

May 19, 2022

SFR Q1 2022 RESULTS

SFR (Altice France Holding Restricted Group)¹ today announces financial and operating results² for the quarter ended March 31, 2022.

Q1 2022 Key Highlights

- Total residential service revenue grew by +3.1% year over year in Q1 2022.
- Total revenue grew by +1.1% year over year in Q1 2022.
- Total EBITDA declined by -3.5% year over year in Q1 2022.
- Total Accrued Capex was €623³ million in Q1 2022, resulting in operating free cash flow of €283 in Q1 2022.

Mid-term financial objectives

- Mid-term: organic operating free cash flow growth of €1 billion, underpinned by revenue, EBITDA growth and Capex reduction (excluding impacts related to XpFibre⁴).
- Unchanged 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 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. 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.

² Financials are shown pro forma for the Hivory transaction which closed on October 28, 2021.

³ Accrued Capex in Q1 2022 excludes accruals related to the acquisition of a new IRU for an amount of €3 million.

⁴ Organic 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 net debt was €22.8 billion at the end of Q1 2022 (€23.2 billion pro forma¹).
- On September 20, 2021, Altice France announced that it has entered into an exclusivity agreement to acquire 100% of Coriolis. Through its brand Coriolis Telecom, it offers mobile and fixed telecom services to more than 500 thousand customers in small and medium French cities and 30,000 companies. In addition, Coriolis has developed a customer relationship management division, Coriolis Service, serving both internal and third-party customers relying on four contact centres in France and abroad. The total cash consideration consists of an upfront purchase price of €298 million and a deferred consideration of €117 million expected to be paid in several instalments by 2024. The transaction closed on May 3, 2022, following regulatory approvals.
- On October 9, 2021, the Group entered into an agreement to sell its mobile towers in the French Overseas Territories for an enterprise value of €75 million. The transaction closed on March 10, 2022.

¹ SFR (Altice France Restricted Group) net debt is presented pro forma for the acquisition of Coriolis (upfront purchase price of €298 million and deferred consideration of €117 million expected to be paid in several instalments by 2024). Gross debt is presented pro forma for €65m of drawn RCF (no impact on debt debt). For leverage purposes, Adjusted EBITDA is presented pro forma for the Ivory transaction (€118 million on an LTM basis, €36 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). 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 2022 Results Call for Debt Investors

A call for existing and prospective debt investors of SFR will be held today, Thursday, May 19, 2022 at 2:00pm CEST (1:00pm BST, 08:00am EDT), to discuss its Q1 2022 results.

Dial-in Details:

UK: +44 2030595869

USA: +1 7602941674

France: +33 170918701

Conference ID: 20220295

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

<https://event.on24.com/wcc/r/3767264/8FD7BCBBD9CFDC26424EBE11309EE3F2>

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

SFR is the second largest telecom provider in France, serving more than 25 million customers. The company has a fibre optic network (FTTH/ FTTB) and over 27 million homes passed across France. SFR covers 99.7% of the population with 4G and more than 50% 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 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 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. 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.

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, 2022 and March 31, 2021 are shown pro forma for the Hivory transaction which closed on October 28, 2021.

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 March 31, 2022, unless otherwise stated, and any year over year comparisons are for the quarter ended March 31, 2021.

Summary Financial Information

Quarter ended March 31, 2022 and March 31, 2021			
<i>In € million</i>	Q1-21	Q1-22	Q1-22 Growth YoY
<i>Fixed</i>	684	692	+1.2%
<i>Mobile</i>	888	929	+4.6%
Residential service	1,573	1,622	+3.1%
Equipment	169	177	+4.4%
Total residential	1,742	1,798	+3.2%
Business services	886	856	-3.4%
Telecom	2,628	2,655	+1.0%
Media	74	78	+5.9%
Total revenue	2,702	2,733	+1.1%
Telecom	920	887	-3.6%
Media	19	18	-2.3%
Total EBITDA	939	906	-3.5%
<i>Margin (%)</i>	35.2%	33.1%	
Telecom	571	608	+6.4%
Media	10	15	<i>n.m.</i>
Total Accrued Capex	581	623	+7.2%
Telecom	349	280	-19.9%
Media	9	4	<i>n.m.</i>
EBITDA - Accrued Capex	358	283	-20.9%

Key Performance Indicators

Quarter ended March 31, 2022	
<i>000's unless stated otherwise</i>	Q1-22
Fibre homes passed	27,226
Total fibre customers	4,072
Total fixed customers	6,678
Total mobile subscribers	19,603

Notes to Summary Financial Information table

(1) Financials for SFR are shown pro forma for the Hivory transaction which closed on October 28, 2021.

