



Altice / HOT Group First quarter 2013 results

Total Revenue increased 4% Q1 2013 vs Q1 2012

Cable EBITDA increased 17% Q1 2013 vs Q1 2012

Triple play cable customers reached 36%

Mobile continues to face strong competition

Luxembourg, Luxembourg – May 14, 2013: Altice Finco S.A. (“Altice” or the “Company”), today announces financial and operating results for the three months (“Q1”) ended March 31, 2013 for the Company and HOT Telecommunications Systems Ltd (“Hot Group”). Highlights for the quarter compared to the same period for 2012 (unless noted), include:

- Total revenue of NIS 1,065 million and Total EBITDA of NIS 399 million
- Cable Revenue of NIS 841 million stable compared to Q1 2012
- Cable EBITDA increased by 17% to NIS 425 reflecting cost restructuring
- Cable RGU increased to 2.356 million compared to 2.343 as of Q4 2012
- Triple play cable customers relationships reached 36%
- Substantial increase in the average Internet speeds
- In a strong competitive market, mobile revenues increase by 23% to NIS 232 million
- Mobile UMTS RGUs increased to 482,000 compared to 441,000 UMTS RGUs as of Q4 2012
- The Altice group is on track to expand the Restricted Group with its investments in Coditel, Belgium and Luxembourg and Cabovisao, Portugal in 2013, subject to 3x-4x leverage test and market conditions

Altice CEO Dexter Goei stated, “Since the take private in December 2012, we have successfully started the reorganization of the business in Q1 2013 resulting in Cable EBITDA



up 17% versus Q1 2012 and Cable EBITDA Margin reaching 51%. In addition we have successfully accelerated the conversion of our customer base into triple play subscribers, reaching already 36% of our base. We continue to take UMTS mobile residential market share in an intense competitive environment, and expect that the continued built out of our UMTS network will decrease roaming expenses and interconnection costs in the next quarters to come.”

HOT Group Financial Key figures

(NIS in millions)	Q1 2013	Q1 2012	Q1 2013 vs 2012
Revenue (*)	1,065	1,027	4%
<i>Of which : Cable (1)</i>	841	840	0%
<i>Mobile</i>	232	189	23%
Total operating income	84	147	(43%)
<i>Of which : Cable (1)</i>	203	152	34%
<i>Mobile</i>	(119)	(5)	(2280%)
Net income	17	60	(72%)
EBITDA (*) (2)	399	403	(1%)
<i>Of which : Cable (1)</i>	425	364	17%
<i>Mobile</i>	(26)	39	(167%)
EBITDA Revenue %	37%	39%	(2%)
Operating Cash Flow	281	287	(2%)
<i>Of which : Cable (1)</i>	336	280	20%
<i>Mobile</i>	(55)	7	(886%)
Capital Expenditure (*) (3)	(177)	(375)	(53%)
<i>Of which : Cable (1)</i>	(122)	(300)	(59%)
<i>Mobile</i>	(55)	(75)	(27%)
Free Cash Flow (*) (4)	98	(18)	712%
<i>Of which : Cable (1)</i>	189	42	350%
<i>Mobile</i>	(91)	(60)	(52%)

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

HOT Group Operational Key figures

in thousands	Q1 2013	Q4 2012	Q1 2012	Q1 2013 vs Q4 2012	Q1 2013 vs Q1 2012
Cable Customers	1,188	1,198	1,235	(1%)	(4%)
ARPU (in NIS) (5)	223	220	217	1%	3%
Triple Customers	429	413	369	4%	16%
% Triple Customers	36%	34%	30%	2%	6%
Cable TV Subscribers	898	896	893	-	1%
Broadband Internet subscribers	774	771	773	-	-
Telephony lines	684	676	654	1%	5%
Mobile UMTS Subscribers	482	441	-	9%	-
Mobile I-Den Subscribers	276	325	437	(15%)	(37%)

