

SFR Q3 2023 RESULTS

SFR (Altice France Holding Restricted Group)¹ today announces financial and operating results for the quarter ended September 30, 2023.

Q3 2023 Key Highlights

- Telecom revenue declined by -2.9% year over year and total revenue declined by -2.8% year over year in Q3 2023.
- Total EBITDA declined by -5.4% year over year in Q3 2023.
- Total accrued Capex was €558² million in Q3 2023, resulting in total operating free cash flow of €440 million in Q3 2023.

Mid-term financial objectives reiterated

- Mid-term: organic operating free cash flow growth of €1 billion, underpinned by revenue, EBITDA growth and Capex reduction (excluding impacts related to XpFibre³).
- Leverage target of 4.5x net debt to EBITDA.

¹SFR refers to the Altice France Holding Restricted Group throughout this press release. The perimeter of consolidation for this press release, the Altice France Holding Restricted Group, consists of Altice France Holding S.A., Altice France S.A. and its consolidated entities, excluding the legal entity that has been declared as an 'unrestricted subsidiary', SportsCoTV S.A.S, the company that houses the Altice TV activity.

²Accrued Capex in Q3 2023 excludes accruals related to the acquisition of a new IRU for an amount of €7 million.

³Organic growth excluding the contribution of construction activities related to the construction of the XpFibre FTTH network. The decline in the construction contribution will be offset by the contribution of SFR's interest in XpFibre (Altice France owns a 50.01% interest in the XpFibre joint venture, which is consolidated using the equity method in the financial statements).



Capital Structure Key Highlights – including subsequent events

- Total pro forma¹ net debt was €24.1 billion at the end of Q3 2023 (actual net debt was €24.0 billion)
- On November 21, 2023, Altice France announced that it has entered into an exclusivity agreement to partner with Morgan Stanley Infrastructure Partners to establish the first nationwide independent distributed colocation provider in France through the sale of a 70%-majority stake in UltraEdge, a datacenter company to be formed and comprising 257 data centers plus office space currently operated by SFR across France.
 - The envisaged transaction values UltraEdge at an enterprise value of €764 million representing an attractive multiple of c.29x 2023 pro forma EBITDA of €26 million. In addition, SFR will enter into a build-to-suit agreement with UltraEdge by which SFR is expected to generate approximately €175 million of additional proceeds to SFR within the next 7 years.
 - The transaction reflects Altice France’s strategy around balance sheet management, which notably includes executing inorganic deleveraging through pro-active management of our non-core asset portfolio. Furthermore, the transaction will strengthen Altice France on its objectives to provide best in class telecommunication services to its clients as the datacenter infrastructure continues to be upgraded, expanded and densified.
 - The transaction will be subject to customary conditions precedent for this type of transactions in France. Closing of the transaction, which will be subject to regulatory approvals, is expected to occur in the first half of 2024.
- In mid July of this year, Altice Portugal – a subsidiary of Altice International – learned that the Public Prosecutor’s Office in Portugal was investigating allegations of harmful practices and misconduct of certain individuals and entities affecting Altice Portugal and its subsidiaries. At that time, Altice France took immediate remedial actions, including enhancing internal control procedures and controls, strengthening the oversight of procurement processes and suspending certain employees that had potential connections to the misconduct under investigation. Moreover, Altice France immediately undertook to transition away from all suppliers potentially implicated in the Portuguese authorities’ investigation. In parallel, an internal investigation in Portugal and across other jurisdictions under the direction of a global investigation committee was launched to perform a thorough risk assessment in key jurisdictions. The investigative work initially scoped has now been substantially completed and no material impact is expected on Altice France’s financial statements. Although there were already robust control mechanisms in place, Altice France has proactively initiated actions to enhance and strengthen several internal control processes, policies and procedures to effectively prevent, detect and mitigate the risk of any future potential individual misconduct and has appointed external advisors to support it in the implementation of such actions.

¹ SFR (Altice France Holding Restricted Group) net debt is presented pro forma for the deferred consideration of €65 million, expected to be paid by 2024, related to the acquisition of Coriolis. Altice France net debt excludes operating lease liabilities recognized under IFRS 16 and Altice France gross debt as shown is net of swaps.



