November 27, 2024

SFR (ALTICE FRANCE HOLDING RESTRICTED GROUP) Q3 2024 RESULTS

SFR (Altice France Holding Restricted Group)[1] today announces financial and operating results[2] for the quarter ended September 30, 2024.

Q3 2024 Key Highlights

- Total revenue declined by -4.7% year over year in Q3 2024.
- Total residential service revenue declined by -1.6% year over year in Q3 2024.
- Total EBITDA declined by -9.9% year over year in Q3 2024.
- Total accrued Capex was €490[3] million in Q3 2024, resulting in total operating free cash flow of €389 million in Q3 2024.

FY 2024 Landing

- Full year 2024 EBITDA of approximately €3.35 billion[4] and accrued Capex of approximately €2.0 billion[4].

[1] SFR 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 entities that have been declared as "unrestricted subsidiaries".
[2] SFR financial and operating results are presented pro forma for the sale of a 70% stake in UltraEdge 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).
[3] Accrued Capex in Q3 2024 excludes accruals related to the acquisition of a new IRU for an amount of €6 million and capitalized costs related to an IT transformation project for an amount of €2 million.
[4] Full year 2024 landing figures as presented are pro forma for the announced disposals of Altice Media, UltraEdge and La Poste Telecom, as if they had not contributed from January 1, 2024. Please refer to the cleansing statement as published November 14, 2024 for further information.

Capital Structure Key Highlights – including subsequent events

- Total pro forma[1] net debt was €23.7 billion (actual net debt was €24.3 billion) at the end of Q3 2024.
- On March 15, 2024, Altice France announced that it has entered into an exclusivity agreement with the CMA CGM Group and Merit France, family holding, to sell 100% of Altice Media for a total cash consideration of €1.55 billion. Prior to this announcement, Altice France Holding and Altice France designated Altice Media as an unrestricted subsidiary under their respective financing documentation. The transaction closed on July 2, 2024.
- On November 14, 2024, Altice France published a Cleansing Statement, in which it announced it had engaged in negotiations with certain holders of the secured term loans and notes (the "Altice France Secured Debt") issued by Altice France or its affiliates that are members of an ad hoc group of holders of Altice France Secured Debt represented by Gibson, Dunn & Crutcher LLP and Rothschild & Co.
- On November 15, 2024, SFR closed the sale of its 49% stake in La Poste Telecom to Bouygues Telecom.

[1] Net debt is presented pro forma for the sale of the 49% stake in La Poste Telecom (net proceeds at closing of €533 million and a deferred payment in January 2025 of €51 million).

SFR Q3 2024 Results Call for Debt Investors

A call for existing and prospective debt investors of SFR will be held on Wednesday, November 27, 2024, at 17:00 CET (16:00 GMT, 11:00 EST), to present its Q3 2024 results.

Dial-in Details:

UK: +44 2034814247

USA: +1 6463071963

France: +33 173023136

Conference ID: 2284856

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

https://app.webinar.net/ZL0MEGm9pRO

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About SFR – alticefrance.com

SFR is the second largest telecom provider in France, serving approximately 26 million customers. The company has a fibre optic network (FTTH/ FTTB) and more than 39 million homes passed across France. SFR covers 99.9% of the population with 4G and 81% of the population with 5G.

Financial Presentation

SFR 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 entities that have been declared as “unrestricted subsidiaries”.

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. Therefore, financials for the quarters ended September 30, 2024 and September 30, 2023 are presented pro forma for the sale of a 70% stake in UltraEdge 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).

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 and annual 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, 2024, unless otherwise stated, and any year over year comparisons are for the quarter ended September 30, 2023.

Summary Pro Forma Financial Information

Quarter ended September 30, 2024 and September 30, 2023			
In € million	**Q3-23**	**Q3-24**	***Q3-24 Growth YoY***
Fixed	*651*	*667*	*+2.5%*
Mobile	*943*	*902*	*-4.4%*
Residential service	1,594	1,569	*-1.6%*
Equipment	169	161	*-4.9%*
Total residential	1,763	1,730	*-1.9%*
Business services	887	796	*-10.3%*
Total revenue	**2,650**	**2,526**	***-4.7%***
EBITDA	**976**	**879**	***-9.9%***
Margin (%)	*36.8%*	*34.8%*	
Accrued Capex	**547**	**490**	***-10.4%***
EBITDA - accrued Capex	**429**	**389**	***-9.3%***

Key Performance Indicators

Quarter ended September 30, 2024	
000's unless stated otherwise	**Q3-24**
Fibre homes passed	**39,485**
Total fibre customers	**5,007**
Total fixed customers	**6,174**
Total mobile subscribers	**19,515**

Notes to Key Performance Indicators table

(1) Fibre unique customers represent 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, includes 4G dongle subscribers and excludes M2M.

