

# **Altice France Holding Restricted Group**

## **Q3 2021 Results**

November 18, 2021



# 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 Holdings S.A. or Altice France S.A., as the case may be, annual and quarterly financial statements.

## FINANCIAL MEASURES

Altice France Holding S.A. holds 100% less one share of Altice France S.A., and Altice Luxembourg S.A. holds 100% of Altice France Holding S.A. and 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 legal entities that have been declared as ‘unrestricted subsidiaries’, notably SportsCoTV S.A.S, the company that houses the Altice TV activity, as well as Altice Finco France S.A.S.

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 Holdings 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 financial information, pro forma financial information as well as Adjusted EBITDA and OpFCF is unaudited.

# Q3 2021 Summary

## Residential service revenue, EBITDA and Operating Free Cash Flow growth:

- Total residential service revenue grew by +4.4% YoY (+3.7% YTD), total revenue declined by -1.0% YoY (+2.2% YTD)
- Total EBITDA grew by +0.5% YoY (+2.3% YTD)
- Total Operating Free Cash Flow grew by +8.4% YoY (-2.3% YTD)

\$3 billion (equivalent) new 8-year Euro and Dollar 2029 Senior Secured Notes issued, maturity profile improved and interest savings realised

€1.2 billion liquidity, no debt maturity before 2025

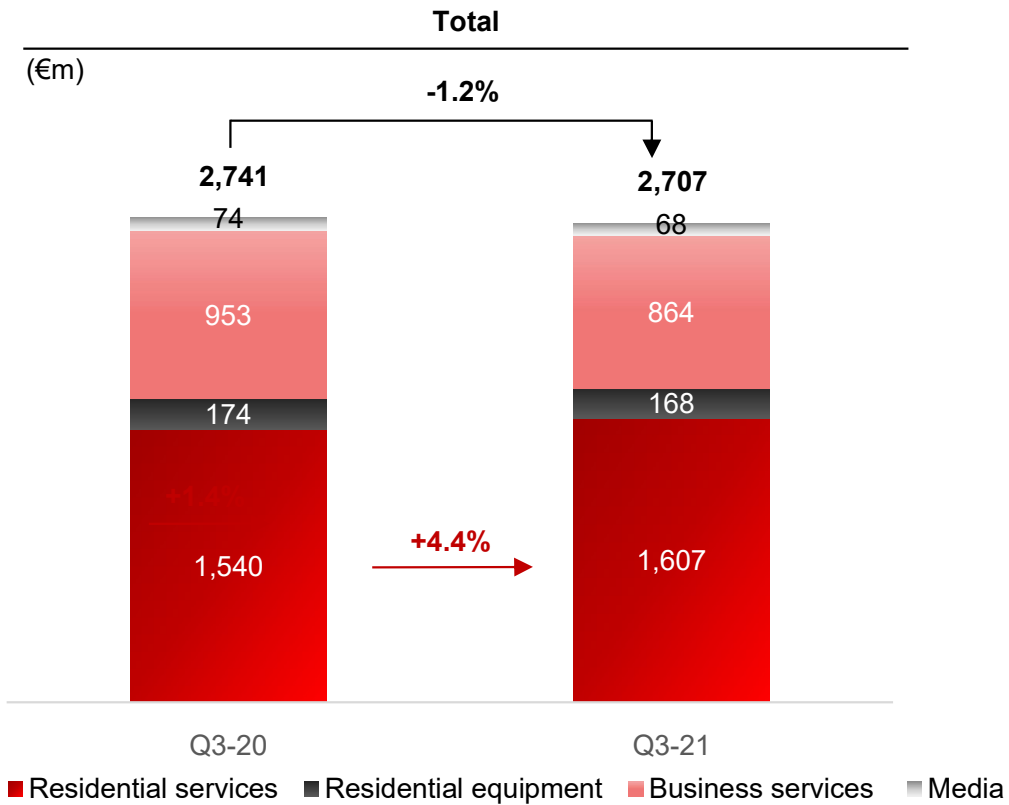
Exclusivity agreement to acquire 100% of Coriolis: acquisitions of MVNOs Afone and Pritel already closed