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) Total mobile subscribers as shown includes the Afone mobile subscriber base (from Q4 2021) and Pritel total mobile subscriber base (from Q3 2021). It does not include the Coriolis mobile subscriber base (transaction closed on May 3, 2022).

Financial and Operational Review

For the quarter ended March 31, 2022 compared to the quarter ended March 31, 2021

At the end of Q1 2022, SFR had more than 27 million addressable homes passed (FTTH/FTTB), an increase of more than 1.1 million homes passed compared to Q4 2021. SFR had 15,991 fibre municipalities at the end of Q1 2022 (vs. 14,345 in Q4 2021).

SFR continues to invest in its 4G network, with 59,089 4G systems activated (2,303 new units in Q1 2022). The current 4G coverage of the SFR mobile network reaches more than 99.7% of the national population. SFR continues to deploy 4G and new radio sites in white areas, and 4G+ is offered in the top 32 French cities, and nearly 5,000 municipalities.

SFR was the first operator in France to commercially launch 5G in November 2020 and continues to deploy 5G on the 3.5GHz band and also on the 2,100MHz band for additional coverage. In Q1 2022, nearly 5,200 municipalities are covered in 5G (about 5,700 radio sites) in all of France and the 5G coverage reaches over 50% of the population. As of January 1, 2022, SFR was the operator with the largest number of 5G technically operational sites in the 3.5 GHz band (according to AFNR observatory).

- SFR total revenue grew by +1.1% year over year in Q1 2022 to €2,733 million. Total residential revenue grew by +3.2% year over year in Q1 2022 as a result of residential service revenue growth of +3.1% year over year and residential equipment revenue grew by +4.4% year over year.
- Business services revenue declined by -3.4% year over year in Q1 2022, mainly as a consequence of lower construction revenue and B2B equipment sales year over year. In Q1 2022, 180k FTTH homes were constructed by XpFibre (vs. 236k in Q4 2021, 159k in Q3 2021, 184k in Q2 2021, 213k in Q1 2021). The majority of homes constructed in Q1 2022 were built in more rural areas compared to Q1 2021. As a result, the average revenue per home built increased year over year.
- Media revenue increased by +5.9% year over year in Q1 2022.
- Total EBITDA declined by -3.5% year over year in Q1 2022, mainly driven by the impact of the EIT MVNO contract loss year over year, lower contribution from construction and slight increase in the network tax year over year ("IFER" network tax as recognized in operating costs in the first quarter each year).
- Total Accrued Capex was €623¹ million in Q1 2022. Consequently, operating free cash flow amounted to €283 million in Q1 2022.

¹ Accrued Capex in Q1 2022 excludes accruals related to the acquisition of a new IRU for an amount of €3 million.

Consolidated Net Debt as of March 31, 2022

- SFR has a robust, diversified and long-term capital structure:
 - Weighted average debt maturity of 5.2 years;
 - WACD of 4.5%¹;
 - 92% fixed interest rate;
 - No major maturities until 2025;
 - Available liquidity of €1.0 billion².
- Total net debt was €22.8 billion at the end of Q1 2022 (€23.2 billion pro forma³).

