

# Altice France

## Q4 2020 Results

March 1, 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 our annual and quarterly reports.

## FINANCIAL MEASURES

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 income before depreciation and amortization, other expenses and income (capital gains, non-recurring litigation, restructuring costs) and share-based expenses and after operating lease expenses. 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 annual consolidated 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, Altice France’s management believe 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 Altice France. 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.



# Q4 2020 Summary

Subscriber net additions across segments, launch of 5G commercial offers in Q4 2020

80MHz of spectrum secured as part of the 5G spectrum auction

Residential revenue and EBITDA growth continued in Q4 2020:

- Total residential revenue ex roaming grew by +3.3% YoY
- Telecom EBITDA grew by +3.5% with higher EBITDA margin YoY

Closing of the acquisition of 100% of Covage by SFR FTTH, partly funded by Altice France

Hivory transaction announcement: €5.2 billion implied enterprise value at 100% for non-strategic asset, net cash proceeds of €2.65bn for Altice France

€2.1 billion liquidity, no debt maturity before 2025

Guidance:

- 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 18



# Hivory Transaction

## Value crystallization at an attractive multiple

**€5.2 billion enterprise value at 100% for non-strategic infrastructure asset**  
*vs. €3.6 billion based on 2018 transaction, with comparable EBITDA*

## Immediate cash proceeds

**€2.65 billion in cash expected at closing (sale of 50.01%)**  
*Intended use of proceeds to repay debt financing at the shareholder level*

## Limited cash flow impact

**Limited cash flow impact expected from Hivory disposal**  
*In FY 2020, Hivory free cash flow contribution post dividend leakage <€40 million*



# Significant Premium Proprietary Infrastructure Retained

- ✓ **Wholly-owned, fully modernized FTTB network delivering up to 1Gb/s** (*10m HP*)
- ✓ **Wholly-owned FTTH network in very dense areas** (*1m HP*)
- ✓ **50.01% in SFR FTTH / Covage** (*3m HP growing to c.7m HP in the mid-term*)
- ✓ **Nationwide fibre backbone** (*88,000 km of fibre optic cable*)
- ✓ **Mobile sites retained outside the Hivory perimeter** (*c.5k*)
- ✓ **Complete, diversified mobile spectrum portfolio** (*>240MHz*)
- ✓ **Data centers spread across France** (*11 data centers*)



# FY 2020 Corporate Highlights

## Customers



- Ensured reliable access to critically important connectivity services and quality real time news and information during a period of soaring demand
- Numerous community support measures, such as donation of 102,000 prepaid top-ups and 23,000 phones
- Innovative new services launched, including 5G commercial offers in Q4 2020

## Employees



- Focus on safety of all employees, new protocols such as remote working
- Support offered to employees in this unprecedented situation; regular communication throughout Altice France, sharing of good practices as well as dedicated workshops and webinars
- Annual survey "Altice France & Vous" showed strong collective commitment in 2020 with a commitment index of 71%

## Infrastructure Investment



- Continued rapid expansion of proprietary infrastructure, with more than 20 million fibre homes passed at the end of 2020 (vs. 11 million at the end of 2017)
- Ongoing investment to ensure the best customer experience, including significant investment made in 80MHz of spectrum obtained as part of the allocation of 5G frequencies in Q4 2020

## Environment



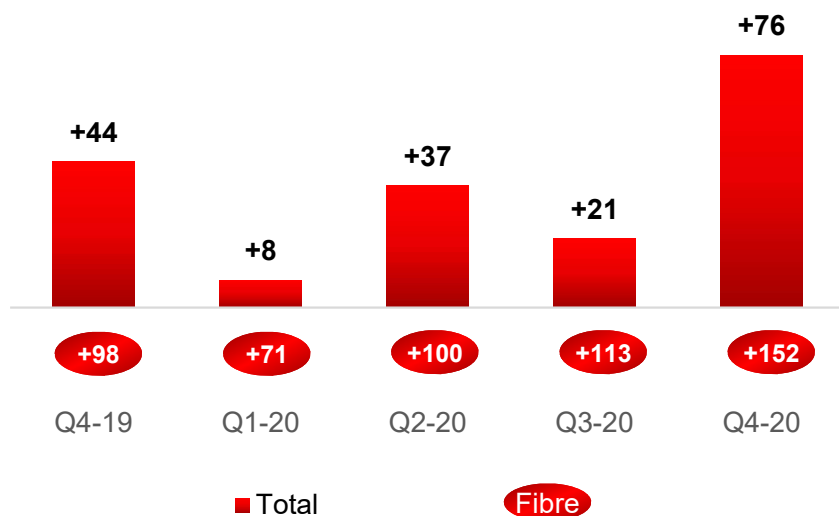
- Ongoing focus on developing responsible and sustainable business practices
- Optimization of energy consumption remained a key focus, with clear objectives set (dedicated Altice France CSR report with further details)
- Altice France's employees have been informed and made aware of energy issues, as well as the ambitious energy policy targets currently in place



