



May 28, 2024

# SFR (ALTICE FRANCE HOLDING RESTRICTED GROUP) Q1 2024 RESULTS

*SFR (Altice France Holding Restricted Group)<sup>1</sup> today announces financial and operating results<sup>2</sup> for the quarter ended March 31, 2024.*

## Q1 2024 Key Highlights

- Total revenue declined by -3.8% year over year in Q1 2024.
- Total residential service revenue declined by -0.9% year over year in Q1 2024.
- Total EBITDA declined by -6.5% year over year in Q1 2024.
- Total accrued Capex was €490<sup>3</sup> million in Q1 2024, resulting in total operating free cash flow of €292 million in Q1 2024.

## Guidance FY 2024

- Total revenue decline year over year notably due to the continued slowdown of construction activity and the residential market in France remaining competitive.
- High single digit EBITDA decline year over year due to slowdown of construction contribution, additional FTTH line rental cost and no mechanical ability to push inflationary cost impacts to consumers.
- Capex reduction year over year not sufficient to offset higher interest costs year over year.
- Strong focus on deleveraging the balance sheet.

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<sup>1</sup> 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 an 'unrestricted subsidiary', SportsCoTV S.A.S, Altice Holdings 1 S.à r.l., Altice Holdings 2 S.à r.l., Altice Media S.A.S. and UltraEdge S.A.S.

<sup>2</sup> SFR financial and operating results are presented pro forma for the exclusivity agreement with Morgan Stanley for the sale of a 70% stake in UltraEdge (following announcement on November 11, 2023) and exclude the exclusivity agreement with the CMA CGM Group and Merit France, family holding, for the sale of 100% of Altice Media (following announcement on March 15, 2024)

<sup>3</sup> Accrued Capex in Q1 2024 excludes accruals related to the acquisition of a new IRU for an amount of €4 million and capitalized costs related to an IT transformation project for an amount of €2 million.

**Capital Structure Key Highlights – including subsequent events**

- Total pro forma<sup>1</sup> net debt was €24.3 billion at the end of Q1 2024 (actual net debt was €24.2 billion).
- In connection with its evaluation of capital structure optimization alternatives, the Company has retained Lazard as financial advisor and J.P. Morgan as provider or arranger of financing and to provide assistance in the evaluation of liability management alternatives, in each case, in connection with any such capital structure optimization.
- On December 20, 2023, Altice France announced that it has entered into a purchase agreement with certain investors pursuant to which it will issue €350 million aggregate principal amount of senior secured notes due 2027 in a private placement transaction. The new Senior Secured Notes, maturing in February 2027, priced at 11.500% with an OID of 97. The proceeds from this transaction have been used to repurchase certain of the existing 2025 Senior Secured Notes. The transaction closed on January 9, 2024.
- On March 3, 2024, Altice France announced that it has commenced offers to purchase for cash its outstanding (i) EUR January 2025 Senior Secured Notes and/or (ii) EUR February 2025 Senior Secured Notes. Altice France proposed to accept Senior Secured Notes for purchase up to a maximum aggregate principal amount of €215,000,000. On March 12, 2024, Altice France announced that at the expiration deadline, a total of €306,577,000 aggregate principal amount of EUR January 2025 Senior Secured Notes were properly tendered and a total of €234,614,000 aggregate principal amount of EUR February 2025 Senior Secured Notes were properly tendered. On March 12, 2024, Altice France announced that it accepted for purchase an aggregate amount of the Senior Secured Notes equal to the amended maximum offer amount of €218,830,000, comprising €109,137,000 of the EUR January 2025 Senior Secured Notes and €109,693,000 of the EUR February 2025 Senior Secured Notes. The transaction closed on March 14, 2024.
- On May 14, 2024, XpFibre repaid a shareholder loan to Altice France for an amount of €223.1 million. On May 22, 2024, Altice France contributed its shares in XpFibre and some of its receivables against XpFibre to a holding company that was declared unrestricted under Altice France Holding's and Altice France's financing documentation.
- 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. Prior to the closing of the transaction, Altice France contributed a 70%-majority stake in, and 70% of a receivable against, UltraEdge to a holding company that was declared unrestricted under Altice France Holding's and Altice France's financing documentation.