## Guidance reiterated:

- FY 2021: revenue, EBITDA and OpFCF growth YoY
- Mid-term: full-year organic FCF target of >€750 million (underpinned by EBITDA and OpFCF growth, further reduction in cash interest)
- Target leverage of 4.5x net debt to EBITDA

For footnotes see slide 14

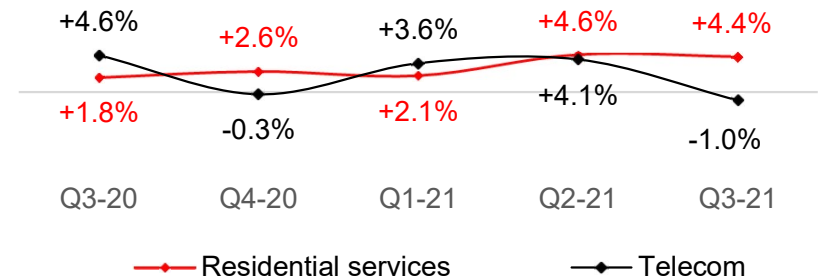
# Pro Forma Revenue Trends



## Q3 2021 revenue trends YoY

- **Telecom: -1.0%**
  - Residential services: +4.4%
  - Residential equipment: -3.3%
  - Business services: -9.4%  
(lower construction revenue YoY)
- **Media: -8.2%**  
(growth in advertising revenue YoY)

