

# SFR (Altice France Holding Restricted Group)

## Q2 2024 Results

August 29, 2024



# Disclaimer

## FORWARD-LOOKING STATEMENTS

Certain statements in this presentation constitute forward-looking statements. 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 be achieved or accomplished. To the extent that statements in this presentation 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 including risks referred to in the Altice France Holding S.A. or Altice France S.A., as the case may be, annual and quarterly financial statements.

## FINANCIAL MEASURES

SFR refers to the Altice France Holding Restricted Group. Altice France Holding S.A. is a subsidiary of Altice Luxembourg S.A. Altice France Holding S.A. holds 100% less one share of Altice France S.A. and Altice Luxembourg S.A. holds one share of Altice France S.A. The perimeter of consolidation for this presentation, the Altice France Holding Restricted Group, consists of Altice France Holding S.A., Altice France S.A. and its consolidated entities, excluding the legal entities that have been declared as “unrestricted subsidiaries”.

This presentation contains measures and ratios (the “Non-GAAP Measures”), including Adjusted EBITDA, Capital Expenditure (“Capex”) and Operating Free Cash Flow, that are not required by, or presented in accordance with, IFRS or any other generally accepted accounting standards. We present Non-GAAP Measures because we believe that they are of interest to the investors and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. The Non-GAAP Measures may not be comparable to similarly titled measures of other companies or have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our, or any of our subsidiaries’, operating results as reported under IFRS or other generally accepted accounting standards. Non-GAAP measures such as Adjusted EBITDA are not measurements of our, or any of our subsidiaries’, performance or liquidity under IFRS or any other generally accepted accounting principles, including U.S. GAAP. In particular, you should not consider Adjusted EBITDA as an alternative to (a) operating profit or profit for the period (as determined in accordance with IFRS) as a measure of our, or any of our operating entities’, operating performance, (b) cash flows from operating, investing and financing activities as a measure of our, or any of our subsidiaries’, ability to meet its cash needs or (c) any other measures of performance under IFRS or other generally accepted accounting standards. In addition, these measures may also be defined and calculated differently than the corresponding or similar terms under the terms governing our existing debt.

Adjusted EBITDA is defined as operating profit before depreciation, amortization and impairment, other expenses and income (capital gains, non-recurring litigation, restructuring costs), share-based expenses and after operating lease expenses (i.e., straight-line recognition of the rent expense over the lease term as performed under IAS 17 *Leases for operating leases*). 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 this measure do ultimately affect the operating results, which is also presented within the Altice France Holding S.A. or Altice France S.A., as the case may be, annual and quarterly financial statements in accordance with IAS 1 - *Presentation of Financial Statements*. All references to EBITDA in this presentation are to Adjusted EBITDA, as defined in this paragraph.