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<sup>1</sup> SFR (Altice France Holding Restricted Group) net debt is presented pro forma for the deferred consideration of €65 million, expected to be paid in 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 Q1 2024 Results Call for Debt Investors**

A call for existing and prospective debt investors of SFR will be held on Tuesday, May 28, 2024 at 17:00 CEST (16:00 BST, 11:00 EDT), to present its Q1 2024 results.

#### **Dial-in Details:**

UK: +44 2034814247

USA: +1 6463071963

France: + 33 173023136

Conference ID: 5760891

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

<https://app.webinar.net/8y1zobwrG53>

#### **Contacts**

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## **About SFR – [alticefrance.com](https://www.alticefrance.com)**

SFR is the second largest telecom provider in France, serving approximately 27 million customers. The company has a fibre optic network (FTTH/ FTTB) and almost 38 million homes passed across France. SFR covers 99.9% of the population with 4G and almost 76% 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 an 'unrestricted subsidiary', SportsCoTV S.A.S, Altice Holdings 1 S.à r.l., Altice Holdings 2 S.à r.l., Altice Media S.A.S. and UltraEdge S.A.S.

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 March 31, 2024 and March 31, 2023 are shown pro forma for the exclusivity agreement with Morgan Stanley for the sale of a 70% stake in UltraEdge S.A.S. (following announcement on November 11, 2023) and exclude the exclusivity agreement with the CMA CGM Group and Merit France, family holding, for the sale of 100% of Altice Media (following announcement on March 15, 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 March 31, 2024, unless otherwise stated, and any year over year comparisons are for the quarter ended March 31, 2023.

## Summary Pro Forma Financial Information

| Quarter ended March 31, 2024 and March 31, 2023 |              |              |                             |
|---|--------------|--------------|-----------------------------|
| <i>In € million</i>                             | <b>Q1-23</b> | <b>Q1-24</b> | <b>Q1-24<br/>Growth YoY</b> |
| <i>Fixed</i>                                    | 663          | 678          | +2.3%                       |
| <i>Mobile</i>                                   | 945          | 915          | -3.2%                       |
| Residential service                             | 1,608        | 1,593        | -0.9%                       |
| Equipment                                       | 160          | 153          | -4.2%                       |
| Total residential                               | 1,768        | 1,747        | -1.2%                       |
| Business services                               | 897          | 817          | -8.9%                       |
| <b>Total revenue</b>                            | <b>2,665</b> | <b>2,564</b> | <b>-3.8%</b>                |
| <b>EBITDA</b>                                   | <b>837</b>   | <b>782</b>   | <b>-6.5%</b>                |
| <i>Margin (%)</i>                               | 31.4%        | 30.5%        |                             |
| <b>Accrued Capex</b>                            | <b>575</b>   | <b>490</b>   | <b>-14.8%</b>               |
| <b>EBITDA - accrued Capex</b>                   | <b>261</b>   | <b>292</b>   | <b>+11.7%</b>               |

## Key Performance Indicators

| Quarter ended March 31, 2024         |               |
|--------------------------------------|---------------|
| <i>000's unless stated otherwise</i> | <b>Q1-24</b>  |
| <b>Fibre homes passed</b>            | <b>37,911</b> |
| <b>Total fibre customers</b>         | <b>4,895</b>  |
| <b>Total fixed customers</b>         | <b>6,314</b>  |
| <b>Total mobile subscribers</b>      | <b>19,967</b> |

### 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, includes 4G dongle subscribers and excludes M2M.



## Financial and Operational Review

*For the quarter ended March 31, 2024 compared to the quarter ended March 31, 2023*

At the end of Q1 2024, SFR had 37.9 million addressable homes passed (FTTH/FTTB), an increase of 1.2 million homes passed compared to Q4 2023.

SFR continues to invest in its 4G network, with 83,046 4G systems activated (3,133 new units in Q1 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 Q1 2024, more than 9,000 municipalities were covered with 5G in all of France and at the end of the first quarter, 5G coverage reached almost 76% of the population.