## Revenue growth evolution YoY



For footnotes see slide 14

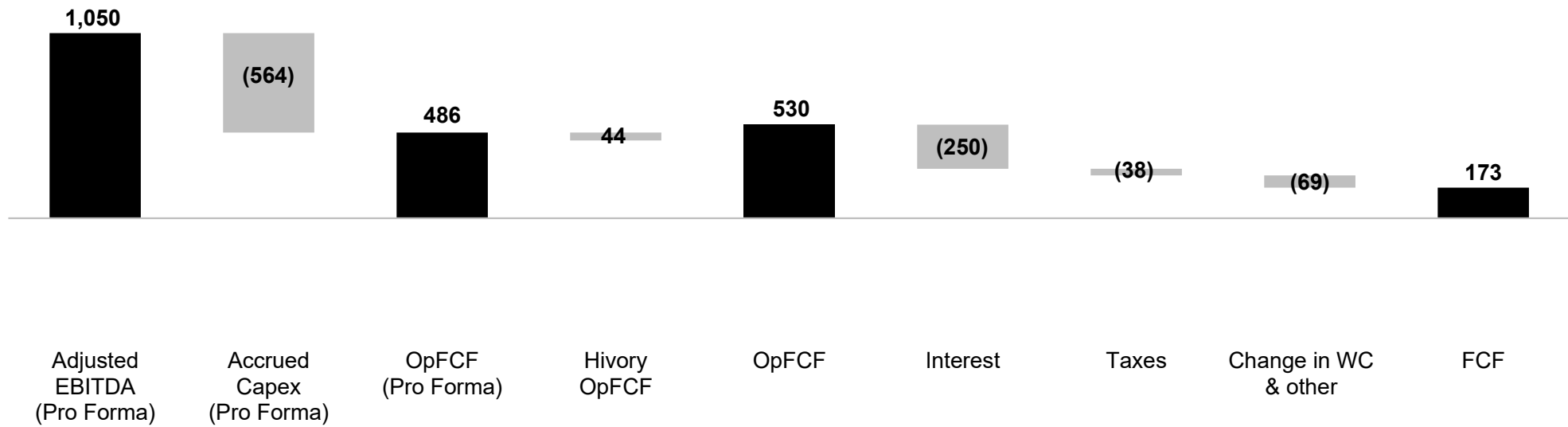
# Pro Forma Summary Financials

| €m                           | Q3-20        | Q3-21        | Growth YoY   |
|------------------------------|--------------|--------------|--------------|
| <i>Residential services</i>  | 1,540        | 1,607        | +4.4%        |
| <i>Residential equipment</i> | 174          | 168          | -3.3%        |
| <i>Business services</i>     | 953          | 864          | -9.4%        |
| Telecom                      | 2,667        | 2,639        | -1.0%        |
| Media                        | 74           | 68           | -8.2%        |
| <b>Revenue</b>               | <b>2,741</b> | <b>2,707</b> | <b>-1.2%</b> |
| Telecom                      | 1,033        | 1,036        | +0.3%        |
| Media                        | 12           | 14           | +19.6%       |
| <b>EBITDA</b>                | <b>1,044</b> | <b>1,050</b> | <b>+0.5%</b> |
| Telecom                      | 589          | 557          | -5.5%        |
| Media                        | 7            | 7            | +0.5%        |
| <b>Accrued Capex</b>         | <b>596</b>   | <b>564</b>   | <b>-5.4%</b> |
| Telecom                      | 444          | 479          | +7.9%        |
| Media                        | 4            | 7            | +52.1%       |
| <b>Total OpFCF</b>           | <b>448</b>   | <b>486</b>   | <b>+8.4%</b> |

For footnotes see slide 14

# Q3 2021 Free Cash Flow

(€m)



For footnotes see slide 14

# Pro Forma Capital Structure and Debt Maturity

## Altice France Restricted Group

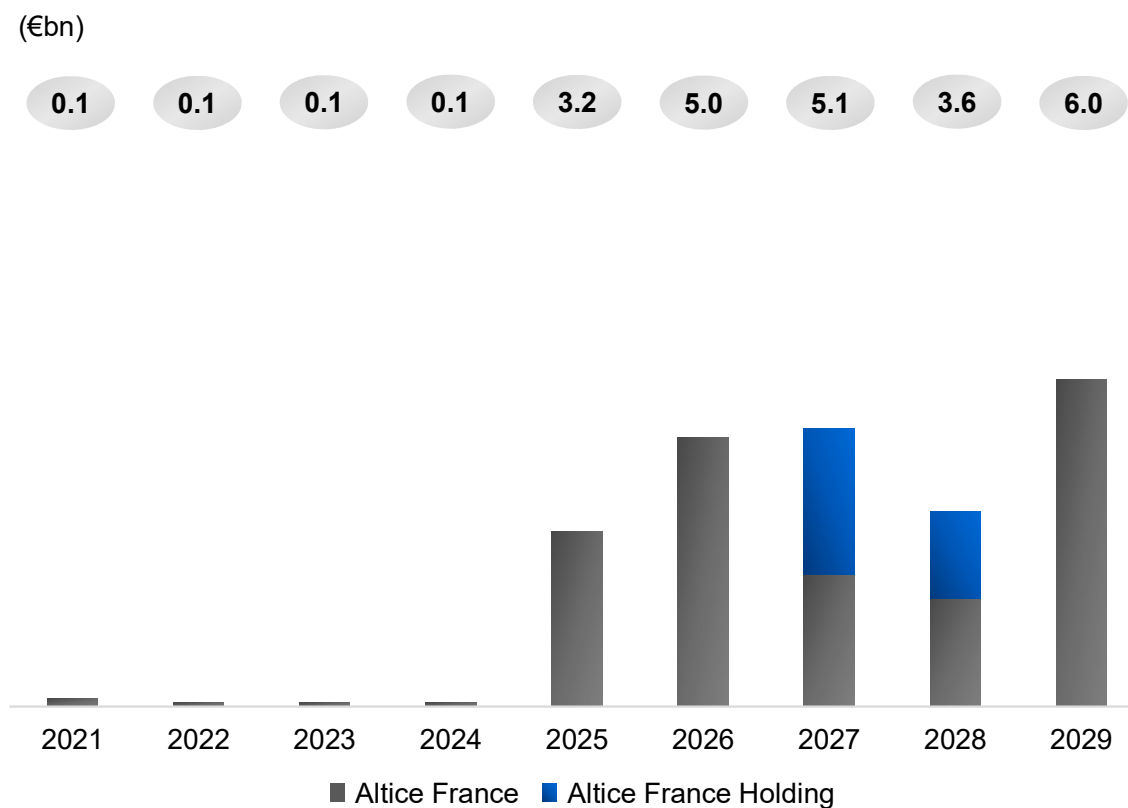
|                     |           |
|---------------------|-----------|
| Net debt            | €22,976m  |
| WAL                 | 5.7 years |
| WACD                | 4.3%      |
| Fixed interest      | 91%       |
| Net leverage (L2QA) | 5.3x      |
| Liquidity           | €1.2bn    |