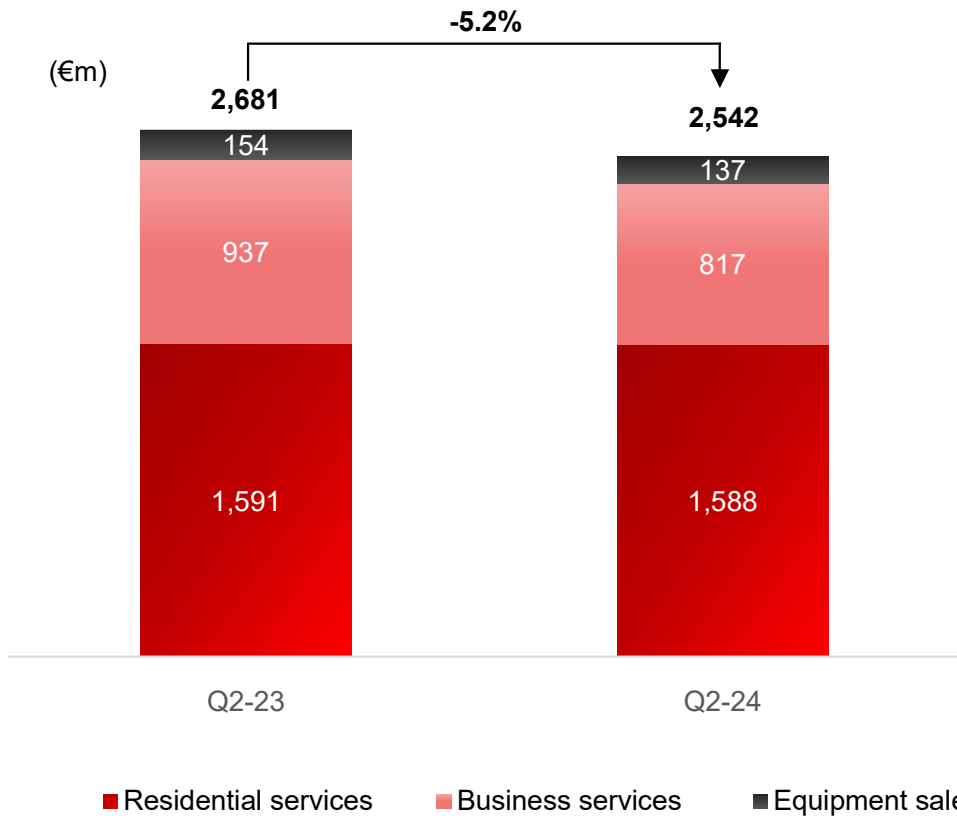
Capital expenditure (Capex), while measured in accordance with IFRS principles, is not a term that is defined in IFRS. However, management believes it is an important indicator as the profile varies greatly between activities:

- 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: Mainly related to costs incurred in acquiring content rights.

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 1 - *Presentation of Financial Statements*. It is simply a calculation of the two above mentioned non-GAAP measures.

Adjusted 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 Adjusted EBITDA as reported by us to Adjusted EBITDA of other companies. Adjusted EBITDA as presented herein differs from the definition of “Consolidated Combined Adjusted EBITDA” for purposes of any of the indebtedness of the Altice France Holding Restricted Group. The financial information presented in this presentation, including but not limited to, the quarterly and annual financial information, pro forma financial information as well as Adjusted EBITDA and OpFCF is unaudited.

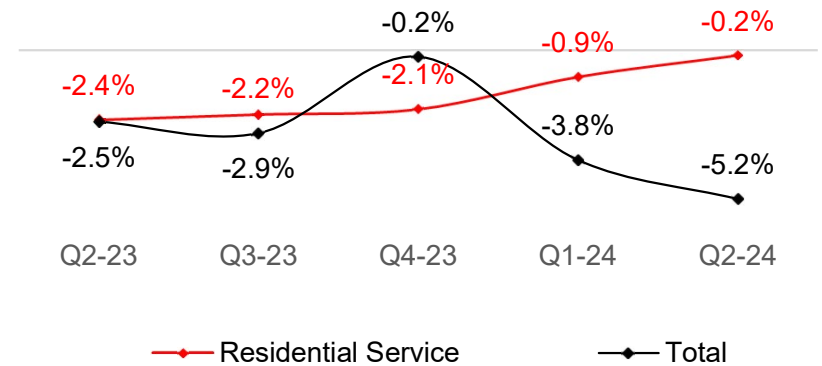
# Revenue Trends



## Q2 2024 revenue trends YoY

- Residential services: -0.2%
- Residential equipment: -10.5%
- Business services: -12.8%