# Commercial Performance: Residential and B2B Bases Growing

Residential fixed net adds

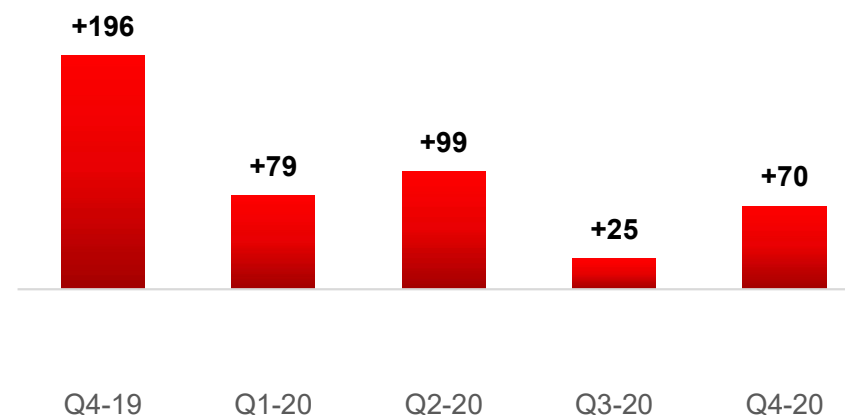
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Residential fixed base: 6.5m (+2% YoY)  
of which 51% fibre

Residential postpaid mobile net adds

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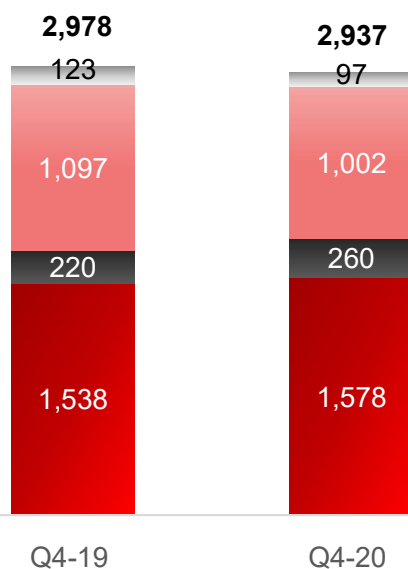
Residential postpaid base: 14.7m (+2% YoY)  
Total base including B2B and prepaid: 18m (growing YoY)



# Revenue Trends

Total

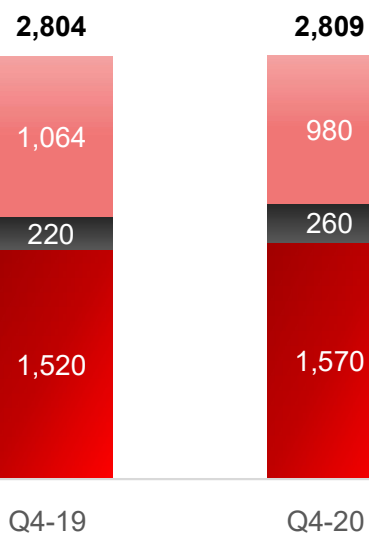
(€m)



Telecom ex roaming

(€m)