Financial and Operational Review

For the quarter ended September 30, 2024 compared to the quarter ended September 30, 2023

At the end of Q3 2024, SFR had 39.5 million addressable homes passed (FTTH/FTTB), an increase of 0.7 million homes passed compared to Q2 2024.

SFR continues to invest in its 4G network, with 88,686 4G systems activated (3,539 new units in Q3 2024). The current 4G coverage of the SFR mobile network reaches 99.9% 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 2024, more than 10,600 municipalities were covered with 5G in all of France and at the end of the third quarter, 5G coverage reached 81% of the population.

- Total revenue declined by -4.7% year over year in Q3 2024 to €2,526 million. Total residential service revenue declined by -1.6% year over year in Q3 2024 and residential equipment revenue declined by -4.9% year over year.
- Business services revenue declined by -10.3% year over year in Q3 2024, predominantly driven by a decline in construction revenue year over year as a result of the slowdown of the construction activity, in addition to lower B2B revenue. In Q3 2024, 81k FTTH homes were constructed for XpFibre (vs. 129k homes in Q3 2023).
- Total EBITDA declined by -9.9% year over year in Q3 2024 to €879 million. The decline is mainly driven by the impact of the mobile service revenue decline in the third quarter, a mechanical reduced contribution from construction year over year and an increase in FTTH lease costs year over year.
- Total accrued Capex was €490[1] million in Q3 2024.
- Consequently, operating free cash flow amounted to €389 million in Q3 2024.

[1] Accrued Capex in Q3 2024 excludes accruals related to the acquisition of a new IRU for an amount of €6 million and capitalized costs related to an IT transformation project for an amount of €2 million.

Actual Consolidated Net Debt as of September 30, 2024

- SFR has a diversified and long-term capital structure:
  - Weighted average debt maturity of 3.4 years;
  - WACD of 5.9%[1];
  - 86% fixed interest rate;
  - No material maturities before 2025;
  - Available pro forma liquidity of €1.4 billion[2].
- Total pro forma[3] net debt was €23.7 billion (actual net debt was €24.3 billion) at the end of Q3 2024.

	Amount in millions (local currency)	**Actual (€m)**	**Pro Forma[3] (€m)**	**Coupon / Margin**	**Maturity**
Senior Secured Notes	EUR 381	381	381	2.500%	2025
Senior Secured Notes	EUR 329	329	329	2.125%	2025
Senior Secured Notes	EUR 350	350	350	11.500%	2027
Senior Secured Notes	USD 1,750	1,570	1,570	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	987	987	5.500%	2028
Senior Secured Notes	EUR 500	500	500	4.125%	2029
Senior Secured Notes	USD 475	426	426	5.125%	2029
Senior Secured Notes	USD 2,500	2,243	2,243	5.125%	2029
Senior Secured Notes	EUR 400	400	400	4.000%	2029
Senior Secured Notes	USD 2,000	1,794	1,794	5.500%	2029
Senior Secured Notes	EUR 800	800	800	4.250%	2029
Term Loan	EUR 204	204	204	E+3.00%	2025
Term Loan	USD 350	314	314	L+2.75%	2025
Term Loan	USD 542	486	486	L+3.6875%	2026
Term Loan	EUR 244	244	244	E+3.00%	2026
Term Loan	USD 576	516	516	L+4.00%	2026
Term Loan	EUR 1,700	1,700	1,700	E+5.50%	2028
Term Loan	USD 4,226	3,791	3,791	S+5.50%	2028
Drawn RCF	EUR 898	898	898	E+3.25%	2028
Other debt & leases	-	39	39	-	-
Swap adjustment	-	663	663	-	-
Secured debt		**20,634**	**20,634**		
Exchange Altice Lux Senior Notes	EUR 1,317	1,317	1,317	8.000%	2027
Exchange Altice Lux Senior Notes	USD 1,562	1,401	1,401	10.500%	2027
Senior Notes	EUR 500	500	500	4.000%	2028
Senior Notes	USD 1,100	986	986	6.000%	2028
Drawn RCF	-	-	-	E+4.250%	2026
Swap adjustment	-	-16	-16	-	-
Gross debt		**24,823**	**24,823**		
Total cash		-538	-1,122		
Net debt		**24,285**	**23,701**		
Undrawn RCF			**303**		
WACD			**5.9%**		