## Revenue growth evolution YoY



For footnotes see slide 13

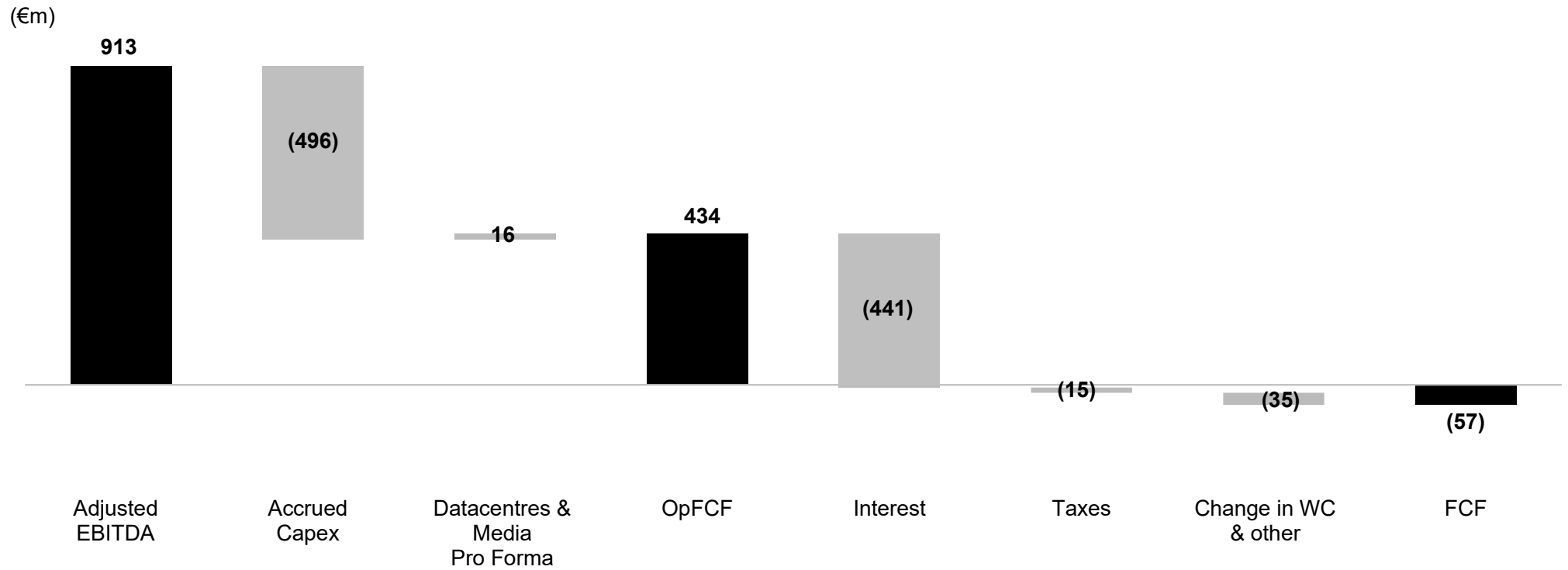


# Summary Pro Forma Financials

| €m                    | Q2-23        | Q2-24        | Growth YoY   |
|-----------------------|--------------|--------------|--------------|
| Residential services  | 1,591        | 1,588        | -0.2%        |
| Residential equipment | 154          | 137          | -10.5%       |
| Business services     | 937          | 817          | -12.8%       |
| <b>Revenue</b>        | <b>2,681</b> | <b>2,542</b> | <b>-5.2%</b> |
| <b>EBITDA</b>         | <b>988</b>   | <b>913</b>   | <b>-7.5%</b> |
| <b>Accrued Capex</b>  | <b>543</b>   | <b>496</b>   | <b>-8.7%</b> |
| <b>Total OpFCF</b>    | <b>445</b>   | <b>418</b>   | <b>-6.2%</b> |