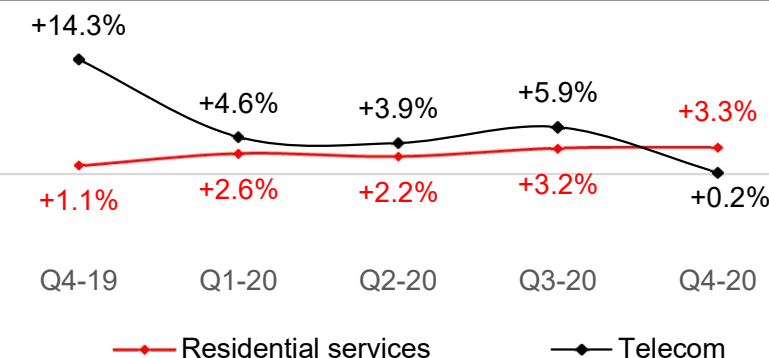
+0.2%



Q4 2020 revenue trends YoY

- **Telecom ex roaming: +0.2%**
  - Residential services ex roaming: +3.3%
  - Business services ex roaming: -7.9%  
(-1.1% adjusted for RAN sharing accounting benefit in Q4 2019)
- **Media: -21%**  
(with growth in advertising revenue YoY in Q4 2020)

Revenue ex roaming growth evolution YoY



■ Residential services ■ Residential equipment ■ Business services ■ Media

For footnotes see slide 18



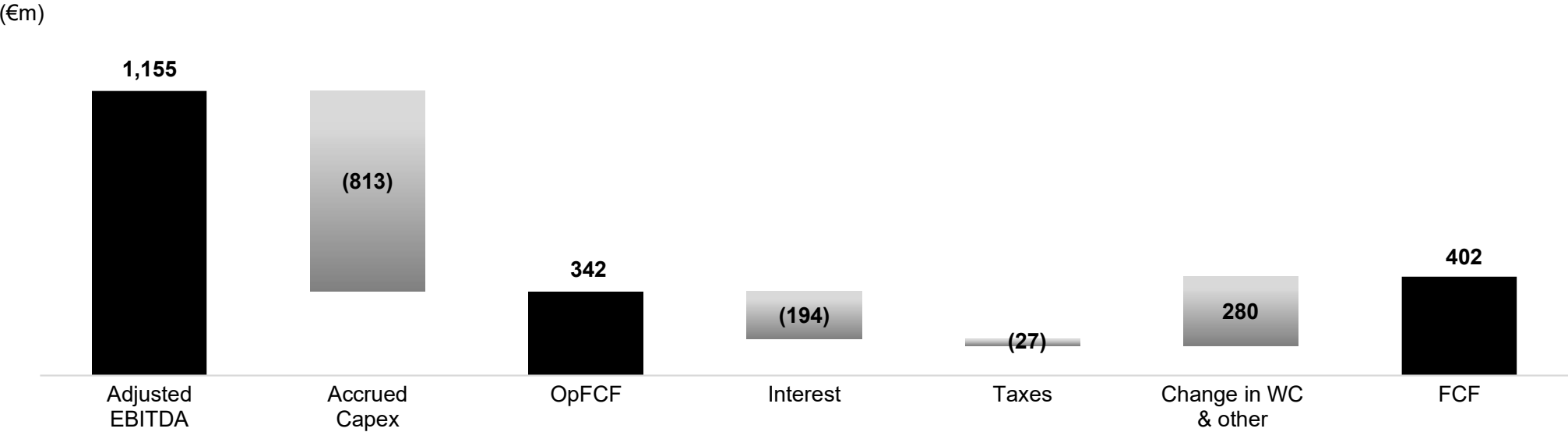
# Summary Financials

€m	Q4-19	Q4-20	Growth YoY	FY-19	FY-20	Growth YoY
<i>Residential services</i>	1,538	1,578	+2.6%	6,044	6,159	+1.9%
<i>Residential equipment</i>	220	260	+18.3%	704	700	-0.6%
<i>Business services</i>	1,097	1,002	-8.6%	3,597	3,739	+3.9%
Telecom	2,855	2,840	-0.5%	10,345	10,597	+2.4%
Media	123	97	-21.1%	402	316	-21.6%
<b>Revenue</b>	<b>2,978</b>	<b>2,937</b>	<b>-1.4%</b>	<b>10,748</b>	<b>10,913</b>	<b>+1.5%</b>
Telecom	1,081	1,118	+3.5%	4,096	4,218	+3.0%
Media	41	36	-11.1%	119	64	-46.2%
<b>EBITDA</b>	<b>1,122</b>	<b>1,155</b>	<b>+2.9%</b>	<b>4,215</b>	<b>4,283</b>	<b>+1.6%</b>
Telecom	655	804	+22.7%	2,277	2,363	+3.8%
Media	23	9	-63.5%	77	36	-54.0%
<b>Accrued Capex</b>	<b>679</b>	<b>813</b>	<b>+19.7%</b>	<b>2,355</b>	<b>2,399</b>	<b>+1.9%</b>
Telecom	425	314	-26.1%	1,819	1,855	+2.0%
Media	18	28	+59.0%	42	29	-31.8%
<b>Total OpFCF</b>	<b>443</b>	<b>342</b>	<b>-22.7%</b>	<b>1,860</b>	<b>1,884</b>	<b>+1.3%</b>