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

- (1) Cable segment include the Cable television, Telecom segments and ISP services
- (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 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 provided on page 18 of this press release.
- (3) Capital expenditures is a measure of the amount of capital expenditure accrued during the period and is not a measure of the cash used for capital expenditure during the period. The difference between accrued capital expenditure in the period and the cash used for capital expenditure during the period is a result of delayed payment obligations in relation to our capital expenditures. For the three months ended March 31, 2012 and 2013 we had cash used for capital expenditures of NIS 305 million and NIS 183 million respectively. We also had cash used to capitalize commissions which were reflected in our operating cash flow of NIS 15 million and NIS 26 million for the three months ended March 31, 2012 and 2013, respectively. We had total cash used for capital expenditures for the three months ended March 31, 2012 and 2013 of NIS 320 million and NIS 209 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 Group's consolidated statement of cash flows. Free cash flow is an additional measure used by the management to demonstrate the Group's 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.





1. Review of HOT Group operational Key figures

(NIS in millions)	Q1 2013	Q1 2012	Q1 2013 vs Q1 2012
Total revenues	1,065	1,027	4%
<i>Of which : Cable (1)</i>	841	840	0%
<i>Mobile</i>	232	189	23%
<i>Intercompany</i>	(8)	(2)	-
Total operating income	84	147	(43%)
<i>Of which : Cable (1)</i>	203	152	34%
<i>Mobile</i>	(119)	(5)	(2280%)
Total EBITDA	399	403	(1%)
<i>Of which : Cable (1)</i>	425	364	17%
<i>Mobile</i>	(26)	39	(167%)

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

1.1. Cable

In the Cable segment, the revenues are stable at NIS 841 million compared to NIS 840 million for the three months ended March 2012. This stability is explained by the 4% increase in the Cable-based services ARPU (NIS 223 in the first quarter 2013 compared to NIS 217 for the first quarter 2012) which was offset by the decrease in the number of subscribers by 4% (1,188,000 for the first quarter 2013 compared to 1,235,000 for the first quarter 2012).

The increase in the Cable-based services ARPU is explained by higher number of RGUs per customer as a result of our triple-play service, which the number of triple play subscribers as a percentage of our Cable Customer relationships increased to 36% as of March 31, 2013.

In the Cable segment, operating income in the period amounted to NIS 203 million as compared to NIS 152 in the comparative period last year, an increase of 34% mainly derived from:

- a decrease in salaries and social benefits expenses for approximately NIS 30 million resulting from the measures taken to increase the efficiency of the costs structure, enabled by an increase in the quality of the network as a result of the investments made and the improvement of the customers service systems.



- a decrease in network and Set top Boxes maintenance for approximately NIS 9 million as a result of investments performed in the network and more efficient process for set top boxes maintenance,
- a decrease in the Royalties for approximately NIS 11 million paid to the State of Israel following the regulations enacted under the Communications Law which provides for an ongoing decrease in the rate of royalties applicable to the Telecommunication licensees, which have been reduced to 0% commencing on January 2, 2013,
- a one-off decrease in the advertising expenses for approximately NIS 6 million as a result of the launching of Hot Net ISP in the first quarter 2012,
- the above decreases were offset by an increase in the depreciation and amortization for NIS 10 million.

The EBITDA increased by 17% to 425 million compared NIS 364 million for the comparative period. This increase is mainly driven by the increase in operating income as a result of the cost optimization and decrease in other expenses as explained above.

1.2. Mobile services

Revenue generated by our mobile segment through our subsidiary, HOT mobile, increased to NIS 232 million for three months ended 2013 from NIS 189 million for the three months ended 2012, an increase of 23%, which derived from the increase in the number of subscribers from the UMTS network which was launched in May 2012, partially offset by the decrease in the number of iDEN subscribers. The average monthly revenues per mobile subscriber has decreased (NIS 82 in the first quarter 2013 and NIS 110 in the first quarter 2012) as a result of a strong competitive environment and the loss of higher iDEN ARPU subscribers.

UMTS subscribers have increased by 9% to approximately 482,000 as of March 31, 2013.

The numbers of iDEN subscribers as of March 31, 2013 is approximately 276,000, compared to approximately 437,000 as of March 31, 2012. The reasons for the decrease in the number of subscribers are mainly due the termination of a contract with the Israel Defense Force, the natural churn and the transfer of subscribers following the launching of the UMTS network.