SFR Q3 2023 Results Call for Debt Investors

A call for existing and prospective debt investors of SFR will be held on 22 November 2023 at 14:00 CET (13:00 GMT, 08:00 EST), to discuss its Q3 2023 results.

Dial-in Details:

UK: +44 2034814247

USA: +1 6463071963

France: +33 173023136

Conference ID: 4059009

A live webcast of the presentation will be available on the following website:

<https://events.q4inc.com/attendee/105289229>

Contacts

Head of Investor Relations

Sam Wood

sam.wood@altice.net

Head of Communications

Arthur Dreyfuss

arthur.dreyfuss@altice.net



About SFR – alticefrance.com

SFR is the second largest telecom provider in France, serving more than 27 million customers. The company has a fibre optic network (FTTH/ FTTB) and over 35 million homes passed across France. SFR covers 99.8% of the population with 4G and almost 70% of the population with 5G. SFR is also a leading media group, with iconic brands BFM and RMC.

Financial Presentation

SFR refers to the Altice France Holding Restricted Group. The perimeter of consolidation for this press release, the Altice France Holding Restricted Group, consists of Altice France Holding S.A., Altice France S.A. and its consolidated entities, excluding the legal entity that has been declared as an 'unrestricted subsidiary', SportsCoTV S.A.S, the company that houses the Altice TV activity.

Altice France Holding S.A. and its subsidiaries have operated for several years and have from time to time made significant equity investments in a number of cable and telecommunication businesses and certain disposals. Therefore, in order to facilitate an understanding of Altice France Holding S.A.'s results of operations, we have presented and discussed the pro-forma consolidated financial information of the Altice France Holding Restricted Group.

This press release 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 press release 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 Adjusted EBITDA” for purposes of any of the indebtedness of the Altice France Holding Restricted Group. The financial information presented in this press release, including but not limited to the quarterly financial information, pro forma financial information as well as Adjusted EBITDA and OpFCF, is unaudited.

Financial and Statistical Information and Comparisons

Financial and statistical information is for the quarter ended September 30, 2023, unless otherwise stated, and any year over year comparisons are for the quarter ended September 30, 2022.

Summary Financial Information

Quarter ended September 30, 2023 and September 30, 2022			
In € million	Q3-22	Q3-23	Q3-23 Growth YoY
<i>Fixed</i>	668	651	-2.6%
<i>Mobile</i>	963	943	-2.0%
Residential service	1,631	1,594	-2.2%
Equipment	173	169	-2.3%
Total residential	1,804	1,763	-2.2%
Business services	925	886	-4.2%
Telecom	2,728	2,649	-2.9%
Media	70	71	+0.8%
Total revenue	2,798	2,720	-2.8%
Telecom	1,047	983	-6.0%
Media	8	14	+81.6%
Total EBITDA	1,054	997	-5.4%
<i>Margin (%)</i>	37.7%	36.7%	
Telecom	549	547	-0.4%
Media	7	11	+60.8%
Total accrued Capex	556	558	+0.4%
Telecom	497	436	-12.3%
Media	1	3	n.m.
EBITDA - accrued Capex	499	440	-11.8%

Key Performance Indicators

Quarter ended September 30, 2023	
<i>000's unless stated otherwise</i>	Q3-23
Fibre homes passed	35,114
Total fibre customers	4,757
Total fixed customers	6,464
Total mobile subscribers	20,685

Notes to Key Performance Indicators table

- (1) Fibre unique customers represents the number of end users who subscribed for one or more of our fibre / cable-based services (including pay television, broadband or telephony), without regard to how many services to which the end user subscribed. Fibre customer base for France includes FTTH, FTTB and 4G Box customers and excludes white-label wholesale customers.
- (2) Total mobile subscribers are equal to the net number of lines or SIM cards activated on the mobile network and excludes M2M.
- (3) From Q3 2023 total mobile subscribers is reported including 4G dongle subscribers (269k subscriber base at the end of Q3 2023 vs. 211k at the end of Q2 2023, therefore contributing +58k net additions in Q3 2023).

