, depreciation and amortization, and before expenses in respect of options and before expenses (income) derived from updates in actuary assumptions and other expenses (income), net and network set up expenses. EBITDA is an additional measure used by management to demonstrate our underlying performance and should not replace the measures in accordance with IFRS as an indicator of our performance, but should rather be used in conjunction with the most directly comparable IFRS measure.

HOT Group Summary Statistical and Operating Data

in thousands except percentages and as otherwise indicated	As of and for the year ended December 31		
	2012	2011	2010
Total Israeli Homes	**2,243**	**2,204**	**2,166**
Customer Relationships			
Cable Customer Relationships (1)	1,198	1,245	1,282
Cable Revenue Generating Units (RGUs)(2)			
Digital Television RGUs	878	840	783
Analog Television RGUs	18	51	108
Total Television RGUs	896	891	891
Broadband Internet Infrastructure Access RGU	771	768	752
Fixed-Line Telephony RGUs	676	635	610
Total Cable RGUs	2,343	2,294	2,253
RGUs per Cable Customer Relationship (in units)	1.96x	1.84x	1.76x
Mobile Revenue Generating Units (RGUs)(3)			
UMTS RGUs	441	—	—
iDEN RGUs	325	444	490
Total Mobile RGUs	766	444	490
Cable Services Penetration			
Television RGUs as % of Total Israeli Homes	40%	40%	41%
Broadband Internet Infrastructure Access RGUs as % of Total Israeli Homes	34%	35%	35%
Fixed-Line Telephony RGUs as % of Total Israeli Homes	30%	29%	28%
Cable Customer Bundling(4)			
Single-Play Customer Relationships as % of Cable Customer Relationships	47%	52%	56%
Double-Play Customer Relationships as % of Cable Customer Relationships	19%	20%	20%
Triple-Play Customer Relationships as % of Cable Customer Relationships	34%	28%	24%

in thousands except percentages and as otherwise indicated	As of and for the year ended December 31		
	2012	2011	2010
Churn[5]			
Churn in Pay Television RGUs	15.3%	13.2%	15.4%
ARPU[6]			
Cable-based services ARPU (in NIS)	220	211	202
Market Share			
Mobile Market Share[7]	8%	4%	—

(1) Cable Customer Relationships represents the number of individual end users who have subscribed for one or more of our cable-based services (including pay television, broadband Internet infrastructure access or fixed-line telephony), without regard to how many services to which the end user subscribed. It is calculated on a unique premises basis. Cable Customer Relationships does not include subscribers to either our cellular or ISP services.

(2) 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 service basis and RGUs for fixed-line telephony are counted on a per line basis.

(3) Mobile RGUs is equal to the net number of lines or SIM cards that have been activated on our cellular network.

(4) Cable customer bundling for our stand-alone, double-play and triple-play services is presented as a percentage of Cable Customer Relationships. Our double play package customers include customers who have purchased a combination of two services out of our pay television, broadband Internet infrastructure access and fixed-line telephony services. Our triple-play package comprises pay television, broadband Internet infrastructure access and fixed-line telephony services.

(5) Churn is calculated by dividing the number of RGUs for a given service that have been disconnected during a particular period (either at the customer's request or due to a termination of the subscription by us) by the average number of RGUs for such service, excluding transfers between our services (other than a transfer between our cable services and cellular services), during such period. For example, an analog television customer who migrates to our digital television services or a customer who migrates from our double-play to triple-play services or vice-versa will not increase churn.

(6) ARPU is an average monthly measure that we use to evaluate how effectively we are realizing revenues from subscribers. ARPU is calculated by dividing the revenue (for the service provided, in each case including the proportional allocation of the bundling discount, and after certain deductions) for the respective period by the average number of RGUs for that period and further by the number of months in the period. The average number of RGUs is calculated as the number of RGUs on the first day in the respective period plus the number of RGUs on the last day of the respective period, divided by two.

(7) Our Mobile market share is based on our estimate of the total cellular lines in Israel, which is based on the number of lines reported by other cellular operators in Israel. This market share calculation is not indicative of nor does it correlate to the market share calculation required under our cellular license. In relation to the addition of frequencies to our cellular license enabling us to provide UMTS based 3G services, we were required to pay a total license fee of NIS 705 million, out of which we paid NIS 10 million at the time of receiving the license. The remaining amount equal to NIS 695 million is payable in 2016 subject to certain deductions based

on market share gained by HOT Mobile (based on the higher of the market share as measured in September 2013 and September 2016).

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This press release does not constitute or form part of, and should not be construed as, an offer or invitation to sell securities of the Altice Finco Group or the Restricted Group or the solicitation of an offer to subscribe for or purchase securities of the Altice Finco Group or the Restricted Group, and nothing contained herein shall form the basis of or be relied on in connection with any contract or commitment whatsoever. Any decision to purchase any securities of the Altice Finco Group or the Restricted Group should be made solely on the basis of the final terms and conditions of the securities and the information to be contained in the offering memorandum produced in connection with the offering of such securities. Prospective investors are required to make their own independent investigations and appraisals of the business and financial condition of the Altice Finco Group or the Restricted Group, and the nature of the securities before taking any investment decision with respect to securities of Altice Finco Group or the Restricted Group. Any such offering memorandum may contain information different from the information contained herein.

FORWARD-LOOKING STATEMENTS

Certain statements in this press release constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this presentation, including, without limitation, those regarding our intentions, beliefs or current expectations concerning, among other things: our future financial conditions and performance, results of operations and liquidity; our strategy, plans, objectives, prospects, growth, goals and targets; and future developments in the markets in which we participate or are seeking to participate. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believe”, “could”, “estimate”, “expect”, “forecast”, “intend”, “may”, “plan”, “project” or “will” or, in each case, their negative, or other variations or comparable terminology. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. To the extent that statements in this press release are not recitations of historical fact, such statements constitute forward-looking statements, which, by definition, involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements.

FINANCIAL MEASURES

In this press release, we present certain non-GAAP measures, including EBITDA and Free Cash Flow. We define “EBITDA” as profit before net financing income, taxes on income, depreciation and amortization, expenses in respect of options, expenses (income) derived from updates in actuary assumptions and other expenses (income), net and network set up expenses. “Free Cash Flow” is defined as net cash provided by the operating activities less purchases of property and equipment and purchase of intangibles, each as reported in the HOT Group’s consolidated statement of cash flows. EBITDA, Free Cash Flow and similar measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. You should exercise caution in comparing EBITDA and Free Cash Flow as reported by us to EBITDA and Free Cash Flow of other companies. EBITDA as presented herein differs from the definition of “Consolidated Combined EBITDA” contained in the indentures governing the Senior Secured Notes and the Senior Notes or for purposes of any other indebtedness of the Altice Finco Group or the Restricted Group. The information presented as EBITDA and Free Cash Flow are unaudited and has not been prepared in accordance with IFRS or any other accounting standards. In addition, the presentation of these measures is not intended to and does not comply with the reporting requirements of the U.S. Securities and Exchange Commission (the “SEC”) and will not be subject to review by the SEC; compliance with its requirements would require us to make changes to the presentation of this information.

EBITDA and Free Cash Flow are not a measurement of performance or cash flows under IFRS and you should not consider EBITDA and Free Cash Flow as an alternative to net income or operating profit or other performance measures determined in accordance with IFRS or to cash flows from operations, investing activities or financing activities. EBITDA and Free Cash Flow have limitations as an analytical tool, and you should not consider it in isolation.