The Mobile service revenue, including subscriptions and interconnection fees received, increased to 188 million for the first quarter 2013 compared to NIS 148 million for the first quarter 2012. Handset revenue increased slightly to NIS 44 million





for the first quarter 2013 compared to NIS 41 million for the first quarter 2012, The operating loss in the period amounted to NIS 119 million as compared to NIS 5 in the comparative period last year, a decrease mainly derived from the increase in the operating expenses as a result of:

- an increase in the depreciation and amortization for NIS 23 million,
- an increase in interconnection fees and cellular roaming costs by NIS 85 million as a result of the UMTS based network launched in May 2012,
- an increase in the cost of goods sold for the handsets by NIS 9 million as a result of the UMTS based network launched in May 2012,
- the recognition of a provision of NIS 27 million in respect of the decision to vacate the office building previously occupied by Hot Mobile under a leasehold arrangement extending until 2019,
- the increase in the expenses as explained above is offset by increased revenues of NIS 43 million compared to the last first quarter.

Mobile generated negative EBITDA of NIS 26 million for the three months ended March 31, 2013 compared to a positive EBITDA of NIS 39 million for the three months ended March 31, 2012 primarily due to increased interconnection and cellular roaming costs relating to our UMTS-based service partially offset by the increase in the mobile revenues.





HOT Group Review of financial Key figures

(NIS in millions)	Q1 2013	Q1 2012	Q1 2013 vs Q1 2012
Revenues	1,065	1,027	4%
Depreciation and amortization	276	244	13%
Operating expenses	566	513	10%
Selling and marketing expenses	62	79	(22%)
Administrative and general	38	37	3%
Other expenses, net	39	7	457%
Operating income	84	147	(43%)
Financing expenses, net	61	65	(6%)
Tax expenses	6	22	(73%)
Net income	17	60	(72%)

1.3. Q1 2013 versus Q1 2012

1.3.1. Revenues

The Group's revenues in the period amounted to NIS 1,065 million, compared to NIS 1,027 million in the corresponding period last year, an increase of NIS 38 million. An increase of NIS 40 million in the revenues in the mobile segment, derived from the new network (UMTS), which was launched in May 2012.

1.3.2. Expenses

The Group's depreciation and amortization expenses in the period amounted to NIS 276 million, compared to NIS 244 million in the corresponding period last year, an increase of approximately 13%.

The Group's operating expenses in the period amounted to NIS 566 million, compared to NIS 513 million in the corresponding period last year, an increase of approximately 10%. The increase of NIS 53 million derived primarily from an increase in interconnect fee expenses in the mobile segment, which was partially offset by a decrease in salary and social benefit expenses and a decrease in royalties expenses payable to the Israeli government.

The Group's selling and marketing expenses in the period amounted to NIS 62 million, compared to NIS 79 million in the corresponding period last year, a decrease of





approximately 22%. The decrease of NIS 17 million derived primarily from a decrease in advertising expenses and in salaries and social benefits expenses.

The Group's administrative and general expenses in the period amounted to NIS 38 million, compared to NIS 37 million in the corresponding period last year, without any significant change.

The Group's other expenses in the period amounted to NIS 39 million, compared to NIS 7 million in the corresponding period last year, an increase of NIS 32 million in expenses. The other expenses in the period included a non-recurring expense of NIS 27 million following the recognition of a provision in respect of the decision to vacate the office building previously occupied by Hot Mobile under a leasehold arrangement extending until 2019.. See Note 5A to the Hot Consolidated financial statements as of March 31, 2013 for details.

1.3.3. Net result

The Group's financial expenses in the period amounted to NIS 61 million, compared to NIS 65 million in the corresponding period last year, a decrease of NIS 4 million.

The Group's tax expenses in the period amounted to NIS 6 million, as compared with NIS 22 million in the corresponding period last year, a decrease of 73%. The decrease derives primarily from the updating of deferred tax assets in respect of timing differences. The effective tax rate is 26% for the first quarter 2013 compared to 27% for the last year first quarter.

The Group's net income for the period amounted to NIS 17 million, compared to NIS 60 million in the corresponding period last year, a decrease of 72%. The decrease of NIS 43 million in the net income derived from the Mobile segment which faces strong competition.