Financial and Operational Review

For the quarter ended September 30, 2023 compared to the quarter ended September 30, 2022

At the end of Q3 2023, SFR had 35.1 million addressable homes passed (FTTH/FTTB), an increase of 1.2 million homes passed compared to Q2 2023.

SFR continues to invest in its 4G network, with 77,330 4G systems activated (2,340 new units in Q3 2023). The current 4G coverage of the SFR mobile network reaches 99.8% of the national population.

SFR continues to deploy 5G on the 3.5GHz band and also on the 2,100MHz band for additional coverage. All the top 32 French cities are covered in 5G on the 3.5GHz band. In Q3 2023, more than 8,500 municipalities were covered with 5G in all of France and at the end of the third quarter, 5G coverage reaches almost 70% of the population.

On October 26, 2023, Arcep published the results¹ of its annual audit evaluating the quality of the services provided by mobile operators in Metropolitan France. According to Arcep, SFR provides a high quality of mobile internet service in densely populated areas. For video streaming in 2G/3G/4G/5G in densely populated areas, SFR scored a rate of 97% of videos streamed with perfect quality. In rural areas, SFR scored second of the rankings with a rate of 85%. Regarding call quality on the roads, SFR scored 92%, coming in second place.

In Q3 2023, Altice Media solidified its positioning thanks to strong performance of its brands in TV, radio and digital and achieved excellent audience figures. BFMTV retained its status as the news leader with 3.3% audience share in the PDA 25-49 (commercial target audience). RMC radio reached 70 million live listeners in the third quarter, the best Q3 ever recorded.

- SFR total revenue declined by -2.8% year over year in Q3 2023 to €2,720 million. Total residential service revenue declined by -2.2% year over year in Q3 2023 and residential equipment revenue declined by -2.3% year over year.
- Business services revenue declined by -4.2% year over year in Q3 2023. In Q3 2023, 129k FTTH homes were constructed by XpFibre, with a decline in construction revenue year over year in Q3 2023 as a result of the slowdown of the construction activity.
- Media revenue grew by +0.8% year over year in Q3 2023.
- Telecom EBITDA declined by -6.0% year over year in Q3 2023 to €983 million and total EBITDA declined by -5.4% year over year in Q3 2023 to €997 million. In addition to the impact of the revenue trends in the third quarter, including lower contribution from construction year over year, network operating costs increased year over year, including the impact of higher energy costs year over year.
- Total accrued Capex was €558² million in Q3 2023. Consequently, operating free cash flow amounted to €440 million in Q3 2023.

¹ <https://en.arcep.fr/news/press-releases/view/n/mobile-quality-of-service-in-metropolitan-france-261023.html>

² Accrued Capex in Q3 2023 excludes accruals related to the acquisition of a new IRU for an amount of €7 million.

Pro Forma Consolidated Net Debt as of September 30, 2023

- SFR has a robust, diversified and long-term capital structure:
 - Weighted average debt maturity of 4.4 years
 - WACD of 5.7%¹;
 - 85% fixed interest rate;
 - No material maturities before 2025;
 - Available pro forma liquidity of €1.1 billion².
- Total pro forma³ net debt was €24.1 billion at the end of Q2 2023 (actual net debt was €24.0 billion).