[1] WACD is calculated as a blended WACD between secured debt and unsecured debt.
[2] €1.4 billion liquidity includes €0.30 billion of undrawn revolvers and €1.1 billion of cash. Cash of €1.1 billion is presented pro forma for the sale of the 49% stake in La Poste Telecom (net proceeds at closing of €533 million and a deferred payment in January 2025 of €51 million).
[3] Net debt is presented pro forma for the sale of the 49% stake in La Poste Telecom (net proceeds at closing of €533 million and a deferred payment in January 2025 of €51 million).

Reconciliation to Swap Adjusted Debt as of September 30, 2024

In € million

	Actual	Pro Forma[1]
Total debenture and loans from financial institutions	**23,950**	**23,950**
Value of debenture and loans from financial institutions in foreign currency converted at closing FX Rate	-16,271	-16,271
Value of debenture and loans from financial institutions in foreign currency converted at hedged Rate	16,918	16,918
Transaction costs	187	187
Total swap adjusted value of debenture and loans from financial institutions	**24,783**	**24,783**
Overdraft	7	7
Other debt and leases	32	32
Gross debt consolidated	**24,823**	**24,823**
Cash	-538	-1,122
Net debt consolidated	**24,285**	**23,701**

Pro Forma Leverage Reconciliation as of September 30, 2024

In € million

	Actual[2]	Pro Forma[3]
Gross debt consolidated	**24,823**	**24,823**
Cash	-538	-1,122
Net debt consolidated	**24,285**	**23,701**
LTM EBITDA consolidated	**3,578**	**3,485**
Net leverage		6.8x
L2QA EBITDA consolidated	**3,600**	**3,522**
Net leverage		6.7x

[1] Net debt is presented pro forma for the sale of the 49% stake in La Poste Telecom (net proceeds at closing of €533 million and a deferred payment in January 2025 of €51 million).

[2] Actual Adjusted EBITDA excludes Altice Media which was sold to the CMA CGM Group and Merit France, family holding (€96 million on an LTM basis and €45 million on an L2QA basis).

[3] Adjusted EBITDA is presented pro forma for the sale of a 70% stake in UltraEdge S.A.S. to Morgan Stanley (€23 million on an LTM basis and €15 million on an L2QA basis) and is pro forma for the sale of the 49% stake in La Poste Telecom (€70 million on an LTM basis and €63 million on an L2QA basis).

Non-GAAP Reconciliation to Unaudited Consolidated Interim Financial Statements GAAP Measures[1]

Three months ended, in € million	Q1-24	Q2-24	Q3-24
Revenue	**2,564**	**2,542**	**2,526**
Purchasing and subcontracting costs	-656	-654	-626
Other operating expenses	-544	-390	-456
Staff costs and employee benefits	-273	-268	-259
Total	**1,091**	**1,231**	**1,184**
Rental expense operating lease	-301	-310	-305
Adjusted EBITDA	**790**	**921**	**879**
Depreciation, amortisation and impairment	-731	-749	-781
Other expenses and income	-33	56	-39
Rental expense operating lease	301	310	305
Operating profit	**327**	**538**	**365**

Adjusted EBITDA - Financial Statements	**790**	**921**	**879**
Datacenter disposal pro forma (for the sale of a 70% stake in UltraEdge S.A.S. to Morgan Stanley)	-8	-8	-
Adjusted EBITDA - Investor Press Release	**782**	**913**	**879**

Capital expenditure (accrued) - Financial Statements	**496**	**514**	**498**
New IRU	-4	-11	-6
IT transformation project	-2	-7	-2
Capital expenditure (accrued) - Investor Press Release	**490**	**496**	**490**

[1] Accrued Capex in Q3 2024 excludes accruals related to the acquisition of a new IRU for an amount of €6 million and capitalized costs related to an IT transformation project for an amount of €2 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.