- Total revenue declined year over year in Q1 2024 to €2,564 million. Total residential service revenue declined by -0.9% year over year in Q1 2024 and residential equipment revenue declined by -4.2% year over year.
- Business services revenue declined by -8.9% year over year in Q1 2024, predominantly driven by a decline in construction revenue year over year as a result of the slowdown of the construction activity. In Q1 2024, 87k FTTH homes were constructed for XpFibre (vs. 103k homes in Q1 2023).
- Total EBITDA declined by -6.5% year over year in Q1 2024 to €782 million. In addition to the impact of the service revenue decline in the first quarter and a reduced contribution from construction year over year, the annual network tax impacting operating costs increased year over year ("IFER" network tax as recognized in operating costs in the first quarter of each year) as a result of a more expansive mobile network, and a greater number of FTTH lines year over year.
- Total accrued Capex was €490<sup>1</sup> million in Q1 2024.
- Consequently, operating free cash flow amounted to €292 million in Q1 2024.

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<sup>1</sup> Accrued Capex in Q1 2024 excludes accruals related to the acquisition of a new IRU for an amount of €4 million and capitalized costs related to an IT transformation project for an amount of €2 million.

### Pro Forma Consolidated Net Debt as of March 31, 2024

- SFR has a diversified and long-term capital structure:
  - Weighted average debt maturity of 3.9 years;
  - WACD of 5.9%<sup>1</sup>;
  - 85% fixed interest rate;
  - No material maturities before 2025;
  - Available pro forma liquidity of €0.9 billion<sup>2</sup>.
- Total pro forma<sup>3</sup> net debt was €24.3 billion at the end of Q1 2024 (actual net debt was €24.2 billion).

|                                  | Amount in millions<br>(local currency) | Actual<br>(€m) | Pro forma<br>(€m) | Coupon /<br>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                              | 1,622          | 1,622             | 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                              | 1,020          | 1,020             | 5.500%             | 2028     |
| Senior Secured Notes             | EUR 500                                | 500            | 500               | 4.125%             | 2029     |
| Senior Secured Notes             | USD 475                                | 440            | 440               | 5.125%             | 2029     |
| Senior Secured Notes             | USD 2,500                              | 2,317          | 2,317             | 5.125%             | 2029     |
| Senior Secured Notes             | EUR 400                                | 400            | 400               | 4.000%             | 2029     |
| Senior Secured Notes             | USD 2,000                              | 1,854          | 1,854             | 5.500%             | 2029     |
| Senior Secured Notes             | EUR 800                                | 800            | 800               | 4.250%             | 2029     |
| Term Loan                        | EUR 205                                | 205            | 205               | E+3.00%            | 2025     |
| Term Loan                        | USD 352                                | 326            | 326               | L+2.75%            | 2025     |
| Term Loan                        | USD 545                                | 505            | 505               | L+3.6875%          | 2026     |
| Term Loan                        | EUR 245                                | 245            | 245               | E+3.00%            | 2026     |
| Term Loan                        | USD 578                                | 536            | 536               | L+4.00%            | 2026     |
| Term Loan                        | EUR 1,709                              | 1,709          | 1,709             | E+5.50%            | 2028     |
| Term Loan                        | USD 4,247                              | 3,937          | 3,937             | S+5.50%            | 2028     |
| Drawn RCF                        | EUR 698                                | 698            | 698               | E+3.25%            | 2028     |
| Other debt & leases              | -                                      | 40             | 40                | -                  | -        |
| Swap adjustment                  | -                                      | 266            | 266               | -                  | -        |
| <b>Secured debt</b>              |  | <b>20,479</b>  | <b>20,479</b>     |                    |          |
| Exchange Altice Lux Senior Notes | EUR 1,317                              | 1,317          | 1,317             | 8.000%             | 2027     |
| Exchange Altice Lux Senior Notes | USD 1,562                              | 1,448          | 1,448             | 10.500%            | 2027     |
| Senior Notes                     | EUR 500                                | 500            | 500               | 4.000%             | 2028     |
| Senior Notes                     | USD 1,100                              | 1,019          | 1,019             | 6.000%             | 2028     |
| Drawn RCF                        | -                                      | -              | -                 | E+4.250%           | 2026     |
| Swap adjustment                  | -                                      | -93            | -93               | -                  | -        |
| <b>Gross debt</b>                |  | <b>24,671</b>  | <b>24,671</b>     |                    |          |
| Total cash                       |  | -470           | -405              |                    |          |
| <b>Net debt</b>                  |  | <b>24,201</b>  | <b>24,266</b>     |                    |          |
| Undrawn RCF                      |  |                | <b>503</b>        |                    |          |
| <b>WACD</b>                      |  |                | <b>5.9%</b>       |                    |          |

<sup>1</sup> WACD is calculated as a blended WACD between secured debt and unsecured debt.