	Amount in millions (local currency)	Actual (€m)	Pro forma (€m)	Coupon / Margin	Maturity
Senior Secured Notes	EUR 500	500	500	2.125%	2025
Senior Secured Notes	EUR 550	550	550	2.500%	2025
Senior Secured Notes	USD 1,750	1,654	1,654	8.125%	2027
Senior Secured Notes	EUR 1,000	1,000	1,000	5.875%	2027
Senior Secured Notes	EUR 1,000	1,000	1,000	3.375%	2028
Senior Secured Notes	USD 1,100	1,040	1,040	5.500%	2028
Senior Secured Notes	EUR 500	500	500	4.125%	2029
Senior Secured Notes	USD 475	449	449	5.125%	2029
Senior Secured Notes	USD 2,500	2,363	2,363	5.125%	2029
Senior Secured Notes	EUR 400	400	400	4.000%	2029
Senior Secured Notes	USD 2,000	1,891	1,891	5.500%	2029
Senior Secured Notes	EUR 800	800	800	4.250%	2029
Term Loan	EUR 206	206	206	E+3.00%	2025
Term Loan	USD 353	334	334	L+2.75%	2025
Term Loan	USD 548	518	518	L+3.6875%	2026
Term Loan	EUR 247	247	247	E+3.00%	2026
Term Loan	USD 581	550	550	L+4.00%	2026
Term Loan	EUR 1,717	1,717	1,717	E+5.50%	2028
Term Loan	USD 4,269	4,035	4,035	S+5.50%	2028
Drawn RCF	EUR 358	358	358	E+3.25%	2028
Other debt & leases	-	46	46	-	-
Swap adjustment	-	14	14	-	-
Secured debt		20,172	20,172		
Exchange Altice Lux Senior Notes	EUR 1,317	1,317	1,317	8.000%	2027
Exchange Altice Lux Senior Notes	USD 1,562	1,477	1,477	10.500%	2027
Senior Notes	EUR 500	500	500	4.000%	2028
Senior Notes	USD 1,100	1,039	1,039	6.000%	2028
Drawn RCF	-	-	-	E+4.250%	2026
Swap adjustment	-	-142	-142	-	-
Gross debt		24,364	24,364		
Total cash		-357	-292		
Net debt		24,007	24,072		
Undrawn RCF			843		
WACD			5.7%		

¹ WACD is calculated as a blended WACD between secured debt and unsecured debt.

² €1.1 billion liquidity includes €0.8 billion of undrawn revolvers and €0.3 billion of cash.

³ SFR (Altice France Holding Restricted Group) net debt is presented pro forma for the deferred consideration of €65 million, expected to be paid by 2024, related to the acquisition of Coriolis. Altice France net debt excludes operating lease liabilities recognized under IFRS 16 and Altice France gross debt as shown is net of swaps.



Reconciliation to Swap Adjusted Debt as of September 30, 2023

In € million

	Actual	Pro Forma ¹
Total debenture and loans from financial institutions	24,218	24,218
Value of debenture and loans from financial institutions in foreign currency converted at closing FX Rate	-19,846	-19,846
Value of debenture and loans from financial institutions in foreign currency converted at hedged Rate	19,718	19,718
Transaction costs	228	228
Total swap adjusted value of debenture and loans from financial institutions	24,318	24,318
Overdraft	5	5
Other debt and leases	41	41
Gross debt consolidated	24,364	24,364
Cash	-357	-292
Net debt consolidated	24,007	24,072

Leverage Reconciliation as of September 30, 2023

In € million

	Actual	Pro Forma
Gross debt consolidated	24,364	24,364
Cash	-357	-292
Net debt consolidated	24,007	24,072
LTM EBITDA consolidated	3,934	3,934
Net leverage		6.1x
L2QA EBITDA consolidated	4,040	4,040
Net leverage		6.0x

¹ SFR (Altice France Holding Restricted Group) net debt is presented pro forma for the deferred consideration of €65 million, expected to be paid by 2024, related to the acquisition of Coriolis. Altice France net debt excludes operating lease liabilities recognized under IFRS 16 and Altice France gross debt as shown is net of swaps.

Non-GAAP Reconciliation to Unaudited Consolidated Interim Financial Statements GAAP Measures¹

Three months ended, in € million	Q1-23	Q2-23	Q3-23
Revenue	2,740	2,769	2,720
Purchasing and subcontracting costs	-732	-755	-719
Other operating expenses	-588	-437	-415
Staff costs and employee benefits	-287	-274	-304
Total	1,133	1,303	1,282
Rental expense operating lease	-276	-280	-284
Adjusted EBITDA	857	1,022	997
Depreciation, amortisation and impairment	-788	-858	-848
Other expenses and income	-9	-20	-40
Rental expense operating lease	276	280	284
Operating profit	336	425	394
Capital expenditure (accrued) - Financial Statements	593	562	565
New IRU	-4	-10	-7
Capital expenditure (accrued) - Investor Press Release	589	552	558

¹ Accrued Capex in Q3 2023 excludes accruals related to the acquisition of a new IRU for an amount of €7 million.



FORWARD-LOOKING STATEMENTS

Certain statements in this press release 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 press release, 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 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 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.