## Altice France Holding

|                |           |
|----------------|-----------|
| Gross debt     | €4,292m   |
| WAL            | 5.9 years |
| WACD           | 6.8%      |
| Fixed interest | 100%      |

## Altice France

|                |           |
|----------------|-----------|
| Gross debt     | €19,107m  |
| WAL            | 5.7 years |
| WACD           | 3.8%      |
| Fixed interest | 88%       |



For footnotes see slide 14

# Guidance Reiterated

**FY 2021**

**Revenue, EBITDA and OpFCF growth YoY**

**Mid-term**

**Full-year organic FCF target of >€750 million**

*Underpinned by EBITDA and OpFCF growth, as well as further reduction in cash interest costs (at least €150 million further savings)*

**Target leverage of 4.5x net debt to EBITDA**



# Q&A

# Appendix

# Reconciliation to Swap Adjusted Debt as of September 30, 2021

| €m  | Altice France Restricted Group |               |
|---|--------------------------------|---------------|
|   | Actual                         | Pro Forma     |
| <b>Reconciliation to swap adjusted debt</b>   |                                |               |
| <b>Total debenture and loans from financial institutions</b>  | <b>22,529</b>                  | <b>22,529</b> |
| Value of debenture and loans from financial Institutions in foreign currency converted at closing FX rate | -30,718                        | -30,431       |
| Value of debenture and loans from financial institutions in foreign currency converted at hedged rate     | 30,638                         | 30,398        |
| Transaction costs   | 180                            | 180           |
| <b>Total swap adjusted value of debenture and loans from financial institutions</b>                       | <b>22,629</b>                  | <b>22,676</b> |
| Commercial paper  | 123                            | 123           |
| Overdraft   | 4                              | 4             |
| Other debt and leases   | 62                             | 62            |
| Pro forma September refinancing   | -                              | 534           |
| <b>Gross debt consolidated</b>  | <b>22,818</b>                  | <b>23,399</b> |
| Cash  | -343                           | -422          |
| <b>Net debt consolidated</b>  | <b>22,475</b>                  | <b>22,976</b> |

For footnotes see slide 14

# Pro Forma Leverage Reconciliation as of September 30, 2021

| €m  | Altice France Restricted Group |               |
|---|--------------------------------|---------------|
|   | Actual                         | Pro Forma     |
| <b>Gross debt consolidated</b>            | <b>22,818</b>                  | <b>23,399</b> |
| Cash                                      | -343                           | -422          |
| <b>Net debt consolidated</b>              | <b>22,475</b>                  | <b>22,976</b> |
| <b>LTM EBITDA consolidated pro forma</b>  | <b>4,366</b>                   | <b>4,245</b>  |
| Gross leverage                            |                                | 5.5x          |
| Net leverage                              |                                | 5.4x          |
| <b>L2QA EBITDA consolidated pro forma</b> | <b>4,464</b>                   | <b>4,332</b>  |
| Gross leverage                            |                                | 5.4x          |
| Net leverage                              |                                | 5.3x          |

For footnotes see slide 14

# Non-GAAP Reconciliation to Unaudited Consolidated Interim Financial Statements GAAP Measures

| Three months ended<br>€m   | March 31, 2021 | June 30, 2021 | September 30, 2021 |
|--|----------------|---------------|--------------------|
| <b>Revenue</b>   | <b>2,704</b>   | <b>2,725</b>  | <b>2,726</b>       |
| Purchasing and subcontracting costs  | -721           | -677          | -732               |
| Other operating expenses   | -527           | -453          | -432               |
| Staff costs and employee benefits  | -271           | -259          | -249               |
| <b>Total</b>   | <b>1,184</b>   | <b>1,337</b>  | <b>1,314</b>       |
| Share-based expense  | 3              | -0            | -                  |
| Rental expense operating lease   | -208           | -209          | -209               |
| <b>Adjusted EBITDA</b>   | <b>979</b>     | <b>1,128</b>  | <b>1,104</b>       |
| Depreciation, amortisation and impairment  | -829           | -823          | -820               |
| Share-based expense  | -3             | 0             | -                  |
| Other expenses and income  | 339            | -329          | -29                |
| Rental expense operating lease   | 208            | 209           | 209                |
| <b>Operating profit/(loss)</b>   | <b>694</b>     | <b>184</b>    | <b>464</b>         |
| <b>Adjusted EBITDA - Unaudited Consolidated Interim Financial Statements</b>               | <b>979</b>     | <b>1,128</b>  | <b>1,104</b>       |
| Pro forma adjustment for Hivory  | -40            | -46           | -55                |
| <b>Adjusted EBITDA - Investor Presentation</b>   | <b>939</b>     | <b>1,082</b>  | <b>1,050</b>       |
| <b>Capital expenditure (accrued) - Unaudited Consolidated Interim Financial Statements</b> | <b>999</b>     | <b>573</b>    | <b>636</b>         |
| New IRU  | -183           | -38           | -6                 |
| Renewal of 2G licences   | -212           | 4             | -56                |
| 5G spectrum frequency reorganization   | -7             | -             | -                  |
| Pro forma adjustment for Hivory  | -17            | -15           | -10                |
| <b>Capital expenditure (accrued) - Investor Presentation</b>                               | <b>581</b>     | <b>523</b>    | <b>564</b>         |