For footnotes see slide 18



# Q4 2020 Free Cash Flow



For footnotes see slide 18



# Capital Structure and Debt Maturity

## Altice France Restricted Group

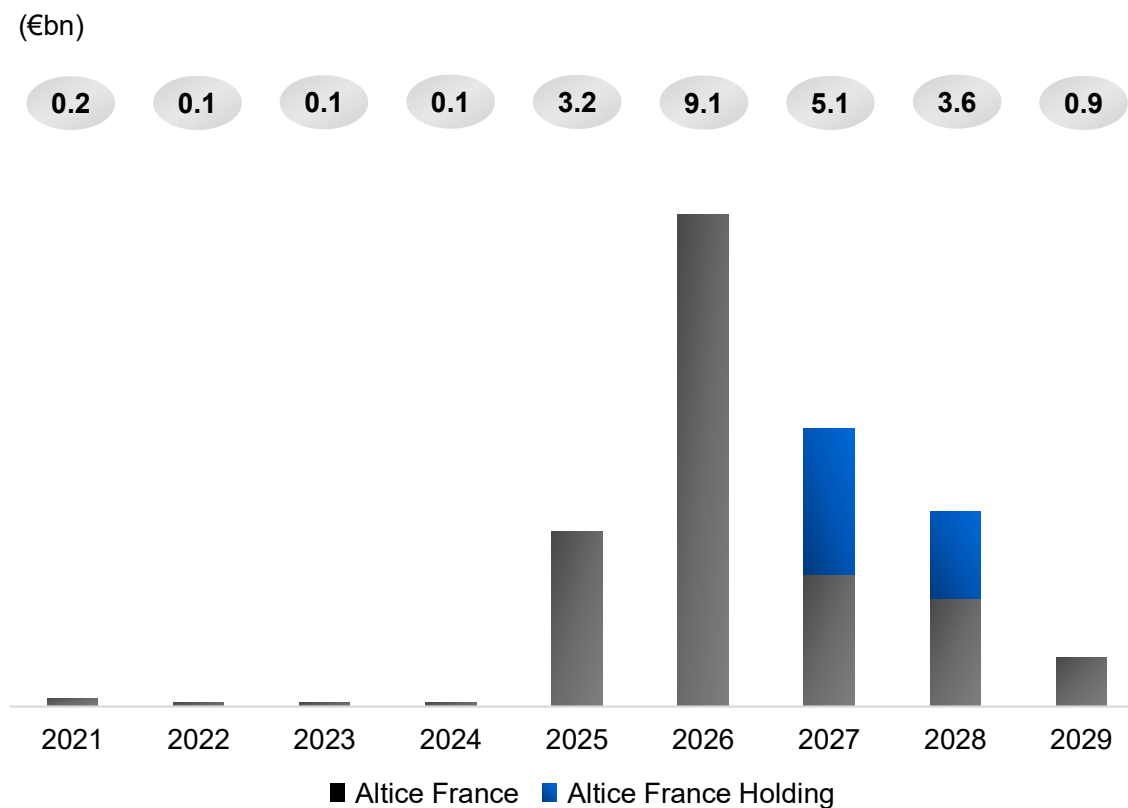
Net debt	€21,852m
WAL	5.7 years
WACD	4.7%
Fixed interest	91%
Net leverage	4.9x
Liquidity	€2.1bn

## Altice France Holding

Net debt	€4,282m
WAL	6.7 years
WACD	6.5%
Fixed interest	100%

## Altice France

Net debt	€17,569m
WAL	5.5 years
WACD	4.2%
Fixed interest	89%



For footnotes see slide 18



# FY 2020 Achievements and Guidance

## 2020 achievements

- Residential service revenue growth ex roaming of +2.8% YoY supporting total telecom revenue growth of +2.4% YoY
- Total telecom EBITDA growth of +3.0% YoY and telecom OpFCF growth of +2.0% YoY
- Altice France ending net leverage of 4.9x