Excluding the effects from the non-recurring liability due to the vacation of the HOT mobile building (NIS 27 million before taxes and NIS 20 million after taxes for the 2013 first quarter), the net income decreased by 40%.

1.3.4. EBITDA

The EBITDA for the period amounted to NIS 399 million (37% of revenues), compared to NIS 403 million (39% of revenues) in the corresponding period last year, a decrease of 2% in percentage of revenues. The decrease derives solely from the Mobile segment.



1.4. HOT Group Cashflow

(NIS in millions)	Q1 2013	Q1 2012
Cash and cash equivalents at beginning of period	32	16
Net cash provided by operating activities	281	287
Net cash provided by (used in) investment operations	(129)	(305)
Net cash provided by (used in) financing operations	(138)	16
Cash and cash equivalents at end of period	46	14

1.4.1. Net cash provided by operating activities

The net cash provided for the Group by operating activities in the period amounted to NIS 281 million, compared to NIS 287 million in the corresponding period last year, a decrease of NIS 6 million, which derived primarily from a decrease in net income of NIS 43 million, offset by a positive impact of NIS 27 million of change in working capital and other operating assets and liabilities.

1.4.2. Net cash used in investment activities

The net cash used by the Group in investment activities in the period amounted to NIS 129 million, compared to NIS 305 million for the corresponding period last year, a decrease of NIS 176 million. The decrease derived primarily from a decrease in the purchases of fixed assets and intangible assets in an amount of NIS 122 million and from an increase of NIS 54 million in the repayment of restricted cash.

1.4.3. Net cash generated provided by (used in) by financing activities

The net cash used by the Group in financing activities in the period amounted to NIS 138 million, compared to net cash of NIS 16 million provided by the Group, in the corresponding period last year, a change of NIS 154 million. The cash used by the Group for financing activities in the period included the repayment of bonds in an amount of NIS 63 million, the repayment of a loan from a related party in an amount of NIS 55 million and the repayment of other long-term liabilities in an amount of NIS 20 million.

The net cash provided by the Group in financing activities in the corresponding period last year, in an amount of NIS 16 million, included the net receipt of banking credit in an



amount of NIS 398 million, which was offset by the payment of a dividend of NIS 365 million.

1.5. HOT Group Capital expenditures

(NIS in millions)			
	Q1 2013	Q1 2012	Q1 2013 vs Q1 2012
Cable Capital Expenditures	122	300	(59%)
Mobile Capital Expenditures	55	75	(27%)
Total Capital Expenditures	177	375	(53%)
Adjustment related to intercompany (1)	-	(1)	-
Total Capital Expenditures	177	374	(53%)

The Capital Expenditure for the first quarter 2013 decreased by 53% compared to the first quarter 2012. This decrease derived mainly from the accrued capital intensity in the first quarter 2012 mainly due to:

- a one time capital expenditures 38 million related to the purchase of an office building,
- the acquisition of new set top boxes (HD/PVR), and
- capital expenditures related to the expansion of the UMTS network which was launched in May 2012.



1.6. ALTICE / HOT Group Debt profile

At the Hot Group, as of March 31, 2013, we carried local unsecured bonds of NIS 1,389 million after repayments of bonds in an amount of NIS 63 million during the first quarter. At Altice Finco and Altice Financing S.A. we had EUR and USD bonds outstanding translating into NIS 4,202 million as of March 31, 2013. Total cash for the restricted group was NIS 323 million as of March 31, 2013. In addition, Altice has a committed USD 80 million working capital facility which is available but undrawn as of March 31, 2013.

(NIS in millions)	As of March 31, 2013		
	HOT Group	Altice	Combined
Unsecured bonds HOT (4)	1,389		1,389
Secured bonds Altice (1)		2,655	2,655
Unsecured bonds Altice (2)		1,547	1,547
Total Altice Restricted Group Debt	1,389	4,202	5,591
Total Cash and cash equivalents	46	277	323
Net Annualized Leverage (L2QA) (3)			3.5X

Exchange rates as of March 31, 2013 are NIS1.00 = \$0.274 and NIS1.00 = €0.214

(1) USD 460 million and Euro 210 million respectively

(2) USD 425 million

(3) Excluding network lease amounting to NIS 121 million as of March 31, 2013

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

Altice entered into certain hedging foreign exchange transactions to effectively exchange a portion of the payment obligations for interest and principal of such indebtedness from EURO/USD to NIS, see note 11 of the financial statements as of December 31, 2012 of Altice Financing S.A. for a detailed description.