# Footnotes

|   |                        |
|---|------------------------|
| Altice France Holding S.A. holds 100% less one share of Altice France S.A., and Altice Luxembourg S.A. holds 100% of Altice France Holding S.A. and 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 legal entities that have been declared as 'unrestricted subsidiaries', notably SportsCoTV S.A.S, the company that houses the Altice TV activity, as well as Altice Finco France S.A.S. Financials are shown pro forma for the Hivory transaction (Altice France announced it had entered into an exclusivity agreement to sell its 50.01% stake in Hivory to Cellnex on February 3, 2021, the transaction closed on October 28, 2021, following regulatory approvals). Financials exclude the newspaper Libération (following disposal on September 3, 2020)  | All pages              |
| Accrued capital expenditure excludes accruals related to the acquisition of a new IRU for an amount of €6 million and a renewal of the 2G licenses for an amount of -€56 million. These amounts, in aggregate €62 million, remain unpaid as of September 30, 2021, with no cash capex impact in the three months ended September 30, 2021   | Pages 3, 5, 6, 8       |
| €1.2 billion liquidity includes €0.8 billion of undrawn revolvers and €0.4 billion of cash. The €0.4 billion of cash is pro forma for the refinancing closed on October 6, 2021 (issuance at Altice France of \$3 billion equivalent of new euro and dollar 2029 Senior Secured Notes, the redemption of the Altice France \$2,308 million 2026 Senior Secured Notes and the effect of related call premia and transaction fees) and pro forma for the acquisition of Coriolis (upfront purchase price of €298 million upon expected completion in the first half of 2022 and deferred consideration of €117 million expected to be paid in several instalments by 2024). The acquisition of Coriolis is subject to the antitrust clearance by the French competition authority   | Pages 3, 7             |
| FCF, actual and guidance, excludes spectrum, IRUs and significant litigation paid and received  | Pages 3, 6, 8          |
| Interest as shown includes Altice France Holding interest   | Page 6                 |
| Leverage is shown on an L2QA basis and reflects the pro forma Adjusted EBITDA impact for the acquisition of Coriolis (€69 million), including certain estimated synergies<br>Altice France Restricted Group net debt is presented pro forma for the refinancing closed on October 6, 2021 (issuance at Altice France of \$3 billion equivalent of new euro and dollar 2029 Senior Secured Notes, the redemption of the Altice France \$2,308 million 2026 Senior Secured Notes and the effect of related call premia and transaction fees) and pro forma for the acquisition of Coriolis (upfront purchase price of €298 million upon expected completion in the first half of 2022 and deferred consideration of €117 million expected to be paid in several instalments by 2024). Adjusted EBITDA is presented pro forma for the Hivory transaction (€189 million on an LTM basis, €201 million on an L2QA basis) and is presented pro forma for the acquisition of Coriolis (€69 million on an LTM and L2QA basis), including certain estimated synergies, it being provided that the Coriolis acquisition is subject to the antitrust clearance by the French competition authority<br>Altice France net debt excludes operating lease liabilities recognized under IFRS 16 and Altice France gross debt as shown is net of swaps | Pages 7, 8, 11, 12, 13 |
| Maturity profile as shown excludes other debt, leases and overdraft (c.€66 million)   | Page 8                 |