<sup>2</sup> €0.9 billion liquidity includes €0.5 billion of undrawn revolvers and €0.4 billion of cash. Total cash is presented pro forma for the deferred consideration of €65 million, expected to be paid in 2024, related to the acquisition of Coriolis.

<sup>3</sup> SFR (Altice France Holding Restricted Group) net debt is presented pro forma for the deferred consideration of €65 million, expected to be paid in 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 March 31, 2024

In € million

|   | Actual        | Pro Forma <sup>1</sup> |
|---|---------------|------------------------|
| <b>Total debenture and loans from financial institutions</b>  | <b>24,243</b> | <b>24,243</b>          |
| Value of debenture and loans from financial institutions in foreign currency converted at closing FX Rate | -19,501       | -19,501                |
| Value of debenture and loans from financial institutions in foreign currency converted at hedged Rate     | 19,674        | 19,674                 |
| Transaction costs   | 214           | 214                    |
| <b>Total swap adjusted value of debenture and loans from financial institutions</b>                       | <b>24,630</b> | <b>24,630</b>          |
| Overdraft   | 6             | 6                      |
| Other debt and leases   | 34            | 34                     |
| <b>Gross debt consolidated</b>  | <b>24,671</b> | <b>24,671</b>          |
| Cash  | -470          | -405                   |
| <b>Net debt consolidated</b>  | <b>24,201</b> | <b>24,266</b>          |

### Leverage Reconciliation as of March 31, 2024

In € million

|                                 | Actual        | Pro Forma <sup>1</sup> |
|---------------------------------|---------------|------------------------|
| <b>Gross debt consolidated</b>  | <b>24,671</b> | <b>24,671</b>          |
| Cash                            | -470          | -405                   |
| <b>Net debt consolidated</b>    | <b>24,201</b> | <b>24,266</b>          |
| <b>LTM EBITDA consolidated</b>  | <b>3,757</b>  | <b>3,727</b>           |
| Net leverage                    |               | 6.5x                   |
| <b>L2QA EBITDA consolidated</b> | <b>3,556</b>  | <b>3,526</b>           |
| Net leverage                    |               | 6.9x                   |

<sup>1</sup> SFR (Altice France Holding Restricted Group) net debt is presented pro forma for the deferred consideration of €65 million, expected to be paid in 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. Adjusted EBITDA is presented pro forma for the exclusivity agreement with Morgan Stanley for the sale of a 70% stake in UltraEdge (€30 million on an LTM basis and an L2QA basis) and excludes the exclusivity agreement with the CMA CGM Group and Merit France, family holding, for the sale of 100% of Altice Media (€115 million on an LTM basis and €148 million on an L2QA basis).

### Non-GAAP Reconciliation to Unaudited Consolidated Interim Financial Statements GAAP Measures<sup>1</sup>

| Three months ended, in € million   | Q1-24        |
|--|--------------|
| <b>Revenue</b>   | <b>2,564</b> |
| Purchasing and subcontracting costs  | -656         |
| Other operating expenses   | -544         |
| Staff costs and employee benefits  | -273         |
| <b>Total</b>   | <b>1,091</b> |
| Rental expense operating lease   | -301         |
| <b>Adjusted EBITDA</b>   | <b>790</b>   |
| Depreciation, amortisation and impairment  | -731         |
| Other expenses and income  | -33          |
| Rental expense operating lease   | 301          |
| <b>Operating profit</b>  | <b>327</b>   |
| <b>Adjusted EBITDA - Financial Statements</b>  | <b>790</b>   |
| Datacenter disposal pro forma (exclusivity agreement with Morgan Stanley for the sale of a 70% stake in UltraEdge) | -8           |
| <b>Adjusted EBITDA - Investor Press Release</b>  | <b>782</b>   |
| <b>Capital expenditure (accrued) - Financial Statements</b>  | <b>496</b>   |
| New IRU  | -4           |
| IT transformation project  | -2           |
| <b>Capital expenditure (accrued) - Investor Press Release</b>  | <b>490</b>   |

<sup>1</sup> Accrued Capex in Q1 2024 excludes accruals related to the acquisition of a new IRU for an amount of €4 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.