Schedule of upcoming events

- August 12, 2013 : **second** quarter 2013 results

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HOT Group – Consolidated Income Statement

(NIS in millions)	For the three months ended		
	March 31, 2013	March 31, 2012	<i>Change in %</i>
Revenues	1,065	1,027	4%
Depreciation and amortization	276	244	13%
Operating expenses	566	513	10%
Administrative and general expenses	38	37	0%
Sales and marketing expenses	62	79	(22%)
Other (income) expenses, net	39	7	457%
Operating income	84	147	(43%)
Financing income	10	10	(0%)
Financing expenses	(71)	(75)	(5%)
Income before taxes on income	23	82	(72%)
Taxes on income (tax benefit)	6	22	(73%)
Net income	17	60	(72%)





HOT Group – Consolidated balance sheet

Assets (NIS million)	March 31, 2013	December 31, 2012
Cash and cash equivalents	46	32
Restricted cash	15	69
Trade receivables	503	549
Other receivables	63	62
Inventory	<u>35</u>	<u>27</u>
Current assets	662	739
Long-term trade receivables	74	82
Other long term receivables	130	115
Investment in available for sale financial asset	28	28
Fixed assets, net	4,041	4,136
Intangible assets, net	724	753
Goodwill	1,264	1,264
Deferred taxes	<u>46</u>	<u>48</u>
Non-Current assets	6,307	6,426
TOTAL Assets	6,969	7,165

Equity and Liabilities (NIS million)	March 31, 2013	December 31, 2012
Credit from financial institutions and current maturities of bonds	125	125
Trade payables	973	1,062
Other payables	434	412
Short term loan from a related party	15	70
Provision for legal claims	<u>55</u>	<u>68</u>
Current Liabilities	1,602	1,737
Loans from financial institutions and bonds	1,264	1,326
Loans from a related party	1,900	1,900
Other long-term liabilities	352	374
Advances received for terminal equipment installation	53	52
Employee benefit liabilities, net	30	32
Deferred taxes	<u>305</u>	<u>299</u>
Non-Current Liabilities	3,904	3,983
Equity	1,463	1,445
TOTAL Equity and Liabilities	6,969	7,165



HOT Group – Consolidated statement of cash flow

Millions of NIS	For the three months ended	
	March 31, 2013	March 31, 2012
Cash Flow from Current Activities	17	60
Net income		
<i>Adjustments required to present cash flows from current activities :</i>		
Depreciation and amortization	300	244
Gain on disposal of fixed assets		
Taxes on income, net	6	22
Change in employee benefit liabilities, net	(1)	4
Linkage differentials on bonds	1	2
Revaluation of other long term liabilities		3
Cost of share based payment		7
Financing and other expenses, net	46	36
	352	318
<i>Change in asset and liability items</i>		
Increase (decrease) in trade receivables	46	(19)
Increase in other receivable and long-term receivables	(16)	(4)
Increase in subscription acquisition costs		
Prepaid expenses paid to marketers	(26)	(15)
Decrease (increase) in inventory	(8)	5
Decrease (increase) in non-current trade receivables	8	(11)
Increase (decrease) in trade payables	(52)	(21)
Increase (decrease) in other payables	7	(10)
Increase (decrease) in provision for legal claims	(13)	(9)
Increase(decrease) in other long term liabilities	(1)	(2)
Increase (decrease) in income in advance from the installation of terminal equipment, net	1	5
	(54)	(81)
<i>Cash paid and received over the course of the year for :</i>	(34)	(10)
Net cash from current operations	281	287