	Amount in millions (local currency)	Actual	Pro Forma	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	1,579	1,579	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	993	993	5.500%	2028
Senior Secured Notes	EUR 500	500	500	4.125%	2029
Senior Secured Notes	USD 475	429	429	5.125%	2029
Senior Secured Notes	USD 2,500	2,256	2,256	5.125%	2029
Senior Secured Notes	EUR 400	400	400	4.000%	2029
Senior Secured Notes	USD 2,000	1,805	1,805	5.500%	2029
Senior Secured Notes	EUR 800	800	800	4.250%	2029
Term Loan	EUR 1,091	1,091	1,091	E+3.00%	2025
Term Loan	USD 1,353	1,220	1,220	L+2.75%	2025
Term Loan	USD 2,059	1,858	1,858	L+3.6875%	2026
Term Loan	EUR 958	958	958	E+3.00%	2026
Term Loan	USD 2,419	2,183	2,183	L+4.00%	2026
Drawn RCF	EUR 125	125	190	E+3.25%	2026
Commercial Paper	-	163	163	0.73%	2022
Other debt & leases	-	42	42	-	-
Swap adjustment	-	-615	-615	-	-
Secured debt		18,835	18,900		
Exchange Altice Lux Senior Notes	EUR 1,317	1,317	1,317	8.000%	2027
Exchange Altice Lux Senior Notes	USD 1,562	1,409	1,409	10.500%	2027
Senior Notes	EUR 500	500	500	4.000%	2028
Senior Notes	USD 1,225	1,105	1,105	6.000%	2028
Drawn RCF	EUR 0	0	0	E+4.250	2026
Swap adjustment	-	-38	-38	-	-
Gross debt		23,130	23,195		
Total cash		-351	-1		
Net debt		22,779	23,194		
Undrawn RCF			1,016		
WACD			4.5%		

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

² €1.0 billion liquidity includes €1.0 billion of undrawn revolvers. The cash position as shown above is pro forma for the acquisition of Coriolis (upfront purchase price of €298 million and deferred consideration of €117 million expected to be paid in several instalments by 2024) which closed on May 3, 2022.

³ SFR (Altice France Restricted Group) net debt is presented pro forma for the acquisition of Coriolis (upfront purchase price of €298 million and deferred consideration of €117 million expected to be paid in several instalments by 2024). Gross debt is presented pro forma for €65m of drawn RCF (corresponding impact on total cash, no impact on net debt as shown).

Reconciliation to Swap Adjusted Debt

As of March 31, 2022, in € million

	Actual	Pro Forma ¹
Total debenture and loans from financial institutions	23,396	23,396
Value of debenture and loans from financial institutions in foreign currency converted at closing FX Rate	-26,237	-26,237
Value of debenture and loans from financial institutions in foreign currency converted at hedged Rate	25,584	25,584
Transaction costs	181	181
Total swap adjusted value of debenture and loans from financial institutions	22,924	22,924
Commercial paper	163	163
Overdraft	3	3
Other debt and leases	39	39
Pro forma RCF draw	-	65
Gross debt consolidated	23,130	23,195
Cash	-351	-1
Net debt consolidated	22,779	23,194

Leverage Reconciliation as of March 31, 2022

As of March 31, 2022, in € million

	Actual	Pro Forma
Gross debt consolidated	23,130	23,195
Cash	-351	-1
Net debt consolidated	22,779	23,194
LTM EBITDA consolidated	4,212	4,162
Gross leverage		5.6x
Net leverage		5.6x
L2QA EBITDA consolidated	3,960	3,993
Gross leverage		5.8x
Net leverage		5.8x
Net leverage adjusted for IFRS tax		5.7x

¹ SFR (Altice France Restricted Group) net debt is presented pro forma for the acquisition of Coriolis (upfront purchase price of €298 million and deferred consideration of €117 million expected to be paid in several instalments by 2024). Gross debt is presented pro forma for €65m of drawn RCF (corresponding impact on total cash, no impact on net debt as shown). For leverage purposes, Adjusted EBITDA is presented pro forma for the Ivory transaction (€118 million on an LTM basis, €36 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). 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 Measures ¹

Three months ended, in € million	March 31, 2022
Revenue	2,733
Purchasing and subcontracting costs	-781
Other operating expenses	-525
Staff costs and employee benefits	-265
Total	1,162
Share-based expense	0
Rental expense operating lease	-257
Adjusted EBITDA	906
Depreciation, amortisation and impairment	-809
Share-based expense	0
Other expenses and income	-4
Rental expense operating lease	257
Operating profit	349
Adjusted EBITDA - Financial Statements & Investor Press Release	906
Capital expenditure (accrued) - Financial Statements	626
New IRU	-3
Capital expenditure (accrued) - Investor Press Release	623

¹ Accrued Capex in Q1 2022 excludes accruals related to the acquisition of a new IRU for an amount of €3 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.