For footnotes see slide 13

# Q2 2024 Free Cash Flow



FCF excluding spectrum, IRUs and significant litigation paid and received



# Pro Forma SFR Capital Structure and Debt Maturity

## Altice France

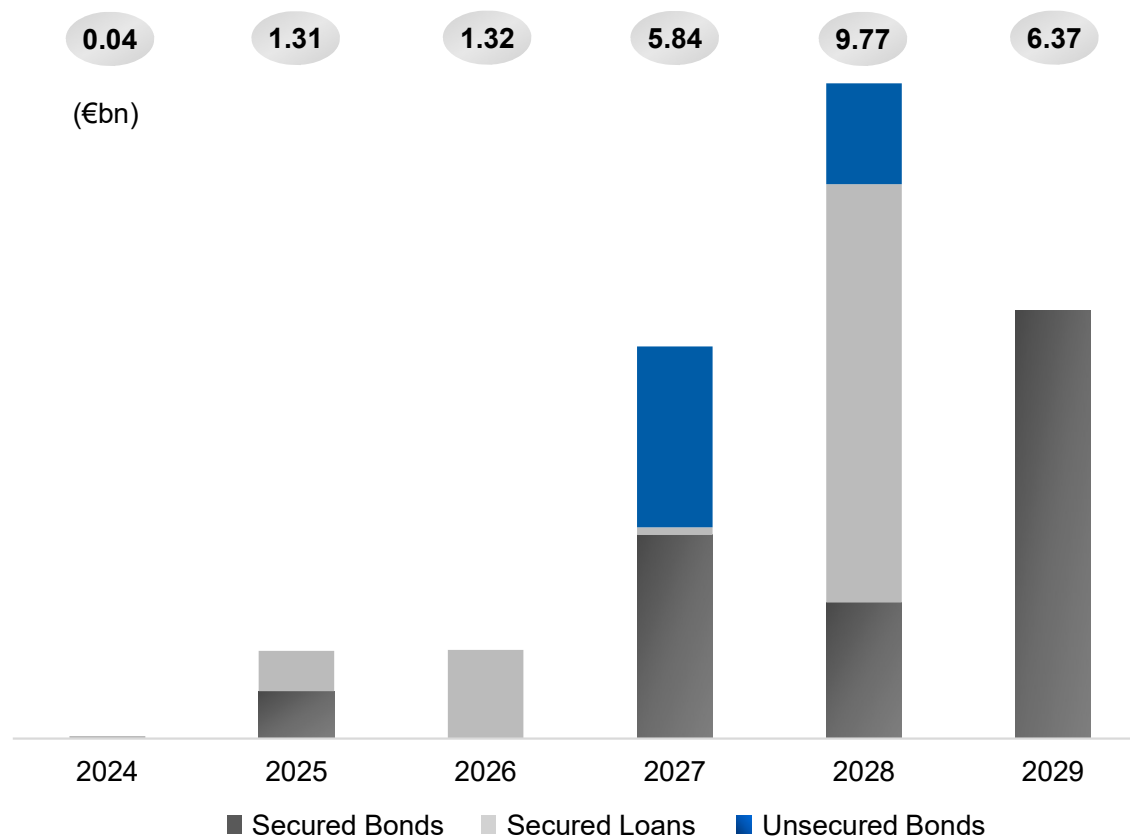
|                     |           |
|---------------------|-----------|
| Net debt            | €24,375m  |
| WAL                 | 3.6 years |
| WACD                | 5.9%      |
| Fixed interest      | 83%       |
| Net leverage (LTM)  | 6.7x      |
| Net leverage (L2QA) | 7.2x      |
| Liquidity           | €0.8bn    |

## Unsecured

|                     |           |
|---------------------|-----------|
| Net debt            | €4,197m   |
| WAL                 | 3.1 years |
| WACD                | 6.6%      |
| Net leverage (L2QA) | 1.2x      |

## Secured

|                     |           |
|---------------------|-----------|
| Net debt            | €20,178m  |
| WAL                 | 3.7 years |
| WACD                | 5.8%      |
| Net leverage (L2QA) | 5.9x      |



For footnotes see slide 13

# Appendix

# Unchanged 2024 Guidance

## Revenue

- Total revenue decline YoY notably due to the continued slowdown of construction activity
- Residential market in France remains competitive

## EBITDA

- High single digit decline YoY due to slowdown of construction contribution, additional FTTH line rental cost and no mechanical ability to push inflationary cost impacts to consumers

## Cash Flow & Leverage

- Capex reduction YoY not sufficient to offset higher interest costs YoY
- Strong focus on deleveraging the balance sheet