## Guidance

- 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



# Net Debt Reconciliation as of December 31, 2020

€m	Altice France Restricted Group
<b>Reconciliation to Swap Adjusted Debt</b>	
<b>Total Debenture and Loans from Financial Institutions</b>	<b>21,319</b>
Value of debenture and loans from financial Institutions in foreign currency converted at closing FX rate	-31,131
Value of debenture and loans from financial institutions in foreign currency converted at hedged rate	31,838
Transaction costs	199
<b>Total Swap Adjusted Value of Debenture and Loans from Financial Institutions</b>	<b>22,225</b>
Commercial Paper	87
Overdraft	3
Other debt and leases	78
<b>Gross Debt Consolidated</b>	<b>22,393</b>
Cash	-542
<b>Net Debt Consolidated</b>	<b>21,852</b>

For footnotes see slide 18



# Pro Forma Net Leverage Reconciliation as of December 31, 2020

€m	Altice France Restricted Group
<b>Gross Debt Consolidated</b>	<b>22,393</b>
Cash	-542
<b>Net Debt Consolidated</b>	<b>21,852</b>
LTM Standalone	<b>4,277</b>
Eliminations	-
<b>LTM EBITDA Consolidated</b>	<b>4,277</b>
Pro Forma L'Express / Libération	6
<b>LTM EBITDA Consolidated Pro Forma</b>	<b>4,283</b>
Gross Leverage (LTM EBITDA)	5.2x
Net Leverage (LTM EBITDA)	5.1x
<b>L2QA EBITDA Consolidated Pro Forma</b>	<b>4,478</b>
Gross Leverage (L2QA EBITDA)	5.0x
Net Leverage (L2QA EBITDA)	4.9x

For footnotes see slide 18



# Non-GAAP Reconciliation to Unaudited GAAP Measures

€m	For the twelve months ended December 31, 2020 (unaudited)
<b>Revenue</b>	<b>10,926.1</b>
Purchasing and subcontracting costs	-3,125.5
Other operating expenses	-1,700.0
Staff costs and employee benefits	-1,022.5
<b>Total</b>	<b>5,078.1</b>
Share-based expense	8.6
Rental expense operating lease	-809.9
<b>Adjusted EBITDA</b>	<b>4,276.9</b>
Depreciation, amortisation and impairment	-3,437.8
Share-based expense	-8.6
Other expenses and income	-151.0
Rental expense operating lease	809.9
<b>Operating profit/(loss)</b>	<b>1,489.3</b>
<b>Capital expenditure (accrued)</b>	<b>3,126.8</b>
Capital expenditure - working capital items (includes €728 million for 5G spectrum acquisition)	-814.2
<b>Payments to acquire tangible and intangible assets</b>	<b>2,312.6</b>
<b>Operating free cash flow (OpFCF)</b>	<b>1,150.0</b>



# Footnotes

<p>€2.1 billion liquidity includes €1.6 billion of undrawn revolvers and €0.5 billion of cash</p> <p>All references made to Altice France liquidity is actual liquidity as per December 31, 2020</p>	Pages 3, 11
Full-year organic FCF target excludes spectrum and significant litigation paid and received	Pages 3, 12
Financials exclude press magazine Groupe L'Express (following disposal on July 30, 2019) and daily newspaper Libération (following disposal on September 3, 2020)	Pages 3, 8, 9, 10
In Q4 2019, as part of an accounting adjustment requested by auditors, Altice France reclassified as revenue the income related to a RAN sharing agreement which was previously recognized as a reduction of operating expense. As the reclassification was done in one single quarter for the full year 2019, it resulted in an exceptional revenue benefit in the business services segment In Q4 2019 of c.€70 million.	Page 8
<p>Leverage is shown on an L2QA basis</p> <p>Altice France net debt excludes operating lease liabilities recognized under IFRS 16</p> <p>Altice France gross debt as shown is unswapped</p> <p>Maturity profile as shown is excluding other debt and leases, overdraft (c.€81 million)</p> <p>Altice France RCF is undrawn, Altice France Holding RCF is undrawn and Hivory RCF is undrawn as per December 31, 2020</p>	Pages 11, 12
Interest as shown includes Altice France Holding interest	Page 10