HOT Group – Consolidated statement of cash flow

Millions of NIS	For the three months ended	
	March 31, 2013	March 31, 2012
Net cash from current operations	281	287
Cash Flow from Investment Activities		
Purchase of newly consolidated subsidiary	-	-
Acquisition of fixed assets and intangible assets	(183)	(305)
Proceeds from the disposal of fixed assets	-	-
Repayment (investment) in restricted cash, net	54	-
Net cash used in investment activities	(129)	(305)
Cash Flow from Financing Activities		
Short-term credit from financial institutions, net	-	(86)
Receipt of long-term loans from financial institutions, net of re-organization commissions and the issuance of bonds	(55)	500
Receipt of loan from a related party	-	-
Receipt of short-term loan from a related party	-	-
Receipt of long-term loans from financial institutions	(63)	(16)
Increase in other long-term liabilities	-	(17)
Repayment of other long-term liabilities	(20)	-
Issuance of share capital	-	-
Dividend for shareholders in the Company	-	(365)
Purchase of treasury shares	-	-
Net cash used in financing Activities	(138)	16
Increase (decrease) in cash and cash equivalents	14	(2)
Balance of cash and cash equivalents at the beginning of the year	32	16
Balance of cash and cash equivalents at the end of the year	46	14



HOT Group Reconciliation of operating income to EBITDA

(NIS in millions)	For the three months ended	
	March 31, 2013	March 31, 2012 (*)
Operating income	84	147
Depreciation and amortization	276	244
Other income, net	39	7
Options (capital and phantom)	-	5
EBITDA (1)	399	403

(*)Following the initial implementation of IAS19 (Revised), as described in Note 2B(1) to the Hot Consolidated financial statements, the EBITDA for the three months ended March 31, 2012 was adjusted by NIS 1 million.

(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 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.

HOT Group Summary Statistical and Operating Data

in thousands except percentages and as otherwise indicated		
	March 31, 2013	December 31, 2012
Total Israeli Homes	2,252	2,243
Customer Relationships		
Cable Customer Relationships(1)	1,188	1,198
Cable Revenue Generating Units (RGUs)⁽²⁾		
Digital Television RGUs	883	878
Analog Television RGUs	15	18
Total Television RGUs	898	896
Broadband Internet Infrastructure Access RGU	774	771
Fixed-Line Telephony RGUs	684	676
Total Cable RGUs	2,356	2,343
RGUs per Cable Customer Relationship (in units)	1.98x	1.96x
Cellular Revenue Generating Units (RGUs)⁽³⁾		
UMTS RGUs	482	441
iDEN RGUs	276	325
Total Cellular RGUs(3)	758	766
Cable Services Penetration		
Television RGUs as % of Total Israeli Homes	40%	40%
Broadband Internet Infrastructure Access RGUs as % of Total Israeli Homes	34%	34%
Fixed-Line Telephony RGUs as % of Total Israeli Homes	30%	30%
Cable Customer Bundling⁽⁴⁾		
Single-Play Customer Relationships as % of Cable Customer Relationships	*	47%
Double-Play Customer Relationships as % of Cable Customer Relationships	*	19%
Triple-Play Customer Relationships as % of Cable Customer Relationships	36%	34%



in thousands except percentages and as otherwise indicated	March 31, 2013	December 31, 2012
Churn⁽⁵⁾		
Churn in Pay Television RGUs	13.6%	15.3%
ARPU⁽⁶⁾		
Cable-based services ARPU (in NIS)	223	220
Market Share		
Cellular Market Share ⁽⁷⁾	8%	8%

* not reported

- (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) Cellular 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 cellular 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).

NOT AN OFFER TO SELL OR SOLICITATION OF AN OFFER TO PURCHASE SECURITIES

This press release does not constitute or form part of, and should not be construed as, an offer or invitation to sell securities of Altice Finco S.A. or Altice Financing S.A. (collectively the "Altice Issuers") or the solicitation of an offer to subscribe for or purchase securities of an Altice Issuer, 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 an Altice Issuer 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 applicable Altice Issuer and the nature of the securities before taking any investment decision with respect to securities of such Altice Issuer. 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. We define "EBITDA" as profit before net financing income, taxes on income, depreciation and amortization, expenses in respect of options, expenses (income) derived from, net and network set up expenses. EBITDA 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 as reported by us to EBITDA 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 an Altice Issuer. The information presented as EBITDA is 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 is not a measurement of performance under IFRS and you should not consider EBITDA 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 has limitations as an analytical tool, and you should not consider it in isolation.