For footnotes see slide 13



# Reconciliation to Swap Adjusted Debt as of June 30, 2024

| €m  | Actual        |
|---|---------------|
| <b>Total debenture and loans from financial institutions</b>  | <b>24,337</b> |
| Value of debenture and loans from financial Institutions in foreign currency converted at closing FX rate | -16,941       |
| Value of debenture and loans from financial institutions in foreign currency converted at hedged rate     | 17,052        |
| Transaction costs   | 204           |
| <b>Total swap adjusted value of debenture and loans from financial institutions</b>                       | <b>24,652</b> |
| Overdraft   | 14            |
| Other debt and leases   | 35            |
| <b>Gross debt consolidated</b>  | <b>24,701</b> |
| Cash  | -326          |
| <b>Net debt consolidated</b>  | <b>24,375</b> |

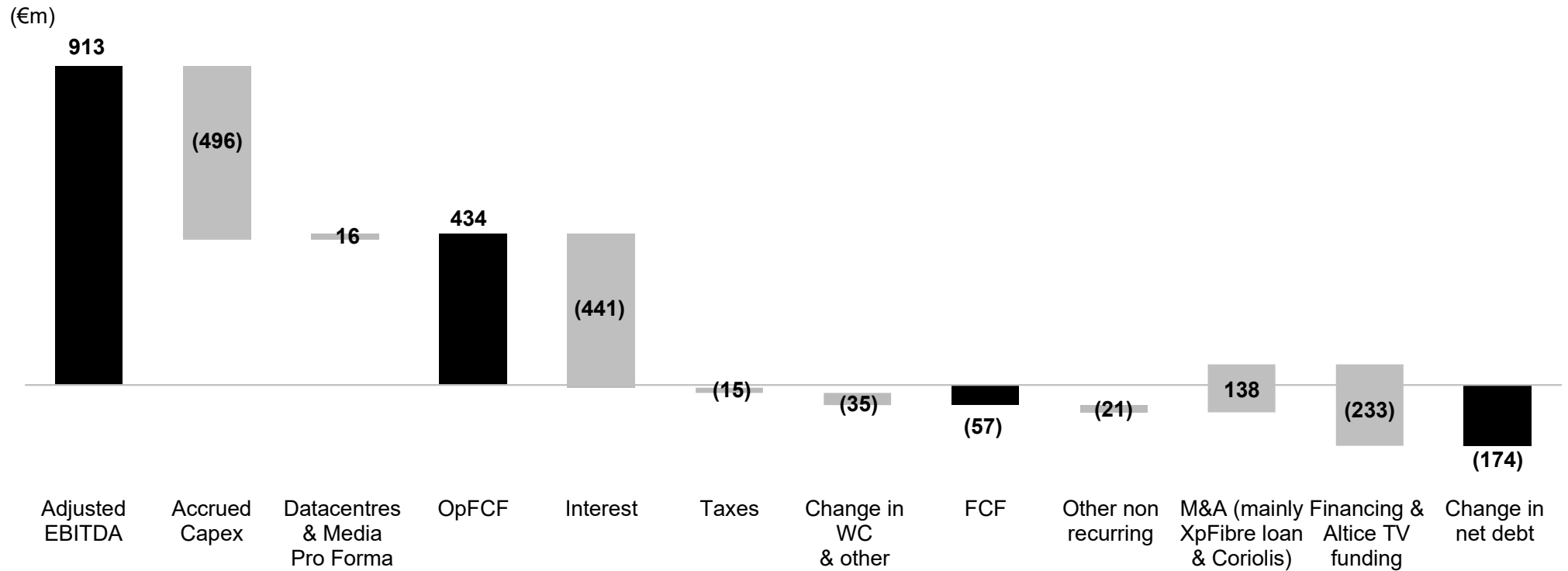
For footnotes see slide 13

# Pro Forma Leverage Reconciliation as of June 30, 2024

| €m  | Actual        | Pro Forma     |
|---|---------------|---------------|
| <b>Gross debt consolidated</b>            | <b>24,701</b> | <b>24,701</b> |
| Cash                                      | -326          | -326          |
| <b>Net debt consolidated</b>              | <b>24,375</b> | <b>24,375</b> |
| <b>LTM EBITDA consolidated pro forma</b>  | <b>3,795</b>  | <b>3,653</b>  |
| Net leverage                              |               | 6.7x          |
| <b>L2QA EBITDA consolidated pro forma</b> | <b>3,502</b>  | <b>3,392</b>  |
| Net leverage                              |               | 7.2x          |

For footnotes see slide 13

# Q2 2024 Change in Net Debt



FCF excluding spectrum, IRUs and significant litigation paid and received



# Non-GAAP Reconciliation to Audited Consolidated Financial Statements GAAP Measures

| €m  | Q1-24        | Q2-24        |
|---|--------------|--------------|
| <b>Revenue</b>  | <b>2,564</b> | <b>2,542</b> |
| Purchasing and subcontracting costs   | -656         | -654         |
| Other operating expenses  | -544         | -390         |
| Staff costs and employee benefits   | -273         | -268         |
| <b>Total</b>  | <b>1,091</b> | <b>1,231</b> |
| Rental expense operating lease  | -301         | -310         |
| <b>Adjusted EBITDA</b>  | <b>790</b>   | <b>921</b>   |
| Depreciation, amortisation and impairment   | -731         | -749         |
| Other expenses and income   | -33          | 56           |
| Rental expense operating lease  | 301          | 310          |
| <b>Operating profit/(loss)</b>  | <b>327</b>   | <b>538</b>   |
| <b>Adjusted EBITDA - Financial Statements</b>   | <b>790</b>   | <b>921</b>   |
| Datacenter disposal pro forma (for the sale of a 70% stake in UltraEdge S.A.S. to Morgan Stanley) | -8           | -8           |
| <b>Adjusted EBITDA - Investor Presentation</b>  | <b>782</b>   | <b>913</b>   |
| <b>Capital expenditure (accrued) - Financial Statements</b>                                       | <b>496</b>   | <b>514</b>   |
| New IRU   | -4           | -11          |
| IT transformation project   | -2           | -7           |
| <b>Capital expenditure (accrued) - Investor Presentation</b>                                      | <b>490</b>   | <b>496</b>   |

For footnotes see slide 13

# Footnotes

|  |                        |
|--|------------------------|
| <p>SFR refers to the Altice France Holding Restricted Group throughout this presentation. The perimeter of consolidation for this presentation, the Altice France Holding Restricted Group, consists of Altice France Holding S.A., Altice France S.A. and its consolidated entities, excluding the legal entities that have been declared as “unrestricted subsidiaries”</p> <p>SFR financial and operating results are presented pro forma for the sale of a 70% stake in UltraEdge S.A.S. to Morgan Stanley (transaction closed on May 23, 2024) and exclude Altice Media (sold to the CMA CGM Group and Merit France, family holding, on July 2, 2024)</p> | All pages              |
| <p>Accrued Capex in Q2 2024 excludes accruals related to the acquisition of a new IRU for an amount of €11 million and capitalized costs related to an IT transformation project for an amount of €7 million</p>   | Slides 4, 5, 11 and 12 |
| <p>€0.8 billion liquidity includes €0.5 billion of undrawn revolvers and €0.3 billion of cash</p>  | Slide 6                |
| <p>SFR capital structure and debt maturity refers to the Altice France Holding Restricted Group, comprised of Altice France Holding (Unsecured) and Altice France (Secured)</p> <p>Adjusted EBITDA is presented pro forma for the sale of a 70% stake in UltraEdge S.A.S. to Morgan Stanley (€30 million on an LTM basis and an L2QA basis) and excludes Altice Media which was sold to the CMA CGM Group and Merit France, family holding, on July 2, 2024 (€112 million on an LTM basis and €81 million on an L2QA basis)</p>  | Slides 6, 9 and 10     |
| <p>Interest as shown includes Altice France Holding interest</p>   | Slides 5 and 11        |
| <p>Maturity profile as shown excludes other debt, leases and overdraft (c.€49 million) and is shown net of swaps</p>   | Slide 6                |